

IN THE SUPREME COURT OF BERMUDA  
COMMERCIAL COURT  
CIVIL JURISDICTION  
2019: No. 35

**NOTICE OF SHAREHOLDERS' MEETING**  
**and**  
**EXPLANATORY STATEMENT REGARDING**  
**A SCHEME OF ARRANGEMENT**  
**between**



**SAGICOR FINANCIAL CORPORATION LIMITED**  
**and**  
**ITS SHAREHOLDERS**

(under section 99 of the Companies Act 1981)



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## LETTER FROM THE CHAIRMAN OF THE SAGICOR BOARD

Dear Sagicor Shareholder,

On 27 November 2018, we announced a transformational step in our quest for global capital sources to help Sagicor Financial Corporation Limited (“Sagicor”) continue to grow and achieve our objectives. The respective boards of Sagicor and Alignvest Acquisition II Corporation, a Canadian special purpose acquisition corporation listed on the Toronto Stock Exchange (TSX:AQY) (“AQY”), have approved a business combination transaction that will result on closing in AQY receiving all the issued and outstanding shares of Sagicor by way of a Scheme of Arrangement in exchange for a combination of cash and AQY Shares. Immediately following the closing of the Scheme of Arrangement, AQY will be continued to Bermuda under the name “Sagicor Financial Company Ltd.” (“New Sagicor”).

Assuming the foregoing is approved by shareholders and regulatory authorities, I believe that each shareholder will receive a financial benefit from the change in ownership of Sagicor. This transaction will give eligible shareholders the opportunity to elect to receive a cash amount of US\$1.75 per share for up to 10,000 Sagicor shares held as of 6 December 2018, and you will also have the opportunity to participate in our strategic growth plan with AQY by receiving AQY Shares in exchange for all other Sagicor shares that you hold when the transaction closes. I trust that you will agree that we have constructed a deal that rewards our shareholders with a meaningful premium to the current trading price.

It is important to know that our operational objectives remain unchanged. AQY, as a special purpose acquisition corporation or “SPAC”, has no current business operations and will become the parent holding company of Sagicor at the closing of the transaction. Therefore, we expect Sagicor’s operations to be “business as usual” as we continue to strive to be a leading insurance and financial services provider of world class products and services to our customers and other stakeholders in our markets.

We have a long history and well-established presence in the Caribbean. We expect this to continue with our proven management team, who hold extensive insurance and local-market expertise and who will stay on as part of the management of the combined company. Our executive leadership and our wonderful employees have led us to operational strength, market leadership, product innovation and development of an extensive distribution platform. We believe our business combination with AQY will not only help us accelerate our current growth agenda, but we expect the added expertise of new board members designated by AQY who have significant Canadian insurance, investment management and financial services expertise will expose Sagicor to new opportunities.

AQY is an affiliate of Alignvest Management Corporation, a leading investment management firm in Canada that seeks to deliver superior risk-adjusted returns for its clients, which include pension plans, foundations and ultra-high net worth family offices, by identifying investment opportunities and by attracting the best talent to build industry-leading investment platforms. The partners of Alignvest Management Corporation have a strong combination of investment and operational expertise, having created and managed numerous successful operating businesses, and having built and led large highly profitable businesses within global financial and consulting firms. This expertise will be at the disposal of Sagicor upon completion of the transaction.

We have worked tirelessly and have engaged relevant third party advisors to ensure that the terms of the transaction represent fair value and reward our existing shareholders for their long-standing support of Sagicor over the years. Accordingly, your board of directors is pleased to present this transaction to shareholders of record as of Thursday, 31 January 2019 for approval.

In connection with the foregoing matters, the attached materials include:

- a) An Explanatory Statement, as required under Section 100 of the Companies Act 1981 of Bermuda, which includes the Scheme of Arrangement as Appendix VIII;
- b) A Notice of Shareholders' Meeting of Sagicor shareholders to be held on Wednesday, 13 March 2019 for the purpose of approving the Scheme of Arrangement;
- c) A Proxy Form for use at the Shareholders' Meeting, at Appendix VI;
- d) A Q&A for shareholders on the proposed business combination; and
- e) A Consideration Election Form on which you may elect to receive cash for up to 10,000 of your Sagicor shares that you held as of 6 December 2018 and which you continue to hold on the effective date of closing of the transaction, at Appendix V.

All of these documents are accessible on Sagicor website at [www.sagicor.com](http://www.sagicor.com) under "News" on the homepage. I encourage you to read through the Explanatory Statement attached hereto, as well as the other accompanying materials contained in this Circular. We realize that the structure of this business combination may be unique in the Caribbean and our anticipated listing on the Toronto Stock Exchange may present a unique set of circumstances for you to consider, for which you should consult your own advisors for specific guidance.

Your board of directors is confident that when you have had the opportunity to fully apprise yourself of the details of the proposed transaction, you will support this proposal with your affirmative vote.

We look forward to your support and to seeing you at the Shareholders' Meeting to be held at 5:30 p.m. (Atlantic Standard Time) on Wednesday, 13 March 2019, at the Hilton Barbados Resort, located at Needham's Point St Michael, Bridgetown, Barbados. In the event that you are unable to be present, you may participate in the Shareholders' Meeting by submitting your proxy before the deadline of 5:30 p.m. (Atlantic Standard Time) on 11 March 2019.

Information in relation to the Shareholders' Meeting and instructions for completing Proxy Forms is contained in the Explanatory Statement enclosed herewith on page 13, the Notice of Shareholders' Meeting at Appendix V and the Proxy Form at Appendix VI.

Yours sincerely,

Stephen D. R. McNamara, Chairman  
Sagicor Financial Corporation Limited

## SUMMARY OF SCHEME OF ARRANGEMENT

The following Summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the contents in this Circular. You are urged to read this Circular in its entirety. Capitalized terms not otherwise defined in the following Summary shall have the meanings ascribed to such terms at Appendix I – *Defined Terms*.

### *Introduction*

The purpose of this Circular is to explain the terms and effects of the Scheme of Arrangement and to provide the Scheme Shareholders with other relevant information in relation to the Scheme of Arrangement.

### *The Scheme of Arrangement*

On 27 November 2018, the respective boards of directors of Alignvest Acquisition II Corporation (“AQY”) and Sagicor Financial Corporation Limited (“**Sagicor**”) announced that the board of directors of Sagicor approved making a recommendation to the Scheme Shareholders to vote in favour of a business combination transaction with AQY (the “**Arrangement**”) pursuant to the terms of the Arrangement Agreement dated 27 November 2018 between AQY and Sagicor (as may be amended from time to time, the “**Arrangement Agreement**”).<sup>1</sup> The Arrangement will be effected by way of a scheme of arrangement pursuant to Section 99 of the Companies Act 1981 of Bermuda (the “**Scheme of Arrangement**”) involving the transfer of all of the issued and outstanding Scheme Shares to AQY in exchange for the Scheme Shareholders receiving cash and/or AQY Shares as set out in the document containing the provisions of the Scheme of Arrangement at Appendix VIII (such document, the “**Scheme**”).

On completion of the Scheme of Arrangement:

- (1) the Scheme Shareholders who: (i) do not validly elect cash consideration; and (ii) continue to hold Scheme Shares at the Effective Time will become shareholders of AQY;
- (2) AQY will receive all of the issued and outstanding Scheme Shares and will discontinue from Ontario and continue to Bermuda and will effect a change of name from “Alignvest Acquisition II Corporation” to “Sagicor Financial Company Ltd.” (such entity, “**New Sagicor**”); and
- (3) the listing of the Scheme Shares on the stock exchanges upon which such Scheme Shares are currently listed will be or will have been withdrawn.

It is a condition of closing that the New Sagicor Shares will be listed on the TSX.

### *Reasons for and the Benefits of the Scheme of Arrangement*

Sagicor and AQY believe that the Scheme of Arrangement will unlock significant value for both Sagicor and the Shareholders in two ways: (1) the TSX is a liquid exchange market that will provide exposure to global institutional and large-scale investors which we expect will lead to better price discovery of our equity; and (2) any additional capital from the transaction will be held by New Sagicor, which we expect will help accelerate our organic growth strategy and fund future acquisitions.

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<sup>1</sup> The Arrangement Agreement may be accessed at this link:  
[https://www.sagicor.com/Documents/News/Arrangement\\_Agreement\\_AQY\\_Sagicor.pdf](https://www.sagicor.com/Documents/News/Arrangement_Agreement_AQY_Sagicor.pdf)

### ***The Scheme Consideration***

It is proposed that at the Effective Time, all of the issued and outstanding Scheme Shares will be transferred to AQY in exchange for the holders of Scheme Shares receiving the consideration under the Scheme of Arrangement, which will be settled by way of a combination of cash and/or AQY Shares as further particularized in the Explanatory Statement enclosed herewith beginning on page 13.

### ***Information on AQY***

AQY was incorporated on 8 February 2017 under the laws of the Province of Ontario and operates as a special purpose acquisition corporation. The AQY Class A Shares and AQY Warrants are currently listed on the TSX. A Canadian special purpose acquisition corporation or “SPAC” is a corporation that has raised capital through an initial public offering on the Toronto Stock Exchange or another approved exchange for the purpose of seeking and consummating a “qualifying acquisition”. The Arrangement will be AQY’s qualifying acquisition. AQY has no current business operations and will have none until such time as it consummates the Arrangement.

Immediately prior to the Effective Time, AQY shall complete a separate arrangement with the AQY Shareholders under section 182 of the OBCA. Immediately following the Effective Time, AQY will become an exempted company continued under the laws of Bermuda, which is referred to in this document as “New Sagicor”. It is a condition of closing that New Sagicor maintains its predecessor entity’s listing on the TSX following completion of the Scheme of Arrangement.

### ***Conditions Precedent to the Scheme of Arrangement***

The Scheme of Arrangement will become effective and binding on Sagicor and all Shareholders upon, and completion of the Scheme of Arrangement is subject to, the satisfaction or valid waiver (as applicable) of the conditions particularized at paragraph 6.1 of the Explanatory Statement.

### ***Intentions regarding New Sagicor following the completion of the transactions***

As noted above, immediately following the Effective Time, AQY will discontinue as a corporation under the laws of the Province of Ontario and will continue as an exempted company under the laws of Bermuda as New Sagicor.

Following the completion of the transactions described herein, the board of directors of New Sagicor is expected to comprise twelve (12) members including a combination of certain of AQY’s current directors and certain of Sagicor’s current directors. Further information regarding the proposed slate of the members of the board of New Sagicor following the completion of the transactions is set out at paragraph 8.2 of the Explanatory Statement.

### ***Registration and Payment of the Scheme Consideration***

In order to determine the entitlement of Shareholders to the consideration under the Scheme of Arrangement, the register of members of Sagicor (including its branch registers) will be closed during the Register Closure Period.

As noted above, the Scheme Consideration will be settled by way of a combination of cash and/or AQY Shares subject to certain conditions as further described at paragraph 6.1 of the Explanatory Statement. Eligible Scheme Shareholders that have validly elected to receive cash will be mailed a cheque (by ordinary mail) within seven (7) Business Days following the Effective Time.



Scheme Shareholders that have validly elected or are otherwise entitled to receive AQY Shares will be mailed a DRS statement (by ordinary mail) within thirty (30) Business Days following the Effective Time.

All existing certificates (if any) representing the Scheme Shares will cease to have effect as documents or evidence of title to Scheme Shares as from the Effective Time. Any such existing certificates must be surrendered to the Barbados Central Securities Depository pursuant to section 37 of the Scheme in order for the applicable Scheme Shareholder to receive Scheme Consideration.

### ***Shareholders' Meeting***

A meeting of the Scheme Shareholders has been convened by order of the Supreme Court of Bermuda (the “**Court**”) for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme of Arrangement. The notice of this meeting, which is scheduled to be held at 5:30 p.m. (Atlantic Standard Time) on Wednesday, 13 March 2019, at the Hilton Barbados Resort, located at Needham’s Point St Michael, Bridgetown, Barbados, is set out at Appendix V. All Scheme Shareholders as at the Voting Record Date will be entitled to vote at the meeting.

If the resolution is approved by the requisite majority of Scheme Shareholders at the meeting, subject to the terms of the Arrangement Agreement, Sagicor intends to make a further application to the Court to sanction the Scheme of Arrangement. AQY and Sagicor cannot complete the Scheme of Arrangement without obtaining this sanction from the Court. The Court Hearing to sanction the Scheme of Arrangement is currently expected to take place on Friday, 22 March 2019.

### ***The Effectiveness of the Scheme***

If the Court sanctions the Scheme of Arrangement and if all the other conditions of the Scheme of Arrangement are satisfied, Sagicor intends to file the Court order sanctioning the Scheme of Arrangement with the Registrar of Companies in Bermuda. This filing will cause the Scheme of Arrangement to become effective.

## ACTIONS TO BE TAKEN BY SCHEME SHAREHOLDERS

The following are certain actions to be taken by the Scheme Shareholders. Capitalized terms not otherwise defined in the below shall have the meanings ascribed to such terms at Appendix I – *Defined Terms*.

- **Consideration Election Form.** Eligible Shareholders (Shareholders who hold Scheme Shares as at the Election Record Date and the Voting Record Date) will need to elect to receive either the Cash Consideration or the First Share Consideration, or a combination of Cash Consideration and First Share Consideration using the Consideration Election Form which accompanies this Circular (with instructions at Appendix VII), on or prior to the Election Deadline.
- **Form of Proxy.** Complete and sign the enclosed form of proxy (with instructions at Appendix VI) in respect of the Shareholders' Meeting, in accordance with the instructions thereof, and to lodge it with Sagicor for the attention of The Corporate Secretary at either (1) Cecil F de Caires Building, Wildey, St. Michael, Barbados; or (2) Sagicor Financial Corporation Limited c/o Sagicor Life Inc., Sagicor Financial Centre, 16 Queen's Park West, Port of Spain, Trinidad. Alternatively, you may submit the form of proxy by emailing a legible and complete PDF of the form of proxy to [legal\\_proxies@sagicor.com](mailto:legal_proxies@sagicor.com) (legal [underscore] proxies [at] sagicor [dot] com). In order to be valid, the form of proxy for use at the Shareholders' Meeting should be lodged or delivered by email not later than 5:30 p.m. (Atlantic Standard Time) on 11 March 2019. Scheme Shareholders are urged to return their form of proxy in the manner described in the instructions as early as possible to facilitate timely processing. The Chairman shall have discretion as to the validity of any appointment of proxy.
- If any Scheme Shareholder has questions concerning administrative matters, such as dates, documentation and procedures relating to the Scheme of Arrangement, please contact Sagicor at [sfc\\_groupcommunications@sagicor.com](mailto:sfc_groupcommunications@sagicor.com) (sfc [underscore] groupcommunications [at] sagicor [dot] com), operating hours between 8:00 a.m. and 4:30 p.m. (Atlantic Standard Time) on Mondays to Fridays, excluding public holidays. This contact cannot and will not provide advice on the merits of the Scheme of Arrangement or give financial or legal advice.
- You should consult your own tax advisors to determine any tax implications, if any, to which you may be subject.
- A broker will be retained to effect transfers through the BSE and the TTSE. The broker for the BSE will be Sagicor Asset Management Inc. and the broker for the TTSE will be First Citizens. Engagement of the brokers will be subject to a fee as described in Section 10 of the Explanatory Statement on page 20 hereof, but will require no further action on the part of the Scheme Shareholders. For future trading on the TSX (refer to section 21 of the Explanatory Statement, page 33, for further information on the TSX), we recommend engaging brokers that have Canadian correspondent banks/brokers, including brokers listed in paragraph 21.4 of the Explanatory Statement at page 33.
- In order to determine the entitlement of the Scheme Shareholders to the Scheme Consideration under the Scheme of Arrangement, the Register of Members of Sagicor (including its branch registers) will be closed during the Register Closure Period. The Scheme Shareholders should ensure that their Scheme Shares are registered or lodged for registration in their names or in the names of their nominees before the closure of the Register of Members. For this purpose, Sagicor's branch share registrars are Barbados Central Securities Depository Inc., 8th Avenue, Belleville, St Michael, BB11114, Barbados and The Trinidad and Tobago Central Depository

Limited, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, Trinidad & Tobago.

- If you are a Beneficial Owner whose Scheme Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you should contact the Scheme Shareholder to give instructions to and/or to make arrangements with such Scheme Shareholder as to the manner in which the Scheme Shares beneficially owned by you should be voted at the Shareholders' Meeting.
- If you are a Beneficial Owner who wishes to attend the Shareholders' Meeting personally, you should contact the Scheme Shareholder directly to make the appropriate arrangements with the Scheme Shareholder to enable you to attend and vote at the Shareholders' Meeting and for such purpose, the Scheme Shareholder may appoint you as its proxy.
- Instructions to and/or arrangements with the Scheme Shareholder should be given or made in advance of the relevant latest time for the form of proxy returning to Sagicor in order to provide the Scheme Shareholder with sufficient time to complete his/her/its forms of proxy accurately and to lodge them by the deadline.

## EXPECTED TIMELINE

Below is the expected timeline for the transaction. To the extent that Sagicor and AQY mutually agree, and to the extent permitted at law, the dates specified herein are subject to modification, in which case Sagicor will provide notice of the new date if required by applicable law or pursuant to its bye-laws, including notice on Sagicor's website at [www.sagicor.com](http://www.sagicor.com) under "News" on the website's homepage. Capitalized terms not otherwise defined in this timeline shall have the meanings ascribed to such terms at Appendix I – *Defined Terms*.

- 27 November 2018: Parties signed the Arrangement Agreement and publicly announced the Transaction.
- 3 December 2018: AQY filed the preliminary AQY Prospectus with Canadian Securities Administrators.
- 3 December 2018: Sagicor notified regulators and stock exchanges of entry into the Arrangement Agreement.
- 6 December 2018, 5:00 p.m. (Atlantic Standard Time): Election Record Date (or such other date as is required by a Governmental Entity).
- 10 January to 7 February 2019: AQY responded to comments from Canadian Securities Administrators received regarding the AQY Prospectus.
- 22 January 2019: Voting Record Date was advertised not less than seven days before the occurrence of the Voting Record Date in each jurisdiction in which Sagicor's shares are listed or admitted for trading on a stock exchange.
- 29 January 2019: AQY and Sagicor filed originating summons and supporting affidavit with the Court requesting directions in the form of an order to convene the Shareholders' Meeting.
- 31 January 2019: Voting Record Date.
- 1 February 2019: Order of the Court for directions for convening the Shareholders' Meeting obtained.
- 7 February 2019: AQY filed the final AQY Prospectus in Canada.
- 11 February 2019: Circular posted to Sagicor website and accessible on Sagicor's website at [www.sagicor.com](http://www.sagicor.com) under "News" on the website's homepage.
- 11 February 2019: Notices to be mailed to Scheme Shareholders as at the Voting Record Date providing details of where the Circular may be accessed on Sagicor's website.
- Beginning on 11 February 2019: Sagicor disclosure documents including this Circular to be mailed to the Scheme Shareholders.
- 11 March 2019: Deadline for return of Proxy Forms for Shareholders' Meeting.
- 13 March 2019: The Shareholders' Meeting will occur.
- 22 March 2019: Assuming the Scheme of Arrangement is approved at the Shareholders' Meeting, a petition will be filed with the Court by Sagicor to sanction the Scheme of Arrangement at the Court Hearing.
- 31 March 2019: Election Deadline for return of Consideration Election Forms.
- December 2018 to Closing Date: During this time period, Sagicor and AQY will seek various regulatory approvals, including approvals in Barbados and Trinidad and Tobago.

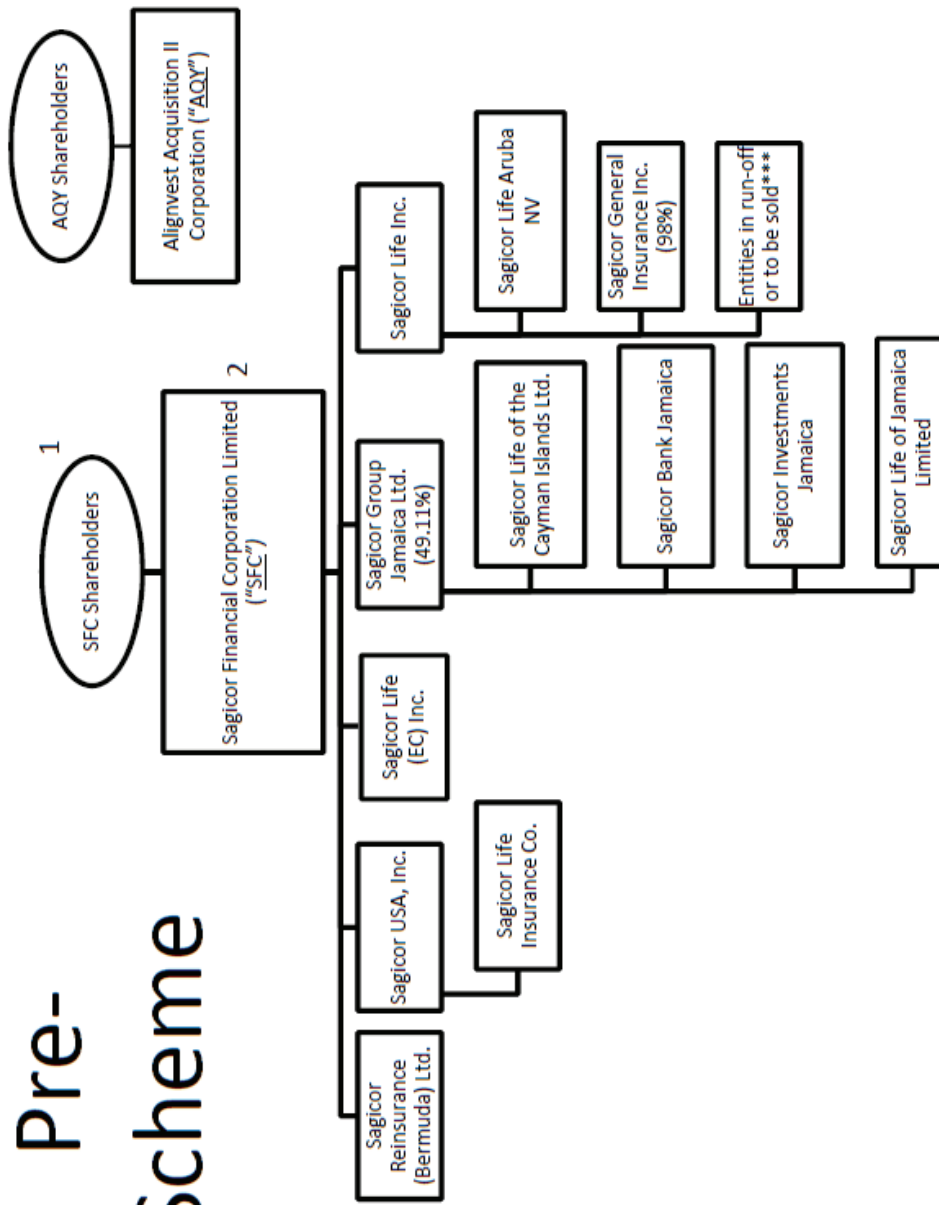
- Two (2) business days prior to the Closing Date, which is expected in the second quarter of 2019: Closing of Sagicor Register of Members (for the purpose of determining the Scheme Shareholders entitled to the Scheme Consideration).
- In the second quarter of 2019: The Effective Time shall occur only when the order of the Court sanctioning the Scheme of Arrangement is filed with the Registrar of Companies of Bermuda.
- In the second quarter of 2019: Sagicor to delist from Sagicor stock exchanges (Barbados, Trinidad and Tobago and London).
- Promptly after the Effective Time, which is expected in the second quarter of 2019: New Sagicor Shares begin trading on the TSX.

## **PRE-SCHEME AND POST-SCHEME STRUCTURE CHARTS**

The following charts are provided to aid in your understanding of the structure of the proposed business combination between Sagicor and AQY.

The first chart depicts the structures of Sagicor and AQY prior to giving effect to the Scheme of Arrangement. The second chart depicts the structure of New Sagicor following the completion of the transactions described in this Circular.

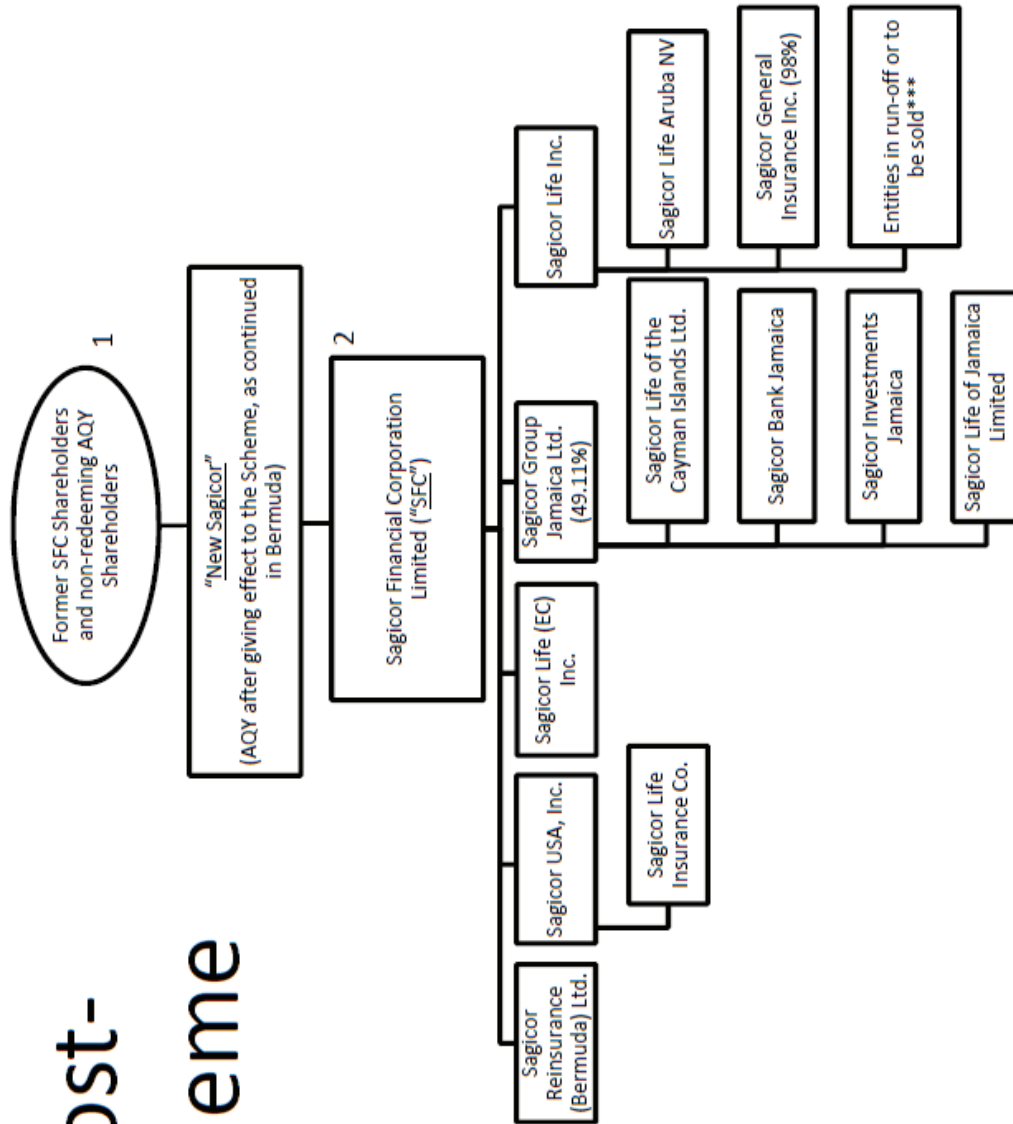
# Pre-Scheme



1 SFC shareholders shall have the option to exchange certain of their shares for cash. Any shares not exchanged for cash shall be exchanged for shares in AQY.

2 This structure chart reflects a simplified structure of SFC's subsidiaries. The Scheme will not affect SFC's ownership percentage of any of its subsidiaries. All subsidiaries on this structure chart are wholly-owned by SFC except where indicated. SFC controls all such subsidiaries, including the non-wholly-owned subsidiaries.

# Post-Scheme



1 The post-Scheme shareholders of New Sagicor shall be comprised of pre-Scheme shareholders of AQY who do not redeem their shares, and former SFC shareholders who receive shares in AQY as consideration. No one shareholder shall control New Sagicor.

2 This structure chart reflects a simplified structure of SFC's subsidiaries. The Scheme will not affect SFC's ownership percentage of any of its subsidiaries... All subsidiaries on this structure chart are wholly-owned by SFC except where indicated. SFC controls all such subsidiaries, including the non-wholly-owned subsidiaries.



## EXPLANATORY STATEMENT

This Explanatory Statement constitutes the statement required under Section 100 of the Companies Act. Capitalized terms not otherwise defined in this Explanatory Statement shall have the meanings ascribed to such terms at Appendix I – *Defined Terms*.

## SCHEME OF ARRANGEMENT

### 1. INTRODUCTION

- 1.1 The purpose of this Explanatory Statement is to explain the terms and effects of the Scheme of Arrangement and to provide the Scheme Shareholders with other relevant information in relation to the Scheme of Arrangement.
- 1.2 In addition to this Explanatory Statement, your attention is drawn to certain other sections of this Circular of which this Explanatory Statement is a part: (1) the *Actions to be taken by Scheme Shareholders* set out on page 6 of this Circular; (2) the *Expected Timeline* set out on page 8 of this Circular; (3) the *Letter from the Chairman of the Sagicor Board* set out on page 1 of this Circular; (4) the *Notice of Shareholders' Meeting, Proxy for Shareholders' Meeting and Consideration Election Form* at Appendices V, VI and VII, respectively, and (5) the other Appendices.

### 2. THE SCHEME OF ARRANGEMENT

#### Summary of the Scheme of Arrangement

- 2.1 Under the Scheme of Arrangement, it is proposed that at the Effective Time all of the Scheme Shares will be transferred to AQY. In exchange the Scheme Shareholders will receive the Scheme Consideration.

#### Scheme Consideration

- 2.2 As at the Latest Practicable Date, 306,555,644 Scheme Shares were in issue to the Scheme Shareholders. AQY does not hold any Shares as at the Latest Practicable Date.
- 2.3 The Scheme Consideration payable to Scheme Shareholders as at the Effective Time in exchange for the transfer of the Scheme Shares to AQY in accordance with the Scheme, comprises: (1) in the case of Persons who were also Scheme Shareholders as at the Election Record Date, the option of either the Cash Consideration or the First Share Consideration, or a combination of Cash Consideration and First Share Consideration, up to the Specified Number held by each Scheme Shareholder as at the Election Record Date which continue to be held by such Scheme Shareholder as at the Effective Time; and/or (2) in cases other than the circumstances set out in (1), the Other Share Consideration.
- 2.4 As noted above, each Scheme Shareholder as at the Election Record Date may elect to receive either the Cash Consideration or the First Share Consideration, or a combination of Cash Consideration and First Share Consideration, for up to the Specified Number of Scheme Shares which continue to be held by such Scheme Shareholder at the Effective Time, and such election shall be made on the Consideration Election Form attached hereto as Appendix VII on or prior to the Election Deadline in accordance with the instructions therein.

- 2.5 If no valid election is made by a Scheme Shareholder as at the Election Record Date by the Election Deadline, such Scheme Shareholder shall receive the Other Share Consideration in respect of all Scheme Shares which are held as at the Effective Time.
- 2.6 If an eligible Scheme Shareholder (1) elects to receive a combination of Cash Consideration and First Share Consideration for up to the Specified Number of Scheme Shares held by such Scheme Shareholder as at the Election Record Date and (2) transfers any such Scheme Shares prior to the Effective Time, then such Scheme Shareholder shall be deemed to have transferred Scheme Shares for which such Scheme Shareholder elected to receive First Share Consideration until such time as such Scheme Shareholder has transferred a number of such Scheme Shares that exceeds the number of Scheme Shares for which such Scheme Shareholder elected to receive First Share Consideration, at which time any remaining such Scheme Shares transferred by such Scheme Shareholder shall be deemed to be Scheme Shares for which such Scheme Shareholder elected to receive Cash Consideration.
- 2.7 AQY intends to finance the Cash Consideration under the Scheme of Arrangement in the form of: (1) cash; and (2) the Forward Purchase Agreements and certain additional share subscriptions. In the event that AQY does not have available immediately prior to the Effective Time a minimum cash amount (net of expenses and certain other amounts pursuant to the Arrangement Agreement) of at least US\$220 million (the “**Minimum Cash Requirement**”), (A) AQY shall use reasonable commercial efforts to seek to obtain additional debt or equity or other financing sufficient to restore AQY’s cash level to meet this Minimum Cash Requirement, or make other appropriate arrangements to seek to complete the Scheme of Arrangement, and (B) Sagicor shall use reasonable commercial efforts to cooperate with AQY’s efforts to seek to obtain such financing. However, there is a risk that the Minimum Cash Requirement will not be available to AQY and that the Scheme of Arrangement will not be completed.

#### **Scheme Consideration Valuation Methodology**

- 2.8 The Scheme Consideration is comprised of an aggregate equity price of approximately US\$536 million, based on: (1) a per Scheme Share price of US\$1.75; and (2) 306,555,644 Scheme Shares issued and outstanding.
- 2.9 The Scheme Consideration of US\$1.75 represents a premium of approximately 118% to Sagicor’s trading price on the BSE as at 26 November 2018 (the last business day preceding the announcement of the Arrangement), which is significantly higher than the premiums seen in the majority of acquisitions of publicly-traded companies, including insurers. The Scheme Consideration also represents a premium to the highest price the Shares have traded at in the past 5 years and implies a 1.00x multiple to tangible book value of Sagicor and approximately a 0.97x multiple to IFRS book value of Sagicor, excluding goodwill.
- 2.10 The Specified Number has been determined based on the number of Scheme Shares issued to the Scheme Shareholders existing at or about the time of execution of the Arrangement Agreement and assuming that (i) all of such Scheme Shareholders were entitled to and fully elected to receive the Cash Consideration in respect of up to their first 10,000 Scheme Shares; and (ii) that such number of Scheme Shares continued to be held by the Scheme Shareholders at the Election Record Date and at the Effective Time. In the event that the aggregate amount of Cash Consideration elected by Cash Qualifying Scheme Shareholders is, together with any amount payable under Section 2.12 of the Arrangement Agreement, greater than US\$205 million (or such other amount as AQY and Sagicor mutually agree, with a potential floor as AQY and Sagicor may mutually agree), then the Specified Number shall be adjusted in accordance with the Arrangement Agreement.

- 2.11 In the event that it would be contrary to applicable Laws to offer or pay the First Share Consideration or the Other Share Consideration in respect of Scheme Shares held by a Person located in any jurisdiction, both AQY and Sagicor reserve the right to take such action as either may deem necessary to comply with such Laws, and in addition or in the alternative AQY may in its discretion pay US\$1.75 per each such Scheme Share if it determines that compliance would be excessively costly or impractical, acting reasonably.

## **Implications of the Scheme on Depositary Interests and Sagicor Share Plans**

### ***Depositary Interests***

- 2.12 A Depositary Interest Holder shall be deemed a Scheme Shareholder and such Depositary Interest Holder's Depositary Interests shall be deemed Scheme Shares solely for the purposes of entitling a Depositary Interest Holder to make an election for the Cash Consideration or the First Share Consideration provided that such Depositary Interest Holder continues to hold the appropriate number of Depositary Interests as of both the Election Record Date and the Effective Time.

### ***Eligibility of Scheme Shareholders located in the UK to elect Scheme Consideration with respect to Scheme Shares***

- 2.13 The eligibility of Scheme Shareholders located within the UK to elect between Cash Consideration, First Share Consideration, and a combination of both, is conditional upon either (i) the UK Listing Authority's approval of the AQY Prospectus as an "equivalent document" to a prospectus prepared in accordance with the requirements of the UK's Prospectus Regulations 2005 (SI 2005/1433), as amended, or (ii) an exemption from applicable public offering requirements to file a prospectus in the UK applying. In the event that neither of these conditions is satisfied, then such Scheme Shareholders shall not be eligible to elect their Scheme Consideration. Instead, such Scheme Shareholders shall receive all of their Scheme Consideration as Share Consideration, which consideration shall be delivered according to the terms applicable to delivery of Share Consideration.

### ***Sagicor Share Plans***

- 2.14 At the Effective Time, AQY and Sagicor shall enter into an assignment and assumption agreement pursuant to which the rights and obligations of Sagicor under the Sagicor Share Plans shall be assigned to, and assumed by, AQY, whereupon each unvested Share under a Sagicor Share Plan that is outstanding at the Effective Time will, in accordance with its terms, be exchanged for or become a right, subject to the applicable vesting conditions being satisfied, to receive from AQY the number of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of such Shares, rounded down to the nearest whole number of AQY Shares. Subject to the foregoing, the term to expiry, vesting conditions, and all other terms and conditions of the right to receive such AQY Shares will be the same as the terms and conditions of such grant under such Sagicor Share Plan, and any document or agreement previously evidencing such grant under such Sagicor Share Plan shall thereafter evidence and be deemed to evidence such right to receive AQY Shares.
- 2.15 At the Effective Time, each option to acquire Shares under a Sagicor Share Plan that is outstanding on the Effective Time (and not exercised for Shares prior thereto) will, in accordance with its terms, be exchanged for or become an option from AQY (a "**Replacement Option**") to purchase the number of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of Shares that may be purchased as if such option to acquire Shares were exercisable and

exercised immediately prior to the Effective Time. Such Replacement Option shall provide for an exercise price per AQY Share equal to the exercise price per Share of such option to acquire Shares immediately prior to the Effective Time divided by such Exchange Ratio. If the foregoing calculation results in a Replacement Option being exercisable for a fraction of an AQY Share, then the number of AQY Shares subject to such Replacement Option shall be rounded down to the next whole number of AQY Shares and the total exercise price for the Replacement Option will be reduced by the exercise price of the fractional AQY Shares. Subject to the foregoing, the term to expiry, conditions to and manner of exercising, vesting schedule, and all other terms and conditions of such Replacement Option will be the same as the terms and conditions of such option to acquire Shares, any document or agreement previously evidencing such option to acquire Shares shall thereafter evidence and be deemed to evidence such Replacement Option.

### **3. INFORMATION ON AQY**

- 3.1 AQY was incorporated on 8 February 2017 under the laws of the Province of Ontario and operates as a special purpose acquisition corporation. The AQY Class A Shares and the AQY Warrants are listed on the TSX. A Canadian special purpose acquisition corporation or “SPAC” is a corporation that has raised capital through an initial public offering on the Toronto Stock Exchange or another approved exchange for the purpose of seeking and consummating a “qualifying acquisition”. The Arrangement will be AQY’s qualifying acquisition. AQY’s initial public offering, which closed on 25 May 2017, raised gross proceeds of C\$402,500,000, including C\$52,500,000 from the subsequent exercise by the underwriters of their over-allotment option for the offering. In connection with the initial public offering, 31,175,000 AQY Warrants were issued. The gross proceeds of the initial public offering are held in the Escrow Account. Additionally, AQY secured commitments for (i) C\$113,000,000 pursuant to the Forward Purchase Agreements, and (ii) C\$50,000,000 pursuant to additional subscription agreements between AQY and certain investors. AQY has no current business operations and will have none until such time as it consummates the Arrangement.
- 3.2 Further information relating to AQY is contained in the AQY Prospectus which is attached hereto as Appendix III – *AQY Prospectus (partial)*.

### **4. INFORMATION ON THE SAGICOR GROUP**

- 4.1 Sagicor is a 178-year old financial services company focused on insurance operations in the Caribbean region mainly in Barbados, Jamaica, Trinidad and Tobago, and the United States. Established in 1840 as The Barbados Mutual Life Assurance Society, Sagicor is one of the oldest providers of insurance in the Americas. Sagicor offers a wide range of products and services including life and health insurance, annuities, pension administration, property and casualty insurance, asset management, investment and merchant banking, securities brokerage, mutual funds and real estate development, and commercial banking. Sagicor’s business grew organically with little change in product lines until 1969, when Sagicor introduced two unit trusts (a bond fund and an equity fund), to manage corporate pension funds, and in the 1970s, when Sagicor introduced group life insurance and health insurance products. Sagicor expanded its business through acquisitions in the 1980s and 1990s, transforming from a domestic to a regional and international company and from having a single line product to multi-line products. Sagicor demutualised in November 2002 and listed its shares on the Barbados Stock Exchange (BSE:SFC), with subsequent listings on the Trinidad and Tobago Stock Exchange (TTSE:SFC) and, via depositary interests, the London Stock Exchange (LSE:SFI). Sagicor discontinued from Barbados and continued to Bermuda as an exempted company on 20 July 2016.

- 4.2 Sagicor currently operates in 22 countries and maintains a strong market position in most of the markets where it operates. Sagicor’s primary business is the provision of insurance (life, health and property and casualty) and financial services, including pension management, asset management and banking.
- 4.3 Sagicor operates its business primarily through three reporting operating segments. These segments are: (i) Sagicor Life, which comprises Group subsidiaries conducting the life, health and annuity insurance business, and pension administration services in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Central America and Trinidad and Tobago; and mutual funds and asset management in Barbados; (ii) Sagicor Jamaica, which comprises Group subsidiaries conducting the life, health, annuity, property and casualty insurance business, and pension administration services and financial services in Jamaica and Cayman Islands and banking services in Jamaica; and (iii) Sagicor Life USA, which comprises Sagicor’s life insurance operations in the United States. Sagicor’s objective is to be a leading insurance and financial services provider of world class products and services to better serve its customers and other stakeholders in its markets.
- 4.4 Further information relating to the Group is contained in the Annual Report for Sagicor for the year ended 31 December 2017 which can be accessed as of the Latest Practicable Date on Sagicor’s website at [www.sagicor.com](http://www.sagicor.com) under “Financials” > “Financial Reports”.
- 4.5 AQY and Sagicor have also entered into a share purchase agreement with Scotiabank Trinidad and Tobago Limited (“**Scotia Trinidad**”) dated 27 November 2018 (the “**Scotia Trinidad SPA**”) pursuant to which Sagicor has agreed to acquire all of the issued and outstanding shares of ScotiaLife Trinidad and Tobago Limited from Scotiabank Trinidad subsequent to the closing contemplated in the Arrangement Agreement. In addition, AQY and Sagicor have entered into a share purchase agreement with the Bank of Nova Scotia Jamaica Limited (“**Scotia Jamaica**”) dated 27 November 2018 (the “**Scotia Jamaica SPA**”, and together with the Scotia Trinidad SPA, the “**Scotia Acquisition Agreements**”) pursuant to which Sagicor has agreed to acquire all of the issued and outstanding shares of Scotia Jamaica Life Insurance Company Limited subsequent to the closing contemplated in the Arrangement Agreement. The transactions contemplated in the Scotia Acquisition Agreements are not cross-conditional with each other but both are conditional on, among other things, the closing contemplated in the Arrangement Agreement. They are not expected to close until after the closing of the business combination transaction and do not form part of AQY’s proposed Qualifying Acquisition.

## **5. THE AQY ARRANGEMENT**

- 5.1 Immediately prior to implementation of the Scheme of Arrangement, AQY shall complete an arrangement under section 182 of the OBCA on the terms and subject to the conditions set forth in a plan of arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or made at the discretion of the Ontario Court in the Final Order with the prior written consent, each acting reasonably, of each of AQY and Sagicor (the “**AQY Arrangement**”).
- 5.2 The purpose of the AQY Arrangement will be to seek the requisite approval to discontinue from the Province of Ontario and continue into Bermuda immediately following the implementation of the Scheme of Arrangement. Following the continuance AQY will be an exempted company continued under the laws of Bermuda as “Sagicor Financial Company Ltd.”. It is a condition of



closing that AQY maintains the listing on the TSX following the Effective Time of the Scheme of Arrangement.

## **6. CONDITIONS PRECEDENT TO THE SCHEME OF ARRANGEMENT**

- 6.1 The Scheme of Arrangement will become effective and binding on Sagicor and all Scheme Shareholders upon, and completion of the Scheme of Arrangement is subject to, the satisfaction or valid waiver (as applicable) of the following conditions precedent thereto (the “**Conditions**”):
- (a) the Scheme of Arrangement being approved by a majority in number representing not less than three-fourths in value of the Scheme Shareholders as at the Voting Record Date present and voting in person or by proxy at the Shareholders’ Meeting;
  - (b) the Scheme of Arrangement, with or without modification, being sanctioned by the Court;
  - (c) the satisfaction or waiver by the applicable party of all other conditions precedent to the Scheme of Arrangement required pursuant to Article VII of the Arrangement Agreement;
  - (d) the Arrangement Agreement not having been terminated in accordance with its terms; and
  - (e) a copy of the Order of the Court sanctioning the Scheme of Arrangement under section 99(3) of the Companies Act being delivered to the Registrar of Companies in Bermuda for registration.

## **7. REASONS FOR AND BENEFITS OF THE SCHEME OF ARRANGEMENT**

- 7.1 Sagicor and AQY believe that the Scheme of Arrangement will unlock significant value for Sagicor Shareholders.
- 7.2 AQY is delivering significant value to Sagicor as part of the business combination. Importantly, AQY and Sagicor believe that Sagicor trades at an unwarranted discount to its Canadian and Caribbean peers in large part due to Sagicor’s disaggregated shareholder base and muted price discovery on its current stock exchanges. AQY’s listing on the TSX is expected to provide Sagicor with access to a liquid market and sophisticated institutional investors. Sagicor management expects that the willingness and ability of such investors to actively evaluate the merits of the business will help secure an appropriate valuation. Accordingly, AQY and Sagicor expect that the discount at which Sagicor currently trades on the Barbados and Trinidad and Tobago stock exchanges compared to Canadian peers should be reduced or eliminated over time as a result of AQY’s listing on the TSX.
- 7.3 In addition, Sagicor is anticipated to benefit from a primary injection of AQY’s equity, which is expected to enable Sagicor to realize its organic and inorganic growth strategies. The proposed capital structure and AQY’s TSX listing are also expected to enable Sagicor to materially lower its cost of capital, which is expected to both increase Sagicor’s profitability and further enhance its ability to execute on its strategic initiatives, both organic and inorganic.
- 7.4 Further, AQY’s affiliated institutional portfolio manager, Alignvest Investment Management Corporation (“**AIM**”), will leverage its extensive experience managing global portfolios to optimize Sagicor’s investment portfolio, consider additional investment strategies, lower third party advisor costs, and further enhance risk-management practices.

7.5 As a result of the above, AQY and Sagicor see a clear path to substantial equity value creation for the Sagicor Shareholders. It is expected that the business combination of AQY and Sagicor will present an opportunity to grow Sagicor’s net income from US\$62 million, for the year ended 31 December 2017, to a target of US\$115 million in 2020, based on the following:

- Organic revenue growth has been assumed as 6% per annum for Sagicor’s continuing operations in 2019 and 5% in 2020; and
- AQY and Sagicor expect that the acquisition of Scotia Trinidad and Scotia Jamaica will contribute annual run-rate net income of approximately US\$30 million following the anticipated closing in 2020, subject to regulatory approval.

Subject to, among other things, the precise timing of when the Scotia Trinidad and Scotia Jamaica initiatives take effect, Sagicor is targeting 2019 net income of approximately US\$77 million.<sup>2</sup>

## **8. INTENTIONS OF AQY WITH REGARD TO NEW SAGICOR AND THE GROUP FOLLOWING COMPLETION OF TRANSACTIONS**

8.1 Following the implementation of the Scheme of Arrangement and the continuance of AQY to Bermuda, the Scheme Shareholders will be shareholders of New Sagicor holding New Sagicor Shares par value US\$0.01 each. The New Sagicor Shares will have the rights, restrictions and conditions set out in memorandum of continuance and bye-laws of New Sagicor. A summary of certain differences between the proposed bye-laws of New Sagicor and the current bye-laws of Sagicor is set out at Appendix IV – *Summary of Certain Differences between the Sagicor bye-laws and the New Sagicor bye-laws*.

8.2 Following the completion of the transactions described herein, the board of New Sagicor is expected to be comprised of twelve (12) members including a combination of certain of AQY’s current directors and certain of Sagicor’s current directors including the following individuals:

### **The board of directors of AQY following completion of the Scheme of Arrangement**

<b>Name and Province/State and Country of Residence</b>	<b>Present Principal Occupation</b>
Dodridge Miller Florida, USA	President and Chief Executive Officer of Sagicor
Stephen McNamara Castries, St. Lucia	Senior Partner of McNamara & Company, Attorney-at-Law of St. Lucia
Sir Hilary Beckles St. Thomas, Barbados	Vice Chancellor of the University of the West Indies
Peter Clarke Maraval, Trinidad	Chairman of Guardian Media Ltd. and former Chairman of the Trinidad and Tobago Stock Exchange
Stephen Facey Kingston, Jamaica	Chairman and CEO of PanJam Investment Limited
Monish Dutt Washington D.C., USA	Former Chief Credit Officer for Global Financial Institutions & Private Equity Funds at IFC

<sup>2</sup> Excluding one-time Transaction Costs.

Reza Satchu Ontario, Canada	Managing Partner, Alignvest Management Corporation
Timothy Hodgson Ontario, Canada	Managing Partner, Alignvest Management Corporation
Alister Campbell Ontario, Canada	Former CEO of The Guarantee and Zurich Insurance Canada
Rik Parkhill Ontario, Canada	Former CEO of CIBC FirstCaribbean International Bank Limited
Mahmood Khimji New York, USA	Co-Founder and President of Highgate Hotels, L.P.
John F. Shettle, Jr. Florida, USA	Operating Partner of Stone Point Capital

8.3 Sagicor has appointed Andre Mousseau to the post of Group Chief Financial Officer, effective February 1, 2019.

## **9. RISK FACTORS AND QUESTIONS AND ANSWERS**

9.1 A summary of certain material risk factors and certain questions and answers relating to the Scheme of Arrangement is set out at Appendix II.

## **10. DEALINGS AND LISTINGS**

10.1 A Scheme Shareholder whose Scheme Shares are pledged or charged in favour of secured parties should notify the respective secured party that the pledged or charged Scheme Shares will be transferred free and clear of all liens, claims and encumbrances pursuant to the Scheme of Arrangement (which will render the pledge or charge ineffective), whereby such Scheme Shareholder may be required to substitute the AQY Shares or Cash Consideration, as applicable, for the transferred Scheme Shares OR execute a new pledge or charge in favour of the secured party over the AQY Shares or Cash Consideration (which will replace the transferred Scheme Shares), OR otherwise make such alternative security arrangements as the Scheme Shareholder and secured party may mutually agree.

10.2 The Scheme Shares that are listed on each of the BSE and the TTSE (and their associated registers) that are to be received by AQY as a result of the Scheme of Arrangement will be transferred from Scheme Shareholders to AQY through such exchanges in transactions effected by licensed brokers. Scheme Shares that are held as Depositary Interests or otherwise listed on the LSE will be transferred through the BSE and thus will be subject to the BSE-related fees described in this Section 10. The broker for the transfer of Scheme Shares through the BSE is expected to be Sagicor Asset Management Inc., and the broker for the transfer of Scheme Shares through the TTSE is expected to be First Citizens. Sagicor Asset Management Inc. is an affiliate of Sagicor. As described in this Section 10, Scheme Shares transferred through the BSE will be assessed different fees than Scheme Shares transferred through the TTSE.

10.3 It has been agreed between AQY and Sagicor that half (50%) of all exchange, transfer and brokers' fees shall be payable by AQY, and that the other half (50%) of all exchange, transfer and brokers' fees shall be payable by holders of Scheme Shares through a combination of (i) the automatic deduction of such fee amounts from the Cash Consideration to which the Scheme



Shareholder would otherwise be due, or (ii) the withholding of fractional AQY Shares deemed equivalent in value to the fee amount to be assessed, pursuant to the terms of the Sections 38 and 39 of Scheme, attached hereto as Appendix VIII and described in Paragraphs 12.4-12.5 of this Explanatory Statement. Because Sagicor is currently negotiating to minimize certain portions of these fees, each of the fees described in Section 10 of this Explanatory Statement are estimates of the per-share fee to be assessed on Scheme Shares that are to be transferred through the BSE or the TTSE payable by applicable Scheme Shareholders (thus, these estimates constitute 50% of the total fee, the other 50% of which will be paid by AQY), and such estimates should not be understood to be any representation by Sagicor or AQY of the exact fee amount that shall be assessed.

- 10.4 In respect of on Scheme Shares to be transferred that are listed on the BSE, fees will be assessed by the BSE and the BSE broker, expected to be Sagicor Asset Management Inc. The maximum fees to be assessed by the BSE for the transfer of Scheme Shares listed on the BSE payable by applicable Scheme Shareholders are expected to be 0.25% of the transfer price of US\$1.75 per Scheme Share (approximately US\$0.00438 per Scheme Share), resulting in an aggregate of BSE fees expected to be in the amount of approximately US\$0.8 million for applicable Scheme Shareholders. The maximum fees payable by applicable Scheme Shareholders expected to be assessed by Sagicor Asset Management Inc. for the transfer of Scheme Shares are currently being negotiated, but are expected to be approximately 1.0% of the transfer price of US\$1.75 per Scheme Share (approximately US\$0.0175 per Scheme Share).
- 10.5 In respect of on Scheme Shares to be transferred that are listed on the TTSE, fees will be assessed by the TTSE, the Trinidad & Tobago Central Depository (“TTCD”) and the Trinidad broker, First Citizens. The TTSE and TTCD fees payable by applicable Scheme Shareholders for the transfer of Scheme Shares are expected to be 0.21% of the transfer price of US\$1.75 per Scheme Share (approximately US\$0.00368 per Scheme Share), resulting in an aggregate of TTSE fees payable by applicable Scheme Shareholders expected to be in the amount of approximately US\$0.45 million. The maximum fees expected to be assessed by First Citizens are currently being negotiated, but are expected to be approximately 0.4% of the transfer price of US\$1.75 per Scheme Share (approximately US\$0.00690 per Scheme Share).
- 10.6 The exchange, transfer and brokers’ fees to be paid by Scheme Shareholders will be automatic deductions from any AQY Shares that Scheme Shareholders would otherwise receive as Share Consideration and will be deducted as fractional AQY Shares at the price per AQY Share that will be used to convert Scheme Shares into AQY Shares. The number of shares to be received ultimately by an eligible Scheme Shareholder as Share Consideration will be net of payment of the exchange, transfer and brokers’ fees payable by such Scheme Shareholder, and shall be rounded down for each applicable Scheme Shareholder to the next whole number of AQY Shares.
- 10.7 After giving effect to the transfer of Scheme Shares from Scheme Shareholders to AQY as described in the above Paragraphs of this Section 10, New Sagicor as the sole shareholder of Scheme Shares will apply to the BSE and the TTSE to delist the Scheme Shares from such exchanges. Such application for delisting shall be accompanied by a certified copy of a special resolution of New Sagicor, approving the delisting from such exchange.
- 10.8 Prior to the Effective Time, Sagicor shall seek the cancellation and delisting of the Depository Interests listed on the LSE. No meeting or approval of Scheme Shareholders is required for delisting Depository Interests from the LSE. Upon such cancellation, the Depository shall transfer the legal title to the respective Scheme Shares each Depository Interest Holder is beneficially entitled to, and which were represented by the cancelled Depository Interests, to the respective

Depository Interest Holder and each Depository Interest Holder shall be entered on the Register of Members as the legal holder of its respective Scheme Shares. Each such Scheme Shareholder's Scheme Shares shall then be transferred to AQY in accordance with the Scheme of Arrangement as described in this Explanatory Statement.

- 10.9 Sagicor will make an announcement of the exact dates of the last day for dealing in the Shares and of the exact dates the Scheme of Arrangement and the withdrawal of the listing of the Shares on the Stock Exchanges will become effective.
- 10.10 It is a condition of closing that the New Sagicor Shares, with effect from the Scheme of Arrangement, be listed on the TSX. For more information on the TSX, refer to Section 21 of this Explanatory Statement.

## **11. REGISTRATION AND PAYMENT**

### **Closure of the Register of Members of Sagicor**

- 11.1 In order to determine the entitlement of the Scheme Shareholders to the Scheme Consideration under the Scheme of Arrangement, the register of members of Sagicor (including its branch registers) will be closed during the Register Closure Period. The Scheme Shareholders should ensure that their Scheme Shares are registered or lodged for registration in their names or in the names of their nominees before the closure of the register of members of Sagicor. For this purpose, Sagicor's branch share registrars are Barbados Central Securities Depository Inc., 8th Avenue, Belleville, St Michael, BB11114, Barbados and The Trinidad and Tobago Central Depository Limited, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, Trinidad & Tobago.

### **Payment of the Scheme Consideration to Scheme Shareholders**

- 11.2 At the Effective Time, in consideration of the rights of the Scheme Shareholders under the Scheme of Arrangement and in exchange for each Scheme Share issued and outstanding immediately prior to the Effective Time, the following shall occur:
- (a) all the Scheme Shares shall be transferred to AQY, together with all rights and entitlements attaching to them as at the Effective Time without the need for any further act by any Scheme Shareholder, and free and clear of all liens, claims and encumbrances;
  - (b) each holder of Scheme Shares at the Effective Time shall cease to be the holder of such Scheme Shares and shall cease to have any rights as a holder of such Scheme Shares and each such holder's name will be removed from the Register of Members and AQY will be recorded as the registered holder of all of the Scheme Shares in the Register of Members and will be deemed to be the legal and beneficial owner of such Scheme Shares, free and clear of all liens, claims and encumbrances;
  - (c) in exchange for the Scheme Shares, Sagicor shall procure that AQY shall issue and allot or pay (as applicable) the Scheme Consideration to the Scheme Shareholders as follows:
    - (i) subject to paragraph 11.7, in respect of the Cash Consideration, to those eligible shareholders, cheques for payment of the Cash Consideration will be made to each Cash Qualifying Scheme Shareholder as soon as possible but in any event

within 7 Business Days following the Scheme of Arrangement becoming effective;

- (ii) in respect of the First Share Consideration, AQY shall, as at the Effective Time, allot and issue, credited as fully paid, free and clear of all liens, claims and encumbrances, the relevant Share Consideration to each Share Qualifying Scheme Shareholder that elected to receive First Share Consideration or that did not make a valid election by the Election Deadline, whereupon such Share Qualifying Scheme Shareholder shall become a registered holder of AQY Shares (such shares shall be issued in DRS form and the applicable DRS statement shall be mailed within 30 Business Days following the Effective Time); and
- (iii) in respect of the Other Share Consideration, AQY shall, as at the Effective Time, allot and issue, credited as fully paid, free and clear of all liens, claims and encumbrances, the relevant Share Consideration to such Share Qualifying Scheme Shareholder whereupon such Share Qualifying Scheme Shareholder shall become a registered holder of AQY Shares (such shares shall be issued in DRS form and the applicable DRS statement shall be mailed within 30 Business Days following the Effective Time).

#### ***Payment of the Cash Consideration***

- 11.3 Subject to paragraphs 11.2 and 11.7, in the event that a Cash Qualifying Scheme Shareholder validly elects to receive Cash Consideration, the cheque will be mailed (by ordinary mail) to the address of such Scheme Shareholder listed in the Register of Members immediately prior to the Effective Time and the mailing (by ordinary mail) of such cheque within the time period specified herein shall be deemed sufficient consideration for the transfer of each applicable Scheme Share to AQY. All such cheques will be sent at the risk of the Person(s) entitled thereto and none of Sagicor or AQY or any of their respective directors, officers, employees, agents, Affiliates or advisers or any other Person involved in the Scheme of Arrangement will be responsible for any loss or delay in dispatch.
- 11.4 Upon the expiry of six (6) months from the posting of a cheque, AQY or the Paying Agent shall be entitled to cancel or countermand any cheque that has not been cashed and shall hold all monies represented thereby.
- 11.5 Upon the expiry of seven (7) years from the Effective Time, any sums held in accordance with the above shall be released to and shall become the property of AQY and AQY shall be released from all obligations to make payments to any Scheme Shareholder in respect of the Cash Consideration pursuant to the Scheme of Arrangement.

#### ***Payment of the Share Consideration***

- 11.6 In the case of the First Share Consideration or the Other Share Consideration, the DRS statement will be mailed (by ordinary mail) to the address of such Scheme Shareholder listed in the Register of Members immediately prior to the Effective Time.

#### **Share Certificates**

- 11.7 An immaterial number of Scheme Shares and Scheme Shareholders are certificated. Scheme Shares listed on the BSE or TTSE and Scheme Shares held as Depositary Interests are

uncertificated, and to the extent a Scheme Shareholder holds any such Scheme Shares, paragraphs 11.7 and 11.8 do not apply to such holdings. To the extent any share certificates representing any Scheme Shares exist immediately prior to the Effective Time:

- (a) A Scheme Shareholder who wishes to receive share certificates in respect of the AQY Shares or if eligible, the Cash Consideration, as applicable, shall surrender to the Depository any and all share certificates held by such Scheme Shareholder which immediately prior to the Effective Time represented Scheme Shares that were transferred for the Scheme Consideration as provided for under the Scheme, together with a duly completed letter of transmittal<sup>3</sup> or such other documents and instruments as Sagicor, AQY or Depository may reasonably require whereupon, the holder of such surrendered certificate shall be entitled to receive in exchange therefor the Cash Consideration or a share certificate in respect of the AQY Shares held by such Scheme Shareholder, as applicable, and the certificate so surrendered shall forthwith be cancelled. If not surrendered on or prior to the Effective Time, each certificate which immediately prior to the Effective Time represented Scheme Shares shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender a share certificate in respect of AQY Shares or Cash Consideration, as applicable. For the purpose of this paragraph 11.7(a), Cash Consideration shall be paid by AQY by cheque made to the eligible Scheme Shareholder as soon as possible but in any event within 7 Business Days following the satisfaction of the conditions set out in this paragraph 11.7(a).
- (b) In the event any certificate which immediately prior to the Effective Time represented one or more issued and outstanding Scheme Shares that were exchanged pursuant hereto shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Scheme Shareholder claiming such certificate to be lost, stolen or destroyed together with a written request by such Scheme Shareholder to the Depository for a share certificate in respect of AQY Shares (as applicable), such Scheme Shareholder shall, in exchange for such lost, stolen or destroyed certificate and letter of transmittal or such other documents and instruments as Sagicor, AQY or Depository may reasonably require, be entitled to a share certificate in respect of the AQY Shares held by such Scheme Shareholder or if eligible, the Cash Consideration, as applicable. When authorizing the issuance of a share certificate in respect of AQY Shares or payment of Cash Consideration in exchange for any lost, stolen or destroyed certificate which prior to the Effective Time represented issued and outstanding Scheme Shares, such Scheme Shareholder shall, as a condition precedent to the issuance of a share certificate in respect of AQY Shares, indemnify Sagicor, AQY and the Depository (and agree to obtain customary insurance therefor) in a manner reasonably satisfactory to them against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed. For the purpose of this paragraph 11.7(b), Cash Consideration shall be paid by AQY by cheque made to the eligible Scheme Shareholder as soon as possible but in any event within 7 Business Days following the satisfaction of the conditions set out in this paragraph 11.7(b).

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<sup>3</sup> The majority of Scheme Shareholders will not require a letter of transmittal. If you hold certificates for your Scheme Shares and pursuant to Paragraph 11.7(a) require a letter of transmittal, please contact [legal\\_election@sagicor.com](mailto:legal_election@sagicor.com) (legal [underscore] election [at] sagicor [dot] com) to request a form of letter of transmittal and further instructions for surrendering your share certificates.

- 11.8 Any certificate which immediately prior to the Effective Time represented issued and outstanding Scheme Shares that were exchanged pursuant to the Scheme of Arrangement that is not deposited with all other instruments required pursuant to paragraph 11.7 on or prior to the second (2nd) anniversary of the Effective Time shall cease to represent any entitlement, claim or interest under this paragraph 11.7 or any other entitlement, claim or interest of any kind or nature. For the avoidance of doubt, on such date, the Cash Consideration to which the former holder of the certificate referred to in the preceding sentence may have been entitled from AQY shall be deemed to have been surrendered for no consideration to AQY. None of Sagicor, AQY, the Depository or the Paying Agent shall be liable to any Person in respect of any cash delivered to a Governmental Authority pursuant to any applicable abandoned property, escheat or similar Law.
- 11.9 The Scheme Consideration shall only be payable once with respect to each Scheme Share, regardless of whether it is certificated.

### **General**

- 11.10 Settlement of the Scheme Consideration to which the Scheme Shareholders are entitled under the Scheme of Arrangement will be implemented in full in accordance with the terms of the Scheme of Arrangement, without regard to any lien, right of set off, counterclaim or other analogous right to which AQY may otherwise be, or claim to be, entitled against any such Scheme Shareholders.

## **12. TAXES, STAMP DUTY & CERTAIN UNITED STATES SECURITIES MATTERS**

### **Certain Material Tax Considerations**

- 12.1 At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by AQY, Sagicor or by the Shareholders in respect of the Shares in connection with the Scheme of Arrangement.
- 12.2 New Sagicor will need consent from the Bermuda Monetary Authority pursuant to the Exchange Control Act 1972 for: (A) the New Sagicor shareholders to hold the New Sagicor Shares; and (B) the issue and transfer of the New Sagicor Shares and other equity securities of New Sagicor from and/or to persons non-resident of Bermuda for exchange control purposes for so long as any equity securities of New Sagicor are listed on an "Appointed Stock Exchange" (as such term is defined in the BCA and including the TSX).
- 12.3 New Sagicor will apply with the Minister of Finance in Barbados to seek continuation of tax domiciliation in Barbados.

### **Stamp Duty; Put-Through**

- 12.4 AQY, Sagicor, the Depository and the Paying Agent, as applicable, shall be entitled to deduct and withhold from any Scheme Consideration, including by way of the sale of AQY Shares by AQY on behalf of the Person, otherwise payable or otherwise deliverable to a Person under the Scheme of Arrangement such amounts as AQY and Sagicor, mutually agree are required to be deducted and withheld from such Scheme Consideration under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted to the appropriate Governmental Authority from the Scheme Consideration payable pursuant to the Scheme of Arrangement and shall be treated for all purposes as having been paid to the Person in respect of which such deduction, withholding and remittance was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Authority.



- 12.5 Upon any sale or transfer of Scheme Shares to AQY, the applicable Scheme Shareholder shall pay (and neither Sagicor nor AQY shall be required to pay, unless otherwise required by applicable Law), any documentary, stamp, stamp duty, stamp duty reserve, property transfer, transfer, or other taxes, broker fees, or stock exchange fees, that may be payable pursuant to applicable Law (other than those payable by AQY pursuant to the Arrangement Agreement) in respect of any such sale or transfer, provided that AQY, Sagicor, the Depository and the Paying Agent shall be entitled to deduct and withhold such amounts as AQY and Sagicor mutually agree are required to be deducted and withheld from any Scheme Consideration otherwise payable to any Scheme Shareholder. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the Scheme Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Authority or Person on behalf of the applicable Scheme Shareholders. Without limitation, a portion of any AQY Shares otherwise payable may be withheld and disposed of in any marketplace by or on behalf of AQY, Sagicor, the Depository and the Paying Agent to acquire the net proceeds, after expenses of disposition, to make payment of such amounts to the applicable Governmental Authority or Person, and no liability shall arise therefrom provided the applicable Person acts in good faith.
- 12.6 At AQY's or Sagicor's discretion, the transfer of Scheme Shares to AQY may involve a put-through, cross or similar transaction on any stock exchange, and for such purposes each holder of Scheme Shares irrevocably authorizes any broker, dealer or similar Person appointed by Sagicor or AQY (which may include a subsidiary of Sagicor) to act on his, her or its behalf for such purposes.

#### **General**

- 12.7 The Scheme Shareholders are encouraged to consult their professional advisers if they are in any doubt as to the taxation implications of the Scheme of Arrangement and in particular, whether the receipt of the Scheme Consideration under the Scheme of Arrangement would make such Scheme Shareholder liable to taxation in any particular jurisdiction.
- 12.8 It is emphasized that none of Sagicor, AQY or any of their respective directors, officers, employees, agents, Affiliates or advisers or any other Person involved in the Scheme of Arrangement accepts any responsibility in relation to any tax or other effects on, or liabilities of, any Person in connection with the Scheme of Arrangement in any jurisdiction.

#### **U.S. Securities Matters**

- 12.9 AQY and Sagicor have agreed that the Scheme of Arrangement will be carried out with the intention that the issuance of the AQY Shares to the Scheme Shareholders (or at least those who are U.S. citizens or residents), as set forth in the Scheme of Arrangement, will be done in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof, or another applicable exemption from the registration requirements of the U.S. Securities Act. In connection with AQY and Sagicor's intended reliance upon the above-described exemption under Section 3(a)(10) of the U.S. Securities Act, AQY and Sagicor have agreed that the Scheme of Arrangement will, to the extent practical, be carried out on the following basis:
- (a) the Scheme of Arrangement will be subject to the sanction of the Court;

- (b) the Court will be advised prior to the Court Hearing as to the intention of AQY and Sagicor to rely, based on the Court’s sanction of the Scheme Arrangement, on the exemption under Section 3(a)(10) of the U.S. Securities Act from the registration requirements of the U.S. Securities Act with respect to the issuance of the Share Consideration to the Share Qualifying Scheme Shareholders (or at least those who are U.S. citizens or residents);
- (c) the Court will be required to satisfy itself as to the substantive and procedural fairness of the Scheme of Arrangement (including the terms and conditions of the issuance of securities pursuant thereto) to the Share Qualifying Scheme Shareholders (or at least those who are U.S. citizens or residents) subject to the Scheme of Arrangement;
- (d) Scheme Shareholders will be given adequate notice advising them of their right to attend the Court Hearing and providing them with sufficient information necessary for them to exercise that right; and
- (e) Scheme Shareholders (or at least those who are U.S. citizens or residents) pursuant to the Scheme of Arrangement will be advised that the AQY Shares comprising such Share Consideration have not been and will not be registered under the U.S. Securities Act and will be issued in reliance on the exemption under Section 3(a)(10) of the U.S. Securities Act.

### **13. WHAT IF THE SCHEME OF ARRANGEMENT IS NOT APPROVED OR LAPSES?**

- 13.1 The Scheme of Arrangement will lapse if the Conditions have not been satisfied or validly waived (as applicable) on or before the date upon which the Arrangement Agreement is terminated in accordance with its terms.
- 13.2 If the Scheme of Arrangement does not become unconditional or is withdrawn or lapses:
  - (a) the Arrangement will not be effected;
  - (b) the Scheme Shares will not be transferred to AQY;
  - (c) the Scheme Shareholders will continue to hold the Scheme Shares;
  - (d) the listing of the Shares on the Stock Exchanges will not be withdrawn;
  - (e) pursuant to the terms of the Arrangement Agreement: (i) AQY may be required to pay up to US\$5 million in reimbursement of Sagicor’s legal, tax, accounting and other out-of-pocket fees and expenses incurred in connection with the transactions contemplated by the Arrangement Agreement upon the occurrence of an event that is an “Expense Reimbursement Event” as defined in the Arrangement Agreement, or (ii) Sagicor may be required to pay AQY US\$16 million upon the occurrence of an event that is a “Termination Fee Event” as defined in the Arrangement Agreement; and
  - (f) AQY or Sagicor may be required to pay termination fees of US\$2,880,000 and US\$4,320,000 pursuant to the Scotia Trinidad SPA and the Scotia Jamaica SPA, respectively, described in paragraph 4.5 of this Explanatory Statement.

#### **14. SHAREHOLDERS' MEETING**

- 14.1 In accordance with the direction of the Court, the Shareholders' Meeting will be convened for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme of Arrangement (with or without modification).
- 14.2 The notice convening the Shareholders' Meeting to be held at 5:30 p.m. (Atlantic Standard Time) on 13 March 2019, at the Hilton Barbados Resort, located at Needham's Point St Michael, Bridgetown, Barbados, is set out at Appendix V.
- 14.3 All Scheme Shareholders as of the Voting Record Date will be entitled to vote at the Shareholders' Meeting.

#### **15. DIRECTORS' INTERESTS**

- 15.1 The following is a list of the Directors and the number of Scheme Shares in which they have a direct or indirect interest as at the Latest Practicable Date. As mentioned in the Letter from the Chairman of the Sagicor Board, each of the Directors has agreed to vote the Scheme Shares they hold in favour of the Scheme of Arrangement set out at Appendix VIII.

<b><u>Director</u></b>	<b><u>Number of Scheme Shares Held</u></b>
Stephen McNamara	23,993
Andrew Aleong	553,358
Sir Hilary Beckles	9,579
Peter Clarke	25,000
Jeannine Comma	22,300
Monish Dutt	1,000
Marjorie Fyffe-Campbell	50,850
Richard Kellman	638,988
William Lucie-Smith	150,338
Dodridge Miller	2,505,696
John Shettle, Jr.	1,000
Richard P. Young	34,266

#### **16. RECOMMENDATIONS**

##### **16.1 Recommendation of the Independent Financial Advisor**

Pursuant to an engagement letter dated 26 May 2016, Sagicor retained J.P. Morgan as its exclusive financial advisor in connection with the Arrangement as proposed and to deliver a fairness opinion in connection with the Arrangement.

On 20 November 2018, J.P. Morgan delivered its opinion to the Sagicor Board that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid to the holders of the Scheme Shares in the Arrangement as proposed was fair, from a financial point of view, to such holders. The summary of the opinion of J.P. Morgan set forth in this document is qualified in its entirety by reference to the full text of such opinion.

J.P. Morgan's written opinion was addressed to the Sagicor Board (in its capacity as such) in connection with and for the purposes of its evaluation of the Arrangement as proposed, was directed only to the consideration to be paid pursuant to the Arrangement and did not address any



other aspect of the Arrangement. Other than the holders of the Scheme Shares, J.P. Morgan expressed no opinion as to the fairness of the consideration to the holders of any class of securities (other than as stated above), creditors or other constituencies of Sagicor or as to the underlying decision by Sagicor to engage in the Arrangement as proposed. The issuance of J.P. Morgan's opinion was approved by a fairness committee of J.P. Morgan. The opinion does not constitute a recommendation to any Shareholder as to how such Shareholder should vote with respect to the Arrangement or any other matter.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methodologies in rendering its opinion to the Sagicor Board on 20 November 2018.

Sagicor has agreed to pay J.P. Morgan a fee in connection with the delivery of the opinion and for services rendered in connections with the Arrangement. In addition, Sagicor has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel.

## **17. INDICATIONS AS TO VOTING**

- 17.1 Each of Dodridge D. Miller, Ravi C. Rambarran, Anthony O. Chandler, Althea C. Hazzard, Ronald B. Blitstein, J. Andrew Gallagher, Bart F Catmull, J. Edward Clarke, Keston D. Howell, Robert J. L. Trestrail and certain continuing directors of Sagicor who own Sagicor Shares have concurrently with the execution and delivery of the Arrangement Agreement agreed to not elect to receive the Cash Consideration for any Scheme Shares held by them and entered into lock-up agreements with AQY pursuant to which such Persons have, subject to the consummation of the Scheme of Arrangement, agreed to a lock up of the New Sagicor Shares to be received by them under the Scheme of Arrangement, until the earliest of: (i) with respect to 50% of such New Sagicor Shares, one year following the Closing Date, (ii) with respect to the remaining 50% of such New Sagicor Shares, 24 months following the Closing Date, (iii) with respect to 100% of such New Sagicor Shares, the date following the Closing Date on which New Sagicor completes a liquidation, merger, arrangement, share exchange or other similar transaction that results in all of the holders of New Sagicor Shares receiving in exchange for or having the right to exchange their New Sagicor Shares for cash, securities or other property, (iv) with respect to 100% of such New Sagicor Shares, the date on which the closing share price of the New Sagicor Shares equals or exceeds CAD\$12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, Extraordinary Dividends, reorganizations and recapitalizations) for any 20 trading days within a 30-trading day period at any time following the Closing Date, and (v) with respect to 100% of such New Sagicor Shares, the date on which such Person's employment with New Sagicor (or its applicable affiliate) is terminated without "cause" by New Sagicor (or such applicable affiliate) or such Person resigns his or her employment with New Sagicor (or such applicable affiliate) for "good reason", as such terms are defined in such Person's employment agreement with New Sagicor (or such applicable affiliate).

## **18. ACTIONS TO BE TAKEN BY SHAREHOLDERS**

### **Consideration Election**

- 18.1 Each Scheme Shareholder as at the Election Record Date may elect to receive either the Cash Consideration or the First Share Consideration, or a combination of Cash Consideration and First Share Consideration, for up to the Specified Number of Scheme Shares held on the Election Record Date which continue to be held by such Scheme Shareholder at the Effective Time, and

such election shall be made on the Consideration Election Form set out at Appendix VII on or prior to the Election Deadline in accordance with the instructions therein.

- 18.2 **If no valid election is made by a Scheme Shareholder as at the Election Record Date by the Election Deadline, such Scheme Shareholder shall receive the Other Share Consideration in respect of all Scheme Shares which are held as at the Effective Time.**

**Voting at the Shareholders' Meeting**

- 18.3 The holders of Scheme Shares and the number of Scheme Shares that they hold for the purposes of voting at the Shareholders' Meeting shall be determined as those recorded on the Register of Members as at the Voting Record Date.
- 18.4 A form of proxy for use at the Shareholders' Meeting is set out at Appendix VI.
- 18.5 Whether or not you are able to attend the Shareholders' Meeting, you are strongly encouraged to complete and sign the enclosed form of proxy in respect of the Shareholders' Meeting, in accordance with the instructions therein, and to lodge it with Sagicor for the attention of The Corporate Secretary at either (1) Cecil F de Caires Building, Wildey, St. Michael, Barbados; or (2) Sagicor Financial Corporation Limited c/o Sagicor Life Inc., Sagicor Financial Centre, 16 Queen's Park West, Port of Spain, Trinidad. Alternatively, you may submit the form of proxy by emailing a legible and complete PDF of the form of proxy to [legal\\_proxies@sagicor.com](mailto:legal_proxies@sagicor.com) (legal [underscore] proxies [at] sagicor [dot] com).
- 18.6 In order to be valid, the form of proxy for use at the Shareholders' Meeting should be received by Sagicor not later than 5:30 p.m. (Atlantic Standard Time) on 11 March 2019. Scheme Shareholders are urged to return their form of proxy in the manner described in the foregoing as early as possible to facilitate timely processing. The Chairman shall have discretion as to the validity of any appointment of proxy. The completion and return of the form of proxy will not preclude you from attending and voting in person at the Shareholders' Meeting should you so wish. In such event, any returned form of proxy for the Shareholders' Meeting will be deemed to have been revoked.
- 18.7 Even if you do not appoint a proxy and you do not attend and vote at the Shareholders' Meeting, you will still be bound by the outcome of the Shareholders' Meeting. You are therefore strongly encouraged to attend and vote at the Shareholders' Meeting in person or by proxy.
- 18.8 Voting at the Shareholders' Meeting will be conducted by poll.
- 18.9 The DI Depository, as the issuer of the Depository Interests representing the underlying Scheme Shares deposited with its custodian, shall be counted as two Scheme Shareholders for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve the Scheme of Arrangement has been satisfied pursuant to section 99(2) of the Companies Act. In the event that the underlying Scheme Shares which are voted at the Shareholders' Meeting are unanimous in favour or against the Scheme of Arrangement, the DI Depository shall cast only one vote in accordance with the unanimous vote. In addition, the shares voted for and against the Scheme of Arrangement by the DI Depository shall be counted for the purposes of ascertaining whether or not the requirement that a majority representing three-fourths in value of the Scheme Shareholders, as at the Voting Record Date and present and voting in person or by proxy at the Shareholders' Meeting, approve the Scheme of Arrangement has been satisfied pursuant to section 99(2) of the Companies Act. For the foregoing purposes, the DI

Depository shall specify the number of votes cast in favour of and against the Scheme of Arrangement and, in each case, the number of Depository Interest Holders on whose instructions such votes are cast. Such information shall be included in the report of the Chairman of the Shareholders' Meeting which will be provided to the Court at the hearing of the petition to sanction the Scheme of Arrangement.

- 18.10 If any Scheme Shareholder has questions concerning administrative matters, such as dates, documentation and procedures relating to the Scheme of Arrangement, please contact Sagicor at [sfc\\_groupcommunications@sagicor.com](mailto:sfc_groupcommunications@sagicor.com) (sfc [underscore] groupcommunications [at] sagicor [dot] com), operating hours between 8:00 a.m. and 4:30 p.m. (Atlantic Standard Time) on Mondays to Fridays, excluding public holidays. This contact cannot and will not provide advice on the merits of the Scheme of Arrangement or give financial or legal advice.
- 18.11 An announcement will be made by Sagicor in relation to the results of the Shareholders' Meeting, and if all of the requisite resolutions to approve and implement the Scheme of Arrangement are passed at the Shareholders' Meeting, further announcement(s) will be made in relation to, among other things, the results of the Court Hearing of the petition to sanction the Scheme of Arrangement, the Effective Time and the date of withdrawal of the listing of the Shares on the Stock Exchanges.
- 18.12 A broker will be retained to effect transfers through the BSE and the TTSE. The broker for the BSE will be Sagicor Asset Management Inc. and the broker for the TTSE will be First Citizens. Engagement of the brokers will be subject to a fee described in Section 10 of this Explanatory Statement, but will require no action on the part of the Scheme Shareholders. For future trading on the TSX (refer to section 21 of this Explanatory Statement for further information on the TSX), we recommend engaging brokers that have Canadian correspondent banks/brokers.
- 18.13 In order to determine the entitlement of the Scheme Shareholders to the Scheme Consideration under the Scheme of Arrangement, the register of members of Sagicor (including its branch registers) will be closed during the Register Closure Period. The Scheme Shareholders should ensure that their Scheme Shares are registered or lodged for registration in their names or in the names of their nominees before the closure of the Register of Members. For this purpose, Sagicor's branch share registrars are Barbados Central Securities Depository Inc., 8th Avenue, Belleville, St Michael, BB11114, Barbados and The Trinidad and Tobago Central Depository Limited, 10th Floor, Nicholas Tower, 63-65 Independence Square, Port of Spain, Trinidad & Tobago.

#### **Actions to be taken by Beneficial Owners whose Shares are held by a Scheme Shareholder**

- 18.14 Except as required by Law, no Person shall be recognised by Sagicor as holding any Shares on trust.
- 18.15 If you are a Beneficial Owner whose Scheme Shares are registered in the name of a nominee, trustee, depository or any other authorised custodian or third party, you should contact the Scheme Shareholder to give instructions to and/or to make arrangements with such Scheme Shareholder as to the manner in which the Scheme Shares beneficially owned by you should be voted at the Shareholders' Meeting.
- 18.16 **If you are a Beneficial Owner who wishes to attend the Shareholders' Meeting personally, you should contact the Scheme Shareholder directly to make the appropriate arrangements**

**with the Scheme Shareholder to enable you to attend and vote at the Shareholders' Meeting and for such purpose, the Scheme Shareholder may appoint you as its proxy.**

- 18.17 The appointment of a proxy by the Scheme Shareholder at the relevant Shareholders' Meeting shall be in accordance with all relevant provisions in the form of proxy enclosed at Appendix VI.
- 18.18 Instructions to and/or arrangements with the Scheme Shareholder should be given or made in advance of the relevant latest time for the form of proxy returning to Sagicor in order to provide the Scheme Shareholder with sufficient time to complete his/her/its forms of proxy accurately and to lodge them by the deadline.

## **19. COURT SANCTION OF THE SCHEME OF ARRANGEMENT**

- 19.1 In accordance with the Companies Act, if the resolutions are approved at the Shareholders' Meeting, Sagicor must, subject to the Arrangement Agreement, and then make a further application to the Court to sanction the Scheme of Arrangement. AQY and Sagicor cannot complete the Scheme of Arrangement without obtaining this sanction from the Court.
- 19.2 The Court Hearing is expected to take place on 22 March 2019. In determining whether to exercise its discretion to sanction the Scheme of Arrangement, the Court will determine, among other things, whether the Scheme of Arrangement is fair to the Scheme Shareholders. At the Court Hearing, the Court may impose such conditions as it deems appropriate in relation to the Scheme of Arrangement, but may not impose any material changes without the joint consent of AQY and Sagicor. Sagicor may consent on behalf of the Scheme Shareholders to any modification of the Scheme of Arrangement which the Court may think fit to approve or impose.
- 19.3 Subject to the terms of the Arrangement Agreement, if the Court sanctions the Scheme of Arrangement and if all the other conditions of the Scheme of Arrangement are satisfied or validly waived (as applicable), Sagicor intends to file the Court order sanctioning the Scheme of Arrangement with the Registrar of Companies in Bermuda on the Effective Date. This will cause the Scheme of Arrangement to become effective.
- 19.4 Scheme Shareholders (including any Beneficial Owners of Scheme Shares that give voting instructions to a custodian or clearing house that subsequently votes at the Shareholders' Meeting) should note that they will be entitled to appear at the Court Hearing expected to take place on 22 March 2019, at which Sagicor will seek, among other things, the sanction of the Scheme of Arrangement.

## **20. COSTS OF THE SCHEME OF ARRANGEMENT**

- 20.1 AQY and Sagicor have agreed that, except in certain circumstances, all fees and expenses incurred in connection with the Scheme of Arrangement and the other transactions contemplated by the Arrangement Agreement shall be paid by the party incurring such fees or expenses, whether or not the Scheme of Arrangement or any of the other transactions contemplated by the Arrangement Agreement are consummated.
- 20.2 Notwithstanding the foregoing, if the Arrangement Agreement is terminated and such termination constitutes a Termination Fee Event (as such term is defined in the Arrangement Agreement), then Sagicor or its Affiliates are required to pay AQY the Termination Fee in accordance with the terms of the Arrangement Agreement. If such termination constitutes an Expense Reimbursement Event (as such term is defined in the Arrangement Agreement), then AQY or its

Affiliates are required to pay Sagicor the Expense Reimbursement in accordance with the terms of the Arrangement Agreement.

## **21. INFORMATION ON THE TORONTO STOCK EXCHANGE**

- 21.1 The Toronto Stock Exchange (TSX) is Canada's leading public equities market. The largest source of liquidity and pricing for Canadian securities, the TSX is home to more than 2,000 listed companies. The TSX has provided companies with access to equity capital for over 160 years, and a vibrant well-respected market for their investors and the trading community.
- 21.2 The TSX operates a continuous auction market that matches individual orders with continual price discovery from 9:30 a.m. to 4:00 p.m. (Toronto time) in a central limit order book (CLOB). Opening auctions on the TSX are the most liquid opening mechanisms in Canada, and establish the official opening prices for TSX-listed securities trading in all Canadian marketplaces. The TSX also operates closing auctions, which are widely adopted as the industry benchmark for closing prices in Canada and facilitate index and portfolio rebalancing activities.
- 21.3 The TSX employs a unique market making system which augments liquidity, provides a two-sided market, and helps maintain the primacy of an order-driven continuous auction market based on price-time priority. Market Maker firms and their Registered Traders (RTs) also guarantee automatic complete fills at the TSX Best Bid & Offer (BBO) for eligible marketable client orders that are equal to or less than the Minimum Guaranteed Fill (MGF) size.
- 21.4 TSX participating organizations include both large and small dealers, including such international firms as (in alphabetical order) Canaccord Genuity Corp., CIBC World Markets Inc., Citigroup Global Markets Canada, Fidelity Clearing Canada ULC, Goldman Sachs Canada Inc., HSBC Securities (Canada) Inc., Interactive Brokers Canada Inc., ITG Canada Corp., J.P. Morgan Securities Canada Inc., Macquarie Capital Markets Canada Ltd., Merrill Lynch Canada Inc., Morgan Stanley Canada Ltd., RBC Capital Markets, Scotia Capital Inc., TD Securities Inc. and UBS Securities Canada Inc.
- 21.5 Non-Canadian broker-dealers, including Caribbean-based affiliates of Canadian dealers such as Scotia Investments (an affiliate of Scotia Capital Inc.) and First Citizens, can indirectly access the TSX through their correspondent relationships with Canadian TSX participating organizations.

## **22. FURTHER INFORMATION**

- 22.1 This Circular will be dispatched to the Scheme Shareholders at no cost to them.
- 22.2 In addition, electronic copies of this Circular may be obtained free of charge from Sagicor's website, and can be accessed on Sagicor's website at [www.sagicor.com](http://www.sagicor.com) under "News" on the website's homepage. Further information, including a comparison of the Sagicor Bye-laws and the New Sagicor Bye-laws, is set out in the Appendices to, and elsewhere in, this Circular, all of which form part of this Explanatory Statement.
- 22.3 Sagicor publishes its annual and interim reports, announcements and other corporate communications on its website at [www.sagicor.com](http://www.sagicor.com) under "Financials" > "Financial Reports" and under "News" on the website's homepage. Information published by Sagicor on the respective Stock Exchange websites can be found on such website by reference to its stock code or stock name.

- 22.4 You should rely on the information contained in this circular only in order to vote your Shares at the Shareholders' Meeting. None of Sagicor, AQY and or any of their respective directors, officers, employees, agents, Affiliates or advisers or any other Person involved in the Scheme of Arrangement has authorized anyone to provide you with information that is different from what is contained in this circular.
- 22.5 Shareholders and/or potential investors should be aware that the Scheme of Arrangement will only become effective upon all the Conditions being satisfied or validly waived (as applicable) and therefore the Scheme of Arrangement may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.
- 22.6 In case of any inconsistency between this Explanatory Statement and the Scheme set out at Appendix VIII, the Scheme will prevail.



## APPENDIX I

### DEFINED TERMS

*In this Circular, the following words and expressions shall have the following meanings, unless the context otherwise requires:*

“ <b>Affiliate</b> ”	means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such first Person.
“ <b>AIM</b> ”	has the meaning ascribed to such term in the Explanatory Statement on page 18;
“ <b>AQY</b> ”	has the meaning ascribed to such term in the Summary on page 3;
“ <b>AQY Arrangement</b> ”	has the meaning ascribed to such term in the Explanatory Statement on page 17;
“ <b>AQY Class A Shares</b> ”	means the class A restricted voting shares in the capital of AQY;
“ <b>AQY Class B Shares</b> ”	means the class B shares in the capital of AQY;
“ <b>AQY Prospectus</b> ”	means the non-offering preliminary prospectus and/or final prospectus of AQY, and any amendment thereto, as the context requires, at Appendix III (partial);
“ <b>AQY Securities Laws</b> ”	means the <i>Securities Act</i> (Ontario) and all the securities laws of each province and territory of Canada, except Quebec, and the rules, regulations and policies of the Toronto Stock Exchange;
“ <b>AQY Shares</b> ”	means the common shares in the share capital of AQY;
“ <b>AQY Warrants</b> ”	means the share purchase warrants to acquire AQY Shares commencing 30 days after the completion of AQY’s Qualifying Acquisition, at an exercise price of CAD\$11.50 per share
“ <b>Arrangement</b> ”	has the meaning ascribed to such term in the Summary on page 3;
“ <b>Arrangement Agreement</b> ”	has the meaning ascribed to such term in the Summary on page 3;
“ <b>BCA</b> ”	means the Bermuda Companies Act 1981.
“ <b>BSE</b> ”	means the Barbados Stock Exchange.

<b>“Beneficial Owner”</b>	means any beneficial owner of Shares whose Shares are registered in the name of a another person;
<b>“Business Day”</b>	means any day except a Saturday, a Sunday or any other day on which commercial banks are closed in Toronto, Ontario or Hamilton, Bermuda.
<b>“CAD”</b>	means Canadian dollars, the lawful currency of Canada;
<b>“Cash Consideration”</b>	means the cash consideration in the amount of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date in respect of each Scheme Share up to the Specified Number held by each such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number continues to be held by such Scheme Shareholder at the Effective Time) in exchange for the transfer of each such Scheme Share to AQY at the Effective Time pursuant to the Scheme of Arrangement;
<b>“Cash Qualifying Scheme Shareholder”</b>	means a Scheme Shareholder as at the Election Record Date which has validly elected to receive the Cash Consideration in respect of each Scheme Share up to the Specified Number held by such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number continues to be held by such Scheme Shareholder at the Effective Time), such election having been made by such Scheme Shareholder and received by Sagicor on or prior to the Election Deadline at the address set out in the Consideration Election Form;
<b>“Central Banks”</b>	means the central banks of the jurisdictions where Sagicor carries on business, including the Federal Reserve Bank, the Central Bank of Bahamas, the Cayman Islands Monetary Authority, the Eastern Caribbean Central Bank, the Central Bank of Trinidad and Tobago, the Bank of Jamaica and the Central Bank of Barbados;
<b>“Circular”</b>	means this document, containing notice of the Shareholders’ Meeting and accompanying Explanatory Statement pursuant to section 100 of the Bermuda Act, including all schedules, appendices and exhibits to, and information incorporated by reference in, the Explanatory Statement, to be sent to the Scheme Shareholders of record as of the Voting Record Date in connection with the Shareholders’ Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;
<b>“Closing Date”</b>	means the date on which the Effective Time occurs;



<b>“Closing Exchange Rate”</b>	means the CAD/USD exchange rate as of 5:00 p.m. (Toronto time) on the date which is one (1) Business Day prior to the Closing Date (or such earlier date as is required by a Governmental Authority or mutually agreed by Sagicor and AQY) using the mid-rate from the “BFIX” screen of Bloomberg (and if such rate or screen is not available, Company and AQY shall agree on a replacement data source, each acting reasonably);
<b>“Companies Act”</b>	means the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time;
<b>“Conditions”</b>	means the conditions of the Scheme of Arrangement, as set out in <i>Conditions Precedent to the Scheme of Arrangement</i> at paragraph 6.1 of the Explanatory Statement;
<b>“Consideration Election Form”</b>	the election form at Appendix VII wherein the eligible Scheme Shareholders as at the Election Record Date may elect to receive either the Cash Consideration or the First Share Consideration, or a combination of the Cash Consideration and First Share Consideration, in accordance with the terms of the Arrangement Agreement and of the Scheme of Arrangement and the instructions therein, for up to the Specified Number of Scheme Shares;
<b>“Court”</b>	means the Supreme Court of Bermuda;
<b>“Court Hearing”</b>	means the hearing of the petition by the Court for the sanction of the Scheme of Arrangement;
<b>“Depository Interest Holders”</b>	means holders of Depository Interests appearing on the register of Depository Interests immediately prior to the cancellation thereof as contemplated at paragraph 10.8 of the Explanatory Statement;
<b>“Depository Interests”</b>	means dematerialized depository interests issued by the DI Depository representing the underlying Scheme Shares;
<b>“DI Depository”</b>	means Computershare Investor Services PLC;
<b>“Depository”</b>	means the Barbados Central Securities Depository Inc.;
<b>“Director(s)”</b>	means the director(s) of Sagicor;
<b>“DRS”</b>	means the Direct Registration System, a service offering by TSX Trust;
<b>“Effective Time”</b>	means the date and time at which an office copy of the Order of the Court sanctioning the Scheme of Arrangement and making such facilitating orders as are appropriate pursuant to section 99 of the Companies Act shall have been delivered to

the Registrar of Companies in Bermuda for registration, at which time the Scheme of Arrangement shall become effective, which shall be on or prior to the Outside Date;

**“Election Deadline”**

means 5:30 p.m. (Atlantic Standard Time) on 31 March 2019 (or such later date as may be notified to the Shareholders by announcement on Sagicor’s website, such announcement to be accessed on Sagicor’s website at [www.sagicor.com](http://www.sagicor.com) under “News” on the website’s homepage), being the date by which Sagicor must receive a completed and executed Consideration Election Form at the address provided in the Consideration Election Form;

**“Election Record Date”**

means 5:00 p.m. (Atlantic Standard Time) on 6 December 2018, or such other date as is required by a Governmental Authority;

**“Escrow Account”**

means the escrow account of AQY established and maintained by the Escrow Agent, which holds in escrow the gross proceeds of the initial public offering of the AQY Class A restricted voting units, including the gross proceeds of the over-allotment option;

**“Escrow Agent”**

means TSX Trust Company, and its successors and permitted assigns;

**“EU”**

has the meaning ascribed to such term on page 49;

**“Exchange Ratio”**

means the number which is the quotient of (i) 1.75 divided by (ii) the product of 10.00 and the Closing Exchange Rate;

**“Explanatory Statement”**

means the explanatory statement relating to the Scheme of Arrangement, the text of which is set out on pages 13 through 34 of this Circular;

**“First Citizens”**

Means First Citizens Brokerage and Advisory Services Limited.

**“First Share Consideration”**

means the share consideration with an agreed value of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date and payable in the form of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of Scheme Shares up to the Specified Number held by such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number continues to be held by such Scheme Shareholder at the Effective Time) in exchange for the transfer of such Scheme Share at the Effective Time to AQY pursuant to the Scheme of Arrangement, rounded down for each applicable Scheme Shareholder to the next whole

number of AQY Shares;

**“Forward Purchase Agreements”**

means the forward purchase agreements entered into between the forward purchasers party thereto and AQY pursuant to which the forward purchasers have agreed to purchase, among other securities, an aggregate of 11,300,000 Forward Purchase Common Shares and 3,766,659 Forward Purchase Warrants, including any other subscription for AQY Class B Shares (plus, if applicable, AQY Warrants) entered into prior to the Effective Time, for an aggregate purchase price of CAD\$10 per unit and/or AQY Class B Share (plus, if applicable, AQY Warrants), in a private placement to occur concurrently with the closing of AQY’s Qualifying Acquisition;

**“Forward Purchase Common Shares”**

means the AQY Shares to be purchased pursuant to the Forward Purchase Agreements;

**“Forward Purchase Warrants”**

means the 3,766,659 AQY Warrants to be purchased pursuant to the Forward Purchase Agreements, with each whole Forward Purchase Warrant entitling the holder thereof to purchase, commencing 30 days following the completion of the AQY Arrangement, one AQY Common Share at a price of CAD\$11.50 per share, subject to adjustments;

**“Governmental Authority”**

means any: (a) country, nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, provincial, local, municipal, foreign or other government; (c) governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, organization, body or entity and any court or other tribunal), including, for greater certainty, a Securities Authority; (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (e) applicable stock exchanges; (f) applicable Central Banks; or (g) applicable self-regulatory organizations, including, if applicable, the Investment Industry Regulatory Organization of Canada and the Financial Industry Regulatory Authority;

**“Group”**

means Sagicor and its subsidiaries from time to time;

**“J.P. Morgan”**

means J.P. Morgan Securities LLC, Sagicor’s independent financial advisor;

**“Latest Practicable Date”**

means 31 January 2019, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained herein;

**“Laws”**

means any federal, state, local, municipal, provincial, foreign or other law, statute, constitution, principle of common law,

resolution, ordinance, code, edict, consent order, consent decree, decree, Order, judgment, rule, regulation, ruling, directive, regulatory guidance, agreement or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or with or under the authority of any Governmental Authority;

“LSE”	means the London Stock Exchange.
“Minimum Cash Requirement”	has the meaning ascribed to such term in the Explanatory Statement on page 14;
“New Sagicor”	has the meaning ascribed to such term in the Summary on page 3;
“New Sagicor Bye-laws”	means the Bye-laws of New Sagicor;
“New Sagicor Shares”	means the common shares in the share capital of New Sagicor;
“Notes”	has the meaning ascribed to such term in Appendix II on page 47;
“Note Indenture”	has the meaning ascribed to such term in Appendix II on page 46;
“OBCA”	means the Business Corporations Act (Ontario);
“OECD”	has the meaning ascribed to such term in Appendix II on page 49;
“Order”	means any order, writ, assessment, decision, injunction, decree, judgment, ruling, award, settlement or stipulation issued, promulgated or entered into by or with any Governmental Authority;
“Other Share Consideration”	means the share consideration with an agreed value of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date and payable in the form of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of Scheme Shares held by such Scheme Shareholder as at the Effective Time (other than the Scheme Shares held by such Scheme Shareholder being exchanged for Cash Consideration or First Share Consideration) in exchange for the transfer of each such Scheme Share to AQY at the Effective Time pursuant to the Scheme of Arrangement, rounded down for each applicable Scheme Shareholder to the next whole number of AQY Shares;
“Outside Date”	means 30 June 2019 or such other date as may be agreed between AQY and Sagicor pursuant to the Arrangement Agreement;
“Paying Agent”	means Computershare Communication Services Inc.;

<b>“Person”</b>	means an individual, company (including a not-for-profit company), corporation (including a not-for-profit corporation), body corporate, general or limited partnership, limited liability partnership, limited liability company, unlimited liability corporation, joint venture, association, trust, estate, association, trustee, executor, administrator, legal representative, Governmental Authority, unincorporated organization or other entity of any kind or nature;
<b>“Proxy Form”</b>	means the proxy form to be used at the Shareholders’ Meeting, attached hereto as Appendix VI.
<b>“Qualifying Acquisition”</b>	has the meaning ascribed to such term within Part X of the TSX Company Manual pertaining to special purpose acquisition corporations;
<b>“Register Closure Period”</b>	means the period during which the Register of Members will be closed in order to determine the entitlement of a Scheme Shareholder to the consideration under the Scheme of Arrangement, the starting and ending dates of which will be determined by Sagicor before the Closing Date and which will be notified to the Scheme Shareholders by Sagicor seven (7) days in advance of the starting date of the Register Closure Period;
<b>“Register of Members”</b>	means the register of members of Sagicor (including the branch registers);
<b>“Registrar of Companies”</b>	means the Registrar of Companies of Bermuda;
<b>“Replacement Option”</b>	has the meaning ascribed to such term set out at paragraph 2.15 of the Explanatory Statement;
<b>“Sagicor”</b>	has the meaning ascribed to such term in the Summary on page 3;
<b>“Sagicor Board”</b>	means the board of directors of Sagicor;
<b>“Sagicor Bye-laws”</b>	means the Bye-laws of Sagicor;
<b>“Sagicor Securities Laws”</b>	means the securities laws of each of Barbados, Trinidad and Tobago, and the United Kingdom, and the rules, regulations and policies of the Stock Exchanges;
<b>“Sagicor Share Plans”</b>	means Sagicor’s Employee Share Ownership Plan effective 31 December 2005 and the executive Long-term Incentive Plan effective 31 December 2005;
<b>“Scheme Consideration”</b>	means the consideration payable to Scheme Shareholders as at the Effective Time in exchange for the transfer of the Scheme Shares to AQY in accordance with the Scheme of

	Arrangement, comprising (1) for eligible Persons, the option of the Cash Consideration, the First Share Consideration, or a combination of both, for up to the Specified Number held by each eligible Scheme Shareholder, and (2) in all other cases, the Other Share Consideration;
<b>“Scheme”</b>	has the meaning ascribed to such term in the Summary on page 3;
<b>“Scheme of Arrangement”</b>	has the meaning ascribed to such term in the Summary on page 3;
<b>“Scheme Shareholders”</b>	Means the holders of Scheme Shares appearing on the Register of Members at the applicable time;
<b>“Scheme Shares”</b>	means all of the issued and outstanding Shares as at the applicable time;
<b>“Scotia Acquisition Agreements”</b>	has the meaning ascribed to such term set out at paragraph 4.5 of the Explanatory Statement;
<b>“Scotia Jamaica”</b>	has the meaning ascribed to such term set out at paragraph 4.5 of the Explanatory Statement;
<b>“Scotia Jamaica SPA”</b>	has the meaning ascribed to such term set out at paragraph 4.5 of the Explanatory Statement;
<b>“Scotia Trinidad”</b>	has the meaning ascribed to such term set out at paragraph 4.5 of the Explanatory Statement;
<b>“Scotia Trinidad SPA”</b>	has the meaning ascribed to such term set out at paragraph 4.5 of the Explanatory Statement;
<b>“Securities Authority”</b>	means the Governmental Authority having jurisdiction to enforce AQY Securities Laws or Sagicor Securities Laws, as applicable;
<b>“Share Consideration”</b>	means the First Share Consideration and the Other Share Consideration;
<b>“Share Qualifying Scheme Shareholder”</b>	means a Scheme Shareholder as at the Effective Time: (a) who or which is eligible to and has validly elected to receive the First Share Consideration, such election received by Sagicor on or prior to the Election Deadline at the address set out in the Consideration Election Form; and (b) in all other cases, who or which is entitled to receive the Other Share Consideration;
<b>“Shareholders’ Meeting”</b>	means the meeting, expected to be held 13 March 2019, of Scheme Shareholders as at the Voting Record Date to be convened at the direction of the Court, at which the Scheme of

Arrangement (with or without modification) will be voted upon, including any postponement or adjournment thereof;

<b>“Shareholders”</b>	means holders of Shares registered as such in the Register of Members;
<b>“Shares”</b>	means common shares of par value US\$0.01 each in the share capital of Sagicor;
<b>“Specified Number”</b>	means 10,000 Scheme Shares, subject to the adjustment mechanism set out at paragraph 2.10 of the Explanatory Statement;
<b>“Stock Exchanges”</b>	means the Barbados Stock Exchange, the Trinidad and Tobago Stock Exchange and the London Stock Exchange;
<b>“Tax” or “Taxes”</b>	Means: (a) taxes, charges, withholdings, fees, levies, imposts, duties and governmental fees or other like assessments or charges of any kind whatsoever in the nature of taxes imposed by any U.S. or non-U.S. federal, state, provincial, local or foreign Governmental Authority responsible for the administration of Taxes (including those related to income, net income, gross income, receipts, capital, windfall profit, severance, property (real and personal), production, sales, goods and services, use, business and occupation, license, excise, registration, franchise, employment, payroll (including social security contributions), deductions at source, withholding, alternative or add-on minimum, intangibles, ad valorem, transfer, gains, stamp, customs, duties, estimated, transaction, title, capital, paid-up capital, profits, premium, value added, recording, inventory and merchandise, business privilege, federal highway use, commercial rent or environmental tax); (b) interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority (i) in connection with any item described in item (a) or (ii) as a result of the failure to timely and accurately file any tax return; and (c) liabilities of any other Person for any items described in item (a) and/or (b) payable by reason of transferee or successor liability or under Treasury Regulation Section 1.1502-6 (or any analogous provision of U.S. or non-U.S. federal, state, provincial, local or foreign Law);
<b>“Tax Act”</b>	has the meaning ascribed to such term on page 48;
<b>“Transaction Costs”</b>	means transaction costs and listing expenses determined in accordance with reverse asset acquisition accounting (which include the impact of certain AQY Class B Shares issued and outstanding prior to closing) and the estimated value of common shares issuable on closing of the business combination to key Sagicor executives;



<b>“TSX”</b>	means the Toronto Stock Exchange;
<b>“TTCD”</b>	has the meaning ascribed to such term on page 21;
<b>“TTSE”</b>	means the Trinidad and Tobago Stock Exchange;
<b>“UK”</b>	means the United Kingdom.
<b>“U.S. Securities Act”</b>	means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
<b>“US\$” or “U.S. dollar”</b>	means United States dollars, the lawful currency of the United States of America; and
<b>“Voting Record Date”</b>	means 5.00 p.m. (Atlantic Standard Time) on 31 January 2019 (or such later date as may be notified to the Shareholders by announcement on Sagicor’s website, such announcement to be accessed on Sagicor’s website at <a href="http://www.sagicor.com">www.sagicor.com</a> under “News” on the website’s homepage), being the date designated as the record date for determining the Shareholders entitled to receive notice of and vote at the Shareholders’ Meeting as set out in this Circular or in any notice to the Shareholders after the date of this Circular.

All references in this Circular to times and dates are references to Bermuda times and dates, except as otherwise specified.

All percentages stated in this Circular are approximations and certain amounts, totals and percentage figures included in this Circular have been subject to rounding adjustments.

The definitions herein are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term.



## APPENDIX II

### RISK FACTORS; QUESTIONS AND ANSWERS

#### RISK FACTORS

The following list contains a number of risks that should be carefully considered by Scheme Shareholders. For more information on risk factors pertaining to the jurisdictions of Bermuda and Canada, please refer the “Risk Factors” section of the AQY Prospectus at Appendix III. Capitalized terms not otherwise defined in these risk factors shall have the meanings ascribed to such terms at Appendix I – *Defined Terms*.

*The conversion or exercise of certain outstanding AQY securities may dilute the value of the New Sagicor Shares.*

Purchasers in AQY’s IPO generally paid CAD\$10 per AQY share. Some outstanding shares of AQY consist of sponsor shares and forward purchase shares issued to the founders of AQY, which were issued at a lower price than CAD\$10 per share and will therefore dilute the value of the AQY Shares issued to Scheme Shareholders.

Additionally, AQY shareholders hold a significant number of warrants (34,900,000) with an exercise price of CAD\$11.50, which become exercisable for a period of five years commencing 30 days after closing. These warrants if exercised could result in further dilution to Scheme Shareholders.

*The value of any First Share Consideration or Other Share Consideration you receive (if eligible) may fluctuate due to changes in the trading value of the AQY Shares on the TSX*

The value of the AQY Shares you receive (if eligible) on the closing of the transaction as First Share Consideration or Other Share Consideration will be based on the Exchange Ratio, which assumes for the purposes of calculation of the Exchange Ratio that AQY Shares be valued at CAD\$10.00. However, the effective value of any First Share Consideration or Other Share Consideration you receive (if eligible) may vary due to changes in the trading value of the AQY Shares on the TSX.

*Further equity financing may dilute the interests of shareholders of New Sagicor and depress the price of the New Sagicor Shares.*

If New Sagicor raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of New Sagicor and reduce the value of their investment. The market price of New Sagicor Shares could decline as a result of issuances of new shares or sales by shareholders of New Sagicor Shares in the market or the perception that such sales could occur. Sales by shareholders of New Sagicor might also make it more difficult for New Sagicor itself to sell equity securities at a time and price that it deems appropriate.

*Rounding down of the First Share Consideration and the Other Share Consideration (the “Share Consideration”) may have a disproportionate effect on shareholders holding fewer than one hundred shares who receive Share Consideration.*

In accordance with the Arrangement Agreement, any Share Consideration a Scheme Shareholder will receive shall be payable in the form of the number of AQY Shares as described in Section 2 of the Explanatory Statement. Any fractional shares that result from that exchange, after deduction of brokers

fees and stock exchange fees, will be rounded down to the nearest whole number of AQY Shares. The rounding down to a whole number of AQY Shares delivered to a Scheme Shareholder may, under certain circumstances, have a disproportionate impact on small shareholders holding fewer than 100 shares. Cash Consideration will not be subject to any impact from rounding down of the Share Consideration.

*New Sagicor may not pay dividends.*

Subject to the timing of the closing, New Sagicor currently intends to seek to pay an annual dividend of up to US\$0.225 per share, expected to be paid quarterly beginning in May 2019 on the New Sagicor Shares.

The declaration and payment of dividends or distributions by New Sagicor will be at the discretion of the New Sagicor Board subject to restrictions under applicable laws, and may be affected by numerous factors, including New Sagicor's revenues, financial condition, acquisitions, capital investment requirements and legal, regulatory or contractual restrictions. A failure to pay dividends or a reduction or cessation of the payment of dividends could materially adversely affect the trading price of New Sagicor Shares.

In accordance with the laws of Bermuda, New Sagicor will be prohibited from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that: (a) New Sagicor is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of New Sagicor's assets would thereby be less than its liabilities.

*The market price of the New Sagicor Shares may be volatile.*

Market prices for insurance companies have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning New Sagicor or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting New Sagicor, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in Barbados, Jamaica, Trinidad and Tobago, the United States or other regions may have a significant impact on the market price of New Sagicor Shares. In addition, there can be no assurance that New Sagicor Shares will continue to be listed on the TSX following closing.

The market price of New Sagicor Shares could fluctuate significantly for many other reasons, including for reasons unrelated to New Sagicor's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its subscribers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within its industry experience declines in their stock price, the share price of New Sagicor Shares may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against New Sagicor could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

*New Sagicor may be required to make an offer to purchase all of the 2015 Notes, but may not be able to repurchase the Notes upon a change of control.*

On 11 August 2015, Sagicor (as parent guarantor), Sagicor Finance (2015) Limited (as issuer), certain subsidiaries of Sagicor (as subsidiary guarantors) and Deutsche Bank Trust Company Americas (as trustee, registrar, paying agent and transfer agent) entered into an indenture (the "**Note Indenture**") with

respect to 8.875% senior notes (the “Notes”). The Notes will mature on 11 August 2022 and bear interest at the rate of 8.875% per year. Interest on the Notes is payable semi-annually in arrears on 11 February and 11 August of each year. The Notes are listed on the Irish Stock Exchange.

Under the Note Indenture, if a change of control (as defined in the Note Indenture) occurs, Sagicor must offer to repurchase all outstanding 2022 Notes for a price equal to 101% of the principal amount of the 2022 Notes, plus any accrued and unpaid interest. The consummation of the Scheme of Arrangement and the transactions contemplated by the Arrangement Agreement could result in a change of control. If all or a significant portion of the holders of the 2022 Notes are eligible to and elect to have their 2022 Notes purchased pursuant to the offer, Sagicor may not have sufficient proceeds from the Scheme of Arrangement or sufficient other funds available to it to satisfy Sagicor’s purchase obligation. Although it is not necessarily likely that a significant portion of the holders will elect to have their 2022 Notes repurchased, New Sagicor may require additional financing from third parties to fund any such repurchase, and it may not be able to obtain additional financing on favorable terms, on a timely basis or at all. Accordingly, New Sagicor may not be able to satisfy Sagicor’s obligations to repurchase the 2022 Notes unless New Sagicor or Sagicor is able to refinance or obtain waivers under such other debt instruments. It is a condition to Sagicor’s obligation to complete the transactions contemplated in the Arrangement Agreement (which it may waive) that, in the event such transactions constitute a change of control (as defined in the Note Indenture), Sagicor shall have received a waiver from the holders of a majority of the principal amount of the 2022 Notes then outstanding to make an offer to repurchase all of the outstanding 2022 Notes.

*New Sagicor may not receive permission to continue to be domiciled in Barbados for tax purposes.*

Sagicor currently enjoys Barbados tax domiciliation. For various tax reasons, New Sagicor will seek confirmation from the Barbados Revenue Authority that New Sagicor will, following the continuance of AQY to Bermuda, be deemed a company resident in Barbados for the purpose of the Barbados Income Tax Act and the CARICOM Treaty. Under such Treaty, dividends paid in other jurisdictions within CARICOM may only be taxed in Barbados. In the event that such permission is not granted, Scheme Shareholders will not be able to rely on CARICOM relief for taxes on dividends. Scheme Shareholders should consult their tax advisors to determine any tax implications, if any, that a Scheme Shareholder may be subject to.

*United States, Canadian, and other foreign country taxes may be payable, directly or indirectly, by New Sagicor on its direct or indirect sale of a subsidiary, a subsidiary’s assets, or other investment.*

United States, Canadian, and other foreign country taxes may be payable, directly or indirectly, by New Sagicor on its direct or indirect sale of a subsidiary of New Sagicor, a subsidiary’s assets, or other investment. The amount of such taxes, which may be material, will depend on the selling price, the jurisdictions that would impose tax on the sale, and other factors.

*There are regulatory limitations on the ownership and transfer of the New Sagicor Shares in Barbados.*

Sagicor currently benefits from relief granted by the Exchange Control Authority of the Central Bank of Barbados with respect to certain applicable exchange controls and foreign currency laws and regulations. New Sagicor is seeking relief from the Exchange Control Authority of the Central Bank of Barbados to allow Scheme Shareholders to hold and purchase New Sagicor Shares in Barbados pursuant to applicable exchange controls and foreign currency laws and regulations. If such relief is not obtained, there could be a negative impact on Barbadian Scheme Shareholders.

*After giving effect to the transactions contemplated by the Arrangement Agreement, including those contemplated by the Scheme of Arrangement, New Sagicor and its non-Canadian subsidiaries may become subject to Canadian federal income taxation, which may materially reduce New Sagicor's after-tax returns and the value of the New Sagicor Shares.*

New Sagicor has put in place procedures to seek to ensure that its and its non-Canadian subsidiaries' central management and control do not reside in Canada. If New Sagicor or any of its non-Canadian subsidiaries were found to be resident in Canada, then it would be subject to income tax in Canada on its worldwide income as determined under the Income Tax Act of Canada (the "**Tax Act**"). In addition, in such circumstances there may be additional Canadian income tax considerations for shareholders, and in particular, any dividends paid or credited by New Sagicor on the New Sagicor Shares to a person that is not resident in Canada for purposes of the Tax Act would be subject to Canadian non-resident withholding tax at the rate of 25% of the gross amount of the dividend, subject to a reduction in the rate under the terms of an applicable income tax treaty or convention. A determination that New Sagicor or certain of its non-Canadian subsidiaries is resident in Canada may be materially adverse to the financial position and cash flow of New Sagicor.

*New Sagicor and its non-U.S. subsidiaries may become subject to U.S. federal income taxation, which may materially reduce New Sagicor's after-tax returns and the value of the New Sagicor Shares.*

New Sagicor and its non-U.S. subsidiaries intend to operate their business in a manner that will not cause them to be treated as engaged in a trade or business in the United States for U.S. federal income tax purposes. Accordingly, New Sagicor and its non-U.S. subsidiaries do not expect to be subject to U.S. federal income taxes on their income (other than U.S. excise taxes on insurance premiums and withholding taxes on certain U.S.-source investment income). However, there is no definitive authority regarding activities that constitute a trade or business in the United States for U.S. federal income tax purposes. Thus no assurance can be provided that the U.S. Internal Revenue Service ("**IRS**") will not contend, perhaps successfully, that New Sagicor or its non-U.S. subsidiaries are engaged in a trade or business in the United States. A non-U.S. corporation deemed to be so engaged would be subject to U.S. federal net income tax, as well as branch profits tax, on its income treated as effectively connected with the conduct of the U.S. trade or business, unless the corporation were entitled to relief under an applicable tax treaty. As a result, if New Sagicor or any of its non-U.S. subsidiaries were treated as engaged in a U.S. trade or business, then New Sagicor's after-tax returns and the value of the New Sagicor Shares may be materially reduced.

*New Sagicor may be subject to Bermuda tax.*

New Sagicor expects to obtain an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, as amended, that in the event that any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax shall not be applicable to New Sagicor or to any of its operations or to its shares, debentures or other obligations until 31 March 2035, except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by New Sagicor in respect of real property owned or leased by New Sagicor in Bermuda. Consequently, if New Sagicor's Bermuda tax exemption is not extended past 31 March 2035, it may be subject to Bermuda tax after that date.

Notwithstanding the assurance, all entities employing individuals in Bermuda are required to pay a payroll tax and there are other sundry taxes payable, directly or indirectly, to the Bermuda government.

New Sagicor will pay annual Bermuda government fees and it is expected that one or more subsidiaries of New Sagicor will pay annual Bermuda government fees and annual insurance license fees.

*Bermuda's compliance with the OECD's international tax standards could subject New Sagicor to additional taxes.*

The Organization for Economic Cooperation and Development (the “**OECD**”) has published reports and launched a dialogue among members and non-members on measures to limit harmful tax practices. These measures are directed at counteracting the effects of tax havens and preferential tax regimes around the world. In the OECD's periodic progress reports, Bermuda has not been listed as an uncooperative tax haven jurisdiction because it had previously committed to eliminate harmful tax practices and to embrace international tax standards for transparency, exchange of information and the elimination of any aspects of the regimes for financial and other services that attract business with no substantial domestic activity. Bermuda was included in the most recently revised OECD so-called “white list” with other countries that have substantially implemented the OECD's international tax standards. It is not clear what further changes will result from this on-going commitment or whether such changes will subject New Sagicor to additional taxes.

*Legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect our operations and financial condition.*

During 2017, the European Union (“**EU**”) Economic and Financial Affairs Council (ECOFIN) released a list of non-cooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximize efforts to prevent tax fraud and tax evasion. Bermuda was not on the list of non-cooperative jurisdictions but did feature in the report (along with approximately 40 other jurisdictions) as having committed to address concerns relating to economic substance by 31 December 2018. In accordance with that commitment, Bermuda has enacted legislation that requires certain entities in Bermuda engaged in “relevant activities” to maintain a substantial economic presence in Bermuda and to satisfy economic substance requirements. The list of “relevant activities” includes carrying on as a business any one or more of: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service center, intellectual property and holding entities. Any entity that must satisfy economic substance requirements but fails to do so could face automatic disclosure to competent authorities in the EU of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of its business activities and/or may be struck off as a registered entity in Bermuda.

At present, the impact of these new economic substance requirements is unclear, and it is not possible to accurately predict the effect of these requirements on us and our business. The requirements may increase the complexity and costs of carrying on our business and could adversely affect our operations and financial condition.



## QUESTIONS AND ANSWERS (“Q&AS”)

Below please find some Q&As that we believe will assist you in understanding the transaction between Sagicor and AQY. Capitalized terms not otherwise defined in these Q&As shall have the meanings ascribed to such terms at Appendix I – *Defined Terms*. The information contained herein is qualified in its entirety by reference to the contents of this Circular and the Arrangement Agreement, dated 27 November 2018, between Sagicor and AQY, which can be accessed at:

[https://www.sagicor.com/Documents/News/Arrangement%20Agreement AQY Sagicor.pdf](https://www.sagicor.com/Documents/News/Arrangement%20Agreement%20AQY%20Sagicor.pdf).

### **1. *Please briefly describe the transaction.***

Sagicor and AQY have entered into an Arrangement Agreement dated 27 November 2018. Through this agreement, AQY will receive, by way of the Scheme of Arrangement, all of the issued and outstanding shares of Sagicor in exchange for cash and/or AQY Shares. AQY will discontinue from Ontario and continue in Bermuda and will effect a change of name from “Alignvest Acquisition II Corporation” to “Sagicor Financial Company Ltd.” (such entity, “**New Sagicor**”). It is a condition of closing that New Sagicor Shares be listed on the Toronto Stock Exchange (“**TSX**”), and Sagicor will delist from the Trinidad and Tobago, Barbados and London Stock Exchanges, where it currently trades. The Scheme of Arrangement must be approved by the Scheme Shareholders and sanctioned by the Supreme Court of Bermuda.

### **2. *What is the rationale for doing this transaction?***

This transaction is expected to unlock significant value for all stakeholders in two ways: (1) the TSX is a liquid exchange market that will provide exposure to global institutional and large-scale investors which we expect will lead to better price discovery of our equity; and (2) any additional capital from the transaction will be held by New Sagicor, which we expect will help accelerate our organic growth strategy and fund future acquisitions.

### **3. *What will I receive for my Sagicor shares?***

You will have the right to receive cash and/or shares of New Sagicor for the first 10,000 Sagicor shares you own. The election record date for ownership of shares to receive cash is 5:00 p.m. (Atlantic Standard Time) on 6 December 2018. You must own those Sagicor shares on that election record date and on the closing date of the transaction to receive cash. If you do not elect to receive cash with respect to up to your first 10,000 Sagicor shares, you will automatically receive shares of New Sagicor. You will also receive AQY Shares for the remainder of your Sagicor shares held on the closing date. If you acquire Sagicor shares between the election record date and the date of closing that you continue to hold at closing, you will only receive shares of AQY for those Sagicor shares. Should the total cash consideration elected by Sagicor shareholders exceed US\$205 million in aggregate (subject to adjustment by AQY and Sagicor), then the amount payable in cash to each Sagicor shareholder will be rateably reduced in accordance with the terms of the Arrangement Agreement, with the balance awarded in the equivalent amount of AQY Shares. If you have elected to receive cash for your Sagicor shares, this adjustment may result in you receiving cash for fewer shares than you elected, with such difference being awarded to you in AQY Shares.

### **4. *What is an election record date?***

The election record date (5:00 p.m. (Atlantic Standard Time) 6 December 2018) is only used to determine which Sagicor shareholders are eligible to make a future election to receive cash as consideration for their shares, up to 10,000 Sagicor shares. 6 December 2018 is not a record date for voting and is not the deadline to make the cash election.

The record date for determining the shareholders of Sagicor entitled to vote at Sagicor's Shareholders' Meeting with respect to this transaction is 31 January 2019. The deadline date by which Sagicor shareholders must submit their cash election to Sagicor is 31 March 2019 (or such later date as may be notified to the Shareholders by announcement on Sagicor's website, such announcement to be accessed on Sagicor's website at [www.sagicor.com](http://www.sagicor.com) under "News" on the website's homepage).

**5. *Can I continue to own Sagicor shares after the transaction closes?***

If the transaction closes, instead of Sagicor shares you will own New Sagicor shares, except for those Sagicor shares for which you validly elect to receive the cash consideration described in Question 3. As stated above, New Sagicor will be a combination of AQY and Sagicor as its wholly-owned subsidiary.

**6. *What price will AQY pay for the Sagicor shares?***

AQY will pay US\$1.75 per Sagicor share. AQY will pay this price in the form of a combination of cash and AQY Shares. A Sagicor shareholder who receives shares of AQY will receive them in exchange for shares of Sagicor based on an exchange ratio ("**Exchange Ratio**") which the parties have agreed has a value of US\$1.75 per Sagicor share. The Exchange Ratio is based on an agreed formula that will be calculated shortly before closing of the transaction based on the Canadian to U.S. dollar exchange rate at such time. For the purposes of such calculation, AQY Shares will be valued at CAD\$10.00. The cash paid to eligible Sagicor shareholders will be paid in U.S. dollars. However, the exact effective value of the AQY Shares after such exchange is subject to fluctuation due to changes in the trading value of AQY Shares on the TSX, as described in Question 8 below, and is subject to dilution by sponsor shares and warrants, as described in Questions 9, 10 and 11 below.

**7. *What if the Sagicor shares are trading at a different price than the price AQY has agreed to pay?***

The price has been set at the signing of the Arrangement Agreement, and AQY will pay US\$1.75 per Sagicor share (in the form of cash and/or AQY Shares as described above) regardless of the price at which the Sagicor or AQY Shares are trading at any point prior to or at closing of the transaction.

The exact effective value of the AQY Shares after the Sagicor shares are exchanged is subject to fluctuation due to changes in the trading value of AQY Shares on the TSX, as described in Question 8 below, as well as dilution by sponsor shares and warrants, as described in Questions 9, 10 and 11 below.

**8. *What if AQY Shares trade at a different price from CAD\$10.00?***

The number of AQY Shares you receive (if eligible) as First Share Consideration or Other Share Consideration will be based on the Exchange Ratio described in Question 6 above, which assumes for the purposes of calculation of the Exchange Ratio that AQY Shares be valued at CAD\$10.00. However, the effective value of any First Share Consideration or Other Share Consideration you receive (if eligible) may vary due to changes in the trading value of the AQY Shares on the TSX.

**9. *What are sponsor shares?***

The sponsors, who are the AQY founders and others who arranged the initial public offering of AQY, have been provided, as compensation, with sponsor shares. These shares consist of some issued and outstanding shares of AQY issued for nominal consideration. These sponsor shares will convert into common shares of New Sagicor upon the closing of the transaction, but half of such shares will be subject to certain restrictions.

**10. *What is the impact of the sponsor shares?***

Given that sponsor shares were issued at a lower price than the price paid by purchasers of AQY Shares in its initial public offering, these sponsor shares will dilute the value of the AQY Shares issued to



Sagicor shareholders such that the effective price of the AQY Shares paid to the Sagicor shareholders on the closing date of the transaction would be less than US\$1.75 per share. The Sagicor Board believes that the dilutive effect of the sponsor shares is outweighed by the potential benefits of the transaction.

Based on certain assumptions summarized below, the value per AQY Share at closing paid to Sagicor shareholders would be US\$1.63 - US\$1.65. Such assumptions include that:

- Sagicor shareholders as of the date of the Arrangement Agreement elect to receive the maximum amount of cash available from AQY.
- The CAD/USD exchange rate remains at its level as of the date of the Arrangement Agreement.
- AQY shareholders do not exercise their redemption rights described in Question 19.
- Only half of the sponsor shares are taken into account. The other half of the sponsor shares will be outstanding at closing, but held subject to certain restrictions that would result in such shares being redeemed for nominal consideration if New Sagicor's book value or trading price failed to increase a prescribed amount.

**11. *Are there any other securities that could affect the value of the shares that I will receive?***

AQY shareholders hold a significant number of warrants that will become exercisable for a period of five (5) years commencing thirty (30) days after closing at CAD\$11.50 per share. If exercised, these warrants could also result in further dilution to existing shareholders of Sagicor. However, given that they are only exercisable upon the New Sagicor stock price reaching CAD\$11.50, this will also mean that the shares have increased in value for all New Sagicor shareholders.

**12. *Will the shares I hold in New Sagicor be publicly listed?***

It is a condition of closing that the New Sagicor shares be listed on the TSX. Approximately 1,500 companies are listed on the TSX with an aggregate quoted market value of nearly CAD\$3 trillion.

**13. *How do I buy or sell shares on the TSX? Will I need a broker to hold my shares on the TSX?***

You will not need a broker to hold shares, but you will need a broker to sell any New Sagicor shares on the TSX. Your existing broker should be able to assist you with this.

**14. *Are exchange control approvals required for me to hold New Sagicor Shares?***

It is a condition to closing of the transaction that exchange control approvals have been obtained from the relevant authorities in Barbados and Bermuda.

**15. *How do I purchase additional New Sagicor Shares?***

On the TSX or, subject to regulatory approval, via participation in a proposed dividend reinvestment plan.

**16. *Are there any additional tax implications that I should be aware of?***

You should consult your own tax advisor to determine any tax implications, if any, that you may be subject to.

**17. *How does the transaction impact Sagicor operationally?***

Operationally, no changes are expected after the transaction.

**18. *Who is AQY and how will they help support our growth?***

AQY's sponsor, Alignvest Management Corporation, is a leading Canadian investment management firm whose clients include pension plans, foundations and ultra-high net worth family offices. They also have extensive insurance expertise.

**19. *What is a Canadian SPAC?***

A Canadian special purpose acquisition corporation or "SPAC" is a corporation that has raised capital through an initial public offering on the TSX or another approved exchange for the sole purpose of seeking and consummating a "qualifying acquisition". This transaction would be AQY's "qualifying acquisition" and therefore its only acquisition. AQY has no current business operations and will have none until such time as it consummates such qualifying acquisition.

Some of the capital raised by AQY may also be used to fund redemptions of its outstanding shares at a price of CAD\$10.00 per share, plus amounts accruing thereon subsequent to the closing of its initial public offering, by shareholders who do not wish to participate in its continued business following the acquisition. As a result of redemptions, AQY will only be able to determine the amount of cash available at closing shortly before the AQY shareholder meeting. However, even if there are redemptions by AQY shareholders, AQY may seek replacement capital prior to closing to further New Sagicor's growth strategy, and some additional capital has already been subscribed for.

**20. *Will there be any change to the head office of Sagicor?***

It is anticipated New Sagicor's head office will be that of Sagicor's current head office at the Cecil F De Caires Building, Wildey, St. Michael, Barbados.

**21. *What happens to Sagicor's shares on the Barbados, London, and Trinidad and Tobago exchanges?***

Sagicor will become a wholly-owned subsidiary of AQY and, therefore, New Sagicor expects to delist Sagicor's shares on the London, Trinidad and Tobago and Barbados exchanges. It is a condition of closing that New Sagicor's shares be listed on the TSX.

**22. *What about changes in management?***

Sagicor has appointed Andre Mousseau to the post of Group Chief Financial Officer, effective February 1, 2019. Sagicor's senior executive management team will otherwise remain in place following the transaction.

**23. *What will the board composition be post-transaction?***

The newly appointed board of directors of New Sagicor will consist of some existing Sagicor Board members and include some new AQY-appointed directors.

**24. *Does management benefit financially from this transaction?***

Other than related to their new or continuing employment arrangements and any Sagicor securities that management may hold, there is no financial benefit to management.

**25. *Is management participating in this transaction?***

Sagicor's continuing directors and management team are electing to receive shares of AQY for all of their Sagicor shares. Sagicor management has agreed to enter into lock-up agreements preventing each of them from selling his or her New Sagicor Shares for a certain period of time following closing.

**26. *Will New Sagicor pay dividends after closing?***

New Sagicor intends to pay dividends after closing in a manner that is consistent with Sagicor's past practice. New Sagicor expects to pay any dividends after this transaction in US dollars.

**27. *Will any dividends be subject to tax?***

New Sagicor expects to be tax domiciled in Barbados and therefore no change is expected regarding the taxation of dividends in CARICOM countries.

**28. *Will Sagicor Group Jamaica shares be impacted in this transaction?***

Sagicor Group Jamaica will be unaffected by this transaction.

**29. *What has to happen for the transaction to be effective?***

- AQY must have a minimum cash amount at the time of closing of at least US\$220 million, net of certain expenses and any amounts payable in respect of the redemption of its shares.
- Approval from Sagicor Shareholders
  - Under Bermuda law, the Scheme of Arrangement will require the approval of a majority in number representing not less than three-fourths in value of Sagicor shareholders present and voting either in person or by proxy at the Shareholders' Meeting.
  - It is anticipated that the quorum for the Shareholders' Meeting will be at least 100 shareholders (present in person or by proxy).
  - If the requisite shareholder approval under Bermuda law is obtained and the Supreme Court of Bermuda sanctions the Scheme of Arrangement, and the transaction is completed, then all of your shares of Sagicor will be transferred to AQY for the agreed-upon consideration described above, even if you voted against the transaction or abstained from voting on the transaction.
- Approval from AQY shareholders
  - In addition to satisfaction of various other conditions, it is expected that AQY will discontinue as a corporation under the laws of the Province of Ontario and continue as an exempted company under the laws of Bermuda immediately following the effectiveness of Sagicor's scheme of arrangement.
  - The continuance by AQY to Bermuda requires an affirmative vote by two-thirds of the votes cast by AQY shareholders present in person or represented by proxy at an AQY shareholders meeting and entitled to vote thereat, voting together as if they were a single class of shares.

**30. *What is the maximum amount of cash that AQY will need in order to pay Sagicor shareholders?***

Based on existing shareholdings, up to US\$205 million, but this would depend on how many Sagicor shareholders elect to receive cash.

**31. *Will this transaction require regulatory approval?***

In addition to the approvals described above in Canada and Bermuda, Sagicor and AQY will be required to obtain certain banking and insurance regulatory approvals in jurisdictions where Sagicor does business, including Barbados, Jamaica, Trinidad and Tobago and the United States. AQY will also require a receipt from the Ontario Securities Commission in Canada for a prospectus that describes the business of New Sagicor, and approval from the TSX.

The parties will also be required to obtain approval or notify antitrust regulators in the United States, Barbados and possibly other jurisdictions.

**32. *What is a Scheme of Arrangement?***

A scheme of arrangement is a court sanctioned process under Bermuda law pursuant to which, in this transaction, the Supreme Court of Bermuda will be asked, following the required Sagicor shareholder approval, and the satisfaction or waiver of the other conditions thereto, to sanction the Scheme of Arrangement pursuant to which all of the issued and outstanding shares of Sagicor to AQY for the price agreed in the Arrangement Agreement.

**33. *Is this transaction a result of the Government of Barbados Bond Restructuring?***

No, this transaction is completely independent of the Barbados Bond Restructuring announced earlier this year.

**34. *What other transactions are being pursued concurrently with the acquisition of Sagicor?***

Sagicor has agreed to acquire ScotiaLife Trinidad & Tobago and Scotia Jamaica Life Insurance Company. These transactions are subject to conditions and are not expected to close until after the Sagicor/AQY transaction. These transactions were sourced by AQY. For more information regarding these transactions, refer to paragraph 4.5 of the Explanatory Statement at page 17.

### APPENDIX III

#### AQY PROSPECTUS (PARTIAL)

Please read the following notice carefully before proceeding further. The attached prospectus (the “**AQY Prospectus**”) was prepared by Alignvest Acquisition II Corporation (“**AQY**”) solely in respect of requirements of the securities regulatory authorities of Canada. The AQY Prospectus has been filed in Canada with such authorities solely by AQY as of February 7, 2019, and was not filed by Sagicor Financial Corporation Limited (“**Sagicor**”).

No shares or other securities of AQY are being offered for subscription or sale in any jurisdiction pursuant to the AQY Prospectus. The AQY Prospectus is being made publicly available for information purposes only and does not require any action to be taken by shareholders of Sagicor.

The full AQY Prospectus, including appendices thereto, may be accessed on [www.sedar.com](http://www.sedar.com) under AQY’s profile or on AQY’s website at [www.alignvestacquisition.com](http://www.alignvestacquisition.com).

*[Partial AQY Prospectus Attached.]*

*No securities are being offered pursuant to this prospectus. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. Unless otherwise indicated, this prospectus has been prepared assuming that the Transaction (as defined herein) has been completed. An investment in New Sagicor (as defined herein) is subject to a number of risks that should be carefully considered by investors. In reviewing this prospectus, an investor should carefully consider the matters described under the heading "Risk Factors".*

## PROSPECTUS

Non-Offering Prospectus

February 7, 2019

# ALIGNVEST

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## ACQUISITION II CORPORATION

(to be renamed Sagicor Financial Company Ltd. in connection  
with its qualifying acquisition with Sagicor Financial Corporation Limited)

No securities are being offered pursuant to this prospectus. This prospectus is being filed with the securities regulatory authorities in each of the provinces and territories of Canada, other than Québec, by Alignvest Acquisition II Corporation (“**Alignvest**”), which is a special purpose acquisition corporation incorporated under the laws of the Province of Ontario. Alignvest was organized for the purpose of effecting an acquisition of one or more businesses or assets by way of a merger, share exchange, asset acquisition, share purchase, reorganization or other similar business combination involving Alignvest that will qualify as its “qualifying acquisition”. Since no securities are being sold pursuant to this prospectus, no proceeds will be raised pursuant to this prospectus.

On November 27, 2018, Alignvest announced that it had entered into a definitive arrangement agreement (the “**Arrangement Agreement**”) with Sagicor Financial Corporation Limited (“**Sagicor**” or the “**Company**”) pursuant to which, among other things, Alignvest shall acquire all of the shares of Sagicor by way of a scheme arrangement pursuant to Section 99 of the BCA (the “**Sagicor Arrangement**”). The Sagicor Arrangement constitutes Alignvest’s proposed qualifying acquisition.

Sagicor is a leading provider of insurance products and related financial services in the Caribbean region, mainly in Barbados, Jamaica and Trinidad and Tobago. Sagicor also provides life insurance and annuity products in the United States, as well as banking services in Jamaica. Sagicor’s wide range of products and services include life and health insurance, annuities, pension investment and administration services, property and casualty insurance, asset management, commercial and retail banking, investment management and other financial services. Sagicor’s common shares are currently publicly listed on the Barbados Stock Exchange, the Trinidad and Tobago Stock Exchange and, via depositary interests, on the London Stock Exchange.

This prospectus is being filed in accordance with section 1028 of the Toronto Stock Exchange Company Manual in connection with the completion of Alignvest’s proposed qualifying acquisition. **Unless otherwise indicated, or unless the context otherwise requires, this prospectus has been prepared assuming that the transactions contemplated by the Arrangement Agreement, including the Sagicor Arrangement, have been completed.**

Existing shareholders of Alignvest will continue to hold an interest in Alignvest after giving effect to the Sagicor Arrangement (referred to herein as “**New Sagicor**”). In connection with the Sagicor Arrangement, Alignvest will, among other things, be renamed “Sagicor Financial Company Ltd.” and will discontinue as a corporation under the laws of Ontario and continue as an exempted company under the laws of Bermuda, where Sagicor is incorporated. New Sagicor will own 100% of Sagicor. See “*The Business of Sagicor*”.

Alignvest’s Class A restricted voting shares (“**Alignvest Class A Restricted Voting Shares**”) are currently listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “AQY.A”. The closing price of the Alignvest Class A Restricted Voting Shares on the TSX on November 26, 2018, the last trading day before the Arrangement Agreement was announced, was C\$9.95. The closing price of the Alignvest Class A Restricted Voting



Shares on the TSX on February 6, 2019, was C\$10.03. The share purchase warrants of Alignvest (the “**Alignvest Warrants**”) are also currently listed for trading on the TSX under the symbol “AQY.WT”. The closing price of the Alignvest Warrants on November 26, 2018, the last trading day before the Arrangement Agreement was announced, was C\$0.40. The closing price of the Alignvest Warrants on February 6, 2019, was C\$0.30. The completion of the Sagicor Arrangement is conditional upon, among other things, approval by the TSX.

An investment in New Sagicor is subject to a number of risks that should be carefully considered by investors, including the risk that, in the event that redemptions of Alignvest Class A Restricted Voting Shares exceed 61% and, despite reasonable commercial efforts, Alignvest is unable to raise additional funds in the manner described in this prospectus, then Sagicor would be expected to terminate the Arrangement Agreement. In reviewing this prospectus, an investor should carefully consider the matters described under the heading “*Risk Factors*”.

As the Sagicor Arrangement constitutes Alignvest’s proposed qualifying acquisition, holders of Alignvest Class A Restricted Voting Shares can elect to redeem, subject to the conditions thereof, all or a portion of their Alignvest Class A Restricted Voting Shares provided that they deposit (and do not validly withdraw) their shares for redemption prior to the Redemption Deadline.

A redeeming Alignvest Shareholder is entitled, subject to the conditions thereof, to receive an amount per Alignvest Class A Restricted Voting Share, payable in cash, equal to the pro-rata portion of: (A) the escrowed funds available in Alignvest’s escrow account at the time immediately prior to the Redemption Deadline, including interest and other amounts earned thereon; less (B) an amount equal to the total of (i) applicable taxes payable by Alignvest on such interest and other amounts earned in the escrow account, and (ii) actual and expected direct expenses related to the redemption, each as reasonably determined by Alignvest. If the Transaction is completed on or prior to May 25, 2019, the redemption amount per Alignvest Class A Restricted Voting Share is expected to be approximately C\$10.19 (rounded to the nearest cent). If the Extension Resolution is approved and the Transaction is not completed on or prior to May 25, 2019, the redemption amount per Alignvest Class A Restricted Voting Share is expected to be approximately C\$10.20 (rounded to the nearest cent). Registered holders of Alignvest Class A Restricted Voting Shares may elect to redeem their Alignvest Class A Restricted Voting Shares irrespective of whether they vote for or against, or do not vote on, the Alignvest Arrangement and/or the Extension.

Original purchasers of Alignvest Class A Restricted Voting Shares and/or Alignvest Warrants from the underwriters in Alignvest’s initial public offering may, following closing in certain circumstances, have a contractual right of action for rescission or damages against New Sagicor and certain other persons. See “*Contractual Right of Action*”.

**This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

Shareholders should be aware that the acquisition, holding and disposition of the securities described in this prospectus may have tax consequences in Canada and elsewhere depending on each particular shareholder’s specific circumstances. Shareholders should consult their own tax advisors with respect to such tax considerations. See “*Certain Canadian Federal Income Tax Considerations*”.

**No underwriters have been involved in the preparation of this prospectus or performed any review or independent due diligence of the contents of this prospectus.**

This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in Barbados.

The sale and distribution of shares in Barbados is made without the filing of a prospectus. The distribution of securities in Barbados is made relying upon certain prospectus exemptions under the *Securities Act* Chapter 318A of the laws of Barbados (the “**Barbados Securities Act**”), and no prospectus will be filed in Barbados unless required by the Barbados Financial Services Commission (“**FSCB**”). The issuer shall cause notice of the distribution of shares to be made by filing a report with the FSCB under the Barbados Securities Act within 10 days of the completion of the distribution of shares. In the event that the FSCB does require a filing, it is not anticipated that it would contain any information which is materially different from what is contained in this prospectus.



None of the FSCB, the Barbados Stock Exchange or similar authority in Barbados has reviewed this document, or in any way evaluated or passed an opinion on the merits of the securities offered hereunder, and any representation to the contrary is an offence.

The permission of the Bermuda Monetary Authority is required, under the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares (which includes the New Sagicor Common Shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the Bermuda Monetary Authority has granted a general permission. The Bermuda Monetary Authority, in its notice to the public dated June 1, 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any “Equity Securities” of the company (which would include the New Sagicor Common Shares) are listed on an “Appointed Stock Exchange” (which would include the TSX). In granting the general permission the Bermuda Monetary Authority accepts no responsibility for New Sagicor’s financial soundness or the correctness of any of the statements made or opinions expressed in this prospectus. Certain issues and transfers of shares involving persons deemed resident in Bermuda for exchange control purposes may require the specific consent of the Bermuda Monetary Authority.

In addition, no New Sagicor Common Shares may be offered or sold in Bermuda unless in compliance with the provisions of the Investment Business Act 2003 of Bermuda (as amended). Additionally, non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorized to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing securities to persons in Bermuda may be deemed to be carrying on business in Bermuda.

Neither the Registrar of Companies in Bermuda nor the Bermuda Monetary Authority or any other relevant Bermuda authority or governmental body in Bermuda has approved or disapproved of this prospectus or passed upon the adequacy of this prospectus.

The head and registered offices of Alignvest are located at 100 King Street West, 70th Floor, Suite 7050, Toronto, Ontario, Canada M5X 1C7. The head office of New Sagicor will be located at Cecil F De Caires Building, Wildey, St. Michael, Barbados.

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## GLOSSARY OF TERMS

“**2022 Notes**” has the meaning ascribed to it under the heading “Management’s Discussion and Analysis of Sagicor – Significant Transactions”;

“**AA**” means Appointed Actuary;

“**Advance Notice Provisions**” has the meaning ascribed to it under the heading “Description of Securities – Advance Notice Requirements for Director Nominations”;

“**AIM**” means Alignvest Investment Management Corporation;

“**Alignvest**” means Alignvest Acquisition II Corporation;

“**Alignvest Arrangement**” means the arrangement of Alignvest under section 182 of the OBCA on the terms and subject to the conditions set forth in the Alignvest Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or made at the discretion of the Ontario Court in the Final Order with the prior written consent of each of Alignvest and Sagicor, each acting reasonably;

“**Alignvest Arrangement Resolution**” means the special resolution of the Alignvest Shareholders approving the Alignvest Arrangement to be considered at the Alignvest Meeting;

“**Alignvest Articles of Arrangement**” means the articles of arrangement of Alignvest in respect of the Alignvest Arrangement required by the OBCA to be sent to the Director after the Final Order is made, which shall include the Alignvest Plan of Arrangement and otherwise be in a form and content satisfactory to Alignvest and Sagicor, each acting reasonably;

“**Alignvest Audited Annual Financial Statements**” means the audited financial statements of Alignvest as of and for the year ended March 31, 2018, together with the notes thereto and the auditors’ report thereon, and attached to this prospectus as Appendix A;

“**Alignvest Certificate of Arrangement**” means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Alignvest Articles of Arrangement;

“**Alignvest Class A Restricted Voting Shares**” means the Class A restricted voting shares in the capital of Alignvest, and each an “**Alignvest Class A Restricted Voting Share**”;

“**Alignvest Class A Restricted Voting Units**” means the Class A restricted voting units offered to the public under Alignvest’s initial public offering at an offering price of C\$10.00 per Alignvest Class A Restricted Voting Unit, each comprised of one Alignvest Class A Restricted Voting Share and one-half of an Alignvest Warrant;

“**Alignvest Class B Shares**” means the Class B shares in the capital of Alignvest, and each an “**Alignvest Class B Share**”;

“**Alignvest Continuance**” means the discontinuance of Alignvest as a corporation under the laws of Ontario and the continuance of Alignvest as an exempted company under the laws of Bermuda, as contemplated in the Alignvest Plan of Arrangement;

“**Alignvest Continuance Resolution**” means the special resolution of the Alignvest Shareholders approving the Alignvest Continuance to be considered at the Alignvest Meeting;

“**Alignvest directors**” has the meaning ascribed to it under the heading “Contractual Right of Action”;

“**Alignvest Effective Date**” means the date shown on the Alignvest Certificate of Arrangement giving effect to the Alignvest Arrangement;



“**Alignvest Effective Time**” means 12:01 a.m. (Toronto time) on the Alignvest Effective Date, or such other time as Alignvest and Sagicor agree to in writing before the Alignvest Effective Date;

“**Alignvest Expenses**” means all Alignvest expenses (other than expenses paid on or prior to November 27, 2018 and any expenses paid with Alignvest’s working capital (as at November 27, 2018) on or prior to the Effective Date), which include deferred underwriter fees and expenses related to the initial public offering of Alignvest, Alignvest’s ongoing affairs and the transactions contemplated under the Transaction, together with a reasonable reserve for future expenses; provided that all such Alignvest expenses, in the aggregate, shall not exceed US\$20 million;

“**Alignvest Forward Purchase Agreements**” means the subscription agreements between Alignvest, on the one hand, and each of the Alignvest Forward Purchasers, on the other hand, together with any other subscription for Alignvest Class B Shares (plus, if applicable, Alignvest Warrants) entered into prior to the Alignvest Effective Time;

“**Alignvest Forward Purchase Unit**” means one New Sagicor Common Share and one-third of an Alignvest Warrant to be purchased by Alignvest Forward Purchasers under the Alignvest Forward Purchase Agreements, excluding the Alignvest Class B Shares already issued;

“**Alignvest Forward Purchasers**” means the investors that are a party to the Alignvest Forward Purchase Agreements with Alignvest;

“**Alignvest Forward Purchases**” means the subscriptions by the Alignvest Forward Purchasers for, and the issuance by Alignvest to the Alignvest Forward Purchasers of an aggregate of 11,300,000 New Sagicor Common Shares and 3,766,659 Alignvest Warrants, together with certain Alignvest Class B Shares already issued and any other subscription for Alignvest Class B Shares (plus, if applicable, Alignvest Warrants) entered into prior to the Alignvest Effective Time, for an aggregate purchase price of C\$10 per Alignvest Forward Purchase Unit and/or Alignvest Class B Share (plus, if applicable, Alignvest Warrants), and otherwise on the terms set out in the Alignvest Forward Purchase Agreements contemporaneously with or prior to the Alignvest Effective Time, as set out in the Alignvest Forward Purchase Agreements;

“**Alignvest Founders**” means, collectively, Alignvest II, Vince Hemmer, Azim Jamal, Anthony Lacavera, Lee Lau, Nadir Mohamed, Joe Natale, Helmut Swarovski, and Donald Walker;

“**Alignvest II**” means Alignvest II LP;

“**Alignvest Meeting**” means the special meeting of Alignvest Shareholders, including any adjournment(s) or postponement(s) of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with, in part, the Interim Order to consider, among other things, the Alignvest Arrangement Resolution, the Extension Resolution, the Alignvest Continuance Resolution and for any other purpose as may be set out in the management information circular to be sent out to Alignvest Shareholders in connection therewith;

“**Alignvest Partners**” means Alignvest Partners Master Fund LP;

“**Alignvest Plan of Arrangement**” means the plan of arrangement in respect of Alignvest being carried out pursuant to the Arrangement Agreement, subject to any amendments or variations to such plan made in accordance with the terms thereof or made at the direction of the Ontario Court proposed under Section 182 of the OBCA with the prior written consent of Alignvest and Sagicor, each acting reasonably;

“**Alignvest Resolutions**” means the resolutions of the Alignvest Shareholders to be considered at the Alignvest Meeting, including the resolutions approving the Alignvest Arrangement Resolution and the Alignvest Continuance Resolution, together with resolutions to consider such other matters as may be contemplated by the Arrangement Agreement or required by the TSX and/or the Alignvest Securities Authorities;

“**Alignvest Securities Authorities**” means, collectively, the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Financial and Consumer Services Commission of New Brunswick, Office of the Superintendent of Securities Service Newfoundland and Labrador, Office of the Superintendent of Securities of Northwest Territories, Nova Scotia Securities Commission, Nunavut Securities Office, Ontario Securities Commission, Office of the Superintendent of Securities of Prince Edward Island, Financial and Consumer Affairs Authority of Saskatchewan and the Office of the Yukon Superintendent of Securities;

“**Alignvest Securities Laws**” means the Securities Act (Ontario) and all the securities laws of each province and territory of Canada, except Quebec, and the rules, regulations and policies of the TSX;

“**Alignvest Shareholder Approval**” means the approval by the Alignvest Shareholders of the Alignvest Arrangement Resolution and the Alignvest Continuance Resolution by special resolution (in each case, with holders of both classes of Alignvest Shares voting as if they were a single class), and/or such other approval as may be required by the Ontario Court with respect to the Alignvest Arrangement Resolution, by the TSX or by the Alignvest Securities Authorities;

“**Alignvest Shareholders**” means (a) prior to the Effective Time, the registered or beneficial holders of the Alignvest Shares, as the context requires, and (b) at and after the completion of the transactions contemplated herein, the registered and/or beneficial holders of the New Sagicor Common Shares;

“**Alignvest Shares**” means the Alignvest Class A Restricted Voting Shares and the Alignvest Class B Shares;

“**Alignvest Warrants**” means the share purchase warrants to acquire New Sagicor Common Shares commencing 30 days after the completion of Alignvest’s qualifying acquisition, at an exercise price of CDN\$11.50 per share;

“**allowable capital loss**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Disposition of Securities”;

“**ALM**” means asset and liability management;

“**A.M. Best**” means A.M. Best Company;

“**AMC**” means Alignvest Management Corporation;

“**Arrangement Agreement**” means the arrangement agreement dated November 27, 2018, between Alignvest and Sagicor relating to, among other things, the Sagicor Arrangement, as amended by the First Amendment to the Arrangement Agreement dated January 28, 2019, and as it may further be amended, supplemented or otherwise modified from time to time;

“**Audit Committee**” has the meaning ascribed to it under the heading “Audit Committee”;

“**Barbados Insurance Act**” means the Insurance Act Cap. 310 of the laws of Barbados;

“**Barbados Securities Act**” means the Securities Act Chapter 318A of the laws of Barbados;

“**BCA**” means the Companies Act 1981 of Bermuda;

“**Bermuda Court**” means the Supreme Court of Bermuda;

“**Bermuda Court Order**” means the order of the Bermuda Court sanctioning the Sagicor Arrangement pursuant to Section 99 of the BCA;

“**BNS**” means The Bank of Nova Scotia;

“**BNS Caribbean**” means Scotiabank Caribbean Holdings Limited;

“**BNS Jamaica**” means The Bank of Nova Scotia Jamaica Limited;

“**BNS TT**” means Scotiabank Trinidad & Tobago Limited;

“**Board Appointment Letter Agreement**” has the meaning ascribed to it under the heading “Material Contracts”;

“**Book Value**” means the aggregate total shareholders’ equity of New Sagicor, as at the last day of any calendar quarter on or after Book Value Baseline Date and determined in accordance with IFRS as in effect as at the Book Value Baseline Date;

“**Book Value Baseline**” means the aggregate total shareholders’ equity of New Sagicor as at the Book Value Baseline Date;

“**Book Value Baseline Date**” means the date that is the last day of the calendar quarter ending immediately after the Effective Time;

“**BSA**” means the Banking Services Act of Jamaica;

“**BSE**” means the Barbados Stock Exchange;

“**Business Day**” means any day except a Saturday, a Sunday or any other day on which commercial banks are required or authorized to close in Toronto, Ontario or Hamilton, Bermuda;

“**C&HR Committee**” means the Compensation and Human Resources Committee of New Sagicor;

“**CAGR**” means compound annual growth rate;

“**CALM**” means the Canadian Asset Liability Method, and in certain cases as described in this prospectus, PPM has been used as an approximation for CALM;

“**Cash Consideration**” means the cash consideration in the amount of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date in respect of each Scheme Share up to the Specified Number of Scheme Shares held by each such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number of Scheme Shares continues to be held by such Scheme Shareholder at the Effective Time) in exchange for the transfer of each such Scheme Share to Alignvest at the Effective Time pursuant to the Sagicor Arrangement;

“**Cash Qualifying Scheme Shareholder**” means a Scheme Shareholder as at the Election Record Date which has validly elected to receive the Cash Consideration in respect of each Scheme Share up to the Specified Number of Scheme Shares held by such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number of Scheme Shares continues to be held by such Scheme Shareholder at the Effective Time), such election having been made by such Scheme Shareholder and received by Sagicor on or prior to the election deadline;

“**Central Banks**” means the central banks of the jurisdictions where Sagicor carries on business, including the Federal Reserve Bank, the Central Bank of Bahamas, the Cayman Islands Monetary Authority, the Eastern Caribbean Central Bank, the Bank of Jamaica and the Central Bank of Barbados;

“**CFATF**” means Caribbean Financial Action Task Force;

“**CG&E Committee**” means the Corporate Governance and Ethics Committee of New Sagicor;

“**CGUs**” means cash generating units;

“**CIA**” means Canadian Institute of Actuaries;

“**Closing Exchange Rate**” means the CAD/USD exchange rate as of 5:00PM (Toronto Time) on the date which is one (1) Business Day prior to the Effective Date (or such earlier date as is required by a Governmental Authority or mutually agreed by Sagicor and Alignvest) using the mid-rate from the “BFIX” screen of Bloomberg (and if such rate or screen is not available, a replacement data source to be mutually agreed upon by Alignvest and Sagicor, each acting reasonably);

“**Co-lead Underwriters**” has the meaning ascribed to it under the heading “Securities Subject to Contractual Restriction on Transfer – Founders’ Shares”;

“**Code of Ethics**” has the meaning ascribed to it under the heading “Corporate Governance – Ethical Business Conduct”;

“**Company**” means Sagicor Financial Corporation Limited;

“**Director**” means the Director appointed pursuant to Section 278 of the OBCA;

“**ECOFIN**” means the European Union Economic and Financial Affairs Council;

“**Effective Date**” means the date on which the Effective Time occurs;

“**Effective Time**” means the date and time at which an office copy of the Bermuda Court Order shall have been filed with the Registrar of Companies in Bermuda for registration;

“**Election Record Date**” means 5:00 p.m. (Toronto time) on December 6, 2018, or such other date as is required by a Governmental Authority;

“**Escrow Agreement**” means the escrow agreement among Alignvest, TSX Trust Company, and its successors and permitted assigns, and Scotia Capital Inc., dated May 25, 2017;

“**ESP Plan**” means the employee share purchase plan that New Sagicor expects to adopt following the Transaction, subject to receipt of any applicable regulatory approvals;

“**EU**” means the European Union;

“**Exchange Ratio**” means the number which is the quotient of (i) 1.75 divided by (ii) the product of 10.00 and the Closing Exchange Rate;

“**Extension**” means, conditional on the Transaction not being completed on or prior to May 25, 2019, the extension of the permitted timeline for Alignvest to complete the Transaction by up to four months to September 25, 2019;

“**Extension Resolution**” means the ordinary resolution of the holders of Alignvest Class A Restricted Voting Shares approving the Extension as presented at the Alignvest Meeting substantially in the form set out in the management information circular to be sent out to Alignvest Shareholders in connection with the Alignvest Meeting, which may be voted on by the holders of Alignvest Class A Restricted Voting Shares only;

“**Extraordinary Dividends**” means any dividend paid by New Sagicor, together with all other dividends payable by New Sagicor in the same calendar year, that has an aggregate absolute dollar value which is greater than C\$0.25 per share, with the adjustment to the applicable price (as the context may require) being a reduction equal to the amount of the excess;

“**FAFT**” means the Financial Action Task Force on Money Laundering;

“**Final Order**” means the final order of the Ontario Court pursuant to Section 182(5)(f) of the OBCA in a form acceptable to Alignvest and Sagicor, each acting reasonably, approving the Alignvest Arrangement, as such order may be amended by the Ontario Court (with the consent of both Alignvest and Sagicor, each acting reasonably) or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both Alignvest and Sagicor, each acting reasonably) on appeal;

“**Finsac**” has the meaning ascribed to it under the heading “Legal Proceedings and Regulatory Actions”;

“**FIO**” means the Federal Insurance Office of the United States of America;

“**First Share Consideration**” means the share consideration with an agreed value of US\$1.75 per Scheme Share made available to each Sagicor shareholder as at the Election Record Date and payable in the form of New Sagicor Common Shares equal to the product of the Exchange Ratio multiplied by the number of Scheme Shares up to the Specified Number held by such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number continues to be held by such Scheme Shareholder at the Effective Time) in exchange for the transfer of such Scheme Share at the Effective Time to Alignvest pursuant to the Scheme of Arrangement, rounded down for each applicable Scheme Shareholder to the next whole number of New Sagicor Common Shares;

“**Fitch**” means Fitch Ratings, Ltd.;

“**Form 41-101F1**” means Form 41-101F1 – *Information required in a Prospectus*;

“**forward looking information**” has the meaning ascribed to it under the heading “Management’s Discussion and Analysis of Sagicor – Caution Regarding Forward-Looking Statements”;

“**forward looking statement**” has the meaning ascribed to it under the heading “Caution Regarding Forward-Looking Statements”;

“**Forward Purchase Warrants**” means the 3,766,659 Alignvest Warrants to be purchased by the Alignvest Forward Purchasers pursuant to the Alignvest Forward Purchase Agreements;

“**FSCB**” means Financial Services Commission of Barbados;

“**FSCJ**” means Financial Services Commission of Jamaica;

“**FVOCI**” means fair value through other comprehensive income;

“**FVTPL**” means fair value through profit or loss;

“**GAAP**” means generally accepted accounting principles;

“**GoB**” means the Government of Barbados;

“**Governmental Authority**” means any: (a) country, nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, provincial, local, municipal, foreign or other government; (c) governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, organization, body or entity and any court or other tribunal), including, for greater certainty, a Securities Authority; (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (e) applicable stock exchanges; (f) applicable Central Banks; or (g) applicable self-regulatory organizations, including, if applicable, the Investment Industry Regulatory Organization of Canada and the Financial Industry Regulatory Authority;

“**Group**” means Sagicor and each of its subsidiaries;

“**Guarantors**” means Sagicor and Sagicor Life Inc.;

“**Guardian**” means Guardian General Insurance Co. Ltd.;

“**Guidelines**” has the meaning ascribed to it under the heading “Corporate Governance – Statement of Corporate Governance Practices”;

“**Harmony**” means Harmony General Insurance Company Ltd.;

“**Holder**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations”;

“**HSR Act**” means the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the regulations promulgated thereunder;

“**IAIS**” means the International Association of Insurance Supervisors;

“**IBNR**” means a claim under an insurance policy that is incurred but not reported;

“**IESBA Code**” means International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants;

“**IFC**” means the International Finance Corporation;

“**IFRS**” means International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), together with its pronouncements thereon from time to time, and applied on a consistent basis;

“**IFRS 2**” means IFRS 2 – Share-based Payments;

“**IFRS 3**” means IFRS 3 – Business Combinations;

“**IFRS 9**” means IFRS 9 – Financial Instruments;

“**IMF**” means the International Monetary Fund;

“**Indemnity Agreement**” has the meaning ascribed to it under the heading “Legal Proceedings and Regulatory Actions”;

“**Initial Forward Purchase Agreements**” means the Alignvest Forward Purchase Agreements entered into concurrently with the closing of Alignvest’s initial public offering;

“**Interim Order**” means the interim order of the Ontario Court pursuant to Section 182(5) of the OBCA in a form acceptable to Alignvest and Sagicor, each acting reasonably, providing for, among other things, the calling and holding of the Alignvest Meeting to consider the Alignvest Arrangement, as such order may be amended by the Ontario Court with the consent of each of Alignvest and Sagicor, each acting reasonably;

“**Investment Assets**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Offshore Investment Fund Property”;

“**IRI**” means the Insurance Retirement Institute;

“**IRIS**” means the NAIC Insurance Regulatory Information System;

“**IT**” means information technology;



“**Jamaica Insurance Act**” means the Insurance Act of Jamaica;

“**Law**” means any federal, state, local, municipal, provincial, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, consent order, consent decree, decree, order, judgment, rule, regulation, ruling, directive, regulatory guidance, agreement or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or with or under the authority of any Governmental Authority;

“**LIMRA**” means the Life Insurance Marketing and Research Association;

“**Lock-Up Agreement**” has the meaning ascribed to it under the heading “Securities Subject to Contractual Restriction on Transfer – Lock-Up Agreements”;

“**Lock-Up Restrictions**” has the meaning ascribed to it under the heading “Securities Subject to Contractual Restriction on Transfer – Lock-Up Agreements”;

“**Locked-Up Shareholder**” means each of Dodridge D. Miller, Ravi C. Rambarran, Anthony O. Chandler, Althea C. Hazzard, Ronald B. Blitstein, J. Andrew Gallagher, Bart F. Catmull, J. Edward Clarke, Keston D. Howell, Robert J. L. Trestrail, Sir Hilary Beckles, Peter Clarke, Monish Dutt, John Shettle and Stephen McNamara;

“**LOMA**” means Life Office Management Association;

“**MCCSR**” means, at a particular time, the Guideline A – Minimum Continuing Capital and Surplus Requirements, as promulgated by OSFI, in force at such time or, at any time on or after January 1, 2018, as in force at December 31, 2017;

“**MGA**” means managing general agents;

“**Moody’s**” means Moody’s Investors Services, Inc.;

“**MPA Agreement**” means the proposed agreement between Scotiabank and Sagicor MPA Provider relating to the establishment of a strategic relationship with regard to Scotiabank’s distribution of MPA Products and Services underwritten by the Sagicor MPA Provider to Scotiabank customers in Jamaica and Trinidad and Tobago;

“**MPA Products and Services**” means the products and services, including creditor life and health, creditor home and auto and non-creditor insurance products and services to be offered under the MPA Agreement;

“**MPA Term Sheet**” has the meaning ascribed to it under the heading “Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT”;

“**NAIC**” means National Association of Insurance Commissioners;

“**NEO**” means named executive officer;

“**New Sagicor**” means Alignvest, the corporation to be discontinued from Ontario under the OBCA and continued to Bermuda under the BCA after giving effect to the transactions contemplated by the Alignvest Arrangement;

“**New Sagicor Board**” means the board of directors of New Sagicor;

“**New Sagicor Common Shares**” means the common shares in the capital of Alignvest, and includes, where applicable, common shares in the capital of New Sagicor following the Alignvest Continuance;

“**New Sagicor Extraordinary Dividend**” means any dividend or distribution (whether payable in cash or in specie) on any New Sagicor Common Share, together with all other dividends and distributions (whether payable in cash or in specie) payable in the same calendar year, that has an aggregate dollar value which is greater than US\$0.25 per share, treating the value of any reinvestment of dividends under any dividend reinvestment plan as the cash amount



of the related dividend or distribution, in which case the value of the New Sagicor Extraordinary Dividend shall be the amount in excess of such US\$0.25 amount (but any such excess amount related to any reinvestment of dividends under any dividend reinvestment plan shall be excluded therefrom);

“**New Sagicor Pro Forma Financial Statements**” means the unaudited pro forma financial statements of Alignvest, after giving effect to the Transaction, and, separately, the acquisitions of SJLIC and SLTT thereafter, for the year ended December 31, 2017 and as of and for the nine months ended September 30, 2018, together with the notes and assumptions thereto, and attached to this prospectus as Appendix G;

“**New Sagicor Shareholders**” means the holders of New Sagicor Common Shares registered in the register of members of New Sagicor as such at the applicable time;

“**NI 52-110**” means National Instrument 52-110 – Audit Committees;

“**NI 58-101**” means National Instrument 58-101 – Disclosure of Corporate Governance Practices;

“**Non-Significant Acquisition**” means the acquisition of Harmony by Sagicor;

“**Note Trustee**” means Republic Bank Limited – Trust and Asset Management Division or any other trustee or trustees under the Trust Deed and includes the successors and assigns of the Note Trustee whether immediate or derivative;

“**NP 58-201**” means National Policy 58-201 – Corporate Governance Guidelines;

“**OBCA**” means the Business Corporations Act (Ontario), as it may be amended from time to time;

“**OECD**” means the Organization for Economic Cooperation and Development;

“**Ontario Court**” means the Ontario Superior Ontario Court of Justice (Commercial List) or other court as applicable;

“**Order**” means any order, writ, assessment, decision, injunction, decree, judgment, ruling, award, settlement or stipulation issued, promulgated or entered into by or with any Governmental Authority;

“**OSFI**” means the Office of the Superintendent of Financial Institutions (Canada);

“**Other Share Consideration**” means the share consideration with an agreed value of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date and payable in the form of New Sagicor Common Shares equal to the product of the Exchange Ratio multiplied by the number of Scheme Shares held by such Scheme Shareholder as at the Effective Time (other than the Scheme Shares held by such Scheme Shareholder being exchanged for Cash Consideration or First Share Consideration) in exchange for the transfer of each such Scheme Share to Alignvest at the Effective Time pursuant to the Scheme of Arrangement, rounded down for each applicable Scheme Shareholder to the next whole number of New Sagicor Common Shares;

“**Outside Date**” means June 30, 2019, which may be extended to July 31, 2019 pursuant to the Arrangement Agreement, or such other date as Sagicor and Alignvest mutually agree;

“**P&C**” means property and casualty;

“**PALIG**” means Pan-American Life Insurance Group;

“**Participating Alignvest Shareholder**” means an Alignvest Shareholder, other than a Redeeming Alignvest Shareholder;

“**Participating Company**” has the meaning ascribed to it under the heading “Equity Incentive Plan Descriptions – Employee Share Purchase Plan”;

“**Parties**” means, together, Alignvest and Sagicor, and each, a “**Party**”;

“**PCFS**” means Pan Caribbean Financial Services;

“**PEMCO**” means PEMCO Mutual Insurance Company;

“**PfAD**” means provision for adverse deviation, which is an insurance concept;

“**PPM**” means Policy Premium Method;

“**Programs and Policies**” has the meaning ascribed to it under the heading “Notice to Readers”;

“**RBC Jamaica**” means, collectively, RBC Royal Bank (Jamaica) Limited and RBTT Securities Jamaica Limited;

“**RDSP**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”;

“**Redeeming Alignvest Shareholder**” means an Alignvest Class A Restricted Voting Share shareholder who has validly elected to redeem his, her or its Alignvest Class A Restricted Voting Shares in accordance with the redemption rights provided in the constating documents of Alignvest, who has not withdrawn such election, and whose Alignvest Class A Restricted Voting Shares have not been previously redeemed prior to the effective time of the Alignvest Arrangement;

“**Redemption Date**” means the date that is five business days after the Redemption Deadline;

“**Redemption Deadline**” means the date and time fixed by Alignvest on which holders of Alignvest Class A Restricted Voting Shares must deposit their Alignvest Class A Restricted Voting Shares for (conditional on closing of the Sagicor Arrangement) redemption by Alignvest in accordance with Alignvest’s constating documents and the Arrangement Agreement;

“**Register of Members**” means the register of members of Sagicor (including the branch registers);

“**Regulations**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations”;

“**Replacement Option**” has the meaning ascribed to it under the heading “Corporate Structure – Principal Steps of the Alignvest Arrangement”;

“**Required Minimum Book Value Increase**” means US\$125 million, except that such amount shall be (a) increased by the amount of any additional share capital raised, and (b) reduced by the amount of any share capital reductions and/or by the aggregate amount payable on all then issued and outstanding New Sagicor Common Shares of any New Sagicor Extraordinary Dividends, in each case of clauses (a) and (b), after the Book Value Baseline Date;

“**RESP**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”;

“**Restricted Parties**” has the meaning ascribed to it under the heading “Securities Subject to Contractual Restriction on Transfer – Founders’ Shares”;

“**ROE**” means return on equity;

“**RRIF**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”;

“**RRSP**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”;

“**RSU**” means restricted share unit;

“**RSU Plan**” means the RSU plan that New Sagicor expects to adopt following the Transaction, subject to receipt of all required regulatory approvals (including approval by the TSX);

“**S&P**” means Standard & Poor’s Rating Service, a division of The McGraw Hill Companies, Inc.;

“**Sagicor**” means Sagicor Financial Corporation Limited;

“**Sagicor Arrangement**” means the scheme of arrangement pursuant to Section 99 of the BCA on the terms and subject to the conditions set forth in the Scheme of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or made at the direction of the Bermuda Court in the Bermuda Court Order with the prior written consent of each of Alignvest and Sagicor, each acting reasonably;

“**Sagicor Audited Annual Financial Statements**” means (a) the audited consolidated financial statements of Sagicor as of and for the year ended December 31, 2017, together with the notes thereto and the auditor’s report dated April 4, 2018 thereon, (b) the audited consolidated financial statements of Sagicor as of and for the year ended December 31, 2016, together with the notes thereto and the auditor’s report dated March 31, 2017 thereon, and (c) the audited consolidated financial statements of Sagicor as of and for the year ended December 31, 2015, together with the notes thereto and the auditor’s report dated April 8, 2016 thereon, all as attached to this prospectus as Appendix E;

“**Sagicor Bank**” means Sagicor Bank Jamaica Limited;

“**Sagicor Common Shares**” means common shares in the capital of Sagicor, and each a “**Sagicor Common Share**”;

“**Sagicor General**” means Sagicor General Insurance Inc.;

“**Sagicor Group**” means Sagicor and each of its subsidiaries;

“**Sagicor Interim Financial Statements**” means the unaudited condensed consolidated interim financial statements of Sagicor as of and for the nine months ended September 30, 2018 and 2017, together with the notes thereto, and attached to this prospectus as Appendix F;

“**Sagicor Investments**” means Sagicor Investments Jamaica Limited;

“**Sagicor Jamaica**” means Sagicor Group Jamaica Limited;

“**Sagicor Life**” means Sagicor Life Inc.;

“**Sagicor Life USA**” means Sagicor Life Insurance Company;

“**Sagicor Meeting**” means the meeting of Sagicor shareholders to be convened at the direction of the Bermuda Court for the purposes of considering and, if thought fit, approving the Scheme of Arrangement and other mutually agreed matters;

“**Sagicor MPA Provider**” has the meaning ascribed to it under the heading “Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT - Master Program Agreement Term Sheet”;

“**Sagikor Option**” has the meaning ascribed to it under the heading “Corporate Structure – Principal Steps of the Alignvest Arrangement”;

“**Sagikor Resolution**” means the resolutions of Sagikor shareholders approving the Sagikor Arrangement to be considered at the Sagikor Meeting;

“**Sagikor Securities Laws**” means all the securities laws of each of Barbados, Trinidad and Tobago, and the United Kingdom, and the rules, regulations and policies of the Barbados Stock Exchange, the London Stock Exchange and the Trinidad and Tobago Stock Exchange;

“**Sagikor Share Plans**” means: (i) that certain executive long-term incentive plan of Sagikor, effective as of December 31, 2005; and (ii) that certain share ownership plan of Sagikor for employees and advisors, effective as of December 31, 2005;

“**Sagikor Shareholder Approval**” means the affirmative vote of a majority in number of certain Sagikor shareholders representing at least three-fourths of the Sagikor Common Shares held by the Sagikor shareholders present and voting in person or by proxy at the Sagikor Meeting;

“**Sagikor USA**” means Sagikor USA, Inc.;

“**Scheme Consideration**” means the consideration payable to Scheme Shareholders as at the Effective Time in exchange for the transfer of the Scheme Shares to Alignvest in accordance with the Scheme of Arrangement, comprising (1) for eligible Persons, the option of the Cash Consideration, the First Share Consideration, or a combination of both, for up to the Specified Number held by each eligible Scheme Shareholder at the Effective Time, and (2) in all other cases, the Other Share Consideration;

“**Scheme of Arrangement**” means the scheme of arrangement document substantially in the form exhibited to the Arrangement Agreement, subject to any amendments or variations to such document made in accordance with the terms thereof or made at the direction of the Bermuda Court in the Bermuda Court Order with the prior written consent of each of Alignvest and Sagikor, each acting reasonably;

“**Scheme Shareholders**” means the holders of Scheme Shares appearing on the Register of Members as at the applicable time;

“**Scheme Shares**” means all of the Sagikor Common Shares in issue as at the applicable time;

“**SCI**” means Scotia Capital Inc., a wholly-owned subsidiary of BNS;

“**Scotia Agreements**” means the purchase agreements between Sagikor and each of the Vendors, dated November 27, 2018, and each a “**Scotia Agreement**”;

“**Scotia Audited Financial Statements**” means the audited financial statements of SLTT and SJLIC as of and for the years ended October 31, 2018 and 2017, and December 31, 2017 and 2016, respectively, together with the notes thereto and the auditors’ reports thereon, and attached to this prospectus as Appendix H;

“**Scotia Interim Financial Statements**” means the unaudited condensed interim financial statements of SJLIC as of and for the nine months ended September 30, 2018, together with the notes thereto, and attached to this prospectus as Appendix H;

“**Scotiabank**” has the meaning ascribed to it under the heading “Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT - Master Program Agreement Term Sheet”;

“**Securities**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations”;

“**Securities Authority**” means the Governmental Authority having jurisdiction to enforce Alignvest Securities Laws or Sagicor Securities Laws, as applicable;

“**SEL**” means Sagicor Europe Limited;

“**SGJL**” means Scotia Group Jamaica Limited;

“**Share Qualifying Scheme Shareholders**” means the Scheme Shareholders as at the Effective Time (1) who or which are eligible to and have validly elected to receive the First Share Consideration; and (2) in all other cases, who or which are entitled to receive the Other Share Consideration;

“**Short Term Notes**” means the registered notes of Sagicor issued on March 21, 2016 in the aggregate principal amount of US\$75,000,000 comprising US Dollar Fixed Rate Short Term Notes 2019 constituted by the Trust Deed;

“**SJLIC**” means Scotia Jamaica Life Insurance Company Limited;

“**SLTT**” means ScotiaLife Trinidad and Tobago Limited;

“**Specified Number**” means 10,000 Sagicor Common Shares;

“**Specified Securities**” has the meaning ascribed to it under the heading “Securities Subject to Contractual Restrictions on Transfer – Lock-Up Agreements”;

“**Sponsor**” means Alignvest II;

“**Tax Act**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations”;

“**Tax Proposals**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations”;

“**taxable capital gain**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Taxation of Capital Gains and Capital Losses”;

“**TCI**” means total comprehensive income;

“**Termination Fee**” has the meaning ascribed to it under the heading “Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT - Master Program Agreement Term Sheet”;

“**TFSA**” has the meaning ascribed to it under the heading “Certain Canadian Federal Income Tax Considerations – Eligibility for Investment”;

“**Transaction**” means the transactions contemplated by the Arrangement Agreement, including the Alignvest Arrangement, Sagicor Arrangement, and Alignvest Continuance;

“**Transaction Costs**” means transaction costs and listing expenses determined in accordance with reverse asset acquisition accounting (which include the impact of the Alignvest Class B Shares issued and outstanding prior to closing) and the estimated value of common shares issuable on closing of the Transaction to key Sagicor executives, as described in notes 3(e) and 3(q) of the New Sagicor Pro Forma Financial Statements attached hereto as Appendix G;

“**Transfer Restrictions Agreement and Undertaking**” has the meaning ascribed to it under the heading “Securities Subject to Contractual Restriction on Transfer – Founders’ Shares”;

“**Trinidad and Tobago**” means the Republic of Trinidad and Tobago;

“**Trust Deed**” means the Amended and Restated Trust Deed dated December 20, 2016 between Sagicor and the Note Trustee, and any Schedules thereto relating to the Short Term Notes;

“**TSX**” means the Toronto Stock Exchange;

“**Vendors**” means BNS Jamaica and BNS TT, and each a “**Vendor**”; and

“**Warrant Agreement**” means the warrant agency agreement between Alignvest and TSX Trust Company, as warrant agent, dated May 25, 2017, as it may be amended from time to time.

## PROSPECTUS SUMMARY

*The following is a summary of this prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

### **Alignvest and AMC**

Alignvest is a special purpose acquisition corporation incorporated under the laws of the Province of Ontario for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving Alignvest, which is referred to throughout this prospectus as Alignvest's proposed "qualifying acquisition".

On November 27, 2018, Alignvest announced that it had entered into the Arrangement Agreement with Sagicor pursuant to which, among other things, Alignvest shall acquire all of the shares of Sagicor by way of a scheme of arrangement under the laws of Bermuda, where Sagicor is incorporated. The Sagicor Arrangement constitutes Alignvest's proposed qualifying acquisition.

This proposed qualifying acquisition is entirely consistent with the approach and the objectives outlined at the time of Alignvest's initial public offering, notably:

- Alignvest is partnering with a strong, experienced, well-aligned management team, who want to continue to build their business;
- Sagicor operates in an industry in which Alignvest has expertise and can be a value-added partner;
- There is a clear and demonstrated opportunity to execute accretive follow-on acquisitions; and
- Sagicor presents an opportunity to generate attractive risk-adjusted returns on invested capital.

AMC, the parent of the Sponsor of Alignvest, is a leading alternative investment management firm that seeks to deliver superior risk-adjusted returns for its clients, which include pension plans, foundations, and ultra-high net worth family offices, by identifying and exploiting market discontinuities, and by attracting the very best talent to build industry-leading investment platforms. The partners of the firm have a strong combination of investment and operational expertise, having created and managed numerous successful operating businesses, and having built and led large, highly profitable businesses within global financial and consulting firms.

AMC was formed in 2011 and has raised equity and investment capital from a number of private family offices and institutions. AMC's founding partners have committed to invest over C\$230 million of their personal capital into funds managed by AMC, on a fully discretionary basis, with the capital subject to full recyclability (including all gains). AMC believes that this long term, discretionary, and aligned pool of capital provides the firm with a strong and differentiated foundation. AMC is currently parent to five investment platforms: Alignvest Private Capital, which makes direct private investments; Alignvest Student Housing Real Estate Investment Trust, a Real Estate Investment Trust focused on consolidating the Canadian purpose-built student accommodation sector; Alignvest Investment Management, which provides institutional portfolio management services; Alignvest Capital Management, which executes public market investment strategies; and Alignvest Acquisition II Corporation, AMC's second TSX-listed special purpose acquisition corporation.

AMC is headquartered in Toronto, Ontario, with an additional office in London, United Kingdom.



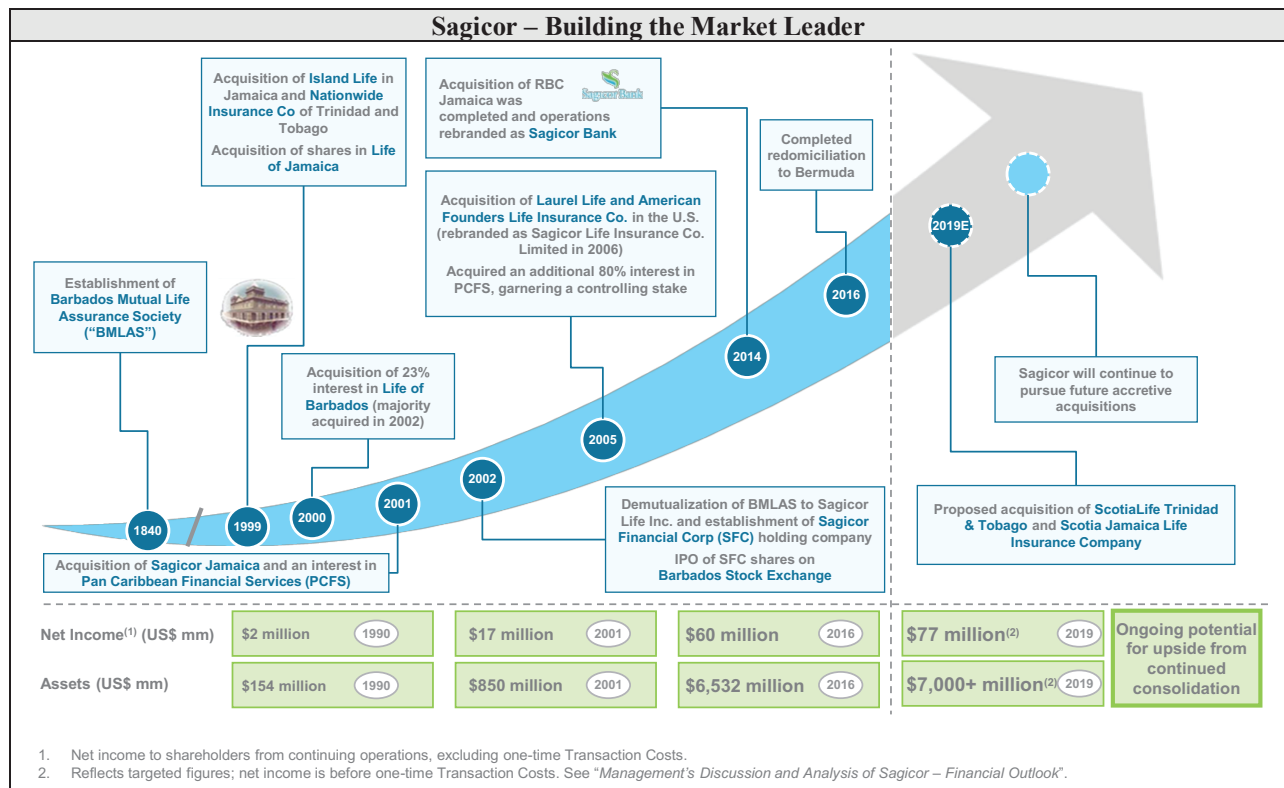
# Sagicor

## Overview

Sagicor is a market-leading provider of insurance products and related financial services in the Caribbean region, notably in Jamaica, Barbados, and Trinidad and Tobago, and has a growing presence as a provider of life insurance products in the United States. Sagicor has an over 175-year history of operations in the region and is the second oldest insurer in the Americas. With its over 2,800 employees and over 1,200 agents, Sagicor has a presence in 22 countries, operates in four different languages, and manages 13 different currencies.

Originally established in 1840 as The Barbados Mutual Life Assurance Society, Sagicor is one of the oldest insurers in the Americas. Sagicor's business grew organically with little change in product lines until 1969, when Sagicor introduced two unit trusts, a bond fund and an equity fund, to manage corporate pension funds, and in the 1970s, when Sagicor introduced group life insurance and health insurance products. Sagicor expanded its business through acquisitions in the 1980s and 1990s, transforming from a domestic to a regional and international company and from having a single line product to multi-line products. Because Sagicor's structure as a mutual company limited its growth, Sagicor demutualized in November 2002 and listed its shares on the Barbados Stock Exchange, subsequently listing on the Trinidad and Tobago Stock Exchange and, via depositary interests, the London Stock Exchange.

Sagicor has been transforming itself into a financial services leader over the last 30 years, growing its net income of approximately US\$2 million in 1990 to over US\$77 million targeted in 2019.<sup>1</sup> As a result of its purposeful strategy, local market experience, comprehensive and innovative products and distribution strategy, Sagicor holds an important competitive position across numerous business lines and is targeting growing its assets from US\$154 million to over US\$7 billion in just under three decades.



<sup>1</sup> Excluding one-time Transaction Costs.

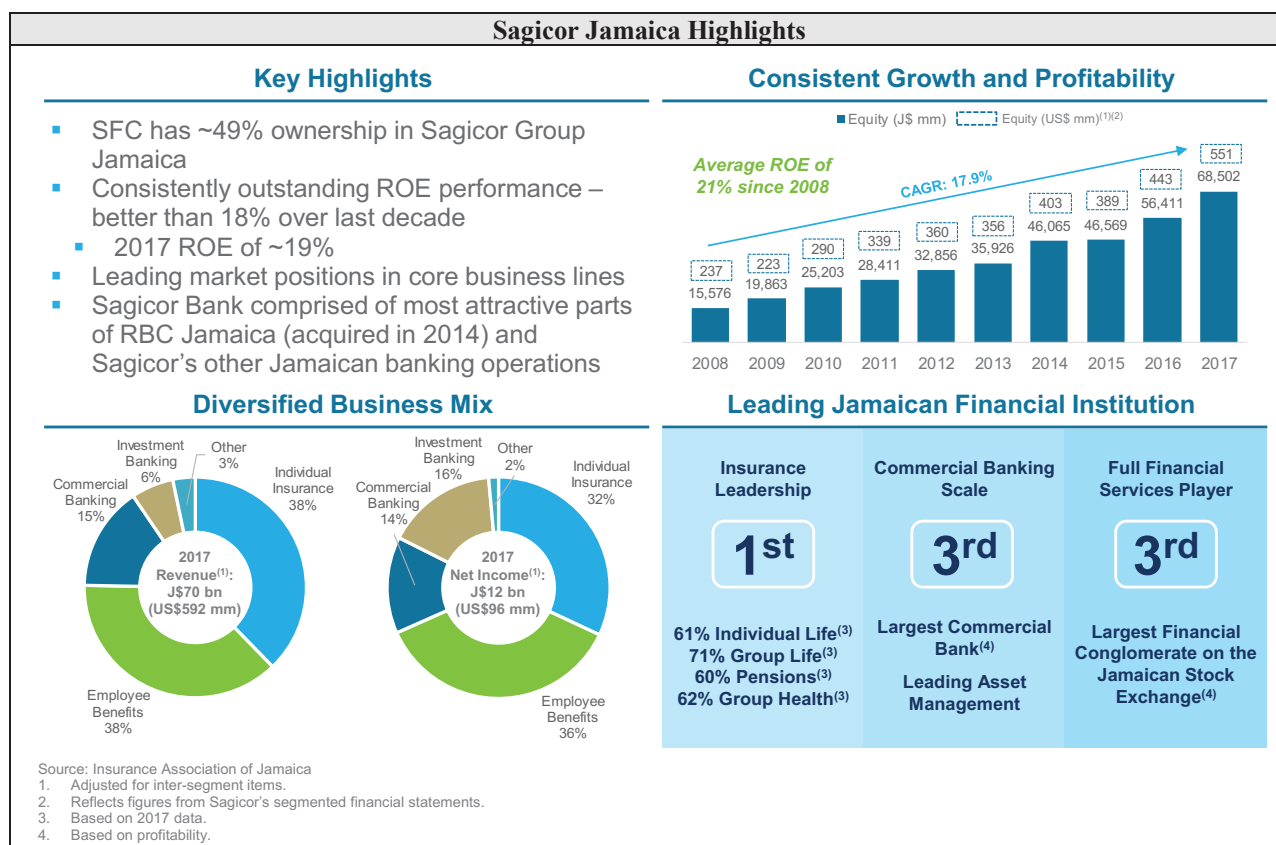
Sagicor's core products and services include life and health insurance, annuities, pension investment and administration, property and casualty insurance, and a suite of ancillary non-insurance financial products and services, including banking and investment management, which it provides to two client segments: individuals and groups. Where Sagicor distributes these products, it utilizes a captive distribution network in the Caribbean and a network of independent insurance brokers in the United States.

Sagicor is among the most recognizable and well-regarded financial services brands in the Caribbean and has increasing product recognition via its growing United States operations. Driven by its proven management team with long standing local market experience, its diversified assets, comprehensive and innovative product offerings, and extensive distribution platform, Sagicor holds an important competitive position across numerous business lines.

Sagicor operates through its three main business segments: Sagicor Jamaica, Sagicor Life and Sagicor USA.

### Sagicor Jamaica

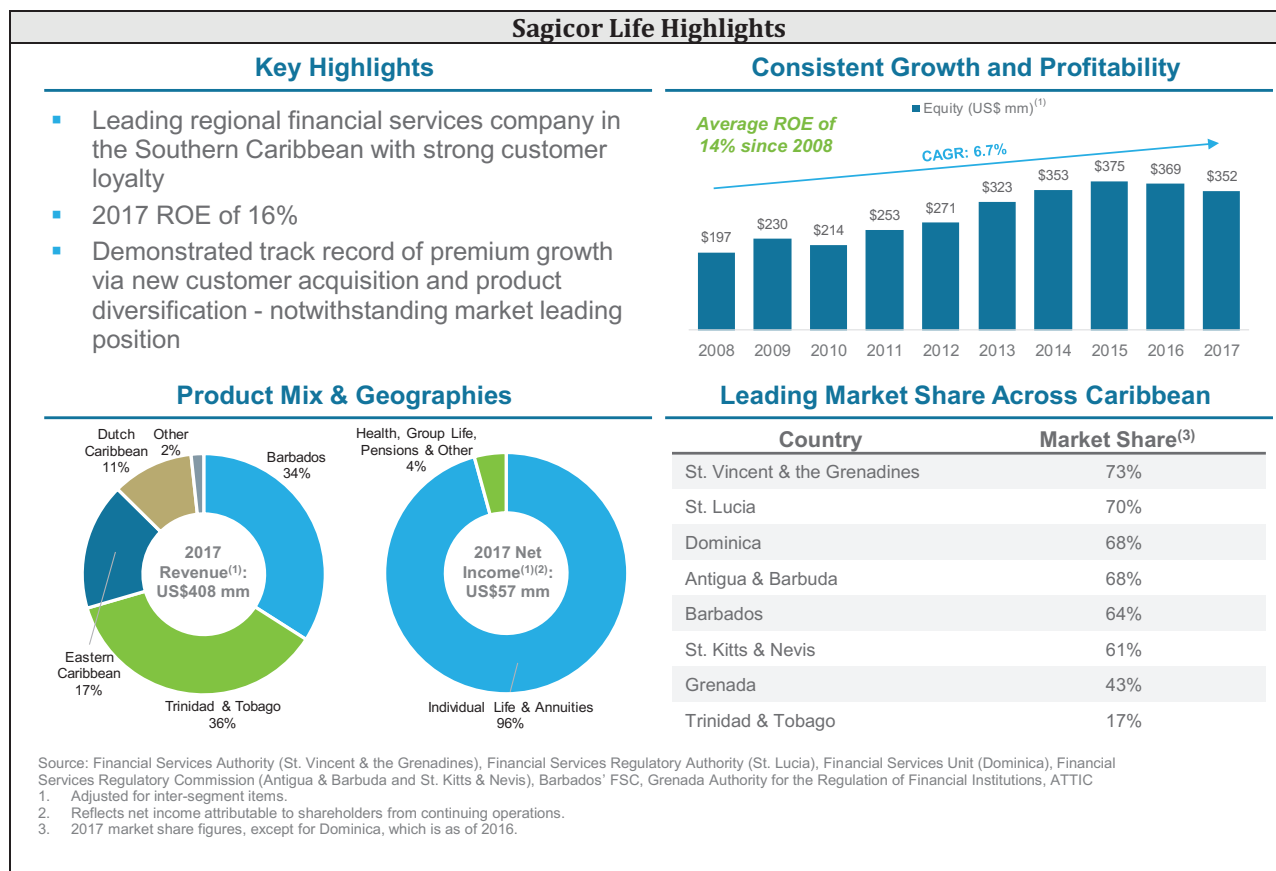
Sagicor operates in Jamaica through its controlled subsidiary, Sagicor Jamaica. Sagicor Jamaica is a full-service financial institution offering a wide range of insurance and non-insurance solutions. Sagicor Jamaica's primary insurance products are individual life insurance and employee benefits, which is comprised of both group health and group pension. Sagicor Jamaica's non-insurance solutions include banking and investment management products and services. Sagicor Jamaica's strong brand, together with Sagicor's wide range of products and skilled sales force, has allowed it to maintain a leading position in Jamaica's life insurance market, and has allowed the company to expand into new areas as opportunities arise, while maintaining consistent growth over time.



### Sagicor Life

Sagicor operates in the Caribbean primarily through its subsidiary, Sagicor Life. Sagicor Life operates in the Southern Caribbean in Trinidad and Tobago as well as Barbados. Sagicor's operations in the Eastern Caribbean are conducted in seven territories (Antigua, Anguilla, the Commonwealth of Dominica, St. Lucia, Grenada, St. Kitts and

Nevis, and St. Vincent) through three branches (Antigua, Grenada, and St. Lucia) and three agencies (Dominica, St. Kitts and Nevis and St. Vincent). Sagicor no longer writes new business in Anguilla. Sagicor also operates in the Dutch and North Caribbean. It is the leading insurance player in its various markets. Sagicor Life provides life, health, annuity insurance business, pension administration services and asset management.



### Sagicor USA

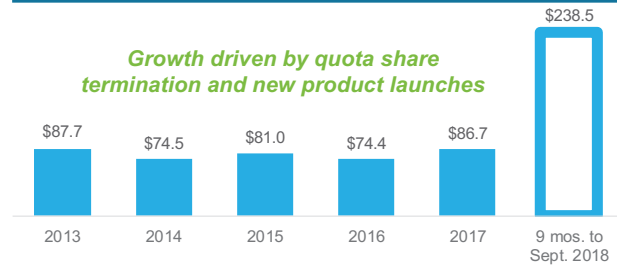
Sagicor USA is part of the Company's strategy to expand into markets with significant growth potential and markets where the Company can develop global best practices that it can then introduce into its core geographies. It continues to look for opportunities to grow its policy and premium base by acquiring strategic blocks of life insurance business or policies, or other life insurance companies. Sagicor USA currently offers life insurance and annuities.

## Sagicor USA Highlights

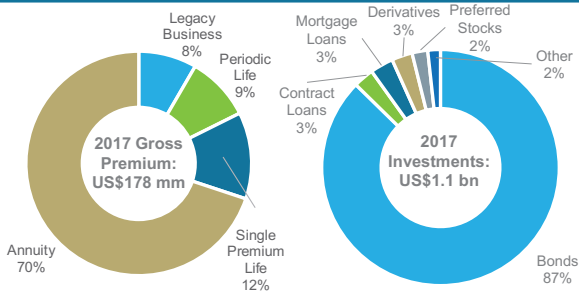
### Key Highlights

- Simple and “easy-to-buy” Life and Annuity products targeting a familiar customer profile
- State-of-the-art and scalable IT platform to be leveraged across the Caribbean
- Excellent product recognition – fixed annuity products with guaranteed rates ranked top two by Barron’s (2018)
- Strong distribution relationships supported by A- (Excellent) financial strength rating

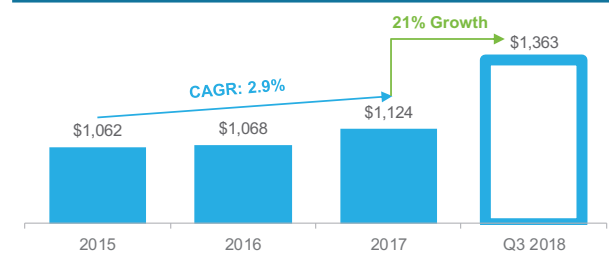
### Net Premiums Earned (US\$ mm)



### Strong Annuity Revenues & Conservative Investments



### Financial Asset Growth (US\$ mm)



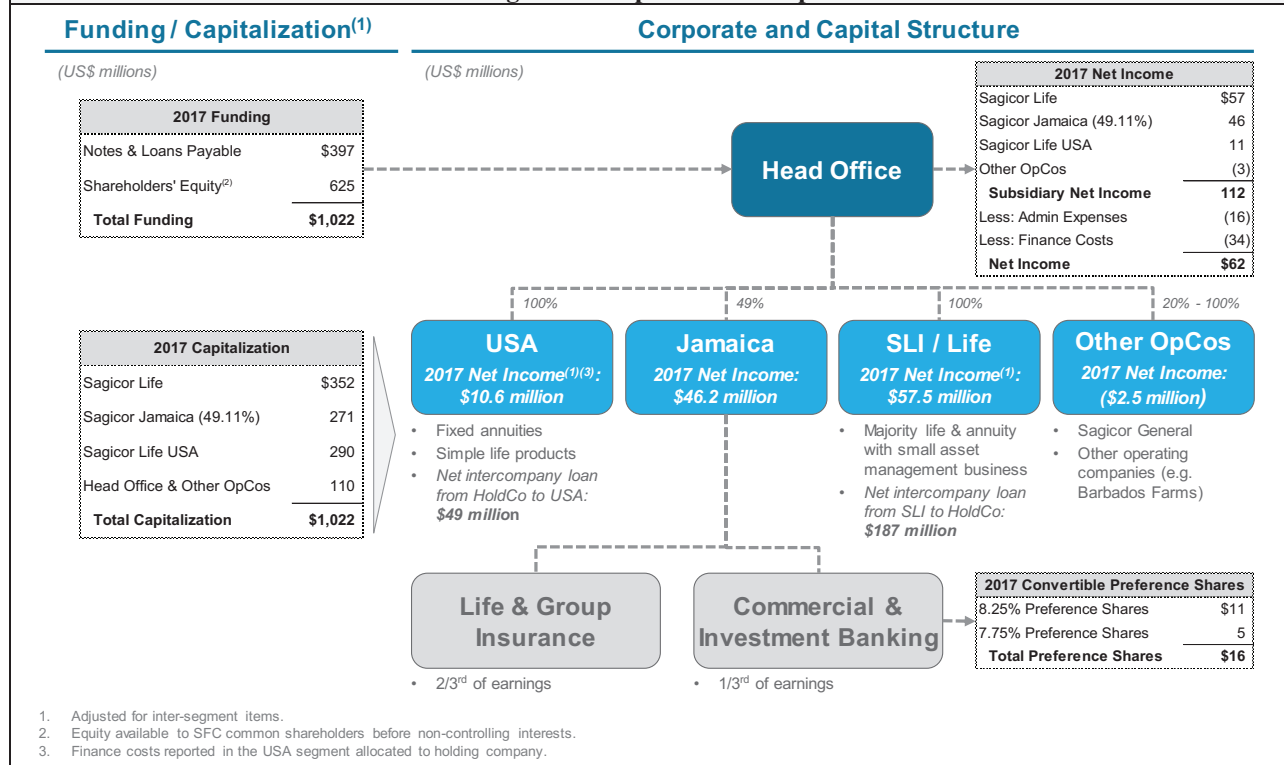
**Rated A- (Excellent) by A.M. Best**

Source: SNL Financial

### Financial Overview of Sagicor

The following table provides a financial overview of Sagicor as it relates to the Company’s corporate and capital structure.

## Overview of Sagicor – Corporate and Capital Structure



1. Adjusted for inter-segment items.  
 2. Equity available to SFC common shareholders before non-controlling interests.  
 3. Finance costs reported in the USA segment allocated to holding company.

As discussed above, Sagicor is an amalgamation of several businesses with varying profitability. As illustrated in the table below Sagicor, on a consolidated basis, reported ROE of 10.7% for the fiscal year ended December 31, 2017. Adjusting for Sagicor USA, whose ROE is expected by Sagicor to increase as the segment continues to benefit from operational scale and increased asset leverage, the remaining Caribbean operations of Sagicor would have reported a 16.8% ROE for fiscal year ended December 31, 2017. Focusing solely on Sagicor's core Caribbean segments comprised of Sagicor Life and Sagicor Jamaica (and removing certain administrative and non-core expenses), each generated ROE of 15.9% and 19.0%, respectively, for the fiscal year ended December 31, 2017.

Sagicor ROE Breakdown (2017)								
ROE Breakdown – 2017A <sup>(1)</sup>								
(US\$ millions)	2017 Consolidated	Less: Sagicor USA	Caribbean RemainCo	Less: HoldCo	Less: Other OpCos	Core Carib. Segments	Of Which: SLI Jamaica	
Sagicor Life	57.5	--	57.5	--	--	57.5	57.5	--
Sagicor Jamaica	46.2	--	46.2	--	--	46.2	--	46.2
Sagicor USA	10.6	(10.6)	--	--	--	--	--	--
Other	(2.5)	--	(2.5)	--	2.5	--	--	--
<b>Total Income from Continuing Operations</b>	<b>\$111.8</b>	<b>(\$10.6)</b>	<b>\$101.2</b>	<b>--</b>	<b>\$2.5</b>	<b>\$103.7</b>	<b>\$57.5</b>	<b>\$46.2</b>
Less: Admin Expenses	(16.0)	--	(16.0)	16.0	--	--	--	--
Less: Finance Costs	(33.7)	--	(33.7)	33.7	--	--	--	--
<b>Net Income to Shareholders</b>	<b>\$62.1</b>	<b>(\$10.6)</b>	<b>\$51.5</b>	<b>\$49.7</b>	<b>\$2.5</b>	<b>\$103.7</b>	<b>\$57.5</b>	<b>\$46.2</b>
Add: Min. Interests / Particip. Policies	43.0	--	43.0	--	3.8	46.9	(1.0)	47.9
<b>Reported Income from Continuing Operations</b>	<b>\$105.2</b>	<b>(\$10.6)</b>	<b>\$94.6</b>	<b>\$49.7</b>	<b>\$6.4</b>	<b>\$150.6</b>	<b>\$56.4</b>	<b>\$94.1</b>
2016A Net Assets	537.1	(259.5)	277.6	397.3	(88.4)	586.4	369.1	217.4
2017A Net Assets	624.6	(289.8)	334.8	396.7	(109.1)	622.4	351.9	270.5
<b>Average Net Assets</b>	<b>\$580.8</b>	<b>(\$274.6)</b>	<b>\$306.2</b>	<b>\$397.0</b>	<b>(\$98.8)</b>	<b>\$604.4</b>	<b>\$360.5</b>	<b>\$244.0</b>
<b>Implied ROE<sup>(2)</sup></b>	<b>10.7%</b>	<b>3.9%</b>	<b>16.8%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>17.2%</b>	<b>15.9%</b>	<b>19.0%</b>

1. Figures are adjusted for inter-segment items, except for Sagicor Jamaica's income.  
 2. Calculated as net income to shareholders from continuing operations divided by average net assets.

## Alignvest's Investment Rationale

Sagicor and Alignvest believe that the Transaction will unlock significant value for both Sagicor shareholders and Alignvest Shareholders.

For Sagicor, Alignvest's listing on the TSX is expected to provide the Company with access to a liquid market and sophisticated institutional investors that understand the insurance business. Many major Canadian insurance companies are world-class insurers with world-wide operations. Company management expects that the willingness and ability of those investors to actively evaluate the merits of the business will help secure an appropriate valuation. Additionally, assuming a limited number of redemptions by Alignvest Shareholders, New Sagicor is anticipated to benefit from a primary injection of Alignvest's equity, which is expected to enable New Sagicor to realize its organic and inorganic growth strategies. Finally, the proposed capital structure and Alignvest's TSX listing are expected to enable New Sagicor to materially lower its cost of capital, which is expected to both increase New Sagicor's profitability and further enhance its ability to execute on its strategic initiatives, both organic and inorganic.

Since Alignvest began evaluating potential investment targets in May 2017, none of them have presented as compelling an investment opportunity as Sagicor.

- **The transaction is being offered at a valuation Alignvest believes is highly attractive.** Based on the purchase price, Sagicor is valued at 1.0x book value, 7.9x targeted 2019 net income, and 6.5x targeted 2020 net income, taking into account the proposed SLTT and SJLIC acquisitions – a substantial discount to the median price / book and price / earnings ratios of Canadian and Caribbean financial institutions, and to Alignvest's estimate of the Company's intrinsic value. See "*Management's Discussion and Analysis of Sagicor — Financial Outlook*".<sup>2</sup>
- **Best-in-class management team with extensive insurance and local-market experience.** Sagicor's senior management team has been with the Company for an average of 14 years and has significant experience managing businesses across multiple jurisdictions and markets.
- **Sagicor has an outstanding core business.** Sagicor has significant market share in numerous growing business lines including individual life insurance and annuities, group life and benefits administration, and banking and investment management. The Company also has leading market positions and brand name recognition in its key insurance markets of Jamaica, Trinidad and Tobago, Barbados, and the Eastern Caribbean.
- **Substantial opportunity for accretive consolidation.** As evidenced by the proposed acquisitions of SLTT and SJLIC, Sagicor believes that there is opportunity for further consolidation within the insurance industry in the Caribbean. Additionally, management has the ability to successfully grow outside of Sagicor's core business and markets through strategic acquisitions, as evidenced by Sagicor's 2005 acquisition of Sagicor Life USA and Sagicor's 2014 acquisition of RBC's Jamaican banking operations. The proposed SLTT and SJLIC transactions will not be completed until after the Sagicor Arrangement and are subject to various conditions, and as a result, do not form part of Alignvest's qualifying transaction.
- **Comprehensive and innovative product offering.** Sagicor has a highly diversified insurance product mix including individual and group life, health, annuity and pension, personal disability, and property and casualty insurance that allows the Company to serve its customers' needs at each step of their financial life cycle, resulting in high customer retention rates and cross-selling opportunities. Importantly, Sagicor has no exposure to either long-term care or variable annuity products.
- **Extensive distribution platform.** Sagicor has unparalleled access to its customer base in the Caribbean through its extensive distribution network of dedicated advisors and brokers. The Company operates the

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<sup>2</sup> 2019 target excludes one-time Transaction Costs.

largest network of exclusive advisors in the Caribbean region – one of Sagicor’s core competitive advantages.

- **Significant “scale-up” opportunity in U.S. market.** Sagicor has built a strong technology and distribution platform in the U.S., targeting customers similar to those it has a demonstrated ability to serve in the Caribbean. Sagicor’s U.S. platform is profitable, has an attractive investment spread relative to its peers and, as Sagicor continues to execute on its growth plan, is expected by Sagicor to benefit from operational scale and increased asset leverage.
- **Strong operating and underwriting record, with proven resiliency across cycles.** Sagicor has managed to sustain a strong operating track record through economic cycles as demonstrated by the Company’s consistent net income growth, dividend growth, and book value per share growth.
- **Prudently managed and well-diversified balance sheet.** Sagicor manages its balance sheet using best-in-class risk management tools. For example, the Company voluntarily adopted the Canadian MCCSR standards following its demutualization, and has maintained MCCSR ratios in excess of 220% in every year since 2004. Sagicor’s prudent capital management policies and conservative reserving complement its stable and diversified product mix.
- **Opportunity for Alignvest to add significant value.** Alignvest is delivering significant value to Sagicor as part of this transaction. First, AIM will leverage its team’s extensive experience managing global portfolios to optimize Sagicor’s investment portfolio, consider additional investment strategies, lower third party advisor costs, and further enhance risk-management practices. Second, Alignvest has recruited highly experienced directors to the board. Third, Andre Mousseau, Alignvest’s Chief Operating Officer and Partner of Alignvest Private Capital, will be joining Sagicor as Group Chief Financial Officer. And finally, Alignvest has been responsible for sourcing and executing the proposed acquisitions of SLTT and SJLIC.

As a result of the above, Alignvest and Sagicor see a clear path to substantial equity value creation for all New Sagicor Shareholders. We believe that we have an opportunity to grow Sagicor’s net income from continuing operations attributable to common shareholders from US\$62 million, for the year ended December 31, 2017, to a target of US\$115 million in 2020, based on the following:

- Organic revenue growth has been assumed as 6% per annum for Sagicor’s continuing operations in 2019 and 5% in 2020; and
- Alignvest and Sagicor expect that the acquisition of SLTT and SJLIC will contribute annual run-rate net income of approximately US\$30 million following the anticipated closing in 2020, subject to regulatory approval. The completion of these transactions is not cross-conditional on each other, but both are conditional on the close of the Sagicor Arrangement, and they may close at different times. See “*Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT*”.

Subject to, among other things, the precise timing of when these initiatives take effect, Sagicor is targeting 2019 net income from continuing operations attributable to common shareholders of approximately US\$77 million.<sup>3</sup>

Importantly, Alignvest and Sagicor believe that Sagicor trades at an unwarranted discount to its Canadian and Caribbean peers in large part due to the Company’s disaggregated shareholder base and muted price discovery on its current stock exchanges. Alignvest and Sagicor expect that the discount at which the Company currently trades on the Barbados and Trinidad and Tobago stock exchanges compared to Canadian peers should be reduced or eliminated over time as a result of Alignvest’s listing on the TSX.

See “*Management’s Discussion and Analysis of Sagicor — Financial Outlook*” for the assumptions on which the foregoing financial outlook is based.

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<sup>3</sup> Excluding one-time Transaction Costs.



The purpose of disclosing the financial outlook is to provide investors with more information concerning the financial impact that Alignvest and Sagicor currently believe is achievable based on Sagicor's growth strategies described above and elsewhere in this prospectus. The foregoing description of New Sagicor's potential growth opportunities is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described above. See "*Caution Regarding Forward-Looking Statements*" and "*Risk Factors*" elsewhere in this prospectus for a description of the assumptions underlying the forward-looking information and of the risks and uncertainties that impact New Sagicor's business and that could cause actual results to vary.

Alignvest and Sagicor approved this outlook on November 26, 2018.

## NOTICE TO READERS

This prospectus is being filed by Alignvest Acquisition II Corporation (“**Alignvest**”), which is a special purpose acquisition corporation incorporated under the laws of the Province of Ontario. Alignvest was organized for the purpose of effecting an acquisition of one or more businesses or assets by way of a merger, share exchange, asset acquisition, share purchase, reorganization or other similar business combination involving Alignvest that will qualify as its “qualifying acquisition”.

On November 27, 2018, Alignvest announced that it had entered into the Arrangement Agreement with Sagicor pursuant to which, among other things, Alignvest shall acquire, directly or indirectly, all of the shares of Sagicor by way of a scheme of arrangement. Existing shareholders of Alignvest (who, in the case of holders of Alignvest Class A Restricted Voting Shares (as defined below), do not choose to redeem their shares) will continue to hold an interest in Alignvest after giving effect to the Sagicor Arrangement (referred to herein as “**New Sagicor**”). In connection with the Sagicor Arrangement, Alignvest is seeking to be renamed “Sagicor Financial Company Ltd.”. New Sagicor will own 100% of Sagicor. See “*The Business of Sagicor*”.

Alignvest’s Class A restricted voting shares (“**Alignvest Class A Restricted Voting Shares**”) are currently listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “AQY.A”. The closing price of the Alignvest Class A Restricted Voting Shares on the TSX on November 26, 2018, the last trading day before the Arrangement Agreement was announced, was C\$9.95. The closing price of the Alignvest Class A Restricted Voting Shares on the TSX on February 6, 2019, was C\$10.03. The share purchase warrants of Alignvest (the “**Alignvest Warrants**”) are also currently listed for trading on the TSX under the symbol “AQY.WT”. The closing price of the Alignvest Warrants on November 26, 2018, the last trading day before the Arrangement Agreement was announced, was C\$0.40. The closing price of the Alignvest Warrants on February 6, 2019, was C\$0.30. The completion of the Sagicor Arrangement is conditional upon, among other things, approval by the TSX. The Sagicor Arrangement constitutes Alignvest’s proposed qualifying acquisition.

Sagicor is a company that was formed under the laws of Barbados and continued as an exempted company under the laws of Bermuda on July 20, 2016. Sagicor is a leading provider of insurance products and related financial services in the Caribbean region, mainly in Barbados, Jamaica and Trinidad and Tobago. Sagicor also provides life insurance and annuity products in the United States, as well as banking services in Jamaica. Sagicor’s wide range of products and services include life and health insurance, annuities, pension investment and administration, property and casualty insurance, asset management, commercial and retail banking, investment management and other financial services. Sagicor Common Shares are currently publicly listed on the Barbados Stock Exchange, the Trinidad and Tobago Stock Exchange and, via depositary interests, the London Stock Exchange.

This prospectus is being filed in accordance with section 1028 of the Toronto Stock Exchange Company Manual in connection with the completion of Alignvest’s qualifying acquisition. **Unless otherwise indicated, or unless the context otherwise requires, the disclosure in this prospectus has been prepared assuming that the transactions contemplated by the Arrangement Agreement, including the Sagicor Arrangement, have become effective (the “Transaction”).** References to “New Sagicor” in this prospectus are to Alignvest after giving effect to the Transaction. Following the Transaction, New Sagicor will own 100% of Sagicor. See “*The Business of Sagicor*” and “*Risk Factors*”.

The information provided herein concerning New Sagicor following the completion of the Transaction is provided as of the date of this prospectus. Accordingly, the information provided herein is subject to change prior or subsequent to the Effective Date. See “*Caution Regarding Forward-Looking Statements*”.

Unless otherwise indicated, references herein to the programs, policies, procedures, practices, guidelines, mandates and plans (collectively, the “**Programs and Policies**”) of New Sagicor refer, in each case, to the Programs and Policies of New Sagicor, which are expected to be formally ratified and adopted by New Sagicor Board subsequent to the closing of the Transaction. Unless otherwise indicated, the disclosure in respect of the Programs and Policies contained in this prospectus is presented on the assumption that the Programs and Policies have been formally ratified by the New Sagicor Board in such form and have been instituted at New Sagicor. Notwithstanding the foregoing, prior to the formal ratification and adoption of each of the Programs and Policies, it is expected that the New Sagicor Board will review and adjust such Programs and Policies to the extent necessary to seek to ensure that

the specific requirements of New Sagicor and its operations are met. Accordingly, the disclosure contained in this prospectus in respect of such Programs and Policies remains subject to revision prior or subsequent to the Effective Date.

Unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “\$” or “US\$” are to United States dollars. References to “C\$” are to Canadian dollars, “BBD” are to Barbadian dollars, “J\$” are to Jamaican dollars, and “TTD” are to Trinidad and Tobago dollars.

The following table sets forth, for the periods indicated, the average and period-end rates of exchange for one U.S. dollar during the respective periods.

	<b>Nine months ended</b>		<b>Year ended</b>	
	<b>September 2018</b>		<b>December 2017</b>	
	<b>Closing Rate</b>	<b>Average Rate</b>	<b>Closing Rate</b>	<b>Average Rate</b>
Bahamas dollar .....	1.0000	1.0000	1.0000	1.0000
Barbadian dollar .....	2.0000	2.0000	2.0000	2.0000
Belize dollar .....	2.0000	2.0000	2.0000	2.0000
Canadian dollar.....	1.29680	1.27820	1.25280	1.29640
Cayman Islands dollar....	0.8350	0.8350	0.8350	0.8350
Eastern Caribbean dollar .....	2.7000	2.7000	2.7000	2.7000
Jamaica dollar.....	134.5434	128.1390	124.5754	128.0938
Netherlands Antillean guilder .....	1.8000	1.8000	1.8000	1.8000
Trinidad and Tobago dollar .....	6.7522	6.7442	6.7628	6.7428
United States dollar.....	1.0000	1.0000	1.0000	1.0000

Source: Central banks of the relevant countries.

Unless otherwise stated, for the purposes of values presented in this prospectus involving a US dollar to Canadian dollar exchange rate, a US dollar to Canadian dollar exchange rate of approximately 1:1.33 is assumed.

The exchange rates above are provided solely for information and convenience. No representation is made that the US dollar could have been, or could be, converted into Canadian dollars, or any other represented currency, at all or at the exchange rates stated. The exchange rates set forth above demonstrate trends in exchange rates, but the actual exchange rates used throughout this prospectus may vary.

The New Sagicor Pro Forma Financial Statements included in Appendix G to this prospectus assume the completion of the Transaction as well, subsequent thereto, of the proposed acquisitions of SJLIC and SLTT. The New Sagicor Pro Forma Financial Statements should be read in conjunction with the Alignvest Audited Annual Financial Statements, the Sagicor Audited Annual Financial Statements, the Sagicor Interim Financial Statements, and the Scotia Interim Financial Statements and Scotia Audited Financial Statements, included in Appendix A, Appendix E, Appendix F, and Appendix H to this prospectus, respectively. The US dollar to Canadian dollar exchange rates used for the purposes of the New Sagicor Pro Forma Financial Statements are described in note 2 therein.

The prospective financial information included in this prospectus has been prepared by the Company’s management as of November 26, 2018. Such information is the sole responsibility of Company’s management. PricewaterhouseCoopers SRL has neither audited, reviewed, examined, compiled, nor applied agreed-upon procedures to the accompanying prospective financial information for the purpose of its inclusion herein, and, accordingly, PricewaterhouseCoopers SRL does not provide any form of assurance with respect thereto for the purpose of this offering document. The PricewaterhouseCoopers SRL reports included in this offering document

relate solely to the Company's historical financial information. PricewaterhouseCoopers SRL reports do not cover any other information in this offering document and should not be read to do so.

### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus are prospective in nature that constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, "**forward-looking statements**"). Forward-looking statements include, but are not limited to: statements concerning the completion and proposed terms of, and matters relating to, the Transaction, the proposed acquisitions of SJLIC and SLTT, and any expected timing related thereto; the likelihood of the Transaction and the proposed acquisitions of SJLIC and SLTT being completed; the redemption amount in respect of the Alignvest Class A Restricted Voting Shares; the members of the New Sagicor Board and the executive officers of New Sagicor following the Transaction; the expected operations, financial results and condition of New Sagicor following the Transaction; general economic trends; statements based on the New Sagicor Pro Forma Financial Statements; New Sagicor's Programs and Policies; New Sagicor's future objectives and strategies to achieve those objectives; the listing or continued listing of the New Sagicor Common Shares and the Alignvest Warrants on the TSX; any market created for New Sagicor's securities; the estimated cash flow, capitalization and adequacy thereof for New Sagicor following the Transaction; the expected benefits of the Transaction to, and resulting treatment of, holders of Alignvest Class A Restricted Voting Shares, Alignvest Class B Shares and the Alignvest Warrants; the amount and frequency of any dividend paid on the New Sagicor Common Shares; the anticipated effects of the Transaction; provisions in New Sagicor's bye-laws; the number of New Sagicor Common Shares outstanding following the Transaction; New Sagicor's compensation of its directors and officers; the likelihood of the Transaction being completed; principal steps to the Sagicor Arrangement and Alignvest Arrangement; the satisfaction of the conditions to consummate the transactions contemplated by the Arrangement Agreement; as well as other statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believes", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events.

Forward-looking statements reflect management's current beliefs, expectations and assumptions and are based on information currently available to management, management's historical experience, perception of trends and current business conditions, expected future developments and other factors which management considers appropriate. With respect to the forward-looking statements included in this prospectus, Alignvest and Sagicor have made certain assumptions with respect to, among other things: the anticipated approval of the Sagicor Arrangement by the Sagicor shareholders and the Bermuda Court; the anticipated approval of the Alignvest Arrangement by the Alignvest Shareholders and the Ontario Court; the anticipated approval of the Alignvest Continuance by the Alignvest Shareholders; the anticipated receipt of any required regulatory approvals and consents (including the approval of the TSX); the expectation that each of Alignvest and Sagicor will comply with the terms and conditions of the Arrangement Agreement; the expectation that no event, change or other circumstance will occur that could give rise to the termination of the Arrangement Agreement; the expectation that the acquisitions of SJLIC and SLTT will be completed and integrated into New Sagicor; that no unforeseen changes in the legislative and operating frameworks for New Sagicor will occur; that New Sagicor will meet its future objectives and priorities; that New Sagicor will have access to adequate capital to fund its future projects and plans; that New Sagicor's future projects and plans will proceed as anticipated; taxes payable; customer growth, pricing, usage and churn rates; technology deployment; data based on good faith estimates that are derived from management's knowledge of the industry and other independent sources; as well as assumptions concerning general economic and industry growth rates, commodity prices, currency exchange and interest rates and competitive intensity.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include, but are not limited to: fluctuations in the fixed income markets may adversely affect New Sagicor's profitability and financial condition; the success of New Sagicor's operations in the United States depends

on New Sagicor's ability to grow its business; New Sagicor's financial targets may prove materially inaccurate or incorrect; New Sagicor's exposure to the credit risk of its counterparties could adversely affect its profitability; differences between actual claims experience and estimated claims at the time the product was priced may result in increased losses, and so New Sagicor's reserves may be insufficient to cover actual policy benefits; New Sagicor could be forced to sell investments at a loss to cover policyholder withdrawals; New Sagicor's risk management policies and procedures could leave New Sagicor exposed to unidentified or unanticipated risk, which could negatively affect New Sagicor's business or result in losses; illiquidity of certain investment assets may prevent New Sagicor from selling investments at fair prices in a timely manner; New Sagicor's fiduciary relationship with certain counterparties could adversely affect its profitability; a prolonged labour dispute could hurt New Sagicor's business; a failure to successfully integrate New Sagicor's acquisitions could adversely affect New Sagicor's operations and profitability; a high level of redemptions of Alignvest Class A Restricted Voting Shares may necessitate sourcing of additional debt or equity to fund the proposed SJLIC and SLTT acquisitions; a failure to successfully execute current and future strategic acquisitions could adversely affect New Sagicor's profitability; if the conditions to the Transaction are not met, the Transaction may not occur; New Sagicor may be required to make an offer to purchase all of the 2022 Notes and Short Term Notes, but may not be financially able to repurchase the notes upon a change of control; New Sagicor's business is highly regulated and subject to numerous laws and regulations; litigation and regulatory proceedings outcomes could adversely affect New Sagicor's business; companies in the financial services industry are sometimes the target of law enforcement investigations and the focus of increased regulatory scrutiny; there may be adverse consequences if the status of New Sagicor's independent contractors is successfully challenged; failures to implement or comply with legally required anti-money laundering practices could subject New Sagicor to sanctions and/or criminal and civil penalties; the amount of statutory capital that New Sagicor's insurance subsidiaries have and the amount of statutory capital that they must hold to maintain their financial strength and credit ratings and meet other requirements can vary significantly from time to time and are sensitive to a number of factors outside of New Sagicor's control; a failure to maintain adequate levels of surplus capital may result in increased regulatory scrutiny or a downgrade by the private rating agencies; New Sagicor's financial condition may be adversely affected by geopolitical events; a change of control of New Sagicor may be difficult to effect under applicable laws; New Sagicor operates in a highly competitive industry; New Sagicor faces significant competition mainly from national and regional insurance companies and from self-insurance, and New Sagicor also faces competition from global companies – this competition could limit New Sagicor's ability to gain or maintain its position in the industry and could materially adversely affect its business, financial condition and results of operations; brokers that sell New Sagicor's products may sell insurance products of New Sagicor's competitors and such brokers may choose not to sell New Sagicor's products; computer viruses, network security breaches, disasters or other unanticipated events could affect New Sagicor's data processing systems or those of its business partners and could damage New Sagicor's business and adversely affect its financial condition and results of operations; a financial strength downgrade in New Sagicor's A.M. Best ratings or any other negative action by a rating agency may increase policy surrenders and withdrawals, adversely affect relationships with advisors and negatively affect New Sagicor's financial condition and results of operations; the unpredictable nature of the property and casualty insurance industry, or the impact of IFRS on the cashless exercise feature of Alignvest Warrants (unless removed), may cause fluctuations in New Sagicor's results; New Sagicor may be unable to reinsure risks on terms that are commercially reasonable or satisfactory to New Sagicor, or New Sagicor's reinsurers may fail to meet assumed obligations, increase rates, or be subject to adverse developments, negatively affecting New Sagicor's business, financial condition and result of operations; New Sagicor's business model depends on the performance of various third parties including actuarial consultants and other service providers; negative publicity in the insurance industry could adversely affect New Sagicor; New Sagicor depends on key personnel, and if they were to leave New Sagicor, New Sagicor might have an insufficient number of qualified employees; New Sagicor is highly dependent upon economic, political and other conditions and developments in Barbados, Jamaica, Trinidad and Tobago, the United States and the other jurisdictions in which it operates; New Sagicor's financial condition and operating results may be adversely affected by foreign exchange fluctuations; foreign exchange controls may restrict New Sagicor's ability to receive distributions from its subsidiaries and any such distributions may be subject to foreign withholding taxes; catastrophes and weather-related events, such as hurricanes, may adversely affect New Sagicor; the performance of New Sagicor's group life insurance may be adversely affected by the characteristics of the employees insured or through unexpected catastrophic events such as natural disasters; New Sagicor's credit ratings may be reduced, which may adversely affect New Sagicor; New Sagicor may be subject to Bermuda tax; Bermuda's compliance with the Organization for Economic Cooperation and Development international tax standards could subject New Sagicor to additional taxes; legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect New



Sagicor's operations and financial condition; tax on corporate emigration under the Income Tax Act (Canada) could adversely affect New Sagicor; if New Sagicor were subject to Canadian federal income taxation, New Sagicor's after-tax returns and the value of New Sagicor Common Shares could be materially reduced; any additional taxes resulting from changes to tax regulations or the interpretation thereof in countries in which it does business could negatively impact New Sagicor's financial condition; New Sagicor is a Bermuda company and it may be difficult to enforce judgments against New Sagicor or its directors and officers; certain of New Sagicor's operating subsidiaries are incorporated outside of Canada and it may be difficult to enforce judgments against them or their directors and officers; Bermuda law differs from the laws in effect in Canada and may afford less protection to shareholders; New Sagicor may not pay dividends; potentially adverse tax consequences may result from the receipt of dividends on New Sagicor Common Shares; New Sagicor is a holding company that has no material assets other than its interest in Sagicor and, accordingly, it is dependent upon distributions from Sagicor to pay taxes and other expenses; although New Sagicor exercises management control over its material subsidiaries, New Sagicor will be required to consider the interests of minority shareholders in Sagicor Jamaica; the market price of the New Sagicor Common Shares may be highly volatile; redemptions of a significant number of Alignvest Class A Restricted Voting Shares could adversely affect New Sagicor; sales of a substantial number of New Sagicor Common Shares may cause the price of New Sagicor Common Shares to decline; further equity financing may dilute the interests of shareholders of New Sagicor and depress the price of New Sagicor Common Shares; the trading market for New Sagicor Common Shares is influenced by securities industry analyst research reports; if New Sagicor is unable to implement and maintain effective internal control over financial reporting, New Sagicor might not be able to report financial results accurately and on a timely basis or prevent fraud, and/or investors may lose confidence in the accuracy and completeness of New Sagicor's financial reports and the market price of New Sagicor Common Shares may be negatively affected.

**All forward-looking statements included in and incorporated into this prospectus are qualified by these cautionary statements. Unless otherwise indicated, the forward-looking statements contained herein are made as of the date of this prospectus. New Sagicor intends to provide updates on the net income targets on at least an annual basis, including information on previously disclosed targets, actual results and a discussion of variances, in its continuous disclosure documents. Except as outlined above or expressly required by applicable law, New Sagicor undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.**

**Readers are cautioned that the actual results achieved will vary from the information provided herein and that such variations may be material. Consequently, there are no representations by Alignvest that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.**

## MARKET AND INDUSTRY DATA

This prospectus relies on and refers to information regarding various companies and certain market and industry data. Alignvest and Sagicor have obtained this information and market and industry data from independent market research reports and information made publicly available by such companies. Such reports generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed. Although Alignvest and Sagicor believe the market research and publicly available information is reliable, Alignvest and Sagicor have not independently verified and cannot guarantee the accuracy or completeness of that information and investors should use caution in placing reliance on such information.

## TRADEMARKS AND TRADENAMES

This prospectus and the information incorporated herein by reference include certain trademarks and trade names, such as Sagicor, Sagicor International, SagicorNOW and Accelewriting, which are protected under applicable intellectual property laws and are the property of Sagicor or its subsidiaries. Solely for convenience, Sagicor's or its subsidiaries' trademarks and tradenames referred to in this prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that Sagicor and/or its subsidiaries will not assert, to the fullest extent under applicable law, its right to these trademarks and tradenames. All other trademarks used in this prospectus are the property of their respective owners, whether they appear with or without a ® or ™ symbol.

## CORPORATE STRUCTURE

### Alignvest Acquisition II Corporation

#### *Name, Address and Incorporation*

Alignvest was incorporated under the OBCA on February 8, 2017. Its head office and registered office are located at 100 King Street West, 70th Floor, Suite 7050, Toronto, Ontario, Canada M5X 1C7. On May 1, 2017, Alignvest amended its Articles to increase the authorized capital to create an unlimited number of Class A Restricted Voting Shares and an unlimited number of common shares. On May 18, 2017, Alignvest amended its Articles to replace the definition of “IPO” and the definition of “Sponsor”.

#### *Transaction*

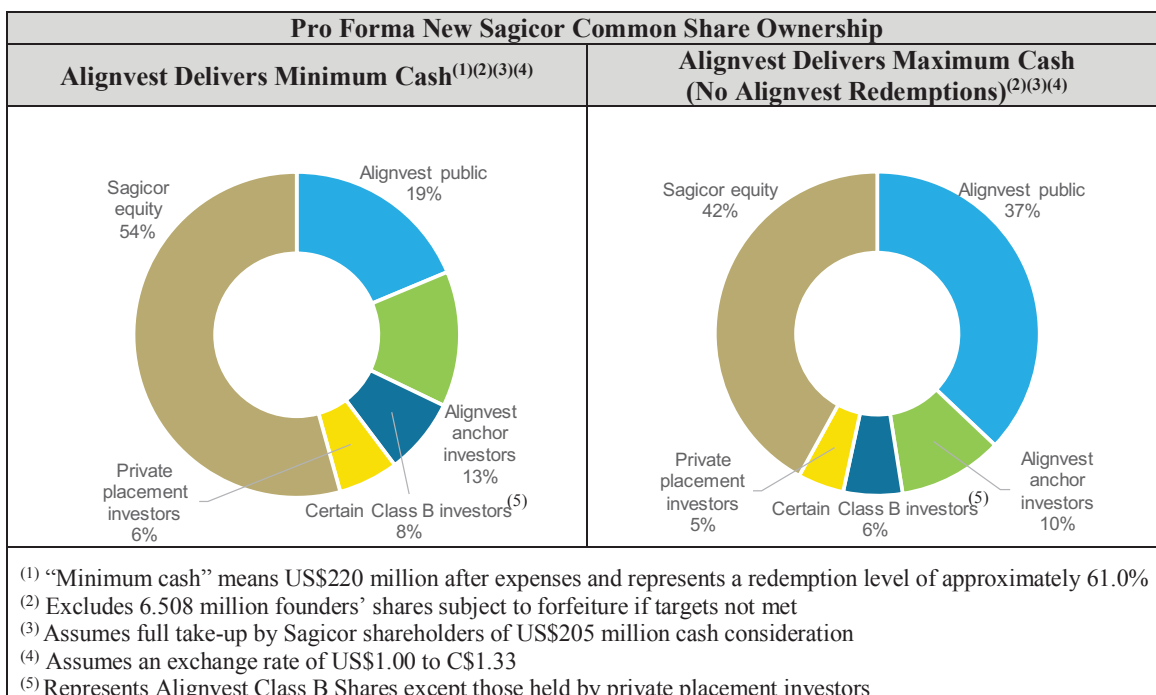
As of the date of this prospectus, Alignvest is a special purpose acquisition corporation incorporated under the laws of the Province of Ontario for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving Alignvest, which is referred to throughout this prospectus as Alignvest’s “qualifying acquisition”.

Alignvest’s sponsor, Alignvest II LP (“**Alignvest II**”), is a limited partnership of which Alignvest II Corporation is the general partner, and which is indirectly controlled by AMC. AMC is a leading international alternative investment management firm that seeks to deliver exceptional risk adjusted returns for its clients. AMC manages investment capital on behalf of private family offices and institutions. AMC’s founding partners have committed to invest over C\$230 million of their personal capital into Alignvest Partners, which is managed by AMC. AMC is the parent company of five investment platforms: Alignvest Capital Management Inc., which invests in public market strategies; Alignvest Private Capital, which makes direct private investments; Alignvest Student Housing Real Estate Investment Trust, a Real Estate Investment Trust focused on consolidating the Canadian purpose-built student accommodation sector; Alignvest Investment Management Corporation, which provides institutional portfolio management services; and Alignvest Acquisition II Corporation, a special purpose acquisition corporation. AMC has offices in Toronto, Ontario, Canada, and London, United Kingdom.

On November 27, 2018, Alignvest announced that it had entered into a definitive arrangement agreement (the “**Arrangement Agreement**”) with Sagicor Financial Corporation Limited (“**Sagicor**” or the “**Company**”) pursuant to which, among other things, Alignvest shall acquire all of the shares of Sagicor by way of a scheme of arrangement under the laws of Bermuda, where Sagicor is incorporated (the “**Sagicor Arrangement**”). The Sagicor Arrangement constitutes Alignvest’s proposed qualifying acquisition.

Assuming Sagicor shareholders elect to sell the maximum number of shares for cash, which management believes is a likely outcome, the pro forma share ownership is shown in the table below under different Alignvest redemption scenarios.





In the event that the Alignvest redemption level is 25%, Alignvest public, Alignvest anchor investors, certain class B investors, private placement investors, and Sagicor equity investors would own 31%, 11%, 6%, 5%, and 46% of New Sagicor on a pro forma basis, respectively.

The level of dissent rights exercised pursuant to the Arrangement Agreement will not be known until the date of the Alignvest Meeting. However, given the presence of redemption rights described elsewhere in this prospectus, and past special purpose acquisition corporation experience, no dissent rights are expected to be exercised, as to exercise dissent rights would be much more cumbersome than simply redeeming.

Pursuant to subscription agreements entered into on or prior to the date of the Arrangement Agreement, certain third party investors have agreed to subscribe for Alignvest Class B Shares at a price of C\$10 per Alignvest Class B Share, which are expected to provide additional cash proceeds to Alignvest of C\$50 million.

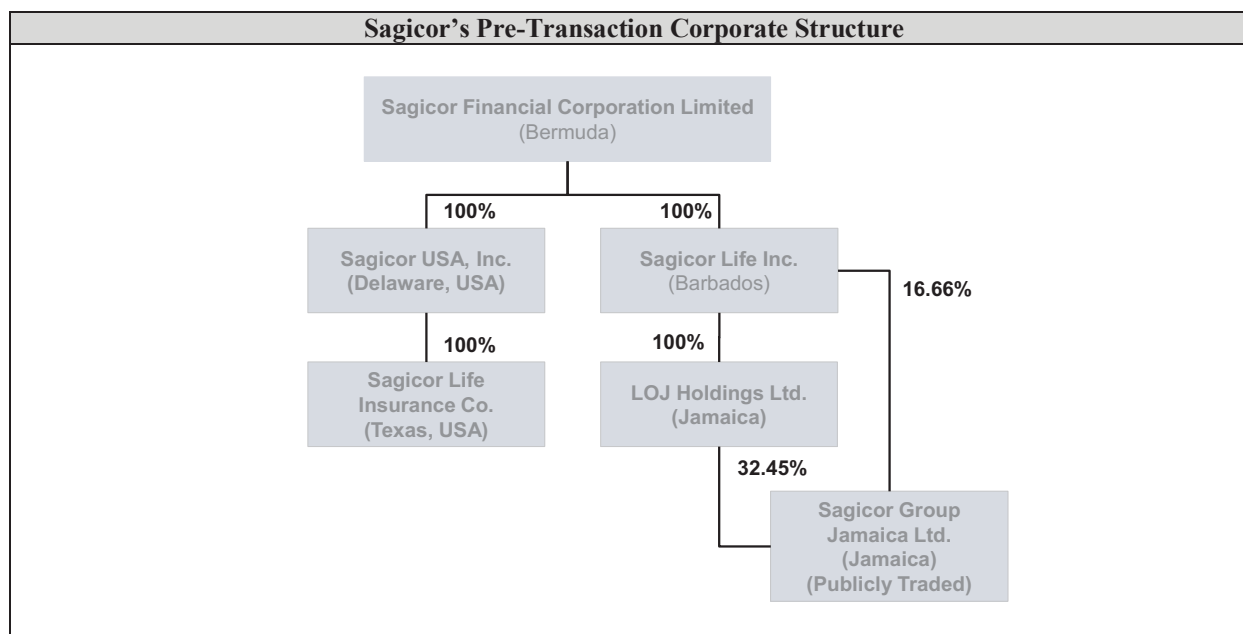
## Corporate Structure and Organization

### Organizational Structure

Sagicor has a legacy organizational structure with several layers of stacked subsidiaries, arising from its origins as a mono-line, domestic mutual insurance entity and its subsequent evolution into an international, publicly-listed entity with multiple lines of insurance and related financial businesses.

Sagicor has operations in 22 countries, operates in four different languages, and manages 13 different currencies.

The following chart outlines Sagicor's main subsidiaries.



### Shareholder Structure

Sagicor demutualized in 2002, using the Canadian demutualization model, transforming its policyholders into shareholders. Today, Sagicor is a widely held company, with the single largest shareholder being the National Insurance Board of Barbados at 6%.

As at December 31, 2017, Sagicor had 36,019 holders of Sagicor Common Shares with 43.0% in Trinidad and Tobago, 32.8% in Barbados, 19.7% in the Eastern Caribbean, 0.7% in other Caribbean countries and territories, and 3.8% in other countries outside of the Caribbean.

As illustrated in the table below, approximately 90% of Sagicor's shareholder base has fewer than 10,000 shares.

<b>Sagicor Shareholder Base Summary</b>				
Shareholders' Size of Holding	<b>Shareholders</b>		<b>Shares Held</b>	
	#	%	#	%
1 - 10,000	32,332	89.8%	80,662,984	26.3%
10,001 & Above	3,687	10.2%	225,892,660	73.7%
<b>Total</b>	<b>36,019</b>	<b>100.0%</b>	<b>306,555,644</b>	<b>100.0%</b>

As part of this transaction, each of Sagicor's eligible existing shareholders (excluding the Company's senior management team and continuing directors, all of whom have elected to roll 100% of their equity into this transaction) will have the option of tendering up to 10,000 shares for US\$1.75 of cash, up to a maximum aggregate cash amount of US\$205 million, as per the Scheme of Arrangement and Arrangement Agreement, provided that such maximum aggregate cash amount may be adjusted per the terms of the Arrangement Agreement. Each share of Sagicor not purchased for cash will be exchanged for a number of New Sagicor Common Shares determined based on the Exchange Ratio which Sagicor and Alignvest have agreed has a value of US\$1.75 per Sagicor Common Share. The purpose of offering cash to Sagicor shareholders is to provide liquidity to those who desire it, especially smaller shareholders, while giving all Sagicor shareholders the ability to remain invested in the company and to participate in the growth of the company going forward.

Sagicor's management team believes that by consolidating the Company's shareholder base and that by introducing a balanced mix of individual and institutional shareholders, drawn from the Caribbean and Canada, the Company's shareholders will have greater appetite to support Sagicor's growth strategies and the creation of long-term value.

### ***Sagicor Jamaica***

Sagicor has a controlling interest in Sagicor Jamaica, a publicly traded company incorporated in Jamaica, held through its wholly-owned subsidiaries Sagicor Life and LOJ Holdings Ltd. Sagicor Jamaica is a full-service financial group offering a wide range of insurance and non-insurance solutions, primarily through its material subsidiaries Sagicor Life Jamaica Limited, Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited.

As of December 31, 2017, Sagicor Jamaica was authorized to issue 13,598,340,000 ordinary shares, and there were 3,905,634,916 ordinary shares at no par value and 21,309,010 treasury shares (held by Sagicor Jamaica itself) issued and outstanding. Sagicor Jamaica's shares are listed on the Jamaica Stock Exchange.

### **Arrangement Agreement**

The description of the Arrangement Agreement, both below and elsewhere in this prospectus, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which can be found on Alignvest's profile on SEDAR at [www.sedar.com](http://www.sedar.com) as of the date of this prospectus.

### ***Representations and Warranties***

The Arrangement Agreement contains customary representations and warranties made by Alignvest to Sagicor and Sagicor to Alignvest, including representations and warranties related to due organization and qualification, capitalization and authorization to enter into the Arrangement Agreement and carry out their respective obligations thereunder. In addition, Sagicor made certain customary representations and warranties particular to the conduct of its business, the ownership and sufficiency of its assets, the accuracy of its books and records and financial statements, certain employee matters and the lack of any claims, actions or proceedings that may cause a material adverse effect. Sagicor also made certain representations and warranties with respect to the nature and conduct of its insurance operations. The representations and warranties were made solely for the purposes of the Arrangement Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the Parties.

The representations and warranties of Sagicor and Alignvest contained in the Arrangement Agreement shall not survive the Effective Time and shall expire and be terminated on the earlier of the Effective Time and the date on which the Arrangement Agreement is terminated in accordance with its terms.

### ***Mutual Conditions to Closing***

Under the terms of the Arrangement Agreement, Alignvest and Sagicor agreed that their respective obligations to complete the Sagicor Arrangement are subject to fulfillment, at or prior to the Effective Time, of, among others, each of the following mutual conditions precedent, each of which may only be waived by the Party entitled to the benefit thereof, to the extent permitted by applicable law:

- (i) The Alignvest Resolutions have been approved and adopted by the Alignvest Shareholder Approval at the Alignvest Meeting.
- (ii) The Sagicor Resolution has been approved and adopted by the Sagicor Shareholder Approval at the Sagicor Meeting.
- (iii) Each of the Interim Order, the Final Order and the Bermuda Court Order has been obtained on terms consistent with the Arrangement Agreement, and have not been set aside or modified in a manner unacceptable to either Alignvest or Sagicor, each acting reasonably, on appeal or otherwise.

- (iv) Approval from the TSX shall have been obtained by Alignvest to enable the Sagicor Arrangement to qualify as Alignvest's "qualifying acquisition" within the meaning of Part X of the TSX Company Manual and for the listing of the common shares of New Sagicor on the TSX after the Effective Time.
- (v) The issuance of a final receipt for the prospectus by the Alignvest Securities Authorities.
- (vi) The Sagicor Insurance and Banking Approvals and Alignvest Insurance and Banking Approvals (each as defined in the Arrangement Agreement) shall have been received or concluded on terms satisfactory to Sagicor and Alignvest and without undue burden on either of them, acting reasonably, and in each case without the imposition of any Restraint (as defined in the Arrangement Agreement).
- (vii) Any waiting period (and extensions thereof) applicable to the transactions contemplated by the Arrangement Agreement (including the Sagicor Arrangement) under the HSR Act shall have expired or early termination thereof shall have been granted and (2) the clearances, approvals and consents required to be obtained under applicable non-U.S. Antitrust Laws (as defined in the Arrangement Agreement) to permit Sagicor and Alignvest to consummate the Transaction shall have been obtained.
- (viii) The approval of the Exchange Control Authority of the Central Bank of Barbados shall have been obtained for the transfer of the Sagicor Common Shares by the Barbados resident Sagicor shareholders pursuant to applicable exchange controls and foreign currency laws and regulations under the laws of Barbados.
- (ix) All regulatory approvals set forth in Section 7.01(i) of the Sagicor disclosure schedule delivered by Sagicor to Alignvest on the date of the Arrangement Agreement shall have been received or concluded on terms satisfactory to Alignvest and Sagicor and without undue burden on either of them, each acting reasonably, and in each case without the imposition of any Restraint (as defined in the Arrangement Agreement) that would reasonably be expected to have a Sagicor Material Adverse Effect or an Alignvest Material Adverse Effect (each as defined in the Arrangement Agreement), as applicable.
- (x) No Law or Order of a competent Governmental Authority (as defined in the Arrangement Agreement) shall have been enacted, issued, promulgated, enforced or entered and shall continue to be in effect, in each case, that makes illegal, enjoins or otherwise prohibits the consummation of the Sagicor Arrangement.
- (xi) The Investment Management Agreement (as defined in the Arrangement Agreement) shall have been entered into and shall remain in full force and effect.
- (xii) Dissent Rights (as defined in the Arrangement Agreement) have not been validly exercised and not withdrawn with respect to more than 10% of the issued and outstanding Alignvest Class A Restricted Voting Shares as of November 27, 2018.
- (xiii) (i) Alignvest shall have adopted a restricted share unit plan, dividend reinvestment plan and employee share purchase plan on terms mutually acceptable to Alignvest and Sagicor, each acting reasonably and (ii) Alignvest and Sagicor shall have entered into an assignment and assumption agreement, pursuant to which the rights and obligations of Sagicor under the Sagicor Share Plans shall be assigned to, and assumed by, Alignvest, in each case, at the Effective Time, and such agreement shall remain in full force and effect.
- (xiv) The following registrations, approvals, consents, receipts and/or relief shall have been obtained:

- a. (A) registration of Alignvest as a reporting issuer with the Trinidad and Tobago Securities Exchange Commission or (B) confirmation from the Trinidad and Tobago Securities Exchange Commission that such registration is not required;
  - b. (A) publishing a prospectus and all related filings and approvals in Barbados under the Barbados Securities Act or (B) confirmation from the Financial Services Commission of Barbados that the transactions contemplated in the Arrangement Agreement do not require the filing of a prospectus or similar disclosure document with the Financial Services Commission;
  - c. (A) publishing a prospectus and all related filings and approvals with the Financial Conduct Authority of the United Kingdom or (B) confirmation from the Financial Conduct Authority of the United Kingdom that the transactions contemplated in the Arrangement Agreement do not require the filing of a prospectus or similar disclosure document with the Financial Conduct Authority and do not require any Party to obtain a listing in the United Kingdom;
  - d. receipt for Alignvest’s final Prospectus from the Alignvest Securities Authorities;
  - e. consent from the Ontario Securities Commission regarding the Alignvest Continuance;
  - f. consent from the Ontario Minister of Finance regarding the Alignvest Continuance;
  - g. consent from the Bermuda Monetary Authority pursuant to the Exchange Control Act 1972 for (A) the New Sagicor Shareholders to hold the New Sagicor Common Shares; and (B) the issue and transfer of the New Sagicor Common Shares and other equity securities of New Sagicor from and/or to persons non-resident of Bermuda for exchange control purposes for so long as any equity securities of New Sagicor are listed on an “Appointed Stock Exchange” (as such term is defined in the BCA and including the TSX), without the approval of the Bermuda Monetary Authority, in each case following the Alignvest Continuance;
  - h. confirmation from the Barbados Revenue Authority that Alignvest will, following the Alignvest Continuance, be deemed a company resident in Barbados for the purpose of the Barbados Income Tax Act and the CARICOM Treaty; and
- (xv) approval by the TSX of the listing application for the New Sagicor Common Shares.

***Alignvest Conditions to Closing***

Under the terms of the Arrangement Agreement, Alignvest and Sagicor agreed that the obligations of Alignvest to complete the Sagicor Arrangement are subject to fulfillment, at or prior to the Effective Time, of, among others, each of the following conditions precedent, each of which may only be waived by Alignvest, to the extent permitted by applicable law:

- (i) The representations and warranties of Sagicor contained in the Arrangement Agreement (without giving effect to any “materiality” or “Sagicor Material Adverse Effect” (as defined in the Arrangement Agreement) qualifiers) shall be true and correct in all respects as of the Effective Time with the same effect as of made as of the Effective Time (other than such representations and warranties that are made as of a specified date, which representations and warranties shall be true and correct as of such specified date), except where the failure of any such representations and warranties to be so true and correct has not had a Sagicor Material Adverse Effect.
- (ii) Sagicor shall have performed or complied in all material respects with all of its obligations and covenants required to be performed or complied with by it under the Arrangement Agreement at or prior to the Effective Time.
- (iii) Alignvest shall have received a certificate executed by the chief executive officer or chief financial

officer of Sagicor, dated as of the Closing Date, certifying to the effect that the conditions set forth in the foregoing clauses (i) and (ii) have been duly satisfied.

- (iv) Each of the Lock-up Agreements shall have been entered into and shall remain in full force and effect.
- (v) Alignvest shall have received a certificate of Sagicor's transfer agent as to the number of Sagicor Preference Shares (as defined in the Arrangement Agreement) and Sagicor Common Shares that are issued and outstanding as of the Effective Time.

### ***Sagicor Conditions to Closing***

Under the terms of the Arrangement Agreement, Alignvest and Sagicor agreed that the obligations of Sagicor to complete the Sagicor Arrangement are subject to fulfillment, at or prior to the Effective Time, of, among others, each of the following conditions precedent, each of which may only be waived by Sagicor, to the extent permitted by applicable law:

- (i) The representations and warranties of Alignvest contained in the Arrangement Agreement (without giving effect to any "materiality" or "Alignvest Material Adverse Effect" (as defined in the Arrangement Agreement) qualifiers) shall be true and correct in all respects as of the Effective Time with the same effect as of made as of the Effective Time (other than such representations and warranties that are made as of a specified date, which representations and warranties shall be true and correct as of such specified date), except where the failure of any such representations and warranties to be so true and correct has not had an Alignvest Material Adverse Effect.
- (ii) Alignvest shall have performed or complied in all material respects with all its obligations and covenants required to be performed or complied with by it under the Arrangement Agreement at or prior to the Effective Time. If the Alignvest Arrangement and the Alignvest Continuance have both been approved, Alignvest shall be in a position to implement them as soon as practicable following the Effective Time; provided that the Bermuda Law bye-laws to be adopted by Alignvest in connection with the Alignvest Continuance shall be in a form acceptable to Alignvest and Sagicor, each acting reasonably.
- (iii) Sagicor shall have received a certificate executed by the chief executive officer or chief financial officer of Alignvest, dated as of the Closing Date, certifying to the effect that the conditions set forth in the foregoing clauses (i) and (ii) have been duly satisfied.
- (iv) Alignvest shall have entered into each of the Employment Agreements (as defined in the Arrangement Agreement) and (assuming the employee party thereto has entered into such Employment Agreement) each such Employment Agreement shall, conditional on the occurrence of the Effective Time, be in full force and effect.
- (v) Alignvest shall have available immediately prior to the Effective Time a minimum cash amount (net of (i) Alignvest Expenses, (ii) amounts payable in respect of Alignvest Class A Restricted Voting Shares for which notices of redemption have been provided and not withdrawn, (iii) the amount equal to the number of Alignvest Class A Restricted Voting Shares for which Dissent Rights (as defined in the Arrangement Agreement) have been validly exercised and not withdrawn multiplied by the redemption amount per Alignvest Class A Restricted Voting Share to which redeeming Alignvest Shareholders are entitled, (iv) 50% of any broker fees or stock exchange fees payable in connection with the block trade over the Barbados Stock Exchange contemplated in the Sagicor Arrangement (with Scheme Shareholders at the Effective Time being responsible for the other 50%, as provided in the Sagicor Arrangement), and (v) any documentary, stamp, property transfer, transfer or other taxes (as set forth in Section 7.03(e) of the Alignvest Disclosure Schedule (as defined in the Arrangement Agreement) that may be payable by Alignvest pursuant to applicable Law in respect of its purchase of Scheme Shares) of at least US\$220 million, consisting of: (i) money in Alignvest's escrow account; (ii) the amount received by Alignvest



from the Alignvest Forward Purchase Agreements; and (iii) any amounts that Sagicor elects to provide to Alignvest, in Sagicor's sole and absolute discretion, to enable Alignvest to satisfy this requirement; which will be available for the sole purposes of (A) paying the Cash Consideration payable to the Cash Qualifying Scheme Shareholders pursuant to Section 2.12 of the Arrangement Agreement and the Scheme of Arrangement and (B) capitalizing Sagicor or its Subsidiaries upon the occurrence of the Effective Time; provided, however, that in the event that this minimum cash requirement is not met due to excessive redemptions of Alignvest Class A Restricted Voting Shares, (A) Alignvest shall use reasonable commercial efforts to seek to obtain additional debt or equity or other financing sufficient to restore Alignvest's cash level to meet this minimum cash requirement, or make other appropriate arrangements to seek to complete the Sagicor Arrangement and (B) Sagicor shall use reasonable commercial efforts to cooperate with Alignvest's efforts to seek to obtain such financing.

- (vi) Subject to Section 6.06(c) of the Arrangement Agreement, each founder as at November 27, 2018 shall have entered into an agreement pursuant to which Alignvest shall have the automatic right to repurchase certain of such founder's Alignvest Class B Shares (which will become New Sagicor Common Shares following completion of the Alignvest Arrangement) in accordance with the terms and conditions set out in Section 6.06 of the Arrangement Agreement. Alignvest shall have caused each party to the initial Alignvest Forward Purchase Agreements (either directly or via the power of attorney granted to Alignvest in the initial Alignvest Forward Purchase Agreements) to agree to Alignvest exercising the automatic right of repurchase of their Alignvest Class B Shares (which will become New Sagicor Common Shares following completion of the Alignvest Arrangement) on the terms and conditions set out in Section 6.06 of the Arrangement Agreement.
- (vii) In the event the transactions contemplated under the Arrangement Agreement constitute a Change of Control (as defined in the Note Indenture), Sagicor shall have received a waiver from the Holders (as defined in the Note Indenture) of a majority in principal amount of the Notes then outstanding of the obligation of Sagicor Finance (2015) Limited to make the Change of Control Offer (as defined in the Note Indenture) pursuant to Section 4.07 of the Note Indenture.

As described elsewhere in this prospectus, there is a risk that, in the event that redemptions of Alignvest Class A Restricted Voting Shares exceed 61% and, despite reasonable commercial efforts, Alignvest is unable to raise additional funds in the manner described in this prospectus, then Sagicor would be expected to terminate the Arrangement Agreement.

A more complete summary of the covenants contained in the Arrangement Agreement can be found in the management information circular to be mailed to Alignvest Shareholders in connection with the Alignvest Meeting. In addition, the full Arrangement Agreement can be found on Alignvest's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### ***Termination of the Arrangement Agreement***

The Arrangement Agreement may be terminated prior to the Effective Time by:

- (i) the mutual written agreement of Alignvest and Sagicor;
- (ii) either Alignvest or Sagicor if:
  - a. the Effective Time shall not have occurred on or before the Outside Date; provided that, if on the Outside Date certain of the mutual conditions contained in the Arrangement Agreement, as set forth in the "Mutual Conditions to Closing" section above in paragraphs (iv), (vi), (vii), (viii), (ix), and (x) (to the extent relating to the matters set forth above in paragraphs (vi), (vii), (viii), or (ix)), shall not have been satisfied but all other conditions precedent shall have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Effective Time, but provided that such conditions shall then be capable of being satisfied if the Effective Time were to occur on the Outside Date), then the Outside Date may be extended by either Party by delivery of written notice to the other Party to July 31, 2019 and



such date shall become the Outside Date for purposes of the Arrangement Agreement; and provided, further that, the right to terminate the Arrangement Agreement pursuant to this section shall not be available to any Party if the failure of the Effective Time to occur on or before the Outside Date is caused by a failure of such Party to perform any of its obligations under the Arrangement Agreement required to be performed at or prior to the Effective Time and such action or failure to perform constitutes a breach in any material respect of the Arrangement Agreement;

- b. a Governmental Authority of a competent jurisdiction shall have issued a final and non-appealable Order having the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the Sagicor Arrangement; provided that the right to terminate the Arrangement Agreement pursuant to this section shall not be available to a Party if the issuance of such final, non-appealable Order is caused by a failure of such Party to perform or comply with any of its obligations or covenants under the Arrangement Agreement; and provided, further that the Party seeking to terminate the Arrangement Agreement pursuant to this section shall have complied with its obligations under Section 6.02 of the Arrangement Agreement to prevent, oppose or remove such Order; or
- c. if the permitted timeline (as it may be extended) expires;

(iii) Alignvest if:

- a. a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Sagicor under the Arrangement Agreement occurs that would cause any closing condition to the obligation of Alignvest to effect the Sagicor Arrangement not to be satisfied, and such breach or failure is incapable of being cured by the Outside Date, and Alignvest is not then in breach of the Arrangement Agreement so as to cause any closing condition to the obligation of Sagicor to effect the Sagicor Arrangement not to be satisfied, or any closing condition to the obligation of Alignvest to effect the Sagicor Arrangement is otherwise not able to be satisfied; or
- b. Sagicor's board of directors fails to unanimously recommend or withdraws, amends or modifies the Sagicor Board Recommendation (as defined in the Arrangement Agreement) or publicly proposes or states its intention to do so;

(iv) Sagicor if:

- a. if the board of directors of Sagicor authorizes Sagicor to enter into a written agreement (other than an Acceptable Sagicor Confidentiality Agreement (as defined in the Arrangement Agreement)) with respect to a Superior Sagicor Proposal (as defined in the Arrangement Agreement), provided that Sagicor is then in compliance with Section 5.06 and Section 5.09 of the Arrangement Agreement and that prior to or concurrent with such termination Sagicor acknowledges its obligation to pay the Termination Fee (as defined in the Arrangement Agreement) in accordance with Section 8.04 of the Arrangement Agreement;
- b. a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Alignvest under the Arrangement Agreement occurs that would cause any closing condition to the obligation of Sagicor to effect the Sagicor Arrangement not to be satisfied, and such breach or failure is incapable of being cured by the Outside Date, and Sagicor is not then in breach of the Arrangement Agreement so as to cause any closing condition to the obligation of Alignvest to effect the Sagicor Arrangement not to be satisfied, or any closing condition to Sagicor's obligation is otherwise not able to be satisfied; or
- c. the board of directors of Alignvest fails to recommend or withdraws, amends or modifies the Alignvest Board Recommendation (as defined in the Arrangement Agreement) or publicly

proposes or states its intention to do so.

### **Principal Steps of the Alignvest Arrangement**

Under the Alignvest Plan of Arrangement, commencing at the Effective Time (as defined in the Plan of Arrangement), the following principal steps, among other things, shall occur in the following order:

- (i) any Alignvest Class A Restricted Voting Shares held by a Redeeming Alignvest Shareholder who duly exercised his, her or its redemption rights in accordance with the constating documents of Alignvest shall be redeemed and cancelled and such Alignvest Class A Restricted Voting Shares shall cease to be outstanding, and each such Redeeming Alignvest Shareholder shall cease to have any rights as an Alignvest Shareholder other than the right to be paid the redemption amount for their Alignvest Class A Restricted Voting Shares in accordance with the constating documents of Alignvest and the Escrow Agreement;
- (ii) the Alignvest Forward Purchases shall become effective, as shall any agreements with any other persons who agree with Alignvest after the date of the Arrangement Agreement and at or before the Alignvest Effective Time to purchase securities of Alignvest;
- (iii) consistent with the articles of Alignvest, each non-redeemed Alignvest Class A Restricted Voting Share and each Alignvest Class B Share that is outstanding at the Alignvest Effective Time that is legally and/or beneficially held by a Participating Alignvest Shareholder shall be converted into one New Sagicor Common Share;
- (iv) the terms of the Alignvest Warrants shall be deemed to be amended to be share purchase warrants to acquire New Sagicor Common Shares 30 days following the Alignvest Effective Date, at an exercise price of C\$11.50 per share, but otherwise unamended;
- (v) at the Effective Time, the Sagicor Arrangement will become effective;
- (vi) each unvested common share of Sagicor under the Sagicor Share Plans that is outstanding at the Effective Time will, in accordance with its terms, be exchanged for or become a right, subject to the applicable vesting conditions being satisfied, to receive from New Sagicor the number of New Sagicor Common Shares equal to the product of the Exchange Ratio multiplied by the number of such common shares of Sagicor, rounded down to the nearest whole number of New Sagicor Common Shares, and subject to the foregoing, the term of expiry, vesting conditions, and all other terms and conditions of the right to receive such New Sagicor Common Shares will be the same as the terms and conditions of such grant under such Sagicor Share Plan, and any document or agreement previously evidencing such grant under such Sagicor Share Plan shall thereafter evidence and be deemed to evidence such right to receive New Sagicor Common Shares;
- (vii) each option to acquire common shares of Sagicor under a Sagicor Share Plan (a “**Sagicor Option**”) to acquire common shares of Sagicor that is outstanding at the Alignvest Effective Time (and that is not exercised for common shares of Sagicor prior to the Alignvest Effective Time) and will, in accordance with its terms, be exchanged for or become an option (a “**Replacement Option**”) to purchase New Sagicor Common Shares equal to the product of the Exchange Ratio multiplied by the number of common shares of Sagicor that may be purchased as if such Sagicor Option were exercisable and exercised immediately prior to the Alignvest Effective Time. Such Replacement Option shall provide for an exercise price per New Sagicor Common Share equal to the exercise price per common share of Sagicor of such Sagicor Option immediately prior to the Alignvest Effective Time divided by the Exchange Ratio. If the foregoing calculation results in a Replacement Option being exercisable for a fraction of an New Sagicor Common Share, then the number of New Sagicor Common Shares subject to such Replacement Option shall be rounded down to the next whole number of New Sagicor Common Shares and the total exercise price for the Replacement Option will be reduced by the exercise price of the fractional New Sagicor

Common Shares. Subject to the foregoing, the term to expiry, conditions to and manner of exercising, vesting schedule, and all other terms and conditions of such Replacement Option will be the same as the terms and conditions of such Sagicor Option, and any document or agreement previously evidencing such Sagicor Option shall thereafter evidence and be deemed to evidence such Replacement Option;

- (viii) Alignvest shall be authorized to apply to the Director to continue from the laws of Ontario to the laws of Bermuda; and
- (ix) at the time that a certificate of continuance for Alignvest is issued by the Registrar of Companies in Bermuda under the BCA Alignvest shall be continued in Bermuda as an exempted company.

#### **Principal Steps of the Sagicor Arrangement**

- (i) At the Effective Time, in consideration of the rights of the Scheme Shareholders under the Sagicor Arrangement and in exchange for each Scheme Share issued and outstanding immediately prior to the Effective Time and notwithstanding any term of any relevant document, the following shall occur:
  - a. all the Scheme Shares shall be transferred to Alignvest, together with all rights and entitlements attaching to them as at the Effective Time without the need for any further act by any Scheme Shareholder, and free and clear of all liens, claims and encumbrances;
  - b. each holder of Scheme Shares at the Effective Time shall cease to be the holder of such Scheme Shares and shall cease to have any rights as a holder of such Scheme Shares and each such holder's name will be removed from the Register of Members and New Sagicor will be recorded as the registered holder of all of the Scheme Shares in the Register of Members and will be deemed to be the legal and beneficial owner of such Scheme Shares, free and clear of all liens, claims and encumbrances;
  - c. in exchange for the Scheme Shares the Company shall procure that New Sagicor shall issue and allot or pay (as applicable) the Scheme Consideration to the Scheme Shareholders as follows:
    - i. in respect of the Cash Consideration, to those eligible shareholders, cheques for payment of the Cash Consideration will be made to each Cash Qualifying Scheme Shareholder as soon as possible but in any event within 30 business days following this Scheme becoming effective;
    - ii. in respect of the First Share Consideration, New Sagicor shall, as at the Effective Time, allot and issue, credited as fully paid, free and clear of all liens, claims and encumbrances, the relevant Share Consideration to each Share Qualifying Scheme Shareholder that elected to receive First Share Consideration or that did not make a valid election by the Election Deadline (as defined in the Sagicor Arrangement), whereupon such Share Qualifying Scheme Shareholder shall become a registered holder of New Sagicor Common Shares; and
    - iii. in respect of the Other Share Consideration, New Sagicor shall, as at the Effective Time, allot and issue, credited as fully paid, free and clear of all liens, claims and encumbrances, the relevant Share Consideration to such Share Qualifying Scheme Shareholder whereupon such Share Qualifying Scheme Shareholder shall become a registered holder of New Sagicor Common Shares.
- (ii) The Specified Number has been determined based on the number of Scheme Shares issued to the Scheme Shareholders existing at or about the time of execution of the Arrangement Agreement

and assuming that (i) all of such Scheme Shareholders were entitled to and fully elected to receive the Cash Consideration in respect of up to their first 10,000 Scheme Shares; and (ii) that such number of Scheme Shares continued to be held by the Scheme Shareholders at the Election Record Date and at the Effective Time. In the event that the aggregate amount of Cash Consideration elected by Cash Qualifying Scheme Shareholders is, together with any amount payable under clause 3 below and under Section 7.03(e) of the Arrangement Agreement, greater than US\$205 million (or such other amount as Alignvest and Sagicor mutually agree, with a potential floor as Alignvest and Sagicor may mutually agree), then the Specified Number shall be adjusted in accordance with Section 2.12(b) of the Arrangement Agreement.

- (iii) In the event that it would be contrary to applicable Laws to offer or pay the First Share Consideration or the Other Share Consideration in respect of Scheme Shares held by a Person located in any jurisdiction, both Alignvest and Sagicor may take such action as either may deem necessary to comply with such Laws, and in addition or in the alternative Alignvest may in its discretion pay US\$1.75 per each such Scheme Share if it determines that compliance with such Laws would be excessively costly or impractical, acting reasonably.

### **New Sagicor**

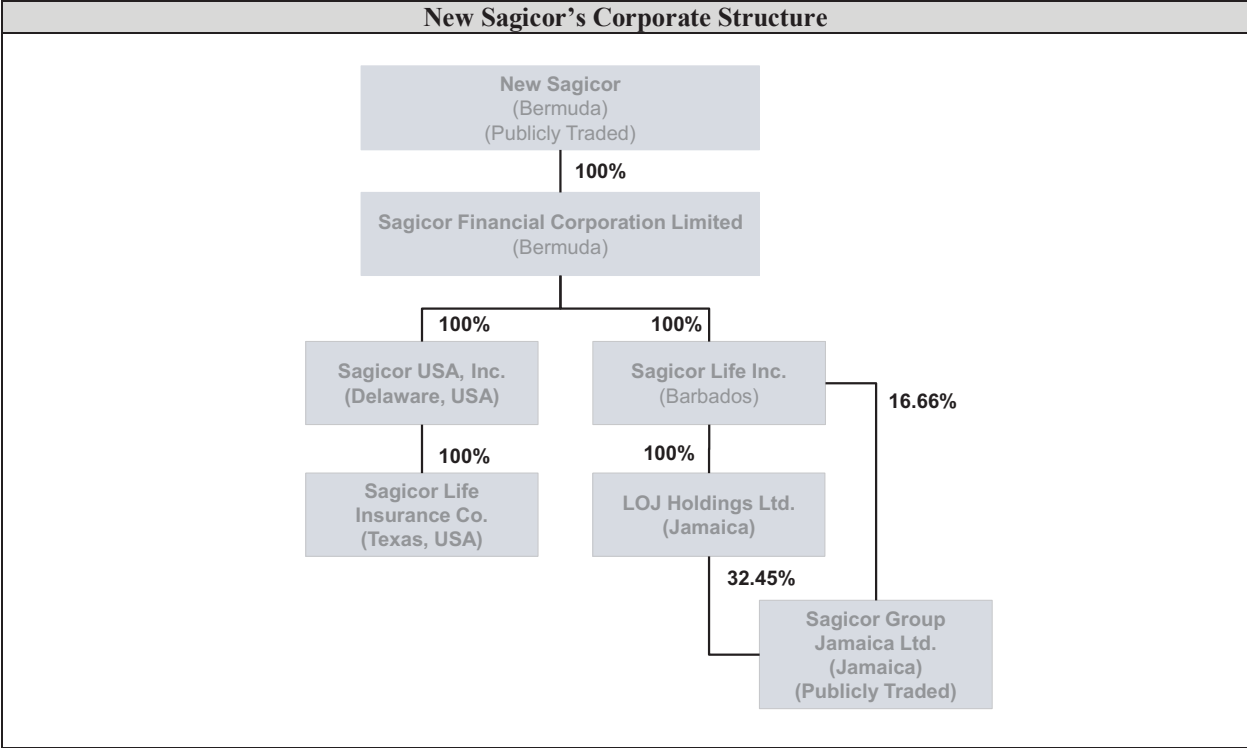
New Sagicor will own 100% of Sagicor. Sagicor is a leading provider of insurance products and related financial services in the Caribbean region, mainly in Barbados, Jamaica and Trinidad and Tobago. Sagicor also provides life insurance and annuity products in the United States, as well as banking services in Jamaica. Sagicor's wide range of products and services include life and health insurance, annuities, pension investment and administration, property and casualty insurance, asset management, commercial and retail banking, investment management and other financial services. The Sagicor Common Shares are currently publicly listed on the Barbados Stock Exchange, the Trinidad and Tobago Stock Exchange and, via depositary interests, the London Stock Exchange. The Sagicor Common Shares are expected to be delisted on such exchanges upon completion of the Sagicor Arrangement. See "*The Business of Sagicor*" and "*Risk Factors*".

In connection with the Transaction, New Sagicor will continue out of the jurisdiction of Ontario under the OBCA and into the jurisdiction of Bermuda under the BCA. Bermuda is a sophisticated U.K.-style common law English-speaking, first world and democratic jurisdiction with a thriving insurance sector. For a discussion on certain differences between the OBCA and the BCA, please refer to Appendix M. Since two of Sagicor's material subsidiaries, namely, Sagicor Life and Sagicor Jamaica, are incorporated in Barbados and Jamaica, respectively, Appendix N briefly compares the differences in rights available to shareholders under Canadian corporate law relative to Barbados and Jamaica corporate law.

The head office of New Sagicor will be located at Cecil F De Caires Building, Wildey, St. Michael, Barbados. The books and records, including the minute books, corporate seal (if applicable) and corporate records, of New Sagicor will be located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. There will be no restrictions on the access of such records by the New Sagicor Board. New Sagicor will be a reporting issuer in all of the provinces and territories of Canada other than Québec, as well as in certain Caribbean jurisdictions.

### ***Inter-corporate Relationships***

The organizational chart below indicates the proposed inter-corporate relationships of New Sagicor and its material subsidiaries, including their jurisdiction of incorporation in parentheses, after giving effect to the Transaction.



Since Sagicor will be wholly-owned by New Sagicor following the closing of the Transaction and is expected to have the same directors and executive officers as New Sagicor, it is expected that the board of directors of New Sagicor will be able to, subject to applicable law, cause Sagicor to transfer the requisite funds in connection with satisfying New Sagicor's expenses and other obligations. If funds were available and required to be provided for this purpose by Sagicor Jamaica, then the board of directors of Sagicor Jamaica could determine to provide a loan to Sagicor or New Sagicor or could determine to pay a dividend. If a dividend were paid, then the minority shareholders of Sagicor Jamaica would receive their pro rata share thereof. If funds were not available at the level of Sagicor Jamaica, they could be loaned to Sagicor Jamaica from its operating subsidiaries or such operating subsidiaries could determine to pay a dividend, in each case, subject to any applicable regulatory and/or board approvals. Sagicor and New Sagicor could also obtain needed funds from their other, wholly-owned, subsidiaries without the complexities arising from minority shareholders applying.

***Expected Accounting Treatment***

While Alignvest is the legal acquirer of Sagicor, Sagicor has been identified as the acquirer for accounting purposes. As Alignvest does not meet the definition of a business as defined in IFRS 3 – Business Combinations (“**IFRS 3**”), the acquisition is not within the scope of IFRS 3 and is accounted for as a share-based payment transaction in accordance with IFRS 2 – Share-based Payments (“**IFRS 2**”). The transaction will be accounted for as the continuance of Sagicor with recognition of the identifiable assets acquired and the liabilities assumed of Alignvest at fair value. Under IFRS 2, the transaction is measured at fair value of the common shares deemed to have been issued by Sagicor in order for the ownership interest in New Sagicor to be the same as if the transaction had taken the legal form of Sagicor acquiring 100% of Alignvest. Any difference in the fair value of the common shares deemed to have been issued by Sagicor and the fair value of Alignvest's identifiable net assets acquired and liabilities assumed represents a Transaction Cost.

## INDUSTRY OVERVIEW

Sagicor is a provider of life insurance and ancillary financial products. The Company’s largest markets include Jamaica, the Southern & Eastern Caribbean, and the United States, which represented 46%, 28%, and 13% of Sagicor’s 2017 revenues, respectively.

The life-insurance industry constitutes a significant part of the global economy and the financial services industry. Notably, the life insurance market is global in nature and many large life insurers domiciled in either Canada or in the United States have well-established subsidiaries outside of their home country that generate a significant proportion of their revenue and earnings from abroad. For example, based on market research, in the second quarter of 2018, Manulife Financial Corporation, Great-West Lifeco Inc., and Sun Life Financial Inc., three of Canada’s largest life insurance companies, generated ~55% to ~80% of their normalized earnings from outside of Canada. Based on market research, in the United States, approximately one-third of the business mix of 13 leading life insurance companies<sup>4</sup> is comprised of international operations.

Life insurance companies have a unique business model relative to other financial service companies. Because the vast majority of a life insurer’s assets are invested conservatively in longer-term fixed income investments, to appropriately match the long-dated tenor of their liabilities, life insurers are generally insulated from shorter-term market volatility. The effect of this insulation is particularly evident during severe market turbulence, such as the 2008 financial crisis. During this time, many financial services companies, including investment banks, depositories, and thrifts, faced significant liquidity pressures as institutional and retail clients withdrew their account balances and deposits, and in doing so severely constricted the core funding sources of those businesses. However, because the majority of life insurers do not rely on short-term funding sources, most of them were not nearly as negatively affected by the situation. To illustrate, the SNL U.S. Insurance Life and Health Index outperformed the S&P Financials index by 7% during the 2008 economic crisis.<sup>5</sup> Importantly, Alignvest and Sagicor believe that this differentiated business model, and the corresponding reduction in short-term volatility, is one of the factors that allows life insurance companies to grow book value per share consistently over time, as illustrated in the table below.



<sup>4</sup> Includes Aflac Incorporated, Ameriprise Financial Inc., Athene Holding Ltd., Brighthouse Financial, Inc., CNO Financial Group Inc., Lincoln National Corporation, MetLife, Inc., Principal Financial Group Inc., Prudential Financial, Inc., Reinsurance Group of America Inc., Torchmark Corporation, Unum Group, and Voya Financial Inc. Based on 2018E business mix.

<sup>5</sup> Calculated using price performance from 1/1/2008 to 12/31/2008.

<sup>6</sup> Sagicor calculation based on change in book value per share adjusted for discontinued operations. Canadian peers include: Great-West Lifeco Inc., Sun Life Financial Inc., Industrial Alliance Insurance and Financial Services Inc., and Manulife Financial Corporation.



In addition to the structural advantages of the life insurance business model, there are meaningful industry tailwinds that Alignvest and Sagicor expect will have a positive influence on both the industry, broadly, and on the Company's specific markets, each of which is discussed in greater detail below:

- the aging of the global population is increasing the need for income generation and capital protection products, which life insurers are well-positioned to provide;
- high government debt levels are likely to result in reduced government sponsored healthcare and retirement benefits, which will create an opportunity for individual and group health insurance products as well as life insurance savings products to meet these needs; and
- corporate defined benefit plans are likely to be restructured over time. For example, the Employee Benefit Research Institute estimates that in the U.S. participation in an employment-based defined benefit plan among private sector workers declined from 38% in 1979 to 13% in 2013. Sagicor's U.S. life insurance industry should benefit from this through its group benefits businesses, which provide pension de-risking options for defined benefit plans.

The following is a brief industry overview of each of the markets in which Sagicor operates.

### **Jamaica**

Jamaica is a former British colony that gained independence in 1962. After achieving independence, Jamaica established a political and legal system which closely resembles that of the United Kingdom. The insurance industry in Jamaica is regulated by FSCJ under the Financial Services Act.

The Jamaican economy is heavily dependent on services, which account for almost 70% of GDP. Per Moody's, in 2017, the GDP per capita was approximately US\$5,193.

According to the Life Insurance Company Association of Jamaica, the Jamaican insurance market is one of the largest in the English-speaking Caribbean, based on life insurance premiums written. Per BMI Research, the life insurance segment constitutes the largest part of the overall Jamaican insurance market, accounting for roughly 57% of total written insurance premiums in 2017. Per BMI Research, estimated life insurance premiums in 2017 reached US\$412 million following a year over year rise of 7.3% on a constant currency basis. The life insurance segment is expected to benefit from Jamaica's improving economic environment, as improvements in the disposable incomes of households may transfer to an increase in demand for life and non-life insurance products.

In Jamaica, Sagicor provides life insurance, critical illness and health insurance, annuities, pension administration, investment management, securities dealing, and commercial banking products and services.

### **Southern & Eastern Caribbean**

Sagicor's Southern Caribbean operations include Trinidad and Tobago and Barbados. The Company's operations in the Eastern Caribbean are conducted in seven territories: Antigua, Anguilla, the Commonwealth of Dominica, St. Lucia, Grenada, St. Kitts and Nevis, and St. Vincent. Of these operations, Trinidad and Tobago and Barbados are the largest. Sagicor no longer writes new business in Anguilla.

Trinidad and Tobago is a former British colony that gained independence in 1962. In 1976, the country became a republic with a parliamentary democracy. The insurance industry in Trinidad and Tobago is regulated by the Central Bank of Trinidad and Tobago. It is an English-speaking and U.K. common law-based democratic jurisdiction with insurance and banking regulators and stock exchanges.

Trinidad and Tobago relies on its energy sector for much of its economic activity. Oil and related downstream industries are the country's main economic drivers. Per Moody's, GDP per capita was approximately US\$16,110 in 2017.



By regional Caribbean standards, the Trinidadian insurance sector is well developed. Positive economic and demographic trends are likely to underpin steady growth across the majority of major insurance product lines in the near future in addition to the continued emergence of smaller insurance product lines, such as health and personal accident insurance.

Barbados is an English-speaking former British colony that gained independence in 1966. Its government is a parliamentary democracy under a constitutional monarchy, and it is a U.K. common law-based jurisdiction. As is the case in Jamaica, the Barbados Financial Services Commission regulates non-bank financial institutions (including insurance companies) and the securities industry under the Financial Services Commission Act.

Barbados is one of the most developed countries in the region with a GDP per capita of approximately US\$17,858 in 2017, per Moody's. Tourism is the main economic driver in Barbados and indirectly drives activity in construction, distribution and business and general services sectors. Foreign direct investment also drives economic activity in Barbados particularly in the construction and business and general services sectors.

The insurance industry in Barbados benefits from a high-quality financial infrastructure and absence of taxes on offshore businesses. Per BMI Research, the estimated 2017 life insurance premiums written were US\$126 million following a year over year rise of 3.2% on a constant currency basis. Evolving demographic factors and growing trends towards private healthcare spending and savings and investment activity are expected to create further opportunities for insurers in the health and personal accident and life insurance segments.

In Trinidad and Tobago and Barbados, Sagicor provides life, critical illness and health insurance, annuities, pension investment, and pension administration services.

## **United States**

The United States is the world's largest economy and center of global trade and finance, supported by flexible markets and highly developed financial infrastructure. The U.S. economy continues to expand at a robust pace driven by increasing private consumption and business fixed investment, supported in part by fiscal stimulus from the US\$1.5 trillion tax cut package approved in December 2017. Continued strength in the economy has resulted in the U.S. unemployment rate declining to 3.7% (lowest level since 1969) with an annualized Q3 2018 GDP growth rate of 3.5% for the nine months ended September 30, 2018, per the U.S. Bureau of Labor Statistics and the U.S. Bureau of Economic Analysis.

The insurance industry in the United States is subject to regulation and supervision by state insurance regulators. Although the United States federal government does not directly regulate the insurance business at this time, United States federal legislation, administrative policies and court decisions can affect the insurance industry in the United States.

The United States represents the largest individual insurance market in the world. The U.S. life insurance market has US\$2.75 trillion in total assets in annuities and approximately US\$12.0 trillion of individual life insurance in-force. Alignvest and Sagicor believe that the shift away from defined benefit plans and the concern over government social safety net programs, occurring at a time of significant demographic change in the aging of the population in the United States, present an opportunity to assist individuals in planning for their long-term financial security. According to IRI, each day 10,000 Americans reach the age of 65 and this is expected to continue through at least 2030. Furthermore, an estimated fifty percent of households have no retirement savings in a defined contribution plan, and Social Security is expected to replace only 40% of an individual's pre-retirement earnings. Alignvest and Sagicor believe that the Company's retirement-focused asset accumulation business will likely benefit from this trend.

In the US, Sagicor markets life insurance and annuity products to individuals.

## REGULATORY OVERVIEW

Since New Sagicor will not be an operating company, it will not require licenses or permits to operate the Group's businesses. However, in general, Sagicor is subject to regulation by different regulatory bodies in each of the jurisdictions in which it transacts business. Notwithstanding the varying degrees of regulation, the Caribbean region has shown a tendency to harmonize legislation and increase cross-border collaboration in insurance and banking regulation. Most of the Caribbean countries in which Sagicor does business have embraced the international principles promoted by the International Association of Insurance Supervisors ("IAIS") and the regional economic integration initiatives advanced by the Caribbean Single Market and Economy.

Sagicor's banking business is subject to extensive regulation and supervision by the applicable regulatory authorities in Jamaica. In addition, Sagicor's banking business follows the principles of Basel II and the Sagicor Group is subject to the various financial institution acts in the jurisdictions in which it operates.

Sagicor also seeks to comply with the principles approved by the Financial Action Task Force on Money Laundering ("FAFT") and Caribbean Financial Action Task Force ("CFATF") on anti-money laundering and anti-terrorist financing procedures.

While governments and insurance and banking regulators are able to impose restrictions from time to time, absent financial distress or major regulatory breaches or based on financial sector "fit and proper" criteria, unwarranted material restrictions on Sagicor's ability to operate its business are not viewed as a material risk. Other than insurance and banking regulations, there are not perceived to be any material laws and/or customs that would affect the ownership of Sagicor's material assets, which are primarily located in the U.S., Barbados, Trinidad and Tobago, and Jamaica.

The following is a brief regulatory overview of the primary jurisdictions in which Sagicor operates.

### **Caribbean**

#### ***Barbados***

The industry is regulated by the Insurance Division of the Barbados Financial Service Commission (as authorized by the Financial Services Commission Act, 2010-21), which is responsible for the supervision and regulation of insurance businesses in Barbados. The statutory framework relating to the licensing and administration of insurance companies is the Insurance Act Cap 310 (the "**Barbados Insurance Act**").

#### *Relevant Regulations*

Pursuant to the continuing reporting obligations under the Barbados Insurance Act, licensed insurance companies in Barbados are required to provide information to the Financial Services Commission of Barbados ("**FSCB**") on an ongoing basis. Such information includes both corporate and financial information such as copies of the annual report, signed and audited annual financial statements, annual financial returns, and other monthly, quarterly and annual financial information that must be filed with the FSCB 90 days following the close of the financial year end. Annual returns must be filed with the FSCB within four months following the financial year end. The FSCB analyzes this information and conducts examinations of insurance companies. In line with the IAIS principles, the FSCB has moved increasingly towards applying a risk-based supervisory methodology for assessing financial institutions. As such, the individual characteristics of a financial institution such as size, scope, complexity, and risk profile of an institution are taken into account. In applying this framework, the FSCB assesses the net risk of an institution by assessing the manner in which inherent risks are mitigated by the quality of risk management for each significant activity of the institution. Inherent risks include credit, market, liquidity, insurance, operational, legal and regulatory, and strategic risk. In determining a company's overall financial condition, the FSCB looks at, among other things, the earnings performance and adequacy of capital. The FSCB assesses each of these areas and makes recommendations to the company with respect to any situations that may need improvement. Failure to maintain minimum capital levels may result in a directive to increase or take some other action to rectify any capital deficiency.

The Barbados Insurance Act mandates minimum capital and solvency requirements on all insurance companies insuring risks located within Barbados and in respect of which premiums originate within Barbados. The current solvency test requires general insurance companies to maintain assets that exceed liabilities by the greater of BBD\$500,000 or 25% of the written premium in the prior year. Minimum capital requirements are imposed on insurance companies under the Barbados Insurance Act which require: companies that carry on long term insurance business to have a minimum paid-up share capital of not less than BBD\$3 million; companies that carry on general insurance business to have a minimum paid-up share capital of not less than BBD\$3 million; and companies that carry on both long-term and general insurance business to have a minimum paid-up share capital of not less than BBD\$5 million. Insurance companies that propose to carry on long-term insurance business are also required to deposit with the FSCB a sum of BBD\$1 million and in the case of insurance companies that propose to carry on general insurance business the deposit must be an amount equal to 40% of the premium income of the company with respect to the general insurance business of the company in Barbados during the financial year last preceding the date of deposit, but not less than BBD\$250,000 and not more than BBD\$1 million.

The FSCB has developed several guidelines for insurance companies operating in Barbados. These guidelines include corporate governance, internal controls and risk management, market conduct, related parties, asset valuation, and statutory reporting. These guidelines will set out requirements for the board of directors, senior management, the risk management framework, internal controls, and independent oversight in respect of corporate governance. The FSCB has also developed a guideline for anti-money laundering and combating financing terrorism. This guideline covers all non-banking institutions for which the FSCB has responsibility.

#### *New Regulatory Developments*

As part of an OECD anti-base erosion and profit shifting initiative in respect of ring-fencing, the prior bifurcation of exempt insurance and domestic insurance business has been removed, and all entities will now be licensed within a specific class under the Barbados Insurance Act.

### ***Jamaica***

#### *Relevant Insurance Regulations*

Insurance companies operating in Jamaica are required to provide the Financial Services Commission of Jamaica (“FSCJ”) with information on a monthly, quarterly, half-yearly and annual basis. Annual filing requirements include the filing of both corporate and financial information such as copies of the annual report, audited annual financial statements, annual financial returns, the reports of the actuary, the company’s investment and lending policies, summary of significant suits and claims against the company and certifications from the company’s independent auditor and actuary. The Jamaica Insurance Act also requires the company to publish a copy of its audited financial statements in a daily newspaper with national circulation in Jamaica within 14 days of making the filing of its annual statements. In addition, Sagicor is required to file with FSCJ an audited consolidated balance sheet and income statement for the group parent, as is required for insurance companies that are associated with other companies in a group.

In line with international core principles advanced by the IAIS, the FSCJ has been moving towards a more risk-based approach to insurance regulation. As part of this risk-based approach to supervision, insurance companies are required to have a minimum paid-up and unencumbered capital, surplus, reserve or equivalent fund of J\$150,000,000 if they intend to operate life and/or sickness and health insurance business and J\$90,000,000 if they intend to operate a general insurance business. Life and/or sickness and health insurance providers are also required to satisfy a MCCSR of 100%, while general insurance companies must satisfy solvency requirement in the form of a Minimum Asset Test of 100%.

Insurance companies operating in Jamaica are also required to deposit a minimum of J\$90,000,000 if they carry on life and/or sickness and health insurance and J\$45,000,000 if they intend to do general insurance. The deposit must consist of cash, unencumbered securities of, or guaranteed by, the Government or Jamaica; other securities, at an accepted value and on the conditions established by FCSJ or a combination of the foregoing.

In order to ensure corporate responsibility, the FSCJ requires insurance companies to establish audit, conduct review and investment and loan committees to oversee their respective areas. In addition, all persons managing or controlling the company are required to complete and submit to the FSCJ a “Fit and Proper” questionnaire. The FSCJ closely monitors transactions with related parties of the company to ensure that where these do not exceed the statutory limit of 5% of total assets.

Jamaican insurance regulators have increasingly embraced the international core principles of the IAIS. Such principles continue to influence the FSCJ in increasing their level of scrutiny and control over the insurance industry.

### *Relevant Banking Regulations*

The Banking Services Act (“BSA”) and its regulations contain provisions governing the supervision, licensing and operations of deposit-taking institutions (including banks) and financial holding companies in Jamaica.

The current regulatory structure for the banking and financial services sector in Jamaica prescribes, in addition to other requirements and restrictions, compulsory reserve requirements and capital adequacy requirements. Sagicor’s commercial banking subsidiary is licensed under the BSA and Sagicor Investments is registered and operates under the Securities Act of the laws of Jamaica and supporting regulations.

### *The Bank of Jamaica Act*

The provisions of the Bank of Jamaica Act relevant to banks include prescriptions concerning the cash reserve deposits with the Bank of Jamaica and liquid assets to be maintained. Except as notified by the Bank of Jamaica pursuant to Section 28 of the Bank of Jamaica Act, a bank or other deposit-taking institution operating in Jamaica must maintain a cash reserve deposit with the Bank of Jamaica equivalent to between 5% and 25% of its liabilities as may be prescribed by the Bank of Jamaica. The current rate prescribed by the Bank of Jamaica is 12%. Where a bank or other deposit-taking institution fails to maintain such cash reserve deposit, the bank or other deposit-taking institution must pay interest to the Bank of Jamaica at a rate prescribed by the Bank of Jamaica from time to time which currently stands at 45% per annum on the amount of the deficiency of the cash reserve deposit.

Other than as notified by the Bank of Jamaica pursuant to Section 29 of the Bank of Jamaica Act, every bank or other deposit-taking institution must ensure that its liquid assets do not fall below the percentage of its liabilities prescribed under the section. Currently, the prescribed percentage is 15%. Failure by a bank or other deposit-taking institution to maintain the required amounts as liquid assets will result in an interest charge at a rate prescribed by the Bank of Jamaica.

Under current banking regulatory regime, commercial banks in Jamaica are required, inter alia, to maintain, on a daily basis, a capital adequacy ratio of at least 10% (that is to say the ratios of its regulatory capital (the numerator) and the aggregate of its (i) risk-weighted balance sheet assets, (ii) off-balance sheet items, (iii) funds under management and (iv) foreign exchange exposure (the denominator)). The ratio is calculated on a consolidated basis. Notably, retained earnings are excluded from regulatory capital although allowed under BASEL II and BASEL III.

If a bank’s capital adequacy ratio falls to 11%, the Supervisor under the BSA shall issue an early warning notice requesting the bank to restore the ratio within a specified period above the benchmark trigger. If that is not done, the directors of the bank will be required to give personal undertakings to take capital restoration action as may be mandated by the Supervisor.

As at November 30, 2018, Sagicor Bank’s capital ratio stood at 13.90%. The current banking regulations are based on BASEL I and the Supervisory Department of the Bank of Jamaica has confirmed that they intend to transition to BASEL II and BASEL III. Accordingly the capital adequacy ratio is expected to increase. The local press has reported the Bank of Jamaica as saying that it does not foresee adoption of the more stringent BASEL IV in the foreseeable future.

Licensed securities dealers (which provide investment banking services) are also required under Securities (Prudential) Regulations, 2014 to maintain a capital adequacy ratio of 10%. The FSCJ has an early warning

benchmark of 14% and if that is triggered, the securities dealer is required to provide the FSCJ with a plan outlining steps that will be taken to prevent further deterioration in the ratio. The capital adequacy ratio of Sagicor Investments stood at 14.1% as at November 30, 2018.

Under the BSA, regulatory limits for loans or credit are computed based on percentages of regulatory capital. Regulatory capital is defined as Tier 1 Capital plus Tier 2 Capital less deductions prescribed under applicable regulations under the BSA. As of November 30, 2018, Sagicor Bank's regulatory capital was J\$13,200,129,000.

In addition, the Bank of Jamaica imposes continuing and periodic reporting requirements on licensed banks. Sagicor Bank and Sagicor Investments are required to submit weekly, monthly and quarterly regulatory reports to the Bank of Jamaica and are also subject to periodic on-site reviews and meetings with management with the Bank of Jamaica.

Jamaica is considered to be a "co-operative jurisdiction" for purposes of combating money laundering and terrorist financing as determined by the Financial Action Task Force and has enacted legislation substantially in compliance with its 40 recommendations. Consequently, Jamaica has anti-money laundering legislation which generally incorporates the following features:

- criminalizing money laundering;
- providing for an expansive definition of "money laundering" to include proceeds of crime and not just proceeds of illegal drug trafficking;
- allowing the seizure for proceeds of crime and freezing of bank accounts;
- establishing an anti-money laundering authority or financial intelligence unit to fight money laundering and allowing that authority to share information with similar authorities in other countries; and
- regulating a number of persons and entities as "financial institutions" for the purpose of anti-money laundering statutes, including banks, trusts, insurance companies, accountants, and lawyers.

Under the Bank of Jamaica's guidance notes on the detection and prevention of money laundering and terrorist financing and the guidelines for anti-money laundering & counter-financing of terrorism issued by the financial services commission, Sagicor Bank and Sagicor Investments are required to have a compliance officer whose responsibility it is to ensure conformity with the legislation and regulatory guidance. In addition, periodic reviews are conducted by internal audit to test adherence to Sagicor Bank and Sagicor Investments' anti-money laundering policies and reporting. A report is tabled annually to the board of directors. Background checks and police reports are conducted on employees prior to employment.

Jamaica also imposes common law requirements to keep matters concerning a customer's affairs confidential and not to disclose information obtained during the banking relationship without the express or implied consent of the customer or where required to do so under compulsion of law, when it is in the interest of the banker to do so, or when it is in the public's interest to do so. Disclosure of confidential information outside of these narrow exceptions can create civil liability to the bank in all locations where it operates. Accordingly, Sagicor Jamaica requires all employees to execute confidentiality agreements, maintain adequate security controls over Sagicor Jamaica's physical and electronic records, shred documents and annually destroy physical records beyond seven years, the period required by law to maintain client information.

#### *New Regulatory Developments*

Jamaican insurance regulators have increasingly embraced the international core principles of the IAIS. Such principles continue to influence the FSCJ in increasing their level of scrutiny and control over the insurance industry.



## *Trinidad and Tobago*

By regional Caribbean standards, the Trinidadian insurance sector is well developed. The industry is regulated by the Central Bank of Trinidad and Tobago, pursuant to the Insurance (Amendment) Act of 2004. The trade association is the Association of Trinidad and Tobago Insurance Companies. Both institutions are collaborating in relation to a revision to the Insurance Act of 1980, as part of broader reform of the financial sector which includes changes to the Credit Union Act, the Occupational Pensions Plan Act, the Unit Trust Corporation Act and a new act which will likely require that all real estate agents be licensed. According to the report following the latest Article IV consultation between the International Monetary Fund and the Government, which was published in September 2014, the new insurance legislation is based mainly on Canadian law, including solvency requirements based on risk-based capital.

### *Relevant Regulations*

Insurance companies operating in Trinidad and Tobago provide information to the Central Bank of Trinidad and Tobago on an ongoing basis. Such information includes both corporate and financial information such as copies of the annual report, signed and audited annual financial statements, annual financial returns, and various quarterly and annual financial information. The Central Bank of Trinidad and Tobago also conducts occasional on-site inspections of insurance companies. The Central Bank of Trinidad and Tobago's continuing supervision includes analysis of this information and regular examinations of insurance companies.

To ensure the stability of the financial system, the Central Bank of Trinidad and Tobago conducts regular inspections (or examinations) of the operations of licensed financial institutions through its Financial Institutions Supervision Department. The first Supervision Department was established in 1968 and since that time, the Department has evolved from compliance-based and transaction-testing examinations to risk-based examinations.

The Banking Act of 1964 initially established the Central Bank of Trinidad and Tobago's supervisory and regulatory function. The Banking Act of 1964 gave way to the Financial Institutions Act of 1993 which was later repealed and a new Financial Institutions Act 2008 was passed. The Financial Institutions Act 2008 provides the legal authority for the Central Bank of Trinidad and Tobago's supervisory and regulatory activities. Regulations and several guidelines were also developed to empower the Central Bank of Trinidad and Tobago to intervene or restructure licensees when necessary.

In recent years, there has been a steady evolution of the supervisory framework employed by the Central Bank of Trinidad and Tobago. This framework has shifted from a focus on ratios to an approach that emphasizes the risks faced by the institution and internal systems and processes to measure, monitor and control risk exposures.

As part of this risk-based approach to supervision, Trinidad and Tobago enforces minimum solvency requirements on all insurance providers. The solvency test requires general insurance companies to maintain admissible assets that exceed liabilities by the greater of TTD\$250,000 or 20% of their respective general premium income in the prior year. Admissible assets are those assets which the regulation specifically allows for statutory purposes. A deposit requirement is also imposed on companies, which requires deposits to exceed the greater of TTD\$250,000 for long term insurance or TTD\$250,000 or 40% of the net written premium income in the prior year, whichever is greater, for companies that intend to carry on neither long-term or motor vehicle insurance business.

The regulations require either 25% of net profit after tax in respect of a licensed domestic institution or 25% of net profit after tax of a licensed foreign institution related to its business in Trinidad and Tobago be deposited each year and maintained in a statutory reserve fund until the amount standing to the credit of the statutory reserve fund is not less than the stated capital or assigned capital (amount of cash or approved securities deposited with the Central Bank of Trinidad and Tobago).

In addition to the regulation of the insurance sector by the Central Bank of Trinidad and Tobago under the Insurance Act of 1980, the Office of the Financial Services Ombudsman was established by the Central Bank of Trinidad and Tobago in conjunction with the commercial banks and insurance companies. Its primary responsibility is to investigate complaints from individuals and small businesses with regard to financial services and insurance products provided by the participating financial institutions, insurance companies and their respective subsidiaries.

The aim of the Office is to render impartial and prompt resolution to those complaints that customers have not been able to resolve satisfactorily with their commercial banks or insurance companies.

The Financial Services Ombudsman can consider complaints about a wide range of products and services offered by the participating financial institutions, insurance companies and their respective licensed subsidiaries. Some of these products and services offered by commercial banks include, but are not limited to: loan accounts, investment services, trust accounts and mutual funds. On the other hand, products and services offered by insurance companies include, but are not limited to: life insurance policies, group life and health insurance, individual annuity contracts, first-party motor insurance and property insurance.

The recommendations of the Ombudsman are not binding except when an award is made by the Ombudsman and is accepted by the customer.

### *New Regulatory Developments*

Insurance regulation in Trinidad and Tobago has been evolving towards a higher level of complexity and scrutiny in line with the international core principles of the IAIS. The Central Bank of Trinidad and Tobago intends to increase its level of scrutiny and control over the insurance industry and establish a new regulatory framework for the insurance industry.

Upon the Insurance Act of 2018 being proclaimed into law by the President of the Republic of Trinidad and Tobago, the Central Bank of Trinidad and Tobago's powers to regulate the insurance sector will be enhanced and new regulations establishing, amongst other things, new capital adequacy requirements for insurance companies will be implemented. In addition to other expanded powers, the new Insurance Act permits the Central Bank of Trinidad and Tobago to intervene in circumstances where an insurance company is considered to not be acting in the best interests of policyholders.

### **United States**

In the United States, the extent of regulation varies, but generally has its source in statutes that delegate regulatory, supervisory and administrative authority to a department of insurance in each state.

### *Relevant Regulations*

#### *General State Supervision*

In the United States, Sagicor's U.S. subsidiary is domiciled in the state of Texas and is an authorized insurer in 45 states and the District of Columbia. Insurance products are sold via a network of over 5,000 independent and career producers. As a licensed insurance company, Sagicor's U.S. subsidiary is subject to considerable regulation and supervision by state insurance departments, led by the Texas Department of Insurance as its primary regulator. Texas statutes generally follow model rules and regulations developed by the National Association of Insurance Commissioners ("NAIC") and then passed into law by the State of Texas Legislature. Among other things, states regulate insurer solvency standards, insurer and agent licensing, authorized investments, premium and crediting rates of certain products, restrictions on the size of risks that may be insured under a single policy, loss and expense reserves and provisions for unearned premiums, and deposits of securities for the benefit of policyholders. The states' regulatory schemes also extend to policy form approval and market conduct regulation, including the use of credit information in underwriting and other underwriting and claims practices.

Many states have insurance holding company laws which require notice to, and approval by, the state insurance commissioner before declaration or payment of any extraordinary dividend. The meaning of extraordinary dividend varies by state, but generally depends on the company's earned policyholders' surplus and net income. These same holding company laws will in many instances require notice (at times on a prior approval basis) of certain intra-group transactions and agreements.

Virtually all states require licensed insurers to participate in guaranty associations to bear a part of losses suffered by those whose insurers become insolvent. Depending upon the state's laws, insurers are assessed between 1% and 2%



of annual premiums written. Assessments are generally recoverable through premium tax credits or policy surcharges.

Many state insurance laws intended primarily for the protection of policyholders require advance approval by state insurance commissioners of any change in control of an insurance company that is domiciled (or, in some cases, having such substantial business that it is deemed to be commercially domiciled) in that state. “Control” is generally presumed to exist through the ownership of 10% or more of the voting securities of a domestic insurance company or of any company that controls a domestic insurance company. In addition, many state insurance laws contain provisions that require advance notification to the insurance commissioner of a change in control of a non-domestic admitted insurance company in that state. Generally, the states in which the insurer maintains a non-domestic license give significant regulatory deference to the company’s state of domicile regarding a change in control. Any future transactions that would constitute a change in control of Sagicor’s U.S. subsidiary would generally require prior approval by the insurance departments of the insurance subsidiary’s state of domicile or commercial domicile and may require pre-acquisition notification in applicable states that have adopted pre-acquisition notification provisions.

### *Risk-based Capital*

In order to enhance the regulation of insurer solvency, a risk-based capital formula and model were adopted by NAIC in the early 1990s, and has been enhanced several times since then. Risk-based capital is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The risk-based capital formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments and general insurance product mix; (ii) declines in asset values arising from credit risk; (iii) declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets (reinsurance), guarantees for affiliates or other contingent liabilities and reserve and premium growth. Pursuant to applicable law, insurers not maintaining the statutory surplus required by the risk-based capital calculation are subject to regulatory action in proportion to the level of capital inadequacy.

The risk-based capital methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the level of surplus to risk-based capital falls. The “Company Action Level” (as defined by the NAIC) requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the risk-based capital amount. The “Regulatory Action Level” (as defined by the NAIC) requires an insurer to submit a plan containing corrective actions and permits the relevant insurance commissioner to perform an examination or other analysis and issue a corrective order if surplus falls below 150% of the risk-based capital amount. The “Authorized Control Level” (as defined by the NAIC) allows the relevant insurance commissioner to rehabilitate or liquidate an insurer in addition to the aforementioned actions if surplus falls below 100% of the risk-based capital amount. The “Mandatory Control Level” (as defined by the NAIC) requires the relevant insurance commissioner to rehabilitate or liquidate the insurer if surplus falls below 70% of the risk-based capital amount.

The formulas have not been designed to differentiate among adequately capitalized companies that operate with higher levels of capital. Therefore, it is inappropriate and ineffective to use the formulas to rate or to rank such companies.

### NAIC ratios

The NAIC Insurance Regulatory Information System (“**IRIS**”) was developed to assist state regulators in identifying companies that may require special attention. IRIS consists of a statistical phase and an analytical phase whereby financial examiners review annual statutory basis statements and financial ratios. The statistical phase consists of 11 key financial ratios that are generated from the NAIC database annually. Each ratio has an established “usual range” of results. These ratios assist state insurance departments in executing their statutory mandate to oversee the financial condition of insurance companies.

A ratio result falling outside the usual range of IRIS ratios is not considered a failing result; rather, unusual values are viewed as part of the regulatory early monitoring system. Furthermore, in some years, it may not be unusual for financially sound companies to have several ratios with results outside the usual ranges. An insurance company

may fall out of the usual range for one or more ratios because of specific transactions that are in themselves immaterial. Generally, an insurance company will become subject to regulatory scrutiny if it falls outside the usual ranges of four or more of the ratios. In normal years, 15% of the companies included in IRIS are expected by the NAIC to be outside the usual range on four or more ratios.

#### *U.S. Federal Initiatives*

Although, with limited exceptions, the U.S. federal government does not directly regulate the business of insurance, federal initiatives often have an impact on the insurance industry. Subsequent to the Great Recession of 2008, the Federal Insurance Office (“**FIO**”) was formed to provide guidance to the White House and U.S. Congress in regard to insurance matters. The FIO also represents the U.S. government with the IAIS. Current and proposed federal and state measures that may affect the industry may include: possible changes to the tax laws governing companies (especially the favorable treatment of certain life products), best interest/ fiduciary regulations, and tort reform.

## SAGICOR INVESTMENT RATIONALE

Sagicor and Alignvest believe that the Transaction will unlock significant value for both Sagicor shareholders and Alignvest Shareholders.

For Sagicor, Alignvest's listing on the TSX is expected to provide the Company with access to a liquid market and sophisticated institutional investors that understand the insurance business. Many major Canadian insurance companies are world-class insurers with world-wide operations. Company management expects that the willingness and ability of those investors to actively evaluate the merits of the business will help secure an appropriate valuation. Additionally, assuming a limited number of redemptions by Alignvest Shareholders, New Sagicor is anticipated to benefit from a primary injection of Alignvest's equity, which is expected to enable New Sagicor to realize its organic and inorganic growth strategies. Finally, the proposed capital structure and Alignvest's TSX listing are expected to enable New Sagicor to materially lower its cost of capital, which is expected to both increase New Sagicor's profitability and further enhance its ability to execute on its strategic initiatives, both organic and inorganic.

Since Alignvest began evaluating potential investment targets in May 2017, none of them have presented as compelling an investment opportunity as Sagicor.

Highlights of Alignvest's investment thesis are discussed below.

- **The transaction is being offered at a valuation Alignvest believes is highly attractive.** Based on the purchase price, Sagicor is valued at 1.0x book value, 7.9x targeted 2019 net income, and 6.5x targeted 2020 net income, taking into account the proposed SLTT and SJLIC acquisitions – a substantial discount to the median price / book and price / earnings ratios of Canadian and Caribbean financial institutions, and to Alignvest's estimate of the Company's intrinsic value. See "*Management's Discussion and Analysis of Sagicor — Financial Outlook*".<sup>7</sup>
- **Best-in-class management team with extensive insurance and local-market experience.** Sagicor's senior management team has been with the Company for an average of 14 years and has significant experience managing businesses across multiple jurisdictions and markets.
- **Sagicor has an outstanding core business.** Sagicor has significant market share in numerous growing business lines including individual life insurance and annuities, group life and benefits administration, and banking and investment management. The Company also has leading market positions and brand name recognition in its key insurance markets of Jamaica, Trinidad and Tobago, Barbados, and the Eastern Caribbean.
- **Substantial opportunity for accretive consolidation.** As evidenced by the proposed acquisitions of SLTT and SJLIC, Sagicor believes that there is opportunity for further consolidation within the insurance industry in the Caribbean. Additionally, management has the ability to successfully grow outside of Sagicor's core business and markets through strategic acquisitions, as evidenced by Sagicor's 2005 acquisition of Sagicor Life USA and Sagicor's 2014 acquisition of RBC's Jamaican banking operations. The proposed SLTT and SJLIC transactions will not be completed until after the Sagicor Arrangement and are subject to various conditions, and as a result, do not form part of Alignvest's qualifying transaction.
- **Comprehensive and innovative product offering.** Sagicor has a highly diversified insurance product mix including individual and group life, health, annuity and pension, personal disability, and property and casualty insurance that allows the Company to serve its customers' needs at each step of their financial life cycle, resulting in high customer retention rates and cross-selling opportunities. Importantly, Sagicor has no exposure to either long-term care or variable annuity products.

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<sup>7</sup> 2019 target excludes one-time Transaction Costs.

- **Extensive distribution platform.** Sagicor has unparalleled access to its customer base in the Caribbean through its extensive distribution network of dedicated advisors and brokers. The Company operates the largest network of exclusive advisors in the Caribbean region – one of Sagicor’s core competitive advantages.
- **Significant “scale-up” opportunity in U.S. market.** Sagicor has built a strong technology and distribution platform in the U.S., targeting customers similar to those it has a demonstrated ability to serve in the Caribbean. Sagicor’s U.S. platform is profitable, has an attractive investment spread relative to its peers and, as Sagicor continues to execute on its growth plan, is expected by Sagicor to benefit from operational scale and increased asset leverage.
- **Strong operating and underwriting record, with proven resiliency across cycles.** Sagicor has managed to sustain a strong operating track record through economic cycles as demonstrated by the Company’s consistent net income growth, dividend growth, and book value per share growth.
- **Prudently managed and well-diversified balance sheet.** Sagicor manages its balance sheet using best-in-class risk management tools. For example, the Company voluntarily adopted the Canadian MCCSR standards following its demutualization, and has maintained MCCSR ratios in excess of 220% in every year since 2004. Sagicor’s prudent capital management policies and conservative reserving complement its stable and diversified product mix.
- **Opportunity for Alignvest to add significant value.** Alignvest is delivering significant value to Sagicor as part of this transaction. First, AIM will leverage its team’s extensive experience managing global portfolios to optimize Sagicor’s investment portfolio, consider additional investment strategies, lower third party advisor costs, and further enhance risk-management practices. Second, Alignvest has recruited highly experienced directors to the board. Third, Andre Mousseau, Alignvest’s Chief Operating Officer and Partner of Alignvest Private Capital, will be joining Sagicor as Group Chief Financial Officer. And finally, Alignvest has been responsible for sourcing and executing the proposed acquisitions of SLTT and SJLIC.

As a result of the above, Alignvest and Sagicor see a clear path to substantial equity value creation for all New Sagicor Shareholders. We believe that we have an opportunity to grow Sagicor’s net income from continuing operations attributable to common shareholders from US\$62 million, for the year ended December 31, 2017, to a target of US\$115 million in 2020, based on the following:

- Organic revenue growth has been assumed as 6% per annum for Sagicor’s continuing operations in 2019 and 5% in 2020; and
- Alignvest and Sagicor expect that the acquisition of SLTT and SJLIC will contribute annual run-rate net income of approximately US\$30 million following the anticipated closing in 2020, subject to regulatory approval. The completion of these transactions is not cross-conditional on each other, but both are conditional on the close of the Sagicor Arrangement, and they may close at different times. See “*Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT*”.

Subject to, among other things, the precise timing of when these initiatives take effect, Sagicor is targeting 2019 net income from continuing operations attributable to common shareholders of approximately US\$77 million.<sup>8</sup>

Importantly, Alignvest and Sagicor believe that Sagicor trades at an unwarranted discount to its Canadian and Caribbean peers in large part due to the Company’s disaggregated shareholder base and muted price discovery on its current stock exchanges. Alignvest and Sagicor expect that the discount at which the Company currently trades on the Barbados and Trinidad and Tobago stock exchanges compared to Canadian peers should be reduced or eliminated over time as a result of Alignvest’s listing on the TSX.

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<sup>8</sup> Excluding one-time Transaction Costs.

See “*Management’s Discussion and Analysis of Sagicor — Financial Outlook*” for the assumptions on which the foregoing financial outlook is based.

The purpose of disclosing the financial outlook is to provide investors with more information concerning the financial impact that Alignvest and Sagicor currently believe is achievable based on Sagicor’s growth strategies described above and elsewhere in this prospectus. The foregoing description of New Sagicor’s potential growth opportunities is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described above. See “*Caution Regarding Forward-Looking Statements*” and “*Risk Factors*” elsewhere in this prospectus for a description of the assumptions underlying the forward-looking information and of the risks and uncertainties that impact New Sagicor’s business and that could cause actual results to vary.

Alignvest and Sagicor approved this outlook on November 26, 2018.

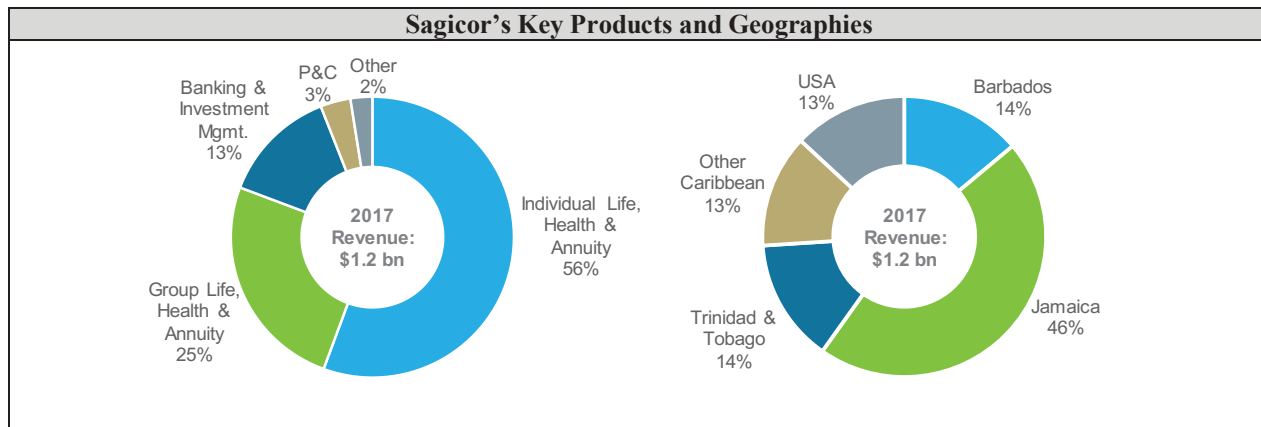
## THE BUSINESS OF SAGICOR

### Overview




Sagicor is a market-leading provider of insurance products and related financial services in the Caribbean region, notably in Jamaica, Barbados, and Trinidad and Tobago, and has a growing presence as a provider of life insurance products in the United States. Sagicor has an over 175-year history of operations in the region and is the second oldest insurer in the Americas. With its over 2,800 employees and over 1,200 agents, Sagicor has operations in 22 countries, operates in four different languages, and manages 13 different currencies.

The 22 countries are: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Dominica, Cayman Islands, Costa Rica, Curacao, Grenada, Haiti, Jamaica, Montserrat, Panama, St. Kitts-Nevis, St. Lucia, St. Maarten, St. Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos, and the United States of America. The four languages are the major languages of the Caribbean, namely English (which is the primary language used by Sagicor), French, Dutch and Spanish. The 13 currencies are: Eastern Caribbean dollar, Aruban florin, Bahamian dollar, Barbadian dollar, Belize dollar, Cayman Islands dollar, Costa Rican colón, Netherlands Antillean guilder, Haitian gourde, Jamaican dollar, Panamanian balboa, Trinidad and Tobago dollar, and United States dollar.

Sagicor’s core products and services include life and health insurance, annuities, pension investment and administration, property and casualty insurance, and a suite of ancillary non-insurance financial products and services, including banking and investment management, which it provides to two client segments: individuals and groups. Where Sagicor distributes these products, it utilizes a captive distribution network in the Caribbean and a network of independent insurance brokers in the United States. Sagicor’s business by product and by geography is shown below.



Sagicor is among the most recognizable and well-regarded financial services brands in the Caribbean and has increasing product recognition via its growing United States operations. Driven by its proven management team with long standing local market experience, its diversified assets, comprehensive and innovative product offerings, and extensive distribution platform, Sagicor holds an important competitive position across numerous business lines as highlighted in the table below.

Sagicor's Leading Market Positioning				
	Rank	Market Share	Rank	Market Share
 Jamaica	1 <sup>st</sup>	<ul style="list-style-type: none"> <li>61% Individual Life<sup>(1)</sup></li> <li>71% Group Life<sup>(1)</sup></li> <li>60% Pensions<sup>(1)</sup></li> <li>62% Group Health<sup>(1)</sup></li> </ul>	 Barbados	1 <sup>st</sup> <ul style="list-style-type: none"> <li>64% Life, Health and Annuities<sup>(2)</sup></li> </ul>
 Trinidad & Tobago	2 <sup>nd</sup>	<ul style="list-style-type: none"> <li>17% Ordinary Life</li> <li>8% Group Life</li> <li>17% Pensions</li> <li>22% Group Health</li> <li>22% Individual Health</li> </ul>	Other Caribbean Life	1 <sup>st</sup> <ul style="list-style-type: none"> <li>Countries include: St. Vincent, Antigua, St. Lucia, Dominica, and Grenada</li> </ul>

Source: Insurance Association of Jamaica, Association of Trinidad and Tobago Insurance Companies, Barbados' Financial Services Commission.  
<sup>(1)</sup> Based on 2017 data.  
<sup>(2)</sup> Based on preliminary 2017 data.

Sagicor operates through its three main business segments: Sagicor Jamaica, Sagicor Life and Sagicor USA.

### *Sagicor Jamaica*

Sagicor operates in Jamaica through its controlled subsidiary, Sagicor Jamaica. Sagicor Jamaica is a full-service financial institution offering a wide range of insurance and non-insurance solutions. Sagicor Jamaica's primary insurance products are individual life insurance and employee benefits, which is comprised of both group health and group pension. Sagicor Jamaica's non-insurance solutions include banking and investment management products and services. Sagicor Jamaica's strong brand, together with Sagicor's wide range of products and skilled sales force, has allowed it to maintain a leading position in Jamaica's life insurance market, and has allowed the company to expand into new areas as opportunities arise, while maintaining consistent growth over time.

### *Sagicor Life*

Sagicor operates in the Caribbean primarily through its subsidiary, Sagicor Life. Sagicor Life operates in the Southern Caribbean in Trinidad and Tobago as well as Barbados. Sagicor's operations in the Eastern Caribbean are conducted in seven territories (Antigua, Anguilla, the Commonwealth of Dominica, St. Lucia, Grenada, St. Kitts and Nevis, and St. Vincent) through three branches (Antigua, Grenada, and St. Lucia) and three agencies (Dominica, St. Kitts and Nevis and St. Vincent). Sagicor no longer writes new business in Anguilla. Sagicor also operates in the Dutch and North Caribbean. It is the leading insurance player in its various markets. Sagicor Life provides life, health, annuity insurance business, pension administration services and asset management.

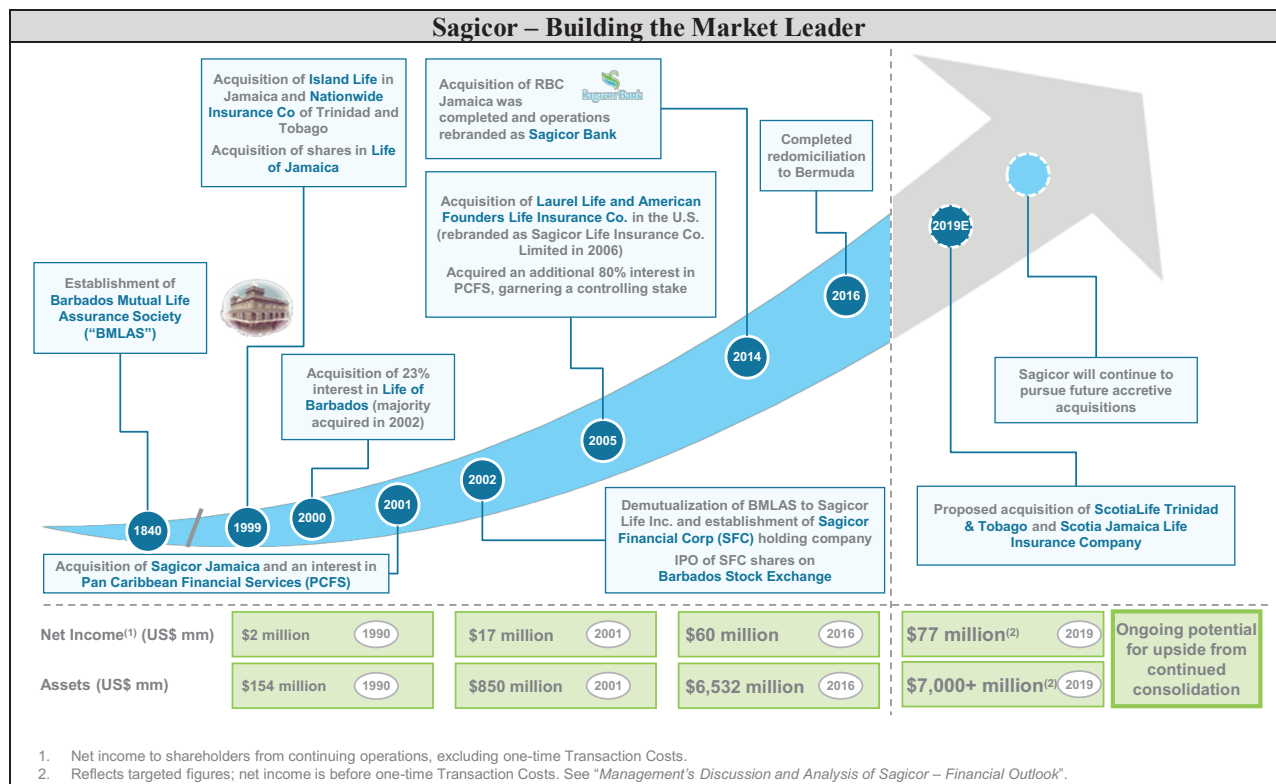
### *Sagicor USA*

Sagicor USA is part of the Company's strategy to expand into markets with significant growth potential and markets where the Company can develop global best practices that it can then introduce into its core geographies. It continues to look for opportunities to grow its policy and premium base by acquiring strategic blocks of life insurance business or policies, or other life insurance companies. Sagicor USA currently offers life insurance and annuities.



## History and Transformation of Sagicor

Originally established in 1840 as The Barbados Mutual Life Assurance Society, Sagicor is one of the oldest insurers in the Americas. Sagicor's business grew organically with little change in product lines until 1969, when Sagicor introduced two unit trusts, a bond fund and an equity fund, to manage corporate pension funds, and in the 1970s, when Sagicor introduced group life insurance and health insurance products. Sagicor expanded its business through acquisitions in the 1980s and 1990s, transforming from a domestic to a regional and international company and from having a single line product to multi-line products. Because Sagicor's structure as a mutual company limited its growth, Sagicor demutualized in November 2002 and listed its shares on the Barbados Stock Exchange, subsequently listing on the Trinidad and Tobago Stock Exchange and, via depositary interests, the London Stock Exchange.



Sagicor has been transforming itself into a financial services leader over the last 30 years, growing its net income from continuing operations attributable to common shareholders of approximately US\$2 million in 1990 to over US\$77 million targeted in 2019.<sup>9</sup> As a result of its purposeful strategy, local market experience, comprehensive and innovative products and distribution strategy, Sagicor holds an important competitive position across numerous business lines and is targeting growing its assets from US\$154 million to over US\$7 billion in just under three decades.

Key acquisitions contributing to Sagicor's transformation include:

### **Sagicor Jamaica**

- 1999: Sagicor acquired Island Life Insurance Company Limited and shares in Life of Jamaica Limited.

<sup>9</sup> Excluding one-time Transaction Costs.

- 2001: Sagicor acquired Sagicor Jamaica and an interest in Pan Caribbean Financial Services (“PCFS”). PCFS offers securities dealing, merchant banking, foreign exchange dealing, corporate trust services and mutual fund management.
- 2005: Sagicor acquired a controlling interest in PCFS through a series of acquisitions.
- 2008: Sagicor Jamaica acquired the insurance business of Blue Cross Jamaica Limited, comprised of approximately 7,000 group health insurance contracts.
- 2014: Sagicor Jamaica acquired a Canadian chartered bank’s Jamaican banking operations, and rebranded the business together with PCFS as Sagicor Bank. The net assets acquired had a fair value of US\$113.4 million for purchase consideration of US\$84.4 million.

### ***Sagicor Life***

- 1987: Acquisition of Travelers portfolio and re-branding of Aruba, Bahamas, Cayman Islands, Curacao, St. Maarten and Haiti to Capital Life.
- 1999: Sagicor Life acquired Nationwide Insurance Co. of Trinidad and Tobago.
- 2000: Acquired a 23% interest in Life of Barbados Limited, and went on to acquire a majority in 2002.
- 2005: Sagicor Life purchased a 20% interest in FamGuard Corporation Limited, the parent company of a leading insurance company in the Bahamas, Family Guardian Insurance Company Limited.
- 2008: Acquired a 77% interest in Barbados Farms Limited, whose common shares are listed on the Barbados Stock Exchange. BFL engages in agriculture, primarily the production of sugar cane, and owns parcels of land, some of which are utilized for agriculture while others are either leased, being developed for resale or not in use.

### ***Sagicor USA***

- 2005: Acquired Laurel Life Insurance Company and its operating subsidiary, American Founders Life Insurance Company. Sagicor subsequently rebranded these businesses as Sagicor Life USA, a U.S.-based life insurance company with business in 41 states and the District of Columbia, concentrated in Texas, Arizona, Ohio, California and Indiana to diversify and extend its geographical reach.
- 2012: Acquired Washington-based company PEMCO, bringing over 10,000 policyholders under the Sagicor umbrella.

Sagicor believes that these acquisitions have allowed it to further strengthen its financial position and create growth opportunities in both the Caribbean and the U.S. insurance markets by enabling Sagicor to diversify its geographic exposure and gain economies of scale.

The success of the Company’s transformation to date is the result of Sagicor’s consistent focus on achieving the four key objectives detailed below:

#### ***Become the market-leading insurer in the Caribbean***

Sagicor has become a leading provider of insurance products and related financial services in the Caribbean through strategic acquisitions over the years, and the subsequent identification and realization of synergies from these acquisitions, including asset portfolio acquisitions in Jamaica, Barbados, Trinidad & Tobago and other regions in the Caribbean.

### ***Expand into new markets both within and outside of the Caribbean***

Sagicor has consistently grown through strategic acquisitions. In 2005, for example, Sagicor expanded outside its core Caribbean market by acquiring Sagicor Life USA. In 2014, Sagicor acquired a Canadian chartered bank's Jamaican banking operations and rebranded the business as Sagicor Bank, which significantly enhanced Sagicor's banking presence in Jamaica.

### ***Implement best-in-class governance practices***

Sagicor's internal management is bolstered by a progressive governance framework. As far back as 1991, Sagicor voluntarily adopted the MCCSR, a Canadian risk-based assessment which governs minimum capitalization for insurance companies, which Sagicor believes is more conservative than the regulatory standards in the regions in which the Company operates.

Sagicor created its first iteration of an enterprise risk management approach in 1998. Under this approach, Sagicor regularly measures and monitors risks for each business and geographic location in which it operates. That assessment of risks, together with an estimation of return potential, influences the allocation of capital to Sagicor's businesses. The organization continues to evolve and enhance its approach to risk management seeks to ensure that it adopts best-in-class practices. The development of these risk management practices and policies is further discussed below under "*— Overall Corporate Strategy – Focus on capital optimization, through centralization and enterprise risk management.*"

In addition, Sagicor has developed and implemented a strong internal corporate governance architecture. One clear example of this is Sagicor's standing Corporate Governance and Ethics committee of the board of directors of Sagicor, which is tasked with developing and recommending policies and procedures that establish and maintain the highest standards of corporate governance and corporate ethics. This committee also manages the process for director succession, director performance, the operation of the President, the composition of Sagicor's board of directors and committees, shareholder communications, and Sagicor's corporate image. The committee's composition meets the independence requirements of Sagicor's Corporate Governance Policy. In addition, Sagicor's main subsidiaries each have required independent directors as part of their respective boards of directors. New Sagicor intends to maintain strong corporate governance.

As part of Sagicor's implementation of best-in-class practices, the Company regularly schedules executive management committee meetings designed to enable collaboration, operational oversight, and ongoing strategic discussions across Sagicor's divisions.

### ***Optimize capital structure***

Sagicor has consistently pursued strategies to enhance the flexibility of its capital. For example, in 2002, Sagicor demutualized the company, which resulted in easier access to less expensive capital. Sagicor listed its shares on the Barbados in 2003 and Trinidad exchanges in 2004.

In 2006, a subsidiary of Sagicor launched a successful U.S. bond offering, which was refinanced in 2015. The Company's last bond issuance was rated BBB by S&P, a rating that was effectively capped by the Barbados sovereign credit rating. In order to circumvent this issue in the future, in 2016, Sagicor redomiciled from Barbados to Bermuda - a jurisdiction that has a higher sovereign credit rating. Sagicor believed that this redomiciliation would allow the Company's ratings to better reflect its robust capitalization and balance sheet strength.

### **Overall Corporate Strategy**

Sagicor strives to be a leading insurance and financial services provider of world class products and services to better serve its customers and broader stakeholders, while focusing on stable cash flow generation, delivering profitable growth, and realizing high shareholder returns.

In pursuit of these goals, Sagicor's strategy is based on the following components:

### ***Drive further consolidation of Sagicor's core Caribbean insurance markets***

Sagicor believes there is room for further consolidation in the Caribbean insurance industry. While there has already been significant consolidation in Barbados and Jamaica (in which Sagicor has been a major participant), Sagicor believes there are still many opportunities to further consolidate in Jamaica, Trinidad and Tobago and, to a lesser extent, the Eastern Caribbean. Furthermore, the property and casualty insurance sector remains highly fragmented with several small players each of whom have unclear competitive strategies. With Sagicor's lead rankings in this region, and the Company's proven ability to identify and execute acquisitions, Sagicor is well-positioned to be an active consolidator in the space. Additionally, Sagicor believes that there are significant benefits from the acquisition of new businesses, notably through the strengthening of Sagicor's geographic coverage in key markets and through the development of complementary products that can better serve Sagicor's customers' needs.

### ***Continue to extract synergies from existing and acquired operations***

Depending on the geography, Sagicor operates as a well-established leading insurance carrier or a young mid-market entrant. Across the Caribbean, the Sagicor brand is well known, highly regarded, and associated with strength and prudence. By contrast, in the United States, Sagicor seeks to gain increased brand recognition and market share. In the Caribbean, strategies are oriented towards promoting and exploiting market consolidation opportunities as well as defending and protecting market share. In the United States, strategies are focused on gaining share, driving speed to market, agility, and innovation.

Across all regions, Sagicor continually seeks to streamline its operations to increase efficiency, to control and reduce costs and to improve its service. In furtherance of these goals, Sagicor has established a shared services division, which streamlines information technology ("IT") operations across Sagicor's businesses and enhances effectiveness and efficiency in the delivery of IT services. Sagicor intends to further streamline its operational processes by adding additional back-office functions to its shared services model. Sagicor's "Branch Network" is an innovation that allows customer-driven activities to be initiated in their country of origin but be processed, based on available skills and personnel, in any of the jurisdictions in which Sagicor operates. See "*Information Technology — Systems Framework— Systems of Record.*"

Presently, the finance function is transitioning from dated legacy platforms to a single contemporary solution that will operate across all territories and all business lines. This new platform is likely to affect how the Group operates insurance, including but not limited to product development, actuarial, and underwriting activities. Potential expense synergies and reductions in unit costs should not only have a beneficial impact on operating profitability, but also potentially unlock substantial reserves associated with future cost assumptions for the in-force book of business.

Additionally, Sagicor believes that the continued growth of its business will enable Sagicor to generate further economies of scale, other operational efficiencies and increased margins.

### ***Pursue profitable growth strategies by increasing insurance penetration***

Consistent with the Company's historical performance, Sagicor continues to believe it will be able to grow its business at rates above those of the economies in which it operates, principally by exploiting opportunities to sell more products to its current customer base and to leverage Sagicor's growing platform in the United States.

There is a substantial opportunity for Sagicor to leverage its extensive distribution network to both acquire new customers and to pursue new growth opportunities through the cross-selling of its insurance products.

In the United States, Sagicor intends to continue to take advantage of profitable growth opportunities, expanding its business into new markets and complementing its product portfolio with tailored solutions to its customers. Sagicor Life USA continues to look for opportunities to grow its policy and premium base by acquiring strategic blocks of insurance portfolios or other life insurance companies. In addition, it is using cutting edge technology to expedite the underwriting process, thereby helping it acquire policies.

### ***Continue to leverage cutting edge technology to further business objectives***

Through technological innovation, Sagicor is quick to sense changes in market conditions, formulate responses, execute its plans, and deliver superior service swiftly to its policyholders, prospects, agents, and agencies.

Sagicor plans to deploy a fully-integrated IT platform based on commercial solutions, to introduce advanced systems that measure and manage its finance functions, risk processes, and standardize pricing models across jurisdictions, while still allowing for local adjustments based on country specific assumptions. As noted above, the finance function is presently transitioning from dated legacy platforms to a single contemporary solution that will operate across all territories and all business lines. This has been completed in the Southern Caribbean and is expected to be concluded for all jurisdictions in 2019. As mastery of the new system grows, new organization constructs may emerge that will also potentially unlock reserves associated with going forward cost assumptions for the in-force book of business.

Sagicor not only recognizes the United States as a growth market but also as its technology incubator. Management believes that, at this time, U.S. competitors do not have the ability to auto-adjudicate underwriting and thereby accelerate the process from weeks to minutes. Accelewriting®, a Sagicor innovation, continues to lead the industry. Accelewriting was launched in 2014, went on to receive innovation awards for digital and omnichannel solutions in 2016, and remains effectively unchallenged by competitors who are 50 to 100 times larger than Sagicor's U.S. operations. Technology concepts and innovation are trialed first in the U.S. and then, if applicable, exported to the Caribbean. This serves to keep the U.S. business competitive and vibrant but also allows Sagicor's Caribbean businesses to be early adopters of proven solutions and further enhances existing barriers to entry for competitors.

### ***Focus on capital optimization, through centralization and enterprise risk management***

Sagicor allocates capital by optimizing the balance between management's expected risk and return as it relates to each capital allocation decision. Through a group-wide enterprise risk management approach, Sagicor regularly measures and monitors risks for each business and geographic location in which it operates. That assessment of risks, together with expected returns, influences the allocation of capital to its businesses. In addition to Sagicor's internal models, Sagicor also regularly manages its allocation of capital against both regulatory and rating agency risk-based capital models.

### **Products and Services**

This section describes in detail Sagicor's products and services. Sagicor's main lines of business are life and health insurance, employee benefits, asset management and banking services and property and casualty insurance. Sagicor sells these products and services to both individuals and groups. Sagicor's customers and suppliers are diversified. More detail on these products can be found below.

- Insurance products include those that pay benefits on life's contingencies including death, survivorship, accident, sickness, disability, and critical illness.
- Property and casualty insurance addresses property damage that may arise from natural disasters or other types of accidents.
- Annuities are provided on both a payout basis, typically after retirement, and on an accumulation basis, typically before retirement.
- Asset management services are provided primarily through mutual funds, in which some life insurance policies participate.
- Banking products and services consist primarily of deposits, secured loans, and debit and credit cards, the latter of which are solely provided by Sagicor's Jamaican subsidiaries.

Gross premiums from individual insurance products collectively contributed 67.6% and 60.7% of Sagicor's gross premium income and fees in the nine months ended September 30, 2018 and the year ending December 31, 2017, respectively.

Gross premiums from Sagicor's group insurance products collectively represented 18.2% and 25.4% of Sagicor's gross premium income and fees in the nine months ended September 30, 2018 and the year ending December 31, 2017, respectively.

Fees from Sagicor's non-insurance products and services represented 8.2% and 7.0% of Sagicor's revenue and fees in the nine months ended September 30, 2018 and the year ending December 31, 2017, respectively.

The following table shows a breakdown of gross premium revenues and fees as well as other revenues for ancillary services of these lines of business for the year ended December 31, 2017 and the nine months ended September 30, 2018.

<b>Sagicor's Gross Premium Revenue and Fees</b>		
	Year ended December 31, 2017	Nine months ended September 30, 2018 <sup>(1)</sup>
(in millions of US\$)		
<b>Individual Insurance:</b>		
Life.....	378.0	296.1
Annuities .....	194.5	273.4
Health .....	13.8	11.0
Total individual.....	586.3	580.5
<b>Group Insurance:</b>		
Health .....	140.2	114.7
Life.....	28.7	20.9
Creditor.....	12.4	8.6
Annuities .....	63.5	11.6
Total group.....	244.8	155.8
<b>Property and casualty insurance .....</b>	67.3	52.8
<b>Asset management products .....</b>	31.2	28.1
<b>Banking.....</b>	36.9	41.7
<b>Total.....</b>	<b>966.5</b>	<b>858.9</b>

(1) Unaudited.

### ***Life Insurance Products***

Life insurance is sold on an individual and group basis. Life insurance products include whole life, term life, creditor life, endowment, unit-linked, disability insurance, and critical illness insurance.

Sagicor does not sell any universal life products with secondary guarantees. Additionally, Sagicor does not sell any universal life or other products with side accounts without explicit investment size limits.

Whole life insurance provides lifetime protection against death, with a cash value that increases over time and is subject to withdrawal charges. Premiums remain constant over the life of the policy.

Term life insurance provides protection for a limited period of time. The customer specifies the period of cover and the amount of protection and the policy typically pays death benefits during the specified term. Term policies do not



accumulate a cash value. The policies can usually be renewed upon expiration and premiums typically increase upon renewal. Term life sold to groups usually provide a benefit based on a multiple of pay.

Endowments pay the same benefit either on death or on survival at the end of the term.

Unit-linked products have variable maturities and variable premiums and part of the premium can be invested in certain mutual funds. The benefits upon death or maturity are equal to the value of the units and in certain cases subject to a minimum of the guaranteed benefits.

Disability insurance replaces a percentage of an insured individual's monthly income should that individual be unable to work.

Critical illness insurance pays a predetermined benefit on the diagnosis of a serious illness like cancer, stroke, and heart disease.

### ***Creditor Life***

Creditor life insurance is provided on a group basis only and sold to lenders, who generally pass the costs through to participating customers. It repays a loan made by a lending institution upon the death of the insured borrower prior to the maturity of the loan.

### ***Annuities***

Annuities are sold on an individual and group basis. Payout annuities are purchased with a single premium with level benefits during an individual's lifetime. The benefits may be paid for a minimum period of time on the death of the individual within the minimum period. The benefits may increase either by a fixed rate or by reference to an index. There is usually no surrender value.

An accumulation annuity can be purchased either with a single or regular premium. The basis of accumulation can be referenced to an interest rate, which can be reset at predetermined times, or a stock index. The policy can be surrendered for a cash value prior to maturity. The cash value is subject to a predetermined or variable charge linked to market conditions.

Annuities can be sold to either individuals or to groups.

Sagicor does not offer any variable annuity products.

### ***Health***

Health insurance is sold on an individual and group basis. Health insurance reimburses individuals against acute illness. Expenses covered include doctor's office visits, laboratory tests, surgical expenses, hospital accommodation and overseas emergency medical care. The benefits are usually subjected to co-payments by the individual and limits on lifetime medical expenses. Health products can be sold to either individuals or to groups.

Sagicor does not offer any long-term care insurance products as part of its health insurance offerings.

### ***Property and Casualty Insurance Products***

Sagicor sells primarily property and motor vehicle insurance to individuals and groups. Property and motor vehicle insurance provides a benefit on losses due to occurrences such as, among others, natural disasters, fires, accidents and theft. Motor vehicle insurance indemnifies to a maximum amount on physical damage to a third party and/or insured and any consequential liability. The indemnification is subject to a deductible borne by the insured.

Gross premiums from Sagicor's property and casualty insurance collectively represented 6.1% and 7.0% of Sagicor's gross premium income and fees in the nine months ended September 30, 2018 and the year ending December 31, 2017, respectively.



### ***Asset Management Products***

Asset management products include mutual funds and interest rate sensitive products. Asset management products accounted for 3.3% and 3.2% of Sagicor's revenues in the nine months ended September 30, 2018 and the year ending December 31, 2017, respectively. Sagicor's total assets under management were US\$3.2 billion and US\$3.2 billion as of September 30, 2018 and December 31, 2017, respectively.

### ***Banking Products***

Banking products include deposits, secured loans and credit and debit cards. Banking products accounted for 4.9% and 3.8% of Sagicor's revenues in the nine months ended September 30, 2018 and the year ending December 31, 2017, respectively.

### **Operations**

Sagicor operates primarily through its three business segments: Sagicor Jamaica, Sagicor Life and Sagicor Life USA. Net income to shareholders for continuing operations in 2017 for Sagicor Jamaica was US\$46.2 million, for Sagicor Life was US\$64.8 million and for Sagicor Life USA was US\$13.5 million. Each of these segments is discussed in further detail below.

### ***Sagicor Jamaica***

#### *Overview*

Sagicor operates in Jamaica through its controlled subsidiary, Sagicor Jamaica, which is headquartered in Jamaica. Sagicor Jamaica is a full service financial institution offering a wide range of insurance and non-insurance solutions, such as banking and investment management, products and services. Sagicor Jamaica's books and records, including its minute books, corporate seal and corporate records, are located at its headquarters in Jamaica. However, Sagicor has access thereto, including electronically.

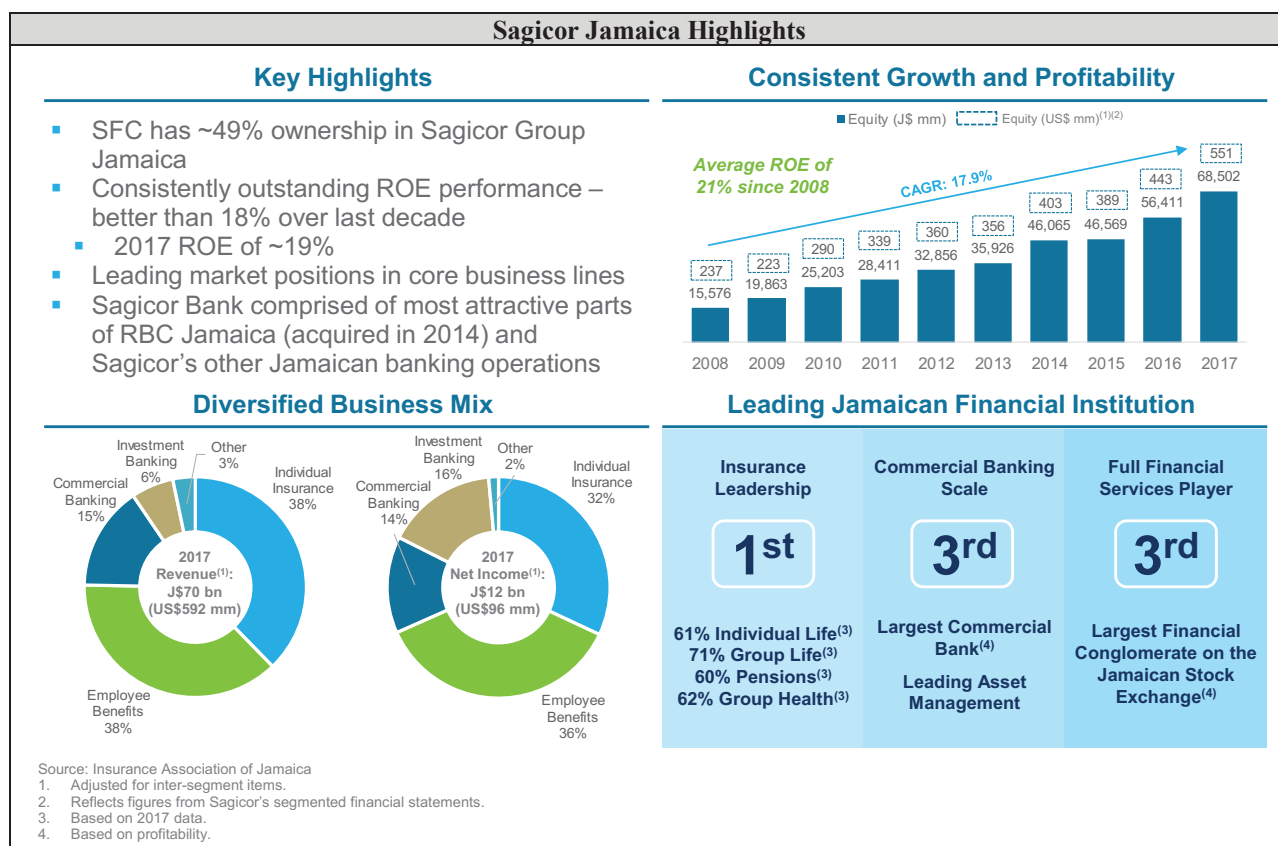
Sagicor Jamaica continues to be focused on delivering strong client service, showing improvement with a 43% net promoter score as of December 31, 2017,<sup>10</sup> well above industry standards. It is continually looking for ways to innovate and cross sell to add value to its clients. It recently upgraded its banking and investment systems, which allow it to launch new products more seamlessly. Sagicor Jamaica is also focused on cementing the Sagicor brand with its recent "Smiles" brand campaign.

Sagicor Jamaica's primary insurance products are individual life insurance and employee benefits, which is comprised of both group health and group pension. Sagicor Jamaica's strong brand, together with Sagicor's wide range of products and skilled sales force, has allowed it to maintain a leading position in Jamaica's life insurance market, and has allowed the company to expand into new areas as opportunities arise, while maintaining consistent growth over time.

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<sup>10</sup> Source: LOMA independent survey of selected clients.

Financial and market highlights of Sagicor’s Jamaican operations are in the table below.



Sagicor Jamaica’s acquisition of a Canadian chartered bank’s Jamaican operations in June 2014 was a part of its efforts to grow. The acquisition included RBC Royal Bank (Jamaica) Limited, a commercial bank, and an inactive securities dealer, RBTT Securities Jamaica Limited. The merged commercial banking operation, now called Sagicor Bank, is the third largest commercial bank in Jamaica by assets with J\$125.2 billion of total assets as of December 31, 2017.

Sagicor Bank principally provides commercial banking services, including lending, accepting deposits, trading foreign exchange and corporate secretarial services across three market segments: retail, commercial and corporate clients. As an investment bank, Sagicor Investments (an affiliate of Sagicor Bank) focuses on securities trading, asset management, stock brokerage, corporate finance, advisory services, underwriting, cash management and custody services. It has several securities licenses and designations including as a Bank of Jamaica primary dealer, and unit trust and stockbroking licenses. With the RBC Jamaica acquisition, Sagicor Bank now operates through 16 branches located in key markets throughout Jamaica, including Kingston, Mandeville, May Pen, Black River, Savanna-la-mar, Montego Bay, and Ocho Rios.

*Products and Distribution*

Insurance

Individual life insurance is one of Sagicor’s key products offered in Jamaica, representing about 38% of revenue in 2017. Sagicor markets its individual insurance products in Jamaica to a wide cross-section of the population.

As of September 30, 2018 Sagicor had a portfolio of 530,562 life insurance policies in force in Jamaica, as compared to 507,610 life insurance policies as of December 31, 2017, which represents an annualized premium

income of US\$141.8 million and a sum assured or face value of policies of US\$8.7 billion as of September 30, 2018, as compared to US\$131.5 million and US\$8.1 billion as of December 31, 2017, respectively.

Sagicor Jamaica offers several group products including group health and group pensions. These products are both captured under the umbrella of employee benefits. As of September 30, 2018, Sagicor had a portfolio of 2,758 group policies in force in Jamaica, as compared to 2,789 group policies as of December 31, 2017, which represents an annualized premium income of US\$98.2 million and a sum assured or face value of policies of US\$6.2 billion as of September 30, 2018, as compared to US\$94.6 million and US\$5.8 billion as of December 31, 2017, respectively.

#### Commercial banking services

Sagicor Bank provides commercial banking services in Jamaica. Through a 16 branch network (physically shared between Sagicor Bank and Sagicor Investments), Sagicor Bank now provides such services to a wider market of individuals and businesses, while Sagicor Investments also has a wider footprint to provide non-banking financial services in clearly identified areas within the commercial bank branch network. Sagicor Bank's operations are located entirely in Jamaica and serve over 195,000 clients.

Sagicor Bank is credit-driven with loans available in both U.S. and Jamaican currency. The retail loan products include mortgages, car loans, credit cards and overdrafts and the commercial loan products include working capital loans, equipment and commercial real estate financing. Sagicor Bank also offers letters of credit and guarantees. Loans may be secured with appropriate collateral. Sagicor Bank's retail lending represents 36% of the portfolio by value while commercial lending is approximately 64%.

Depository products include certificates of deposit, chequing and savings accounts, with accounts available in local currency and U.S. dollars. Sagicor Bank is the fourth largest foreign exchange dealer in the Jamaican market.

Sagicor Bank also provides share registrar services to listed companies, and has a small but growing business in providing depository and other transaction services to non-banking financial institutions.

For the nine months ended September 30, 2018 and the year ended December 31, 2017, revenues from commercial banking were US\$84.7 million (J\$10.8 billion) and US\$73.6 million (J\$9.2 billion), respectively.

#### Non-banking financial products

Sagicor Investments, as a securities dealer, offers a wide range of non-banking financial services. It trades money market instruments in primarily J\$ and US\$. It also actively trades in local, regional and US\$ bonds with local and off-shore institutions. Sagicor Investments is also an underwriter and distributor among secondary market dealers of Government of Jamaica securities, Sagicor Investments' activities are integrated with its cash management services to institutional investors and investment management services to high net worth individuals. These services are located entirely in Jamaica and are available in the expanded distribution network. Sagicor Investments caters to approximately 10,000 clients.

Sagicor Investments trades local, regional and U.S. stocks for clients. Locally, it is recognized as one of the top five stockbrokers annually in volumes and value traded among the 12 stockbrokers in Jamaica.

Sagicor Investments also provides advice for entities looking to raise both debt and equity capital, which may include listing of these instruments on the local exchange. Additionally, it provides micro-credit small business financing through a pool of funds managed by Sagicor Investments and wholesaled as an agent on a non-recourse basis to institutions, who lend these funds to the small business sector. Sagicor Investments also provides business valuation, research, underwriting, and other related services.

Sagicor Investments is the largest unit trust manager in Jamaica with over 50% market share, and the funds have consistently been top of the tables in returns each year.

For the nine months ended September 30, 2018 and the year ended December 31, 2017, revenues from investment banking were US\$34.4 million (J\$4.4 billion) and US\$32.5 million (J\$4.1 billion), respectively.

### *Market and Competition*

The Jamaican insurance industry is concentrated among a few large companies. Sagicor has a very strong position in the insurance market and estimates that it was the largest insurance company in Jamaica in 2016 based on gross life insurance premiums written. Furthermore, according to the Insurance Association of Jamaica, Sagicor is the largest provider of individual life and the largest provider of group life insurance in Jamaica based on gross premiums. Sagicor is also the largest provider of health insurance and pensions in Jamaica based on in-force business.

The insurance market and the principal competitive advantages affecting Sagicor's insurance business in Jamaica are:

- the size and strength of the distribution channel through Sagicor's career agency force;
- Sagicor's financial strength and claims paying reputation;
- the breadth of Sagicor's product lines and product quality;
- Sagicor's visibility in the market place;
- the quality of Sagicor's service; and
- Sagicor's asset management performance.

Sagicor's primary competitor for individual life insurance, health insurance, pension, and group life business in Jamaica is Guardian Group. One of the defining features of the life segment in Jamaica is the amount of market share captured by Sagicor and Guardian. Both groups together account for approximately 70% of all premiums written in Jamaica's life segment.

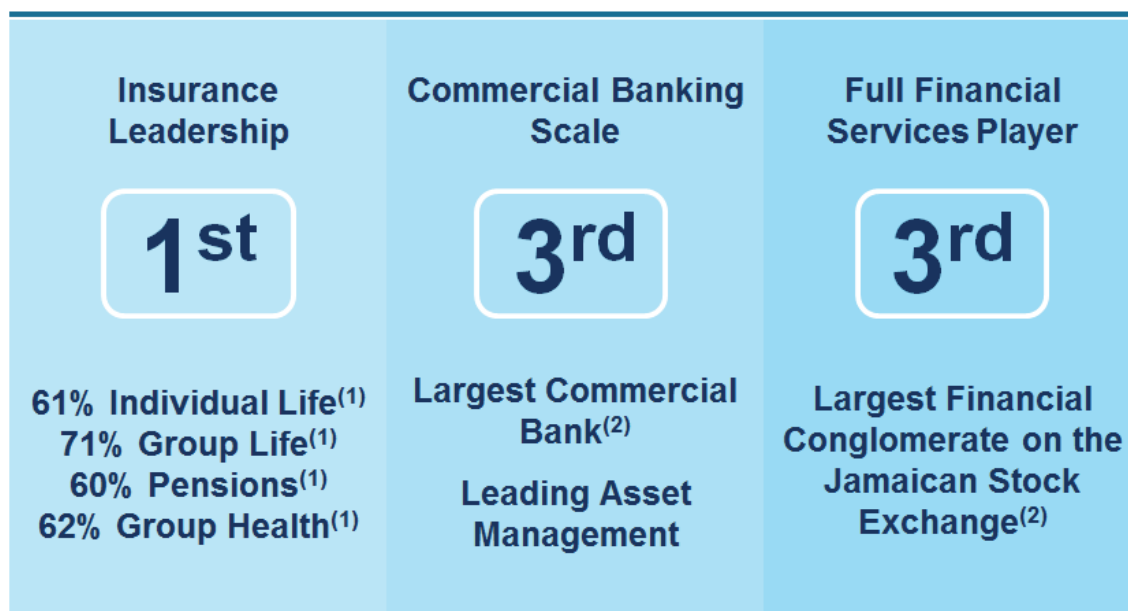
Smaller players include Scotia Jamaica Life Insurance Company Limited ("SJLIC"), which primarily sells creditor insurance, an indirect subsidiary of BNS, and the local arm of CUNA Mutual. With a global headquarters in Madison, Wisconsin, CUNA Mutual provides loan protection, savings, group life and funeral insurance products to credit union members in Jamaica. Jamaica's National Commercial Bank also distributes life insurance and wealth management solutions.

The number of active market participants in the financial services industry in Jamaica has remained stable over the last few years. Sagicor expects this trend to continue.

Sagicor Bank Jamaica and Sagicor Investments (along with their direct parent Sagicor Jamaica) have primary competitors that consist of financial conglomerates with diverse financial services operations that are licensed and regulated by either the Bank of Jamaica (BOJ) or the Financial Services Commission (FSC). The main competitors include The NCB Financial Group, Jamaica Money Market Brokers (JMMB) Group and the Jamaica National (JN) Group, as well as the Scotia Group (primarily banking and creditor insurance).

The competitive product offerings and demographics of the customer base within the peer groups are fairly similar.

The following graphic shows Sagicor’s market share in Jamaica:



(1) Based on 2017 data.  
(2) Based on profitability.

**Sagicor Life**

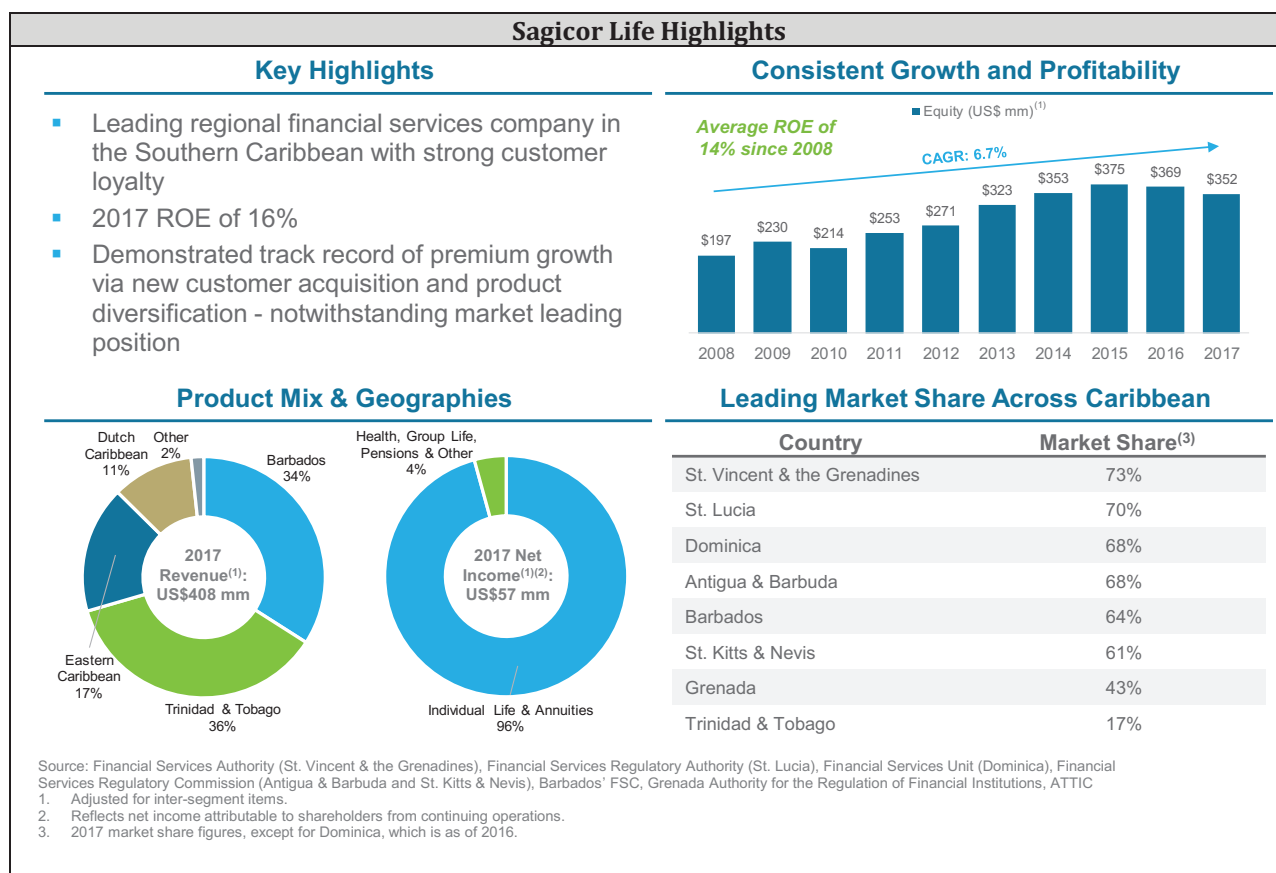
*Overview*

Sagicor operates in the Caribbean primarily through its subsidiary, Sagicor Life. Sagicor Life is the successor to The Barbados Mutual Life Assurance Society, which was founded in Barbados in 1840. Accordingly, Sagicor Life is headquartered in Barbados. Sagicor Life operates in the Southern Caribbean in Trinidad and Tobago as well as Barbados. Sagicor’s operations in the Eastern Caribbean are conducted in seven territories (Antigua, Anguilla, the Commonwealth of Dominica, St. Lucia, Grenada, St. Kitts and Nevis, and St. Vincent) through three branches (Antigua, Grenada, and St. Lucia) and three agencies (Dominica, St. Kitts and Nevis and St. Vincent). Sagicor no longer writes new business in Anguilla. Sagicor also operates in the Dutch and North Caribbean. It is the leading insurance player in its various markets. Sagicor Life provides life, health, annuity insurance business, pension administration services and asset management.

Sagicor Life’s books and records, including its minute books, corporate seal and corporate records, are co-located at its and Sagicor’s headquarters in Barbados. Accordingly, Sagicor has access thereto, including electronically.

While a majority of Sagicor’s operations in the Caribbean operate through Sagicor Life, Sagicor provides some of its products in this region through its other subsidiary operating companies, such as Sagicor General and Sagicor Asset Management Inc.

Financial and market highlights of Sagicor Life's operations are in the table below.



### Products

Sagicor's products in the Southern and Eastern Caribbean include life and health, employee benefits, including pensions, annuities, asset management and property and casualty insurance.

Sagicor targets middle to high-net worth individuals through superior customer service and an efficient and effective career agent distribution network. In the Eastern Caribbean and other Caribbean regions, Sagicor markets primarily to lower-middle and middle-income clients.

Sagicor's strong corporate image, together with its wide range of products and skilled sales force, has allowed Sagicor to maintain a leading position in the mature life insurance market in the Caribbean. Sagicor Life has an "A-u" (Developing) rating from A.M. Best.

The Company hopes to continue to grow its business in this market by cross-selling its broad range of products, including non-traditional life insurance and critical illness insurance to existing Sagicor customers, most of whom currently only hold one Sagicor product. Sagicor also plans to launch a suite of unit-linked products, which, in addition to being attractive and competitive, will allow a more efficient use of Sagicor's capital.

As Sagicor seeks to grow its business, Sagicor intends to adjust its recruiting of advisors to enhance its entry into under-served markets and to develop its financial advisory business in order to further penetrate the high net worth segment.

As of September 30, 2018, Sagicor had 85,985 life insurance policies in force in Barbados, as compared to 75,574 as of December 31, 2017, which represents an annualized premium income of US\$64.1 million and a sum assured of US\$4.1 billion as of September 30, 2018, as compared to US\$3.9 billion for the year ended December 31, 2017. In Trinidad and Tobago, Sagicor had 86,914 life insurance policies in force as of September 30, 2018, as compared to 86,049 life insurance policies as of December 31, 2017. This represented annualized premium income of US\$77.9 million as of September 30, 2018, as compared to US\$76.2 million as of December 31, 2017, and a sum assured of US\$3.8 billion as of September 30, 2018 as compared to US\$3.8 billion for the year ended December 31, 2017. In the Eastern Caribbean, Sagicor had a portfolio of 59,928 life insurance policies in force as of September 30, 2018, as compared to 59,255 life insurance policies in force as of December 31, 2017, representing annualized premium income of US\$43.9 million and a sum assured of US\$3.3 billion as of September 30, 2018, as compared to US\$44.6 million and a sum assured of US\$3.2 billion as of December 31, 2017. In its other Caribbean regions, Sagicor had a portfolio of 31,647 life insurance policies in force as of September 30, 2018, as compared to 31,740 life insurance policies in force as of December 31, 2017, representing annualized premium income of US\$32.8 million and a sum assured of US\$2.4 billion as of September 30, 2018, as compared to US\$32.8 million and a sum assured of US\$2.4 billion for the year ended December 31, 2017.

### *Market and Competition*

The Southern and Eastern Caribbean is a mature market for traditional insurance products, including life insurance and property and casualty insurance. Sagicor is one of the largest companies providing group life insurance and group health insurance in the Southern and Eastern Caribbean based on gross premiums based on gross premiums.

Sagicor's competitors include other regional insurers that compete with Sagicor in many jurisdictions, as well as local insurers that specialize in smaller territories. In some jurisdictions, Sagicor faces competition from banks, securities brokerage firms, investment advisors, and other financial intermediaries marketing insurance products, annuities and mutual funds.

Sagicor's primary competitors for life and annuity insurance business in the Southern Caribbean are PALIG, Guardian Life Insurance and ScotiaLife Trinidad and Tobago Limited ("SLTT"), which primarily sells creditor insurance. In the property and casualty insurance market, Sagicor primarily competes with Guardian, Massy United and Insurance Corporation of Barbados Limited (IBCL). Sagicor's primary competitors for insurance business in the Eastern Caribbean are Nagico (which competes with Sagicor only for group insurance business), PALIG and Demerara Mutual (which compete with Sagicor only for individual insurance business).

In the life insurance market, three of the four largest life insurance companies are groups that have successfully expanded beyond their home bases across the Caribbean region. Guardian Group, which is based in Trinidad and Tobago, is the largest life company based on FY2017 Gross Premiums Written, followed by Sagicor Life and SLTT (which focuses primarily on creditor insurance), an indirect subsidiary of BNS.

Regarding the non-life market, the sister company of Guardian Life, Guardian General, leads the non-life insurance sector in the Trinidadian market, with a 25.7% share of premiums in 2017. Much like its life sector counterpart, Guardian enjoys the advantages of scale and a nationwide network of branches, as well as a well-established brand.

Moreover, Beacon is an indigenous composite (but mainly non-life) group with a 7.8% market share that is based in Trinidad and Tobago. It operates through branches in twelve locations across the country, and in Barbados, Grenada and St Lucia. It is represented by agents in eight locations in Trinidad and Tobago, as well as in Dominica, St Kitts & Nevis and in St. Vincent.



The following table shows Sagicor Life's market share as of December 31, 2017.

<b>Total Market Share - December 31, 2017</b>				
<b>As of December 31, 2017</b>				
	<b>Currency</b>	<b>Sagicor Gross Premium Written</b>	<b>Regulator's Industry Revenue</b>	<b>Market Share</b>
<b>(in millions of US\$)</b>				
Antigua & Barbuda .....	EC	27.8	40.9	68%
Barbados <sup>(1)</sup> .....	BDS	209.0	328.7	64%
Dominica <sup>(2)</sup> .....	EC	10.8	15.9	68%
Grenada .....	EC	15.9	37.4	43%
St. Kitts Nevis .....	EC	13.9	22.8	61%
St. Lucia .....	EC	39.2	55.6	70%
St. Vincent & the Grenadines .....	EC	16.7	22.7	73%
Trinidad and Tobago .....	TTD	782.0	4,591.2	17%

(1) Data provided by the regulator in Barbados (FSC) includes offshore business written by one competitor which has skewed the gross premiums written for the industry. Without it, Sagicor would have approximately 85% market share.  
(2) Calculated as at December 31, 2016.

Significant price competition exists for sales through brokerage distribution. Sagicor attempts to mitigate this competition by selling its products principally through dedicated advisors and by increasing the number of Sagicor's advisors in the Southern and Eastern Caribbean.

The principal competitive factors affecting Sagicor's life, group and non-life business in the Southern and Eastern Caribbean are:

- the size and strength of the distribution channel through Sagicor's career agency force;
- Sagicor's financial strength and claims paying reputation;
- breadth of Sagicor's product lines and product quality;
- Sagicor's visibility in the market place;
- the quality of Sagicor's service; and
- Sagicor's asset management performance.

In addition to the factors outlined above, in the Eastern and Dutch Caribbean there is an additional requirement of managing Sagicor's business across many small islands. This creates compliance burdens and logistical challenges, which is a key differentiating factor for Sagicor given its scale and detailed market knowledge and provides barriers to entry for potential new competitors.

### ***Sagicor Life USA***

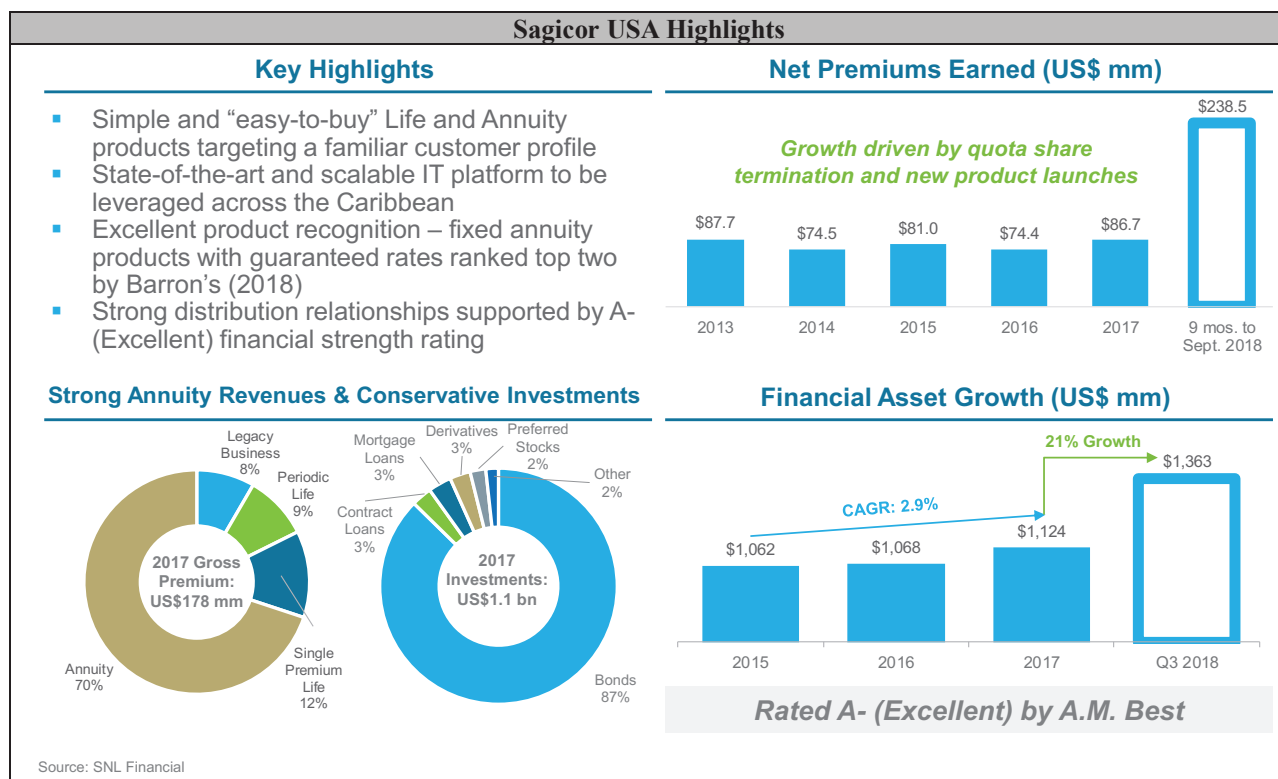
#### *Overview*

Sagicor moved beyond its core Caribbean markets in 2004 when Sagicor established Sagicor USA to spearhead the Company's move into the United States. In 2005, Sagicor acquired American Founders Life Insurance Company, the predecessor of Sagicor Life USA, Sagicor's USA-based operating subsidiary. This acquisition was part of Sagicor's strategy to expand into markets with significant growth potential or where the Company can develop global best practices that it can then introduce into its core geographies.

Since its acquisition, Sagicor Life USA has been following a clearly defined strategy of creating the Sagicor story in the United States by providing innovative customer solutions to the middle-income American. While the Company

continues to look for opportunities to grow its policy and premium base by acquiring strategic blocks of life insurance business or other life insurance companies, the focus has been on organic growth since 2007, developing and marketing its own products. As just one example of this innovative approach, the Company was one of the first companies in 2014 to incorporate advanced underwriting techniques to automate the application process, shaving weeks off the policy issuance time schedule and providing consumers with the ability to obtain an underwriting decision within minutes of application submission. The Company’s Acelewriting platform has been recognized as one of the best in the industry by several leading firms. In a further innovation, the Company expanded its Acelewriting platform to allow consumers to buy directly from the Company through its online site, SagicorNOW™, if an agent is not desired. SagicorNOW frees the consumer to obtain coverage when they would like to 24 hours a day, 7 days a week, and 365 days a year without ever having to speak to someone, if that is what the customer wants. SagicorNOW is available in 22 states and it is expected to be in the remaining 23 states the Company is licensed in by the end of 2018.

Financial and market highlights of Sagicor USA’s operations are in the table below.



As of December 31, 2017, Sagicor Life USA was licensed in 45 states in addition to the District of Columbia. It markets a full array of life and annuity policies through a network of field marketing organizations, independent producers, and career agents. Approximately 53% of Sagicor Life USA’s premiums are written in Texas, Florida, California, Arizona, Missouri, Ohio, and Minnesota, with only Texas accounting for more than 10% overall. A.M. Best currently assigns Sagicor Life USA a rating of “A- u.” (Developing) Sagicor Life USA has administrative offices in Scottsdale, Arizona and Tampa, Florida.

*Products and Distribution*

Sagicor Life USA offers a wide array of life and annuity products. While these products can serve all facets of the U.S. market, Sagicor Life USA is focused on the large, underserved middle market. Sagicor Life USA was one of the first companies to offer a full suite of life and annuity products with crediting rates based on the movement of popular equity indices as well as global baskets. Sagicor Life USA offers term, whole life (non-participating

periodic premium and single premium (indexed and standard)), universal life (indexed as well as no-lapse versions), indexed annuities, single premium immediate annuities, and multi-year guaranteed annuities.

The Company purchases custom options (hedges) that are selected to materially replicate the policy benefits that are associated with the equity indexed components of certain of the Company's products. These options are appropriate to reduce or minimize the risk of movements in the equity market (market risk). The hedging transactions are accounted for as call options and are originally valued at the premium paid, with the statement carrying value being adjusted to fair value. To minimize potential counterparty risk from the purchase of these customized contracts from broker dealers, the Company limits its transactions to only banks and brokers carrying an unsecured debt rating of at least A or P-1 by either Standard and Poor's or Moody's. See note 41.6 of the 2017 Sagikor Audited Annual Financial Statements.

Sagikor Life USA principally offers life and annuity products to individuals through independent marketing organizations across the country. It does not market health, disability, long-term care, or variable products and while some of its products can and are sold in worksite situations, it does not actively market in that environment nor does it have traditional group products.

As of September 30, 2018, Sagikor Life USA had a portfolio of approximately 95,700 life insurance policies and annuity policies in force, as compared to approximately 95,500 life insurance and annuity policies as of December 31, 2017, representing annualized premium income of US\$238.5 and US\$153.5 million, respectively. This represented US\$6.9 billion sum assured as of September 30, 2018 and US\$6.3 billion sum assured as of December 31, 2017. Sagikor Life USA had US\$1.9 billion in total assets as of September 30, 2018, as compared to US\$1.7 billion as of December 31, 2017. The net growth in policy count is a result of strong new business production offsetting the natural decline in policies written prior to 2007 through death, lapse or surrender.

#### *Market and Competition*

Sagikor Life USA markets its life insurance products through approximately 5,300 third-party marketing firms, financial institutions and independent and career agents located in 45 states and the District of Columbia. Sagikor Life USA markets its products primarily to individuals and small businesses and is focused on the large, underserved middle market, which is similar to the target demographic for which it is the market leader in the Caribbean.

The U.S. insurance market is highly fragmented. Where insurance is a commodity, scale, size and volume are necessary to achieve profitability amid strong competition. As a result, a portion of Sagikor's strategy in the United States continues to be to acquire blocks of individual life policies that can easily be assimilated into its systems and to purchase small life insurance companies.

Sagikor Life USA has numerous competitors in each of its product lines and growth strategies. In the life and annuity market, Sagikor's main competitors could consist of small to medium regional companies or large, nationally and globally renowned companies. Some market through captive sales forces while others compete with Sagikor for the attention of independent brokers or look to attract business through aggressive online marketing. In the direct to consumer space, SagikorNOW competes directly with web-based approaches established by large, global renowned companies as well as several InsurTech start-ups. Other competitive factors in Sagikor's markets in the United States include the development of products to suit customer needs, the development of distribution networks and investment performance. As of the end of 2017 (the last reporting date), Sagikor Life USA was ranked 151st of the top 200 life insurance companies by total assets. When Sagikor Life USA was acquired by Sagikor, it was ranked 175th. It is consistently mentioned as one of the top term life companies in the country, as well as its recently introduced multi-year guaranteed annuities which were ranked in the top 50 best annuities, according to a Barron's 2018 report.

The following table shows the main competitors and their market shares in the United States insurance market, for the periods indicated.

**Main competitors market share**

2017

2016

**Fixed Annuity New Sales**

New York Life Insurance Company.....	10.0%	8.6%
Allianz Group.....	7.5%	9.3%
American International Group, Inc.....	6.4%	7.0%
Global Atlantic Financial Group Limited.....	6.0%	4.7%
Athene Holding Ltd.....	5.4%	4.8%
Nationwide Mutual Insurance Company.....	5.1%	2.9%
American Financial Group, Inc.....	4.3%	4.0%
American Equity Investment Life Holding Company.....	4.2%	6.5%
Symetra Financial Corporation.....	3.3%	3.4%
Security Benefit Corporation.....	2.7%	3.2%
Brighthouse Financial, Inc.....	2.7%	2.4%
Midland National Life Insurance Company.....	2.5%	3.8%
FGL Holdings.....	2.4%	2.3%
Pacific Mutual Holding Company.....	2.3%	2.2%
Principal Financial Group, Inc.....	2.3%	2.3%
North American Company for Life and Health Insurance.....	2.0%	2.5%
Lincoln National Corporation.....	2.0%	1.8%
Delaware Life Insurance Company.....	1.9%	1.6%
American National Insurance Company.....	1.8%	1.0%
Massachusetts Mutual Life Insurance Company.....	1.8%	1.7%

**Total Life Insurance Issued (by Face Amount Issued)**

MetLife, Inc.....	8.9%	6.8%
Prudential Financial, Inc.....	6.6%	6.1%
The Northwestern Mutual Life Insurance Company.....	5.2%	5.3%
Securian Financial Group, Inc.....	5.0%	5.6%
New York Life Insurance Company.....	4.2%	3.9%
Lincoln National Corporation.....	3.7%	3.9%
Unum Group.....	3.6%	3.4%
Principal Financial Group, Inc.....	2.9%	2.8%
Massachusetts Mutual Life Insurance Company.....	2.9%	2.4%
Primerica, Inc.....	2.8%	2.8%
State Farm Mutual Automobile Insurance Company.....	2.8%	2.9%
Cigna Corporation.....	2.5%	2.7%
American International Group, Inc.....	2.4%	2.2%
The Guardian Life Insurance Company of America.....	2.4%	2.5%
Liberty Life Assurance Company of Boston.....	2.1%	2.3%
Mutual of Omaha Insurance Company.....	2.0%	2.1%
Aetna Inc.....	2.0%	2.6%
StanCorp Financial Group, Inc.....	1.9%	2.6%
The Hartford Financial Services Group, Inc.....	1.9%	2.7%
Transamerica Corporation.....	1.8%	2.4%

Source: Market Research.

## Net Policy Benefits

Net policy benefits consist of:

- life insurance, proceeds from death claims, matured policies and policies surrendered;
- payments under annuity contracts;
- health claims in the normal course of business; and
- net property and casualty insurance claims.

The tables below summarize the distribution of Sagicor's net policy benefits by segment as of December 31, 2017.

<b>Sagicor Net Policy Benefits</b>					
<b>As of December 31, 2017</b>					
	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor USA</b>	<b>Head office and other</b>	<b>Total</b>
	<b>(in millions of US\$)</b>				
Net policy benefits <sup>(1)</sup> .....	197.8	171.1	87.6	27.1	483.6
Net change in actuarial liabilities.....	11.9	83.3	27.1	-	122.3
Net policy benefits and change in actuarial liabilities.....	209.7	254.4	114.7	27.1	605.9
Interest expense .....	12.2	37.5	2.1	3.1	54.9
Total benefits.....	<u>221.9</u>	<u>291.9</u>	<u>116.8</u>	<u>30.2</u>	<u>660.8</u>

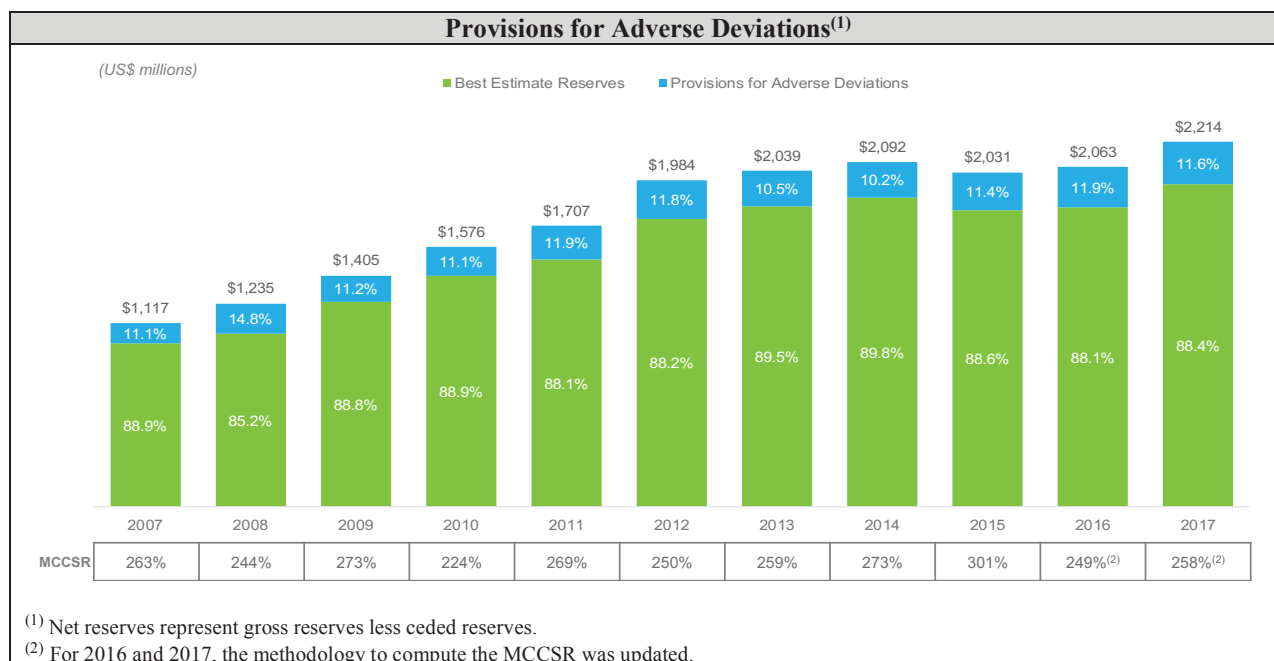
(1) Net policy benefits consist of: (i) life insurance, proceeds from death claims, matured policies and policies surrendered; (ii) payments under annuity contracts; (iii) health claims in the normal course of business; and (iv) net property and casualty insurance claims.

## Claims, Capital and Reserving Policy

### Overview

Sagicor's capital and reserving policy is part of an integrated enterprise risk management system. Sagicor voluntarily adopted the Canadian risk based capital and reserving standards in the mid-1990s because there were no uniform capital and reserving standards in the Caribbean and the statutory standards were weaker. In 2001, the Government of Jamaica adopted the Canadian risk based capital and reserving standards. The policy allows Sagicor to have a common platform to assess the performance of each principal operating entity and therefore allocate capital more efficiently. Sagicor targets a capital ratio of at least 175% of MCCR under the most recent Canadian MCCR standards in place as of year-end 2017, and it has exceeded this target since adoption.

Sagicor follows a prudent reserving philosophy including voluntary adherence to Canadian actuarial standards, which strengthens the resilience of its liability coverage. As part of its reserving policy, Sagicor records provisions to account for potential adverse deviations in addition to its best estimate reserves. These reserves, which are estimated using best estimate assumptions, are validated by internal and external specialists. As of 2017, Sagicor's reserves include US\$256.0 million of PfADs, which will eventually be reclassified into equity if no such adverse deviations occur as reserves are released and paid out. As illustrated in the table below, Sagicor's aggregate PfADs have consistently ranged from 10% to 12% of net reserves for each of the last nine years, which includes a wide array of economic conditions.



For life insurance and annuities, the reserves are the sum of the expected claims and expenses less premiums over the expected life of each policy. The expected claims, expenses and premiums are based on assumptions for future economic factors, namely, interest rates and inflation, and future policyholder behavior, namely, mortality and lapses and future company behavior, namely, expenses. All assumptions have two components: a best estimate and a margin for adverse deviation. Therefore, the reserves have two components: a best estimate and a PfAD. In addition, the reserves are determined under prescribed economic scenarios, and the reserves under the worst economic scenario are chosen; typically, this is a declining interest rate scenario for Caribbean countries. The difference between the best and worst case economic scenarios was US\$133 million or 15% of total equity as of December 31, 2017.

For the Company’s property and casualty and health insurance claims, reserves are primarily related to incurred but not paid claims.

The following sections discuss Sagicor’s claims and reserving policies in greater detail. Sagicor administers its claims internally, namely, adjudication and payment, within specific target performance standards.

### ***Life Insurance***

#### ***Claims***

Sagicor manages its exposure to claims risk through detailed underwriting and claims guidelines. These guidelines provide direction to Sagicor’s staff as it relates to the classification of risks and to the adjudication of claims. Exposure to claims risk is further minimized by reinsurance guidelines, which limit the amount of risk retained under any one policy. Policies in excess of pre-defined limits are partially reinsured with other companies. All of Sagicor’s claims administration and management is done in-house.

#### ***Reserving***

Sagicor follows the Canadian standards for valuation as set by the Canadian Institute of Actuaries to the extent that they can be applied to the Caribbean. The primary bases used are the Canadian Asset Liability Method (“CALM”) and Policy Premium Method (“PPM”). CALM and PPM are asset-liability matching methodologies that allocate specific assets to cover the future net policy cash-flows.

Under CALM, the actuarial liabilities (reserves) of each insurer are determined by the value of specified assets (in the form of investments and cash) required to mature the net policy cash-flows of the contracts over the remaining lives of the insureds.

The individual life and annuity insurance actuarial reserves for all entities combined, as of December 31, 2017, were US\$2.2 billion.

Sagicor's group life and group creditor reserves are generally valued using PPM using the interest rate arrays generated under CALM for individual life. The reserves for group life and group creditor, as of December 31, 2017, were US\$32.0 million.

The CALM methodology produces the total reserve requirement for each CALM fund. In general, the CALM methodology is used to determine the net overall actuarial liabilities required by an insurer. PPM equivalents are used to determine the amount of reinsurance balances in the reserve, the distribution of the total reserve by country (for statutory reporting), and the distribution of the reserve by policy (for MCCR negative reserves). PPM equivalents and other approximations to CALM have also been used in calculating certain components in the actuarial liabilities.

Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. The latter provision reflects the uncertainty in computing best estimate reserves, allowing for possible mis-estimation of actual experience in an effort to provide greater comfort that reserves will be adequate to pay future benefits. For additional information on Sagicor's assumptions and provisions for adverse deviations, see note 13.3 to the Sagicor Audited Annual Financial Statements, included elsewhere in this prospectus.

For the respective reserve assumptions for mortality and morbidity, lapse, future investment yields, operating expenses, and taxes, best estimate reserve assumptions are determined where appropriate for each major geographical segment: Jamaica, Trinidad and Tobago, Barbados, the United States, and other Caribbean countries.

Provisions for adverse deviations are established in accordance with the risk profiles of the business and are, as far as is practicable, standardized across the major geographical segments. Provisions are determined within a specific range established by the Canadian Standards of Practice.

## ***Health Insurance***

### *Claims*

Sagicor receives health insurance claims under individual contracts and group contracts. These claims are fully administered and managed internally by Sagicor's claims section. Sagicor's aim is to provide timely, efficient, high-quality claim services to its clients while maintaining control of its costs. Sagicor has independent chief medical officers at Sagicor Life and Sagicor Jamaica and has access to designated medical officers in the jurisdictions in which it operates. These medical officers provide oversight assistance with certain large claims in an attempt to prevent fraud.

### *Reserving*

The Modified Completion Factor Method is used to estimate the aggregate reserves needed for health insurance. This method provides for claims incurred but not reported, or IBNR, as well as claims reported but not yet paid. The reserves for health insurance were, as of December 31, 2017, approximately US\$47.3 million.

## ***Property and Casualty Insurance***

### *Claims*

Sagicor receives claims in its property and casualty insurance business with respect to property, automotive and casualty. Property claims consist primarily of loss or damage to insured property caused by fire, flood, hurricane or storm damage, burglary or theft. Motor claims primarily result from injury or damage to vehicles, passengers and



pedestrians. Casualty claims normally result from bodily injury to employees or members of the public in offices, restaurants or at other places of work, such as construction sites.

Sagicor settles claims internally and uses external experts to advise on complex cases. Sagicor refers personal injury claims to its independent panel of medical advisors, led by its independent chief medical officer.

### *Reserving*

Sagicor maintains loss reserves in its general insurance lines to cover its estimated ultimate liability for losses and loss adjustment expenses for reported and unreported losses incurred as of the end of each accounting period. Loss reserves do not represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of losses. These estimates are based on statistical projections of facts and circumstances and trends in loss severity and other variable factors, including new bases of liability and general economic conditions.

Reserving for liability claims is subject to significant uncertainties that generally exceed those presented with other types of claims. These uncertainties include long reporting delays and unresolved legal issues about the policy and the value of the policy. As a consequence, in addition to traditional loss reserving techniques, Sagicor relies on internal expertise and external legal and professional advisors.

The reserves for liability claims were, as of December 31, 2017, approximately US\$32.2 million.

## **Reinsurance**

### *Overview*

Sagicor uses reinsurance in each of its three principal business segments to achieve different objectives, namely, protection of the capital base from catastrophes (all segments), as a source of capital to fund growth (Sagicor Life USA), which program ended as of March 2018, and to protect its net income stream from volatility from large claims primarily in the Caribbean health insurance operations (Sagicor Life Inc., Sagicor Life Jamaica Limited, and Sagicor Life of the Cayman Islands Ltd., the Caribbean life insurance operations). Sagicor has reinsurance for both its individual and group insurance business.

Sagicor uses a panel of high quality reinsurers. Sagicor's reinsurance is conducted with reinsurers that either have an investment grade rating or provide collateral against the risk. The maximum capacity loss for Sagicor under its reinsurance arrangements is US\$8 million. Sagicor has long standing relationships with its reinsurers and has had no material issues.

The table below lists some of Sagicor's key reinsurance providers and their respective A.M. Best ratings:

Company	A.M. Best	
	2018	2017
Allianz Life Ins Co of North America .....	A+	A+
Employers Reassurance Corp .....	A-	A-
Guggenheim Life and Annuity Co .....	B++	B++
Hannover Life Reassurance Co of Am .....	A+	A+
Heritage Life Insurance Co .....	NR	NR
Lincoln National Life .....	A+	A+
MedAmerica Insurance Company .....	NR	NR
National Foundation Life Ins Co .....	B+	B+
Optimum Re Insurance Co .....	A-	A-
RGA Reinsurance Co .....	A+	A+
Sagicor Life, Inc. ....	A-	A-
SCOR Global Life Americas Reinsurance Co .....	A+	A
SCOR Global Life USA Reinsurance Co .....	A+	A
Scottish Re (U.S.), Inc. ....	NR	NR
Security Life of Denver .....	A	A
Sterling Investors Life .....	NR	NR
Swiss Re Life & Health America .....	A+	A+
The Canada Life Assurance Company .....	A+	A+
Transamerica Life Ins Co .....	A+	A+
Transamerica Premier Life Ins Co .....	A+	A+
Washington National Ins Co .....	A-	A-

The form of reinsurance is usually an excess of loss cover, where a claim in excess of a predetermined amount is borne by the reinsurer, and/or quota share, where a predetermined portion of the original premium and claim are received and paid by the reinsurer. The predetermined amounts vary by operating entity. If a reinsurer were not to satisfy obligations, Sagicor could be adversely affected.

Sagicor has filed an application to establish a life reinsurer in Bermuda with the aim of streamlining its reinsurance programs.

### ***Catastrophe Reinsurance***

The life reinsurance is payable on an event involving three or more deaths. There is a deductible of US\$1.125 million. The annual aggregate limit is US\$40.3 million. The reinsurers are RGA Reinsurance Company, Missouri (50%) and Hannover Reuck SE, Hannover (50%). Sagicor has made no claim on this policy.

The property and casualty is payable after the first US\$7.5 million of claims. Sagicor also purchases premium protection to seek to ensure 100% reinstatement of coverage.

### ***Life Reinsurance***

Sagicor Life USA, the U.S. operations, have reinsurance coverages that are product specific with the reinsurer being responsible for claims above US\$50,000 to US\$500,000, depending on the specific block of business.

Sagicor's Caribbean operations, Sagicor Jamaica and Sagicor Life Inc., have reinsurance coverage for individual life claims above US\$500,000, and for group life claims above US\$125,000.

## **Asset and Liability Management and Investments**

### ***Overview***

Sagicor's enterprise risk management includes an integrated approach to its corporate governance structure, ALM, investment policy and capital and reserving policy.

Each principal operating entity has an Investment and Risk Committee of its board of directors. Each committee reviews investment policies and performance, risk measures and ALM studies. ALM and investment management are mainly managed internally by each operating entity.

### ***Asset and Liability Management***

The insurance liabilities are measured under the Canadian reserving standards on a fair value basis. Assets equal to the insurance liabilities are allocated to those liabilities. The remaining assets are allocated to shareholder capital. The insurance liabilities are sensitive to the following:

- economic factors, such as interest rates and inflation;
- economies of scale; and
- policyholder behavior, including mortality and policy lapses.

The assets are sensitive to the following:

- economic factors;
- interest rates; and
- credit events.

Sagicor uses mainly fixed income securities, namely, bonds, mortgages, deposits, and policy loans, of similar currency, duration and cash flows, to match its insurance liabilities. The broad matching approach reduces the risk of Sagicor having to (i) sell assets in poor market conditions, (ii) buy assets in a falling interest rate climate, and (iii) borrow at high interest rates to meet benefits requirements. Broad matching also reduces the risk of shocks to net income and capital. Sagicor uses a broader mix of assets, including property, equities and foreign fixed income securities to match its shareholder capital. Unit-linked liabilities are matched with units in the relevant underlying investment funds.

Sagicor's life insurance liabilities have a longer duration than its other liabilities because of the inherent nature of life insurance liabilities. This discrepancy is compounded by the non-investment grade status of some of the countries that Sagicor operates in, restrictions on foreign investments, and the lack of variety of long term fixed income securities in the Caribbean. However, Sagicor has low liquidity risk because of net positive operating cash flows.

ALM risks are managed by:

- matching capital with the preferences of investment grade assets and/or US\$ assets, where practical;
- a deliberate mismatch of foreign currency assets, preferably investment grade assets against local currency liabilities of non-investment grade countries, where practical;
- designing products so that Sagicor has the ability to pass through investment risks for certain classes of policies;
- structuring the mix of products such that some liabilities offset each other (e.g. Sagicor's annuities products offset Sagicor's ordinary life insurance products);
- originating mortgages with recourse to match long-term liabilities;
- limiting the exposure to any one counterparty;

- limiting the exposure both within and across asset classes;
- reinsurance of catastrophe risks with companies that have high credit ratings; and
- regular stress and scenario testing.

Sagicor's ALM is reflected in the tables below showing its foreign exchange sensitivity and interest rate sensitivity.

#### *Foreign exchange sensitivity*

Sagicor is exposed to foreign exchange risk as a result of fluctuations in exchange rates since its financial assets and liabilities are denominated in a number of different currencies. Sagicor is exposed to this currency risk in its operating currencies, whose values have noticeably fluctuated against the United States dollar.

For example, the effect of a 10% depreciation in the J\$ relative to the US\$ arising from J\$ reporting units as of December 31, 2017 and for the year then ended are considered in the following table.

(in thousands of US\$)	Amounts denominated in		Total amounts	Effect of a 10% depreciation
	J\$	US\$		
<b>Financial position:</b>				
Assets	1,566,473	1,112,196	2,678,669	(156,647)
Liabilities	1,121,819	988,958	2,110,777	(112,182)
Net position	444,654	123,238	567,892	(44,465)
Represented by:				
Currency risk of the Group's investment in foreign operations				(44,465)
<b>Income statement:</b>				
Revenue	483,662	71,483	555,145	(36,381)
Benefits	(226,671)	(46,464)	(273,135)	22,667
Expenses	(157,339)	(14,856)	(172,195)	15,734
Income taxes	(22,826)	-	(22,826)	2,283
Net income	76,826	10,163	86,989	4,303
Represented by:				
Currency risk relating to the future cash flows of monetary balances				11,985
Currency risk of reported results of foreign operations				(7,682)
				4,303

The tables above show that a 10% decline in the J\$ relative to the US\$ will result in a US\$44.5 million decline in the net assets resulting from translation losses and net income gains of approximately US\$4.3 million. A 10% appreciation in the J\$ relative to the US\$ would have equal but opposite effects to those disclosed above.

#### *Interest rate sensitivity*

Sagicor is exposed to interest rate risks. Sensitivity to interest rate risk is considered by operating subsidiaries. The effects of changes in interest rates of assets backing actuarial liabilities are examined below.

### Sensitivity arising from the valuation of actuarial liabilities

Under Canadian accepted actuarial standards, the AA is required to test the actuarial liability under economic scenarios. The scenarios developed and tested by insurers were as follows.

Sensitivity	Scenario		
	Sagicor Life Inc. Segment	Sagicor Jamaica Segment	Sagicor USA Segment
<b>High interest rate</b>	Assumed increases in the investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed increases in the investment portfolio yield rates of 0.5% per year for 10 years.	A 1% increase was applied to the investment portfolio rate.
<b>Low interest rate</b>	Assumed decreases in investment portfolio yield rates of 0.25% per year for 5 years, with the rates remaining constant thereafter.	Assumed decreases in investment portfolio yield rates of 0.5% per year for 10 years.	A 1% decrease was applied to the investment portfolio rate.

The following table represents the estimated sensitivity of the above scenarios to net actuarial liabilities for insurers by segment.

	Sagicor Life Segment		Sagicor Jamaica Segment		Sagicor Life USA Segment	
	2017	2016	2017	2016	2017	2016
Base net actuarial liability	956,305	936,049	374,483	327,183	623,269	580,784
Scenario	Increase/(decrease) in liability		Increase/(decrease) in liability		Increase/(decrease) in liability	
High interest rate	(89,289)	(84,334)	(111,058)	(98,734)	(37,115)	(34,545)
Low interest rate	161,474	156,127	102,183	124,400	42,637	39,771

The Group's property and casualty operations are not exposed to a significant degree of interest rate risk, since the majority of its interest bearing instruments has short-term maturities.

The sensitivity of the Group's principal operating subsidiaries engaged in banking, investment management and other financial services are considered in the following paragraphs:

Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on net income and total comprehensive income (“TCI”) of the above companies which operate in Jamaica.

Sagicor is exposed to interest rate risks. The occurrence of an adverse change in interest rates on invested assets may result in financial loss to Sagicor in fulfilling the contractual returns on insurance and financial liabilities.

The sensitivity of income is the effect of the assumed changes in interest rates on income based on floating rate debt securities and financial liabilities. The sensitivity of TCI is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

2017			
Change in interest rate		Effect on net income	Effect on total comprehensive income
J\$	US\$		
-1%	- 0.5%	8,525	21,297
+1%	+ 0.5%	(8,856)	(19,691)

**Investments**

Each principal operating entity has an investment policy that provides a framework of maximizing investment yield subject to the management of the ALM risks described above and the investment regulations of each country.

As of September 30, 2018, Sagicor had US\$5.1 billion of diversified financial assets and net investment income of US\$163.4 million, a net investment return of 3.2%, which reflects the impact of the GoB debt exchange. Since becoming a public company in 2002, Sagicor has had positive and stable investment portfolio performance. Sagicor believes such stability of its investment returns is a direct result of its ALM strategy and its management of the ALM risks.

**Carrying Values**

The first table below shows the carrying value of Sagicor’s investment portfolio for the year ended December 31, 2017 as well as the current year through September 30, 2018. The second table below shows Sagicor’s net investment return for the year ended December 31, 2017, as well the current year through September 30, 2018.

On January 1, 2018, Sagicor adopted IFRS 9. Previously, investments were accounted for in accordance with IAS 39. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortized cost based on the nature of the cash flows of these assets and the Group’s business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss. Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL. For a discussion of Sagicor’s treatment of carrying values, see “*Management’s Discussion and Analysis of Sagicor*”.

### Carrying Value of Sagicor's Consolidated Investment Portfolio

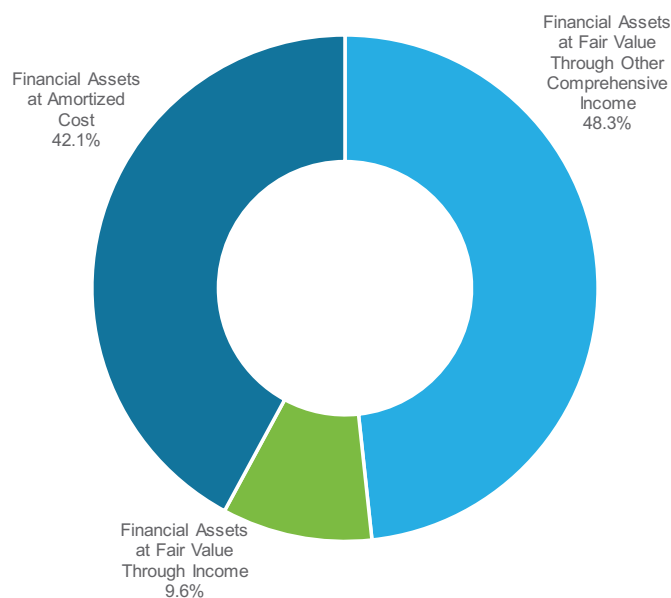
	As of September 30, 2018 (IFRS 9)		As of December 31, 2017 (IAS 39)	
	Carrying Value	Carrying value (as % of total)	Carrying value	Carrying value (as % of total)
	(in millions of US\$, except percentages)			
<b>Investments at fair value through other comprehensive income (2017 – available for sale)</b>				
Debt securities .....	2,451.2	48.3%	2,266.3	45.8%
Equity securities .....	0.4	-	86.9	1.8%
Total.....	2,451.6	48.3%	2,353.2	47.6%
<b>Investments at fair value through profit and loss (2017 - fair value through income)</b>				
Debt securities .....	177.2	3.5%	180.5	3.6%
Equity securities .....	252.8	5.0%	158.6	3.2%
Derivative financial instruments.....	27.0	0.5%	32.5	0.7%
Mortgage loans .....	30.6	0.6%	45.4	0.9%
Total.....	487.6	9.6%	417.0	8.4%
<b>Investments at amortised cost (2017 – loans and receivables)</b>				
Debt securities .....	1,050.2	20.6%	1,051.7	21.2%
Mortgage loans .....	292.4	5.8%	296.9	6.0%
Policy loans.....	145.0	2.9%	142.1	2.9%
Finance loans and finance leases.....	517.3	10.2%	564.4	11.4%
	30.2	0.6%		
Securities purchased under agreements to resell ..			16.5	0.3%
Deposits.....	102.9	2.0%	111.4	2.2%
Total.....	2,138.0	42.1%	2,183.0	44.0%
Total financial investments.....	5,077.2	100.0%	4,953.2	100.0%



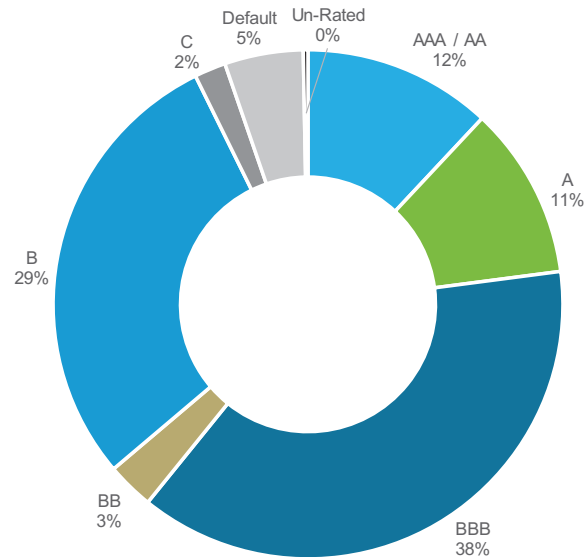
<b>Sagikor's Net Investment Results</b>		
	<u>As of September 30,</u>	<u>Year ended December 31,</u>
	<u>2018</u>	<u>2017</u>
(in millions of US\$)		
<b>Income</b>		
Rental income from investment property.....	2.7	3.9
Interest income:		
Debt securities .....	156.2	204.0
Mortgage loans .....	13.2	18.7
Policy loans .....	7.5	9.7
Finance loans and finance leases.....	46.5	58.7
Securities purchased under agreements to resell .....	1.0	0.5
Deposits.....	1.9	3.1
Dividend income.....	1.5	3.8
Net gains on financial investments.....	27.5	78.3
Net fair value gains on investment property .....	1.5	0.1
Other investment income .....	3.0	10.2
Gross Income .....	<u>262.5</u>	<u>391.0</u>
<b>Expenses</b>		
Direct operating expense of investment property.....	(1.5)	(2.0)
Allowances for credit impairment losses .....	(96.0)	(8.4)
Other investment expenses .....	(1.6)	(1.4)
	<u>(3.1)</u>	<u>(11.8)</u>
Investment income net of credit impairment losses .....	<u>163.4</u>	<u>379.2</u>

The pie charts below present a breakdown of the carrying value and risk exposure of Sagikor's consolidated investments portfolio as of September 30, 2018:

**Investment Portfolio  
as of September 30, 2018  
Carrying Value  
(as % of total)**



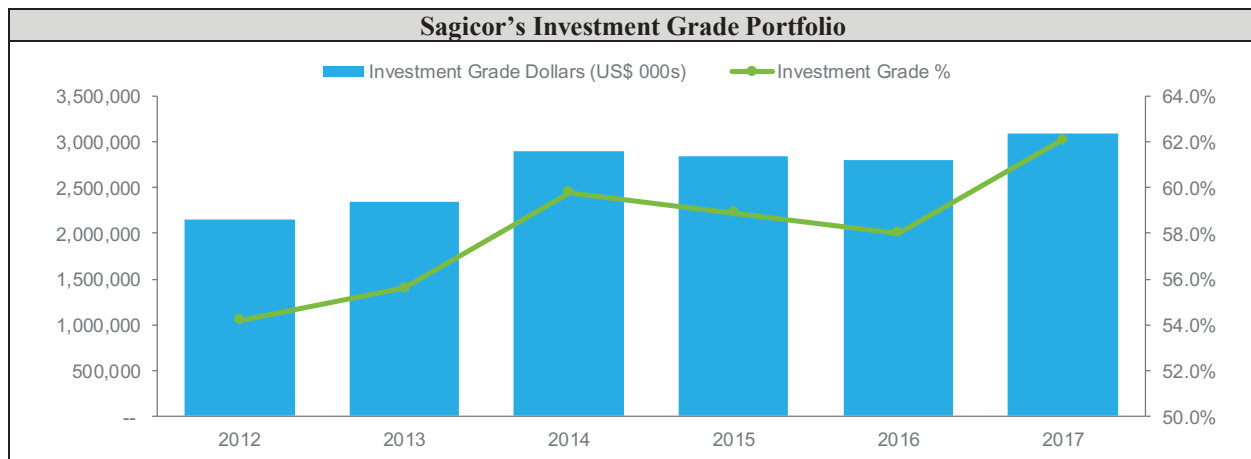
**Investment Portfolio Risk Exposure  
as of September 30, 2018  
(% of total)**



See “—Asset and liability management and investments—Overview of investment portfolios” for further information.

**Credit Exposure**

Sagicor’s portfolio predominantly consists of fixed income securities as a consequence of its ALM policy. Sagicor has a strategic objective of increasing its exposure to investment grade assets subject to investment regulations in each country. The table below shows that both the absolute value and the proportion of investment grade assets have generally increased over time.



In addition, as of September 30, 2018, the investment portfolio was comprised of 65% or US\$3.625 billion investment grade assets and 35% or US\$1.8 billion non-investment grade assets. In particular, the Government of Jamaica exposure represented 47% of the non-investment grade portfolio or 16% of the whole portfolio while the Government of Barbados exposure represented 13% of the non-investment grade portfolio or 5% of the whole

portfolio. Furthermore, a portion of the investment experiences from the non-investment grade portfolio are borne by customers which amounted to US\$526 million or 29%.

Under the Canadian risk based capital and reserving policy, Sagicor holds capital for the credit risk, with higher required capital for lower credit quality.

<b>(As at September 30, 2018; exposure in US\$ millions)</b>			
<b>Credit Rating</b>	<b>Exposure</b>	<b>%</b>	
AAA, AA	1,002	19%	
A	622	12%	
BBB	1,737	34%	
<b>Total Investment Grade</b>	<b>3,361</b>	<b>65%</b>	
BB	192	4%	
B	1,311	25%	
CCC,CC	76	1%	
C	9	0%	
Default (D)	195	4%	
Unrated	17	0%	
<b>Total Non-Investment Grade (N-IG)</b>	<b>1,800</b>	<b>35%</b>	
<b>Total</b>	<b>5,161</b>	<b>100%</b>	
<b>Credit Risk Pass Through</b>	<b>N-IG Exposure</b>	<b>% of N-IG</b>	
Securities sold for re-purchase	480	27%	
Deposit administration contracts	46	3%	
<b>Total</b>	<b>526</b>	<b>29%</b>	
<b>Counterparty</b>	<b>Credit Rating</b>	<b>Exposure</b>	<b>% of N-IG</b>
Government of Jamaica	B	839	47%
Government of Barbados	D, CCC*	242	13%
Government of St Lucia	B	69	4%
Government of Bahamas	BB	52	3%
<b>Total</b>		<b>1,202</b>	<b>67%</b>
*\$47 of bonds (internally rated CCC) have a protective clause approved by the Supreme Court prohibiting restructuring by the Government of Barbados at any time.			

Sagicor has developed an internal credit rating standard. The internal rating is a 10-point scale which allows for distinctions in risk characteristics and is referenced in the rating scales of international credit rating agencies.

Sagicor's largest exposures to individual counterparty credit risks as of September 30, 2018 and December 31, 2017 are set out below. The individual ratings reflect the rating of the counterparty listed below, while the amounts include exposures with subsidiaries of the counterparty.

<b>Sagicor's Counterparty Credit Risk</b>				
	<b>Nine months ended September 30,</b>		<b>Year ended December 31,</b>	
	<b>Risk Rating</b>	<b>2018</b>	<b>Risk rating</b>	<b>2017</b>
		<b>(in millions of US\$, except for ratings)</b>		
<b>Investment portfolios:</b>				
Government of Jamaica.....	5	839.3	5	861.3
Government of Trinidad and Tobago.....	3	196.7	3	265.2
Government of Barbados <sup>(1)</sup> .....	6	47.0	-	-
Government of Barbados.....	8	195.5	6	280.4
A Canadian chartered bank.....	2	43.5	2	56.4
Government of St Lucia.....	5	68.6	5	71.6
The Federal National Mortgage Association.....	1	128.2	1	108.9
The Federal Home Loan Mortgage Corporation.....	1	77.8	1	61.6
<b>Lending portfolios:</b>				
Value Assets International S.A. and Egret Limited.....	4	29.3	4	29.1
<b>Reinsurance assets:</b>				
Guggenheim Partners <sup>(2)</sup> .....	3	501.4	3	531.3

(1) Bonds issued by the Government of Barbados in the amount of US\$46.6 were not subject to the Government of Barbados' restructuring plan, and have been classified separately from the remaining Government of Barbados debt.

(2) The reinsurance assets held in the name of Guggenheim Partners are secured by assets held in trust. For the year ending December 31, 2017 these assets totaled US\$574.1 million.

### **Foreign Exchange Risk**

The table below presents the foreign exchange risk of Sagicor's investment portfolio by currency as of September 30, 2018.

<b>FX Risk of Investment Portfolio – September 30, 2018</b>							
	<b>As of September 30, 2018</b>						
	<b>BBD</b>	<b>JS</b>	<b>TTD</b>	<b>Eastern Caribbean \$</b>	<b>US\$</b>	<b>Other currencies</b>	<b>Total</b>
	<b>(in millions of US\$)</b>						
Financial investments <sup>(1)</sup> .....	331.8	936.1	420.6	139.9	2,844.7	150.9	4,824.0
Cash resources.....	15.5	99.8	44.1	13.5	143.3	49.0	365.2

(1) Monetary balances only.

The table below presents the foreign exchange risk of Sagicor’s investment portfolio by currency as of December 31, 2017.

<b>FX Risk of Investment Portfolio – December 31, 2017</b>							
<b>As of December 31, 2017</b>							
	<b>BBD</b>	<b>JS</b>	<b>TTD</b>	<b>Eastern Caribbean \$</b>	<b>US\$</b>	<b>Other currencies</b>	<b>Total</b>
<b>(in millions of US\$)</b>							
Financial investments <sup>(1)</sup> .....	444.4	942.7	430.7	140.7	2,598.4	150.9	4,707.8
Cash resources .....	30.5	103.3	28.5	16.0	122.9	58.9	360.1

(1) Monetary balances only.

### ***Barbados Debt Restructuring***

The Government of Barbados (“GoB”) suspended payment on external sovereign debt on June 7, 2018 but continued to pay interest on domestic debt. On October 15, 2018, the GoB announced that its proposal to exchange domestic debt for new debt with lower coupons and extended maturities was accepted by its domestic creditors. Sagicor holds US\$337 million of GoB debt, composed of US\$278 million of domestic debt and US\$59 million of external debt. The GoB has not yet announced any restructuring terms for external US dollar denominated debt. Sagicor has determined the net impact of the credit events on GoB debt to shareholders at approximately US\$43.0 million for the nine months ended September 30, 2018 (gross expected credit losses of US\$101 million less actuarial offset), of which all have been reserved for as reflected in the September 30, 2018 financial statements, and which was the main factor causing the decrease in Sagicor’s results. Sagicor does not expect that there will be any incremental impact on Sagicor as it relates to the external US dollar denominated debt. Additional details may be found under “*Management’s Discussion and Analysis of Sagicor — Financial Summary – Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017.*”

### ***Overview of AIM***

Alignvest Investment Management Corporation (“AIM”) is a provider of institutional portfolio management services. AIM strives to deliver strong, risk-adjusted returns to long-horizon investors by building upon the best practices of leading pension and endowment investment models and offers sophisticated multi-asset class investment management solutions and expertise across global public and private markets, as well as customized institutional advisory mandates.

AIM’s world-class team has extensive CIO- and board-level experience at major asset owners, including Canada Pension Plan Investment Board (CPPIB), as well as other pension funds, endowments, asset managers, and insurance firms.

As part of their approach, AIM develops customized solutions to maximize long-term, risk-adjusted expected returns based on the belief that the most important long-run investment decision is strategic asset allocation and the careful selection of globally diversified portfolios of alternative assets. AIM’s team further adds value using tactical asset allocation based on proprietary medium-term macroeconomic research.

Within global asset classes, AIM’s portfolios use a state-of-the-art, factor-based approach. AIM’s building block portfolios use a hybrid of internal and external management to incorporate low-cost passive and cost-conscious, active strategies to enhance risk-adjusted expected returns. AIM seeks out active strategies that are focused or concentrated within inefficient, overlooked, and illiquid markets. Finally, dynamic risk management is an integral part of its investment strategy, designed to keep desired active risk exposures and to remove unwanted risk.

AIM provides a high level of service to its clients that draws on its team’s deep experience and insight into investment policies, asset allocation, portfolio management, and risk management.

AMC and Sagicor intend to enter into an arm's length agreement prior to the close of the proposed Transaction. Pursuant to the agreement, AMC will arrange for AIM and, where applicable, other AMC subsidiaries or divisions to provide investment management and related services to New Sagicor.

AIM is an affiliated entity of AMC; AMC also indirectly controls the Sponsor. Accordingly, AIM's and AMC's involvement could be seen as a non-arm's length transaction. The key terms of the agreement with AMC will be negotiated at arm's length between AMC and Sagicor. In connection therewith, the board of directors of Alignvest has determined that the fair market value of the proposed services to be provided is *de minimis* and that the agreement is on arm's length terms.

#### *AIM Investment Professionals*

##### Donald Raymond

Donald Raymond is a Managing Partner of AIM and Chief Investment Officer at Alignvest Management Corporation. He is a director of Great-West Lifeco Inc., the current Chair of the Board of Trustees of Queen's University and was the past Chair of the university's Investment Committee. Mr. Raymond is also an Adjunct Professor of Finance and Chair Emeritus of the International Centre for Pension Management, both at the University of Toronto's Rotman School of Management. Mr. Raymond is also a member of the Investments and Risk Advisory Panel of the Monetary Authority of Singapore. Prior to joining Alignvest in 2014, Mr. Raymond was the Chief Investment Strategist for the US\$220 billion CPP Investment Board (CPPIB) where he devoted 12 1/2 years of his career to helping build CPPIB into a leading global investment organization. He built CPPIB's Public Market Investments department from inception and was also its first Chief Investment Strategist. In this role, he chaired CPPIB's Investment Planning Committee, responsible for overseeing the portfolio design and management of one of the fastest-growing pools of capital in the world. He was also the principal architect of CPPIB's innovative Total Portfolio Approach, and was instrumental in the development of the United Nations' Principles of Responsible Investing (UNPRI), as well as their adoption by CPPIB in 2005. Prior to joining CPPIB in 2001, Mr. Raymond worked for Goldman Sachs, first in Toronto as a top-ranked fixed-income strategist before moving into a global equity and fixed-income portfolio management role in New York. He began his investment career in the fixed-income derivatives department of Burns Fry, a predecessor of BMO Capital Markets Inc. Prior to developing an interest in finance, Mr. Raymond worked for Schlumberger in China and trained as a pilot in the Canadian military. He holds a Ph.D. in Electrical Engineering from Queen's University and a Chartered Financial Analyst charter.

##### Kerry Stirton

Kerry Stirton is a Managing Partner of Alignvest Investment Management and a Member of the AIM Investment Committee. Mr. Stirton has more than 20 years' investment experience including equity portfolio management, equity research, hedge fund investing, activist investing, and commodity trading. Prior to joining Alignvest, Mr. Stirton was Head of Research at Tetrem Capital, and former Managing Director at CIBC Asset Management, where he led a US\$25 billion Institutional Advisory Business. Mr. Stirton's experience includes the roles of Equity Investor in Goldman Sachs' Proprietary Investment Group, Senior Research Analyst at Sanford C. Bernstein, and a Manager at McKinsey and Company. Mr. Stirton has also been an Investment Committee Member of the Ben Gurion University Endowment. Mr. Stirton holds law degrees from Harvard Law School and University of Oxford where he was a Rhodes Scholar, and has received an MA from University of Toronto. Mr. Stirton has successfully passed Finra's Series 7, 63, and 55 Examinations and the NFA's Series 3 National Commodities Futures Examination.

##### Dr. Randolph Cohen

Randy Cohen is a Partner at Alignvest Investment Management. Mr. Cohen also teaches finance and entrepreneurship in the MBA program at Harvard Business School. Mr. Cohen has helped to start and grow a number of investment management firms and has also served as an actuarial consultant specializing in pension plan asset/liability management. He is a frequent speaker at investment conferences globally, such as the Sovereign Investor Institute and the Foundation and Endowment Asset Management conference. Mr. Cohen is a highly respected researcher whose main focus is on the relationship between institutional investors and the stock market. He has published frequently cited articles on the ex-ante identification of outstanding investment managers and the

prediction of security and asset-class performance. His work has been published in top academic journals including the Journal of Finance, Quarterly Journal of Economics and Journal of Financial Economics. His 2003 paper “The Value Spread” (with Christopher Polk and Tuomo Vuolteenaho) and his 2005 article “Judging Fund Managers by the Company They Keep” (with Joshua Coval and Lubos Pastor), were both nominated for the annual Smith-Breeden Prize for the best asset-pricing paper published in the Journal of Finance. Mr. Cohen holds an AB in Mathematics from Harvard College and a PhD in Finance from the University of Chicago.

## **Information Technology**

### ***Strategy and Philosophy***

The goal of Sagicor’s IT strategy is to proactively harness leading computing technologies that can enable Sagicor to achieve its business objectives, promote strategic ambitions, and enlarge future opportunities. Technology represents a key enabler to achieve share growth in the massive U.S. market and helps fuel the Caribbean operations. Properly conceived information technologies help reduce operating costs, deliver an improved customer experience, promote growth, and drive innovations to create new competitive advantage and shareholder value. Sagicor aims to compete in time by accelerating its enterprise velocity in the areas of sensing, analyzing, formulating and reacting to be faster than its competition, which positively enhances customer experience and overall net income.

### ***Support Services and Structure***

Comprehensive IT support services, deployed as a shared service, are provided to all Sagicor subsidiaries and across all territories through a modern network that connects Sagicor’s various businesses and branch offices. Sagicor’s IT capabilities and services are delivered through two primary data centers in the United States and Jamaica as well as four satellite centers that primarily host local files, print, and select business applications. IT staff are located in Barbados, Trinidad, Jamaica, and the United States. Disaster recovery is provided through third-party agreements aligned to the Company’s requirements. The banking business in Jamaica has dedicated facilities that are locally operated.

### ***Strategic Initiatives***

Information Technology is recognized as a critical factor in solidifying Sagicor’s market positions as well as cost-effectively servicing a broad, geographically dispersed customer base across multiple distribution channels. To succeed, Sagicor is building its digital transformation strategy on a foundation of systems, processes, and investments that promote ongoing innovation and reinvention. Sagicor understands that customers expect great experiences and require easy to use and frictionless digital interactions. Insurance and banking products and services must become as intuitive and reliable for the customer as replenishing their pantry from online retailers. Improving velocity is the strategy and digital transformation is the tactic used at Sagicor to deliver on these customer expectations.

Technology-related investment is aligned against four strategic pillars: top-line growth, enhance net income, improve the customer’s experience, and mitigate risk exposures. Each pillar is segmented into underlying levers that may be used to drive improved outcomes. For instance, top-line growth has seven levers: acquire portfolios, enter new geographies, penetrate new and existing segments, deploy new distribution channels, enhance existing distribution channels, develop new products, and improve policy holder persistency.

### ***Systems Framework***

Sagicor stratifies its IT systems into three categories: systems of record, engagement, and insight. Sagicor recognizes that achieving robust linkages within and across these strata requires a vibrant integration fabric or enterprise service bus. Cybersecurity is woven throughout the framework as well as across the ecosystem of Sagicor’s key suppliers.



### ***Systems of Record***

Sagicor expects to harmonize its life administration systems across its businesses in the United States and Southern Caribbean. Sagicor's Jamaica business is also evaluating its transition to the new common platform. Sagicor's goal is to have all its entities utilizing modern, flexible, rules-based solutions that are common for the relevant business vertical. Beyond systems implications, this approach is likely to affect how product development, actuarial, underwriting, and finance activities are delivered. By defining a single common base code for Individual Life as well as Group businesses, Sagicor will consolidate common interfaces and modifications into one shared software release leading to platform consistency. In effect, each jurisdiction will leverage a software bundle that consists of base code, custom code for use by all jurisdictions, and custom code that is only for that jurisdiction. This will accelerate how innovations are propagated across the business lines.

Sagicor has deployed workflow-based technologies to boost operational efficiency and enhance the customer experience. Sagicor's "Branch Network" allows customer-driven activities to be received in their country of origin and based on available skills and personnel, be completed in any of the jurisdictions in which Sagicor operates. "Cross-skilling" the branch workforce allows better workload balancing and re-assignment of non-peak tasks away from peak periods - providing real productivity gains, improved customer experience, and better job satisfaction for employees.

Sagicor is also exploring the use of on-demand services for computationally intensive applications like actuarial modeling, as these services may hold the promise of substantially shrinking processing time, which would allow more scenarios and solution permutations to be quickly explored by actuaries and business leaders.

### ***Systems of Engagement***

Sagicor understands that it must deliver the customer journey through more personalized, seamless interactions across the various touchpoints the consumer encounters, which include internal systems as well as those provided by third-parties inclusive of call centers, email marketing, mobile apps, content systems, portals, social media channels, etc.

To improve communications with policyholders, independent intermediaries, and captive sales channels, Sagicor employs portal technologies to promote self-service and convenience. Investments in expert systems and predictive analytics provide the means to deliver a final underwriting decision with a material reduction in cycle time. In 2016, Sagicor was recognized by Celent, a leading IT advisory company, for its Accelewriting® innovation. Where permitted by regulation, Sagicor enables a straight-through process for electronic delivery from application to contract, thus eliminating time-consuming mailing procedures so that clients can more quickly enjoy the benefits of insurance.

Sagicor's workflow systems are also externally focused customer-centric solutions; they do more than move internal workload efficiently through relevant business processes. When properly mined and analyzed, they reveal the means to use customer service as a source of sustainable competitive advantage. This helps raise barriers to entry for Sagicor's home markets and promote local and near-shore productivity in highly competitive markets such as the United States.

Sagicor has also launched mobile solutions to enhance agent productivity and reach consumers on their terms for a growing variety of transactional tasks. Additionally, Sagicor supports non-traditional payment platforms to address emerging payment preferences. Sagicor's digital strategy and lead management efforts allow it to leverage its digital footprint and offer a more personalized experience as well as greater convenience for consumers. It serves to shape the customer experience into the relationship Sagicor strives to cultivate. The data derived from digital channels and internal databases allows Sagicor to accelerate value creation and enhance top line growth. Sophisticated geotagging, content management, personalization algorithms, and data visualizations help fuel Sagicor's growth story.

### ***Systems of Insight***

To elevate the customer experience, Sagicor consumes, collects, and analyzes data from traditional systems and external sources in both structured and unstructured formats. Systems of insight use advanced analytics to identify

correlations and causations, so they may inform decision-making, marketing initiatives, and product development. Sagicor leverages these techniques to detect, repel, and prosecute healthcare fraud, identify underserved demographics, improve channel efficacy, and recognize product opportunities. Sagicor plans to extend this approach to enhance the customer's experience across individual life and group health for key customer-driven transactions.

### ***Enterprise Service Bus***

Key to these advances is the ability to deliver tight integration across systems, complete with real-time audit trails. Sagicor is expanding its architecture built on an enterprise service bus (ESB) that provides message queuing, data extraction, error correction, data transformation, data retransmission, and failure alerts. Sagicor's ESB architecture allows Sagicor's employees to focus on analysis and discovery versus data entry, data formatting, and data uploading.

### ***Cybersecurity***

Sagicor employs a defense-in-depth strategy for cybersecurity. Multiple layers of security controls are placed throughout the environment. The design strives to protect data relating to policyholders, prospects, partners, and financial performance regardless of an adversary's knowledge of Sagicor's deployment landscape. Intrusion detection, prevention, vulnerability scans, and penetration tests are important pieces of Sagicor's defense approach, while a robust patching cadence seeks to limit exposure to new vulnerabilities.

Sagicor uses third-party services to monitor externally facing profiles of key suppliers so that they do not become sources of contagion to the enterprise. Sagicor uses the U.S. National Institute of Standards and Technology (NIST) security framework to inform its security program. The NIST Cybersecurity Framework consists of standards, guidelines, and best practices to manage cybersecurity-related risk. It represents a prioritized, flexible, and cost-effective approach to promote cyber protection and resilience. Though no company can claim completely secure computing, Sagicor makes prudent investments designed to meet the challenges of new and emerging attack vectors.

## **Employees and Labour Relations**

### ***General***

Sagicor's human resource philosophy is built on the compelling propositions the Group makes in all labour markets as an employer of choice. This philosophy is supported by career opportunities, modern people policies, competitive compensation and benefits programs, and recognition and rewards programs. Personal, professional and industry specific training programs build strategically focused competencies and associated behaviors for a performance based culture. Special programs and events improve employee morale and engagement and provide a talent pool that is aligned to the Company's strategy. Sagicor's human resource strategy focuses on the development of a strong customer service culture firmly supported by systems that recognize and reward performance. Group companies review compensation annually and use market compensation data to seek to ensure that compensation and benefits are competitive and support the group's talent management strategy. Annual incentives are linked to corporate, business unit, and individual performances using Sagicor's balanced scorecard methodology.

Employee performance is managed using the success factors talent management suite to set goals, manage performance, and for decisions on promotions and compensation.

Group companies monitor employee engagement using the LOMA surveys. These surveys measure the state of emotional and intellectual commitment of employees. The dimensions explore components of employee morale, company image, organizational commitment, job satisfaction and specific aspects of the work experience, employee involvement, leadership, rewards and recognition, and quality of work life. Most group companies reported incremental improvements improvement in their survey results for 2014 including increased survey participation rates and positive trends on all dimensions for morale, employee engagement, and leadership, recognition and rewards and quality of work life. Management reviews survey results and recommendations and includes programs to support initiatives and address concerns in each year's business plans.

### Workforce and Labour Relations

As of December 31, 2017, Sagicor had a total workforce of 3,958 people, including Sagicor’s advisors. The following table shows the breakdown of Sagicor’s workforce by geographical segment as of December 31, 2017.

<b>Sagicor’s Workforce by Geography</b>		
	<u>Workforce</u>	<u>Percentage of Sagicor workforce</u>
<b>Barbados</b>		
Employees.....	512	12.9%
Advisors.....	144	3.6%
<b>Jamaica</b>		
Employees.....	1,697	42.9%
Advisors.....	588	14.9%
<b>Trinidad and Tobago</b>		
Employees.....	265	6.7%
Advisors.....	256	6.5%
<b>Eastern Caribbean</b>		
Employees.....	87	2.2%
Advisors.....	116	2.9%
<b>Other Caribbean</b>		
Employees.....	46	1.2%
Advisors.....	70	1.8%
<b>United States</b>		
Employees.....	148	3.7%
Advisors.....	29	0.7%
Total.....	<u>3,958</u>	<u>100.0%</u>

The following table shows the breakdown of Sagicor’s workforce by type of employee and union-status as of September 30, 2018.

<b>Sagicor’s Workforce by Employee Type</b>			
	<u>Union</u>	<u>Non-union</u>	<u>Union membership % of each classification</u>
<b>Sales</b>			
Senior management.....	-	4	0.0%
Branch management.....	-	41	0.0%
Sagicor advisors.....	21	1,096	1.9%
Total.....	21	1,141	1.8%
<b>Operations</b>			
Executives.....	-	30	0.0%
Senior management.....	-	96	0.0%
Middle management.....	-	237	0.0%
Professional.....	-	55	0.0%
Administrative support.....	672	1,976	25.4%
Total.....	672	2,394	21.9%

As of September 30, 2018, Sagicor’s workforce consisted of 4,228 employees, which represents 693 union employees and 3,535 non-union employees.

Sagicor has good relations with the trade unions that represent Sagicor’s employees and advisors and has not experienced a work stoppage in more than ten years.

In October 2007, the Barbados courts determined that Sagicor’s advisors/sales agents who Sagicor traditionally treated as “independent contractors” were “employees”, having considered the working arrangements and benefits provided to this group. While Sagicor continues to treat its advisors in other Caribbean jurisdictions as independent contractors, Sagicor anticipates that regional courts may follow the determination of the Barbados courts. Sagicor does not believe the change of legal status will have a material effect on its business.

### ***Labour Relations***

In Barbados at December 31, 2017 only 20 Sagicor advisors and 10 administrative employees, or 4.5% of Sagicor's employees, were members of a trade union. There is no union agreement in place at this time. There has been no industrial action.

In St. Lucia there has been no communication with the trade union since the last collective agreement ended on December 31, 2014. There has been no industrial action.

In Antigua, Sagicor Eastern Caribbean Inc. signed a collective agreement effective from January 1, 2017 for 10 non-management administrative employees or 18% of the total workforce (Sales and Operations) in Antigua. The negotiations were cordial. There has been no industrial action.

In Jamaica, a two-year agreement is in place with the trade union. New negotiations commenced for the period 2019-2020 in November 2018. Sagicor Jamaica continues to maintain a cordial relationship with the trade union through regular consultations with union representatives. The last industrial action occurred in 1995, prior to Sagicor's acquisition of Sagicor Jamaica, and there has been no industrial action since the acquisition.

### ***Training and Development***

Sagicor provides structured industry training for all staff, and they are encouraged to achieve professional insurance designations. Considerable support is offered to students pursuing professional designations in accounting, actuarial science, investments and IT through grants, loans, study leave programs and facilitating attendance at the annual LOMA and LIMRA conferences, where attendees benefit from presentations and discussions on a number of insurance industry issues.

Applicable employees are required to complete the 280 and 290 modules of the industry training provided by LOMA. Many pursue the Fellow, Life Management Institute (FLMI) and Associate of Customer Service designations. Group companies use LOMA, LIMRA, local campuses of the University of the West Indies, and international universities for Management and for Executive Development programs. Leadership programs topped the list of strategic training development programs over the past two years.

### ***Diversity Statistics***

Sagicor has strong gender diversity within its leadership team. There are currently 69 men and 58 women, or 54.3% and 45.7% respectively, who hold positions as executives and senior managers in Sagicor. Additionally, there are 59 men and 18 women, or 76.6% and 23.4% respectively, on the various boards that comprise the Sagicor Group.

## THE BUSINESS OF ALIGNVEST

Alignvest is a special purpose acquisition corporation incorporated under the laws of the Province of Ontario. Alignvest was organized for the purpose of effecting an acquisition of one or more businesses or assets by way of a merger, share exchange, asset acquisition, share purchase, reorganization or other similar business combination involving Alignvest that will qualify as its “qualifying acquisition”.

On November 27, 2018, Alignvest announced that it had entered into the Arrangement Agreement with Sagicor pursuant to which, among other things, Alignvest shall acquire, directly or indirectly, all of the shares of Sagicor by way of a scheme of arrangement under the laws of Bermuda, where Sagicor is incorporated. The Sagicor Arrangement constitutes Alignvest’s proposed qualifying acquisition.

This proposed qualifying acquisition is entirely consistent with the approach and the objectives outlined at the time of Alignvest’s initial public offering, notably:

- Alignvest is partnering with a strong, experienced, well-aligned management team, who want to continue to build their business;
- Sagicor operates in an industry in which Alignvest has expertise and can be a value-added partner;
- There is a clear and demonstrated opportunity to execute accretive follow-on acquisitions; and
- Sagicor presents an opportunity to generate attractive risk-adjusted returns on invested capital.

Alignvest has carried out substantial due diligence on Sagicor with the help of experienced financial industry executives, including Rik Parkhill and Alister Campbell, and major accounting and legal firms. Alignvest has performed on-site due diligence and visited Sagicor’s key premises in the U.S., Jamaica, Barbados, and Trinidad and Tobago. Further, Alignvest or its representatives have also met or spoken to key regulators of Sagicor, including in Jamaica, Barbados and Trinidad and Tobago.

AMC, the parent of the Sponsor of Alignvest, is a leading alternative investment management firm that seeks to deliver superior risk-adjusted returns for its clients, which include pension plans, foundations, and ultra-high net worth family offices, by identifying and exploiting market discontinuities, and by attracting the very best talent to build industry-leading investment platforms. The partners of the firm have a strong combination of investment and operational expertise, having created and managed numerous successful operating businesses, and having built and led large, highly profitable businesses within global financial and consulting firms.

AMC was formed in 2011 and has raised equity and investment capital from a number of private family offices and institutions. AMC’s founding partners have committed to invest over C\$230 million of their personal capital into funds managed by AMC, on a fully discretionary basis, with the capital subject to full recyclability (including all gains). AMC believes that this long term, discretionary, and aligned pool of capital provides the firm with a strong and differentiated foundation. AMC is currently parent to five investment platforms: Alignvest Private Capital, which makes direct private investments; Alignvest Student Housing Real Estate Investment Trust, a Real Estate Investment Trust focused on consolidating the Canadian purpose-built student accommodation sector; Alignvest Investment Management, which provides institutional portfolio management services; Alignvest Capital Management, which executes public market investment strategies; and Alignvest Acquisition II Corporation, AMC’s second TSX-listed special purpose acquisition corporation.

AMC is headquartered in Toronto, Ontario, with an additional office in London, United Kingdom.

## PROPOSED ACQUISITIONS

Consistent with the Company's past practices and in the normal course of business, the Company is continuously engaged in discussions with respect to possible acquisitions of and investments in new assets and businesses, dispositions of existing assets and related financings and refinancings. There can be no assurance that any of these discussions will result in a definitive agreement, and, if they do, what the terms or timing of any acquisition, investment, disposition, financing or refinancing would be, if consummated. The Company expects to continue current discussions and actively pursue acquisition, investment, disposition, financing and refinancing opportunities.

The Company has recently entered into definitive agreements to acquire:

- All of the shares of SJLIC from The Bank of Nova Scotia Jamaica Limited ("**BNS Jamaica**"); and
- All of the shares of SLTT from Scotiabank Trinidad and Tobago Limited ("**BNS TT**").

As of the date hereof, other than the proposed acquisitions of SJLIC and SLTT, as described in more detail below, the Company is not a party to any other material definitive agreements in respect of acquisitions.

### Proposed Acquisitions of SJLIC and SLTT

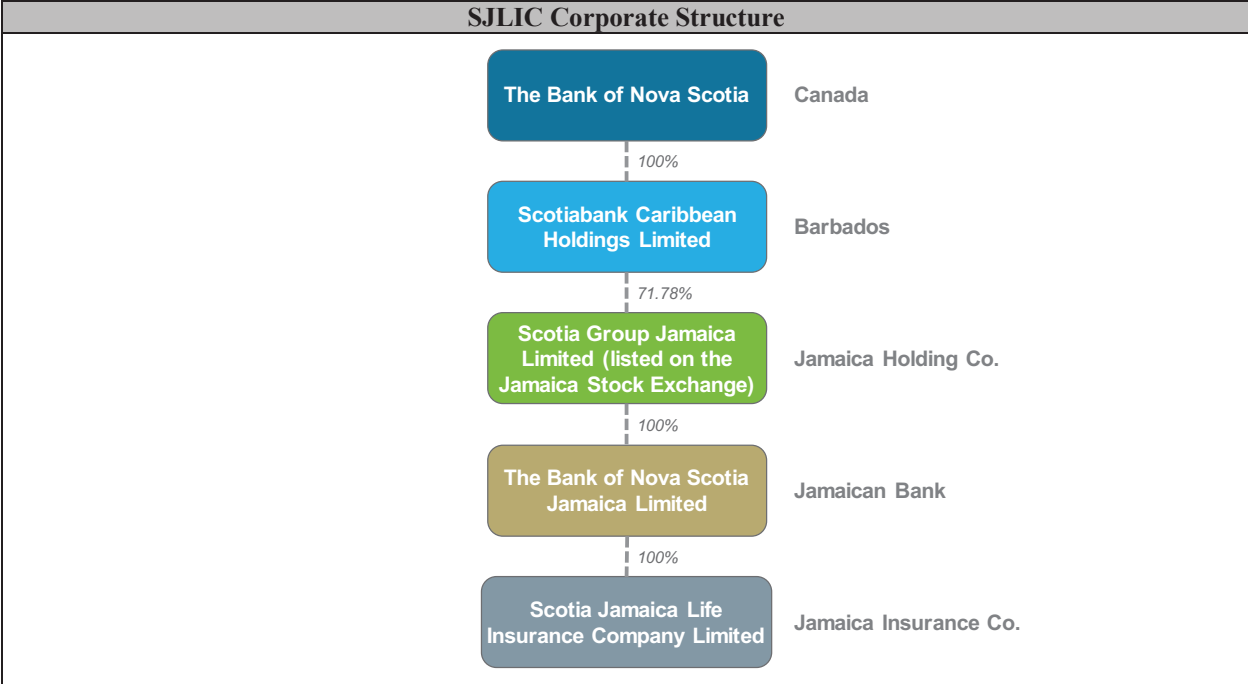
#### *Overview*

Scotia Group Jamaica Limited ("**SGJL**") and BNS TT are majority-owned and publicly traded subsidiaries of The Bank of Nova Scotia ("**BNS**"), and are held through Scotiabank Caribbean Holdings Limited ("**BNS Caribbean**"). SGJL (through its subsidiary BNS Jamaica) and BNS TT are among the leading banks in their respective countries, with broad customer bases, strong profitability and robust capitalizations. While each is primarily focused on providing banking services to retail and commercial clients, they also provide their banking clients with access to complementary insurance products through their local insurance subsidiaries, SJLIC and SLTT.

Sagicor is acquiring SJLIC and SLTT from BNS Jamaica and BNS TT, whose decisions to sell these local insurance subsidiaries were driven by a shift in BNS's priorities away from "non-core" insurance businesses and a desire to focus the operations of SGJL and BNS TT on their core banking business.

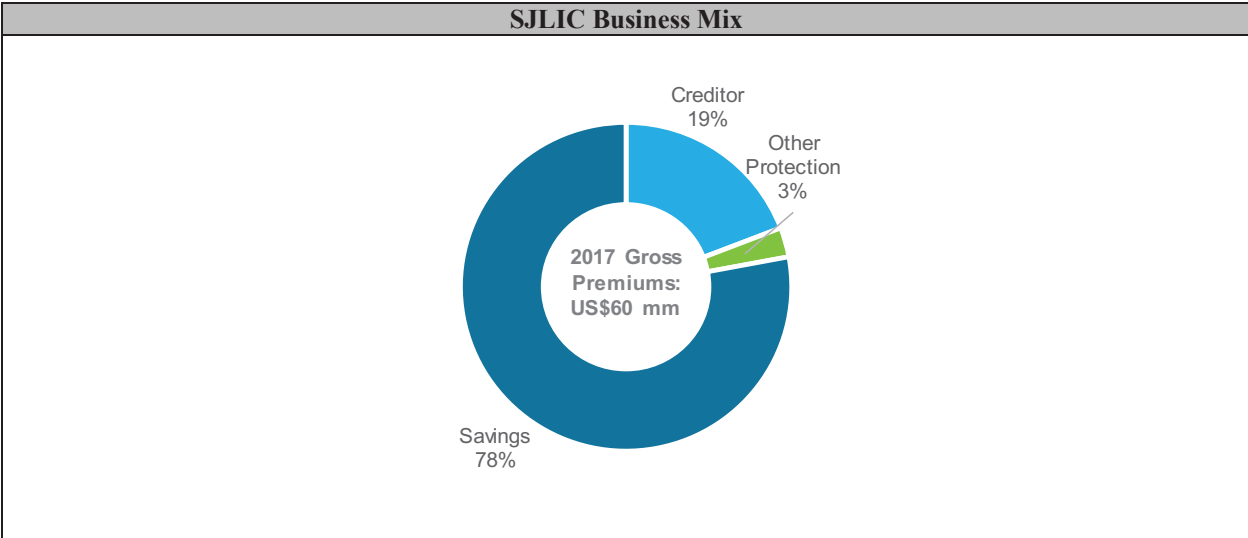
#### *SJLIC*

SJLIC is a member of the SGJL corporate group, a publicly listed holding company trading on the Jamaica Stock Exchange. SGJL is owned 71.78% by BNS Caribbean. A summary corporate structure is shown below.



SJLIC was incorporated in 1995. The company employs approximately 90 total staff members dedicated to the distribution and servicing of SJLIC’s insurance products. Those products are distributed through SGJL’s extensive retail branch network throughout Jamaica. The products include:

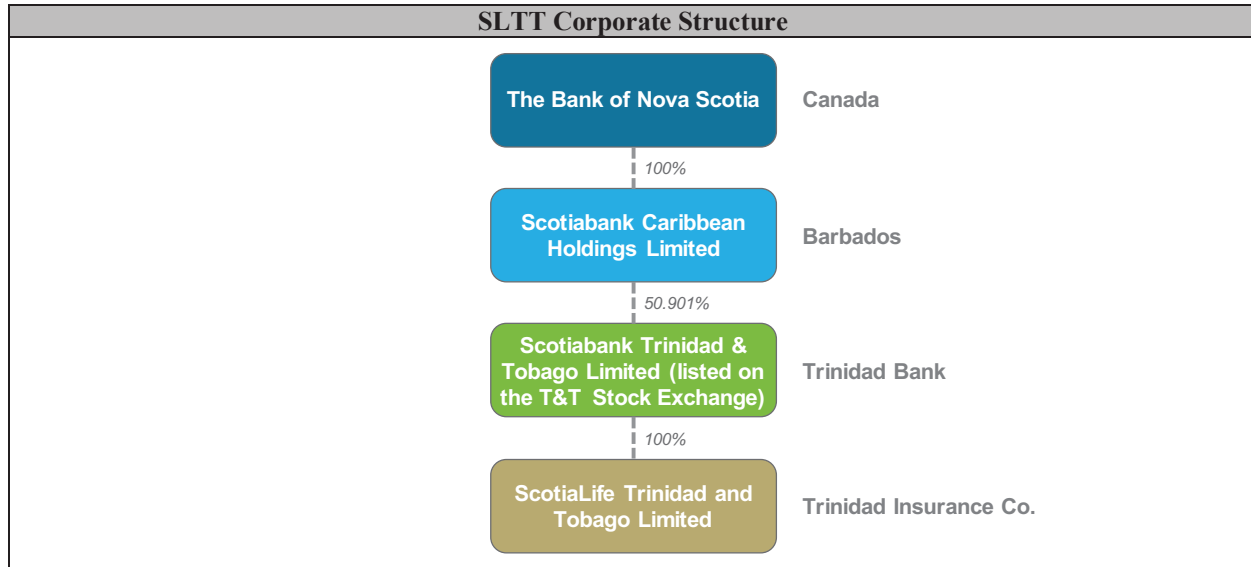
- **Creditor Insurance.** This includes creditor life, creditor health, creditor home and creditor auto. These products are distributed directly out of BNS Jamaica’s branches.
- **Other Protection and Savings.** This includes critical illness, whole life, universal life and pension savings. These products are distributed out of BNS Jamaica’s branches but referred to SJLIC’s licensed agents, who are located outside the retail bank distribution environment.





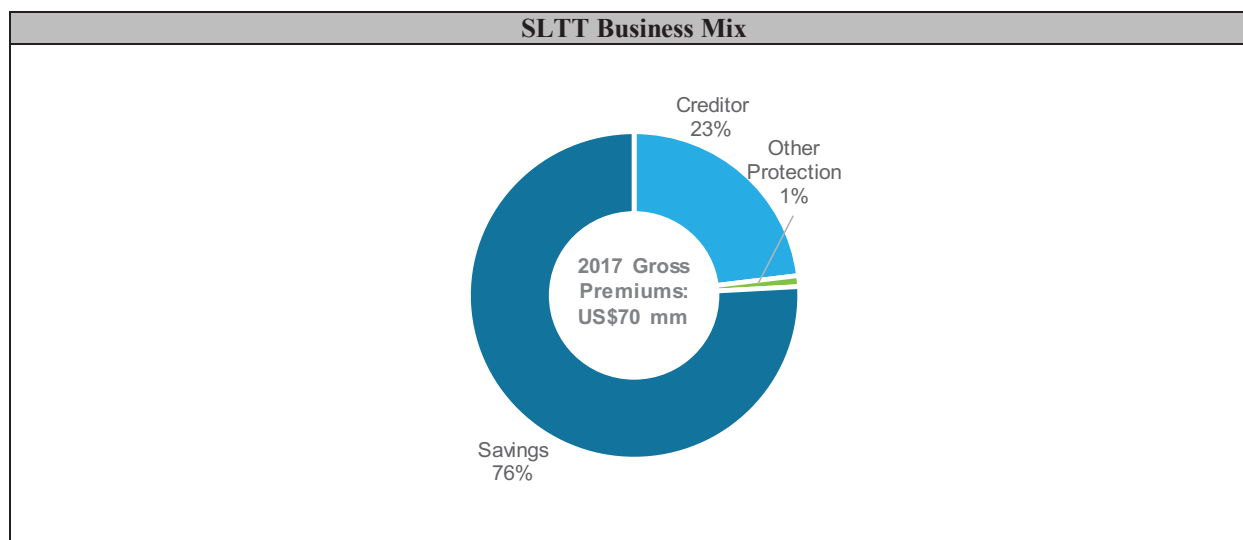
SLTT

SLTT is a member of the BNS TT corporate group, a publicly listed holding company trading on the Trinidad and Tobago Stock Exchange. BNS TT is owned 50.901% by BNS Caribbean. A summary corporate structure is shown below.



SLTT was incorporated in 2000. The company employs approximately 70 total staff members dedicated to the distribution and servicing of SLTT’s insurance products. Those products are distributed through BNS TT’s extensive retail branch network throughout Trinidad and Tobago. Those products include:

- **Creditor Insurance.** This includes creditor life, creditor health, creditor home and creditor auto. These products are distributed directly out of BNS TT’s branches.
- **Other Protection and Savings.** This includes whole life, universal life and annuities. These products are distributed out of BNS TT’s branches but referred to SLTT’s licensed agents, who are located outside the retail bank distribution environment.



### **General**

The SLTT and SJLIC transactions are not conditioned on each other. They are each conditional on the closing of the Sagicor Arrangement and other conditions to closing, including certain regulatory approvals. Accordingly, they will not be completed until after the closing of the Sagicor Arrangement and are thus not part of Alignvest’s qualifying acquisition.

### ***SJLIC and SLTT Share Purchase Agreements***

Sagicor and each of BNS Jamaica and BNS TT (each, a “Vendor” and, collectively, the “Vendors”) have agreed on a transaction with three components, as detailed in the purchase agreements dated November 27, 2018 (each a “Scotia Agreement”, and, collectively, the “Scotia Agreements”). First, the Vendors will extract a pre-transaction dividend of over US\$100 million of capital over 150% of MCCR (currently approximately US\$38 million in SJLIC and US\$63 million in SLTT). Second, Sagicor will provide the Vendors with up-front cash proceeds of US\$240 million (before adjustments) in exchange for all of the issued and outstanding shares of SJLIC and SLTT. Third, Sagicor and the Vendors will enter into a “bancassurance”-type agreement whereby the Vendors or their affiliates will be permitted to sell Sagicor products – on a white-label basis – to the Vendors’ banking customers, in return for which Sagicor will pay commissions to the Vendors. The commission rate will vary depending on the type of product sold – see “*Master Program Agreement Term Sheet*”. The purchase price contemplated by the Scotia Agreements is subject to adjustment based on the amount by which a pre-closing estimate of capital in excess of 150% of MCCR is greater or lesser than the amount of capital in excess of 150% of MCCR at closing. The purchase prices paid under the Scotia Agreements are subject to further post-closing adjustment on the basis of the shareholder equity of each of SJLIC and SLTT as at closing and calculated 90 days following closing, such adjustment currently estimated to be approximately US\$23 million in the aggregate.

Sagicor plans to fund the transaction via US\$140 million of equity from Alignvest and new local currency borrowing of US\$100 million. There can be no assurance that such funding will be available or as to the terms thereof. If Alignvest suffers redemptions such that all or part of such US\$140 million is not available, Alignvest and Sagicor will need to source replacement debt or equity to complete the transaction or renegotiate it. The transactions are not subject to financing conditions in favour of Sagicor and are not inter-conditional on each other. However, they are conditional on the completion of the Sagicor Arrangement. They are not expected to be completed until after the closing of the Sagicor Arrangement, and are thus not part of Alignvest’s qualifying acquisition.

### ***Representations and Warranties***

The Scotia Agreements each contain limited representations and warranties of the applicable Vendor (on their own behalf and on behalf of SJLIC and SLTT), respectively, in favour of Sagicor. They include representations and

warranties with respect to due incorporation, corporate power and authority, conflicts, certain financial matters, litigation, investment assets, claims history, taxation matters, and compliance with laws (including regulatory compliance).

The Scotia Agreements each also contain certain limited representations and warranties of Sagicor in favour of the applicable Vendor, as well as certain limited representations and warranties of Alignvest in favour of the applicable Vendor.

### ***Covenants***

During the interim period, each Vendor is required to continue to administer the applicable business being acquired in good faith and in substantially the same manner as done in the ordinary course, respectively, with no material change in activity, including not entering into any material contracts, selling any assets, or materially changing any actuarial assumptions, subject to certain exceptions.

Certain short-term transitional services are to be provided by each of BNS Jamaica and BNS TT to Sagicor following closing.

### ***Conditions***

Sagicor's obligation to complete the transactions contemplated in each of the Scotia Agreements are subject to the satisfaction of certain conditions precedent, including, among others: obtaining certain required regulatory approvals, the Transaction closing, and the restructuring of BNS Jamaica and BNS TT, as applicable, operations to satisfy local regulatory requirements and to enable the parties to execute the MPA Agreement. There can be no assurance that such conditions will be satisfied or waived. In the case of BNS TT, the restructuring of its operations may require the approval of BNS TT shareholders.

### ***Indemnification***

Under each of the Scotia Agreements, each of the applicable Vendors (i.e., BNS Jamaica in the Scotia Agreement between Sagicor and BNS Jamaica, and BNS TT in the Scotia Agreement between Sagicor and BNS TT) agrees to indemnify Sagicor against certain costs, claims, liabilities, expenses or demands (subject to certain exceptions) relating to or arising out of any breach of its respective representations, warranties or covenants. The Scotia Agreements contain certain monetary limitations respecting indemnity obligations for breaches of representations and warranties. In particular, breaches by the vendor of non-fundamental representations and warranties are capped at fifteen percent (15%) of the base purchase price, with a certain subset of non-fundamental representations (including general compliance with laws and regulatory compliance) having access for indemnity purposes to an additional ten per cent (10%) of the base purchase price, up to an amount equal to an aggregate amount of 25% of the base purchase price. Damages related to breaches by the vendor of fundamental representations and warranties have a cap equal to the base purchase price. Damages related to breaches by the vendor of fundamental representations and warranties have a cap equal to the base purchase price. Breaches of representations and warranties by Sagicor have similar monetary caps (15% of the base purchase price for non-fundamental representations, equal to the base purchase price for breaches of fundamental representations).

As well, under each of the Scotia Agreements, Sagicor has agreed to indemnify the applicable Vendor from losses suffered by the applicable Vendor in connection with a breach by Sagicor of its representations and warranties or covenants in the applicable Scotia Agreement.

No party is required to indemnify another party under the Scotia Agreements unless the damages suffered by the indemnified party exceed a certain materiality threshold. In the case of the Scotia Agreement with BNS Jamaica, that threshold is approximately US\$1.4 million, and in the case of the Scotia Agreement with BNS TT, that threshold is approximately US\$1 million. Once the total of the damages of an indemnified party exceeds such materiality threshold, the indemnifying party is liable for the damages in excess of such threshold.

### ***Termination and Termination Fee***

Each of the Scotia Agreements may be terminated: (a) by mutual agreement by the parties thereto; or (b) by any party upon the inability of the other party to satisfy conditions of closing. In the event that either Scotia Agreement is terminated as a result of the Transaction not occurring and, in such a circumstance, where either an “Expense Reimbursement Event” or a “Termination Fee Event” is paid under the Arrangement Agreement, then a termination fee is to be paid to the Vendors, as applicable, under the Scotia Agreements. Such a payment must also be made in the event that either Alignvest or Sagicor waives its right to an “Expense Reimbursement Event” or a “Termination Fee Event”. Under the Scotia Agreement with BNS Jamaica, the termination fee is approximately US\$4 million, and under the Scotia Agreement with BNS TT, the termination fee is approximately US\$3 million.

### ***Master Program Agreement Term Sheet***

Pursuant to the terms of the Scotia Agreements, each of the Vendors or such of their affiliates as may be appropriate (collectively, “**Scotiabank**”) agreed to enter into a distribution agreement (the “**MPA Agreement**”) with Sagicor or such of its affiliates as may be appropriate (the “**Sagicor MPA Provider**”), in a mutually satisfactory form, having regard to a certain non-binding Master Program Agreement Term Sheet (“**MPA Term Sheet**”), which sets forth certain terms and conditions of the proposed agreement between the parties. The MPA Agreement is for the establishment of a strategic relationship with regard to Scotiabank’s distribution of MPA Products and Services underwritten by the Sagicor MPA Provider to Scotiabank customers in Jamaica and Trinidad and Tobago. The MPA Agreement is proposed to have a 20-year term and is proposed to be entered into on the closing of the Scotia Agreements.

The following description of the proposed terms of the MPA Agreement is based on a term sheet agreed to by the Vendors, Sagicor and Alignvest. As described above, the completion of the transactions contemplated by the Scotia Agreements are subject to obtaining certain required regulatory approvals. These regulatory approvals include approvals of the final terms of the MPA Agreement by, respectively, the Bank of Jamaica and the Central Bank of Trinidad and Tobago. In the case of Trinidad and Tobago, regulatory approval may require a restructuring of the operations of BNS TT which may require further approval of BNS TT shareholders and adjustments to the distribution model contemplated in the MPA Term Sheet. The parties have agreed to work together in good faith to negotiate terms that will be compliant with applicable law and regulatory requirements in Trinidad and Tobago while still meeting the parties’ mutual objectives for the program.

Under the MPA Agreement as contemplated by the MPA Term Sheet, either party may propose that new MPA Products and Services be developed and offered as part of a white-label bancassurance program pursuant to which the MPA Products and Services will be marketed and promoted to Scotiabank customers, and which will be underwritten and provided by the Sagicor MPA Provider but branded as Scotiabank MPA Products and Services, to the extent permitted by applicable law. The Sagicor MPA Provider will be required to perform its obligations under the MPA Agreement at or above certain service standard levels.

The Sagicor MPA Provider will pay monthly commissions to the Vendors as follows in respect of the following products:

- Creditor insurance – 35% of premiums (new and renewals);
- Property insurance – 20% of premiums (new and renewals);
- Auto insurance – 15% of premiums (new and renewals);
- Term insurance and other long-term products – 40% of premiums on new business and 5% of premiums on renewals;
- Savings and deposit products – annual rate of 50 basis points, payable monthly, calculated on the average policyholder funds for any given month; and

- Annuities – one-time commission of a percentage of the amount paid for the annuity; such percentage to be determined between Scotiabank and Sagicor MPA Provider such that the total commissions for savings, deposit and annuities products would have replicated the total agreed economics for the 0.50% of savings funds as previously agreed between the parties.

Additionally, the Sagicor MPA Provider intends to commit a minimum of 1.5% of gross written premiums (excluding spread products) to each of (i) the maintenance and development of technology in respect of the program, and (ii) to marketing activities, in each case on an annual basis over the term.

Under the MPA Agreement, the Sagicor MPA Provider will be exclusively entitled to underwrite the policies offered under the program and to implement certain insurance solutions offered under the program, and should Scotiabank propose to develop or offer to its customers something other than a Product or Service in Jamaica and Trinidad and Tobago during the term of the MPA Agreement, the Sagicor MPA Provider will have a right of first offer. If the Sagicor MPA Provider elects to offer such insurance solutions, it will be Scotiabank’s exclusive financial institution partner for the purposes of marketing or promoting such insurance solutions. The Sagicor MPA Provider and its affiliates will not be permitted to enter into any comparable program agreement (as to be defined in the MPA Agreement) in Jamaica and Trinidad and Tobago directly or indirectly with any Scotiabank competitor (as to be defined in the MPA Agreement).

The MPA Agreement will provide for customary representations, warranties and indemnities for an arrangement of this nature. In addition, Scotiabank may terminate the MPA Agreement upon a change of control of the Sagicor MPA Provider, a ratings downgrade of the Sagicor MPA Provider or a failure by the Sagicor MPA Provider to meet certain service standards, among other termination events. The Sagicor MPA Provider may terminate the MPA Agreement upon a change of control of BNS Jamaica or BNS TT (as applicable) where the acquirer is a “direct competitor” (as defined in the MPA Agreement) of Sagicor, among other termination events. Upon expiration, non-renewal or termination of the MPA Agreement, the Sagicor MPA Provider is obligated to provide certain transition services to Scotiabank. In addition, upon the early termination of an MPA Agreement by:

- (i) Scotiabank in respect of either Jamaica or Trinidad and Tobago due to a change of control of BNS Jamaica (in relation to the Jamaica MPA Agreement) or BNS TT (in relation to the Trinidad and Tobago MPA Agreement); or
- (ii) the Sagicor MPA Provider for specified termination events in favour of the Sagicor MPA Provider;

a termination fee will be payable by Scotiabank (the “**Termination Fee**”). In addition, upon expiration or early termination of an MPA Agreement for a termination event referenced above, the applicable Sagicor MPA Provider will transfer and assign outstanding creditor policies together with matching financial assets to a new carrier, and outstanding non-creditor policies will continue to be serviced by the applicable Sagicor MPA Provider on a run-off basis.

Upon an early termination of an MPA Agreement by Scotiabank for other specified termination events in favour of Scotiabank, one-half of the Termination Fee will be payable by Scotiabank. In addition, the applicable Sagicor MPA Provider will transfer and assign outstanding creditor policies together with matching financial assets to a new carrier, and Scotiabank will have a right to require that outstanding non-creditor policies be transferred and assigned to a new carrier, at fair market value or book value, as set out in the MPA Agreements.

The Termination Fee in the initial year of each MPA Agreement will equal the purchase price paid under the applicable Scotia Agreement in excess of: (I) Closing Date Shareholder Equity (as defined in the applicable Scotia Agreement) plus (II) the portion of US\$30 million attributable to the applicable country on the same basis as the purchase price was attributable to each country under the Scotia Agreements; but declining each year during the term of the MPA Agreement on a straight-line basis by 1/20 of the initial amount.

### ***Transaction Rationale***

Sagicor’s management team believes that the transaction is highly attractive, from several perspectives.

- **Profitable base business at attractive valuation.** SLTT and SJLIC earned pre-tax net income of US\$18.3 million and US\$36.6 million, respectively, in fiscal year 2017. As an illustration, the figure below adjusts that pre-tax income for: (i) reinsurance premiums that SLTT would no longer cede following the transaction; (ii) intercompany commissions that SLTT would no longer pay following the transaction; (iii) foregone income on the excess capital to be extracted via pre-close dividend; (iv) the commissions that Sagicor management estimates would have been payable in 2017 under the agreed-upon commission structure; and (v) estimated taxes.

<b>Adjusted Fiscal 2017 Net Income on Base Business</b>			
	<b>Trinidad and Tobago</b>	<b>Jamaica</b>	<b>Total</b>
Reported IFRS Net Income	13.9	27.3	41.2
Plus: Income Tax	4.4	9.3	13.7
<b>2017 Pre-Tax Income</b>	<b>18.3</b>	<b>36.6</b>	<b>54.9</b>
Plus: Pre-Tax Reinsurance	6.8	-	6.8
Plus: Pre-Tax Commission Fee Arrangement	0.8	-	0.8
Less: Pre-Tax Foregone Income	(3.2)	(2.7)	(5.9)
Less: Pre-Tax Commissions to be Paid	(6.9)	(6.2)	(13.1)
<b>Estimated Pre-Tax Net Income</b>	<b>15.8</b>	<b>27.7</b>	<b>43.5</b>
			-
Tax Rate	30%	25%	27%
Less: Tax	(4.7)	(6.9)	(11.7)
<b>After-Tax Net Income on Base Business</b>	<b>11.1</b>	<b>20.8</b>	<b>31.8</b>

Based on up-front proceeds to BNS Jamaica and BNS TT of US\$240 million, Sagicor is paying an unlevered multiple of 7.5x adjusted 2017 net income.<sup>11</sup> Depending on the interest rate of the borrowing, Sagicor management expects the levered multiple of net income to be considerably lower.

- **Improve penetration of current SJLIC and SLTT products among the existing customer base.** It is a policy of BNS Jamaica and BNS TT that prospective borrowers must take out creditor insurance to secure their loans. However, that creditor insurance is not required to come from SJLIC or SLTT. Indeed, as shown in the table below, a meaningful proportion of BNS Jamaica's and BNS TT's customers do not obtain creditor insurance from SJLIC or SLTT. Sagicor management believes that it can improve the rate of sales of creditor insurance to BNS Caribbean customers using its proprietary technology and insurance expertise.

<sup>11</sup> Adjusted net income represents a non-IFRS financial measure. The Company has provided adjusted net income figures relating to SJLIC and SLTT because it believes the figures will assist investors in understanding the Company's ongoing operations. Following the acquisition of SJLIC and SLTT, the income statements associated with the businesses will be materially different when compared to the income statements pre-transaction. As outlined in the table above, the adjusted net income figures adjust reported IFRS net income for (i) reinsurance premiums that SLTT and SJLIC would no longer cede following the transaction; (ii) the commissions that Sagicor management estimates would have been payable in 2017 under the agreed-upon commission structure; (iii) foregone income on the excess capital to be extracted by BNS via pre-close dividend; and (iv) estimated taxes. Since non-IFRS financial measures do not have standardized definitions and meaning, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. See "Management's Discussion and Analysis of Sagicor – Non-IFRS Financial Information".

<b>Creditor Health Protection – Penetration Rates</b>			
	<b>New Eligible Accounts</b>	<b>New Retail Insurance Sales</b>	<b>% Cross Sell</b>
<b><u>SLTT</u></b>			
Auto Loans	1,820	1,324	72.7%
Credit Cards	7,097	4,407	62.1%
Credit Cards (Small Bus.)	239	130	54.4%
Mortgage	730	89	12.2%
ScotiaLine	720	540	75.0%
SPL	11,445	9,546	83.4%
<b>Total</b>	<b>22,051</b>	<b>16,036</b>	<b>72.7%</b>
<b><u>SJLIC</u></b>			
Auto Loans	2,186	1,192	54.4%
Credit Cards	5,348	2,716	50.8%
Credit Cards (Small Bus.)	329	183	55.6%
Mortgage	462	76	16.5%
ScotiaLine	483	380	78.7%
SPL	9,459	7,820	82.7%
<b>Total</b>	<b>18,267</b>	<b>12,367</b>	<b>67.7%</b>

<b>Creditor Life Protection – Penetration Rates</b>			
	<b>New Eligible Accounts</b>	<b>New Retail Insurance Sales</b>	<b>% Cross Sell</b>
<b><u>SLTT</u></b>			
Auto Loans	1,815	1,388	76.5%
Credit Cards	7,097	4,515	63.6%
Credit Cards (Small Bus.)	239	131	54.8%
Mortgage	726	184	25.3%
Sandpiper Line	720	559	77.6%
SPL	11,341	9,895	87.2%
<b>Total</b>	<b>21,938</b>	<b>16,672</b>	<b>76.0%</b>
<b><u>SJLIC</u></b>			
Auto Loans	2,179	1,262	57.9%
Credit Cards	5,348	2,843	53.2%
Credit Cards (Small Bus.)	329	184	55.9%
Mortgage	462	123	26.6%
ScotiaLine	483	386	79.9%
SPL	9,447	8,185	86.6%
<b>Total</b>	<b>18,248</b>	<b>12,983</b>	<b>71.1%</b>



- **Opportunity to sell incremental products to a large new customer base.** Sagicor has a highly diversified insurance product mix including individual and group life, health, annuity and pension, personal disability, and property and casualty insurance. Sagicor management believes that BNS Jamaica and BNS TT customers will find those products highly attractive, and that the bancassurance agreement will enable Sagicor management to generate revenue significantly in excess of that produced by SJLIC and SLTT on a standalone basis in 2017 and prior.

SJLIC/SLTT – Sagicor Product Comparison		
	SJLIC/SLTT	Sagicor
Individual Creditor	✓	✓
Other Traditional Life Insurance	✗	✓
Individual Annuities	✓	✓
Accidental Death & Dismemberment	✗	✓
Long-Term Disability	~	✓
Health Insurance	~	✓
Group Health	✗	✓
Group Creditor	✗	✓
Group Pension and Critical Illness	✗	✓
Property & Casualty Insurance	✗	✓

**Note:** Immaterial product categories denoted with a “~”

### ***Financial Statements***

The Scotia Audited Financial Statements and Scotia Interim Financial Statements are set forth in Appendix H. The New Sagicor Pro Forma Financial Statements are set forth in Appendix G.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

### Pro Forma Consolidated Capitalization

As the Sagicor Arrangement constitutes Alignvest’s proposed qualifying acquisition, holders of Alignvest Class A Restricted Voting Shares can elect to redeem, subject to the conditions thereof, all or a portion of their Alignvest Class A Restricted Voting Shares provided that they deposit (and do not validly withdraw) their shares for redemption prior to the Redemption Deadline. A description of the redemption rights will be included in the management information circular to be mailed to Alignvest Shareholders in connection with the Alignvest Meeting. A redeeming Alignvest Shareholder is entitled, subject to the conditions thereof, to receive an amount per Alignvest Class A Restricted Voting Share, payable in cash, equal to the pro-rata portion of: (A) the escrowed funds available in Alignvest’s escrow account at the time immediately prior to the Redemption Deadline, including interest and other amounts earned thereon; less (B) an amount equal to the total of (i) applicable taxes payable by Alignvest on such interest and other amounts earned in the escrow account, and (ii) actual and expected direct expenses related to the redemption, each as reasonably determined by Alignvest. If the Transaction is completed on or prior to May 25, 2019, the redemption amount per Alignvest Class A Restricted Voting Share is expected to be approximately C\$10.19 (rounded to the nearest cent). If the Extension Resolution is approved and the Transaction is not completed on or prior to May 25, 2019, the redemption amount per Alignvest Class A Restricted Voting Share is expected to be approximately C\$10.20 (rounded to the nearest cent). Registered holders of Alignvest Class A Restricted Voting Shares may elect to redeem their Alignvest Class A Restricted Voting Shares irrespective of whether they vote for or against, or do not vote on, the Alignvest Arrangement and/or the Extension.

The following table sets forth the consolidated capitalization of Sagicor as of September 30, 2018 adjusted to give effect to the Transaction assuming different levels of redemptions. Since September 30, 2018, other than in the normal course of business, there has been no material change in the equity and debt capital of Sagicor, on a consolidated basis.

<b>Consolidated Capitalization</b>				
(in thousands of US\$)	<b>As of September 30, 2018</b>	<b>As of September 30, 2018 after giving effect to the Alignvest Forward Purchase Agreements and the Transaction, and assuming certain levels of redemption of Alignvest Class A Restricted Voting Shares</b>		
		0% redemptions	25% redemptions	Alignvest Delivers “Minimum Cash”
<b>Debt<sup>(1)</sup></b>	404,353	404,353	404,353	404,353
<b>Shareholders’ equity</b>	598,107	813,507	734,614	611,745
<b>Total Capitalization</b>	1,002,460	1,217,860	1,138,967	1,016,098

<sup>(1)</sup> Pro-forma debt does not include any borrowings required to complete the acquisitions of SJLIC and SLTT.

This table should be read in conjunction with the Alignvest Audited Annual Financial Statements, the Sagicor Audited Annual Financial Statements, the Sagicor Interim Financial Statements and the New Sagicor Pro Forma Financial Statements included in Appendix A, Appendix E, Appendix F and Appendix G, respectively, to this prospectus.

### Summary Historical and Pro Forma Consolidated Financial Information

The following table sets out unaudited historical and pro forma summary consolidated financial information of the Company, in each case, for the periods ended and as of the dates indicated. The selected consolidated financial information of the Company has been derived from the Sagicor Audited Annual Financial Statements, and the Sagicor Interim Financial Statements, appearing elsewhere in this prospectus.

The selected unaudited pro forma summary financial information as of and for the nine months ended September 30, 2018 and for the year ended December 31, 2017 has been derived from the unaudited pro forma condensed consolidated financial statements of the Company appearing elsewhere in this prospectus and give effect to the transactions described in the notes to those statements as if they had occurred on September 30, 2018 for the unaudited pro forma condensed consolidated statement of financial position as of September 30, 2018 and as if they had occurred on January 1, 2017 for the unaudited pro forma condensed consolidated statement of income and comprehensive income for the nine months ended September 30, 2018 and for the year ended December 31, 2017.

The summary financial information should be read in conjunction with the Sagicor Audited Annual Financial Statements and the Sagicor Interim Financial Statements and the related notes as well as “*Management’s Discussion and Analysis of Sagicor*”, and the unaudited pro forma condensed consolidated financial statements of the Company.

The selected pro forma condensed financial information is unaudited, for informational purposes only, and not necessarily indicative of what the Company’s results of operations would have been had such transaction been completed as at the dates indicated and does not purport to represent what the Company’s results of operations might be for any future period. In addition to the pro forma adjustments that comprise this pro forma financial information, various other factors will have an effect on the financial condition and results of operations of New Sagicor following the completion of the Transaction, including an adjustment as it relates to the closing of the Sagicor Arrangement which assumes no redemption of Alignvest Class A Restricted Voting Shares. See “*Notes to the Pro Forma Condensed Consolidated Combined Financial Information*” included in Appendix G for a discussion of the pro forma adjustments. See also “*Caution Regarding Forward-Looking Statements*”.

	As of and for the nine months ended September 30		As of and for the year ended December 31			
	2018		2017		2016	
	Pro-forma \$	Historical \$	Pro-forma \$	Historical \$	Historical \$	Historical \$
<b>(Amounts expressed in US\$000)</b>						
<b>Operations</b>						
Net premium revenue	778,145	720,000	827,426	745,632	663,956	673,925
Total revenue	1,162,139	1,068,704	1,346,370	1,220,869	1,134,147	1,104,219
Total benefits	579,846	537,381	714,723	660,761	560,359	552,943
Total expenses	465,768	442,958	481,410	436,362	424,191	427,714
Net income from continuing operations	78,848	55,774	120,944	105,169	107,897	98,443
Net income from continuing operations attributable to common shareholders	51,615	28,541	77,898	62,123	60,259	56,327
Net income attributable to common shareholders	54,806	31,732	88,008	72,233	61,671	34,679
<b>Financial position</b>						
Cash resources	391,015	365,170		360,064	279,070	
Total assets	7,627,554	6,821,394		6,814,642	6,531,920	
Total policy liabilities	4,131,664	3,590,893		3,553,997	3,361,060	
Total liabilities	6,516,301	5,925,541		5,882,314	5,736,506	
Shareholders' equity	813,507	598,107		623,374	536,149	

The historical financial information of Alignvest, SJLIC and SLTT has been translated to US dollars using the average and period end spot rates of exchange for the US dollar, expressed in Canadian dollars as follows:

	C\$ to US\$	J\$ to US\$	TTD to US\$
Pro Forma condensed consolidated statement of income and comprehensive income for the year ended December 31, 2017	0.782597	0.007712	0.145995
Pro Forma condensed consolidated statement of income and comprehensive income for the nine months ended September 30, 2018	0.776782	0.007736	0.147043
Pro Forma condensed consolidated statement of financial position as at September 30, 2018	0.774170	0.007390	0.146250

Non-historical financial information has been translated to U.S. dollars using the same period end spot rates as the pro forma condensed consolidated statement of financial position as at September 30, 2018.

## **DIVIDEND POLICY AND DIVIDEND REINVESTMENT PLAN**

The declaration of dividends on New Sagicor Common Shares will be at the sole discretion of the New Sagicor Board.

New Sagicor currently intends to seek to pay an annual dividend of up to US\$0.225 per share, expected to be paid quarterly with a targeted first payment date in Q2 2019 on the New Sagicor Common Shares. Notwithstanding the foregoing, New Sagicor may not declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that New Sagicor is, or would after the payment be, unable to pay its liabilities as they become due or that the realizable value of New Sagicor's assets would thereby be less than its liabilities.

As part of a proposed dividend reinvestment plan, subject to applicable law and regulatory requirements, holders of New Sagicor Common Shares are expected to be provided with the right to acquire additional New Sagicor Common Shares at 95% of the then five day volume-weighted average market price in lieu of cash dividends, net of applicable withholding taxes.

The Sponsor has agreed to receive its dividends in the form of additional New Sagicor Common Shares rather than cash until otherwise determined by the New Sagicor Board.

Subject to reduction under the terms of an applicable tax treaty, withholding tax will generally apply at a rate of 5% on dividends paid by New Sagicor to New Sagicor Shareholders resident in jurisdictions that are not party to the CARICOM Treaty (including Canada and the United States).

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF SAGICOR

*This Management's Discussion and Analysis ("MD&A") contains important information about Sagicor's business and its performance for the years ended, and as of, December 31, 2017, 2016 and 2015, and as of and for the nine months ended September 30, 2018 and 2017. The discussion and analysis of Sagicor's financial condition and results of operations covers periods prior to the completion of the Arrangement Agreement. This MD&A should be read in conjunction with the Sagicor Audited Annual Financial Statements and the Sagicor Interim Financial Statements, prepared in accordance with IFRS in effect on the date of such information, attached as Appendix E, and Appendix F to this prospectus, respectively.*

*The following discussion is based on the financial condition and results of operations of Sagicor, unless otherwise specified or indicated. Financial information for the years ended, and as of, December 31, 2017, 2016 and 2015 and as of and for the nine months ended September 30, 2018 and 2017 is presented in US\$. Amounts for subtotal, totals and percentage variances included in tables in this MD&A may not sum or calculate using the numbers as they appear in the tables due to rounding.*

### *Changes in Accounting Policies and Restatements*

*As discussed in the Sagicor Financial Corporation Limited, Interim Financial Statements for the nine-months ended September 30, 2018, as of January 1, 2018, the Group adopted IFRS 9 - Financial Instruments ("IFRS 9"). As a result of the application of this new standard, the Group changed its accounting policies. As permitted by the transition provisions in IFRS 9, the Group has elected not to restate comparative period results; accordingly, all comparative period information on financial instruments is presented in accordance with IAS 39 Financial Instruments, the accounting policies disclosed in notes 2.8, 2.12, 2.14 and 2.22 of the annual 2017 consolidated financial statements. Adjustments to the carrying amounts of financial assets and financial liabilities as of January 1, 2018 were recognised in equity. New or amended interim disclosures have been provided for in the current period, where applicable, and comparative period disclosures are consistent with those made in 2017. For further details on the impacts of the application of IFRS 9, including the description of accounting policies selected, refer to note 2 of the September 30, 2018 Interim Financial Statements. The annual financial statements as of December 31, 2017, December 31, 2016 and December 31, 2015 and the MD&A analysis thereon have not been adjusted for the adoption of IFRS 9.*

*Effective January 1, 2018, the Sagicor Group also adopted IFRS 15. This standard clarifies revenue recognition principles and provides a framework for recognising revenue and cash flows from service contracts from customers. IFRS 15 does not apply to the Group's primary activities of insurance and banking which are governed by IFRS 4 – 'Insurance Contracts' and IFRS 9 – 'Financial Instruments'. In accordance with the transition provisions in IFRS 15, the standard has been implemented using the modified retrospective method with no restatement of comparative information. There was no significant impact on the Group resulting from the implementation of the standard and consequently no transition adjustment has been recorded in the statement of equity. The standard introduces new disclosure requirements for interim financial statements which are set out in note 4.5 of the September 30, 2018 interim financial statements.*

*Certain prior year restatements were made in the September 30, 2018 Interim Financial Statements. Note Appendix F attached. The MD&A analysis following in respect of December 31, 2017, December 31, 2016 and December 31, 2015 does not reflect these adjustments as their effect was not deemed to be material to the ability to properly assess the performance and/or the financial position of the company and the Group.*

*This MD&A is current as of September 30, 2018 and was approved by Sagicor's board of directors.*

### **Forward-Looking Statements**

Certain statements in this document are forward-looking statements within the meaning of certain securities laws, including applicable Canadian securities legislation. Additional information concerning forward-looking statements and important risk factors that could cause the assumptions, estimates, expectations and projections to be inaccurate



and actual results or events to differ materially from those expressed in or implied by such forward-looking statements can be found in “*Cautionary Statement Regarding Forward-Looking Statements*” in this document.

## **Non-IFRS Financial Information**

Sagicor reports its financial results and statements in accordance with International Financial Reporting Standards (IFRS). It also publishes certain financial measures that are not based on IFRS (non-IFRS). A financial measure is considered a non-IFRS measure for Canadian securities law purposes if it is presented other than in accordance with the generally accepted accounting principles used for the Company’s audited financial statements. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. The Company believes that these non-IFRS financial measures provide additional information to better understand the Company’s financial results and assess its growth and earnings potential, and that they facilitate comparison of the quarterly and full-year results of the Company’s ongoing operations. Since non-IFRS financial measures do not have standardized definitions and meaning, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. The Company strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not to rely on any single financial measure.

Sagicor believes that certain non-IFRS measures described below are more reflective of its ongoing operating results and provide readers with a better understanding of management’s perspective on the Company’s performance. These measures enhance the comparability of the Company’s financial performance from period to period, as well as measure relative contribution to shareholder value. Non-IFRS measures do not have a standardized meaning and may not be comparable to similar measures disclosed by other financial institutions.

The following represent non-IFRS financial measures:

### **1. Return on Shareholders’ Equity**

IFRS does not prescribe the calculation of return on shareholders’ equity and therefore a comparable measure under IFRS is not available. To determine this measure, reported net income/(loss) is divided by the total weighted average common shareholders’ equity for the period. The quarterly return on shareholders’ equity is annualized.

### **2. Book value per share**

To determine the book value per share, shareholders’ equity is divided by the number of shares outstanding at the period end, net of any treasury shares.

### **3. MCCSR**

The MCCSR was a capital adequacy measure for life insurance companies established by the Office of the Superintendent of Financial Institutions Canada (“**OSFI**”). It was a measure used to monitor that insurers maintain adequate capital to meet their financial obligations with 150% being the minimum standard that was recommended by Canadian regulators when it was in effect; companies were expected to establish and meet an internal target greater than 150%. Refer to note 46.2 of the 2017 Sagicor Audited Annual Financial Statements for details.

### **4. Debt to capital ratio**

The debt to capital ratio is the ratio of notes and loans payable (refer to note 16 to the Sagicor Audited Annual Financial Statements) to total equity, where capital is defined as the sum of notes and loans payable and total equity. This ratio measures the proportion of debt a company uses to finance its operations as compared with its capital.

## 5. Dividend payout ratio

This is the ratio of dividends paid per share to basic earnings per common share.

### Market and Other Industry Data

This MD&A includes and refers to information and statistics regarding the economy of and the insurance and financial industries in Barbados, Jamaica, Trinidad and Tobago, the United States and the Eastern Caribbean, and regarding Sagicor's competitors. Sagicor obtained this information and these statistics from various third-party and official Government sources and other publicly available publications and industry research reports. Specifically, one of Sagicor's sources for data and information related to Jamaica's insurance market is the Bank of Jamaica (<http://www.boj.org.jm/>), and one of Sagicor's sources for data and information related to Trinidad and Tobago's insurance market is the Central Bank of Trinidad and Tobago (<http://www.central-bank.org.tt/>). Some data is also based on Sagicor's good faith estimates, which are derived from management's knowledge of the industry and independent sources. Industry publications, surveys and projections generally state that the information contained therein has been obtained from sources believed to be reliable. Sagicor has not independently verified any of the data from third-party sources nor has it ascertained the underlying economic assumptions relied upon therein. Statements as to Sagicor's market position are based on market data currently available to it. Sagicor's estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings "Risk Factors" and "Caution Regarding Forward-Looking Statements" in this prospectus. Projections and other forward-looking information obtained from independent sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this prospectus.

### About Sagicor

Sagicor is a 178-year old financial services company focused on insurance operations in the Caribbean region mainly in Barbados, Jamaica, Trinidad and Tobago, and the United States. Established in 1840 as The Barbados Mutual Life Assurance Society, Sagicor is one of the oldest providers of insurance in the Americas. Sagicor offers a wide range of products and services including life and health insurance, annuities, pension administration, property and casualty insurance, asset management, investment and merchant banking, securities brokerage, mutual funds and real estate development, and commercial banking. Sagicor's business grew organically with little change in product lines until 1969, when Sagicor introduced two unit trusts (a bond fund and an equity fund), to manage corporate pension funds, and in the 1970s, when Sagicor introduced group life insurance and health insurance products. Sagicor expanded its business through acquisitions in the 1980s and 1990s, transforming from a domestic to a regional and international company and from having a single line product to multi-line products. Sagicor demutualised in November 2002 and listed its shares on the Barbados Stock Exchange (BSE:SFC), with subsequent listings on the Trinidad and Tobago Stock Exchange (TTSE:SFC) and, via depositary interests, the London Stock Exchange (LSE:SFI). Sagicor discontinued from Barbados and continued to Bermuda as an exempted company on July 20, 2016.

Sagicor currently operates in 22 countries and maintains a strong market position in most of the markets where it operates. Their primary business is the provision of insurance (life, health and property and casualty) and financial services, including pension management, asset management and banking.

Sagicor operates its business primarily through three reporting operating segments. These segments are (i) Sagicor Life, which comprises Group subsidiaries conducting the life, health and annuity insurance business, and pension administration services in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Central America and Trinidad and Tobago; and mutual funds and asset management in Barbados; (ii) Sagicor Jamaica, which comprises Group subsidiaries conducting the life, health, annuity, property and casualty insurance business, and pension administration services and financial services in Jamaica and Cayman Islands and banking services in Jamaica; and (iii) Sagicor Life USA, which comprises Sagicor's life insurance operations in the United States. Sagicor's objective is to be a leading insurance and financial services provider of world class products and services to better serve its customers and other stakeholders in its markets. Sagicor is expanding its banking and asset management business in the Caribbean, where it has strong brand recognition and market shares.

## Result of Operations

An understanding of Sagicor's financial condition and the results and related risks of Sagicor's operations for the periods discussed in this prospectus requires an understanding of Sagicor's business. Accordingly, the following discussion should be read in conjunction with the discussion of these and related matters that appear elsewhere in this prospectus, including under the following headings: (i) Risk Factors; (ii) The Business of Sagicor; and (iii) Accounting and Control Measures.

## Arrangement Agreement

On November 27, 2018, Sagicor and Alignvest announced that they had entered into the Arrangement Agreement to effect the Transaction. Pursuant to the Arrangement Agreement, Alignvest will acquire all of the outstanding Sagicor Common Shares by means of a scheme of arrangement under Section 99 of the BCA. Immediately following the implementation of the Alignvest Arrangement and Sagicor Arrangement, Alignvest shall, subject to certain conditions, discontinue as a corporation under the laws of Ontario and continue as an exempted company under the laws of Bermuda. See "Arrangement Agreement" elsewhere in this prospectus.

## Financial Summary

The summary consolidated financial data is derived from the Sagicor Audited Annual Financial Statements, attached as Appendix E to this prospectus, for each of the periods indicated on the following table.

(US\$ millions, unless otherwise noted)		September 30, 2018	2017	2016	2015
<b>Profitability</b>	<b>Net income (loss)</b>				
	Attributable to Common Shareholders				
	From Continuing Operations	28.5	62.1	60.3	56.3
	<b>Earnings Per Sagicor Common Share (US\$)</b>				
	Basic EPS (from Continuing Operations)	0.093	0.204	0.195	0.182
Diluted EPS (from Continuing Operations)	0.091	0.199	0.187	0.173	
<b>Return on Shareholders' Equity (%)<sup>(1)</sup></b>	6.4%	11.3%	12.3%	11.7%	
<b>Growth</b>	<b>Revenue</b>				
	Individual Life, Health and Annuity	674.6	678.9	635.3	636.1
	Group Life, Health and Annuity	210.2	307.0	276.9	273.4
	Property and Casualty Insurance	34.7	42.0	36.6	32.7
	Banking and Investment Management	127.1	162.5	157.5	150.1
	Farming and Unallocated Revenues	22.1	30.5	27.8	11.9
	Total Revenue	1,068.7	1,220.9	1,134.1	1,104.2
	<b>Net Premium Revenue</b>				
	Life Insurance	302.1	389.2	357.4	352.8
	Annuity	269.2	178.4	138.7	152.6
	Health Insurance	122.4	149.1	149.6	150.3
	Property and Casualty Insurance	26.3	28.9	18.3	18.2
	Total Net Premium Revenue	720.0	745.6	664.0	673.9
<b>Assets from Continuing Operations</b>	6,808.1	6,804.5	6,531.9	6,399.9	
<b>Total Assets</b>	6,821.4	6,814.6	6,531.9	6,399.9	
<b>Operating Liabilities</b>	5,519.9	5,466.3	5,339.9	5,183.6	
<b>Non-Current Financial Liabilities<sup>(2)</sup></b>	405.6	416.0	396.6	477.1	
<b>Book Value per Sagicor Common Share (US\$)<sup>(1)</sup></b>	1.96	2.038	1.770	1.660	
<b>MCCSR ratio<sup>(1)(3)</sup></b>	248%	258%	249%	301%	
<b>Debt to Capital<sup>(1)</sup></b>	31.1%	30.7%	33.2%	39.2%	
<b>Dividend</b>					
Dividend payout ratio <sup>(1)</sup>	27.5%	25.1%	24.1%	23.1%	
Dividends per Common Share (US\$)	0.025	0.050	0.045	0.040	
<b>Total capital</b>	1,300.2	1,346.1	1,190.6	1,214.7	

1. Represents a non-IFRS financial measure. See "Management's Discussion and Analysis of Sagicor – Non-IFRS Financial Information" in this prospectus.

2. Includes Notes and Loans Payable and derivative financial liabilities.

3. For 2016 and 2017, the methodology used to compute the MCCSR was updated.

### Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

#### *Sagicor results*

*Net income for the three months ended September 30<sup>th</sup>*

The table below summarises Sagicor's net income for the three months ended September 30, 2018 and 2017.

	<b>Three months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Net income</b>	<b>(in millions of US\$)</b>	
Net Income from continuing operations .....	19.7	37.5
Net Income (loss) from discontinued operations.....	(0.1)	2.0
Total.....	<u>19.6</u>	<u>39.5</u>

Net income, which comprises net income from continuing operations and net income from discontinued operations, totaled US\$19.6 million for the three months ended September 30, 2018, compared to US\$39.5 million for the same period in 2017.

Net income from continuing operations declined to US\$19.7 million for the three-month period ended September 30, 2018 compared to US\$37.5 million for the same period ended September 30, 2017; a decline of US\$17.8 million (47.5%).

On September 7, 2018 the Government of Barbados (GoB) entered into a staff-level agreement with the International Monetary Fund (IMF) to provide financial and technical assistance. As part of the programme, the GoB launched a debt exchange offer for GoB Domestic Barbados-dollar debt holders on September 7, 2018. The GoB announced on October 15, 2018 that its exchange offer received unanimous support from the domestic creditors. A restructuring plan has not been announced for external US dollar denominated debt. The Sagicor Group has held approximately US\$337.0 million in GoB debt, of which US\$278.0 million was domestic Barbados-dollar debt. During the period, the Sagicor Group revised its provision based on new information on the exchange offer. The Group has determined the net impact of the credit events on the GoB debt to shareholders at approximately US\$13.0 million for the three month period ended September 30, 2018 (gross expected credit loss of US\$35.8 million less actuarial offset), which was the main factor causing the decrease in the Company's results. Sagicor does not expect that there will be any incremental impact on Sagicor as it relates to the external US dollar denominated debt.

Income from Sagicor's discontinued operation was US\$2.1 million lower for the three-month period ended September 30, 2018, closing with a loss of US\$0.1 million compared to net income of US\$2.0 million for the same period in 2017. This decline in net income was due to lower income earned from the movement in the price adjustment (US\$2.0 million).

#### *Consolidated income from continuing operations*

The table below summarises Sagicor's consolidated income from continuing operations for the three months ended September 30, 2018 and 2017.

	<b>Three months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Consolidated income from continuing operations</b>	<b>(in millions of US\$)</b>	
Revenue .....	430.1	348.3
Benefits .....	(239.0)	(195.7)
Expenses .....	(156.0)	(104.9)
Income taxes.....	(15.4)	(10.2)
Net income .....	<u>19.7</u>	<u>37.5</u>

Sagicor's net income from continuing operations totaled US\$19.7 million for the three-month period ended September 30, 2018, a 47.5% decrease from US\$37.5 million reported for the three-month period ended September 30, 2017. This decrease was primarily as a result of a 48.7% increase in expenses paid, which includes the gross expected credit losses associated mainly with the restructuring of the GoB domestic Barbados-dollar debt (US\$38.2 million) and a 22.1% increase in benefits due to increased provision for new business, which was offset by a 23.5% increase in revenue (US\$81.8 million) and a 51.0% increase in income taxes.

#### Revenue

The following table summarises the main items of Sagicor's revenue for the three-month periods ended September 30, 2018 and 2017.

	<b>Three months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenue</b>	<b>(in millions of US\$)</b>	
Net insurance premiums:		
Life and annuity	259.7	173.9
Health	41.2	37.7
Property and casualty	9.0	7.1
	<u>309.9</u>	<u>218.7</u>
Net investment income <sup>(1)</sup>	92.3	105.4
Fees and other revenues	27.9	24.2
Total	<u>430.1</u>	<u>348.3</u>

(1) This includes a loss of US\$2.1 million and income of US\$4.6 million representing the Company's share of operating (losses)/ income from associated companies, for the three-month periods ended September 30, 2018 and September 30, 2017, respectively.

The following table summarises Sagicor's revenues by operating segment for the three months ended September 30, 2018.

<b>Three months ended September 30, 2018</b>	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor Life USA</b>	<b>Head office and other</b>	<b>Adjustments</b>	<b>Total</b>
	<b>(in millions of US\$)</b>					
Net premium revenue	77.1	77.4	146.4	9.0	-	309.9
Interest income	19.6	38.4	14.3	1.7	-	74.0
Other investment income	0.6	11.2	5.8	0.6	0.1	18.3
Fees and other revenues	1.7	25.3	(3.5)	4.0	0.4	27.9
Gain arising on acquisition	0.5	-	-	(0.5)	-	-
Inter-segment revenues	3.8	-	-	0.9	(4.7)	-
Total revenue	<u>103.3</u>	<u>152.3</u>	<u>163.0</u>	<u>15.7</u>	<u>(4.2)</u>	<u>430.1</u>

The following table summarises Sagicor's revenues by operating segment for the three months ended September 30, 2017:

<u>Three months ended September 30, 2017</u>	<u>Sagicor Life</u>	<u>Sagicor Jamaica</u>	<u>Sagicor Life USA</u>	<u>Head office and other</u>	<u>Adjustments</u>	<u>Total</u>
			(in millions of US\$)			
Net premium revenue	75.9	112.3	23.2	7.3	-	218.7
Interest income	20.0	40.3	12.6	2.2	-	75.1
Other investment income	0.3	23.9	6.1	-	-	30.3
Fees and other revenues	1.9	17.7	(0.8)	5.4	-	24.2
Inter-segment revenues	3.2	-	-	0.7	(3.9)	-
Total revenue	<u>101.3</u>	<u>194.2</u>	<u>41.1</u>	<u>15.6</u>	<u>(3.9)</u>	<u>348.3</u>

Revenues from continuing operations reached US\$430.1 million for the three months period ended September 30, 2018, an increase of US\$81.8 million compared to US\$348.3 million for the three months period ended September 30, 2017, for the reasons detailed below.

Net premium revenue from life insurance and annuity was US\$259.7 million for the three months period ended September 30, 2018, a 49.3% increase from US\$173.9 million for the same period in 2017. The increase in revenue was mainly due to growth in premium income in the USA segment.

Net premium revenue from health insurance totalled US\$41.2 million for the three months ended September 30, 2018, an increase (9.3%) from the US\$37.7 million reported for the three months ended September 30, 2017. Net premium revenue from property and casualty insurance totalled US\$9.0 million for the three months ended September 30, 2018, a 26.8% increase from US\$7.1 million recorded for the same period in 2017.

Overall, Sagicor generated net insurance premiums of US\$309.9 million for the three-month period ended September 30, 2018, a 41.7% increase from US\$218.7 million for the three-month period ended September 30, 2017, due primarily to business growth in the Company's USA segment.

Net investment income was US\$92.3 million for the three months ended September 30, 2018 compared to US\$105.4 million for the same period in 2017, a decline of US\$13.1 million. Sagicor's Jamaica segment experienced lower investment gains and was impacted by reduced interest rates.

Income from fees and other revenues totaled US\$27.9 million for the three months ended September 30, 2018, compared to US\$24.2 million, for the same period in 2017, an increase of US\$3.7 million largely due to strong fee income and foreign exchange gains in the Jamaica segment.

### *Benefits*

The table below summarises Sagicor's expenses incurred in providing policy benefits and change in Sagicor's actuarial liabilities for the three months ended September 30, 2018 and 2017.

	<u>Three months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
	(in millions of US\$)	
<b>Benefits and change in actuarial liabilities</b>		
Net insurance benefits:		
Life and annuity	105.2	85.7
Health	28.8	30.0
Property and casualty	4.8	12.1
Changes in actuarial liabilities	88.7	54.6
	<u>227.5</u>	<u>182.4</u>
Interest expense	11.5	13.3
Total	<u>239.0</u>	<u>195.7</u>

Life and annuity benefits totaled US\$193.1 million for the three months ended September 30, 2018, of which US\$105.2 million related to current benefits and US\$87.9 million related to future benefits. The corresponding

amounts for the same period in 2017 were a total of US\$139.8 million, of which US\$85.7 million related to current benefits and US\$54.1 million related to future benefits. The change in current benefits for the three-month periods ended September 2017 versus September 2018 represented a 22.8% increase; changes in future benefits increased by US\$33.8 million largely due to new business growth from annuities in the USA segment over the same period.

Total health insurance benefits were US\$28.8 million at for the three months ended September 30, 2018 representing an overall claims to premium ratio of 76.8%. The comparative 2017 amounts were US\$30.0 million and an overall claims to premium ratio of 83.3%.

Property and casualty claims amounted to US\$4.8 million for the quarter ended September 30, 2018, lower than the US\$12.1 million reported for the same period in 2017

Interest expense totalled US\$11.5 million in for the three-month period ended September 30, 2018, a 13.5% decrease from US\$13.3 million for the same period in 2017. This decrease was primarily due to changes in the interest environment.

#### *Expenses and taxes*

The table below summarises Sagicor's expenses and taxes from continuing operations for the three months ended September 30, 2018 and 2017.

	<b>Three months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(in millions of US\$)</b>	
<b>Expenses and taxes</b>		
Administrative expenses.....	73.6	64.8
Commissions and related compensation.....	27.8	23.6
Finance costs, depreciation and amortization.....	14.6	14.0
Credit impairment losses	38.2	-
Premium, asset taxes and income taxes.....	17.3	12.6
Total.....	<u>171.5</u>	<u>115.0</u>

Expenses and taxes totalled US\$171.5 million for three months ended September 30, 2018, up by 49.1% (US\$56.5 million) compared to the same period in 2017 (US\$115.0 million). This increase was mainly due to the inclusion of a provision for losses on all assets (US\$38.2 million) and was largely driven by impairment of the Government of Barbados securities (US\$35.8 million).

Premium, assets and income taxes were US\$17.3 million for the three-month period ended September 30, 2018, higher than US\$12.6 million reported for the same period in 2017, an increase of US\$4.7 million.

#### *Discontinued operation*

The table below summarises Sagicor's discontinued operation for the three months ended September 30, 2018 and 2017.

<b>Discontinued operation</b>	<b>Three months ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(in millions of US\$)</b>	
<b>Income</b>		
Currency translation (loss)/gain.....	(0.1)	-
Expenses of sale and other items.....	-	-
Movement in price adjustment.....	-	2.0
Net income.....	<u>(0.1)</u>	<u>2.0</u>



## Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

### *Sagicor results*

*Net income for the nine months ended September 30<sup>th</sup>*

The table below summarises Sagicor's net income for the nine months ended September 30, 2018 and 2017.

Net income	Nine months ended September 30,	
	2018	2017
	(in millions of US\$)	
Net Income from continuing operations.....	55.8	77.6
Net Income from discontinued operations.....	3.2	8.2
Total.....	59.0	85.8

Net income, which comprises net income from continuing operations and net income from discontinued operation, totaled US\$59.0 million for the nine months ended September 30, 2018, compared to US\$85.8 million, for the same period in 2017.

Net income from continuing operations decreased to US\$55.8 million for the nine month period ended September 30, 2018 compared to US\$77.6 million for the same period ended September 30, 2017; a decrease of US\$21.8 million or 28.1%.

On September 7, 2018 the GoB entered into a staff-level agreement with the IMF to provide financial and technical assistance. As part of the programme, the GoB launched a debt exchange offer for GoB domestic Barbados-dollar debt holders on September 7, 2018. The GoB announced on October 15, 2018 that its debt exchange offer received unanimous support from the domestic creditors. A restructuring plan has not yet been announced for external US dollar denominated debt. The Sagicor Group holds approximately US\$337.0 million in GoB debt, of which US\$278.0 million is domestic Barbados-dollar debt. Sagicor has determined the net impact of the credit events on GoB debt to shareholders at approximately US\$43.0 million for the nine months ended September 30, 2018 (gross expected credit losses of US\$101 million less actuarial offset), of which all have been reserved for as reflected in the September 30, 2018 financial statements, and which was the main factor causing the decrease in the Company's results. Sagicor does not expect that there will be any incremental impact on Sagicor as it relates to the external US dollar denominated debt.

Income from Sagicor's discontinued operation was US\$5.0 million lower for the nine month period ended September 30, 2018, closing at US\$3.2 million compared to US\$8.2 million for the same period in 2017. This decline in net income earned (US\$5.0 million), when compared to the same period in 2017, was due to lower income earned from the movement in the price adjustment of US\$4.6 million coupled with marginal foreign exchange losses of US\$0.4million. See "*The Business of Sagicor Asset and Liability Management and Investments – Barbados Debt Restructuring*" elsewhere in this prospectus.

### *Consolidated income from continuing operations*

The table below summarises Sagicor's consolidated income from continuing operations for the nine months ended September 30, 2018 and 2017.

	<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Consolidated income from continuing operations</b>	<b>(in millions of US\$)</b>	
Revenue.....	1,068.7	910.9
Benefits.....	(537.4)	(475.1)
Expenses.....	(443.0)	(329.1)
Income taxes.....	(32.5)	(29.1)
Net income.....	<u>55.8</u>	<u>77.6</u>

Sagicor's net income from continuing operations totaled US\$55.8 million for the nine month period ended September 30, 2018, a 28.1% decrease from US\$77.6 million reported for the nine month period ended September 30, 2017. This decrease was primarily as a result of a 34.6% increase in expenses paid, which includes the gross expected credit losses associated mainly with the restructuring of the GoB Domestic Barbados-dollar debt of US\$96.0 million and a 13.1% increase in benefits paid, which was offset by a 17.3% increase in revenue of US\$157.8 million and an 11.7% increase in income taxes.

### *Revenue*

The sources of Sagicor's revenue are insurance premiums from customers, investment income, fees and other revenues. Sagicor markets a range of life and annuity products, most of which are long-term contracts for which a monthly premium is paid by the customer. For some long-term contracts, however, a single premium (usually a lump sum) is paid at the beginning of the contract. There are also annual renewable contracts which are marketed largely to employers to provide coverage to their employees on a group basis. In addition, Sagicor markets annual renewable health insurance contracts to employers and associations, which provide benefits against medical costs incurred by insured persons. Sagicor also markets property and casualty insurance contracts to individuals and commercial enterprises in the Caribbean region. Income is also generated from Sagicor's investments. Finally, Sagicor recognises income from fees and other revenue, which are comprised of commission income and portfolio and other management advisory and service fees. The following table summarises the main items of Sagicor's revenue for the period ended September 30, 2018 and 2017:

<b>Revenue</b>	<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(in millions of US\$)</b>	
Net insurance premiums:		
Life and annuity.....	571.3	425.0
Health.....	122.4	111.8
Property and casualty.....	26.3	22.0
	720.0	558.8
Net investment income <sup>1</sup> .....	259.4	281.5
Fees and other revenues.....	89.3	70.6
Gain arising on disposal.....	-	-
Total.....	1,068.7	910.9

(1) This includes US\$1.5 million and US\$8.5 million of the company's share of operating income from associated companies, for the nine month periods ended September 30, 2018 and September 30, 2017, respectively.

The following table summarises Sagicor's revenues by operating segment for the nine months ended September 30, 2018:

<b>Nine months ended September 30, 2018</b>	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor Life USA</b>	<b>Head office and other</b>	<b>Adjustments</b>	<b>Total</b>
			<b>(in millions of US\$)</b>			
Net premium revenue.....	230.8	224.4	238.5	26.3	-	720.0
Interest income.....	59.4	119.8	41.2	5.8	-	226.2
Other investment income.....	3.6	22.5	7.0	0.7	(0.6)	33.2
Fees and other revenues.....	12.8	71.0	(8.5)	13.9	0.1	89.3
Gain arising on disposal.....	0.5	-	-	(0.5)	-	-
Inter-segment revenues.....	11.3	-	-	39.1	(50.4)	-
Total revenue.....	318.4	437.7	278.2	85.3	(50.9)	1,068.7

The following table summarises Sagicor's revenues by operating segment for the nine months ended September 30, 2017:

<b>Nine months ended September 30, 2017</b>	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor Life USA</b>	<b>Head office and other</b>	<b>Adjustments</b>	<b>Total</b>
			<b>(in millions of US\$)</b>			
Net premium revenue.....	223.3	247.9	64.4	23.2	-	558.8
Interest income .....	58.8	119.0	36.6	6.7	-	221.1
Other investment income.....	6.2	37.0	17.0	0.4	(0.2)	60.4
Fees and other revenues .....	8.3	48.6	(1.4)	15.2	(0.1)	70.6
Gain arising on acquisition....	-	-	-	-	-	-
Inter-segment revenues .....	9.6	-	-	48.2	(57.8)	-
Total revenue.....	<u>306.2</u>	<u>452.5</u>	<u>116.6</u>	<u>93.7</u>	<u>(58.1)</u>	<u>910.9</u>

Revenues from continuing operations reached US\$1,068.7 million as of September 30 2018, an increase of US\$157.8 million compared to US\$910.9 million as of September 30, 2017, for the reasons detailed below.

Net premium revenue from life insurance and annuity was US\$571.3 million as of September 30, 2018, a 34.4% increase from US\$425.0 million as of September 30, 2017. The increase in revenue was mainly due to growth in premiums in the USA segment.

Net premium revenue from health insurance totalled US\$122.4 million for the nine months ended September 30, 2018, an increase from the US\$111.8 reported for the nine months ended September 30, 2017. Net premium revenue from property and casualty insurance totalled US\$26.3 million for the nine months ended September 30, 2018, a 19.5% increase from US\$22.0 million recorded for the same period in 2017. Sagicor increased its retention of this business in the nine months ended September 30, 2018 when compared to the same period in the prior year.

Overall, Sagicor generated net insurance premiums that totalled US\$720.0 million for the nine month period ended September 30, 2018, a 28.8% increase from US\$558.8 million for the nine month period ended September 30, 2017.

Net investment income was US\$259.4 million for the nine months ended September 30, 2018 compared to US\$281.5 million for the same period in 2017, a decline of US\$22.1 million, primarily due to lower investment gains in Sagicor's international investment portfolios.

Income from fees and other revenues totaled US\$89.3 million as of September 30, 2018, compared to US\$70.6 million, for the same period in 2017, an increase of US\$18.7 million largely due to increased other fees and commission and foreign exchange gains generated in the Jamaica segment.

#### *Benefits*

Insurance benefits comprise amounts payable to policyholders and beneficiaries, in accordance with the contract terms of insurance policies issued or assumed by the Company. Interest is payable to investment contract-holders or financial institutions which have placed funds with Sagicor and is treated as interest expense. Benefits from continuing operations totaled US\$537.4 million for the nine month period ended September 30, 2018, a 13.1% increase from US\$475.1 million for the nine months ended September 30, 2017. This increase was primarily driven by the growth in new business and changes in the interest rate environment.

The table below summarises Sagicor's expenses incurred in providing policy benefits and change in Sagicor's actuarial liabilities for the nine months ended September 30, 2018 and 2017.

	<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Benefits and change in actuarial liabilities</b>	<b>(in millions of US\$)</b>	
Net insurance benefits:		
Life and annuity.....	290.5	258.5
Health.....	94.2	85.4
Property and casualty.....	13.1	20.3
Changes in actuarial liabilities.....	102.1	69.1
	<u>499.9</u>	<u>433.3</u>
Interest expense.....	37.5	41.8
Total.....	<u>537.4</u>	<u>475.1</u>

Life insurance and annuity benefits are recognised on the notification of death, disability or critical illness of an insured person; on the maturity or surrender of a policy; on the declaration of a policy bonus or dividend; or on annuity payment date. Future life insurance and annuity benefits are recognised in the financial statements on in-force long-term insurance contracts based on reserving methodologies adopted by Sagicor in accordance with established Canadian accepted actuarial standards.

Life and annuity benefits totaled US\$392.1 million for the nine months ended in September 30, 2018, of which US\$290.5 million related to current benefits and US\$101.6 million related to future benefits. Life and annuity benefits for the same period in 2017 were a total of US\$328.3 million, of which US\$258.5 million related to current benefits and US\$69.8 million related to future benefits. The change in current benefits for the nine months ended September 30, 2018 compared to the same period in 2017 represented a 12.4% increase; changes in actuarial liabilities increased by US\$31.8 million largely due to new business growth from annuities from Sagicor Life USA over the same period.

Health and property and casualty insurance benefits are recognised either on the notification or settlement (for short notification periods) of a claim from policyholders and beneficiaries, in accordance with the contract terms of insurance policies issued or assumed by the Company. In addition, based on the methodologies adopted by Sagicor in accordance with established Canadian accepted actuarial standards, IBNR benefits are recognised in accordance with established or expected trends for claims incurred. The amount of future benefits recorded in the statement of income is a function of the policy contracts in-force and of the appropriate actuarial assumptions which are made to value them.

Total health insurance benefits were US\$94.2 million for the nine months ended September 30, 2018 representing an overall claims to premium ratio of 77.7%, compared to total health insurance benefits of US\$85.4 million and an overall claims to premium ratio of 77.1%, for the same period in 2017.

Property and casualty claims amounted to US\$13.1 million for the nine months ended September 30, 2018, lower than the US\$20.3 million reported for the same period in 2017

Interest expense totalled US\$37.5 million in for the nine month period ended September 30, 2018, a 10.3% decrease from US\$41.8 million for the same period in 2017. This decrease was primarily due to changes in the interest environment.

### Expenses and taxes

The table below summarises Sagicor's expenses and taxes from continuing operations for the nine months ended September 30, 2018 and 2017

	Nine months ended September 30,	
	2018	2017
	(in millions of US\$)	
<b>Expenses and taxes</b>		
Administrative expenses .....	212.6	204.0
Commissions and related compensation.....	79.4	72.9
Finance costs, depreciation and amortization .....	43.3	41.7
Credit impairment losses	96.0	-
Premium, asset taxes and income taxes.....	44.2	39.5
Total.....	<u>475.5</u>	<u>358.1</u>

Expenses and taxes totalled US\$475.5 million for nine months ended September 30, 2018, an increase of 32.8% or US\$117.4 million compared to US\$358.1 million for the same period in 2017. This increase was mainly due to the inclusion of a provision for losses on all assets of US\$96.0 million from the adoption of IFRS 9 and was largely driven by the performance of the Government of Barbados securities, representing US\$91.8 million.

Sagicor is subject to a variety of direct taxes, with premium and income taxes comprising the main types of tax. Taxes are incurred in the jurisdiction in which the income is generated. Premium tax is customarily a percentage of gross premium revenue, while income tax is usually either a percentage of investment income or a percentage of profits.

Premium, assets and income taxes were US\$44.2 million for the nine months ended September 30, 2018, compared to US\$39.5 million reported for the same period in 2017, an increase of US\$4.7 million.

### Discontinued operation

Sagicor's discontinued operation comprised the Sagicor at Lloyd's business, which consisted primarily of property and casualty insurance business written through Lloyd's of London Syndicate 1206. The Lloyd's of London franchise enabled the syndicate to write international business outside of the United Kingdom.

In December 2012, Sagicor made the decision to dispose of the Sagicor Europe Limited ("SEL") segment, which owns the Sagicor at Lloyd's operations. The disposal of this segment occurred on December 23, 2013. In accordance with IFRS, the results of SEL have been separated from Sagicor's continuing operations and presented as a discontinued operation.

The terms of the sale included:

- (i) The purchase by Sagicor for US\$1.2 million (prior to the sale) of the legal 7.0% shareholding interest held by the minority shareholders;
- (ii) Initial consideration of US\$91.9 million paid to Sagicor on the sale;
- (iii) The cancellation of the banker's letters of credit which formed part of the financing of SEL and the return to Sagicor of the associated collateral of US\$50.1 million; and
- (iv) Future price adjustment to the sale consideration, representing adjusted profits or losses from January 1, 2013 in the run-off of the 2011, 2012 and 2013 underwriting years of account of syndicate 1206 and 44. The total price adjustments are subject to a limit based on the terms of the agreement. As a result of movements in the price adjustments, amounts due to Sagicor closed at US\$13.3 million at September 30, 2018, compared to US\$8.2 million at September 30, 2017. The

price adjustments include underwriting, investment and foreign exchange results and are subject to a reasonable risk premium adjustment by the buyer.

Sagicor's discontinued operation comprised the Sagicor at Lloyd's business, which consisted primarily of property and casualty insurance business written through Lloyd's of London Syndicate 1206. The Lloyd's of London franchise enabled the syndicate to write international business outside of the United Kingdom.

The table below summarises Sagicor's discontinued operation for the nine months ended September 30, 2018 and 2017.

<b>Discontinued operation</b>	<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(in millions of US\$)</b>	
<b>Income</b>		
Currency translation (loss)/gain.....	(0.4)	-
Expenses of sale and other items .....	-	-
Movement in price adjustment .....	3.6	8.2
Net income .....	<u>3.2</u>	<u>8.2</u>
<b>Financial position</b>		
Assets.....	<u>13.3</u>	<u>8.2</u>
Liabilities .....	<u>-</u>	<u>-</u>
Net assets receivable from buyer .....	<u>13.3</u>	<u>8.2</u>

The discontinued operation net income totalled US\$3.2 million for the nine months ended September 30 2018, a 61.0% decrease from US\$8.2 million, for the same period in 2017. This decline in net income of US\$5.0 million when compared to the same period in 2017, was due to a decrease of US\$4.6 million in income earned from the movement in the price adjustment coupled with the marginal foreign exchange losses incurred during the period under review of US\$0.4 million.

#### *Shareholder returns*

Sagicor's net income and comprehensive income are allocated to the equity owners of Sagicor's respective Group companies in accordance with their results. As some Group companies have minority shareholders, particularly in the Sagicor Jamaica operating segment, the net income is allocated accordingly between holders of Sagicor Common Shares and the minority interest shareholders. There is also an allocation to Sagicor Life Inc.'s policyholders who hold participating policies, an arrangement which was established at the demutualization of Barbados Mutual Life Assurance Society (now Sagicor Life).

For the nine months ended September 30, 2018, US\$28.5 million of net income from continuing operations was allocated to the holders of common shares of the Company, which corresponded to earnings per share for continuing operations of US 9.3 cents. The comparative amounts for the first nine months of the 2017 fiscal year were US\$46.5 million of net income from continuing operations allocated to the holders of common shares, which corresponded to earnings per share for continuing operations of US 15.3 cents, (fully diluted). The respective returns on average shareholders' equity (annualized) were 6.4% for September 30, 2018 and 11.4% for September 30, 2017.



The table below summarises Sagicor's common shareholder returns from continuing operations for the nine months ended September 30, 2018 and 2017.

	<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Common shareholder returns <sup>(1)</sup></b>		
Net income – millions of US\$ .....	28.5	46.5
Basic earnings per share – US\$ .....	0.093	0.153
Diluted earnings per share – US\$ .....	0.091	.0.150
Return on equity – % <sup>(2)</sup> .....	6.4	11.4

(1) From continuing operations except for dividends.

(2) Calculated as net income attributable to common shareholders divided by average shareholders' equity.

#### *Comprehensive income*

The table below summarises Sagicor's total comprehensive (loss) / income for the nine months ended September 30, 2018 and 2017.

	<b>Nine months ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>(in millions of US\$)</b>	
<b>Total comprehensive income / (loss)</b>		
Net Income .....	59.0	85.8
Other comprehensive (loss)/income.....	(65.6)	22.5
Total comprehensive (loss)/ income for the period.....	(6.6)	108.3

Gains and losses recorded within other comprehensive income arise from fair value changes of certain classes of assets and from the retranslation of foreign currency operations.

Total comprehensive loss for the nine months ended September 30, 2018, was US\$6.6 million compared to total comprehensive income of US\$108.3 million for the nine months ended September 30, 2017, a decline of US\$114.9 million. This result was primarily due to marked-to-market declines on debt instruments in Sagicor's international portfolio coupled with a reduction in net income to US\$59.0 million for the nine months ended September 30, 2018 from US\$85.8 million for the nine months ended September 30, 2017.

Other comprehensive losses from continuing operations totalled US\$65.6 million for the first nine months of 2018, a substantial decrease from the other comprehensive income of US\$22.5 million reported for the same period in 2017. The principal source of the decrease was marked-to-market declines in Sagicor's international bond portfolio (US\$57.6 million), for the nine month period ended September 30, 2018, compared to increases of US\$42.7 million for the same period in 2017. The Company also reported losses of US\$34.9 million for the nine months ended September 30, 2018, as compared to US\$5.2 million for the same period in 2017, primarily representing the impact of the devaluation of the Jamaican dollar relative to the US dollar. Net change in actuarial liabilities reduced the impact of these movements with a positive movement of US\$27.3 million for the nine months ended September 30, 2018, compared to negative movement of US\$17.2 million for the same period in 2017.

Sagicor's revaluation of owner-occupied property totalled a net gain of US\$0.8 million in for the nine months ended September 30, 2018; no revaluation changes were reported for the same period in 2017.

Net income and other comprehensive income together result in total comprehensive income. Summarising Sagicor's results, total comprehensive losses were US\$6.6 million for the nine months ended September 30, 2018 compared to income of US\$108.3 million for the nine months ended September 30, 2017.

The table below summarises Sagicor's consolidated Statement of Financial position as at September 30, 2018 and 2017, respectively.

	<u>September 30, 2018</u>	<u>September 30, 2017</u>
	(in millions of US\$)	
<b>ASSETS</b>		
Financial investments.....	5,077.1	5,005.2
Other assets .....	1,731.0	1,766.5
Assets of discontinued operations .....	13.3	8.2
Total assets .....	<u>6,821.4</u>	<u>6,779.9</u>
<b>LIABILITIES</b>		
Policy liabilities.....	3,590.9	3,474.6
Other liabilities.....	2,334.6	2,416.7
Total liabilities.....	<u>5,925.5</u>	<u>5,891.3</u>
<b>EQUITY</b>		
Shareholders' equity.....	598.1	601.0
Participating accounts.....	(10.5)	0.6
Non-controlling interest .....	308.3	287.0
	<u>895.9</u>	<u>888.6</u>
Total liabilities and equity.....	<u><u>6,821.4</u></u>	<u><u>6,779.9</u></u>

### Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

#### *Sagicor results*

#### *Net income for the year*

The table below summarises Sagicor's net income for the years ended December 31, 2017 and 2016.

	<u>Year ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
	(in millions of US\$)	
<b>Net income</b>		
Net income from continuing operations.....	105.2	107.9
Net income from discontinued operations.....	10.1	1.4
Total.....	<u>115.3</u>	<u>109.3</u>

Net income totalled US\$115.3 million in 2017, an increase from US\$109.3 million in 2016. This increase, as explained in more detail below, was primarily driven by a substantial increase in net income from discontinued operations of US\$10.1 million in 2017 compared with a net income of US\$1.4 million in 2016 and was offset by a 2.5% decrease in net income from continuing operations to US\$105.2 million in 2017 from US\$107.9 million in 2016.

*Consolidated income from continuing operations*

The table below summarises Sagicor's consolidated income from continuing operations for the years ended December 31, 2017 and 2016.

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Consolidated income from continuing operations</b>	<b>(in millions of US\$)</b>	
Revenue.....	1,220.9	1,134.1
Benefits.....	(660.8)	(560.4)
Expenses.....	(436.4)	(424.2)
Income taxes.....	(18.5)	(41.6)
Net income.....	<u>105.2</u>	<u>107.9</u>

Sagicor's net income from continuing operations totalled US\$105.2 million in 2017, a 2.5% decrease from US\$107.9 million in 2016. This decrease was primarily a result of a 17.9% increase in benefits paid and a slight increase in expenses of 2.9%, which was offset slightly by a 7.6% increase in revenue and a 55.5% decrease in income taxes.

*Revenue*

The following table summarises the main items of Sagicor's revenue for the periods ended December 31, 2017 and 2016:

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenue</b>	<b>(in millions of US\$)</b>	
Net insurance premiums:		
Life and annuity.....	567.6	496.2
Health.....	149.1	149.6
Property and casualty.....	28.9	18.2
	<u>745.6</u>	<u>664.0</u>
Net investment income <sup>(1)</sup> .....	379.2	353.3
Fees and other revenues.....	93.7	116.8
Gain arising on disposal.....	2.4	-
Total.....	<u>1,220.9</u>	<u>1,134.1</u>

(1) This includes US\$9.8 million and US\$5.4 million of operating income from associated companies in 2017 and 2016, respectively.

The following table summarises Sagicor's revenues by operating segment for the year ended December 31, 2017:

<b>Year ended December 31, 2017</b>	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor Life USA</b>	<b>Head office and other</b>	<b>Adjustments</b>	<b>Total</b>
			<b>(in millions of US\$)</b>			
Net premium revenue.....	308.6	320.1	86.7	30.2	-	745.6
Interest income .....	77.5	159.4	48.8	9.0	-	294.7
Other investment income.....	10.3	47.4	26.2	0.7	(0.1)	84.5
Fees and other revenues .....	11.9	62.5	(2.5)	21.8	-	93.7
Gain arising on acquisition....	-	2.4	-	-	-	2.4
Inter-segment revenues .....	12.9	-	-	71.2	(84.1)	-
Total revenue.....	<u>421.2</u>	<u>591.8</u>	<u>159.2</u>	<u>132.9</u>	<u>(84.2)</u>	<u>1,220.9</u>

The following table summarises Sagicor's revenues by operating segment for the year ended December 31, 2016:

<b>Year ended December 31, 2016</b>	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor Life USA</b>	<b>Head office and other</b>	<b>Adjustments</b>	<b>Total</b>
			<b>(in millions of US\$)</b>			
Net premium revenue.....	299.6	268.5	74.4	21.5	-	664.0
Interest income .....	77.4	157.8	48.0	9.7	-	292.9
Other investment income.....	3.1	42.7	10.4	2.9	1.3	60.4
Fees and other revenues .....	19.1	55.0	16.1	26.7	(0.1)	116.8
Gain arising on acquisition....	-	-	-	-	-	-
Inter-segment revenues .....	11.9	-	-	60.1	(72.0)	-
Total revenue.....	<u>411.1</u>	<u>524.0</u>	<u>148.9</u>	<u>120.9</u>	<u>(70.8)</u>	<u>1,134.1</u>

Revenues from continuing operations reached US\$1,220.9 million in 2017, an increase of US\$86.8 million from US\$1,134.1 million in 2016, for the reasons detailed below.

Net premium revenue from life insurance and annuity was US\$567.6 million in 2017, a 14.3% increase from US\$496.2 million in 2016.

Sagicor generated net insurance premiums that totalled US\$745.6 million in 2017, a 12.3% increase from US\$664.0 million in 2016. Life and annuity represented 76.1% of net premium revenue in 2017 and 74.7% in 2016. While premium income increased in all business segments, the issuance of a large single premium annuity relating to the Jamaica segment was the main contributing factor. Net premium revenue from health insurance totalled US\$149.1 million in 2017, a slight decrease from US\$149.6 million in 2016. Net premium revenue from property and casualty insurance totalled US\$28.9 million in 2017, a 58.7% increase from US\$18.2 million in 2016. Sagicor increased its retention of this business in 2017 when compared to the prior year.

Net investment income was US\$379.2 million in 2017 compared to US\$353.3 million in 2016, an improvement of US\$25.9 primarily due to higher investment gains in Sagicor's international investment portfolios.

The interest yields achieved on financial investments were as follows:

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Interest yields</b>		
Debt securities .....	6.1%	6.2%
Mortgage loans .....	5.7%	6.1%
Policy loans .....	7.2%	6.9%
Finance loans and finance leases .....	11.6%	12.6%
Securities purchased for resale .....	5.1%	9.2%
Deposits.....	2.3%	1.0%

Income from fees and other revenues totalled US\$93.7 million compared to US\$116.8 million in the prior year, a decrease of US\$23.1 million. This reduction was primarily as a result of a reduction in commissions income on insurance and reinsurance contracts in the Company's USA segment. Foreign exchange gains/(losses) also showed a loss of US\$4.1 million, compared to gains of US\$12.6 million in the prior year, a decrease of US\$16.7 million. Exchange movements were affected by a strengthening of the Jamaica dollar when compared to the United States dollar in 2017, resulting in foreign exchange declines in financial assets denominated in United States dollars in the Company's Jamaica segment. In addition, the prior year included exchange gains relating to declines in the Trinidad and Tobago dollar when compared to the United States dollar, but there was no significant foreign exchange movement relative to this currency in 2017.

#### *Benefits*

Benefits from continuing operations totalled US\$660.7 million in 2017, a 17.8% increase from US\$560.4 million in 2016. This increase was primarily a result of the increases in life and annuity benefits, a change in actuarial liabilities and property and casualty benefits. This was partially offset by a decrease in health benefits.

The table below summarises Sagicor's expenses incurred in providing policy benefits and change in Sagicor's actuarial liabilities for the years ended December 31, 2017 and 2016.

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Benefits and change in actuarial liabilities</b>		
<b>(in millions of US\$)</b>		
Net insurance benefits:		
Life and annuity.....	465.5	375.8
Health.....	113.6	115.5
Property and casualty.....	26.7	7.7
	<u>605.8</u>	<u>499.0</u>
Interest expense .....	54.9	61.4
Total.....	<u><u>660.7</u></u>	<u><u>560.4</u></u>

Life and annuity benefits totalled US\$465.5 million in 2017, of which US\$343.2 million related to current benefits and US\$122.3 million related to future benefits. The corresponding amounts for 2016 were a total of US\$375.8 million, of which US\$330.5 million related to current benefits and US\$45.3 million related to future benefits. The change to current benefits from 2016 to 2017 represented a 3.9% increase. This increase in benefits occurred mainly as a result of strong growth in new business when compared to 2016.

Total health insurance benefits were US\$113.6 million representing an overall claims to premium ratio of 76.6%. The comparative 2016 amounts were US\$115.5 million and an overall claims to premium ratio of 77.6%.

Property and casualty claims amounted to US\$26.7 million in 2017, an increase of US\$19.0 million from US\$7.7 million in 2016. The Company decided to increase its retention of this business in 2017. Property and casualty claims also included US\$8.5 million relating to claims exposure from hurricane activity during the year.

Interest expense totalled US\$54.9 million in 2017, a 10.5% decrease from US\$61.4 million in 2016. This decrease was primarily due to a decrease in the interest expense related to securities sold for repurchase, which decreased from US\$18.5 million in 2016 to US\$14.2 million in 2017, a 23.2% change.

The interest returns that Sagicor has provided to investment contract-holders and financial institutions which have advanced funds are summarised in the following table:

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Interest yields</b>		
Investment contracts .....	5.6%	6.1%
Other funding instruments.....	2.1%	1.9%
Customer deposits.....	2.0%	2.1%
Securities sold for repurchase.....	3.6%	4.5%

*Expenses and taxes*

The table below summarises Sagicor's expenses and taxes from continuing operations for the years ended December 31, 2017 and 2016.

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>(in millions of US\$)</b>		
<b>Expenses and taxes</b>		
Administrative expenses .....	267.4	255.3
Commissions and related compensation.....	98.7	98.6
Finance costs, depreciation and amortization.....	56.6	59.6
Premium, asset and income taxes .....	32.2	52.4
Total.....	<u>454.9</u>	<u>465.9</u>

Expenses and taxes totalled US\$454.9 million for 2017, down from US\$465.9 million for 2016. Expenses of administration represent the largest expense category and totalled US\$267.4 million in 2017 compared to US\$255.3 million in 2016, an increase of US\$12.1 million. The Jamaica segment incurred some non-recurring costs, together with higher administration costs relating to the expansion of its cards and payments business.

Sagicor is subject to a variety of direct taxes, with premium and income taxes comprising the main types of tax. Taxes are incurred in the jurisdiction in which the income is generated. Premium tax is customarily a percentage of gross premium revenue, while income tax is usually either a percentage of investment income or a percentage of profits. Sagicor is also subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit taking institutions at a percentage of adjusted assets held at the end of the year. In Barbados, the asset tax is levied on insurance, deposit taking institutions and credit unions at a percentage of adjusted assets held at the end of the period.

Premium, asset and income taxes were US\$32.2 million compared to US\$52.4 million in the prior year, a reduction of US\$20.2 million. Of the total taxes, income taxes were US\$18.5 million, compared to US\$41.7 million in the prior year, a reduction of US\$23.2 million. This was principally related to the Company's USA segment. During 2017 the Tax Cuts and Jobs Act was signed into law in the United States, which reduced the effective corporation tax rate from 35% to 21%. This contributed to a decrease of US\$19.9 million in income taxes.

### Discontinued operation

The table below summarises Sagicor's discontinued operation (SEL) for the years ended December 31, 2017 and 2016. Refer to the discontinued operations analysis at September 30, 2018 which provides details on the disposal agreement.

Discontinued operation	Year ended December 31,	
	2017	2016
	(in millions of US\$)	
<b>Income</b>		
Currency translation gain realised on sale .....	-	1.8
Expenses of sale and other items .....	-	(0.9)
Movement in price adjustment .....	10.1	0.5
Net income .....	<u>10.1</u>	<u>1.4</u>
	<b>2017</b>	<b>2016</b>
	(in millions of US\$)	
<b>Financial position</b>		
Assets .....	10.1	-
Liabilities .....	-	-
Net assets .....	<u>10.1</u>	<u>-</u>

The discontinued operation net income totalled US\$10.1 million in 2017, a 621.4% increase from US\$1.4 million in 2016. This income was based on a receivable of US\$10.1 million due to Sagicor.

### Shareholder returns

Sagicor's net income and comprehensive income are allocated to the equity owners of Sagicor's respective Group companies in accordance with their results. As some Group companies have minority shareholders, particularly in the Sagicor Jamaica operating segment, the net income is allocated accordingly between holders of Sagicor Common Shares and the minority interest shareholders. There is also an allocation to Sagicor Life Inc.'s policyholders who hold participating policies, an arrangement which was established at the demutualization of Barbados Mutual Life Assurance Society (now Sagicor Life).

For the 2017 financial year, US\$62.1 million of net income from continuing operations was allocated to the holders of Sagicor Common Shares, which corresponded to earnings per share for continuing operations of US\$0.204. The comparative amounts for the 2016 fiscal year were US\$60.3 million of net income from continuing operations allocated to the holders of common shares, which corresponded to earnings per share for continuing operations of US\$0.195. The respective annual returns on average shareholders' equity were 11.3% for 2017 and 12.3% for 2016.

The dividends declared and paid in respect of Sagicor Common Shares in respect of 2017 totalled US\$15.2 million and represented US\$0.05 per common share. Dividends of US\$0.045 per share were declared in 2016.

The table below summarises Sagicor's common shareholder returns from continuing operations for the years ended December 31, 2017 and 2016.



	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Common shareholder returns <sup>(1)</sup></b>		
Net income – millions of US\$ .....	62.1	60.3
Dividends – millions of US\$ .....	(15.2)	(13.6)
Earnings per share – US\$ .....	0.204	0.195
Diluted earnings per share – US\$ .....	0.199	0.187
Dividends per share – US\$ .....	0.050	0.045
Return on equity – % <sup>(2)</sup> .....	11.3	12.3

(1) From continuing operations except for dividends.

(2) Calculated as net income attributable to common shareholders divided by average shareholders' equity.

### *Comprehensive income*

The table below summarises Sagicor's total comprehensive income / (loss) for the years ended December 31, 2017 and 2016.

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in millions of US\$)</b>	
<b>Total comprehensive income / (loss)</b>		
Net Income for the year.....	115.3	109.3
Other comprehensive income/(loss).....	64.0	(12.6)
Total comprehensive income for the year .....	179.3	96.7

Gains and losses recorded within other comprehensive income arise from fair value changes of certain classes of assets and from the retranslation of foreign currency operations.

Total comprehensive income for 2017 totalled US\$179.3 million, a significant increase from US\$96.7 million loss in 2016. This improvement was primarily due to a gain of US\$64.0 million in 2017, a substantial increase in other comprehensive income from a loss of US\$12.6 million in 2016, and an increase in net income to US\$115.3 million in 2017 from US\$109.3 million in 2016. The improvement in net income is discussed in “– *Sagicor Results – Net Income for the Year.*”

Other comprehensive income from continuing operations totalled US\$64.0 million in 2017, a substantial increase from US\$12.6 million loss in 2016. The principal sources of the increase were an improvement in net gains on financial assets of US\$18.7 million, resulting from marked-to-market gains on financial assets in the Company's international portfolios, a positive movement of US\$38.2 million on retranslation of foreign currency operations, resulting from a gain in the Jamaica dollar when compared to the United States dollar and a positive change in gains/(losses) on defined benefit plans for employees of US\$37.8 million.

Sagicor's revaluation of owner-occupied property totalled a net loss of US\$1.8 million in 2017, compared to a net gain of US\$5.1 million in 2016.

Net income and other comprehensive income together result in total comprehensive income. Summarising Sagicor's results from continuing operations, total comprehensive income was US\$179.3 million for 2017 compared to US\$96.7 million for 2016.

### *Operating segments*

Sagicor's principal reporting operating segments, as defined by IFRS, are Sagicor Life, Sagicor Jamaica, Sagicor Life USA, The performance of these segments in 2017 is discussed below.

### *Sagicor Life segment*

The Sagicor Life segment consists of Sagicor's life insurance subsidiaries, which conduct business in Barbados, Trinidad and Tobago, the Eastern and Dutch Caribbean islands, Belize, Bahamas and Panama. The main activities of this segment are the provision of life insurance, annuities, health insurance, pension investment and pension administration services.

The net segment income for the Sagicor Life segment totalled US\$63.7 million in 2017, a 1.9% decrease from US\$64.9 million in 2016. This decrease is mainly a result of the factors discussed below. After accounting for the income allocated to policyholders, the net income attributable to shareholders for the Sagicor Life segment totalled US\$64.8 million in 2017, substantially the same as the US\$64.8 million in 2016.

The table below summarises the results of the Sagicor Life segment for the years ended December 31, 2017 and 2016.

<b>Sagicor Life</b>	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in millions of US\$)</b>	
Net premium revenue.....	308.6	299.6
Interest income.....	77.5	77.4
Other investment income.....	10.4	3.1
Fees and other revenues.....	11.8	19.1
Gains arising on acquisitions.....	-	-
Inter-segment revenues.....	12.9	11.9
Total revenue.....	421.2	411.1
Benefits and change in actuarial liabilities.....	(221.8)	(212.7)
Expenses and taxes.....	(113.8)	(113.1)
Depreciation and amortization.....	(6.4)	(6.5)
Inter-segment expenses.....	(5.6)	(5.7)
Segment income before taxes.....	73.6	73.1
Income taxes.....	(9.9)	(8.2)
Net segment income.....	63.7	64.9
Net segment income attributable to shareholders.....	64.8	64.8
	<b>2017</b>	<b>2016</b>
	<b>(in millions of US\$)</b>	
Financial investments.....	1,386.2	1,403.9
Other assets.....	566.6	524.4
Total assets.....	1,952.8	1,928.3
Policy liabilities.....	1,296.5	1,272.5
Other liabilities.....	116.9	126.3
Total liabilities.....	1,413.4	1,398.8
Net assets.....	539.4	529.5

The Sagicor Life segment generated revenue that totalled US\$421.2 million in 2017, a 2.5% increase from US\$411.1 million in 2016. This increase was primarily due to gains in the individual life portfolio and other investment income. There was a 3.0% increase in net premium revenue to US\$308.6 million in 2017 from US\$299.6 million in 2016, due to a combination of rate increase and growth in the number of policies. Fees and other revenue totalled US\$11.8 million in 2017, a 38.2% decrease from US\$19.1 million in 2016. This decrease was augmented by a significant increase in other investment income to US\$10.4 million in 2017 from US\$3.1 million in 2016.

The benefits and change in actuarial liabilities for the Sagicor Life segment totalled US\$221.8 million in 2017, an increase of US\$9.1 million or 4.3% from US\$212.7 million in 2016.

Total expenses and taxes for the Sagicor Life segment totalled US\$113.8 million in 2017, a 0.6% decrease from US\$113.1 million in 2016. There was a 3.2% increase in commissions and premium taxes to US\$45.6 million in 2017 from US\$44.2 million in 2016, which was partially offset by a 1.3% decrease in administrative expenses to US\$68.1 million in 2017 from US\$69.0 million in 2016.

The Sagicor Life segment had net assets of US\$539.4 million in 2017 compared to US\$529.5 million in 2016, an increase of 1.9%, which was largely a result of an increase in total assets representing organic growth in investment assets. Financial investments totalled US\$1,386.2 million and comprised 71.0% of the segment's total assets, and policy liabilities totalled US\$1,296.5 million and comprised 91.7% of the segment's total liabilities at the end of 2017.

Financial investments totalled US\$1,403.9 million and comprised 72.8% of the segment's total assets, and policy liabilities totalled US\$1,272.5 million and comprised 91.0% of the segment's total liabilities at the end of 2016.

#### *Sagicor Jamaica segment*

This segment comprises Sagicor's subsidiaries in Jamaica, Cayman Islands and Costa Rica. The principal activities of the segment are the provision of life, critical illness and health insurance, annuities, pension administration, investment management, securities dealing and commercial banking.

The net segment income for the Sagicor Jamaica segment totalled US\$94.1 million in 2017, a 4.4% increase from US\$90.1 million in 2016. This increase was mainly a result of significant increase in net premium revenue which was US\$320.1 million in net premium revenue in 2017 compared to US\$268.5 million in 2016. The net income attributable to shareholders for the Sagicor Jamaica segment totalled US\$46.2 million in 2017, an increase of 4.3% from US\$44.3 million in 2016.

The table below summarises the results of the Sagicor Jamaica segment for the years ended December 31, 2017 and 2016.

## Sagicor Jamaica

	Year ended December 31,	
	2017	2016
	(in millions of US\$)	
Net premium revenue.....	320.1	268.5
Interest income .....	159.4	157.8
Other investment income.....	47.4	42.7
Fees and other revenue.....	62.5	55.0
Gain arising on acquisition.....	2.4	-
Inter-segment revenues .....	-	-
Total revenue.....	591.8	524.0
Benefits and change in actuarial liabilities .....	(291.9)	(248.7)
Expenses and taxes .....	(171.9)	(152.1)
Depreciation and amortization.....	(9.2)	(8.0)
Inter-segment expenses .....	(1.9)	(1.4)
Segment income before taxes .....	116.9	113.8
Income taxes.....	(22.8)	(23.7)
Net segment income.....	94.1	90.1
Net segment income attributable to shareholders <sup>(1)</sup> .....	46.2	44.3
Financial investments.....	2,291.2	2,212.2
Other assets .....	545.0	461.6
Total assets .....	2,836.2	2,673.8
Policy liabilities.....	766.6	675.0
Other liabilities .....	1,509.5	1,548.4
Total liabilities.....	2,276.1	2,223.4
Net assets.....	560.1	450.4

(1) Sagicor only owned 49.1% of Sagicor Jamaica in 2016 and 2017.

This segment generated revenue of US\$591.8 million in 2017, an increase of US\$67.8 million over the 2016 total. The main revenue component was premium income which totalled US\$320.1 million compared to US\$268.5 million in 2016, an increase of US\$51.6 million. The Jamaica segment benefited from the issuance of a significant single premium annuity during 2017.

Investment income totalled US\$206.8 million compared to US\$200.5 million in the prior year and benefited from significant investment gains.

Benefits totalled US\$291.9 million and was higher than the prior year amount of US\$248.7million, an increase of US\$43.2 million. This is consistent with the growth in premium revenue and represents partially the impact of the provision for future benefits on the single premium annuity.

Expenses and taxes incurred totalled US\$171.9 million in 2017 compared to US\$152.1 million in 2016, an increase of US\$15.8 million over the prior year. The Jamaica segment incurred some non-recurring costs, together with higher administration costs relating to the expansion of cards and payments business.

The Sagicor Jamaica segment had net assets of US\$560.1 million in 2017 compared to US\$450.4 million in 2016, an increase of 24.4%, which was largely a result of mark-to-market gains on financial instruments and a gain on defined benefits plan. Financial investments totalled US\$2,291.2 million and comprised 80.8% of the segment's total assets at the end of 2017. Policy liabilities totalled US\$766.6 million and other external liabilities totalled US\$1,509.5 million, comprising 33.7% and 66.3% of the segment's total liabilities at the end of 2017, respectively. In comparison, financial investments totalled US\$2,212.2 million and comprised 82.7% of the segment's total assets at the end of 2016. Policy liabilities totalled US\$675.0 million and other external liabilities totalled US\$1,548.4 million, comprising 30.4% and 69.6% of the segment's total liabilities at the end of 2016, respectively.

*Sagicor Life USA segment*

This segment consists of Sagicor's operations in the United States, which markets life insurance and annuity products to individuals.

The net segment income for the Sagicor Life USA segment totalled US\$13.5 million in 2017, a 28.6% increase from US\$10.5 million in 2016, mainly as a result of the factors described below.

The table below summarises the results of the Sagicor Life USA segment for the years ended December 31, 2017 and 2016.

**Sagicor Life USA**

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in millions of US\$)</b>	
Net premium revenue.....	86.7	74.4
Interest income .....	48.8	48.0
Other investment income.....	26.2	10.4
Fees and other revenues .....	(2.5)	16.1
Total revenue.....	<u>159.2</u>	<u>148.9</u>
Benefits and change in actuarial liabilities .....	(116.8)	(86.3)
Expenses and taxes .....	(43.5)	(48.3)
Depreciation and amortization.....	(2.5)	(1.6)
Inter-segment expenses .....	3.0	3.6
Segment income before taxes .....	(0.6)	16.3
Income taxes.....	14.1	(5.8)
Net segment income.....	<u>13.5</u>	<u>10.5</u>
Net segment income attributable to shareholders.....	13.5	10.5
	<b>2017</b>	<b>2016</b>
	<b>(in millions of US\$)</b>	
Financial investments.....	1,123.6	1,068.2
Other assets .....	858.8	832.6
Total assets.....	<u>1,982.4</u>	<u>1,900.8</u>
Policy liabilities.....	1,495.3	1,434.7
Other liabilities.....	246.4	247.7
Total liabilities.....	<u>1,741.7</u>	<u>1,682.4</u>
Net assets.....	<u>240.7</u>	<u>218.4</u>

The Sagicor Life USA segment generated revenue that totalled US\$159.2 million in 2017, a 6.9% increase from US\$148.9 million in 2016. The increase in revenue occurred mainly as a result of higher new annuity business written in the United States when compared to 2016, which resulted in a 16.5% increase in net premium revenue to US\$86.7 million in 2017 from US\$74.4 million in 2016 and a 115.5% decrease in fees and other revenues to a loss of US\$2.5 million in 2017 from US\$16.1 million in 2016. In 2016, fees and other revenues included commissions earned on the reinsurance of the new annuity business in the United States. There was also a 151.5% increase in other investment income to US\$26.2 million in 2017 from US\$10.4 million in 2016 due to higher investment gains resulting from market changes on index options.

The benefits and change in actuarial liabilities for the Sagicor Life USA segment totalled US\$116.8 million in 2017, a 35.3% increase from US\$86.3 million in 2016. This increase was primarily due to greater annuity business in 2017, which resulted in a 613.2% increase in net change in actuarial liabilities to US\$27.1 million in 2017 from US\$3.8 million in 2016. There was also a 10.0% increase in net policy benefits to US\$87.6 million in 2017 from US\$79.6 million in 2016.

Total expenses and taxes for the Sagicor Life USA segment totalled US\$43.5 million in 2017, a 9.9% decrease from US\$48.3 million in 2016. This decrease was primarily due to lower administrative expenses. Administrative expenses totalled US\$28.3 million in 2017 down from US\$31.8 million in 2016, a decrease of US\$4.5 million.

The Sagicor Life USA segment had net assets of US\$240.7 million in 2017 compared to US\$218.4 million in 2016, an increase of 10.2%, which was largely a result of an increase in the value of investments. Financial investments totalled US\$1,123.6 million and comprised 56.7% of the segment's total assets, and policy liabilities totalled US\$1,495.3 million and comprised 85.9% of the segment's total liabilities at the end of 2017. Financial investments totalled US\$1,068.2 million and comprised 56.2% of the segment's total assets, and policy liabilities totalled US\$1,434.7 million and comprised 85.3% of the segment's total liabilities at the end of 2016.

## Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

### *Sagicor results*

#### *Net income for the year*

The table below summarises Sagicor's net income for the years ended December 31, 2016 and 2015.

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Net income</b>	<b>(in millions of US\$)</b>	
Net Income from continuing operations.....	107.9	98.4
Net Income (loss) from discontinued operations .....	1.4	(21.6)
Total.....	<u>109.3</u>	<u>76.8</u>

Net income totalled US\$109.3 million in 2016, a significant increase from US\$76.8 million in 2015. This increase, as explained in more detail below, was primarily driven by a 106.5% decrease in net loss from discontinued operations of US\$1.4 million in 2016 compared with a net loss of US\$21.6 million in 2015, and was augmented by a 9.6% increase in net income from continuing operations to US\$107.9 million in 2016 from US\$98.4 million in 2015.

#### *Consolidated income from continuing operations*

The table below summarises Sagicor's consolidated income from continuing operations for the years ended December 31, 2016 and 2015.

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Consolidated income from continuing operations</b>	<b>(in millions of US\$)</b>	
Revenue.....	1,134.1	1,104.2
Benefits .....	(560.4)	(552.9)
Expenses.....	(424.2)	(427.8)
Income taxes.....	(41.6)	(25.1)
Net income .....	<u>107.9</u>	<u>98.4</u>

Sagicor's net income from continuing operations totalled US\$107.9 million in 2016, a 9.7% increase from US\$98.4 million in 2015. This increase was primarily a result of a 2.7% increase in revenue, a 1.35% increase in benefits and a 65.7% increase in income taxes, offset in part by a 0.8% decrease in expenses.

#### *Revenue*

The following table summarises the main items of Sagicor's revenue for the periods ended December 31, 2016 and 2015:

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenue</b>	<b>(in millions of US\$)</b>	
Net insurance premiums:		
Life and annuity.....	496.2	505.4
Health.....	149.6	150.3
Property and casualty.....	18.2	18.2
	<u>664.0</u>	<u>673.9</u>
Net investment income.....	353.3	322.2
Fees and other revenue.....	116.8	109.1
Gain/(loss) arising on acquisition.....	-	(1.0)
Total.....	<u>1,134.1</u>	<u>1,104.2</u>

The following table summarises Sagicor's revenues by operating segment for the year ended December 31, 2016:

<b>Year ended December 31, 2016</b>	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor Life USA</b>	<b>Head office and other</b>	<b>Adjustments</b>	<b>Total</b>
<b>(in millions of US\$)</b>						
Net premium revenue.....	299.6	268.5	74.4	21.5	-	664.0
Interest income.....	77.4	157.8	48.0	9.7	-	292.9
Other investment income.....	3.1	42.7	10.4	2.9	1.3	60.4
Fees and other revenues.....	19.1	55.0	16.1	26.7	(0.1)	116.8
Gain arising on acquisition....	-	-	-	-	-	-
Inter-segment revenues.....	11.9	-	-	60.1	(72.0)	-
Total revenue.....	<u>411.1</u>	<u>524.0</u>	<u>148.9</u>	<u>120.9</u>	<u>(70.8)</u>	<u>1,134.1</u>

The following table summarises Sagicor's revenues by operating segment for the year ended December 31, 2015:

<b>Year ended December 31, 2015</b>	<b>Sagicor Life</b>	<b>Sagicor Jamaica</b>	<b>Sagicor Life USA</b>	<b>Head office and other</b>	<b>Adjustments</b>	<b>Total</b>
<b>(in millions of US\$)</b>						
Net premium revenue.....	291.2	278.3	81.0	23.4	-	673.9
Interest income.....	73.1	159.8	51.2	9.3	-	293.4
Other investment income.....	1.9	21.1	8.8	(0.1)	(2.9)	28.8
Fees and other revenues.....	12.6	53.3	20.1	23.1	-	109.1
Gain arising on acquisition.....	-	(1.0)	-	-	-	(1.0)
Inter-segment revenues.....	92.6	-	(82.9)	39.9	(49.6)	-
Total revenue.....	<u>471.4</u>	<u>511.5</u>	<u>78.2</u>	<u>95.6</u>	<u>(52.5)</u>	<u>1,104.2</u>

Sagicor's revenue from continuing operations totalled US\$1,134.1 million in 2016, an increase of 2.7% from US\$1,104.2 million in 2015. This increase was primarily the result of a 10.0% growth in net investment income, including share of operating income of associated companies, to US\$353.3 million in 2016 from US\$322.2 million in 2015 and a negative adjustment of US\$1.0 million in goodwill from the acquisition of the banking operation in Jamaica in 2014. The acquisition was recorded based on provisionally determined values in 2014. These balances were finalized during 2015. The adjustments were recognized in 2015 as they were not material to the Sagicor Group. This increase in revenue from continuing operations was partially offset by a decrease in premium revenue, which is explained in more detail below.



Premium revenue from life insurance and annuity was US\$496.2 million in 2016, compared to US\$505.4 million in 2015, a 1.8% decrease. Premium revenue from life insurance and annuity represented 74.7% of total premium revenue in 2016 as opposed to 75.0% in 2015. This decrease was primarily due to lower annuity business written in Sagicor's USA segment, together with the impact of the depreciation of the Jamaica Dollar to the US dollar on translated premiums.

Net premium revenue from health insurance totalled US\$149.6 million in 2016, a decrease of 0.5% from US\$150.3 million in 2015. This decrease was primarily a result of lower organic growth. Net premium revenue from property and casualty insurance totalled US\$18.2 million in 2016, the same as in 2015.

Net investment income was US\$353.3 million in 2016, a 9.7% increase compared to US\$322.2 million in 2015 an improvement of US\$31.1 million. Investment income benefited from significant realised gains in the Jamaica segment. Net investment gains on securities amounted to US\$60.3 million in 2016 from US\$33.3 million in 2015 and interest income from finance loans and leases which increased by 11.5% to US\$56.2 million in 2016 from US\$50.4 million in 2015. This increase is primarily a result of the acquisition of RBC Jamaica.

The interest yields achieved on financial investments were as follows:

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Interest yields</b>		
Debt securities .....	6.2%	6.4%
Mortgage loans .....	6.1%	6.5%
Policy loans .....	6.9%	7.3%
Finance loans and finance leases .....	12.6%	12.7%
Securities purchased for resale .....	9.2%	2.4%
Deposits.....	1.0%	0.9%

Revenue from fees and other revenues totalled US\$116.8 million in 2016, a 7.0% increase from US\$109.1 million in 2015. Foreign exchange gains totalled US\$12.6 million in 2016 compared to US\$2.8 million in 2015, an increase of US\$9.8 million primarily due to the Trinidad and Tobago dollar decline against the United States dollar in the Sagicor Life segment. This was partially offset by a decline commission income on insurance and reinsurance which closed at US\$29.4 million in 2016 from US\$32.8 million in 2015, a decline of US\$3.4 million or 10.4%. This was primarily the result of a decrease in annuity business written in the United States as a result of Sagicor's change in strategy regarding this business.

#### *Benefits*

Benefits from continuing operations totalled US\$560.4 million in 2016, a 1.3% increase from US\$552.9 million in 2015. This increase was primarily a result of the decrease in life and annuity and property and casualty benefits, partially offset by the increases in health benefits and changes in actuarial liabilities. Life and annuity benefits totalled US\$330.5 million in 2016, a 4.6% decrease from US\$346.4 million in 2015.

The table below summarises Sagicor's expenses incurred in providing policy benefits and changes in Sagicor's actuarial liabilities for the years ended December 31, 2016 and 2015.

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Benefits and change in actuarial liabilities</b>	<b>(in millions of US\$)</b>	
Net insurance benefits:		
Life and annuity.....	330.5	346.4
Health.....	115.5	111.5
Property and casualty.....	7.7	9.7
Changes in actuarial liabilities.....	45.3	26.5
	<u>499.0</u>	<u>494.1</u>
Interest expense.....	61.4	58.8
Total.....	<u>560.4</u>	<u>552.9</u>

Life and annuity benefits totalled US\$330.5 million in 2016, a 4.6% decrease from US\$346.4 million in 2015. However, this was offset by a 70.9% increase in actuarial changes to US\$45.3 million in 2016 from US\$26.5 million in 2015. The reduction in these benefits occurred mainly as a result of lower annuity payments in the United States in 2016 when compared to 2015, coupled with Life insurance benefits for the same period in both the Sagicor Life and Sagicor USA segments.

Health insurance net benefits totalled US\$115.5 million in 2016, a 3.6% increase from US\$111.5 million in 2015.

Property and casualty insurance net benefits totalled US\$7.7 million in 2016, a decrease of 20.6% from US\$9.7 million in 2015. This decrease was primarily a result of a reduction in IBNR claims with the improvement in the settlement of outstanding claims.

Interest expense totalled US\$61.4 million in 2016, a 4.4% increase from US\$58.8 million in 2015. This increase was primarily due to increase in interest expenditure on customer deposits which increased from US\$11.8 million in 2015 to US\$16.2 million in 2016. The average customer deposit balances were higher in 2016.

The interest returns that Sagicor has provided to investment contract-holders and financial institutions which have advanced funds are summarised in the following table:

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Interest yields</b>		
Investment contracts.....	6.1%	5.2%
Other funding instruments.....	1.9%	2.2%
Customer deposits.....	2.1%	1.9%
Securities sold for repurchase.....	4.5%	3.7%

### Expenses and taxes

The table below summarises Sagicor's expenses and taxes from continuing operations for the years ended December 31, 2016 and 2015.

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
<b>Expenses and taxes</b>		
Administrative expenses .....	255.3	251.9
Commissions and related compensation.....	98.6	105.0
Finance costs, depreciation and amortization .....	59.6	55.8
Premium and asset taxes and income taxes .....	52.4	39.9
Total.....	<u>465.9</u>	<u>452.6</u>

Sagicor's expenses from continuing operations totalled US\$465.9 million in 2016, a 2.9% increase from US\$452.6 million in 2015. This increase was primarily due to a 31.3% increase in taxes of US\$52.4 million in 2016 from US\$39.9 million in 2015, as there was a substantial increase in the taxable income for Corporation Taxes in the Company's Jamaica segment. This impact was partially reduced by a reduction in asset taxes on Life Insurance Companies in the same segment. This increase was offset in part by a 6.1% decrease in commission and compensation related expenses to US\$98.6 million in 2016 from US\$105.0 million in 2015, which was mainly due to lower commission expense on lower annuity business written in the United States. Commissions represent compensation and benefits payable to insurance agents and brokers who generate new and renewal premium revenue.

As a result of the foregoing, Sagicor's net income from continuing operations before taxes totalled US\$149.6 million in 2016, a 21.0% increase from US\$123.6 million in 2015.

Premium, asset and income taxes from continuing operations totalled US\$52.4 million in 2016, a 31.3% increase from US\$39.9 million in 2015, which was primarily due to a substantial increase in the taxable income in the Company's Jamaica segment.

### Discontinued operation

For a description of Sagicor's discontinued operations see "Management's Discussion and Analysis of Sagicor — Financial Summary — Year Ended December 31, 2017 Compared to Year Ended December 31, 2016."

The table below summarises Sagicor's discontinued operation for the years ended December 31, 2016 and 2015.

<b>Discontinued operation</b>	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
<b>Income</b>		
Currency translation gain	1.8	1.6
Other expenses	(0.9)	(0.2)
Movement in price adjustment .....	0.5	(23.0)
Net income/(loss).....	<u>1.4</u>	<u>(21.6)</u>
<b>Financial position</b>		
Assets.....	-	-
Liabilities .....	-	46.0
Net assets.....	<u>-</u>	<u>(46.0)</u>

The discontinued operation net operating gain totalled US\$1.4 million in 2016, a 106.5% increase in profit from the loss of US\$21.6 million in 2015. The gain in 2016 resulted mainly from movements in the price adjustments.

#### *Shareholder returns*

Sagicor's net income and comprehensive income are allocated to the equity owners of Sagicor's respective Group companies in accordance with their results. As some Group companies have minority shareholders, particularly in the Sagicor Jamaica operating segment, the net income is allocated accordingly between holders of Sagicor Common Shares and the minority interest shareholders. There is also an allocation to Sagicor Life Inc.'s policyholders who hold participating policies, an arrangement which was established at the demutualization of Barbados Mutual Life Assurance Society (now Sagicor Life).

For the 2016 financial year, US\$60.3 million of net income from continuing operations was allocated to the holders of common shares of the Company, which corresponded to earnings per share for continuing operations of US\$0.195. The comparative amounts for the 2015 fiscal year were US\$56.3 million of net income from continuing operations allocated to the holders of common shares, which corresponded to earnings per share for continuing operations of US\$0.182. The respective annual returns on average shareholders' equity were 12.3% for 2016 and 11.7% for 2015.

The dividends declared and paid in respect of Sagicor Common Shares in 2016 totalled US\$13.6 million, and represented US\$0.045 per common share.

The table below summarises Sagicor's common shareholder returns from continuing operations for the years ended December 31, 2016 and 2015.

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Common shareholder returns<sup>(1)</sup></b>		
Net income – millions of US\$ .....	60.3	56.3
Dividends – millions of US\$ .....	13.6	12.0
Earnings per share – US\$ .....	0.195	0.182
Diluted earnings per share – US\$ .....	0.187	0.173
Dividends per share – US\$ .....	0.045	0.040
Return on average equity – % <sup>(2)</sup> .....	12.3	11.7

(1) From continuing operations except for dividends.

(2) Calculated as net income attributable to common shareholders divided by average shareholders' equity.

#### *Comprehensive income*

The table below summarises Sagicor's total comprehensive income / (loss) for the years ended December 31, 2016 and 2015.

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
<b>Total comprehensive income / (loss)</b>		
Net Income for the year .....	109.3	76.8
Other comprehensive loss .....	(12.6)	(77.4)
Total comprehensive income / (loss) for the year .....	<u>96.7</u>	<u>(0.6)</u>

Gains and losses recorded within other comprehensive income arise from fair value changes of certain classes of assets and from the retranslation of foreign currency operations.

Total comprehensive income for 2016 totalled US\$96.7 million, a significant increase from a US\$0.6 million loss in 2015. This improvement was primarily due to a lower comprehensive loss of US\$12.6 million in 2016, a 83.7% improvement from the loss of US\$77.4 million in 2015, and a significant increase in net income to US\$109.3 million in 2016 from US\$76.8 million in 2015. The improvement in net income is discussed in “—*Sagicor Results—Net Income for the Year.*”

The table below summarises Sagicor’s other comprehensive income for the years ended December 31, 2016 and 2015.

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
<b>Other comprehensive income</b>		
Comprehensive loss from continuing operations.....	(12.6)	(77.4)
Comprehensive income from discontinued operations.....	-	-
Total.....	<u>(12.6)</u>	<u>(77.4)</u>

Other comprehensive loss from continuing operations totalled US\$12.6 million in 2016, an 84.7% improvement from a US\$77.4 million loss in 2015. The main contributor to the improvement in comprehensive income was an underlying improvement in net gains on financial assets of US\$142.3 million. Included in comprehensive income were net gains for the year on financial assets of US\$39.2 million, resulting from mark-to-market gains on financial assets associated with Sagicor’s international portfolio.

The Jamaican dollar declined against the US dollar by 6.7% while the Trinidad and Tobago dollar declined against the US dollar by 5.1%, resulting in retranslation losses of US\$28.5 million.

Sagicor’s revaluation of owner-occupied property totalled a net gain of US\$5.1 million in 2016, compared to a net loss of US\$0.3 million in 2015; this gain partially offset the net losses of Sagicor’s other comprehensive income items.

The discontinued operation (Sagicor at Lloyds) was sold on December 23, 2013. At the end of 2016 there were no amounts outstanding with respect to the discontinued operation.

### ***Operating segments***

The performance of Sagicor’s Sagicor Life, Sagicor Jamaica, Sagicor Life USA segments and the SEL discontinued operation in 2016 are discussed below.

#### ***Sagicor Life segment***

The net segment income for the Sagicor Life segment totalled US\$64.9 million in 2016, an 8.3% decrease from US\$70.8 million in 2015. After accounting for the income allocated to policyholders, the net income attributable to shareholders for the Sagicor Life segment totalled US\$64.8 million in 2016, a decrease of 6.8% from US\$69.5 million in 2015.

The table below summarises the results of the Sagicor Life segment for the years ended December 31, 2016 and 2015.

### Sagicor Life

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
Net premium revenue.....	299.6	291.2
Interest income .....	77.4	73.1
Other investment income.....	3.1	1.9
Fees and other revenues .....	19.1	12.6
Gains arising on acquisitions.....	-	-
Inter-segment revenues .....	11.9	92.6
<b>Total revenue.....</b>	<b>411.1</b>	<b>471.4</b>
Benefits and change in actuarial liabilities .....	(212.7)	(199.7)
Expenses and taxes .....	(113.1)	(105.7)
Depreciation and amortization.....	(6.5)	(5.8)
Inter-segment expenses .....	(5.7)	(82.6)
<b>Segment income before taxes .....</b>	<b>73.1</b>	<b>77.6</b>
Income taxes.....	(8.2)	(6.9)
<b>Net segment income.....</b>	<b>64.9</b>	<b>70.7</b>
<b>Net segment income attributable to shareholders.....</b>	<b>64.8</b>	<b>69.5</b>
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
Financial investments.....	1,403.9	1,402.8
Other assets .....	524.4	501.3
<b>Total assets.....</b>	<b>1,928.3</b>	<b>1,904.1</b>
Policy liabilities.....	1,272.5	1,271.8
Other liabilities .....	126.3	115.9
<b>Total liabilities.....</b>	<b>1,398.8</b>	<b>1,387.7</b>
<b>Net assets.....</b>	<b>529.5</b>	<b>516.4</b>

The Sagicor Life segment generated revenue that totalled US\$411.1 million in 2016, a 12.8% decrease from US\$471.4 million in 2015. In 2015, Sagicor Life benefited from inter-segment revenues arising from a reinsurance arrangement with a related company, valued at US\$90.5 million; this did not repeat in 2016. Aside from inter-segment revenues, all other areas of revenue generation saw growth over the 2015 results. Interest income totalled US\$77.4 million in 2016, a 5.9% increase from US\$73.1 million in 2015. Fees and other revenues moved from US\$12.6 million in 2015 to US\$19.1 million in 2016 and includes exchange gains relating to declines in the Trinidad and Tobago dollar when compared to the United States dollar.

The benefits and change in actuarial liabilities for the Sagicor Life segment totalled US\$212.7 million in 2016, a 6.5% increase from US\$199.7 million in 2015. Net changes in actuarial liabilities moved from a release of US\$1.5 million in 2015, to an increase of US\$3.2 million 2016, resulting in an increase of US\$4.7 million, mainly due to changes in actuarial assumptions. Net policy benefits totalled US\$196.1 million in 2016, up from US\$189.9 million in 2015, an increase of US\$6.2 million, due to higher policy surrenders. Interest expense totalled US\$13.4 million up from US\$11.2 million in 2015.

Total expenses and taxes for the Sagicor Life segment totalled US\$113.1 million in 2016, a US\$7.4 million increase from US\$105.7 million in 2015. This was primarily due to an increase in administrative expenses, which increased by US\$4.0 million to US\$69.0 million in 2016 from US\$65.0 million in 2015, coupled with increased commissions and premium and asset taxes of US\$3.4 million, moving from US\$40.7 million in 2015 to US\$44.2 million in 2016.

The Sagicor Life segment had net assets of US\$529.5 million in 2016 compared to US\$516.4 million in 2015, an increase of 2.5%. Financial investments totalled US\$1,403.9 million and comprised 72.8% of the segment's total assets, and policy liabilities totalled US\$1,272.5 million and comprised 91.0% the segment's total liabilities at the end of 2016. In comparison, financial investments totalled US\$1,402.8 million and comprised 73.7% the segment's total assets at the end of 2015, while policy liabilities totalled US\$1,271.8 million and comprised 91.6% the segment's total liabilities.

#### *Sagicor Jamaica segment*

The net segment income for the Sagicor Jamaica segment totalled US\$90.1 million in 2016, a 12.5% increase from US\$80.1 million in 2015. After accounting for the income allocated to non-controlling interest, the net income attributable to shareholders for the Sagicor Jamaica segment totalled US\$44.3 million in 2016, an increase of 12.7% from US\$39.3 million in 2015.

The table below summarises the results of the Sagicor Jamaica segment for the years ended December 31, 2016 and 2015.

#### **Sagicor Jamaica**

	<b>Year ended December 31,<sup>(1)</sup></b>	
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
Net premium revenue.....	268.5	278.3
Interest income .....	157.8	159.8
Other investment income.....	42.7	21.1
Fees and other revenues .....	55.0	52.2
Inter-segment revenues .....	-	-
Total revenue.....	524.0	511.4
Benefits and change in actuarial liabilities .....	(248.7)	(249.0)
Expenses and taxes .....	(152.1)	(159.3)
Depreciation and amortization.....	(8.0)	(6.5)
Inter-segment expenses .....	(1.4)	(0.9)
Segment income before taxes .....	113.8	95.7
Income taxes.....	(23.7)	(15.6)
Net segment income.....	90.1	80.1
Net segment income attributable to shareholders <sup>(1)</sup> .....	44.3	39.3
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
Financial investments.....	2,212.2	2,087.1
Other assets .....	461.6	426.1
Total assets.....	2,673.8	2,513.2
Policy liabilities.....	675.0	646.9
Other liabilities .....	1,548.4	1,468.7
Total liabilities.....	2,223.4	2,115.6
Net assets.....	450.4	397.6

(1) Sagicor only owned 49.1% of Sagicor Jamaica in 2016 and 2015.

The Sagicor Jamaica segment generated revenue that totalled US\$524.0 million in 2016, a 2.5% increase from US\$511.4 million in 2015. This increase was primarily due to higher returns on other investment income.

The benefits and change in actuarial liabilities for the Sagicor Jamaica segment totalled US\$248.7 million in 2016, a slight decrease from US\$249.0 million in 2015. Net policy benefits totalled US\$168.8 million, a 3.2% increase, up



from US\$163.6 million in 2015. Interest expense moved from US\$40.8 million in 2015 to US\$41.5 million in 2016, a slight increase of US\$0.7 million due to changes in interest rates. These changes were partially offset by a decrease in the net change in actuarial liabilities which were US\$38.4 million in 2016 down from US\$44.6 million in 2015, a decrease of US\$6.2 million. Both net policy benefits and changes in actuarial liabilities were impacted by an annuity contract.

Total expenses and taxes for the Sagicor Jamaica segment totalled US\$152.1 million in 2016, a 4.5% decrease from US\$159.3 million in 2015. The decrease was due to administrative expenses, which closed at US\$112.2 million in 2016, down 2.4% from US\$115.0 million in 2015. In the prior year, the Jamaica segment incurred restructuring and rebranding costs associated with the acquisition of RBC Jamaica.

The Sagicor Jamaica segment had net assets of US\$450.4 million in 2016 compared to US\$397.6 million in 2015, an increase of 13.3% which was largely a result of retranslation losses from the depreciation of the Jamaican dollar during this period. Financial investments totalled US\$2,212.2 million and comprised 82.7% of the segment's total assets at the end of 2016. Policy liabilities totalled US\$675.0 million and other external liabilities totalled US\$1,548.4 million, comprising 30.3% and 69.7% of the segment's total liabilities at the end of 2016, respectively. In comparison, financial investments totalled US\$2,087.1 million and comprised 83.0% of the segment's total assets at the end of 2015, while policy liabilities totalled US\$646.9 million and other external liabilities totalled US\$1,468.7 million, comprising 30.6% and 69.7% of the segment's total liabilities at the end of 2015, respectively.

#### *Sagicor Life USA segment*

The net segment income for the Sagicor Life USA segment totalled US\$10.5 million in 2016, a 59.1% increase from US\$6.6 million in 2015.

The table below summarises the results of the Sagicor Life USA segment for the years ended December 31, 2016 and 2015.

**Sagicor Life USA**

	<b>Year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
Net premium revenue.....	74.4	81.0
Interest income .....	48.0	51.2
Other investment income.....	10.4	8.9
Fees and other revenues .....	16.1	20.1
Inter-segment revenues .....	-	(82.9)
<b>Total revenue.....</b>	<b>148.9</b>	<b>78.3</b>
Benefits and change in actuarial liabilities .....	(86.3)	(88.1)
Expenses and taxes .....	(48.3)	(60.4)
Depreciation and amortization.....	(1.6)	(1.3)
Inter-segment expenses .....	3.6	81.2
Segment income before taxes .....	16.3	9.7
Income taxes.....	(5.8)	(3.1)
Net segment income.....	10.5	6.6
Net segment income attributable to shareholders.....	10.5	6.6
	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>	
Financial investments.....	1,068.2	1,061.6
Other assets .....	832.6	721.3
<b>Total assets.....</b>	<b>1,900.8</b>	<b>1,782.9</b>
Policy liabilities.....	1,434.7	1,309.9
Other liabilities .....	247.7	267.9
<b>Total liabilities.....</b>	<b>1,682.4</b>	<b>1,577.8</b>
Net assets.....	218.4	205.1

The Sagicor Life USA segment generated revenue that totalled US\$148.9 million in 2016, a 90.2% increase from US\$78.3 million in 2015. The 2015 amount reflected an US\$83.0 million reduction for the one-time ceding of an existing block of annuities to Sagicor Life. Net premium revenue of US\$74.4 million in 2016 represented a decrease from US\$81.0 million in 2015. There was also a 19.9% decrease in fees and other revenues to US\$16.1 million in 2016 from US\$20.1 million in 2015. Fees and other revenues include commissions and reinsurance ceding allowances and hedge option reimbursements to reinsurers. This decrease was partially offset by a 16.9% increase in other investments income to US\$10.4 million in 2016 from US\$8.9 million in 2015, due primarily to net gains on investments.

The benefits and change in actuarial liabilities for the Sagicor Life USA segment totalled US\$86.3 million in 2016, a 2.0% decrease from US\$88.1 million in 2015. Net changes in actuarial liabilities increased from a release of US\$16.6 million in 2015 to an increase of US\$3.7 million in 2016; an increase of US\$20.3 million or 122.2% and was due to changes in actuarial assumptions. Interest expense was slightly above 2015 levels totaling US\$2.9 million in 2016 compared to US\$2.7 million in 2015. Net policy benefits closed at US\$79.6 million, down from US\$101.9 million in 2015.

Total expenses and taxes for the Sagicor Life USA segment totalled US\$48.3 million in 2016, a 20.0% decrease from US\$60.1 million in 2015. This decrease was primarily due to lower new annuity business written when compared to 2015, which resulted in a 37.1% decrease in commissions and premium taxes to US\$15.6 million in 2016 from US\$24.8 million in 2015, and an 8.1% decrease in administration expenses to US\$32.8 million in 2016 from US\$35.7 million in 2015.

The Sagicor Life USA segment had net assets of US\$218.4 million in 2016 compared to US\$205.1 million in 2015, an increase of 6.5%. Financial investments totalled US\$1,068.2 million and comprised 56.2% of the segment's total assets; policy liabilities totalled US\$1,434.7 million and comprised 85.3% of the segment's total liabilities at the end of 2016. In comparison, financial investments totalled US\$1,061.6 million and comprised 59.5% of the segment's total assets at the end of 2015, while policy liabilities totalled US\$1,309.9 million and comprised 83.0% of the segment's total liabilities.

## **Liquidity and Capital Resources**

The following discussion is qualified by reference to Sagicor's statement of cash flows set forth in Sagicor's Audited Annual Financial Statements and the related notes thereto included elsewhere in this prospectus.

Liquidity sources immediately available to the Company include: (i) existing cash and cash equivalents; (ii) the Company's portfolio of highly rated, highly liquid investments; (iii) cash flow from operating activities which include net premiums receipts, fee income and investment income; and (iv) bank loan facilities. These funds are used primarily to pay claims and operating expenses, service the Company's long-term debt, purchase investments to support claims reserves, and for distribution of dividends.

Sagicor expects to have sufficient liquidity to fund its operations and to meet its current business plans. However, should the need arise, additional liquidity sources include further bank loans and new issuances of debt or shares in the private or public markets.

### ***Cash flow***

For the nine months ended September 30, 2018, Sagicor's net cash from operating activities was US\$86.4 million compared to US\$77.3 million for the same period in 2017. This increase of US\$9.1 million, or 11.8%, was primarily due to operating cash inflows generated in the Company's USA segment in 2018.

Sagicor's net cash used in investing activities was US\$27.5 million compared to US\$21.3 million for the nine month period ended September 30, 2017, an increase of US\$6.2 million, or 29.1%. In 2017, investing outflows were impacted by a change in the share of ownership in an associate company in the Jamaica segment, of approximately US\$6.9 million, which did not recur in 2018.

Sagicor's net cash used in financing activities was US\$21.6 million for the nine months ended September 30, 2018, compared to US\$4.1 million for the same period in 2017, an increase of US\$17.5 million. Cash inflows from the issue of convertible preference shares of US\$15.8 million during the nine months ended September 30, 2017 reduced the impact of net cash outflows associated with financing activities for that period, conversely for the nine month period ended September 30, 2018, no preference shares were issued, which resulted in a decline in cash inflows, and redemptions totaled US\$5.0 million, thereby increasing cash flows for financing activities.

In the nine months ended September 30, 2018, the effect of exchange rate changes was a loss of US\$8.5 million compared to a loss of US\$1.3 million in the same period in 2017.

In 2017, Sagicor's net cash from operating activities was US\$52.5 million compared to US\$126.3 million in 2016. This decrease of US\$73.8 million, or 58.4%, was primarily due to higher levels of withdrawals from customer deposits held in the Company's Jamaica segment.

In 2017, Sagicor's net cash used in investing activities was US\$18.7 million compared to US\$22.5 million in 2016; a decrease of US\$3.8 million, or 16.9%. While investing outflows on property, plant and equipment, intangible assets as well as investments in associated companies remained relatively stable combined, these were off-set by investing inflows from a change in the share of ownership in an associated company in the Jamaica segment. This investing did not recur in 2017. Sagicor's net cash used in financing activities was US\$21.8 million compared to net cash used in financing activities of US\$127.4 million in 2016. This decrease of US\$105.6 million, or 83.8%, was primarily due to the redemption of Sagicor preference shares in 2016 for US\$120.0 million.

In 2017, the effect of exchange rate changes was US\$1.6 million compared to a loss of US\$4.6 million in 2016.

In 2016, Sagicor's net cash from operating activities was US\$126.3 million compared to a net cash outflow for operating activities of US\$92.0 million in 2015. This increase of US\$218.4 million, or 237.3%, was primarily due to lower investing in debt securities.

In 2016, Sagicor's net cash used in investing activities was US\$22.5 million compared to US\$60.8 million in 2015 a decrease of US\$38.3 million or 63.0%. In 2015, the Company's Jamaica segment made an investment in an associated company to the tune of US\$28.5 million. This level of investment did not repeat in 2016. In addition, investing activities on intangible assets closed lower in the latter year.

In 2016, Sagicor's net cash used in financing activities was US\$127.4 million compared to net cash from financing activities of US\$121.8 million in 2015. This decrease of US\$249.2 million, or 204.6%, was primarily due to the fact that 2015 includes cash received from a new bond facility issued in August of that year. In addition, Sagicor preference shares were redeemed to the tune of US\$120.0 million, thereby contributing to the year on year variance.

In 2016, the effect of exchange rate changes was a loss of US\$4.6 million compared to a loss of US\$3.9 million in 2015.

The insurance policies Sagicor underwrites are long-term in nature. Sagicor's policy is to invest in assets to produce cash flows that are synchronised with the timing and the amounts of payments that must be paid to policyholders, while also managing reinvestment risks by reducing the need for reinvestment. Sagicor attempts to stay abreast of regulatory developments that may affect Sagicor's capital requirements as part of Sagicor's risk management by maintaining regular contact with the various regulators.

### ***Debt funding and liquidity***

#### *Notes and loans payable*

Sagicor had a debt to shareholders' equity ratio of 45.1% as of September 30, 2018 compared to 44.4% at December 31, 2017. To determine the debt to shareholders' equity, Loans and notes payable, as defined in note 16 to the Sagicor Audited Annual Financial Statements, is divided by total equity.

As of September 30, 2018, Sagicor had US\$404.3 million in notes and loans payable compared to US\$413.8 million at December 31, 2017. All of Sagicor's notes and loans payable are denominated in U.S. dollars.

As of September 30, 2018, and December 31, 2017, Sagicor had US\$311.2 million and US\$317.0 million, respectively, outstanding on Sagicor's 8.875% senior notes due 2022.

	<b>As of September 30,</b>		<b>As of December 31,</b>	
	<b>2018</b>		<b>2017</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
	<b>(in millions of US\$)</b>			
8.875% senior notes due 2022 .....	311.2	329.9	317.0	364.1
8.25% convertible redeemable preference shares due 2020 <sup>(2)</sup> .....	10.5	10.5	11.3	11.9
7.75% convertible redeemable preference shares due 2018 <sup>(2)</sup> .....	-	-	5.2	5.4
4.85%/5.0% notes due 2019 <sup>(1)</sup> .....	75.9	74.6	74.9	76.2
Bank loans and other funding instruments .....	6.7	6.7	5.4	5.4
<b>Total .....</b>	<b>404.3</b>	<b>421.7</b>	<b>413.8</b>	<b>463.0</b>

As of December 31, 2017, Sagicor had a debt to shareholders' equity ratio of 44.4%, compared to 49.7% and 64.3% as of December 31, 2016 and December 31, 2015, respectively.

As of December 31, 2017, Sagicor had US\$413.8 million in notes and loans payable compared to US\$395.2 million at December 31, 2016. All of Sagicor's notes and loans payable are denominated in U.S. dollars.

As of December 31, 2017, and 2016, Sagicor had US\$317.0 million and US\$315.4 million, respectively, outstanding on Sagicor's 8.875% senior notes due 2022.

	<b>As of December 31,</b>			
	<b>2017</b>		<b>2016</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
	<b>(in millions of US\$)</b>			
8.875% senior notes due 2022 .....	317.0	364.1	315.4	364.1
8.25% convertible redeemable preference shares due 2020 <sup>(2)</sup> .....	11.3	11.9	-	-
7.75% convertible redeemable preference shares due 2018 <sup>(2)</sup> .....	5.2	5.4	-	-
4.85%/5.0% notes due 2019 <sup>(1)</sup> .....	74.9	76.2	74.8	75.5
Bank loans and other funding instruments .....	5.4	5.4	5.0	5.0
<b>Total.....</b>	<b>413.8</b>	<b>463.0</b>	<b>395.2</b>	<b>444.6</b>

(1) On March 22, 2016, the Company repaid, before maturity, the US\$43.4 million eighteen-month 4.6% notes. On March 21, 2016, the Company issued fourteen-month notes with a par value of US\$75.0 million which were due in 2017 and carried a 5.0% annual rate of interest. Effective December 20, 2016, the notes were extended at an annual rate of interest of 4.85% with a maturity date of August 14, 2019. Financial covenants in respect of these notes are summarised in note 46.3 (b) of the 2017 Sagicor Audited Annual Financial Statements.

(2) On March 2, 2017, Sagicor Bank Jamaica Limited issued:

- i. Cumulative redeemable preference shares with a tenor of three (3) years at 8.25% interest per annum.
- ii. Cumulative redeemable preference shares with a tenor of eighteen (18) months at 7.75% interest per annum, which were repaid on September 2, 2018.

On August 11, 2015, Sagicor issued seven year senior notes in the amount of US\$320.0 million which mature in 2022. The notes carry a fixed annual rate of interest of 8.875% payable semi-annually. Financial covenants in respect of these notes are summarised in note 46.3(a) of the 2017 Sagicor Audited Annual Financial Statements.

On March 22, 2016, the Company repaid, before maturity, the US\$43.4 million of short term debt. On March 21, 2016, the Company issued a tranche of fourteen-month notes with par value of US\$75.0 million which were repayable in 2017 and carried a 5.0% annual rate of interest.

Effective December 20, 2016, the notes were extended at an annual rate of interest of 4.85% with a maturity date of August 14, 2019. Financial covenants in respect of these notes are summarised in note 46.3(b) of the 2017 Sagicor Audited Annual Financial Statements.

On July 18, 2016, the Company redeemed the 120,000,000 of the 6.5% convertible redeemable preference shares due 2016. See note 21 of the 2017 Sagicor Audited Annual Financial Statements.

A measure of financial stability is the debt (borrowings) to capital ratio which for the Sagicor Group was 30.7% in 2017, down slightly from 33.2% for the prior year. Despite a slight increase in debt outstanding at 2017, capital grew by US\$155.5 million or 13.1% due to higher profitability and increased gains on revaluation, thereby contributing to the decline in the debt to capital ratio.

### Deposit and security liabilities

Deposit and security liabilities represent sources of funds for on-lending, leasing and portfolio investments. These liabilities comprised other funding instruments, customer deposits, securities sold under agreements to repurchase and bank overdrafts. Other funding instruments were US\$381.3 million as of September 30, 2018. As of December 31, 2017 and 2016 other funding instruments were US\$279.9 million and US\$349.5 million, respectively. Customer deposits were US\$705.0 million as of September 30, 2018. As of December 31, 2017 and 2016 customer deposits totalled US\$750.9 million and US\$915.2 million, respectively. Securities sold under agreements to repurchase were US\$480.1 million as of September 30, 2018. As of December 31, 2017 and 2016 Securities sold for re-purchase were US\$476.0 million and US\$320.6 million respectively. Bank overdrafts were US\$0.8 million, as of September 30, 2018. As of December 31, 2017 and 2016 Bank overdrafts totalled US\$2.6 million and US\$1.9 million, respectively.

The increases at September 30, 2018 compared to December 31, 2017 in other funding instruments were primarily an increase in financing within Sagicor's USA segment.

	As at September		Year ended December 31,			
	2018		2017		2016	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>At amortised cost:</b>						
			(in millions of US\$)			
Other funding instruments.....	381.3	385.5	279.9	285.0	349.5	346.2
Customer deposits.....	705.0	707.2	750.9	749.8	915.2	915.4
Securities sold for re-purchase.....	480.1	480.1	476.0	473.8	320.6	320.6
Bank overdrafts.....	0.8	0.8	2.6	2.6	1.9	1.9
Total.....	1,567.2	1,573.6	1,509.4	1,511.2	1,587.2	1,584.1
<b>At fair value through income:</b>						
Structured products.....	63.8	63.8	47.6	47.6	34.8	34.8
Derivative financial instruments.....	1.2	1.2	2.2	2.2	1.4	1.4
Sub total.....	65.0	65.0	49.8	49.8	36.2	36.2
Total.....	1,632.2	1,638.6	1,559.2	1,561.0	1,623.4	1,620.3

### Contractual obligations

The following table shows Sagicor's contractual obligations as of September 30, 2018:

	Total	Payments due by period		
		Less than one year	One to five years	More than five years
		(in millions of US\$)		
<b>Policy liabilities</b>				
Actuarial liabilities <sup>(1)</sup> .....	2,974.5	204.1	772.5	1,997.9
Investments contracts liabilities <sup>(2)</sup> .....	386.5	356.1	19.1	11.3
Other policy liabilities <sup>(3)</sup> .....	199.7	123.2	19.4	57.1
Total.....	3,560.7	683.4	811.0	2,066.3
Loans payable <sup>(4)</sup> .....	528.6	113.7	414.9	-
Accounts payable.....	194.1	193.2	0.4	0.5
Purchase obligations <sup>(5)</sup> .....	129.0	107.3	13.8	7.9
Total.....	851.7	414.2	429.1	8.4



The following table shows Sagicor's contractual obligations as of December 31, 2017:

	<b>Payments due by period</b>			
	<b>Total</b>	<b>Less than one year</b>	<b>One to five years</b>	<b>More than five years</b>
	(in millions of US\$)			
<b>Policy liabilities</b>				
Actuarial liabilities <sup>(1)</sup> .....	2,950.8	208.2	696.5	2,046.1
Investments contracts liabilities <sup>(2)</sup> .....	385.9	320.8	53.9	11.2
Other policy liabilities <sup>(3)</sup> .....	191.6	118.6	20.9	52.1
<b>Total</b> .....	<b>3,528.3</b>	<b>647.6</b>	<b>771.3</b>	<b>2,109.4</b>
Loans payable <sup>(4)</sup> .....	567.4	41.0	526.4	-
Accounts payable.....	266.5	173.7	91.7	1.0
Purchase obligations <sup>(5)</sup> .....	141.3	116.8	11.1	13.4
<b>Total</b> .....	<b>975.2</b>	<b>331.5</b>	<b>629.2</b>	<b>14.4</b>

- (1) Actuarial liabilities account for US\$2,974.5 million at September 30, 2018 (December 31, 2017 - US\$2,950.8 million) in liabilities. Amounts making up this obligation generally comprise policies or contracts for which no current disbursements are incurred and for which the determination of potential payments is dependent on assumptions like mortality and persistency. In the absence of a specific contractual disbursement schedule, these amounts have been classified as long term in nature. Sagicor conducted a specific analysis of the contracts in force, particularly the endowments and the accumulation funds, for their maturity dates in order to classify them according to their payment due date. The payments due in the less than one-year column will generally relate to IBNR claims which Sagicor anticipates will be settled in the year immediately following. Amounts included in the actuarial liabilities, within the contractual obligations table, represent the AA's best estimate, with additional margins, of the present value of all future cash flow obligations related to the current policies and contracts in force within Sagicor.
- (2) Deposit administration contracts are held for the benefit of employees participating in pension schemes developed by their employer. Sagicor's experience has been that these deposits are typically held for more than five years.
- (3) This liability is made of policyholders' dividends left on deposit which Sagicor considers demand deposits, benefits in the course of settlement as well as the unearned premiums reserves which the Company assumes will be either disbursed or released in the course of the following year.
- (4) Interest to be paid over the maturity period is included in these amounts.
- (5) Purchase obligations include the following at September 30, 2018: commitments to advance loans of US\$75.5 million (December 31, 2017 - US\$79.0 million); non-cancellable operating lease and rental payments of US\$11.2 million (December 31, 2017 - US\$13.3 million); capital commitments of US\$ nil (December 31, 2017 - US\$17.8 million); and guarantees, acceptances and other financial liabilities of US\$42.3 million (December 31, 2017 - US\$31.2 million).

### **Capital adequacy**

#### *Sagicor Life*

Capital adequacy is managed at the operating company level. It is calculated by the company's AA and reviewed by executive management, the audit committee and the board of directors of the company. In addition, Sagicor seeks to maintain internal capital adequacy at levels higher than the regulatory or internationally recognised requirements.

To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. The risk-based assessment measure which has been adopted is the Canadian MCCR standard. The minimum standard recommended by the Canadian regulators for companies is an MCCR of 150.0%. A number of jurisdictions in the Caribbean region have no internationally recognised capital adequacy requirements, and in accordance with its objectives for managing capital, Sagicor has adopted the Canadian MCCR standard. Jamaica and the United States have recognised capital adequacy standards.

Sagicor's consolidated MCCR as of September 30, 2018 has been estimated at 248%, compared to 258% and 249% at December 31, 2017 and December 31, 2016, respectively. This is the principal standard of capital adequacy used to assess Sagicor's overall strength. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of the



Sagicor Group as a whole and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch.

*Sagicor Life Jamaica*

Sagicor Life Jamaica is governed by the Jamaican MCCR regime (based on Canadian standards in effect in 2001), which requires an insurer to maintain a minimum ratio of 150.0%. For the years ended December 31, 2017 and 2016, this ratio was 186.0% and 156.5%, respectively. At September 30, 2018, the ratio was 190.2%.

*Sagicor Life Insurance Company (USA)*

A risk-based capital formula and model were adopted by the NAIC of the United States. Risk-based capital is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The risk-based capital formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments; (ii) declines in asset values arising from credit risk; (iii) declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth. If an insurer's statutory surplus is lower than required by the risk-based capital calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The risk-based capital methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to risk-based capital falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the risk-based capital amount.

Sagicor Life USA looks to maintain at least 300% of the Company Action Level and has maintained these ratios as of September 30, 2018 and December 31, 2017 and 2016, respectively.

*Sagicor Investments and Sagicor Bank*

The capital adequacy and the use of regulatory capital are monitored monthly by management employing techniques based on the guidelines developed by the FSCJ, the Bank of Jamaica, Basel II and the Risk Management and Compliance Unit. The required information is filed with the respective regulatory authorities at stipulated intervals. The Bank of Jamaica and the FSCJ require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account, any eligible collateral or guarantees. A similar treatment is adopted for off financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the capital adequacy ratios. During 2018, 2017 and 2016, all applicable externally imposed capital requirements were complied with.

	<b>Sagicor Investments</b>			<b>Sagicor Bank</b>		
	<b>September 2018</b>	<b>December 2017</b>	<b>December 2016</b>	<b>September 2018</b>	<b>December 2017</b>	<b>December 2016</b>
Actual capital base to risk weighted assets	14%	16%	13%	13%	15%	14%
Required capital base to risk weighted assets.....	10%	10%	10%	10%	10%	10%

### ***Significant Transactions***

Sagicor's results of operations during the last three fiscal years were affected by a number of significant transactions. The following is a description of those transactions.

#### *Senior notes issued*

On August 11, 2015, Sagicor issued seven year senior notes in the amount of US\$320.0 million which mature in 2022 (the "**2022 Notes**"). The notes carry a fixed annual rate of interest of 8.875% payable semi-annually. The 2022 Notes were issued to refinance the existing senior notes, convertible redeemable preference shares and short-term Notes which were due to mature in May 2016. Financial covenants in respect of the 2022 Notes are summarised in note 46.3(a) of the 2017 Sagicor Audited Annual Financial Statements.

#### *Preferred shares issued to the International Finance Corporation*

On July 18, 2016, the Company redeemed the 120,000,000 convertible redeemable preference shares which were originally issued on July 18, 2011.

#### *Short term debt repayment*

On March 22, 2016, the Company repaid, before maturity, the US\$43.4 million of short term debt. On March 21, 2016, the Company issued a tranche of fourteen-month notes with par value of US\$75.0 million which were repayable in 2017 and carried a 5.0% annual rate of interest. Effective December 20, 2016, these notes were extended at an annual rate of interest of 4.85% with a maturity date of August 14, 2019. Financial covenants in respect of these notes are summarised in note 46.3(b) of the 2017 Sagicor Audited Annual Financial Statements.

#### *Barbados Debt Restructuring*

On September 7, 2018 the Government of Barbados (GoB) entered into a Staff-Level Agreement with the International Monetary Fund (IMF) to provide financial and technical assistance. As part of the programme, the GoB launched a debt exchange offer for GoB domestic Barbados dollar debt holders on September 7, 2018. The GoB announced on October 15, 2018 that its exchange offer received unanimous support from the domestic creditors. This concluded the domestic debt restructuring. A restructuring plan has not yet been announced for the external US dollar denominated debt. The Sagicor Group holds approximately US\$337 million in GoB debt, of which US\$278 million is Domestic Barbados-dollar denominated debt. The Sagicor Group has determined the net impact of the credit events on GoB debt to shareholders at approximately US\$43.0 million for the nine months ended September 30, 2018 (gross expected credit losses of US\$101 million less actuarial offset), of which all have been reserved for as reflected in the September 30, 2018 financial statements, and which was the main factor causing the decrease in the Company's results. Sagicor does not expect that there will be any incremental impact on Sagicor as it relates to the external US dollar denominated debt.

## Ratings

	A.M. Best <sup>(1)</sup>	S&P <sup>(2)</sup>	Fitch <sup>(3)</sup>
<b>Sagicor Life Insurance Company</b>			
Financial Strength	A- u (Developing)		
Issuer Credit Rating	a- u (Developing)		
<b>Sagicor Life Jamaica Limited</b>			
Financial Strength	B++ u (Developing)		
Issuer Credit Rating	bbb+ u (Developing)		
<b>Sagicor Life Inc.</b>			
Financial Strength	A- u (Developing)		
Issuer Credit Rating	a- u (Developing)		
<b>Sagicor Financial Corporation Limited</b>			
Issuer Credit Rating	bbb- u (Developing)	BB- (Developing)	B (Stable) (Long term issuer default rating)
<b>Sagicor Finance (2015) Limited</b>			
Senior Unsecured	bbb u (Developing)	BB- (Developing)	
<b>Sagicor General Insurance Inc.</b>			
Financial Strength	A- u (Developing)		
Issuer Credit Rating	a- u (Developing)		

(1) Updated November 29, 2018. On November 29, 2018, A.M. Best placed all current ratings under review with developing implications following the announcement of the Transaction.

(2) Updated June 7, 2018 (event driven regarding Barbados debt).

(3) Updated June 6, 2018.

See the section entitled “*Credit Ratings*” in this prospectus for more information.

## Outstanding Share Data

A description of Sagicor’s share data at September 30, 2018 is presented in the table below.

	Number of Shares	Amount (in thousands of US\$)
<b>Common shares</b>	<b>305,872,015</b>	<b>303,530</b>

## Additional Financial Disclosure

### *Selected Quarterly Financial Information*

The following table provides a summary of Sagicor's results for the eight most recently completed quarters.

(US\$ millions, unless otherwise noted)	<b>Quarterly Results</b>							
	<b>Q3'18</b>	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17	Q4'16
Total revenue	430.1	342.0	296.6	309.9	348.3	280.2	282.5	283.7
Net income (loss)								
Attributable to Common Shareholders from Continuing Operations	7.0	2.0	19.5	14.4	28.6	5.6	12.4	10.1
From Continuing Operations	19.7	(2.4)	38.5	27.6	37.5	17.5	22.7	19.9
Earnings Per Sagicor Common Share (US\$)								
Diluted EPS (from Continuing Operations) (US\$)	0.02	0.00	0.06	0.05	0.09	0.01	0.04	0.03
Basic EPS (from Continuing Operations) (US\$)	2	7	2	1	2	8	0	3
Basic EPS (from Continuing Operations) (US\$)	0.02	0.00	0.06	0.05	0.09	0.01	0.04	0.03
Basic EPS (from Continuing Operations) (US\$)	3	7	4	3	4	8	1	3
Net income (loss) by segment								
Sagicor Life	1.1	5.2	27.8	14.1	30.3	7.0	13.3	9.9
Sagicor Jamaica	12.6	11.7	10.6	11.1	13.3	11.5	10.1	6.7
Sagicor Life USA	12.1	2.8	(3.2)	4.1	2.9	2.8	2.8	6.5
Head office and other	(17.2)	19.4	(15.1)	7.5	(17.7)	21.9	(5.0)	13.8
Corporate eliminations	(1.6)	(37.1)	(0.6)	(22.4)	(0.2)	(37.6)	(8.8)	(26.8)
Net income (loss)	7.0	2.0	19.5	14.4	28.6	5.6	12.4	10.1

**Note:** The results for Q1'17, Q2'17, Q3'17 and Q4'17 have been restated. See "Management's Discussion and Analysis of Sagicor – Changes in Accounting Policies and Restatements", above.

### *Third Quarter 2018*

Net income from continuing operations attributable to shareholders was US\$7.0 million in the three month period ended September 30, 2018. The Company benefited from increased new business growth through the sale of annuities, compared to the previous quarter (June 2018). Total benefits also exceeded the prior quarter's levels (June 2018) due to new business growth and refinements made to the actuarial assumptions in response to changes in the interest rate environment.

On September 7, 2018 the GoB entered into a staff-level agreement with the International Monetary Fund (IMF) to provide financial and technical assistance. As part of the programme, the GoB launched a debt exchange offer for GoB Domestic Barbados-dollar debt holders on September 7, 2018. The GoB announced on October 15, 2018 that its debt exchange offer received unanimous support from the domestic creditors. A restructuring plan has not been announced for external US dollar denominated debt. The Sagicor Group holds approximately US\$337 million in GoB debt, of which US\$278 million is Domestic Barbados-dollar debt. Consequently, expenses for the September 2018 quarter (three-month period), include an additional US\$38.2 million in credit impairment losses. The year to date total gross credit impairment losses amount to US\$96.0 million.

### *Second Quarter 2018*

Net income from continuing operations attributable to shareholders was US\$2.0 million in the second quarter of 2018, down from US\$19.5 million reported for the first quarter of 2018. Revenue reported for the three-month period ended June 30, 2018 grew over that reported for the three months ended March 31, 2018, however this was negated by increased benefits driven by new business growth, primarily due to acquired annuities, and changes in the interest rate environment. Expenses for the June 2018 quarter also included credit impairment losses totaling US\$57.8 million, as the GoB signaled its intention to suspend all payments to creditors of external commercial debt. Of the US\$57.8 million reported, US\$56.0 million related to the GoB debt.

### *First Quarter 2018*

Net income from continuing operations, attributable to shareholders, was US\$19.5 million in the first quarter of 2018 (first quarter March 2017 – US\$12.4 million). The Company benefited from net premium growth and lower net benefits when compared to the same period in 2017, however net investment fell short of that reported for the same period in 2017. The first quarter results also included a one-time gain of US\$5.3 million on the acquisition of the British American insurance portfolio from the GoB. Compared to the prior quarter (three-month period ended December 31, 2017), premium growth was marginal but was expected to grow as the year progressed. Benefits were however substantially lower than the previous quarter's resulting in a higher profitability reported for the first quarter of 2018.

### *Fourth Quarter 2017*

Net income from continuing operations attributable to shareholders was US\$14.4 million in the fourth quarter of 2017, closing US\$14.2 million lower the previous quarter (third quarter of 2017). The quarter's results included net benefits of US\$8.5 million relating to claims exposure from hurricane activity during the year as well as impairment losses to the tune of US\$6.7 million which were not incurred in the previous quarter.

### *Third Quarter 2017*

Net income from continuing operations attributable to shareholders was US\$28.6 million for the three-month period ended September 30, 2017. During the quarter the Company benefited from the issuance of a significant single premium annuity relating to the Company's Jamaica segment. This transaction generated higher premiums and benefits reported than in the prior three-month period (ended June 30, 2017). During this three-month period, the Company also benefitted from higher net investment income of US\$21.9 million, when compared to the previous quarter (ended June 30, 2017) due to higher investments gains generated on the Company's international portfolio.

### *Second Quarter 2017*

Net income from continuing operations attributable to shareholders was US\$5.6 million for the three-month period ended June 30, 2017. While net premium revenue grew moderately over the prior quarter (three-months ended March 30, 2017), net investment income and fees and other revenue fell short when compared to the prior quarter (ended March 30, 2017) due to lower gains earned on the international market. The Company's Jamaica segment also continued to incur non-recurring costs associated with the expansion of cards and payments business.

### *First Quarter 2017*

Net income from continuing operations attributable to shareholders was US\$12.4 million for the first three months of 2017. Total revenue closed the period at US\$282.5 million, (first quarter of 2016 – US\$264.4 million), largely due to net premium growth and increased revenue earned on the Company's investment portfolio. Benefits totaled US\$137.2 million and were marginally above the US\$134.0 million reported for the same period in 2016. The level of expenses incurred during the first quarter of 2017 was higher than that reported for the same period in the prior year as a result of the expansion of the cards and payments business in the Company's Jamaica segment along with the incurrence of some non-recurring costs also relating to the Jamaica segment.

### ***Key Factors Affecting Results***

A variety of factors affect Sagicor's results, including: sales of Sagicor's core products and services; Sagicor's policy experience; the Sagicor Group's claims experience; Sagicor's expansion into new geographic markets (in the United States) and product markets (in Jamaica) through the acquisition of portfolios of policies or of companies; and the continuing availability of appropriately priced reinsurance treaties for life, health and property and casualty insurance.

### ***Investments and Interest Rates***

Sagicor's results of operations are significantly affected by the returns it realises on its investment portfolio. The financial services sector in the Caribbean has been impacted by excess liquidity in some regions. This excess liquidity has resulted in the trend towards lower prevailing interest rates. In 2017, interest rates started to show modest increases in some regions and these trends have largely continued into 2018.

Movements in both short and long-term interest rates affect Sagicor's gains and losses on fixed income securities. Generally, a sustained period of lower interest rates will reduce the investment income yield of Sagicor's investment portfolio over time as higher-yielding investments are called, mature or are sold and proceeds are reinvested at lower rates. However, declining interest rates will generally increase unrealised gains, as well as realised gains to the extent fixed income securities are sold. Conversely, a sustained period of rising interest rates will increase the investment income yield on the portfolio over time but will generally lead to a reduction in the value of the portfolio.

Sagicor is subject to extensive regulation and supervision by the regulatory authorities of the jurisdictions in which it operates. Existing regulations governing insurance companies in the region require Sagicor's subsidiaries to establish and maintain insurance funds generally equivalent to insurance liabilities and contingency reserves within the countries where it operates. In addition, in certain countries, Sagicor's subsidiaries are subject to further administrative or legislative regulation and restrictions imposed on the conversion and movement of foreign exchange. Sagicor's insurance activities in the region are significant and, consequently, it must make substantial investments in the region to comply with domestic investment and reserve rules. Sagicor invests in securities issued by government or government-related entities. These securities include Treasury Bills, Bonds, Statutory Deposits and loans and are for terms of up to 50 years.

A portion of Sagicor's investment portfolio is also held in equity securities. Equities markets in the United States and around the world can produce highly volatile and significantly varied results. Sagicor also maintains equity investments in issuers in Barbados and other emerging market countries. Such equity markets are small and developing and may be affected by regional economic and market conditions. The volatility of the investment markets impacts Sagicor's investment performance. The impact of interest rates and equity market fluctuations may be reduced through the diversification of Sagicor's investment portfolio, principally developed as a result of the geographic spread of Sagicor's insurance businesses and the corresponding strategy of matching assets and liabilities to the extent possible by currency and maturity. Sagicor's current strategy is to reduce Sagicor's equity investments to more closely align Sagicor's current and projected cash flows with Sagicor's projected obligations.

Sagicor's investment returns are also susceptible to changes in general economic conditions, including changes that impact the general creditworthiness of the issuers of debt securities and equity securities held in Sagicor's portfolio. The value of Sagicor's fixed income securities may be affected by changes in the issuer's credit rating. Where the credit rating of the issuer of the debt securities drops, the value of the fixed income security may also decline. Should the credit rating of an issuer whose debt securities Sagicor holds fall substantially, Sagicor may realise a significant loss on investment upon its disposal.

### ***Financial Instruments and Other Instruments***

The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to seek to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this where necessary. When entering into derivative transactions, the Group employs its credit risk management procedures to assess and approve potential credit exposures.

Derivatives are carried at fair value and presented in the financial statements as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group were to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists and the cash flows are intended to be settled on a net basis. The contract or notional amounts of derivatives and their fair values are set out below.

(in thousands of US\$)	Contract / notional amount	Fair Value	
		Assets	Liabilities
<b>September 2018</b>			
<b>Derivatives held for trading:</b>			
Equity indexed options	722,505	27,015	1,237
	<u>722,505</u>	<u>27,015</u>	<u>1,237</u>
<b>December 2017</b>			
<b>Derivatives held for trading:</b>			
Equity indexed options	713,452	32,477	2,232
	<u>713,452</u>	<u>32,477</u>	<u>2,232</u>
<b>December 2016</b>			
<b>Derivatives held for trading:</b>			
Equity indexed options	673,264	28,980	1,364
	<u>673,264</u>	<u>28,980</u>	<u>1,364</u>

#### *Equity Indexed Options*

The Group has purchased equity indexed options in respect of structured products and in respect of life and annuity insurance contracts. For certain structured product contracts with customers, equity indexed options give the holder the ability to participate in the upward movement of an equity index while being protected from downward risk. The Group is exposed to credit risk on purchased options only, and only to the extent of the carrying amount, which is their fair value.

For certain universal life and annuity insurance contracts, an insurer has purchased custom call options that are selected to materially replicate the policy benefits that are associated with the equity indexed components within the policy contract. These options are appropriate to reduce or minimise the risk of movements in specific equity markets. Credit risk that the insurer has regarding the options is mitigated by ensuring that the counterparty is sufficiently capitalized. Both the asset and the associated actuarial liability are valued at fair market value on a consistent basis, with the change in values being reflected in the income statement. The valuations combine external valuations with internal calculations. See "*The Business of Sagicor – Products and Services – Annuities*".

#### ***Related Party Transactions***

Notes 47 and 48 of the 2017 Sagicor Audited Annual Financial Statements provide additional information on related party transactions.

As at December 31, 2017, balances owed to Sagicor Life Jamaica Limited exceeded the regulated 5% maximum of related party balances to total assets of the Company. Management is in discussions with the regulator, FSCJ, in relation to this matter. The regulator has given certain exemptions and not imposed any penalty.



## Financial Outlook

Alignvest and Sagicor see a clear path to substantial equity value creation for all New Sagicor Shareholders. We believe that we have an opportunity to grow Sagicor's net income from continuing operations attributable to common shareholders from US\$62 million, for the year ended December 31, 2017, to a target of US\$115 million in 2020, based on the following:

- Alignvest and Sagicor expect that the acquisition of SLTT and SJLIC will contribute annual run-rate net income of approximately US\$30 million following the anticipated closing in 2020, subject to regulatory approval. The completion of these transactions is not cross-conditional on each other, but both are conditional on the close of the Sagicor Arrangement, and they may close at different times. See "*Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT*".

Alignvest and Sagicor are targeting the following contributions to net income in 2019 and 2020:

### Sagicor's Continuing Operations

2019	US\$77 million
2020	US\$85 million

### SJLIC Acquisition and SLTT Acquisition

2020	US\$30 million (annualized run-rate)
------	--------------------------------------

Alignvest and Sagicor are accordingly targeting 2019 net income from continuing operations attributable to common shareholders of approximately US\$77 million and 2020 net income from continuing operations attributable to common shareholders of approximately US\$115 million.<sup>12</sup>

Importantly, Alignvest and Sagicor believe that Sagicor trades at an unwarranted discount to its Canadian and Caribbean peers in large part due to the Company's disaggregated shareholder base and muted price discovery on its current stock exchanges. Alignvest and Sagicor expect that the discount at which the Company currently trades on the Barbados and Trinidad and Tobago stock exchanges compared to Canadian peers should be reduced or eliminated over time as a result of Alignvest's listing on the TSX.

In developing the targets set forth above, Alignvest and Sagicor have made the following assumptions and relied on the following factors and considerations:

- The targets are based on discussions with the management and historical results, particularly in respect of 2018 year to date results.
- The acquisitions of SJLIC and SLTT will close in Q4, 2019, but the completion of these transactions is not cross-conditional on each other, but both are conditional on the close of the Sagicor Arrangement.
- Organic revenue growth has been assumed as 6% per annum for Sagicor's continuing operations in 2019 and 5% in 2020.
- Revenue growth has been assumed to be 14% in 2020 for the SJLIC and SLTT acquisitions as new product penetration of the BNS Jamaica and BNS TT customer base increases.
- Investment returns in each of the three core segments have been assumed to be consistent with historical experience, excluding the GoB debt.

<sup>12</sup> 2019 target excludes one-time Transaction Costs.

- Product mixes have been assumed to be stable in the core business of Sagicor, and to move to a mix consisting of 12% life insurance starting in 2020 in the case of the SJLIC and SLTT acquisitions.
- Head office costs are assumed to remain stable in 2019 and 2020.
- Benefits and expenses are assumed to remain relatively consistent in 2019 and 2020 as a percentage of revenues.
- The acquisition of SJLIC and SLTT are assumed to be financed with US\$100 million of new borrowing at after-tax 6% per annum and US\$140 million of Alignvest capital.
- Policy lapses, maturities and renewals, and claims histories are assumed to be consistent with the year 2017.

Alignvest and Sagicor have also assumed that business and economic conditions affecting the businesses will continue substantially in the ordinary course, including, without limitation, with respect to general industry conditions, foreign exchange rates, interest rates, competition, regulations, reserve requirements, taxes, that there will be no catastrophic events or pandemics that are not adequately covered by reinsurance, and that there will be no material changes in customer or employee relations.

“Organic revenue growth” refers to growth which comes from the base business rather than by acquisition. Management’s projected 6% and 5% revenue growth targets assume revenue growth slightly below the revenue CAGR from 2015 – year-to-date 2018 of 9.7%, and well below revenue growth in 2017 and year-to-date 2018 of 7.6% and 16.7%, respectively. Those figures are shown below.

Historical Revenue Growth					
(US\$ mm)	2015	2016	2017	YTD 2018	'15 - YTD '18 CAGR
Net Premium Revenue	674	664	746	720	13.7%
<i>Annualized Growth</i>	7.7%	(1.5%)	12.3%	28.7%	
Other Revenue	430	470	475	349	2.9%
<i>Annualized Growth</i>	2.5%	9.3%	1.1%	(2.2%)	
<b>Total Revenue</b>	<b>\$1,104</b>	<b>\$1,134</b>	<b>\$1,221</b>	<b>\$1,069</b>	<b>9.7%</b>
<i>Annualized Growth</i>	5.7%	2.7%	7.6%	16.7%	

To arrive at the targets, Alignvest and Sagicor assumed consistent growth in the Life, Jamaica and Head Office & Other segments, and slower growth in the U.S. than historically seen, as shown below.

Historical Segment Revenue Growth <sup>(1)</sup>					
(US\$ mm)	2015	2016	2017	YTD 2018	'15 - YTD '18 CAGR
Sagicor Life	379	399	408	307	2.9%
Sagicor Jamaica	511	524	592	438	4.9%
Sagicor Life USA	161	149	159	278	35.4%
Head Office & Other	53	62	62	46	5.4%
<b>Total</b>	<b>\$1,104</b>	<b>\$1,134</b>	<b>\$1,221</b>	<b>\$1,069</b>	<b>9.7%</b>

(1) Figures exclude inter-segment revenues.

With regard to SJLIC and SLTT, it is assumed that revenue generated through sales of the products that those businesses are currently selling will remain flat (i.e., that growth will be 0%), and that Sagicor will be able to leverage its complete product suite to sell one additional life policy for every forty banking customers in SJLIC and SLTT.

Assuming that benefits and expenses remain relatively consistent in 2019 and 2020 as a percentage of revenues with historical figures, as shown in the table below, the revenue targets translate into US\$77 million of net income (excluding one-time Transaction Costs) in 2019 and US\$85 million in 2020.

Historical Benefits and Expenses <sup>(1)</sup>					
	2015	2016	2017	YTD 2018	'15 - YTD '18 CAGR
Sagicor Life	311	332	342	282	7.2%
Sagicor Jamaica	415	409	473	344	3.7%
Sagicor Life USA	150	136	163	263	36.3%
Head Office & Other	105	107	119	91	5.4%
<b>Total</b>	<b>\$981</b>	<b>\$985</b>	<b>\$1,097</b>	<b>\$980</b>	<b>11.0%</b>
% of Revenue	88.8%	86.8%	89.9%	91.7%	

(1) Figures exclude inter-segment revenues.

Deal pricing was based primarily on 2019 targets, and, accordingly, these targets have been presented to provide investors with the information that was used by Alignvest and Sagicor in negotiating the purchase prices of the various businesses.

These targets, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. Alignvest and Sagicor approved these targets on November 26, 2018 and, while they believe that there is a reasonable basis for these targets, such targets may not be met.

These targets represent forward-looking information. Actual results may vary and differ materially from the targets. Furthermore, there can be no assurance that foreign currency exchange rates, taxation rates, level of indebtedness, or interest expense will be consistent with Alignvest's and Sagicor's assumptions, as actual rates and levels may vary in the future, or that New Sagicor will be able to successfully complete or integrate acquisitions.

The foregoing description of New Sagicor's potential growth opportunities is based on Alignvest's and Sagicor's current strategies, assumptions and expectations concerning New Sagicor's growth opportunities, and Alignvest's and Sagicor's assessment of the opportunities for the business and the industry as a whole, and has been calculated using accounting policies that are generally consistent with Alignvest's and Sagicor's current accounting policies.

The purpose of disclosing the financial outlook is to provide investors with more information concerning the financial impact that Alignvest and Sagicor currently believe is achievable based on Sagicor's growth strategies

described above and elsewhere in this prospectus. The foregoing description of New Sagicor’s potential growth opportunities is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described above. See “*Caution Regarding Forward-Looking Statements*” and “*Risk Factors*” elsewhere in this prospectus for a description of the assumptions underlying the forward-looking information and of the risks and uncertainties that impact New Sagicor’s business and that could cause actual results to vary.

Alignvest and Sagicor approved this outlook on November 26, 2018.

## Accounting and Control Measures

### *Critical Accounting Estimates and Judgments*

#### *Impairment of financial assets*

In determining ECL, management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in the earlier sections “Measurement” and “Forward-looking information”.

#### (a) Establishing staging for debt securities and deposits

The Group’s internal credit rating model is a 10-point scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies. The scale is set out in the following table:

Category		Sagicor Risk Rating	Classification	S&P	Moody’s	Fitch	AM Best
Non-default	Investment grade	1	Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa
		2	Low risk	A	A	A	a
		3	Moderate risk	BBB	Baa	BBB	bbb
	Non-investment grade	4	Acceptable risk	BB	Ba	BB	bb
		5	Average risk	B	B	B	b
	Watch	6	Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc
		7	Special mention	C	C	C	c
Default		8	Substandard	D	C	DDD	d
		9	Doubtful			DD	
		10	Loss			D	

The Group uses its internal credit rating model to determine which of the three stages an asset is to be categorized for the purposes of ECL.

Once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instruments has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or Sagicor risk rating of 1-3 is considered low credit risk.

Stage 1 investments are rated (i) investment grade, or (ii) below investment grade and have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded from investment grade to below investment grade, or (ii) are rated below investment grade and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

(b) Establishing staging for other assets measured at amortised cost, lease receivables, loan commitments and financial guarantee contracts

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

**Qualitative test**

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

**Backstop Criteria**

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

(c) Forward looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Barbados, Eastern Caribbean, Trinidad and Jamaica. Management assesses data sources from local government, International Monetary Fund and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the expected performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

*Recognition and measurement of intangible assets*

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be, among other things, marketing related, customer related, contract based or technology based. For significant amounts of intangibles arising from a business combination, Sagicor uses independent professional advisors to assist management in determining the recognition and measurement of these assets.

*Impairment of intangible assets*

Goodwill

Goodwill arises from past acquisitions and is allocated to cash generating units ("CGUs"). Goodwill is tested annually for impairment. The recoverable amount of a CGU is determined as the higher of its value in use or its fair value less costs to sell. For those CGUs for which the fair value less costs to sell methodology is used, the financial projections are used as inputs to determine maintainable earnings over time to which an appropriate earnings

multiple is applied. For those CGUs for which the value in use methodology is used, cash flows are estimated to which are applied appropriate discount factors and residual growth rates, or alternatively, the cash flows are estimated for 50 years using an actuarial appraisal value technique which incorporates appropriate discount rates and solvency capital requirements. Sagicor obtains independent professional advice in order to select the relevant discount factors, residual growth rates and earnings multiples.

Goodwill impairment is calculated on a yearly basis. No impairment charges were recognized for the year ended December 31, 2017. Sagicor had a carrying value of US\$44.2 million in goodwill for the year ended December 31, 2017. Additional information on goodwill can be found in note 8 of the 2017 Sagicor Audited Annual Financial Statements.

#### Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible's value in use, estimates are required of future cash flows generated as a result of holding the asset.

#### *Actuarial liabilities*

##### Canadian asset liability method

The objective of the valuation of policy liabilities is to determine the amount of the insurer's assets that, in the opinion of the AA of the insurer and taking into account the other pertinent items in the financial statements, will be sufficient without being excessive to provide for the policy liabilities over their respective terms. The amounts set aside for future benefits are dependent on the timing of future asset and liability cash flows.

The actuarial liabilities are determined as the present value of liability cash flows discounted at effective interest rates resulting in a value equivalent to the market value of assets supporting these policy liabilities under an adverse economic scenario.

The AA identifies a conservative economic scenario forecast, and together with the existing investment portfolio as of the date of the actuarial valuation and assumed reinvestment of net asset and policy liability cash flows, calculates the actuarial liabilities required at the date of valuation to seek to ensure that sufficient monies are available to meet the liabilities as they become due in future years.

The methodology produces the total reserve requirement for each policy group fund. In general, the methodology is used to determine the net overall actuarial liabilities required by the insurer. Actuarial liabilities are computed by major group of policies and are used to determine the amount of reinsurance balances in the reserve, the distribution of the total reserve by country (for statutory reporting), and the distribution of the reserve by policy, and other individual components in the actuarial liabilities.

##### Best estimate reserve assumptions and provisions for adverse deviations

Actuarial liabilities include two major components: a best estimate reserve and a provision for adverse deviations. The latter provision is established in recognition of the uncertainty in computing best estimate reserves, to allow for possible deterioration in experience and to provide greater comfort that reserves are adequate to pay future benefits.

For the respective reserve assumptions for mortality and morbidity, lapse, future investment yields, operating expenses and taxes, best estimate reserve assumptions are determined where appropriate. The assumption for operating expenses and taxes is in some instances split by participating, non-participating and universal life/unit linked business.

Provisions for adverse deviations are established in accordance with the risk profiles of the business, and are, as far as is practicable, standardised across geographical areas. Provisions are determined within a specific range established by the Canadian Standards of Practice.

The following is a discussion of the assumptions used in calculating the reserves:

#### Process used to set actuarial assumptions and margins for adverse deviations

At each date for valuation of actuarial liabilities, the AA of each insurer reviews the assumptions made at the last valuation date. The AA reviews the validity of each assumption by referencing current data, and where appropriate, changes the assumptions for the current valuation. A similar process of review and assessment is conducted in the determination of margins for adverse deviations. Any changes in actuarial standards and practice are also incorporated in the current valuation.

#### Assumptions for mortality and morbidity

Mortality rates are related to the incidence of death in the insured population. Morbidity rates are related to the incidence of sickness and disability in the insured population. Annually, insurers update studies of recent mortality experience. The resulting experience is compared to external mortality studies including tables from the CIA. Appropriate modification factors are selected and applied to underwritten and non-underwritten business respectively. Annuitant mortality is determined by reference to CIA tables or to other established scales. Assumptions for morbidity are determined after taking into account insurer and industry experience.

#### Assumptions for lapse

Policyholders may allow their policies to lapse prior to the maturity date either by choosing not to pay premiums or by surrendering their policy for its cash value. Lapse studies are updated annually by insurers to determine the persistency of the most recent period. Assumptions for lapse experience are generally based on moving averages.

#### Assumptions for investment yields

Returns on existing variable rate securities, shares, investment property and policy loans are linked to the current economic scenario. Yields on reinvested assets are also tied to the current economic scenario. Returns are, however, assumed to decrease and it is assumed that at the end of twenty years from the valuation date, all investments, except policy loans, are reinvested in long-term, default free government bonds.

#### Assumptions for operating expenses and taxes

Policy acquisition and policy maintenance expense costs for the long-term business of each insurer are measured and monitored using internal expense studies. Policy maintenance expense costs are reflected in the actuarial valuation after adjusting for expected inflation. Costs are updated annually and are applied on a per policy basis. Taxes reflect assumptions for future premium taxes and income taxes levied directly on investment income. For income taxes levied on net income, actuarial liabilities are adjusted for policy related recognised deferred tax assets and liabilities.

#### Asset default

The AA of each insurer includes a provision for asset default in the modelling of the cash flows. The provision is based on industry and Sagacor's experience and includes specific margins, where appropriate, for assets backing the actuarial liabilities, e.g. for investment property, equity securities, debt securities, mortgage loans and deposits.



### Margins for adverse deviations

Margins for adverse deviations are determined for the assumptions in the actuarial valuations. The application of these margins resulted in provisions for adverse deviations being included in the actuarial liabilities as set out in the following table:

	<b>As of December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>(in millions of US\$)</b>		
Mortality and morbidity .....	96.1	90.0	82.4
Lapse .....	69.4	63.9	59.6
Investment yields and asset default .....	68.9	69.1	68.8
Operating expenses and taxes .....	10.8	11.1	11.1
Other .....	10.8	10.5	10.0
Total .....	<u>256.0</u>	<u>244.6</u>	<u>231.9</u>

(1) Unaudited.

### Property and casualty insurance contracts

Reserves for claims and loss adjustment expenses fall into two categories: case reserves for reported claims and reserves for unreported claims.

Case reserves for reported claims are based on estimates of future payments that will be made in respect of claims, including loss adjustment expenses related to such claims. Such estimates are made based on the facts and circumstances available at the time the reserves are established. The estimates reflect the judgment of knowledgeable claims personnel and analysis of the nature and maximum value of the claim. These case reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available.

Reserves for unreported claims are established to recognise losses that have occurred but where Sagicor has not yet been notified. These reserves are established to recognise the estimated costs, including expenses, necessary to bring claims to final settlement. Sagicor relies on past experience, adjusted for current trends and statistical projections.

### ***Qualitative and Quantitative Disclosure About Market Risk***

Sagicor is in the business of taking risks and must manage those risks effectively to generate profitable growth, safeguard Sagicor's reputation and protect Sagicor's solvency. Sagicor's activities are related principally to the use of financial instruments and insurance contracts. Therefore, in Sagicor's daily activities it is exposed to a number of risks, the most significant of which include product risk, credit risk, foreign exchange risk, interest rate risk, liquidity risk, insurance risk, reinsurance risk and fiduciary risk. These risks can result in direct financial loss, damage to reputation, inability to conduct business or service customers, each of which can impact shareholder value. The effective identification and management of these risks is critical to Sagicor's profitability. In Sagicor's risk management, the Company seeks to optimize the relationship between risk and reward and to limit possible losses resulting from Sagicor's risk exposure. A discussion of the risks associated with these risk management techniques is included in note 41 to the 2017 Sagicor Audited Annual Financial Statements included elsewhere in this prospectus.

#### *Product risk*

Product risk is the risk of loss due to actual experience emerging differently than assumed when the product was designed and priced. Sagicor manages product risk by regularly reviewing emerging experience against predicted

losses and then re-pricing and redesigning products when necessary. In addition, Sagicor shares product risk on large exposures through reinsurance.

#### *Credit risk*

Sagicor takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risks are primarily associated with financial investments and reinsurance contracts held. Credit risk is the possibility that counterparties may not be able to meet payment obligations when they become due. As premiums, deposits and other receivables are received; these funds are invested to pay for future policyholder and other obligations. Sagicor typically bears the risk for investment performance—return of principal and interest. Although Sagicor has not experienced any significant credit defaults with respect to any of Sagicor’s counterparties in recent years, any such defaults or other reductions in the value of their securities or loans could have a material adverse effect on Sagicor’s business, results of operations and financial condition.

The investment committees of Sagicor’s operating companies set policies to manage credit risk. Specific limits are set for concentration by asset class and issuer, in addition to minimum standards for asset quality. Further, Sagicor deals only with highly rated reinsurers in an effort to manage counterparty risk. The Company minimizes credit risk from financial investments through holding a diversified portfolio of investments, purchasing securities and advancing loans only after careful assessment of borrowers, and placing deposits with financial institutions that have a strong capital base. Sagicor’s policy is to not invest more than 10% of funds in the debt of a single borrower. However, many jurisdictions mandate that the operating companies invest a portion of the assets supporting the policy liabilities in government instruments such as treasury bills and bonds.

Sagicor has significant concentrations of credit risk with respect to Sagicor’s holding of bonds and treasury bills issued by the governments of Jamaica, Barbados and Trinidad and Tobago, reinsurance treaties entered into with Swiss Re and Munich Re and cash resources held by FirstCaribbean International Bank. In the United States, Sagicor has significant exposure to United States Government issued and/or government-backed investments (including state and local governments). Sagicor’s current panel of reinsurers includes Guggenheim Partners, Heritage Life Insurance Company, Washington National, SCOR Global Life USA Reinsurance Co, Hanover Life Reinsurance Co of America, and Swiss Re Life and Health America.

In Sagicor Jamaica’s banking business, Sagicor is exposed to credit risk in both Sagicor’s securities and lending activities. In connection with securities activities, Sagicor Investments trades on a “delivery versus payment” policy where Government of Jamaica securities are accepted on a mark-to-market basis with its counterparties. Exposure limits are also established and monitored. In its lending activities, Sagicor Jamaica seeks to adequately collateralise its loans, particularly where they exceed certain thresholds. Loan applicants undergo a thorough screening and credit analysis process.

#### *Foreign exchange risk*

Sagicor is exposed to foreign exchange risk as a result of fluctuations in exchange rates since Sagicor’s financial assets and liabilities are denominated in a number of different currencies. In order to manage the risk associated with movements in currency exchange rates, Sagicor seeks to maintain investments and cash in each operating currency sufficient to match liabilities denominated in the same currency. Sagicor also invests limited amounts in United States dollar assets, which are held to pay liabilities in operating currencies. Management believes that this strategy adequately meets Sagicor’s asset and liability management goals with respect to currencies and in the long-term is likely to either maintain capital value or provide satisfactory returns.

Sagicor Jamaica seeks to manage its exposure to currency risks (primarily U.S. and Caribbean currencies) through assessing the trade-off between interest rate spreads and currency movements, adherence to stop-loss limits and frequent monitoring of positions. Sagicor Jamaica measures, monitors and attempts to manage liquidity and price risks in these major currencies in determining currency strategy.

The following table shows currency conversion rates to US\$ for currencies to which Sagicor has foreign exchange risk for the periods indicated:

	<b>Nine months ended</b>		<b>Year ended</b>	
	<b>September 2018</b>		<b>December 2017</b>	
	<b>Closing Rate</b>	<b>Average Rate</b>	<b>Closing Rate</b>	<b>Average Rate</b>
Bahamas dollar .....	1.0000	1.0000	1.0000	1.0000
Barbadian dollar .....	2.0000	2.0000	2.0000	2.0000
Belize dollar .....	2.0000	2.0000	2.0000	2.0000
Canadian dollar.....	1.29680	1.27820	1.25280	1.29640
Cayman Islands dollar....	0.8350	0.8350	0.8350	0.8350
Eastern Caribbean dollar .....	2.7000	2.7000	2.7000	2.7000
Jamaica dollar.....	134.5434	128.1390	124.5754	128.0938
Netherlands Antillean guilder .....	1.8000	1.8000	1.8000	1.8000
Trinidad and Tobago dollar .....	6.7522	6.7442	6.7628	6.7428
United States dollar.....	1.0000	1.0000	1.0000	1.0000

	<b>Year ended</b>		<b>Year ended</b>		<b>Year ended</b>	
	<b>December 2017</b>		<b>December 2016</b>		<b>December 2015</b>	
	<b>Closing Rate</b>	<b>Average Rate</b>	<b>Closing Rate</b>	<b>Average Rate</b>	<b>Closing Rate</b>	<b>Average Rate</b>
Bahamas dollar .....	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Barbadian dollar.....	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Belize dollar.....	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Cayman Islands dollar.....	0.8350	0.8350	0.8350	0.8350	0.8350	0.8350
Eastern Caribbean dollar .....	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Jamaica dollar .....	124.5754	128.0938	127.9824	124.7554	119.9758	116.7122
Netherlands Antillean guilder .	1.8000	1.8000	1.8000	1.8000	1.8000	1.8000
Trinidad and Tobago dollar ....	6.7628	6.7428	6.7458	6.6190	6.4196	6.3412
United States dollar.....	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Source: Central banks of the relevant countries.

The exchange rates above are provided solely for information and convenience. No representation is made that the US dollar could have been, or could be, converted into Canadian dollars, or any other represented currency, at all or at the exchange rates stated. The exchange rates set forth above demonstrate trends in exchange rates, but the actual exchange rates used throughout this prospectus may vary.

The following table shows Sagicor's significant foreign exchange exposure by presenting Sagicor's assets and liabilities by the currency in which they are denominated for Sagicor's continuing operations:

**2017 equivalents of balances denominated in**

	<b>Barbados</b>	<b>Jamaica</b>	<b>Trinidad</b>	<b>Eastern Caribbean</b>	<b>U.S.</b>	<b>Other currencies</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		
	<b>(in millions of US\$)</b>						
<b>Assets</b>							
Financial investments <sup>(1)</sup> .....	444.5	942.7	430.7	140.7	2,598.4	150.8	4,707.8
Reinsurance assets .....	5.0	0.3	7.6	8.5	762.7	1.7	785.8
Receivables <sup>(1)</sup> .....	16.3	124.2	7.9	16.9	15.3	6.0	186.6
Cash resources.....	30.5	103.3	28.5	16.0	122.9	58.9	360.1
Total monetary assets.....	496.3	1,170.5	474.7	182.1	3,499.3	217.4	6,040.3
Other assets <sup>(2)</sup> .....	203.7	360.6	72.8	20.2	109.0	(2.0)	764.3
Total assets of continuing operations.....	700.0	1,531.1	547.5	202.3	3,608.3	215.4	6,804.6
<b>Liabilities</b>							
Actuarial liabilities.....	401.4	351.9	337.7	54.4	1,710.2	95.2	2,950.8
Other insurance liabilities <sup>(1)</sup> .....	69.2	23.1	30.4	19.8	38.6	10.5	191.6
Investments contract .....	34.3	71.6	149.4	44.7	70.1	8.9	379.0
Notes and loans payable.....	-	16.5	-	-	397.3	-	413.8
Deposit and security liabilities....	82.3	547.8	1.3	15.7	895.4	16.8	1,559.3
Provisions.....	29.4	28.4	12.9	0.7	1.8	6.8	80.0
Accounts payable and accruals...	43.0	133.3	16.9	4.6	42.9	6.4	247.1
Total monetary liabilities.....	659.6	1,172.6	548.6	139.9	3,156.3	144.6	5,821.6
Other liabilities <sup>(2)</sup> .....	14.8	1.2	15.7	4.1	22.8	2.2	60.8
Total liabilities of continuing operations.....	674.4	1,173.8	564.3	144.0	3,179.1	146.8	5,882.4
Net position.....	25.6	357.3	(16.8)	58.3	429.2	68.6	922.2

(1) Monetary balance only.

(2) Non-monetary balances, income tax balances and retirement plan assets.

*Interest rate risk*

Sagicor is exposed to interest rate risk, which arises when the returns earned from invested assets decrease.

The return on investments may be variable, fixed for a term or fixed to maturity. Upon reinvestment of a matured investment, the returns available on new investments may be significantly different from the returns formerly achieved. Sagicor guarantees minimum returns on the cash values of certain types of policies, for example universal life and annuity contracts, and decreased investment returns may be insufficient to pay these guaranteed returns.

Sagicor is thereby exposed to the effects of fluctuations in the prevailing levels of market interest rates on Sagicor's financial position and cash flows. Interest margins may increase or decrease as a result of such changes. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount.

Movements in short-term and long-term interest rates affect the level and timing of recognition of gains and losses on securities Sagicor holds, and cause changes in realised and unrealised gains and losses. Generally, Sagicor's investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds reinvested at lower rates. During periods of rising interest rates, the market value of Sagicor's existing fixed income securities will generally decrease and Sagicor's realised

gains on fixed income securities will likely be reduced. Realised losses will be incurred following significant increases in interest rates only if the securities are sold; otherwise the losses will be unrealised as assets are fairly matched to similar duration liabilities so may be held to maturity. Conversely, declining interest rates result in unrealised gains in the value of fixed income securities Sagicor continues to hold, as well as realised gains to the extent the relevant securities are sold.

Sagicor's primary interest rate exposures relate to Sagicor's long term insurance and annuities liabilities as well as funds on deposit. Sagicor may incur a loss on certain contracts where the investment return does not exceed the interest credited to the policyholder.

The effective interest rates for Sagicor's financial assets and liabilities as of December 31, 2017 and 2016 are set out below:

	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Debt securities .....	6.1%	6.2%
Mortgage loans .....	5.7%	6.1%
Policy loan.....	7.2%	6.9%
Finance loans and finance leases .....	11.6%	12.6%
Securities purchased under agreements to resell.....	5.1%	9.2%
Deposits.....	2.3%	1.0%
<b>Liabilities</b>		
Other funding instrument .....	2.1%	1.9%
Deposits.....	2.0%	2.1%
Securities.....	3.6%	4.5%

(1) Unaudited.

Given Sagicor's exposure to fixed income securities at December 2017 of US\$4,533.2 million, if interest rates were to rise by ten basis points the fair value of the fixed income portfolio would fall by approximately US\$23.0 million.

#### *Liquidity risk*

Liquidity risk is inherent in much of Sagicor's business. Liquidity risk is risk stemming from a lack of marketability in Sagicor's assets. Some liabilities are surrenderable while some assets have low liquidity such as mortgage loans and real estate. In order to manage liquidity risks, Sagicor seeks to maintain levels of cash and short-term deposits in each of Sagicor's operating currencies that are sufficient to meet Sagicor's expected short-term obligations.

Sagicor is exposed to daily demands on Sagicor's available cash resources for payment of policy benefits and withdrawals, operating expenses and taxes, loan draw-downs, repayment of borrowings, maturing deposit liabilities and other security obligations. Sagicor maintains cash resources to meet what Sagicor predicts it will have to pay as policy benefits. Demands on Sagicor's cash resources may exceed Sagicor's projections.

Sagicor seeks to diversify Sagicor's liability portfolio by limiting concentrations of liabilities in each market segment. Where practical, given Sagicor's operating environment, Sagicor seeks to match maturities of assets and liabilities while maintaining a portfolio of short-term, highly liquid securities to meet funding gaps. Sagicor monitors its daily, weekly and monthly liquidity risk and manages Sagicor's maturing asset and liability portfolios.

The Company purchases custom options (hedges) that are selected to materially replicate the policy benefits that are associated with the equity indexed components of certain of the Company's products. These options are appropriate to reduce or minimize the risk of movements in the equity market (market risk). The hedging transactions are

accounted for as call options and are originally valued at the premium paid, with the statement carrying value being adjusted to fair value. To minimize potential counterparty risk from the purchase of these customized contracts from broker dealers, the Company limits its transactions to only banks and brokers carrying an unsecured debt rating of at least A or P-1 by either Standard and Poor's or Moody's. See note 41.6 of the 2017 Sagicor Audited Annual Financial Statements.

#### *Underwriting risk*

Sagicor is exposed to underwriting risk on Sagicor's insurance contracts, which is the risk that Sagicor may underestimate the magnitude or probability of the risks Sagicor assumes when issuing Sagicor's policies. In establishing the amount of premium, Sagicor assesses the benefits that may be payable under the contract considering the nature and amount of the risk assumed and recent experience and industry statistics of the benefits payable. Sagicor also establishes deductibles to limit potential losses. For long-term insurance contracts, Sagicor assesses the cash flows attributable to the contract. Sagicor also may include specific medical tests and other inquiries that affect Sagicor's assessment of the risk. Sagicor then assesses the likely benefits and cash flows, determines the premium payable under the contract and estimates the balance sheet liability arising from the contract.

For long-term contracts in force, Sagicor invests in assets with cash flow characteristics that closely match the cash flow characteristics of the related policy liabilities. The primary purpose of this matching is to seek to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e., a property or casualty claim, a medical expense or a death claim. Settlement of these benefits is expected generally within one month. However, some benefits are settled over a longer duration.

Policy benefits payable under long-term contracts may be triggered by an insurable event (such as a death, disability or critical illness claim) a specified time (such as for an annuity settlement or a policy maturity) or on the exercise of a surrender or withdrawal request by the policyholder. While settlement of these benefits is therefore expected over the remaining lives of the insureds and annuitants, Sagicor remains subject to uncertainty related to the timing of future benefit cash outflows.

For Sagicor's property and casualty insurance business, significant risk exposures arise from low-frequency, high-severity events such as hurricanes. Single events, such as major fires and accidents may also generate significant claims.

For Sagicor's health insurance contracts, significant risk exposures arise from mortality and morbidity experience.

For Sagicor's long-term life insurance contracts, significant risks arise from mortality and morbidity experience. Worsening mortality and morbidity will increase the incidence of death and disability claims. Improving mortality will lengthen the payout period of annuities.

Sagicor carries significant underwriting risks concentrated in certain countries within the Caribbean, namely Antigua, Barbados, Cayman Islands, Jamaica, Netherlands Antilles, St. Lucia and Trinidad and Tobago. In these countries, Sagicor insures a substantial proportion of the insured population (life, annuity, health). See note 42 of the 2017 Sagicor Audited Annual Financial Statements included elsewhere in this prospectus.

#### *Reinsurance risk*

To limit Sagicor's loss exposure on insurance policies, Sagicor may cede some risk to reinsurers that have well-established capability to meet their contractual obligations and that generally have high credit ratings, which ratings Sagicor monitors, or Sagicor requires that a trust account be maintained as collateral for the obligations.



Under reinsurance contracts, Sagicor retains some part of the risk (amounts below the “retention limit”) and coverage in excess of these limits is ceded to reinsurers. The retention programs used by Sagicor may be found in notes 42.3 and 43.3 to the 2017 Sagicor Audited Annual Financial Statements included elsewhere in this prospectus. Sagicor also maintains catastrophic reinsurance coverage whereby reinsurance coverage is obtained for multiple claims arising from one event or occurring within a specified time period.

#### *Fiduciary risk*

Sagicor provides investment management, administration and corporate trust services as a fiduciary for pension and mutual funds and other corporate entities. This requires Sagicor to make allocation, purchase and sale decisions in relation to a wide range of investments on behalf of those funds. These services may expose Sagicor to claims for maladministration or underperformance of these investments. As of September 30, 2018, Sagicor administered US\$3,173.6 million in assets on behalf of these funds, a decrease from US\$3,205.2 million at December 31, 2017.

#### ***Cautionary Statement Regarding Forward-Looking Information***

This MD&A includes “forward-looking information” and “forward looking statements” within the meaning of applicable securities laws (collectively “**forward-looking information**”) and assumptions about, among other things, Sagicor’s business, operations, and financial performance and condition approved by the board of directors of Sagicor on the date of this MD&A.

This forward-looking information and these assumptions include, but are not limited to, statements about Sagicor’s objectives and strategies to achieve those objectives, and about its beliefs, plans, expectations, anticipations, estimates, or intentions. Information included in this MD&A that is not a statement of historical fact is forward-looking information. When used in this MD&A, words such as “believes,” “may,” “will,” “estimate,” “should,” “shall,” “plans,” “assumes,” “continue,” “outlook,” “could,” “anticipates,” “intends,” “expects,” and words of similar import, are intended to identify statements containing forward-looking statements. These statements appear in a number of places throughout the document. Such forward-looking statements are based on Sagicor’s estimates, assumptions, strategies and projections and subject to known and unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond its control and which may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements.

These factors include, but are not limited to, the following: fluctuations in the fixed income markets may adversely affect New Sagicor’s profitability and financial condition; the success of New Sagicor’s operations in the United States depends on New Sagicor’s ability to grow its business; New Sagicor’s financial targets may prove materially inaccurate or incorrect; New Sagicor’s exposure to the credit risk of its counterparties could adversely affect its profitability; differences between actual claims experience and estimated claims at the time the product was priced may result in increased losses, and so New Sagicor’s reserves may be insufficient to cover actual policy benefits; New Sagicor could be forced to sell investments at a loss to cover policyholder withdrawals; New Sagicor’s risk management policies and procedures could leave New Sagicor exposed to unidentified or unanticipated risk, which could negatively affect New Sagicor’s business or result in losses; illiquidity of certain investment assets may prevent New Sagicor from selling investments at fair prices in a timely manner; New Sagicor’s fiduciary relationship with certain counterparties could adversely affect its profitability; a prolonged labour dispute could hurt New Sagicor’s business; a failure to successfully integrate New Sagicor’s acquisitions could adversely affect New Sagicor’s operations and profitability; a high level of redemptions of Alignvest Class A Restricted Voting Shares may necessitate sourcing of additional debt or equity to fund the proposed SJLIC and SLTT acquisitions; a failure to successfully execute current and future strategic acquisitions could adversely affect New Sagicor’s profitability; if the conditions to the Transaction are not met, the Transaction may not occur; New Sagicor may be required to make an offer to purchase all of the 2022 Notes and Short Term Notes, but may not be financially able to repurchase the notes upon a change of control; New Sagicor’s business is highly regulated and subject to numerous laws and regulations; litigation and regulatory proceedings outcomes could adversely affect New Sagicor’s business; companies in the financial services industry are sometimes the target of law enforcement investigations and the focus of increased regulatory scrutiny; there may be adverse consequences if the status of New Sagicor’s independent contractors is successfully challenged; failures to implement or comply with legally required anti-money laundering practices could subject New Sagicor to sanctions and/or criminal and civil penalties; the amount



of statutory capital that New Sagicor's insurance subsidiaries have and the amount of statutory capital that they must hold to maintain their financial strength and credit ratings and meet other requirements can vary significantly from time to time and are sensitive to a number of factors outside of New Sagicor's control; a failure to maintain adequate levels of surplus capital may result in increased regulatory scrutiny or a downgrade by the private rating agencies; New Sagicor's financial condition may be adversely affected by geopolitical events; a change of control of New Sagicor may be difficult to effect under applicable laws; New Sagicor operates in a highly competitive industry; New Sagicor faces significant competition mainly from national and regional insurance companies and from self-insurance, and New Sagicor also faces competition from global companies – this competition could limit New Sagicor's ability to gain or maintain its position in the industry and could materially adversely affect its business, financial condition and results of operations; brokers that sell New Sagicor's products may sell insurance products of New Sagicor's competitors and such brokers may choose not to sell New Sagicor's products; computer viruses, network security breaches, disasters or other unanticipated events could affect New Sagicor's data processing systems or those of its business partners and could damage New Sagicor's business and adversely affect its financial condition and results of operations; a financial strength downgrade in New Sagicor's A.M. Best ratings or any other negative action by a rating agency may increase policy surrenders and withdrawals, adversely affect relationships with advisors and negatively affect New Sagicor's financial condition and results of operations; the unpredictable nature of the property and casualty insurance industry, or the impact of IFRS on the cashless exercise feature of Alignvest Warrants (unless removed), may cause fluctuations in New Sagicor's results; New Sagicor may be unable to reinsure risks on terms that are commercially reasonable or satisfactory to New Sagicor, or New Sagicor's reinsurers may fail to meet assumed obligations, increase rates, or be subject to adverse developments, negatively affecting New Sagicor's business, financial condition and result of operations; New Sagicor's business model depends on the performance of various third parties including actuarial consultants and other service providers; negative publicity in the insurance industry could adversely affect New Sagicor; New Sagicor depends on key personnel, and if they were to leave New Sagicor, New Sagicor might have an insufficient number of qualified employees; New Sagicor is highly dependent upon economic, political and other conditions and developments in Barbados, Jamaica, Trinidad and Tobago, the United States and the other jurisdictions in which it operates; New Sagicor's financial condition and operating results may be adversely affected by foreign exchange fluctuations; foreign exchange controls may restrict New Sagicor's ability to receive distributions from its subsidiaries and any such distributions may be subject to foreign withholding taxes; catastrophes and weather-related events, such as hurricanes, may adversely affect New Sagicor; the performance of New Sagicor's group life insurance may be adversely affected by the characteristics of the employees insured or through unexpected catastrophic events such as natural disasters; New Sagicor's credit ratings may be reduced, which may adversely affect New Sagicor; New Sagicor may be subject to Bermuda tax; Bermuda's compliance with the Organization for Economic Cooperation and Development international tax standards could subject New Sagicor to additional taxes; legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect New Sagicor's operations and financial condition; tax on corporate emigration under the Income Tax Act (Canada) could adversely affect New Sagicor; if New Sagicor were subject to Canadian federal income taxation, New Sagicor's after-tax returns and the value of New Sagicor Common Shares could be materially reduced; any additional taxes resulting from changes to tax regulations or the interpretation thereof in countries in which it does business could negatively impact New Sagicor's financial condition; New Sagicor is a Bermuda company and it may be difficult to enforce judgments against New Sagicor or its directors and officers; certain of New Sagicor's operating subsidiaries are incorporated outside of Canada and it may be difficult to enforce judgments against them or their directors and officers; Bermuda law differs from the laws in effect in Canada and may afford less protection to shareholders; New Sagicor may not pay dividends; potentially adverse tax consequences may result from the receipt of dividends on New Sagicor Common Shares; New Sagicor is a holding company that has no material assets other than its interest in Sagicor and, accordingly, it is dependent upon distributions from Sagicor to pay taxes and other expenses; although New Sagicor exercises management control over its material subsidiaries, New Sagicor will be required to consider the interests of minority shareholders in Sagicor Jamaica; the market price of the New Sagicor Common Shares may be highly volatile; redemptions of a significant number of Alignvest Class A Restricted Voting Shares could adversely affect New Sagicor; sales of a substantial number of New Sagicor Common Shares may cause the price of New Sagicor Common Shares to decline; further equity financing may dilute the interests of shareholders of New Sagicor and depress the price of New Sagicor Common Shares; the trading market for New Sagicor Common Shares is influenced by securities industry analyst research reports; if New Sagicor is unable to implement and maintain effective internal control over financial reporting, New Sagicor might not be able to report financial results accurately and on a timely basis or prevent fraud, and/or investors may lose confidence in the accuracy and

completeness of New Sagicor's financial reports and the market price of New Sagicor Common Shares may be negatively affected.

In light of these risks, uncertainties and assumptions, readers should not place undue reliance on any forward-looking statements, which speak only as of the date hereof, as actual results could differ materially. Please note that a cautionary discussion of risks and uncertainties is provided under the heading "*Risk Factors*", as well as the heading "*Caution Regarding Forward-Looking Statements*". These risk factors, as they relate to Sagicor, could cause Sagicor's actual results to differ materially from expected results. Readers are cautioned that other factors discussed in this MD&A, although not enumerated here, also could materially affect Sagicor's future results. Sagicor disclaims any obligation to update any such factors or publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as expressly required by law.

## DESCRIPTION OF SECURITIES

The following is a summary of the expected rights, privileges, restrictions and conditions attaching to the shares in the capital of New Sagicor after giving effect to the Transaction, which are subject to change. Following completion of the Transaction, it is expected that New Sagicor will have an authorized share capital partly consisting of 10,000,000,000 New Sagicor Common Shares of par value US\$0.01 each. In addition, consistent with common Canadian practice, New Sagicor will have as part of its authorized share capital a class of 10,000,000,000 preference shares of par value US\$0.01 each issuable in series with such terms as are determined by the New Sagicor Board from time to time. New Sagicor does not intend to use the preference shares for anti-take-over bid purposes.

The summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of New Sagicor's memorandum of continuance and bye-laws. New Sagicor's memorandum of continuance and bye-laws will be made available on New Sagicor's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The number of New Sagicor Common Shares expected to be issued and outstanding upon completion of the Transaction will be approximately 115 million (assuming (i) an exchange rate of US\$1.00 to C\$1.33 and (ii) no Alignvest Shareholders elect to redeem any of their Alignvest Class A Restricted Voting Shares). No preference shares are expected to be issued and outstanding upon completion of the Transaction. Assuming redemption levels of Alignvest Class A Restricted Voting Shares of 25% and the "minimum cash" threshold, it is expected that there will be approximately 105 million and 90.5 million New Sagicor Common Shares, respectively, outstanding upon completion of the Transaction.

Subject to the discussion on certain differences between the OBCA and the BCA contained in Appendix M, a shareholder under corporate law in Bermuda and our proposed bye-laws and memorandum of continuance is expected to have similar material substantive protections, rights and remedies as a shareholder would have under the OBCA. The substantive protections, rights and remedies available to a shareholder are contained in the BCA and New Sagicor's memorandum of continuance and bye-laws. Please see Appendix M. See also "*Risk Factors – Risks Related to New Sagicor's Capital Structure, Public Company and Tax Status and Capital Financing Policies – New Sagicor is a Bermuda company and it may be difficult to enforce judgments against New Sagicor or its directors and officers*" elsewhere in this prospectus.

### **Common Shares of New Sagicor**

The following rights, restrictions and conditions will attach to the New Sagicor Common Shares following New Sagicor's discontinuance from Ontario and continuance to Bermuda.

#### ***Notice of Meeting and Voting Rights***

The holders of New Sagicor Common Shares shall be entitled to receive notice of and to attend all general meetings of the New Sagicor Shareholders. The holders of New Sagicor Common Shares shall be entitled to one vote per New Sagicor Common Share on all matters submitted to a vote by New Sagicor Shareholders.

#### ***Dividend and Liquidation Entitlements***

The holders of New Sagicor Common Shares shall be entitled, as such, to receive dividends and New Sagicor shall pay dividends thereon, as and when declared by New Sagicor Board, in their absolute discretion, in such amount and in such form as the New Sagicor Board may from time to time determine, and all dividends which New Sagicor may declare on New Sagicor Common Shares shall be declared and paid in equal amounts per share on all New Sagicor Common Shares at the time issued and outstanding. Any payment of a dividend will at all times be subject to a solvency test such that New Sagicor must not declare or pay a dividend if there are reasonable grounds for believing that New Sagicor is, or would after the payment be, unable to pay its liabilities as they become due or that the realizable value of New Sagicor's assets would thereby be less than its liabilities.

In the event of New Sagicor's liquidation, dissolution or winding up, the New Sagicor Shareholders shall be entitled to share equally and ratably in New Sagicor's assets, if any, remaining after the payment of all of New Sagicor's

debts and liabilities, subject to any liquidation preference on any issued and outstanding preference shares at the time of such liquidation, dissolution or winding up. No preference shares are currently issued.

### **Advance Notice Requirements for Director Nominations**

It is anticipated that New Sagicor's bye-laws will contain an advance notice provision pertaining to New Sagicor Shareholders (who meet the necessary qualifications to be outlined in the bye-laws) seeking to nominate a candidate for election as a director at any annual meeting of New Sagicor Shareholders, or at any special meeting of New Sagicor Shareholders if one of the purposes for which the special meeting was called was the election of directors (the "**Advance Notice Provisions**"). The following description is a summary only and is qualified in its entirety by the full text of the applicable provisions of New Sagicor's bye-laws which will be made available on New Sagicor's SEDAR profile at [www.sedar.com](http://www.sedar.com).

In addition to any other applicable requirements, for a nomination of a director for election to be made, New Sagicor Shareholders will be required, *inter alia*, to give timely notice thereof to New Sagicor of the intention to propose a director and of the individual's willingness to serve as a director of New Sagicor. Where a director is to be elected at a general meeting, where notice of the general meeting is given fifty (50) days prior to the date of the general meeting, the notice must be given to the Company not later than thirty (30) days prior to the date of the general meeting. Where a director is to be elected at an annual general meeting, where notice of the annual general meeting is given less than fifty (50) days prior to the date of the annual general meeting, the notice must be given to the Company not later than the close of business on the tenth (10<sup>th</sup>) day following the date on which public disclosure of the date of the annual general meeting was first made. Where a director is to be elected at a special general meeting, where notice of the special general meeting is given less than fifty (50) days prior to the date of the special general meeting, the notice must be given to the Company not later than the close of business on the fifteenth (15<sup>th</sup>) day following the date on which public disclosure of the date of the special general meeting was first made.

The chairperson of the general meeting shall have the power to determine whether any proposed nomination was made in accordance with the Advance Notice Provisions and, if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of New Sagicor Shareholders.

Notwithstanding the foregoing, the New Sagicor Board may, in its sole discretion, waive any requirement in the Advance Notice Provisions.

## EQUITY INCENTIVE PLAN DESCRIPTIONS

Subject to receipt of all required approvals (including approval by the TSX), New Sagicor expects to adopt a restricted share unit plan (the “**RSU Plan**”) and an employee share purchase plan (the “**ESP Plan**”). New Sagicor intends to adopt the RSU Plan and the employee share purchase plan following the completion of the Transaction. New Sagicor expects the employee share purchase plan will be on terms mutually acceptable to Alignvest and Sagicor, each acting reasonably. The following is a summary of the anticipated material terms of the RSU Plan and ESP Plan.

### **RSU Plan**

#### *Eligible Participants*

The RSU Plan will be administered by the C&HR Committee. Employees, directors and eligible consultants of New Sagicor and its designated subsidiaries are eligible to participate in the RSU Plan. In accordance with the terms of the RSU Plan, New Sagicor, under the authority of the New Sagicor Board through the C&HR Committee, will approve those employees, directors and eligible consultants who are entitled to receive restricted share units (“**RSUs**”) and the number of RSUs to be awarded to each participant. RSUs awarded to participants are credited to them by means of an entry in a notional account in their favour on the books of New Sagicor. Each RSU awarded conditionally entitles the participant to receive one New Sagicor Common Share (or the cash equivalent) upon attainment of the RSU vesting criteria. In certain circumstances, the New Sagicor may grant options to purchase New Sagicor Common Shares in lieu of RSUs and such grants of options will be governed by the terms and conditions of the RSU Plan, except that the New Sagicor Board may, in its sole discretion, amend the terms and conditions of the RSU Plan as they apply to grants of options to provide for an exercise price that is at least equal to the fair market value of a New Sagicor Common Share at the time of the grant, to provide that a participant will have the right to exercise their options for New Sagicor Common Shares and to impose different expiry dates and conditions in respect of options than are provided for RSUs under the RSU Plan.

#### *Vesting*

The vesting of RSUs is conditional upon the expiry of time-based or performance-based vesting criteria, provided that in the event a participant’s employment is terminated without cause within 12 months of a Change of Control (as defined in the RSU Plan), all outstanding RSUs will immediately vest. The duration or conditions of the vesting period and other vesting terms applicable to the grant of the RSUs shall be determined at the time of the grant by the C&HR Committee.

Once the RSUs vest, the participant is entitled to receive the equivalent number of underlying New Sagicor Common Shares or cash equal to the Market Value (as defined in the RSU Plan) of the equivalent number of New Sagicor Common Shares. The vested RSUs may be settled through the issuance of New Sagicor Common Shares, by the delivery of New Sagicor Common Shares purchased in the open market, in cash or in any combination of the foregoing (at the discretion of New Sagicor). If settled in cash, the amount shall be equal to the number of New Sagicor Common Shares to which the participant is entitled multiplied by the Market Value of a New Sagicor Common Share on the payout date. “Market Value” per share is defined in the RSU Plan and means, as at any date the arithmetic average of the closing price of the New Sagicor Common Shares traded on the TSX for the five (5) trading days on which a board lot was traded immediately preceding such date (or on any such other stock exchange on which the New Sagicor Common Shares are then listed and posted for trading as may be selected for such purpose by the New Sagicor Board). The RSUs shall be settled on the payout date, which shall be the vesting date or such other date as the C&HR Committee may determine at the time of the grant, which in any event shall be no later than the expiry date for such RSUs. The expiry date of RSUs will be determined by the C&HR Committee at the time of grant. However, unless otherwise determined by the C&HR Committee at the time of grant, the maximum term for all RSUs is two years after the participant ceases to be an employee, director or eligible consultant of New Sagicor or any designated subsidiary. All vested or expired RSUs are available for future grants.

#### *Maximum Number of New Sagicor Common Shares Issued*

RSUs may be granted in accordance with the RSU Plan provided the aggregate number of RSUs outstanding

pursuant to the RSU Plan from time to time shall not exceed 10% of the number of issued and outstanding New Sagicor Common Shares from time to time. The maximum number of New Sagicor Common Shares which may be reserved, set aside and made available for issuance under the RSU Plan is a variable number equal to 10% of the issued and outstanding New Sagicor Common Shares as of the date of the grant on a non-diluted basis. All of the New Sagicor Common Shares covered by settled, cancelled or terminated RSUs will automatically become available New Sagicor Common Shares for the purposes of RSUs that may be subsequently granted under the RSU Plan.

The RSU Plan provides that the maximum number of New Sagicor Common Shares issuable to insiders (as that term is defined by the TSX) pursuant to the RSU Plan, together with any New Sagicor Common Shares issuable pursuant to any other security-based compensation arrangement of New Sagicor, will not exceed 10% of the total number of issued and outstanding New Sagicor Common Shares. In addition, the maximum number of New Sagicor Common Shares issued to insiders under the RSU Plan, together with any New Sagicor Common Shares issued to insiders pursuant to any other security-based compensation arrangement of New Sagicor within any one year period, will not exceed 10% of the total number of issued and outstanding New Sagicor Common Shares.

It is expected that at any given time, the number of RSUs granted to independent directors under the RSU Plan, in combination with all other equity awards (if any) granted to independent directors, shall be limited to 1% of the issued and outstanding New Sagicor Common Shares in aggregate. In addition, the maximum annual equity award value (based on grant date fair value as determined by the board of directors of New Sagicor) will be US\$50,000 per independent director.

#### ***Adjustments to Shares Subject to Plan***

The RSU Plan also provides that appropriate adjustments, if any, will be made in connection with a subdivision of shares, consolidation or other capital reorganization, merger, amalgamation, take-over bid, compulsory acquisition or arrangement or other similar corporate transaction in connection therewith.

#### ***Cessation of Entitlement***

Unless otherwise determined by New Sagicor in accordance with the RSU Plan, RSUs which have not vested on a participant's termination date shall terminate and be forfeited. If a participant who is an employee ceases to be an employee as a result of termination of employment without cause, in such case, at New Sagicor's discretion (unless otherwise provided in the applicable grant agreement), all or a portion of such participant's RSUs may be permitted to continue to vest, in accordance with their terms, during any statutory or common law severance period or any period of reasonable notice required by law or as otherwise may be determined by New Sagicor in its sole discretion. All forfeited RSUs are available for future grants. If a participant's termination date is prior to the payout date with respect to any RSUs that have vested, the payout date shall be accelerated to the participant's termination date.

#### ***Transferability***

RSUs are not assignable or transferable other than by operation of law, except, if and on such terms as New Sagicor may permit, to a current or former spouse or minor children or grandchildren or a personal holding company or family trust controlled by a participant, the sole shareholders or beneficiaries of which, as the case may be, are any combination of the participant, the participant's current or former spouse, minor children or minor grandchildren, and after the participant's lifetime shall enure to the benefit of and be binding upon the participant's designated beneficiary.

#### ***Amendments to the RSU Plan***

The New Sagicor Board may, without notice, at any time and from time to time, without shareholder approval, amend the RSU Plan or any provisions thereof in such manner as the New Sagicor Board, in its sole discretion, determines appropriate including, without limitation:

- (a) for the purposes of making formal minor or technical modifications to any of the provisions of the RSU Plan;



- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the RSU Plan;
- (c) to change the vesting provisions of RSUs;
- (d) to change the termination provisions of RSUs or the RSU Plan that does not entail an extension beyond the original expiry date of the RSU;
- (e) to preserve the intended tax treatment of the benefits provided by the RSU Plan, as contemplated therein;
- (f) to make any amendments contemplated by the RSU Plan; or
- (g) any amendments necessary or advisable because of any change in applicable laws;

provided, however, that:

1. no such amendment of the RSU Plan may be made without the consent of each affected participant if such amendment would adversely affect the rights of such affected participant(s) under the RSU Plan; and
2. shareholder approval shall be obtained in accordance with the requirements of the TSX for any amendment that results in:
  - (i) an increase in the maximum number of New Sagicor Common Shares issuable pursuant to the RSU Plan other than as already contemplated in the RSU Plan;
  - (ii) an extension of the expiry date for RSUs granted to insiders under the RSU Plan;
  - (iii) expansion of the rights of a participant to assign RSUs beyond what is currently permitted in the RSU Plan; or
  - (iv) the addition of new categories of participants, other than as already contemplated in the RSU Plan.

Pursuant to the RSU Plan, for purposes of compliance with Section 409A of the *U.S. Internal Revenue Code of 1986*, certain terms of the RSUs held by U.S. taxpayers may differ from those described above.

New Sagicor will have the ability to grant RSUs and, in limited circumstances, options under the RSU Plan until three years from the date it is approved.

## **Employee Share Purchase Plan**

### ***Eligible Participants***

Designated persons who are employed on a regular full-time or regularly scheduled part-time basis by New Sagicor and any other corporation which is a subsidiary of New Sagicor that elects to participate in the ESP Plan with the consent of New Sagicor (collectively, a “**Participating Company**”), and who have completed three continuous months of service, will be eligible to participate in the ESP Plan. Participation in the ESP Plan is subject to, *inter alia*, the exercise of the sole discretion by New Sagicor and any applicable laws in the applicable jurisdiction(s). Participation in the ESP Plan is entirely voluntary and will not be construed to give any eligible employee the right to be employed or to continue to be employed by a Participating Company. Participation starts on the first day of the month coincident with or directly following satisfaction of eligibility and enrolment requirements, as determined by New Sagicor. Employees who participate in the ESP Plan are Members (as defined in the ESP Plan). Each Member will be required to confirm on the enrolment form that such Member is not aware of any undisclosed material information at the time of enrolment. An enrolment form may not be given during a “blackout period” under any insider trading policy of New Sagicor then in force.



### ***Contributions***

As further described in the terms of the ESP Plan, Members will have an account to which they can contribute funds by means of regular payroll deductions. Members may choose the amount of the deduction, subject to certain limitations based on the amount of remuneration received by the Member as base pay and any additional components determined by New Sagikor. In addition to each Member's contribution to their account, New Sagikor may contribute to a Member's account under the ESP Plan. Any contribution by New Sagikor will be subject to certain limitations. The New Sagikor Board reserves the right to reduce or suspend New Sagikor's contribution in its sole discretion.

### ***New Sagikor Common Share Purchases***

The amounts that each Member contributes to the ESP Plan, combined with any contributions from New Sagikor, are to be used to purchase New Sagikor Common Shares (including fractional shares). Such purchases will be made on the open market at the market price at the time of the acquisition.

### ***Purchase of Shares***

The contributions (from both the Member and, if applicable, New Sagikor) allocated to a Member's account as well as any income paid on existing New Sagikor Common Shares held in the Member's account will be used to purchase New Sagikor Common Shares. Income from New Sagikor Common Shares purchased therewith will be promptly recorded in the Member's account.

### ***Account Management***

The New Sagikor Common Shares are to be purchased by an independent trustee on a monthly basis on behalf of the Member. The independent trustee will also be responsible for maintaining separate accounts for each Member in which all purchased New Sagikor Common Shares are to be held in trust on behalf of the applicable Member. The independent trustee is to provide each Member with a quarterly statement outlining any and all accumulation in the Member's account.

All dividends, if any, are to be reinvested in the Member's account for further purchases of New Sagikor Common Shares. The independent trustee shall take all reasonable steps to ensure that all rights with respect to New Sagikor Common Shares held in each Member's account by the independent trustee on behalf of such Member, including rights of conversion and voting, may be exercisable by such Member, upon instruction to the independent trustee, and any income payable on such New Sagikor Common Shares will be credited to such Member's account.

The independent trustee is to be appointed by New Sagikor and, at New Sagikor's discretion, may be removed and a successor appointed. The independent trustee will be fully protected and indemnified by New Sagikor in respect of any acts done in good faith and in reliance on certain documents and other information, as described in the terms of the ESP Plan.

All costs of administering the ESP Plan will be paid for by New Sagikor, including brokerage fees for the purchase of New Sagikor Common Shares. Members will be responsible for selling expenses or brokerage fees and other direct costs incurred when requesting payment or withdrawals from their account.

### ***Member Withdrawals***

A Member may write to New Sagikor to withdraw part or all of the balance of New Sagikor Common Shares in the Member's account. Withdrawals may be made in specie and/or cash, pursuant to the terms of the ESP Plan. Withdrawals from a Member's accounts are subject to restrictions on the frequency of withdrawals and any applicable laws. In the case of an instruction to sell, the Member must confirm that they are not aware of any undisclosed material information at the time of instruction. The instruction to sell may not be given during a "blackout period" under any insider trading policy of New Sagikor then in force. Provided a credit balance remains after the distribution of New Sagikor Common Shares or cash, the Member may continue to be considered a Member of the ESP Plan.

### ***Cessation of Entitlement***

A Member's membership in the ESP Plan automatically terminates upon termination of employment with a Participating Company. Within sixty (60) days of a Member's membership terminating, the Member is to direct the independent trustee to distribute all of the New Sagicor Common Shares in the Member's account in specie (or as cash in lieu of New Sagicor Common Shares) plus cash in lieu of fractions thereof held in the Member's account. Fractional shares will be valued at the most recent trading price prior to termination of employment. Upon receipt of instruction for distribution in specie, the New Sagicor Common Shares shall be registered in the name of the Member or as the Member may otherwise instruct in writing. In the event that the Member fails to so direct the independent trustee, the independent trustee will upon expiry of such sixty (60) day period, distribute the balance of the Member's account in New Sagicor Common Shares plus any cash in lieu of fractions thereof, if any.

### ***Transferability***

The rights and interests of any Member in the New Sagicor Common Shares or other assets held by the independent trustee on his or her behalf under the ESP Plan will not be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner but excluding devolution by death or mental incompetency. No attempted assignment or transfer thereof will be effective.

### ***Amendments to the ESP Plan***

The New Sagicor Board may suspend, terminate or discontinue the ESP Plan (or any one or more provision of the ESP Plan) at any time, subject to applicable law and to the prior approval, if required, of the TSX or any other regulatory body having authority over New Sagicor. The New Sagicor Board may similarly amend or revise the terms of the ESP Plan at any time without the consent of the Members, subject to any regulatory and shareholder approvals, where required.

## RIGHTS TO PURCHASE SECURITIES

### Warrants

31,175,000 Alignvest Warrants were issued as part of the 2017 initial public offering of Alignvest and are outstanding as of the date of this prospectus. 3,766,659 Forward Purchase Warrants are expected to be outstanding at the completion of the Transaction, which are to be issued immediately prior to, but in connection with, the completion of the Sagicor Arrangement. Pursuant to the Alignvest Arrangement, the terms of both the Alignvest Warrants and of the Forward Purchase Warrants shall represent share purchase warrants to acquire New Sagicor Common Shares following 30 days after the Effective Date, at an exercise price of C\$11.50 per share, but otherwise unamended.

The 31,175,000 Alignvest Warrants and the 3,766,659 Forward Purchase Warrants are governed by the terms of the Warrant Agreement. It is expected that in connection with the completion of the Alignvest Arrangement, subject to the receipt of the required approval of the warrant holders, New Sagicor will adopt a supplemental warrant agency agreement pursuant to which, among other things, the cashless exercise feature of the Warrant Agreement will be eliminated. If the cashless exercise feature is eliminated pursuant to the adoption of the supplemental warrant agency agreement, the Alignvest Warrants may only be exercised by a warrant holder in the event the warrant holder pays to New Sagicor the exercise price of C\$11.50, in accordance with the terms of the Warrant Agreement. If not, the cashless exercise feature could result in more volatile financial results because, with the cashless exercise feature, the Alignvest Warrants are classified as a liability and are therefore recorded at fair value. As the fair value of an Alignvest Warrant fluctuates, the changes would be reflected in income.

### Options

The following table sets forth the aggregate number of options to purchase New Sagicor Common Shares that are expected to be outstanding upon completion of the Transaction:

<b>Option Table</b>			
<b>Category</b>	<b>Number of Options to acquire New Sagicor Common Shares</b>	<b>Exercise Price<sup>(1)</sup></b>	<b>Expiration Date</b>
All of New Sagicor's executive officers and past executive officers, as a group (13 in total)	3,363,267	US\$5.07	From 2019 to 2028
All of New Sagicor's directors and past directors who are not also executive officers, as a group (0 in total)	Nil	Nil	Nil
All other of New Sagicor's employees and past employees, as a group (27 in total)	1,350,616	US\$5.06	From 2019 to 2028
All other of New Sagicor's consultants and past consultants, as a group (0 in total)	Nil	Nil	Nil
<b>Total</b>	<b>4,713,883</b>	<b>US\$5.07</b>	<b>From 2019 to 2028</b>

(1) Represents the weighted average exercise price of all outstanding options to purchase New Sagicor Common Shares, whether vested or unvested.

<b>Restricted Share Table</b>		
<b>Category</b>	<b>Number of Restricted Shares Unvested</b>	<b>Total Number of Restricted Shares</b>
All of New Sagicor's executive officers and past executive officers, as a group (23 in total)	512,755	3,845,774
All of New Sagicor's directors and past directors who are not also executive officers, as a group (0 in total)	Nil	Nil
All other of New Sagicor's employees and past employees, as a group (53 in total)	216,923	1,337,754
All other of New Sagicor's consultants and past consultants, as a group (0 in total)	Nil	Nil
<b>Total</b>	<b>729,678</b>	<b>5,183,528</b>

For a description of New Sagicor's expected equity-based incentive compensation plans, see "*Equity Incentive Plan Descriptions*".

## SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following sets out the anticipated number of securities of New Sagicor that will be subject to a contractual restriction on transfer upon the completion of the Transaction. To the knowledge of Alignvest and Sagicor, no other securities of New Sagicor will be held in escrow or will be subject to contractual restrictions on transfer.

<u>Designation of Class</u>	<u>Number of Securities Subject to Contractual Restriction</u>	<u>Percentage of Class</u>
New Sagicor Common Shares <sup>(1)</sup>	15,493,900 <sup>(2)</sup>	13.5% <sup>(3)</sup>

- 
- (1) See “*Lock-Up Agreements*”; “*Founders’ Shares*” and “*Forward Purchasers’ Shares*” below for a summary of the contractual restrictions on transfer.
- (2) Assumes an exchange rate of US\$1.00 to C\$1.33 for the purposes of computing New Sagicor Common Shares held by the Locked-Up Shareholders.
- (3) Assumes no redemptions of Alignvest Class A Restricted Voting Shares. Assuming redemption levels of Alignvest Class A Restricted Voting Shares of 25% and the “minimum cash” threshold, the percentage of New Sagicor Common Shares that would be subject to contractual restrictions on transfer would be approximately 14.8% and 17.1%, respectively.

### Lock-Up Agreements

In accordance with the Arrangement Agreement, it is expected that each of Dodridge D. Miller, Ravi C. Rambarran, Anthony O. Chandler, Althea C. Hazzard, Ronald B. Blitstein, J. Andrew Gallagher, Bart F. Catmull, J. Edward Clarke, Keston D. Howell, Robert J. L. Trestrail, Sir Hilary Beckles, Peter Clarke, Monish Dutt, John Shettle and Stephen McNamara (each, a “**Locked-Up Shareholder**”) will enter into a lock-up agreement (a “**Lock-Up Agreement**”) with Alignvest. Pursuant to the Lock-Up Agreements, each Locked-Up Shareholder shall not, without the prior written consent of New Sagicor:

- (i) sell, assign, pledge, dispose of, or transfer any equity securities of New Sagicor Common Shares or securities convertible into or exchangeable for New Sagicor Common Shares, or any rights associated therewith, in each case as held immediately following the Effective Time (collectively, the “**Specified Securities**”);
- (ii) enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of the Specified Securities (regardless of whether any such arrangement is to be settled by the delivery of securities of New Sagicor, securities of another person and/or otherwise); or
- (iii) agree to do any of the foregoing,

(collectively, the “**Lock-Up Restrictions**”).

The Lock-Up Restrictions shall remain in place from the Effective Date until the earliest of: (i) with respect to 50% of the New Sagicor Common Shares held by each Locked-Up Shareholder immediately following the Effective Time, one year following the Effective Date; (ii) with respect to the remaining 50% of the New Sagicor Common Shares held by each Locked-Up Shareholder immediately following the Effective Time, 24 months following the Effective Date; (iii) with respect to 100% of the New Sagicor Common Shares held by each Locked-Up Shareholder immediately following the Effective Time, the date following the Effective Date on which New Sagicor completes a liquidation, amalgamation, merger, scheme of arrangement, share exchange, take-over bid or other similar transaction (except an internal reorganization) that results in all of the holders of New Sagicor Common Shares receiving in exchange for or having the right to exchange their New Sagicor Common Shares for cash, securities or other property; (iv) with respect to 100% of the New Sagicor Common Shares held by each Locked-Up Shareholder immediately following the Effective Time, the date on which the closing share price of the New Sagicor Common Shares equals or exceeds C\$12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, Extraordinary Dividends, recapitalizations and the like) for any 20 trading days within a 30-trading day period at

any time following the Effective Date; and (v) with respect to 100% of the New Sagikor Common Shares held by the Locked-up Shareholder immediately following the Effective Time, the date on which the applicable Locked-up Shareholder's employment with New Sagikor (or its applicable affiliate) is terminated without "cause" by New Sagikor (or such applicable affiliate) or such Locked-Up Shareholder resigns his or her employment with New Sagikor (or such applicable affiliate) for "good reason", as such terms are defined in the Locked-Up Shareholder's employment agreement with New Sagikor (or such applicable affiliate).

The Lock-Up Restrictions are subject to certain exemptions, including: transfers to wholly-owned affiliates (that remain as such and are similarly bound), any family members of the Locked-Up Shareholder (who are similarly bound), or company, trust or other entity owned by or maintained for the benefit of the Locked-Up Shareholder or any family member of the Locked-Up Shareholder (who are similarly bound); transfers occurring by operation of law or in connection with transactions arising as a result of death or incapacitation; the exercise of securities granted under any of the Sagikor Share Plans; pledges to a financial institution as security for *bona fide* indebtedness; and transfers made pursuant to a *bona fide* take-over bid.

### Founders' Shares

On the closing of Alignvest's initial public offering, the Alignvest Founders (the "**Restricted Parties**") entered into the transfer restrictions agreement and undertaking (the "**Transfer Restrictions Agreement and Undertaking**") with the co-lead underwriters for the initial public offering of Alignvest (the "**Co-Lead Underwriters**") pursuant to which each Restricted Party agreed to certain transfer restrictions in respect of their aggregate 12,887,500 founders' Alignvest Class B Shares (which were acquired for nominal consideration) and 11,050,000 Alignvest Warrants (which were acquired for C\$1.00 per Alignvest Warrant). These restrictions will continue to apply to the New Sagikor Common Shares following closing but will cease to apply to the Alignvest Warrants.

Pursuant to the Transfer Restrictions Agreement and Undertaking, the Restricted Parties agreed not to transfer any of their founders' New Sagikor Common Shares, without prior consent of Alignvest and the Co-Lead Underwriters, until the earliest of: (i) with respect to 50% of the founders' New Sagikor Common Shares, one year following completion of the Sagikor Arrangement; (ii) with respect to the remaining 50% of the founders' New Sagikor Common Shares, two years following completion of the Sagikor Arrangement; (iii) with respect to 100% of the founders' New Sagikor Common Shares, the date following the completion of the Sagikor Arrangement on which New Sagikor completes a liquidation, merger, amalgamation, arrangement, share exchange or other similar transaction that results in all of the holders of New Sagikor Common Shares receiving in exchange for or having the right to exchange their New Sagikor Common Shares for cash, securities or other property; and (iv) with respect to 100% of the founders' New Sagikor Common Shares, the date on which the closing price of New Sagikor Common Shares equals or exceeds C\$12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, Extraordinary Dividends, recapitalizations and the like) for any 20 trading days within any 30-trading day period at any time following the closing of the Sagikor Arrangement; in each case, subject to applicable securities laws and TSX rules. Any New Sagikor Common Shares of New Sagikor resulting from Alignvest Class A Restricted Voting Shares held by the Restricted Parties are not subject to the forfeiture or transfer restrictions set out in the Transfer Restrictions Agreement and Undertaking.

As a condition to the completion of the Transaction, each of the Restricted Parties must agree to deposit the share certificates and any dividends in respect of approximately 50% of their founder's Alignvest Class B Shares held by it (which will be converted into New Sagikor Common Shares upon the completion of the Transaction) with a third party escrow agent, which will be held by such escrow agent, in accordance with the terms of an escrow agreement, for a period of up to five years following the last day of the calendar quarter immediately following the completion of the Transaction, subject to earlier release. In the event the founder's share certificates and any dividends in respect of the New Sagikor Common Shares are not released from escrow prior to the expiry of such five (5) year period as described below, such shares will be purchased for cancellation for nominal consideration on the business day immediately following the expiry of such five (5) year period.

Approximately twenty five percent (25%) of the Restricted Parties' founder's New Sagikor Common Shares will be released from escrow prior to the expiry of such five (5) year period on the date on which the closing share price of the New Sagikor Common Shares has exceeded C\$12.00 (as adjusted for share splits or combinations, share dividends, New Sagikor Extraordinary Dividends, reorganizations and recapitalizations) for any 20 trading days



within a 30-trading day period during such five (5) year period. In addition, approximately twenty five percent (25%) of the Restricted Parties' founder's New Sagicor Common Shares will be released from escrow prior to the expiry of such five (5) year period on the date on which aggregate Book Value of New Sagicor, as measured at the end of any calendar quarter during such five (5) year period, has increased by at least the Required Minimum Book Value Increase from its value on the date that is the last day of the calendar quarter ending immediately after the Effective Time. One-hundred percent (100%) of the Restricted Parties' founder's New Sagicor Common Shares will be released from escrow prior to the expiry of such five (5) year period on the date of completion of certain change in control transactions involving New Sagicor. While each Restricted Party's New Sagicor Common Shares are deposited in escrow, such Restricted Party will not be entitled to exercise voting rights or receive dividends in respect of such shares.

In the event that any Restricted Party does not agree to the provisions described above, Alignvest II LP will subject the same number of its founder's Alignvest Class B Shares to the escrow and repurchase provisions described above in lieu of such Restricted Party.

### **Forward Purchasers' Shares**

On the closing of Alignvest's initial public offering, the Alignvest Forward Purchasers entered into Alignvest Forward Purchase Agreements pursuant to which each Alignvest Forward Purchaser agreed to certain transfer restrictions in respect of their Alignvest Class B Shares and Alignvest Warrants. These restrictions will continue to apply to the New Sagicor Common Shares following closing but will cease to apply to the Alignvest Warrants.

Pursuant to the Initial Forward Purchase Agreements, the Alignvest Forward Purchasers agreed not to transfer any of their Alignvest Class B Shares and New Sagicor Common Shares into which such Alignvest Class B Shares are convertible until the earlier of: (i) one year following completion of the Sagicor Arrangement; (ii) the date following the completion of the Sagicor Arrangement on which New Sagicor completes a liquidation, merger, amalgamation, arrangement, share exchange or other similar transaction that results in all of New Sagicor Shareholders receiving in exchange for or having the right to exchange their shares of New Sagicor for cash, securities or other property.

Notwithstanding the foregoing, if, subsequent to completion of the Sagicor Arrangement, the closing price of New Sagicor Common Shares equals or exceeds C\$12.00 per share (as adjusted for share splits, share capitalizations, reorganizations, extraordinary dividends (being any dividend that, together with all other dividends payable in the same calendar year, has an aggregate dollar value which is greater than C\$0.25 per share), recapitalizations and the like) for any 20 trading days within any 30 trading day period commencing at least 150 days after the completion of the Sagicor Arrangement, the New Sagicor Common Shares shall be released from the transfer restrictions in the Initial Forward Purchase Agreements.

The transfer restrictions in the Initial Forward Purchase Agreements are subject to certain exemptions, including: (i) to New Sagicor's officers or directors, any affiliates or family members of any of New Sagicor's officers or directors, any members of the Sponsor or their affiliates, or any affiliates of the Sponsor; (ii) in the case of an individual, by gift or transfer to a member(s) of the individual's immediate family or to a trust, the beneficiary of which is a member of one of the individual's immediate family, an affiliate of such person, or in the case of any person, by gift or transfer to a charitable organization; (iii) in the case of an individual, by virtue of laws of descent and distribution upon death of the individual; (iv) in the case of an individual, pursuant to a qualified domestic relations order; (v) in the event of completion of a liquidation, merger, amalgamation, arrangement, share exchange or other similar transaction which results in all of New Sagicor's Shareholders receiving in exchange for or having the right to exchange their shares of New Sagicor any for cash, securities or other property subsequent to the completion of the Sagicor Arrangement; (vi) as a bona fide gift or gifts; (vii) as a distribution to limited partners, members or stockholders of the Alignvest Forward Purchaser; (viii) to the Alignvest Forward Purchaser's affiliates, to any investment fund or other entity controlled or managed by the Alignvest Forward Purchaser, or to any investment manager or investment advisor of the Alignvest Forward Purchaser or an affiliate of any such investment manager or investment advisor, (ix) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (viii) above, and (x) pursuant to an order of a court or regulatory agency; provided, however, that in the case of clauses (i) through (iv) and (vi) through (ix) these permitted transferees must enter into a written agreement agreeing to be bound by these transfer restrictions.



As a condition to the completion of the Transaction, each of the Alignvest Forward Purchasers party to an Initial Forward Purchase Agreement will deposit the share certificates and any dividends in respect of approximately 50% of their Alignvest Class B Shares acquired pursuant to such Initial Forward Purchase Agreement (which will be converted into New Sagicor Common Shares upon the completion of the Transaction) with a third party escrow agent, which will be held by such escrow agent, in accordance with the terms of an escrow agreement, for a period of up to five years following the last day of the calendar quarter immediately following the completion of the Transaction, subject to earlier release. In the event such Alignvest Forward Purchasers' the share certificates and any dividends in respect of New Sagicor Common Shares are not released from escrow prior to the expiry of such five (5) year period as described below, such shares will be purchased for cancellation for nominal consideration on the business day immediately following the expiry of such five (5) year period.

Approximately twenty five percent (25%) of each such Alignvest Forward Purchaser's New Sagicor Common Shares will be released from escrow prior to the expiry of such five (5) year period on the date on which the closing share price of the New Sagicor Common Shares has exceeded C\$12.00 (as adjusted for share splits or combinations, stock dividends, New Sagicor Extraordinary Dividends, reorganizations and recapitalizations) for any 20 trading days within a 30-trading day period during such five (5) year period. In addition, approximately twenty five percent (25%) of the each such Alignvest Forward Purchaser's New Sagicor Common Shares will be released from escrow prior to the expiry of such five (5) year period on the date on which aggregate Book Value of New Sagicor, as measured at the end of any calendar quarter during such five (5) year period, has increased by at least the Required Minimum Book Value Increase value on the date that is the last day of the calendar quarter ending immediately after the Effective Time. One-hundred percent (100%) of the Restricted Parties' founder's New Sagicor Common Shares will be released from escrow prior to the expiry of such five (5) year period on the date of completion of certain change in control transactions involving New Sagicor. While each Alignvest Forward Purchaser's New Sagicor Common Shares are deposited in escrow, such Alignvest Forward Purchaser will not be entitled to exercise voting rights or receive dividends in respect of such shares.

In the event that any Alignvest Forward Purchaser does not complete the transactions contemplated by its Initial Forward Purchase Agreement and the obligations of any such Alignvest Forward Purchaser thereunder are not otherwise satisfied in full, then its Alignvest Class B Shares acquired pursuant to such Initial Forward Purchase Agreement shall be automatically repurchased by Alignvest for nominal consideration and the number of shares subject to the provisions above shall be reduced by 50% of the Alignvest Class B Shares repurchased by Alignvest from such Alignvest Forward Purchaser.

### **Additional Subscriptions**

Pursuant to subscription agreements entered into on or prior to the date of the Arrangement Agreement, certain third party investors have agreed to subscribe for Alignvest Class B Shares at a price of C\$10 per Alignvest Class B Share, which are expected to provide additional cash proceeds to Alignvest of C\$50 million. See also "*Principal Shareholders – Loan Arrangements*".

One such third party investor is Alignvest Partners, which has subscribed for C\$17 million of the C\$50 million in additional subscriptions. Alignvest Partners is an affiliated entity of AMC; AMC also indirectly controls the Sponsor. Accordingly, Alignvest Partners' subscription could be seen as a non-arm's length transaction. In connection therewith, Alignvest has determined that the fair market value of the subscription is less than 25% of Alignvest's market capitalization and that the subscription agreement is on arm's length terms.

## PRIOR SALES

Alignvest has not issued any shares or securities convertible into shares during the 12-month period before the date of this prospectus.

The Alignvest Class A Restricted Voting Shares are listed on the TSX and trade under the symbol “AQY.A”. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Class A Restricted Voting Shares on the TSX:

Period	High (C\$)	Low (C\$)	Volume
February (1-6) 2019.....	10.03	10.01	2,674,423
January 2019.....	10.02	10.00	2,909,596
December 2018.....	10.00	9.93	970,489
November 2018.....	9.96	9.91	418,841
October 2018.....	9.94	9.85	665,041
September 2018.....	9.84	9.72	1,404,101
August 2018.....	9.79	9.73	47,540
July 2018.....	9.78	9.72	654,523
June 2018.....	9.78	9.70	253,203
May 2018.....	9.79	9.67	1,112,691
April 2018.....	9.82	9.67	1,914,200
March 2018.....	9.80	9.65	1,144,292
February 2018.....	9.80	9.70	2,279,709

The Alignvest Warrants are listed on the TSX and trade under the symbol “AQY.WT”. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Alignvest Warrants on the TSX:

Period	High (C\$)	Low (C\$)	Volume
February (1-6) 2019.....	N/A	N/A	600
January 2019.....	0.35	0.22	138,600
December 2018.....	0.55	0.40	574,805
November 2018.....	0.50	0.38	553,550
October 2018.....	0.44	0.44	500
September 2018.....	0.43	0.40	355,638
August 2018.....	0.42	0.40	7,053
July 2018.....	0.49	0.40	467,577
June 2018.....	0.54	0.40	129,679
May 2018.....	0.60	0.45	373,190
April 2018.....	0.65	0.56	455,068
March 2018.....	0.62	0.55	138,100
February 2018.....	0.65	0.55	1,002,800

## PRINCIPAL SHAREHOLDERS

The following table discloses the names of the persons or companies who, upon completion of the Transaction and assuming that no Alignvest Shareholders elect to redeem their Alignvest Class A Restricted Voting Shares, will, to Alignvest and Sagicor's knowledge, beneficially own or control, directly or indirectly, more than 10% of the combined voting rights attached to the New Sagicor Common Shares (including those subject to the forfeiture restrictions).

Name	Number and Type of Securities <sup>(1)</sup>	Type of Ownership	Percentage of Class <sup>(1)(2)</sup>	Total Voting Power <sup>(1)(2)</sup>
Alignvest Management Corporation <sup>(5)</sup>	14,419,126 New Sagicor Common Shares <sup>(3)</sup>	Registered	12.5%	12.5% <sup>(4)</sup>

(1) Assumes an exchange rate of US\$1.00 to C\$1.33, and includes all forfeitable shares.

(2) Based on approximately 115,037,745 New Sagicor Common Shares outstanding upon completion of the Transaction.

(3) AMC's holdings are subject to forfeiture as further described below in this section under the headings "*Bonuses*" and "*Loan Transactions*".

(4) Assuming levels of redemptions of Alignvest Class A Restricted Voting Shares of 25% and the "minimum cash" threshold, "Total Voting Power" would be 13.7% and 15.9%, respectively.

(5) Includes AMC, Sponsor, and Alignvest Partners.

### Bonuses

Following closing, AMC intends to pay the following bonuses to certain of its personnel who have been instrumental in sourcing and completing the Transaction (with all Alignvest Founder's New Sagicor Common Shares to be reduced proportionately by any forfeiture thereof), and in all cases subject to similar anti-dilution provisions which apply to the warrants:

- (i) to Mr. Sanjil Shah, an officer of AMC, an amount equal to the value, determined once all contractual resale and forfeiture restrictions have expired, of (i) 138,125 Alignvest Warrants, plus (ii) 138,903 New Sagicor Common Shares;
- (ii) to Mr. Andy Moysiuk, a director of AMC, an amount equal to the value, determined once all contractual resale and forfeiture restrictions have expired, of (i) 29,835 Alignvest Warrants, plus (ii) 30,003 New Sagicor Common Shares;
- (iii) to Mr. Andre Mousseau, an employee of AMC and a proposed officer of New Sagicor, an amount equal to the value, determined once all contractual resale and forfeiture restrictions have expired, of (i) 138,125 Alignvest Warrants, plus (ii) 156,403 New Sagicor Common Shares; and
- (iv) to certain other employees or consultants of AMC or affiliated entities who will not be officers or directors of either AMC or New Sagicor, an amount equal to the value, determined once all contractual resale and forfeiture restrictions have expired, of (i) 497,250 Alignvest Warrants, plus (ii) 513,051 New Sagicor Common Shares.

In the case of Alignvest Founder's New Sagicor Common Shares which are subject to forfeiture, if the recipient is not actually engaged by AMC for any reason at the date of forfeiture, no bonus shall be payable in respect thereof (in certain cases, death or disability are excluded events). As well, if at any time prior to the date of payment either (I) there is a termination for cause, or (II) the individual in question breaches any material obligation owed to AMC or its affiliates which is not cured within 10 days following written notice thereof, then no bonus shall be owing to the terminated individual. Despite the foregoing, all of Mr. Mousseau's entitlements will vest on closing, except that he will receive no value in respect of any forfeited shares.

The bonus will be payable in cash and net of withholding or other taxes. The bonus will be generally be due in whole or in part following the sale by AMC of New Sagicor Common Shares, provided that after a specified term AMC will have the option to pay in kind.

Alignvest has consented to these arrangements.

### **Loan Arrangements**

AMC owes the following individuals the amounts specified below on a non-interest bearing basis:

- (i) C\$138,403 to Mr. Sanjil Shah, an officer of AMC;
- (ii) C\$138,403 to Mr. Nadir Mohamed, a director of AMC;
- (iii) C\$19,930 to Mr. Andy Moysiuk, a director of AMC;
- (iv) C\$138,403 to Mr. Andre Mousseau, an employee of AMC and a proposed officer of New Sagicor;
- (v) a total of C\$9,965 to various other employees of AMC or affiliated entities who will not be officers or directors of either AMC or New Sagicor.

The loans in question may be required to be repaid in the discretion of each individual on 30 days' prior written notice following the expiry of all contractual resale and forfeiture restrictions applicable to the New Sagicor Common Shares owned by AMC (or on a pro rata basis as any such restrictions expire in part).

Following closing, the individuals intend to permit AMC (subject to any required approvals) to repay the loans as follows. For each C\$10,000 owing, the loan could be repaid either by way of (I) the transfer to the individual of (i) approximately 9,980 Alignvest Warrants, plus (ii) approximately 10,000 New Sagicor Common Shares (reduced proportionately by any forfeiture thereof), and with (i) and (ii) subject to similar anti-dilution provisions which apply to the warrants, or (II) the cash equivalent thereof determined as of the date of payment (grossed up for any additional tax payable as a result of paying in cash rather than in securities).

In certain cases, if an individual has not required repayment within five years following the closing of the Sagicor Arrangement then AMC may in its discretion elect to repay the loans on the same terms.

In certain cases, if an individual receives securities, 50% of the securities received shall be subject to resale restrictions for a 12 month period, which shall be accelerated, on a pro rata basis, in proportion to sales of similar securities by AMC from its holdings.

Certain restrictive covenants apply to the individuals in question.

Alignvest has consented to these arrangements.

## DIRECTORS AND EXECUTIVE OFFICERS

The names, municipality of residence and positions with New Sagicor of the persons who are expected to serve as directors and executive officers of New Sagicor after giving effect to the Transaction are set out below. Each of the twelve (12) proposed members of the New Sagicor Board will be formally appointed to the New Sagicor Board at or immediately prior to the closing of the Transaction. The current directors of Alignvest, with the exception of Reza Satchu and Timothy Hodgson, intend to resign at or immediately prior to the closing of the Transaction, and their replacements plus three (3) new directors are expected to be appointed at that time.

The New Sagicor Board is expected to be comprised as follows:

### Directors

Name and Province/State and Country of Residence	Present Principal Occupation
Dodridge Miller Florida, USA	President and Chief Executive Officer of Sagicor
Stephen McNamara Castries, St. Lucia	Senior Partner of McNamara & Company, Attorney-at-Law of St. Lucia
Sir Hilary Beckles St. Thomas, Barbados	Vice Chancellor of the University of the West Indies
Peter Clarke Maraval, Trinidad	Chairman of Guardian Media Ltd. and former Chairman of the Trinidad and Tobago Stock Exchange
Stephen Facey Kingston, Jamaica	Chairman and CEO of PanJam Investment Limited
Monish Dutt Washington D.C., USA	Former Chief Credit Officer for Global Financial Institutions & Private Equity Funds at IFC
John Shettle <sup>(1)</sup> Florida, USA	Operating Manager of Stone Point Capital
Reza Satchu Ontario, Canada	Managing Partner, Alignvest Management Corporation
Timothy Hodgson <sup>(2)</sup> Ontario, Canada	Managing Partner, Alignvest Management Corporation
Alister Campbell <sup>(3)</sup> Ontario, Canada	Former CEO of The Guarantee and Zurich Insurance Canada
Rik Parkhill Ontario, Canada	Former CEO of CIBC FirstCaribbean
Mahmood Khimji New York, United States	Founding Principal of Highgate

#### Notes:

- (1) Proposed Chair of the Audit Committee
- (2) Proposed Chairman of the New Sagicor Board
- (3) Proposed Chair of the Investment and Risk Committee

As all of the proposed directors of New Sagicor set forth above, other than Reza Satchu and Timothy Hodgson, who are currently directors of Alignvest, are not current directors of Alignvest and will not become directors of New Sagicor until the completion of the Transaction, they will not be subject to liability as directors for any misrepresentation in this prospectus. All but Messrs. Satchu, Hodgson, Campbell and Khimji, who are North

American residents, have experience in the Caribbean. All of the proposed directors of New Sagicor, other than Mr. Khimji, have visited Sagicor’s operations and met with local management in key Caribbean jurisdictions on several occasions. Mr. Khimji has met with Sagicor’s key management in New York. All of the proposed directors of New Sagicor, other than Messrs. Shettle, Satchu, and Khimji, have visited Sagicor Jamaica and met with local management of Sagicor Jamaica.

Each new director of New Sagicor will thereafter be elected by New Sagicor Shareholders at each annual meeting of shareholders or at a special general meeting of the shareholders convened for such purpose, and will hold office for such term as the shareholders may determine or, in the absence of such determination, until the end of the next annual meeting of New Sagicor or until their successors are elected or appointed, unless: (i) his or her office is earlier vacated in accordance with the bye-laws of New Sagicor; or (ii) he or she becomes disqualified to act as a director.

### Executive Officers

<b>Name and Residence</b>	<b>Proposed Position with New Sagicor</b>	<b>Present Principal Occupation</b>
Dodridge Miller Florida, USA	President and Chief Executive Officer	President and Chief Executive Officer of Sagicor
Ravi Rambarran Kingston, Jamaica	Group Chief Operating Officer	Chief Operating Officer of Sagicor
Andre Mousseau Ontario, Canada	Group Chief Financial Officer <sup>13</sup>	Chief Operating Officer of Alignvest
Chris Zacca Kingston, Jamaica	President of Sagicor Jamaica	President and Chief Executive Officer of Sagicor Group Jamaica Limited
Bart Catmull Florida, USA	President of Sagicor USA	President and Chief Operating Officer of Sagicor USA

Based on the expected shareholdings following completion of the Transaction, the proposed directors and executive officers of New Sagicor, as a group, are expected to beneficially own, or control or direct, directly or indirectly, approximately 18.1 million New Sagicor Common Shares, representing approximately 15.8% of the expected number of outstanding New Sagicor Common Shares, and 15.8% of the total voting power of New Sagicor upon completion of the Transaction, assuming no redemptions of Alignvest Class A Restricted Voting Shares. Assuming redemption levels of Alignvest Class A Restricted Voting Shares of 25% and the “minimum cash” threshold, the proposed directors and officers are expected to hold approximately 17.3% and 20% of the total voting power of New Sagicor.

See note 4 of the New Sagicor Pro Forma Financial Statements for additional information regarding the issued and outstanding securities of New Sagicor following the Transaction.

All of the expected executive officers but Mr. Mousseau have experience in the Caribbean as a result of their employment with Sagicor or its affiliates. The following expected directors and executive officers of New Sagicor have experience conducting business in Barbados and Jamaica: Dodridge Miller, Stephen McNamara, Sir Hilary Beckles, Peter Clarke, Stephen Facey, Monish Dutt, John Shettle, Rik Parkhill, Ravi Rambarran, Chris Zacca and Bart Catmull.

### Biographies

The following are brief profiles of the proposed directors and executive officers of New Sagicor, including a description of each individual’s principal occupation within the past five years.

<sup>13</sup> Mr. Mousseau will be directly employed by a Canadian subsidiary of Sagicor to be incorporated.



## **Directors**

**Dodridge Miller.** Dodridge Miller has been Group President and Chief Executive Officer of Sagicor since July 2002, and has been a director since December 2002. A citizen of Barbados and the United States of America, Mr. Miller is a Fellow of the Association of Chartered Certified Accountants (FCCA), and obtained his MBA from the University of Wales and Manchester Business School. He holds an LLM in Corporate and Commercial Law from the University of the West Indies and, in October 2008, he was conferred with an Honorary Doctor of Laws degree by the University of the West Indies. He has more than 30 years' experience in the banking, insurance and financial services industries. Prior to his appointment as Group President and Chief Executive Officer, he previously held the positions of Treasurer and Vice President – Finance and Investments, Deputy Chief Executive Officer and Chief Operating Officer. Mr. Miller joined Sagicor in 1989. He is a director of Sagicor Life, Sagicor USA, Sagicor Jamaica, Sagicor Life Jamaica, Sagicor Investments Jamaica and a number of other subsidiaries within Sagicor.

**Stephen McNamara.** Dr. McNamara was called to the Bar at Lincoln's Inn, and in St. Lucia in 1972. He is the senior partner of McNamara & Company, Attorneys-at-Law of St. Lucia. The barrister/solicitor specializes in the representation of foreign investors in St Lucia in the Tourism, Manufacturing and Banking sectors. He served as Chairman of the St Lucia Tourist Board for nine years. Dr. McNamara is the Chairman of the Group's main operating subsidiaries, Sagicor Life Inc., Sagicor USA and Sagicor Finance Inc., and formerly served as Vice Chairman, Sagicor Financial Corporation Limited, between June 2007 and January 2010. He is a director of Sagicor Group Jamaica Limited and a number of other subsidiaries within the Group. Dr. McNamara's St Lucia-based service includes the Board of St. Lucia Electricity Services Ltd., where he was elected Chairman in December 2015, and served until his retirement at the end of 2017, and as President of the St Lucia Tennis Association. Dr. McNamara was made a Commander of the Order of the British Empire (CBE) in the 2015 Queen's Birthday Honours for public service and services to the legal profession. Also in 2015 he was awarded an honorary doctorate from the University of the West Indies for his outstanding achievements and contribution to the region in the areas of business, sport and general philanthropy for more than forty years.

**Sir Hilary Beckles.** Sir Hilary earned his PhD from Hull University, United Kingdom, and received an Honorary Doctorate of Letters from the same University in 2003. He is the Vice Chancellor of the University of the West Indies, and has previously served as the Head of the History Department and Dean of the Faculty of Humanities. In 1998, he was appointed Pro-Vice-Chancellor for Undergraduate Studies and, in 2002, the Principal of Cave Hill Campus. Sir Hilary has published widely on Caribbean economic history, cricket history and culture and higher education, and serves on the Editorial Boards of several academic journals. He has lectured in Africa, Asia, Europe and the Americas. He was elected a director of Sagicor Life Inc. in 2005. He is Chairman of the Caribbean Examinations Council. He is a member of the Secretary General of the UN, Advisory Board on Science and Sustainable Development, a member of UNDP's Advisory Panel on the Caribbean Human Development Report, Vice President of UNESCO's Slave Route Project, and also Vice President of the Commonwealth Ministers' Advisory Board on Sport.

**Peter Clarke.** Mr. Clarke obtained a Bachelor of Arts degree from Yale University and a Law degree from Downing College, Cambridge University. He was called to the Bar as a member of Grays Inn, London, in 1979 and to the Bar of Trinidad and Tobago in 1980. Mr. Clarke is a Financial Consultant, who formerly practiced as a Barrister-at-Law before embarking on a 22-year career in stockbroking. From 1984 to 2000, he was the Managing Director of Money Managers Limited, and Chief Executive of West Indies Stockbrokers Limited from 2001 until his retirement in 2005. Mr. Clarke is the Chairman of Guardian Media Ltd in Trinidad and Tobago, as well as a director of a number of companies including the Trinidad and Tobago Stock Exchange. He is also a member of the Finance Council of the Roman Catholic Archdiocese of Port of Spain. From 2002 to 2005, he was a director of the Trinidad and Tobago Chamber of Industry and Commerce. Mr. Clarke also serves as a director of Sagicor Life Inc., Sagicor Group Jamaica Limited and Sagicor Life Jamaica Limited.

**Stephen Facey.** Mr. Stephen B. Facey is the Chairman and Chief Executive Officer of PanJam Investment Limited (PanJam). He has over 35 years of experience in architecture, real estate development and management, and private equity investing. An Architect by training, Mr. Facey holds a BA in architecture from Rice University and a M. Arch. from the University of Pennsylvania. He is the Chairman of Jamaica Property Company Limited, the Jamaica Developers Association, Kingston Restoration Company Limited and the New Kingston Civic Association. Mr. Facey is the Chairman of the Boys' Town Infant and Primary School, as well as the C. B. Facey Foundation, the



charitable arm of PanJam. Mr. Facey is also the Chairman of the New Castle Group of Companies. He is a director of Sagicor Group Jamaica Limited, Sagicor Life Jamaica Limited, Chukka Caribbean Adventures Limited and the National Gallery of Jamaica, and a Trustee of the Institute of Jamaica.

**Monish Dutt.** Monish Dutt has been an independent director of Sagicor since 2012 and is a citizen of India and a permanent resident of the United States of America. He holds an MBA with a concentration in Finance from the London Business School, London University, and a BA in Economics from the University of Delhi. He is a Fellow of the Institute of Chartered Accountants (FCCA), London, England. Currently a Consultant on Emerging Markets, Mr. Dutt is a seasoned investment professional who, for the 25 years preceding 2011, was employed with the IFC, a member of the World Bank Group. While at IFC, he held various positions, the most recent of which was Chief Credit Officer for Global Financial Institutions & Private Equity Funds. He was formerly the Head of IFC's Private Equity Advisory Group, the Head of the Baltics, Central Europe, Turkey and Balkans Group, Principal Investment Officer for Asia, Senior Investment Officer for Central & Eastern Europe, and an Investment Officer for Africa, Latin America and Asia. Mr. Dutt has extensive experience evaluating investment proposals in financial institutions and private equity funds globally, structuring investments, tracking global investment portfolios, and providing quality control guidance to private equity fund investments. Mr. Dutt has also represented IFC on boards of investee companies. Mr. Dutt serves as a director of Sagicor Bank.

**John Shettle.** John Shettle, Jr. has been an independent director of Sagicor since June 2008, and is a citizen of the United States of America. Mr. Shettle received his undergraduate degree from Washington & Lee University, and holds an MBA from the Sellinger School of Business at Loyola College, Maryland. Mr. Shettle is an Operating Partner of Stone Point Capital, a private equity firm in the global financial services industry. He has over 35 years' experience in senior management positions in the property/casualty, health and insurance-related services industry. More recently, Mr. Shettle has served as Senior Advisor to Lightyear Capital, a private equity firm, and President and Chief Executive Officer of the Victor O Schinnerer Company. Prior to that, he was the Chief Executive Officer of Tred Avon Capital Advisors, Inc., a firm providing advisory services to companies and private equity firms focused on the insurance sector. He has held senior management positions at Securitas Capital, Swiss Reinsurance Company and Frederick, Maryland based AVEMCO Corporation (NYSE). Mr. Shettle is also a director of Sagicor USA and a number of subsidiaries within the Group.

**Reza Satchu.** Reza Satchu is a Managing Partner and co-founder of Alignvest Management Corporation. Previously, Mr. Satchu was the President, Chief Executive Officer, and a director of Alignvest Acquisition II Corporation, where he participated in sourcing, evaluating, and executing the qualifying acquisition. Mr. Satchu has co-founded, built, and/or managed several operating businesses from inception including: Alignvest Management Corporation, SupplierMarket, a supply chain software company that was sold to Ariba Inc. for share consideration implying an enterprise value of US\$924 million; StorageNow, which became one of Canada's largest self-storage companies prior to being sold to InStorage REIT for cash consideration of C\$110 million; and KGS-Alpha Capital Markets L.P., a U.S. fixed-income broker dealer, that was sold to BMO Financial Group. Previously, Mr. Satchu was a General Partner at Fenway Partners, a US\$1.4 billion private equity firm focused on acquiring leading middle market companies and a Financial Analyst at Merrill Lynch in the High Yield Finance and Restructuring Group. Mr. Satchu has received "Canada's Top 40 Under 40™" Award and the 2011 Management Achievement Award from McGill University. Mr. Satchu is on the board of directors of Trilogy International Partners Inc. and he previously served on the Boards of KGS-Alpha Capital Markets and the Toronto Hospital for Sick Children Foundation where he was Vice-Chairman of the Board from 2009 to 2011. He is currently a member of the Advisory Board of the Arthur Rock Center for Entrepreneurship at Harvard Business School and he is the Founding Chairman of Next Canada, an intensive entrepreneurship program for Canada's most promising young entrepreneurs. Mr. Satchu has a bachelor's degree in economics from McGill University and a MBA from Harvard University.

**Timothy Hodgson.** Timothy Hodgson is a Managing Partner of Alignvest Management Corporation. Previously, Mr. Hodgson also served as the Chairman and a director of Alignvest Acquisition II Corporation, where he participated in sourcing, evaluating, and executing the qualifying acquisition. Prior to joining Alignvest Management Corporation, Mr. Hodgson was Special Advisor to Governor Mark Carney at the Bank of Canada from 2010 to 2012. From 1990 to 2010, Mr. Hodgson held various positions in New York, London, Silicon Valley, and Toronto with Goldman Sachs. His expertise spanned several industry verticals, capital markets products, merger advisory services and merchant banking. In 2005, Mr. Hodgson was tasked with rebuilding Goldman Sachs Canada after the firm had curtailed its Canadian investment banking, fixed income, and equity research operations in 2003.

From 2005 to 2010, he served as Chief Executive Officer of Goldman Sachs Canada with overall responsibilities for the firm's operations, client relationships and regulatory matters in the region. Under his leadership, the firm significantly increased its headcount, and expanded the scope of its operations. Mr. Hodgson has advised Canadian governments, corporations and high net worth individuals. Selected clients in the financing, mergers and merchant banking businesses included the Province of Ontario Government, the Canada Pension Plan Investment Board, the Ontario Teachers' Pension Plan, the Ontario Municipal Employees Retirement System, the Caisse de dépôt et placement du Québec, and Brookfield Asset Management. Mr. Hodgson currently sits on the boards of Hydro One, PSP Investments, MEG Energy Corp., and Next Canada. Mr. Hodgson's prior directorships include The Global Risk Institute, KGS-Alpha Capital Markets, Bridgepoint Health and the Richard Ivey School of Business. Mr. Hodgson holds a Masters of Business Administration from The Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Commerce from the University of Manitoba. He is a Fellow of the Institute of Chartered Public Accountants and a member of the Institute of Corporate Directors.

**Alister Campbell.** Alister Campbell is the incoming CEO of the Property and Casualty Insurance Compensation Corporation (PACICC), the Canadian industry-funded resolution authority for the insurance sector. Previously, Mr. Campbell served as the President and CEO of The Guarantee Company of North America, a market-leading specialty insurer and surety underwriter in Canada with an expanding surety underwriting presence in the United States. In that role, he led a period of strong growth and increased profitability. Prior to his role at The Guarantee, Mr. Campbell was President, Chief Executive Officer and Chief Agent of Zurich North America Canada, a Canadian market leader in corporate, commercial and specialty insurance. Mr. Campbell is a 30-year insurance industry veteran and began his career in the brokerage sector where he helped found and lead Canada's first significant broker consolidator – Trivest Insurance Network. He then began his first period with Zurich Canada rising to the position of President, Personal Insurance where he was accountable for the growth and profitability of both Property & Casualty and Life Insurance. Upon the sale of those businesses, Mr Campbell was invited to join the Senior Executive of ING Canada (now Intact Financial) where he served in various roles including as Senior Vice-President, Marketing & Communications - accountable for the ING brand as well as direct-insurer brands BelairDirect and GreyPower Insurance. Mr. Campbell was also accountable for Investor Relations during the period when ING Canada first became publicly traded on the TSX. Alister has previously served the industry as Chair of the board of directors of PACICC and as Deputy Chair of the Board of the Insurance Bureau of Canada (IBC). Currently, he is a member of the board of directors of the Global Risk Institute in Financial Services and a Senior Fellow at the C.D. Howe Institute. Alister holds a BA (Hons.) from the University of Toronto, a M.Sc. from the London School of Economics and an MBA (Finance) from the Wharton Graduate School of Business at the University of Pennsylvania.

**Rik Parkhill.** Rik Parkhill has over 30 years of experience in the financial services industry, including managing banks, brokerage firms and exchanges. He is currently Managing Partner and Founder of Parkhill Advisory Inc., which provides advisory services to corporations and institutional investors, with a focus on strategy, capital markets and banking. He also serves as a non-executive director on corporate boards in Canada and the Caribbean. Mr. Parkhill was the CEO of CIBC FirstCaribbean International Bank from 2011 to 2015, and also served as Chairman of several of the bank's operating subsidiary boards. He was Managing Director, Head of Cash Equities and Capital Markets Sales at CIBC World Markets from 2008 to 2011. From 2001 to 2008, Mr. Parkhill held a number of senior positions at the TMX Group, including Interim Co-Chief Executive Officer and President, TSX Markets. Prior to 2001, he worked at several investment firms over a span of seventeen years, including Research Capital, BZW Canada, Deacon Morgan McEwen Easson, and Jones Heward. During this period, he held diverse positions, such as Head of Capital Markets, Head of Institutional Equities, Head of Research, and also worked as an Oil and Gas Analyst. Mr. Parkhill holds a Bachelor of Arts (Honours) degree from Queen's University.

**Mahmood Khimji.** Mahmood Khimji is a founding Principal of Highgate, a fully integrated real estate investment, management, and development company. Highgate is active in Domestic and European markets with corporate offices located in New York, London, Dallas, Los Angeles, and Seattle. Highgate targets investments in a broad range of real estate assets, portfolios, and companies. With a primary focus on the hospitality sector, Highgate has owned over 125 hotel properties and currently holds over 34,000 owned, managed, asset-managed, or under-development rooms in its portfolio. Highgate has also been an active acquirer of real estate outside of the hospitality sector, with significant investment experience in office assets, multifamily, mixed-use and high-street retail acquisitions. Mahmood attended the University of British Columbia and graduated from the University of Houston, summa cum laude, with a Bachelor of Arts degree. He attended Columbia Law School, from which he earned a Juris

Doctor and subsequently practised law at the Manhattan firm of Paul, Weiss, Rifkind, Wharton & Garrison. Mahmood was formerly a member of the Boards of Directors for MeriStar Hospitality Corporation, Interstate Hotels, and Morgans Hotel Group. He currently serves on the Board of Visitors for Columbia Law School and is a member of the Young Presidents' Organization (YPO). In addition, Mahmood is a member of the Real Estate Forum and serves on the National Committee for the Aga Khan Foundation USA and is on the Board of Asia Society.

### *Executive Officers*

**Dodridge Miller.** Please see Mr. Miller's biography above.

**Ravi Rambarran.** Ravi Rambarran was appointed to the post of Group Chief Operating Officer with responsibility for Sagicor Life Inc. Southern Caribbean on January 1, 2018. He first joined the Sagicor Group of Companies in 1997 in Jamaica, where he held senior management positions with Sagicor Life Jamaica Limited. A director on the Sagicor Life USA Board since 2008, he was previously the Appointed Actuary of the Subsidiaries, the Group's President and Chief Executive Officer – International Division, and most recently, the Executive Vice President-Corporate Strategy and Investor Relations and Sagicor. Mr. Rambarran was awarded an Open Mathematics Scholarship by the Government of Trinidad and Tobago, has a BSc (Hons) in Actuarial Science from City University, London, an MSc in Finance from the University of London, and is a Fellow of the Institute of Actuaries. Mr. Rambarran has more than 20 years of experience, both regionally and internationally, in the pensions, insurance and asset management industries. He is also a member of the Executive of the Caribbean Actuarial Association and represents the Caribbean on the International Actuarial Association.

**Andre Mousseau.** Andre Mousseau was most recently a Partner at Alignvest Private Capital. Before joining Alignvest, Mr. Mousseau was a Portfolio Manager in the Long Term Equities group at the Ontario Teachers' Pension Plan, the largest single-profession pension plan in Canada. The Long Term Equities group focused on investments, both public and private, with steady cash flow and growth potential that can hold their value and act as a hedge against inflation. During Mr. Mousseau's tenure, the Long Term Equities group made investments in Camelot Group plc, Impark Corp., Baybridge Seniors Housing and Aircastle Ltd. Prior to joining Ontario Teachers' Pension Plan, Mr. Mousseau was a Principal at EdgeStone Capital Partners, one of Canada's leading independent private equity managers. Mr. Mousseau joined EdgeStone Capital Partners as an Associate in 2006 and worked on a variety of successful investments, portfolio company initiatives and exits across multiple industries. Prior to this, Mr. Mousseau started his career in investment banking with CIBC World Markets and Genuity Capital Markets. Mr. Mousseau is a director of Edgewood Health Network, a portfolio investment of Alignvest. Previously, Mr. Mousseau served on the boards of Impark Corp., one of North America's largest parking management providers, Premier Lotteries, Ontario Teachers' Pension Plan's holding company for lottery management investments, and Aurigen Reinsurance, a Bermuda-based life reinsurance provider focused on the reinsurance of life insurance policies of North American residents, and was an alternate board member of Camelot Group PLC, the operator of the UK National Lottery. Mr. Mousseau earned a Masters of Business Administration at the Richard Ivey School of Business at the University of Western Ontario where he graduated as an Ivey Scholar, and an undergraduate degree in economics from McGill University.

**Chris Zacca.** Chris Zacca was appointed President and CEO of Sagicor Group Jamaica Limited in May 2017. Mr. Zacca holds a BSc in Engineering from the Massachusetts Institute of Technology and an MBA from the University of Florida. Mr. Zacca has more than 30 years of experience in public and private sector management, in particular during the period of 1982-2009, during which he held various senior management positions in the private sector. Mr. Zacca also served as a special advisor for the Prime Minister of Jamaica from 2009 to 2011. In 2014, Mr. Zacca was conferred with the National Honour of the Order of Distinction in the rank of Commander for his invaluable contribution to the private and public sectors in Jamaica.

**Bart Catmull.** Bart Catmull was appointed President and Chief Operating Officer of Sagicor USA in 2013. He joined Sagicor in 2005, and worked at the predecessor company since 1999. Mr. Catmull is a Certified Public Accountant (CPA), and obtained his Bachelors of Science degree from Brigham Young University. Mr. Catmull has more than 20 years' experience in the insurance industry. Prior to his appointment as President, he held the positions of Chief Operating Officer, Chief Financial Officer, Treasurer and Chief Accounting Officer at Sagicor.

## Other Reporting Issuer Experience

The following table sets out the proposed directors of New Sagicor that are directors of other reporting issuers (or the equivalent) in Canada or a foreign jurisdiction, other than Alignvest, as of the date hereof:

<b>Name</b>	<b>Name of Reporting Issuer</b>
Dodridge Miller	Sagicor Financial Corporation Limited Sagicor Group Jamaica Limited FamGuard Corporation Limited
Stephen McNamara	Sagicor Financial Corporation Limited Sagicor Group Jamaica Limited
Sir Hilary Beckles	Sagicor Financial Corporation Limited
Peter Clarke	Sagicor Financial Corporation Limited Sagicor Group Jamaica Limited
Stephen Facey	Sagicor Group Jamaica Limited
Monish Dutt	Panjam Investments Limited
John Shettle	Sagicor Financial Corporation Limited Ecobank Transnational Incorporated
Reza Satchu	Sagicor Financial Corporation Limited AmTrust Financial Services, Inc.
Timothy Hodgson	Trilogy International Partners Inc. MEG Energy Corp. Hydro One Limited Public Sector Pension Investment Board (PSP)

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Alignvest and Sagicor, no proposed nominee for election as a director or proposed executive officer of New Sagicor has been, at the date of the prospectus or within the last 10 years: (a) a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) was the subject of an event that resulted, after that person ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of such an order; or (b) a director or executive of a company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director or executive officer of New Sagicor has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

To the knowledge of Alignvest, no proposed director or executive officer of New Sagicor has, within the 10 years before the date of the prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

## Majority Voting Policy

It is expected that New Sagicor will adopt a majority voting policy consistent with TSX requirements prior to the first uncontested meeting of shareholders at which directors are to be elected.



### **Exclusive Jurisdiction Bye-law**

It is expected that New Sagicor's bye-laws will include a provision providing for an exclusive jurisdiction for the adjudication of certain disputes whereby, unless New Sagicor approves or consents in writing to the selection of an alternative jurisdiction (and New Sagicor will, to the fullest extent permitted by law, always provide such consent with respect to the Superior Court of Justice of the Province of Ontario, Canada and the appellate courts therefrom), the courts of competent jurisdiction located in Bermuda shall, to the fullest extent permitted by law, be the sole and exclusive jurisdiction for any dispute concerning the BCA or out of or in connection with New Sagicor's bye-laws, including any question regarding the existence and scope of any bye-law and/or whether there has been any breach of the BCA or its bye-laws by an officer or director of New Sagicor (whether or not such a claim is brought in the name of a shareholder of New Sagicor or in the name of New Sagicor).

### **Conflicts of Interest**

Certain of the proposed directors and executive officers of New Sagicor are officers and directors of, or are associated with, other public and private companies. Such associations may give rise to conflicts of interest with New Sagicor from time to time. Under Bermuda law, every director and officer of the company owes certain statutory and common law duties, as applicable, to the company as a whole. In exercising their powers and discharging their duties, every director and officer shall act honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Pursuant to the BCA, if a director or officer is interested in a material contract or a proposed material contract with New Sagicor or any of its subsidiaries, or has a material interest in any person that is a party to such material contract or proposed material contract with New Sagicor or any of its subsidiaries, they must declare that interest to the board of directors at the first opportunity. It is expected that New Sagicor's bye-laws will stipulate that, subject to certain exceptions, an interested director shall not be entitled to vote in respect of any material contract or proposed material contract in which they have an interest, provided that: (i) no such contract or proposed contract shall be void or voidable by reason only that the interested director did vote in respect of such contract or proposed contract or did not declare their interest as required by the BCA and the interested director shall not be liable to account to New Sagicor for any profit realised thereby, if the interest was disclosed to the shareholders and the shareholders subsequently approved such contract by special resolution, and (ii) an interested director is not prohibited from voting in respect of such contract or proposed contract (w) relating to their remuneration as a director, officer, employee or agent of New Sagicor or its affiliates, (x) relating to their indemnification or insurance under the New Sagicor bye-laws, (y) with an affiliate of New Sagicor, or (z) in connection with the direct or indirect ownership of shares in New Sagicor by any director. See also "*Corporate Governance*" and "*Risk Factors*" in this prospectus.

### **Indemnification of Directors and Officers**

Section 98 of the BCA provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which by virtue of any rule of law would otherwise be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company. Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favour or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the BCA.

It is expected that New Sagicor's bye-laws will provide that New Sagicor shall indemnify its officers and directors in respect of their actions and omissions, except in respect of their fraud or dishonesty.

### **Directors' and Officers' Liability Insurance**

Section 98A of the BCA permits a Bermuda company to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him in respect of any negligence, default, breach of duty or breach of trust, regardless of whether or not such officer or director is otherwise indemnified. It is expected that New Sagicor's bye-laws will provide that the Company may purchase and maintain insurance for the benefit of its directors and officers against any liability incurred by them under the BCA in their capacity as a director or

officer or indemnifying such director or officer in respect of any loss arising or liability attaching to them by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the director or officer may be guilty in relation to New Sagicor or any subsidiary thereof. New Sagicor intends to carry a directors' and officers' liability insurance policy which will be designed to protect New Sagicor and its directors and officers against any legal action which may arise as a result of wrongful acts on the part of directors and/or officers of New Sagicor. Such policy will be written with a maximum limit and be subject to a corporate deductible on all claims.

### **Directors and Executive Officers of Material Subsidiaries**

The directors and officers of the material subsidiaries of New Sagicor other than Sagicor itself are expected to be:

#### ***Sagicor Life USA***

*Directors:* Dodridge Miller, Stephen McNamara, Arthur Bethell, Ken Marshall, Monish Dutt, William Lucie-Smith, Peggy Rubin-Dittenmore, Todd Campbell, Ravi Rambarran, John Shettle and Vikki Pryor

*Officers:* Dodridge Miller (Chief Executive Officer), Shaun Williams (Chief Financial Officer) and Bart Catmull (Chief Operating Officer)

#### ***Sagicor Life***

*Directors:* Stephen McNamara, Andrew Aleong, Sir Hilary Beckles, Peter Clarke, Jeannine Comma, Patricia Downes-Grant, William Lucie-Smith, Dodridge Miller, David Wright and Ian Carrington

*Officers:* Ravi Rambarran (President and Chief Executive Officer) and Althea Hazzard (General Counsel)

#### ***Sagicor Jamaica***

*Directors:* Richard Byles, Christopher Zacca, R.D. Williams, Peter Clarke, Jeffrey Cobham, Jacqueline Coke-Lloyd, Richard Downer, Paul Facey, Stephen Facey, Marjorie Fyffe Campbell, Paul Hanworth, Stephen McNamara, Peter Melhado, and Dodridge Miller

*Officers:* Christopher Zacca (Chief Executive Officer) and Ivan Carter (Chief Financial Officer)

## DIRECTORS' AND EXECUTIVE OFFICERS' COMPENSATION

New Sagicor operates in a competitive and rapidly evolving market. To succeed in this environment and to achieve its business and financial objectives, New Sagicor needs to attract, retain and motivate a highly talented team of executives. New Sagicor expects its team to possess and demonstrate strong leadership and management capabilities, as well as foster New Sagicor's company culture, which is at the foundation of its success and remains a pivotal part of its everyday operations.

New Sagicor's executive compensation program is expected to be designed to achieve the following objectives:

- provide market-competitive compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to New Sagicor's success;
- motivate these executive officers to achieve New Sagicor's business objectives;
- align the interests of New Sagicor's executive officers with those of its shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of New Sagicor's business; and
- provide incentives that encourage appropriate levels of risk-taking by the executive team.

### Named Executive Officers

It is expected that the five (5) "named executive officers" ("NEOs") of New Sagicor will include Dodridge D. Miller as President and Chief Executive Officer, Ravi Rambarran as Group Chief Operating Officer, Andre Mousseau as Group Chief Financial Officer, Chris Zacca as President of Sagicor Jamaica and Bart Catmull as President of Sagicor USA. All are currently executive officers of Sagicor and/or its subsidiaries except Andre Mousseau, who is currently Chief Operating Officer of Alignvest. An issuer's "named executive officers" are comprised of its Chief Executive Officer and Chief Financial Officer (or individuals who serve in similar capacities), and its three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation is, individually, more than C\$150,000.

It is anticipated that the New Sagicor Board will adopt a written charter for the CG&E Committee and the C&HR Committee that establishes, among other things, the CG&E Committee's and the C&HR Committee's purpose and its responsibilities with respect to executive compensation (see "*Corporate Governance – Compensation and Human Resources Committee*" and "*Corporate Governance – Corporate Governance and Ethics Committee*"). The charters of the CG&C Committee and the C&HR Committee will provide that such committees shall, among other things, assist the New Sagicor Board in its oversight of executive compensation, management development and succession, director compensation and executive compensation disclosure.

It is expected that, following the Effective Date, such executive officers' compensation will include the following major elements: (i) base salary; (ii) short-term incentives, consisting of an annual bonus, based on the results of an executive's scorecard; (iii) long-term equity incentives, as may be granted from time-to-time under the proposed restricted share unit plan to be adopted by New Sagicor (see "*Equity Incentive Plan Descriptions – RSU Plan*"); and (iv) customary benefit programs. The historical executive compensation of the NEOs of Sagicor is generally not expected to be reflective of the expected compensation of the NEOs of New Sagicor.

The existing employment agreement between Sagicor Jamaica and Chris Zacca provides for: (i) base salary; (ii) short-term incentives, consisting of an annual bonus; (iii) long-term equity incentives, as may be granted from time-to-time under the RSU Plan; and (iv) customary benefit programs.

The existing employment agreement between Sagicor USA and Bart Catmull provides for: (i) base salary; (ii) short-term incentives, consisting of an annual bonus; (iii) long-term equity incentives expected to be granted from time-to-time under the RSU Plan; and (iv) customary benefit programs.



New Sagicor expects to continue to evaluate its philosophy and compensation programs as circumstances require and plans to review compensation on an annual basis. As part of this review process, New Sagicor expects to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost to New Sagicor if it were required to find a replacement for a key employee.

### ***Compensation, Employment Agreements, Termination and Change of Control Benefits***

Each of Dodridge Miller, Ravi Rambarran and Andre Mousseau intend to enter into a new employment agreement, which is conditional on the completion of the proposed transactions with Sagicor. Except as disclosed below, any restricted share unit awards that may be granted in the year ended December 31, 2019 have not been determined at this time. Amounts discussed in connection with annual incentive plan compensation reflect the maximum annual bonuses that could be awarded to the applicable NEO in 2019 in respect of the year ended December 31, 2019. The actual amount of cash bonuses paid out in 2019 may change depending on New Sagicor's ongoing performance. It is expected that none of the NEOs will be entitled to perquisites or other personal benefits which, in the aggregate, are worth over C\$50,000 or over 10% of their base salary.

Regarding Chris Zacca's and Bart Catmull's employment agreement, the amounts discussed in connection with annual incentive plan compensation reflect the maximum annual bonuses that could be awarded to the applicable NEO in 2019 in respect of the year ended December 31, 2019. The actual amount of cash bonuses paid out in 2019 may change depending on Sagicor Jamaica's and Sagicor USA's, as applicable, ongoing performance. None of these NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over C\$50,000 or over 10% of their base salary.

#### Dodridge D. Miller, President and Chief Executive Officer

In respect of the year ended December 31, 2019, Mr. Miller is expected to have a base salary of US\$700,000 per annum. This base salary will be reviewed annually by the New Sagicor Board and may be adjusted in the sole discretion of the New Sagicor Board based on such review, but will not be reduced by the New Sagicor Board unless a material adverse change in the financial condition or operations of Sagicor has occurred or unless Mr. Miller's responsibilities are altered to reflect less responsibility. In addition, he will be entitled to a one-time lump sum cash payment equal to US\$1,345,800 in consideration for his agreement to substantially reduce his base pay that is currently in effect.

In 2019, Mr. Miller will also have the opportunity to earn an annual incentive bonus payable in cash of up to 1.91 times his base salary (the maximum bonus would require maximum performance metrics to be satisfied, failing which a lesser or no bonus would be awarded). In later years, different short-term incentive plans may be adopted, but this remains to be determined.

Mr. Miller's existing equity incentives, consisting of options to acquire 5,549,200 Sagicor Common Shares exercisable at exercise prices between US\$0.86 to US\$2.50 per share expiring in 2020 to 2028 and unvested restricted share awards in respect of 889,305 Sagicor Common Shares vesting 25% on the grant date and in equal amounts of 25% over the succeeding three years thereafter, will be replaced by New Sagicor Common Shares with equivalent economics and other terms. As a result, after the Effective Time, Mr. Miller will have options to acquire approximately 1,294,813 New Sagicor Common Shares and unvested restricted share awards in respect of 207,505 New Sagicor Common Shares, subject to the same terms and conditions in place as of the date hereof. The foregoing assume a US dollar to Canadian exchange rate of approximately 1:1.33.

Mr. Miller will, at the Effective Time, also be granted a long-term incentive consisting of restricted share units ("RSUs") in respect of 675,000 New Sagicor Common Shares. 1/3rd of these RSUs will vest on a time basis (1/9<sup>th</sup> per year in each of 2019, 2020 and 2021), 1/3rd will vest based on return on equity targets, and 1/3rd will vest only if the New Sagicor Common Shares trade above C\$12.00 per share for 20 out of 30 consecutive trading days within 5 years from the Effective Time.

Mr. Miller will continue to participate in his existing pension arrangements (taking into account the lump sum cash payment described above pro-rated over three years). As at December 31, 2017, Mr. Miller had accrued 28.6 years

of credited service. The present value of the defined benefit obligation is US\$9,338,212, and would result in annual benefits payable of US\$850,000 at age 65.

Mr. Miller will also be entitled to a grant, on the Effective Date, of 1,000,000 New Sagicor Common Shares in consideration of his agreement to very substantially reduce his severance entitlement (by an amount that is materially greater than the C\$10,000,000 million value ascribed to this share grant), and to remove its “single trigger” feature. The employment agreement with Mr. Miller specifies the amounts payable, including severance, to Mr. Miller in the event that he is terminated, with or without cause or due to disability, or resigns with or without good reason. The payment of severance to Mr. Miller is conditioned on his execution of a general release of claims against New Sagicor in a form reasonably acceptable to New Sagicor. If Mr. Miller is terminated without cause, terminated due to disability or resigns with good reason, then under the employment agreement, New Sagicor will be required to pay to Mr. Miller: (1) his accrued but unpaid base salary and accrued vacation pay up to the termination date; (2) his earned and unpaid annual bonus (if any); (3) an amount equal to his unreimbursed business expenses that are subject to reimbursement under New Sagicor’s then current policy on business expenses; and (4) severance in an amount equal to two (2) times the sum of the base salary and the target annual bonus. Severance will be paid by New Sagicor to Mr. Miller as a lump sum within 60 days of Mr. Miller’s termination in the event of a termination without cause or resignation with good reason, and within 30 days of Mr. Miller’s termination in the event of a termination due to disability. If Mr. Miller’s employment is terminated with cause or due to his resignation other than with good reason, then under the employment agreement, New Sagicor will be required to pay to Mr. Miller: (1) his accrued but unpaid base salary up to the termination date; and (2) an amount equal to his unreimbursed business expenses that are subject to reimbursement under New Sagicor’s then current policy on business expenses.

Mr. Miller’s compensation package is structured, in part, to compensate Mr. Miller for: (1) a reduction in salary compared to his pre-transaction salary; (2) forfeiture of his pre-transaction severance entitlement; and (3) a reduction in severance compared to his pre-transaction entitlement. Overall, the value of Mr. Miller’s total compensation is expected to be substantially less for the year ended December 31, 2019 than for the year ended December 31, 2018.

Mr. Miller’s employment agreement also contains customary confidentiality and indemnification arrangements and certain restrictive covenants that will continue to apply following the termination of his employment, including non-competition and non-solicitation provisions which are in effect during Mr. Miller’s employment and for the one year following the termination of his employment. Customary benefits will include vacation, a travel allowance, a housing allowance, a vehicle allowance and customary group life and health benefits.

The term of Mr. Miller’s employment agreement is initially for three (3) years, with automatic renewal for successive one year periods absent at least 60 days’ prior written notice from either party before the renewal date.

#### Chris Zacca

In respect of the year ended December 31, 2019, Mr. Zacca will have a base salary of US\$500,000 per annum. He will receive an annual incentive cash bonus, in accordance with Sagicor’s annual incentive plan, equal to the amount payable to presidents and/or chief executive officers under such plan, and will receive an annual long term equity-based incentive, in accordance with the rules governing the RSU Plan, equal to the amount issuable to presidents and/or chief executive officers under such plan. Either (1) Sagicor will purchase Mr. Zacca a motor vehicle which Sagicor will maintain for the exclusive use by Mr. Zacca, or (2) Sagicor will provide Mr. Zacca with a motor vehicle allowance as would be appropriate for a president and chief executive officer. Mr. Zacca will have his reasonable expenses incurred while travelling reimbursed by Sagicor. Sagicor will also offer Mr. Zacca customary group health and pension benefits including in respect of short-term disability, vacation and illness. Mr. Zacca’s compensation package will be subject to annual review by the board of directors of Sagicor and the C&HR Committee, and the C&HR Committee may amend the terms of Mr. Zacca’s compensation package. Mr. Zacca’s employment agreement may be amended concurrently with the completion of the Transaction to reflect his participation in the RSU Plan following closing of the Transaction and other appropriate amendments and clarifications.

The employment agreement with Mr. Zacca specifies the amounts that could be payable to Mr. Zacca in the event that he is terminated. Sagicor will not be required to make any payments to Mr. Zacca under his employment agreement if Mr. Zacca is terminated for cause. The following list includes situations which would constitute for

cause termination of Mr. Zacca under his employment agreement: Mr. Zacca willfully, intentionally and negligently fails to substantially perform his duties (other than by reason of incapacity due to physical or mental illness); Mr. Zacca willfully engages in conduct which is demonstrably and materially injurious to Sagicor; Mr. Zacca is convicted of an offence or has a judgment obtained against him any civil proceeding involving fraud, misappropriation of property or moral turpitude that could, in the opinion of the board of directors of Sagicor, adversely affect the integrity, reputation, business or operations of Sagicor; Mr. Zacca commits an act of fraud or misappropriation of property against Sagicor or any subsidiary or affiliate; Mr. Zacca materially breaches his employment agreement and such breach is not remedied within 30 days; and Mr. Zacca commits any other act or omission that justifies dismissal for cause. If Mr. Zacca is wrongfully terminated or constructively dismissed, Sagicor will be required to pay Mr. Zacca: (1) an amount equal to 12 months current compensation in lieu of the required notice; plus (2) a termination or severance payment equal to four weeks' of Mr. Zacca's current total compensation for each year, or part year thereof, of employment, provided that (A) the amount paid under this part (2) shall not, when added with part (1), exceed 30 months' current total compensation, and (B) the termination package under this part (2) shall not be less than the statutory minimum under the laws of Jamaica. If Mr. Zacca is constructively terminated due to Mr. Zacca's death or Mr. Zacca is terminated because he is incapacitated or prevented by physical or mental illness, injury, accident, disability or any other circumstance beyond his control from discharging his duties under his employment agreement for a total of 180 days in any 12 consecutive calendar months, Sagicor will be required to pay Mr. Zacca (or his estate, as applicable) a termination package equal to 24 months' current compensation.

Mr. Zacca's employment agreement also contains customary confidentiality arrangements and certain restrictive covenants that will continue to apply following the termination of his employment, including non-competition and non-solicitation provisions which are in effect during Mr. Zacca's employment and for the one year following the termination of his employment.

The term of Mr. Zacca's employment agreement is initially for three (3) years, with automatic renewal for successive one year periods unless either of the parties terminates the employment agreement in accordance with its terms.

#### Bart Catmull

In respect of the year ended December 31, 2019, Mr. Catmull will have a base salary of US\$381,000 per annum. He will receive an annual incentive cash bonus, in accordance with Sagicor's annual incentive plan, equal to the amount payable to presidents and/or chief operating officers under such plan, and is expected to receive an annual long term equity-based incentive, in accordance with the rules governing the RSU Plan, equal to the amount issuable to presidents and/or chief operating officers under such plan. Mr. Catmull will receive an annual motor vehicle allowance of US\$17,250, will have his reasonable expenses incurred while travelling reimbursed by Sagicor USA, and Sagicor USA will provide Mr. Catmull with a place of residence. Sagicor USA will also offer Mr. Catmull customary group health and pension benefits including in respect of short-term disability, vacation and illness. Mr. Catmull's compensation package will be subject to annual review by the board of directors of Sagicor USA and Sagicor USA's Human Resource Committee, and Sagicor USA's Human Resource Committee may amend the terms of Mr. Catmull's compensation package. Mr. Catmull's employment agreement may be amended concurrently with the completion of the Transaction to reflect his participation in the RSU Plan following closing of the Transaction and other appropriate amendments and clarifications.

The employment agreement with Mr. Catmull specifies the amounts that could be payable to Mr. Catmull in the event that he is terminated. Sagicor USA will not be required to make any payments to Mr. Catmull under his employment agreement if Mr. Catmull is terminated for cause. The following list includes situations which would constitute for cause termination of Mr. Catmull under his employment agreement: Mr. Catmull willfully, intentionally and negligently fails to substantially perform his duties (other than by reason of incapacity due to physical or mental illness); Mr. Catmull willfully engages in conduct which is demonstrably and materially injurious to Sagicor USA; Mr. Catmull is convicted of an offence or has a judgment obtained against him any civil proceeding involving fraud, misappropriation of property or moral turpitude that could, in the opinion of the board of directors of Sagicor USA, adversely affect the integrity, reputation, business or operations of Sagicor USA; Mr. Catmull commits an act of fraud or misappropriation of property against Sagicor USA or any subsidiary or affiliate; Mr. Catmull materially breaches his employment agreement and such breach is not remedied within 30 days; and Mr.

Catmull commits any other act or omission that justifies dismissal for cause. If Mr. Catmull is wrongfully terminated or constructively dismissed, Sagicor USA will be required to pay Mr. Catmull: (1) an amount equal to 24 months' current compensation in lieu of the required notice; plus (2) a termination or severance payment equal to five weeks' of Mr. Catmull's current total compensation for each year, or part year thereof, of employment, provided that (A) the amount paid under this part (2) shall not, when added with part (1), exceed 30 months' current total compensation, and (B) the termination package under this part (2) shall not be less than the statutory minimum under the laws of the State of Florida. If Mr. Catmull is constructively terminated due to Mr. Catmull's death or Mr. Catmull is terminated because he is incapacitated or prevented by physical or mental illness, injury, accident, disability or any other circumstance beyond his control from discharging his duties under his employment agreement for a total of 180 days in any 12 consecutive calendar months, Sagicor USA will be required to pay Mr. Catmull (or his estate, as applicable) a termination package equal to 24 months' current compensation.

Mr. Catmull's employment agreement also contains customary confidentiality arrangements and certain restrictive covenants that will continue to apply following the termination of his employment, including non-competition and non-solicitation provisions which are in effect during Mr. Catmull's employment and for the one year following the termination of his employment.

The term of Mr. Catmull's employment agreement is initially for three (3) years, with automatic renewal for successive one year periods unless either of the parties terminates the employment agreement in accordance with its terms.

#### Ravi Rambarran and Andre Mousseau

The terms of employment of Ravi Rambarran and Andre Mousseau are expected to be finalized prior to the completion of the Transaction.

#### **Directors**

New Sagicor expects to implement a director compensation program consisting of board retainer fees, meeting fees and committee retainer fees on market terms.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as described below, none of the directors, executive officers, employees, former directors, former executive officers or former employees of Sagicor or any of its subsidiaries, and none of their respective associates, is or has within 30 days before the date of this prospectus or at any time since the beginning of the most recently completed financial year been indebted to Sagicor or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by New Sagicor or any of its subsidiaries. The amounts in the table below do not include “routine indebtedness” (as defined in National Instrument 51-102 – Continuous Disclosure Obligations).

AGGREGATE INDEBTEDNESS (US\$)		
Purpose	To Sagicor or its Subsidiaries (US\$ millions)	To Another Entity
Share purchases	Nil	Nil
Other	US\$23.5	Nil

## AUDIT COMMITTEE

The following disclosure is based on the present expectation of New Sagicor that the formal establishment of the Audit Committee (the “**Audit Committee**”) of the New Sagicor Board (without changes to the proposed composition) and the ratification and adoption of its proposed mandate (without any material modifications) will occur following completion of the Transaction. However, such disclosure remains subject to revision prior or subsequent to the Effective Date. See “*Notice to Readers*” in this prospectus. The proposed mandate of the Audit Committee is set out in Appendix K to this prospectus.

### Composition of New Sagicor Audit Committee

On the Effective Date, the Audit Committee is expected to consist of John Shettle, Alister Campbell, Peter Clarke, Stephen Facey and Rik Parkhill. John Shettle is expected to be the chair of the Audit Committee. Each member of the Audit Committee is expected to be independent (as defined in NI 52-110) and none are expected to receive, directly or indirectly, any compensation from New Sagicor other than for service as a member of the New Sagicor Board and its committees. All proposed members of the Audit Committee will be financially literate (as defined under NI 52-110).

For the relevant education and experience of the members of the Audit Committee, please refer to the biographies of John Shettle, Alister Campbell, Peter Clarke, Stephen Facey and Rik Parkhill in “*Directors and Executive Officers – Biographies*” in this prospectus.

### Pre-Approval Policies and Procedures

The Audit Committee will adopt requirements regarding pre-approval of non-audit services as part of its Audit Committee Mandate. The Audit Committee Mandate will require that the Audit Committee must approve in advance any retainer of the auditors to perform any non-audit service to New Sagicor (together with all non-audit service fees) that it deems advisable in accordance with applicable requirements and the New Sagicor Board approved policies and procedures. The Audit Committee intends to consider the impact of such service and fees on the independence of the auditor. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee; however, the decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.



## External Audit Service Fees

All audit and non-audit services to be provided by New Sagicor's external auditor will be required to be pre-approved by the Audit Committee. It is expected that on an annual basis, New Sagicor's Audit Committee will pre-approve a budget for certain specific non-audit services such as assistance with tax returns.

PricewaterhouseCoopers SRL is the Group's external auditor. Following is a statement of the fees paid to the external auditors for audit and non-audit services during 2016 and 2017.

	As at Sept. 30, 2018	Fees Paid (US\$ '000)	
		Fiscal 2017	Fiscal 2016
Audit Fees <sup>(1)</sup> .....	2,918	3,675	2,950
Audit-Related Fees <sup>(2)</sup> .....	857	Nil	Nil
Tax Fees <sup>(3)</sup> .....	192	349	273
Other Fees <sup>(4)</sup> .....	1,125	1,196	1,398
<b>Total Fees Paid</b> .....	<b>5,092</b>	<b>5,220</b>	<b>4,621</b>

### Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the consolidated financial statements.
- (2) "Audit-Related Fees" include fees for assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of Sagicor's financial statements other than those fees included in "Audit Fees".
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.
- (4) "Other Fees" include fees for products and services provided by the auditor other than those included above, mainly due to statutory audits.

## CORPORATE GOVERNANCE

Unless otherwise indicated, the following disclosure is based on the present expectations of New Sagicor in respect of its corporate governance practices and the formal establishment of committees of the New Sagicor Board described below (without changes to the proposed composition) and the ratification and adoption of their respective proposed mandates (without any material modifications) will occur following completion of the Transaction. However, such disclosure remains subject to revision prior or subsequent to the Effective Date. See "Notice to Readers" in this prospectus.

### Statement of Corporate Governance Practices

New Sagicor's corporate governance disclosure obligations are set out in the Canadian Securities Administrators' NI 58-101, NP 58-201 and NI 52-110. These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "Guidelines"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines.

Set out below is a description of New Sagicor's anticipated approach to corporate governance in relation to the Guidelines.

### Board of Directors

On the Effective Date, it is expected that the New Sagicor Board will be comprised of twelve directors, as set out in "Directors and Executive Officers" in this prospectus. Each of the twelve (12) proposed members of the New Sagicor Board will be formally appointed to the New Sagicor Board at or prior to the closing of the Transaction. The current directors of Alignvest, with the exception of Reza Satchu and Timothy Hodgson, intend to resign serially at, or prior to, the closing of the Transaction, and their replacements plus three (3) new directors are expected to be appointed at that time.

As the proposed directors of New Sagicor, other than Reza Satchu and Timothy Hodgson, who are currently directors of Alignvest, are not current directors of Alignvest and will not become directors of New Sagicor until the completion of the Transaction, they will not be subject to liability as directors for any misrepresentation in this prospectus.

Each director of New Sagicor will thereafter be required to be elected by New Sagicor Shareholders at each annual meeting of shareholders or at a special general meeting of the New Sagicor Shareholders convened for such purpose, and will hold office for the term stipulated in the applicable New Sagicor Shareholder resolution, unless: (i) his or her office is earlier vacated in accordance with the bye-laws of New Sagicor; or (ii) he or she becomes disqualified to act as a director. In the event that a term is not stipulated in the applicable New Sagicor Shareholder resolution, directors will hold office until the end of the next annual general meeting following their appointment or until their successors are elected or appointed.

The primary function of the New Sagicor Board will be to supervise the management of the business and affairs of New Sagicor, including the responsibility for the strategic planning process, risk management, succession planning, approving and communicating a communications policy and disclosure policy, setting internal controls, including appropriate signing limits on all material bank and investment accounts, corporate governance, senior management compensation and oversight, director compensation and assessment and approving material transactions and contracts. It is not expected that there will be any material differences in internal control over financial reporting from a corporate governance standpoint when compared to Canadian standards. Because Sagicor's executives supervise the management of Sagicor Jamaica as an operational matter, and consolidate its financial results, Sagicor's internal controls are also applied at the Sagicor Jamaica level. The New Sagicor Board will also be responsible for reviewing the succession plans for New Sagicor, including appointing, training and monitoring senior management to seek to ensure that the New Sagicor Board and management have appropriate skill and experience. The New Sagicor Board will establish an Audit Committee, a CG&E Committee, a C&HR Committee and an Investment and Risk Committee.

The New Sagicor Board is expected to be composed of the same individuals as the board of directors of its wholly-owned subsidiary, Sagicor, which will continue to control Sagicor Jamaica following the Transaction, and the executive officers of the two companies are also expected to be the same. Accordingly, the New Sagicor Board will be in a position (i) to cause Sagicor to provide New Sagicor, which will be the sole shareholder of Sagicor, with the funds necessary to pay its expenses, and (ii) to remove any officers of New Sagicor or Sagicor (or its controlled subsidiaries) wherever appropriate. In the case of Sagicor Jamaica, as it is publicly traded, the process of replacing a director could take longer as it would likely require a shareholders' meeting to be held. Other than at an annual shareholders meeting of Sagicor Jamaica, in order to remove a director of Sagicor Jamaica, the directors or officers of Sagicor (which is expected to have the same directors and officers as New Sagicor) could request (and failing which, Sagicor could requisition) that a shareholders meeting of Sagicor Jamaica be called for the purpose of electing or removing directors of Sagicor Jamaica.

English is the language used by Sagicor and expected to be used by New Sagicor (including for the purposes of all board matters, reports, and material documents relating to Sagicor) and all of the directors are fluent in it. Certain directors or officers have fluency in one or more other languages as well. Accordingly, no language barriers are anticipated.

Following the Effective Date, the New Sagicor Board intends to adopt a majority voting policy for the election of directors in uncontested elections. For a description of such proposed policy, see "*Directors and Executive Officers — Majority Voting Policy*" in this prospectus.

The New Sagicor Board will delegate to the applicable committee those duties and responsibilities set out in each committee's proposed mandate. The primary mandate of the Audit Committee will be to provide assistance to the New Sagicor Board in fulfilling its responsibility to New Sagicor Shareholders, potential shareholders and the investment community, to oversee the work and review the qualifications and independence of the external auditors of New Sagicor, to review the financial statements of New Sagicor and public disclosure documents containing financial information and to assist New Sagicor with the legal compliance and ethics programs as established by management and by the New Sagicor Board and as required by law.



The primary mandate of the CG&E Committee with respect to corporate governance and ethics will be to develop and recommend to the New Sagicor Board policies and procedures to establish and maintain best practice standards of corporate governance; manage the process for director succession, nomination and recommendation to shareholders for (re-)election as directors; establish and direct the processes for assessing the performance of the New Sagicor Board, its committees and individual directors; supervise the operation of the President and Chief Executive Officer; and oversee the processes relating to communications and public policy and New Sagicor's corporate image.

The primary mandate of the C&HR Committee with respect to compensation and human resources will be to advise the New Sagicor Board with respect to: compensation policies, programs and plans; human resources policies and practices to attain New Sagicor's strategic goals; management succession plans for executive management of New Sagicor and its subsidiaries; and New Sagicor's pension plans and the pension plans of participating subsidiaries of New Sagicor.

The primary mandate of the Investment and Risk Management Committee will be to: direct and oversee enterprise risk management of New Sagicor and its subsidiaries; seek to ensure that New Sagicor's origination and management of risk, whether at the transaction, portfolio, or enterprise level, is consistent with stated risk philosophy, risk policies and processes, legal and regulatory requirements, and with management authorities; understand the significant risks to which New Sagicor and its subsidiaries are exposed and the policies, procedures and controls used by management to assess and manage these risks; and review actions taken to maintain a consistently sound risk profile.

### ***Independence of the New Sagicor Board***

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with New Sagicor. A "material relationship" is in turn defined as a relationship which could, in the view of the New Sagicor Board, be reasonably expected to interfere with such member's independent judgment. In determining whether a particular director is an "independent director" or a "non-independent director", the New Sagicor Board will consider the factual circumstances of each director in the context of the Guidelines.

It is expected that the New Sagicor Board will be comprised of twelve members. Dodridge Miller is not considered independent for the purposes of NI 58-101 because he will be part of management of New Sagicor. Reza Satchu is not considered independent for the purposes of NI 58-101 because he was, prior to the Effective Date, an executive officer of Alignvest, New Sagicor's predecessor company. Timothy Hodgson is not considered independent for the purposes of NI 58-101 because he is an executive officer of AMC, which was previously the parent of Alignvest. Accordingly, the New Sagicor Board will not have an independent Chairman; however, it is expected that an independent director will be appointed as lead independent director by the New Sagicor Board and will seek to ensure that the directors who are independent have opportunities to meet without management present, as required.

### ***Chairman***

Timothy Hodgson will serve as the Chairman of New Sagicor. The Chairman's role will be to seek to ensure the management, development and effective functioning of the New Sagicor Board and will provide leadership in every aspect of its work. The position description for New Sagicor's Chairman is expected to set out the Chairman's key responsibilities. The Chairman and each committee can also engage outside consultants without consulting management. This helps ensure they receive independent advice as they feel necessary.

### ***Meeting in-camera***

The New Sagicor Board and committees are expected to hold regularly scheduled meetings without management and non-independent directors. These discussions will generally form part of the committee chairs' reports to the New Sagicor Board. New Sagicor's lead independent director is expected to encourage open and candid discussions among the independent directors by providing them with an opportunity to express their views on key topics before decisions are taken.

### ***Succession planning***

The CG&E Committee is expected to provide primary oversight of succession planning for New Sagicor's President and Chief Executive Officer and the performance assessment of New Sagicor's President and Chief Executive Officer, while the C&HR Committee is expected to provide primary oversight of succession planning for New Sagicor's other executive officers as well as the executive management of New Sagicor's subsidiaries. The CG&E Committee and the C&HR Committee are expected to conduct in-depth reviews of succession options relating to senior management positions and, when appropriate, are expected to approve the rotation of senior executives into new roles to broaden their responsibilities and experiences and deepen the pool of internal candidates for senior management positions.

The CG&E Committee is expected to participate in the assessment of the performance of New Sagicor's President and Chief Executive Officer every year. The New Sagicor Board is expected to approve all appointments of executive officers of New Sagicor.

### **Board Mandate**

The New Sagicor Board will be responsible for the overall stewardship of New Sagicor. The New Sagicor Board will discharge this responsibility directly and through delegation of specific responsibilities to committees of the New Sagicor Board, New Sagicor's Chairman, and officers of New Sagicor, all as more particularly described in the New Sagicor Mandate that is expected to be adopted by the New Sagicor Board. The proposed New Sagicor Board Mandate is attached as Appendix L to this prospectus.

### **Position Descriptions**

The New Sagicor Board expects to have written position descriptions for New Sagicor's Chairman, chairs of each of the committees of the New Sagicor Board and New Sagicor's President and Chief Executive Officer. New Sagicor's Board Mandate and the committee mandates for the Audit Committee, CG&E Committee, C&HR Committee and Investment and Risk Management Committee, which will set out in writing the roles of the New Sagicor Board and the committees in supervising management of New Sagicor.

### **Director Term Limits/Mandatory Retirement**

The New Sagicor Board expects to consider the matters of term limits and mandatory retirement. At this time, New Sagicor does not expect that these types of policies would be appropriate for the New Sagicor Board. New Sagicor believes that a rigorous self-evaluation process combined with input, where appropriate, from an external third party governance firm would be a more effective and transparent manner to ensure that New Sagicor's directors add value and remain strong contributors.

### **Diversity**

#### ***Board of Directors***

New Sagicor recognizes the benefits that diversity brings to the company. The New Sagicor Board will aim to be comprised of directors who have a range of perspectives, insights and views in relation to the issues affecting New Sagicor. The New Sagicor Board intends to reflect this belief in diversity in a written Diversity Policy consistent with best practices that is expected to be adopted by the New Sagicor Board following the completion of the Transaction. The Diversity Policy is expected to state that the New Sagicor Board should, where practicable, include individuals from diverse backgrounds, having regard to, among other things, gender, status, age, business experience, professional expertise, education, nationality, race, culture, language, personal skills and geographic background. Accordingly, consideration of whether the diverse attributes highlighted in the policy are sufficiently represented on the New Sagicor Board are expected to be an important component of the selection process for members of the New Sagicor Board going forward.

## ***Management***

New Sagicor believes that a diversity of backgrounds, opinions and perspectives and a culture of inclusion helps to create a healthy and dynamic workplace, which improves overall business performance. New Sagicor recognizes the value of ensuring that New Sagicor has leaders who are diverse. New Sagicor and its subsidiaries intend to work to develop their employees internally and provide them with opportunities to advance their careers. New Sagicor is expected to build a strategy and execution plan to work towards increasing the representation of women and other diverse communities in leadership roles at all levels of the organization. One of the objectives of this initiative will be to seek to ensure that there are highly-qualified women and other diverse communities within New Sagicor and its subsidiaries available to fill vacancies in executive officer and other leadership positions. In appointing individuals to its leadership team, both at the corporate level and business vertical level, New Sagicor will weigh a number of factors, including the skills and experience required for the position and the personal attributes of the candidates.

## ***Representation***

None of the proposed directors of New Sagicor are female. There are currently 69 men and 58 women, or 54.3% and 45.7% respectively, who hold positions as executives and senior managers in Sagicor. Additionally, there are 59 men and 18 women, or 76.6% and 23.4% respectively, on the various boards that comprise the Sagicor Group. New Sagicor recognizes the value of the contribution of members with diverse attributes on the boards and in management of New Sagicor and its subsidiaries and will be committed to seeking to ensure that there is representation of women on the boards and in the management of New Sagicor and its subsidiaries. However, New Sagicor does not intend to establish a target regarding the number of women or other diverse communities on the boards and in management of New Sagicor and its subsidiaries. New Sagicor believes a target would not be the most effective way of ensuring boards and management are comprised of individuals with diverse attributes and backgrounds. New Sagicor will, however, evaluate the appropriateness of adopting targets in the future.

## **Orientation and Continuing Education**

As set out in the proposed New Sagicor Board Mandate, New Sagicor is expected to have a policy of making a full initial orientation and continuing education process available to Board members. All new directors are expected to be provided with an initial orientation regarding the nature and operation of New Sagicor's business and the affairs of New Sagicor and as to the role of the New Sagicor Board and its committees, as well as the legal obligations of a director of New Sagicor. Existing directors will also be periodically updated on these matters.

In order to orient new directors as to the nature and operation of New Sagicor's business, they will be given the opportunity to meet with key members of the management team to discuss New Sagicor's business and activities. In addition, new directors will receive copies of New Sagicor Board materials, corporate policies and procedures, and other information regarding the business and operations of New Sagicor.

New Sagicor's Board members will be expected to keep themselves current with industry trends and developments and will be encouraged to communicate with management and, where applicable, auditors, advisors and other consultants of New Sagicor. New Sagicor Board members will have access to New Sagicor's in-house and external legal counsel in the event of any questions or matters relating to New Sagicor Board members' corporate and director responsibilities and to keep themselves current with changes in legislation.

New Sagicor will provide on-going continuous education programs through key business area presentations, business updates and operations site visits as appropriate.

## **Nomination of Directors**

Part of the CG&E Committee's role is expected to be to recommend to the New Sagicor Board candidates for nomination for election as directors and candidates for appointment to New Sagicor Board committees as set out in the CG&E Committee Mandate. New Sagicor's Chairman is also expected to consult with the CG&E Committee regarding candidates for nomination or appointment to the New Sagicor Board.

## **Ethical Business Conduct**

The New Sagicor Board expects to adopt a Code of Business Conduct and Ethics (the “**Code of Ethics**”), a written code of business conduct and ethics for New Sagicor’s directors, officers and employees that sets out the New Sagicor Board’s expectations for the conduct of such persons in their dealings on behalf of New Sagicor. In addition, the New Sagicor Board expects to adopt a Disclosure and Insider Trading Policy. The New Sagicor Board intends to establish confidential reporting procedures in order to encourage employees, directors and officers to raise concerns regarding matters addressed by the Code of Ethics on a confidential basis free from discrimination, retaliation or harassment. Employees who violate the Code of Ethics may face disciplinary actions, including dismissal.

The Code of Ethics is expected to be designed to deter wrongdoing and promote honest and ethical conduct. It is expected to address the following areas: conflicts of interest; corporate opportunities; confidentiality; fair dealing; protection and use of company assets; compliance with laws; rules and regulations, including insider trading laws; and encouraging and reporting of any illegal or unethical behaviour. The Code of Ethics will be available once adopted on New Sagicor’s SEDAR profile at [www.sedar.com](http://www.sedar.com) or can be obtained by contacting New Sagicor and requesting a copy from its investor relations contact.

The New Sagicor Board is expected to monitor compliance with the Code of Ethics by delegating responsibility for investigating and enforcing matters related to the Code of Ethics to New Sagicor’s group compliance officer. The group compliance officer will chair a management committee, ethics and compliance committee, each of which will be approved by the New Sagicor Board to oversee administration of ethics and compliance throughout New Sagicor and its subsidiaries.

Any employee who becomes aware of a violation of the Code of Ethics will be required to report the violation in accordance with the Code of Ethics. Directors and officers will be required to promptly disclose any potential conflict of interest that may arise. If a director or officer has a material interest in an agreement or transaction, applicable law, the Code of Ethics and principles of sound corporate governance will require them to declare the interest in writing or request to have such interest entered in the minutes of meetings of directors and where required to abstain from voting with respect to the agreement or transaction.

## **Board and Committee Assessment**

The CG&E Committee’s role is expected to be to assess the effectiveness of the New Sagicor Board as a whole, the committees of the New Sagicor Board and the contribution of individual directors.

## **Audit Committee**

It is expected that the Audit Committee will be comprised of five directors of New Sagicor, John Shettle, Alister Campbell, Peter Clarke, Stephen Facey and Rik Parkhill, all of whom are expected to be independent and financially literate for purposes of NI 52-110. The role and operation of the Audit Committee are set out in New Sagicor’s proposed Audit Committee Mandate, the text of which is included as Appendix K to this prospectus. See “*Audit Committee*” above in this prospectus for further information.

The members of the Audit Committee will be appointed annually by the New Sagicor Board, and each member of the Audit Committee will serve for such term as the New Sagicor Board shall determine until the member resigns, is removed, or ceases to be a member of the New Sagicor Board.

## **Corporate Governance and Ethics Committee**

It is expected that the Corporate Governance and Ethics Committee should be comprised of not less than three (3) directors. All of the expected members of the Corporate Governance and Ethics Committee are expected to be considered “independent” as defined in NI 58-101. The Corporate Governance and Ethics Committee is expected to conduct its business on the basis of majority approval.

The members of the Corporate Governance and Ethics Committee are expected to be appointed for a three (3) year term by the New Sagicor Board on the recommendation of the Corporate Governance and Ethics Committee. The New Sagicor Board may fill a vacancy that occurs on the Corporate Governance and Ethics Committee at any time.

The role of the Corporate Governance and Ethics Committee is expected to be to:

- (i) develop and recommend to the Board policies and procedures to establish and maintain best practice standards of corporate governance;
- (ii) manage the process for director succession, nomination and recommendation to shareholders for (re-)election as directors;
- (iii) establish and direct the processes for assessing the performance of the Board, its committees and individual directors;
- (iv) supervise the operation of the President and Chief Executive Officer; and
- (v) oversee the processes relating to communications and public policy and New Sagicor's corporate image.

As set out in the proposed Corporate Governance and Ethics Committee mandate, the Corporate Governance and Ethics Committee should, if appropriate, among other things:

*Corporate Governance*

- (i) be guided by New Sagicor's director nomination process;
- (ii) propose a director for re-election to the Board based on the criteria in New Sagicor's director nomination process;
- (iii) continually oversee directors' performance, conduct and independence and recommend to the Chair, if applicable, that a director tender resignation in the event that:
  - a. the director is no longer qualified under New Sagicor's bye-laws or applicable law;
  - b. the director does not meet eligibility rules under the Board's independence and conflict of interest guidelines;
  - c. the credentials underlying the appointment of such director materially change; or
  - d. the director's performance as a director, including attendance at Board and committee meetings during the preceding 3 years, is unacceptable;
- (iv) perform director succession planning in anticipation of director turnover and maintain an evergreen list of potential director nominees;
- (v) annually recommend to the Board the composition of the CG&E Committee and other New Sagicor committees, including the Chair of such committees, and also recommend directors to fill interim vacancies;
- (vi) annually review and recommend to the Board the composition of subsidiary boards and also recommend directors to fill interim vacancies;
- (vii) annually assess the performance of the Board, the Chair, the CG&E Committee, other New Sagicor committees, committee chairs, directors, and New Sagicor's secretary against their

defined respective responsibilities and ensure a dynamic feedback system aimed at performance improvement, with particular reference to:

- a. content of meeting agendas for dealing with critical issues;
  - b. frequency, timing and duration of meetings for dealing with New Sagicor's business;
  - c. the timing, sufficiency and appropriateness of information received by directors;
  - d. the effectiveness of board and committee decision-making; and
  - e. the quality of the relationship between the Board and management;
- (viii) annually review the adequacy of New Sagicor's corporate governance policies, guidelines and procedures against evolving regulatory requirements and best practices and make recommendations for change to the Board as applicable;
- (ix) biennially, review directors' compensation and directors' and officers' liability insurance in line with prevailing industry practices;
- (x) review directors' requests to engage outside advisors at New Sagicor's expense, with respect to matters before the Board, the CG&E Committee, or New Sagicor's other committees;
- (xi) assess shareholder proposals for inclusion in New Sagicor's shareholder circulars and make appropriate recommendations to the Board;
- (xii) convene and supervise an annual Board organizational meeting of all directors to review the structure and operation of corporate governance in New Sagicor, including the operation of committees, performance assessment and formulation of the annual schedule of critical Board agenda items;

*The President and Chief Executive Officer*

- (xiii) supervise the operation of the President and Chief Executive Officer by:
- a. formulating, in cooperation with the President and Chief Executive Officer, an appropriate position description that clearly delineates the role of management separate from the role of the Board; and
  - b. developing the succession plan for the position of the President and Chief Executive Officer, supervising implementation of the succession plan, and recommending to the Board the appointment of the President and Chief Executive Officer;
  - c. annually reviewing and recommending to the Board the annual goals and other criteria against which the President and Chief Executive Officer will be measured. Performance criteria should consider:
    - i. balancing the short-term against the long term;
    - ii. progress against New Sagicor's long term strategies;
    - iii. success in balancing the satisfaction rendered to the various stakeholders; and
    - iv. creating a culture of compliance and integrity throughout the enterprise;



- d. assessing and measuring the performance of the President and Chief Executive Officer against the defined criteria, determining compensation and recommending these outcomes to the Board;

*Public Policy*

- (xiv) review policies and programs likely to have a significant impact on the image of New Sagicor;
- (xv) monitor public views and opinions regarding their expectations of New Sagicor;
- (xvi) provide guidance and counsel to management for aligning New Sagicor's operation with the public's expectations;
- (xvii) without limiting the generality of the foregoing, advise the Board on:
  - a. the adequacy of New Sagicor's communications policy, including processes for communicating to, and dealing with communications from shareholders, customers and employees;
  - b. the development and projection of New Sagicor's corporate image to its key publics;
  - c. the appropriate integration of public affairs considerations with the operation of New Sagicor;
  - d. ensuring that New Sagicor's business is conducted in an ethical and socially responsible way;
  - e. the development of corporate contributions and community involvement policies and programs; and
  - f. supporting the work of government and regulators to establish safety and soundness in the industry;

*Ethical Standards and Conduct*

- (xviii) review and approve any amendments to New Sagicor's Code of Business Conduct and Ethics and ensure such amendment is disclosed externally, that is, to shareholders in accordance with applicable laws or the rules of applicable securities regulators;
- (xix) annually review and approve New Sagicor's Code of Business Conduct and Ethics;
- (xx) obtain on a regular basis reasonable assurance that New Sagicor has processes to ensure adherence to its standards of business conduct and ethical behavior;
- (xxi) review and grant any waiver of New Sagicor's Code of Business conduct and Ethics to directors and executive officers as the Committee deems appropriate, ensuring that such waivers are promptly disclosed externally;
- (xxii) annually review and assess procedures established by the Board to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information;



#### *Self- Dealing and Disclosure Requirements*

- (xxiii) ensure procedures and practices are established by management relating to self-dealing and to insider trades, in accordance with applicable laws and regulatory requirements;
- (xxiv) establish measurement criteria and benchmarks for permitted transactions with related parties of New Sagicor;
- (xxv) review the practices of New Sagicor to ensure that any transactions with related parties of New Sagicor that may have a material effect on the stability or solvency of New Sagicor are identified;
- (xxvi) approve loans and financial services to directors, officers and employees where these are provided on terms and conditions materially better than those given to preferred clients, subject to applicable laws;
- (xxvii) establish and monitor procedures to provide disclosure of information to customers of New Sagicor as required by law or regulation;
- (xxviii) establish and monitor procedures for dealing with customer complaints and designate one or more management officers to implement the procedures and to receive and deal with complaints; and
- (xxix) when requested by the Board, and subject to the laws applicable to a wholly owned subsidiary, perform for and on behalf of the subsidiary all the functions of a conduct review committee of the subsidiary.

#### **Compensation and Human Resources Committee**

It is expected that the Compensation and Human Resources Committee should be comprised of not less than three (3) directors. All of the expected members of the Compensation and Human Resources Committee are expected to be considered “independent” as defined in NI 58-101. The Compensation and Human Resources Committee is expected to conduct its business on the basis of majority approval.

The members of the Compensation and Human Resources Committee are expected to be appointed for a minimum of three (3) years by the New Sagicor Board on the recommendation of the Corporate Governance and Ethics Committee. The New Sagicor Board may fill a vacancy that occurs on the Compensation and Human Resources Committee at any time.

To fulfil its role in developing New Sagicor’s approach to compensation and human resources issues, the Compensation and Human Resources Committee will seek to, if appropriate:

#### *General*

- (i) review the recruitment of New Sagicor’s and its subsidiaries’ executive management and their compensation and benefits packages;
- (ii) report on executive compensation as required in public disclosure documents;
- (iii) review management’s policies and practices respecting New Sagicor’s compliance with applicable legal prohibitions, disclosure requirements or other requirements on making or arranging for personal loans to senior officers or directors or amending or extending any such existing personal loans or arrangements;

#### *Human Resource Management*

- (iv) annually, review New Sagicor’s human resource strategy and manpower plan;

- (v) review New Sagicor's human resources principles, policies and practices, including but not limited to recruitment, compensation, benefits, incentive and share plans;
- (vi) review position descriptions for New Sagicor's executive management, including responsibilities and accountabilities;
- (vii) review the measures and metrics for assessing New Sagicor's executive management performance;
- (viii) review the process for identifying high potential officers within the human resource base and the programs for developing and placing these officers;
- (ix) review at least annually, succession and leadership plans for New Sagicor's executive management, including specific development plans and career planning for potential successors;

*Remuneration*

- (x) annually review remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, executive share options plans and grants, and benefit plan philosophy, giving due consideration to the potential for some incentive programs to put New Sagicor at longer term risk;
- (xi) review and recommend to the Board various compensation and benefits budgets;
- (xii) annually review compensation arrangements for New Sagicor's executive management and the President and Chief Executive Officer;
- (xiii) recommend to the Board for its approval the terms upon which directors shall be compensated, including the Chair (if applicable) and those acting as committee chairs and committee members;

*Recruitment*

- (xiv) review the process for recruiting New Sagicor's executive management;
- (xv) participate in the process of recruiting New Sagicor's executive management and review their compensation and benefits package prior to any offers made;

*Performance Evaluation*

- (xvi) review the President and Chief Executive Officer's performance assessment of New Sagicor's executive management and his recommendation for compensation increases, including any employment agreement amendments, taking into account such management's demonstration of leadership and entrepreneurial qualities and the propensity for balancing short and long term objectives and the needs of New Sagicor's stakeholders;
- (xvii) review the list of identified high potential officers and their development and succession plans;
- (xviii) annually, review the aggregate performance of New Sagicor's human resource base;
- (xix) annually, review the employee satisfaction survey;

*Pension Management*

- (xx) review and recommend to the Board the funding and approve the asset investment strategy for New Sagicor's pension plan;

- (xxi) annually review pension plan performance and the funded status of the plans;
- (xxii) review any material changes to New Sagicor’s pension plans which require the approval of the Board;
- (xxiii) review annual reports from management on compliance with applicable legislation relating to New Sagicor’s pension plans, including confirmation that actuarial valuations are completed no less frequently than as required by law.

### **Investment and Risk Committee**

It is expected that the Investment and Risk Committee should be comprised of not less than three (3) directors. All of the expected members of the Investment and Risk Committee are expected to be considered “independent” as defined in NI 58-101. The Investment and Risk Committee is expected to conduct its business on the basis of majority approval.

The members of the Investment and Risk Committee are expected to be appointed for a minimum of three (3) years by the New Sagicor Board on the recommendation of the Corporate Governance and Ethics Committee. The New Sagicor Board may fill a vacancy that occurs on the Investment and Risk Committee at any time.

To fulfil its role of directing and overseeing enterprise risk management of New Sagicor and its subsidiaries, the Investment and Risk Management Committee will seek to, if appropriate:

- (i) review and approve New Sagicor’s risk philosophy risk appetite and its enterprise risk management policy;
- (ii) review and approve risk management principles and policies recommended by management, including policies concerning credit risk, market risk, liquidity risk, pricing risk, operational risk and other risks to which New Sagicor is exposed;
- (iii) review, on an annual basis, the effectiveness of New Sagicor’s structure and processes for originating and managing risk;
- (iv) discuss with management at least annually New Sagicor’s major risk exposures and the steps management has taken to monitor and control such exposures;
- (v) obtain on a regular basis reasonable assurance that New Sagicor’s risk management policies for significant risks are being adhered to;
- (vi) evaluate, on a regular basis, the effectiveness and prudence of senior management in managing the operations of New Sagicor and the risks to which New Sagicor is exposed;
- (vii) review financial transactions (and policies related to those transactions) to entities of which a director of New Sagicor or his or her spouse is also a director, which have been entered into as an exception to New Sagicor’s credit policy;
- (viii) approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities, including but not limited to loans, investments, divestments, acquisitions, and derivatives;
- (ix) review reporting on significant risks, including the amount, nature, risk characteristics, concentration and quality of the investment portfolio, as well as all significant exposures to financial risks, through reports on significant risk exposures presented to the Investment and Risk Management Committee;

- (x) review and approve, at least once a year, the liquidity and funding management policies and capital management policies recommended by New Sagicor's management;
- (xi) review on a regular basis the liquidity, funding and capital position and liquidity, funding and capital management processes; and
- (xii) obtain on a regular basis reasonable assurance that New Sagicor's liquidity and funding management policies and capital management policies are being adhered to.

### **Key Governance Documents**

Following completion of the Transaction, it will be expected that many policies and practices will support the corporate framework at New Sagicor. The following documents will constitute key components of New Sagicor's corporate governance system and are expected to be made available by New Sagicor subsequent to completion of the Transaction:

- Code of Business Conduct and Ethics
- Board of Directors Mandate
- Audit Committee Mandate
- Investment and Risk Committee Mandate
- Corporate Governance and Ethics Committee Mandate
- Compensation and Human Resources Committee Mandate
- Majority Voting Policy for Director Elections
- Chair of New Sagicor Board Position Description
- President and Chief Executive Officer of New Sagicor Position Description
- Diversity Policy

## REGULATORY APPROVALS

To date, no material regulatory approvals have been obtained given the lengthy processes involved. If a material regulatory approval is not obtained, the Transaction may not be completed.

### Canada

It is a mutual condition precedent to the completion of the Transaction that (i) the TSX shall have approved the Sagicor Arrangement as qualifying as Alignvest's "qualifying acquisition" within the meaning of Part X of the TSX Company Manual, and (ii) clearance is received from the applicable Alignvest Securities Authorities, including the Ontario Securities Commission, for this prospectus.

### United States

One of the operating subsidiaries of Sagicor is Sagicor Life Insurance Company, a Texas domiciled life insurer. Under Texas law, no person may acquire direct or indirect control of a Texas domestic insurer unless that person has filed a statement with specified information ("**Form A Statement**") with the Commissioner of the Texas Department of Insurance and has obtained the Commissioner's prior approval. Under Texas law, acquiring 10% or more of a voting interest in an insurance company or its direct or indirect parent company is presumptively considered a change of control, although such presumption may be rebutted. In the event that the consummation of the Transaction will result in a change in ultimate control of Sagicor Life Insurance Company, then before the transaction can be closed, approval of a Form A Statement (or the grant of an exemption therefrom) must be obtained from the Texas Department of Insurance.

Pursuant to the HSR Act, Alignvest and Sagicor may be required to submit premerger notification to the United States Federal Trade Commission and the United States Department of Justice with respect to the Transaction, in which case Alignvest and Sagicor may not close the Transaction until the waiting period outlined in the HSR Act has passed, or the government has granted early termination of the waiting period.

### Trinidad and Tobago

Prior to the Effective Time, Alignvest is required to have obtained from the Central Bank of Trinidad and Tobago approval to become a "controller" within the meaning of the Insurance Act Chap. 84:01 of the laws of Trinidad and Tobago or such other approval(s) as may be required under the Insurance Act, 2018 in circumstances where such legislation is brought into force prior to the Effective Time. Additionally, Alignvest shall have registered with the Trinidad and Tobago Securities and Exchange Commission as a reporting issuer. Finally, the Trinidad and Tobago Securities and Exchange Commission shall have approved the registration of New Sagicor Common Shares to be distributed to former Sagicor shareholders in Trinidad and Tobago.

### Jamaica

The Sagicor Group of companies in Jamaica includes (i) a bank (Sagicor Bank); (ii) an insurance company (Sagicor Life Insurance Limited) and a securities dealer (Sagicor Investments). Banking, insurance and securities dealing businesses are regulated in Jamaica.

Completion of the scheme of arrangement will result in Alignvest indirectly acquiring "effective control" of Sagicor Bank and under the Banking Services Act 2014 such change of effective control must be approved by the Supervisory Committee established under that Act. In addition, any new director appointed to the board of directors of Sagicor Bank will be required to meet "fit and proper" criteria established by the Supervisory Committee.

Under the Insurance Act, a direct or indirect change of control of an insurance company is not expressly subject to prior regulatory approval but a condition of registration is that the regulatory authority (the Financial Services Commission) shall be satisfied that the persons in control of the insurer are "fit and proper". In accordance with customary local practice, the proposed transaction will be disclosed to the Financial Services Commission prior to implementation.

No regulatory approval or clearance is required in connection with the securities dealing business conducted by Sagicor Investments.

Pursuant to the foregoing it is a mutual condition precedent to completion of the Sagicor Arrangement that (i) the Supervisory Committee shall have approved the Arrangement under the Banking Services Act and (ii) the Financial Services Commission shall have been notified of the Arrangement.

### **Barbados**

The Barbados Stock Exchange (“**BSE**”) must be notified of the Scheme of Arrangement at least 21 days in advance of the Sagicor shareholders’ meeting, pursuant to Articles 4.01.1 of the BSE Rules.

The sale and distribution of the securities in Barbados is intended to be made relying upon certain exemptions for the filing of a prospectus under the Barbados Securities Act or the private placement exemption in the FSCB Industry Circular Ref: SEC-C01/15/A. In the event that a prospectus does not need to be filed, notice of the distribution of the shares will be made by filing a report with the FSCB under the Barbados Securities Act within 10 days of the completion of the distribution of shares. In the event that a prospectus filing is required, the FSCB will wish to review it before it is issued.

The FSCB in its capacity as the regulator of insurance companies must be notified within 30 days after a change in ownership has been effected. This notification letter is required to disclose a brief summary of the transaction together with certain due diligence information of the new owner including the constituent corporate documents, register of directors and ticket symbol for public companies.

Merger clearance from the Barbados Fair Trading Commission will be required in circumstances where there is an indirect change of control of any Barbados Sagicor entity, controlling not less than 40% of any market for services supplied in Barbados.

### **Other**

In addition, a number of other insurance and related approvals and securities approvals will be required to be obtained.

## RISK FACTORS

### Risks Related to New Sagicor's Business

*Fluctuations in the fixed income markets may adversely affect New Sagicor's profitability and financial condition.*

Investment returns are an important part of New Sagicor's overall profitability, and fluctuations in the fixed income markets could have a material adverse effect on New Sagicor's consolidated financial condition, results of operations and cash flows.

Fluctuations in interest rates affect investment returns and the market values of New Sagicor's investments. Generally, investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature or are sold and the proceeds reinvested at lower rates. During periods of rising interest rates, prices of fixed income securities tend to fall and realized gains upon their sale are reduced. As of December 31, 2017, the fixed income investment assets backing Sagicor's insurance liabilities and shareholders' equity amounted to US\$4.7 billion.

New Sagicor invests a portion of its assets in non-investment grade debt because regulations in the countries which are non-investment grade require a minimum level of investment in domestic assets, which are generally subject to greater risks and more volatility than investment grade rated fixed income securities. General economic conditions and many other factors beyond New Sagicor's control can adversely affect the non-investment grade debt markets. As of December 31, 2017, the non-investment grade portion of Sagicor's debt portfolio amounted to US\$1.8 billion.

New Sagicor's investment returns are also susceptible to changes in general economic conditions, including changes that impact the general creditworthiness of the issuers of debt securities and equity securities held in its portfolios. The value of New Sagicor's fixed income securities may be affected by changes in the investee's credit rating. Where the credit rating of the issuer of a debt security drops, the value of the security may also decline.

In 2016 and 2017, Moody's and S&P downgraded their Barbados ratings. As of the June 2018, the gross sovereign debt of Barbados was 175% of its GDP. The GoB has entered into a program with the IMF to provide financial and technical assistance. As part of the program, the GoB launched a debt exchange offer for GoB domestic Barbados dollar debt holders on September 7, 2018. The GoB announced on October 15, 2018 that its exchange offer received unanimous support from the domestic creditors. A restructuring plan has not yet been announced for the external US dollar denominated debt. The Sagicor Group holds approximately US\$337 million in GoB debt, of which US\$278 million is domestic Barbados-dollar denominated debt. A full provision has been made for the entire impact of the exchange offer. Sagicor does not expect that there will be any incremental impact on Sagicor as it relates to the external US dollar denominated debt.

*The success of New Sagicor's operations in the United States depends on New Sagicor's ability to grow its business.*

New Sagicor's current insurance business in the United States has historically been obtained by either purchasing blocks of existing policies or selling new policies through managing general agents ("MGAs"). New Sagicor believes that future growth in this market will require, in addition to these two methods, the development of a dedicated career sales force of advisors, similar to the type of advisors through whom it sell insurance in the Caribbean. If New Sagicor is unable to build out its distribution network, whether through building relationships with additional MGAs or through developing a cadre of advisors, New Sagicor may be unable to attract new life insurance business in the United States sufficient to meet its strategic goals. If this were to occur, New Sagicor's business, financial condition and operating results may be adversely affected.

*New Sagicor's financial targets may prove materially inaccurate or incorrect*

New Sagicor's financial targets and other forward-looking information or statements included in this prospectus are based on assumptions of future events that may or may not occur, which assumptions may not be fully disclosed in this prospectus. Financial targets are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the



assumptions upon which these targets are based will be realized. Actual results may differ materially from targeted results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, New Sagicor Shareholders should not rely on any targets to indicate the actual results New Sagicor might achieve.

*New Sagicor's exposure to the credit risk of its counterparties could adversely affect its profitability.*

New Sagicor takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risks are primarily associated with financial investments. New Sagicor has significant concentrations of credit risk with respect to its holding of bonds and treasury bills issued by the governments of Jamaica, Barbados and Trinidad and Tobago, securitized mortgage bonds of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (quasi-U.S. government entities) and cash resources held by a Canadian chartered bank. Defaults by counterparties could have a material adverse effect on New Sagicor's business, results of operations and financial condition.

See “ – *Fluctuations in the fixed income and equity markets may adversely affect New Sagicor's profitability and financial condition*”.

*Differences between actual claims experience and estimated claims at the time the product was priced may result in increased losses, and so New Sagicor's reserves may be insufficient to cover actual policy benefits.*

New Sagicor prices its insurance products using best estimate assumptions and builds in a margin for the possibility that actual claims experience could differ from expected experience. Nonetheless, differences between this pricing model and losses due to actual experience may exist. New Sagicor is subject to a risk that actual loss experiences will emerge differently than estimated when the product was designed and priced. New Sagicor attempts to manage product risk by regularly reviewing emerging experience against predicted losses and repricing the existing products where allowed and repricing new products. However, such attempts may not be successful. If actual losses differ from these pricing models with no recourse to repricing, New Sagicor's results of operations and financial condition could be adversely affected.

Loss reserves do not represent an exact calculation of liability, but rather are estimates of the expected cost upon the ultimate settlement of losses. These estimates are based on actuarial and statistical projections of facts and circumstances at the time of estimation and estimates of trends in loss severity and other variable factors, including new bases of liability and general economic conditions. New Sagicor's actuarial liabilities may be insufficient to cover actual policy benefits. New Sagicor's policy benefits on long-term insurance and annuity contracts are generally payable over the remaining lives of the insureds and annuitants. New Sagicor's ability to pay these benefits is influenced by future investment yields, future operating expenses and taxes, future policy renewals and lapses and the future mortality and morbidity of the existing insureds and annuitants.

New Sagicor's loss reserves may prove to be inadequate to cover its actual loss experience. New Sagicor maintains loss reserves in its property and casualty insurance lines to cover its estimated liability for losses. For some types of losses, most significantly general third-party liability personal injury claims and catastrophic natural events such as hurricanes, it has been necessary, and may over time continue to be necessary, to revise estimated potential loss exposure and the related loss reserves. Additional losses, including losses arising from changes in the legal environment, the type or magnitude of which New Sagicor cannot foresee, may emerge in the future. Consequently, actual losses and related expenses paid may differ from estimates reflected in the loss reserves in New Sagicor's financial statements. To the extent loss reserves are insufficient to cover actual losses or loss adjustment expenses, New Sagicor would experience a reduction in its earnings.

At the date of each valuation of actuarial liabilities, New Sagicor's actuaries review the assumptions made at the last valuation date. The valuation of actuarial liabilities depends on the economic scenario used, the investments allocated to back the liabilities, the underlying assumptions used and the margins for adverse deviations. New Sagicor's actuaries test the validity of each assumption by reference to current data, and, where appropriate, change the assumptions for the current valuation. A similar process of review and assessment is conducted in determining the margins for adverse deviations.

New Sagicor's experience and industry experience suggest that policy benefits will in fact be settled over the period of the policy, and that New Sagicor's actuarial liabilities will be sufficient to cover actual policy benefits. In addition, the Company maintains PfADs which are intended to mitigate any potential adverse development. Nonetheless, this does not remove the uncertainty which exists over the timing of future benefit cash outflows. There are significant uncertainties in estimating the amount and timing of settlement of policy benefits. Those policy benefits payable under long-term insurance and annuity contracts may be triggered:

- by an insurable event, such as a death, disability or critical illness claim;
- at a specified time, such as in the case of an annuity settlement or a policy maturity; or
- on the exercise of a surrender or withdrawal request by the policyholder.

If future investment yields fall below those assumed in the actuarial valuations, lower cash flows will be available for reinvestment, and as a result New Sagicor may not have sufficient assets to cover future benefit cash outflows.

If future operating expenses or taxes increase over that assumed in the actuarial valuations, New Sagicor will utilize more assets to pay expenses or taxes, potentially resulting in insufficient assets to cover actual policy benefits.

If future policy renewal is lower than assumed in the actuarial valuations, New Sagicor's profitability and solvency may decline, resulting in an inability to sustain future operations.

If the future mortality or morbidity rates of the existing insureds are higher than assumed in the actuarial valuations, New Sagicor will pay out higher benefits earlier than expected, potentially depleting its assets and adversely affecting its ability to pay other benefits.

If the future mortality rates of the existing annuitants and beneficiaries are lower than assumed in the actuarial valuations, New Sagicor will pay out benefits for longer periods than anticipated, depleting its assets and adversely affecting its ability to continue payment of annuities and other benefits.

*New Sagicor could be forced to sell investments at a loss to cover policyholder withdrawals.*

New Sagicor offers certain products that allow policyholders to withdraw their funds under defined circumstances. In order to meet such funding obligations, New Sagicor manages its liabilities and configures its investment portfolios so as to provide and maintain sufficient liquidity to support expected withdrawal demands and contract benefits and maturities. However, in order to provide necessary long-term returns, a certain portion of New Sagicor's assets are relatively illiquid. There can be no assurance that withdrawal demands will match New Sagicor's estimation of withdrawal demands. If New Sagicor experiences unexpected withdrawal activity, whether as a result of financial strength downgrades or otherwise, it could exhaust its liquid assets and be forced to liquidate other less liquid assets, possibly at a loss or on other unfavourable terms. If New Sagicor is forced to dispose of assets at a loss or on unfavorable terms, it could have a material adverse effect on New Sagicor's business, financial condition and results of operations.

*New Sagicor's risk management policies and procedures could leave New Sagicor exposed to unidentified or unanticipated risk, which could negatively affect New Sagicor's business or result in losses.*

New Sagicor has developed risk management policies and procedures and expects to continue to enhance these in the future. Nonetheless, New Sagicor's policies and procedures to identify, monitor, and manage both internal and external risks may not effectively mitigate these risks or adequately predict future exposures, which could be different or significantly greater than expected. New Sagicor's current identified risks may not be the only risks facing New Sagicor. Additional risks and uncertainties not currently known to New Sagicor, or that New Sagicor currently deems to be immaterial, may adversely affect New Sagicor's business, financial condition or operating results.

*Illiquidity of certain investment assets may prevent New Sagicor from selling investments at fair prices in a timely manner.*

New Sagicor is exposed to daily demands on its available cash resources for payment of policy benefits and withdrawals, operating expenses and taxes, loan draw-downs, repayment of borrowings, maturing deposit liabilities and other obligations. If demands on its cash resources exceed New Sagicor's projections, New Sagicor may be forced to liquidate longer-term assets at unfavorable prices to meet those demands. This may occur in a number of circumstances, including where a particular market experiences an unexpected increase in withdrawals of the cash value of the policies. For example, during the late 1990s the Jamaican insurance market was faced with a substantial and significant increase in cash value withdrawals as a result of a dramatic increase in commercial bank interest rates. This put pressure on insurers' ability to service these withdrawals because their portfolios included significant non-liquid assets like real estate. There is no assurance that in the event of such an occurrence that New Sagicor would readily be in a position to meet all requests without liquidating some long-term assets at potentially non-favorable prices.

New Sagicor considers an investment property to be one of the most illiquid assets. Sagicor's investment properties amounted to US\$80.8 million or 1.6% of invested assets, at the end of 2017 (US\$80.7 million, or 1.6% in 2016).

*The unaudited pro forma combined financial information included in this document may not be indicative of what Sagicor's actual financial position or results of operations would have been.*

The unaudited pro forma condensed combined financial information for Sagicor in this prospectus is presented for illustrative purposes only and is not necessarily indicative of what Sagicor's actual financial position or results of operations would have been had the Transaction or the acquisition of SLTT and/or SJLIC been completed on the dates indicated. See the section entitled "Selected Consolidated Financial Information" for more information.

*New Sagicor's fiduciary relationship with certain counterparties could adversely affect its profitability.*

As part of New Sagicor's Caribbean operations, it provides investment management, administration and corporate trust services to pension and mutual funds and other corporate entities, which requires New Sagicor to make allocation, purchase and sale decisions in relation to a wide range of investments. These services give rise to fiduciary risk that may expose New Sagicor to claims for maladministration or underperformance of these funds. As of December 31, 2017, Sagicor administered approximately US\$3.2 billion in assets on behalf of clients in the Caribbean to whom it owed fiduciary obligations. Claims arising out of New Sagicor's fiduciary obligations could result in a negative impact to its reputation, which could adversely affect New Sagicor's financial condition and operating results.

*A prolonged labour dispute could hurt New Sagicor's business.*

Approximately 16.39% of New Sagicor's employees are represented by unions and/or covered by collective bargaining agreements. There can be no assurance that New Sagicor's non-unionized employees in the United States, Barbados or elsewhere will not become members of a union and/or become covered by a collective bargaining agreement, including through an acquisition of a business whose employees are subject to such agreement. If New Sagicor experiences a prolonged labour dispute involving a significant number of its employees, New Sagicor's business would be adversely affected.

## **Risks Related to the Transaction and Proposed Acquisitions**

*A high level of redemptions of Alignvest Class A Restricted Voting Shares may necessitate sourcing of additional debt or equity to fund the SJLIC and SLTT acquisitions.*

Sagicor plans to fund the SJLIC and SLTT acquisitions via US\$140 million of equity from Alignvest and new local currency borrowing of US\$100 million. There can be no assurance that such funding will be available or as to the terms thereof. If Alignvest suffers redemptions such that all or part of such US\$140 million is not available, Alignvest and Sagicor will need to source replacement debt or equity to complete the transaction or renegotiate it.

*A failure to successfully integrate New Sagicor's acquisitions could adversely affect New Sagicor's operations and profitability.*

There can be no assurance regarding when, if ever, or the extent to which, the integration of New Sagicor's acquisitions will result in increased revenues, cost savings or benefits. Integration may be difficult, unpredictable and subject to delay because of possible cultural and regulatory conflicts. The companies will continue to integrate or, in some cases replace, systems, including those involving information management. Difficulties associated with integrating New Sagicor's acquisitions could have a material adverse effect on the Company.

*A failure to successfully execute current and future strategic acquisitions could adversely affect New Sagicor's profitability.*

As part of New Sagicor's growth strategy, New Sagicor intends to continue to expand its operations and business in the United States and elsewhere, in part by acquiring companies and/or additional blocks of life insurance. There is no assurance that New Sagicor will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses into its existing operations. Further, there is no assurance that New Sagicor will be able to successfully close the acquisitions disclosed in this prospectus, including the SJLIC and SLTT acquisitions. Failure to close any disclosed acquisition may have a negative impact on New Sagicor's ability to achieve the financial targets contained in this prospectus.

Furthermore, such acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key personnel in the case of the SJLIC and SLTT acquisitions, unanticipated events or circumstances and legal liabilities, some or all of which could have a material adverse effect on New Sagicor's business, results of operations and financial condition. Failure on New Sagicor's part to manage its acquisition strategy successfully could have a material adverse effect on its business, results of operations and financial condition.

There is no assurance that New Sagicor will obtain the regulatory approvals required for the entering into of the MPA Agreements on the terms contemplated in the MPA Term Sheet. In order to obtain such approvals and to comply with applicable laws and regulatory policies in Jamaica and Trinidad and Tobago, New Sagicor and the Vendors may be required to enter into the MPA Agreement on terms that are different than the terms contemplated in the MPA Term Sheet described in the prospectus.

*If the conditions to the Transaction are not met, the Transaction may not occur.*

Specified conditions must be satisfied or waived to complete the Transaction. These conditions are set forth in the Arrangement Agreement and described in the section titled "*The Arrangement Agreement*" in this prospectus. Sagicor and Alignvest cannot assure that all of the conditions will be satisfied or waived. If the conditions are not satisfied or waived, the Transaction may not occur or may be delayed, and Sagicor and Alignvest each may lose some or all of the intended benefits of the transaction.

### **Risks Related to Indebtedness of New Sagicor**

*New Sagicor may be required to make an offer to purchase all of the 2022 Notes, but may not be able to repurchase the Notes upon a change of control.*

Under the Note Indenture, if a change of control (as defined in the Note Indenture) occurs, New Sagicor must offer to repurchase all outstanding 2022 Notes for a price equal to 101% of the principal amount of the 2022 Notes, plus any accrued and unpaid interest. The consummation of the Scheme of Arrangement and the transactions contemplated by the Arrangement Agreement could result in a change of control. If all or a significant portion of the holders of the 2022 Notes are eligible to and elect to have their 2022 Notes purchased pursuant to the offer, New Sagicor may not have sufficient proceeds from the Scheme of Arrangement or sufficient other funds available to it to satisfy its purchase obligation. Although it is not necessarily likely that a significant portion of the holders will elect to have their 2022 Notes repurchased, New Sagicor may require additional financing from third parties to fund any such repurchase, and it may not be able to obtain additional financing on favorable terms, on a timely basis or at

all. Accordingly, New Sagicor may not be able to satisfy its obligations to repurchase the 2022 Notes unless New Sagicor is able to refinance or obtain waivers under such other debt instruments. It is a condition to Sagicor's obligation to complete the Transaction that, in the event the Transaction constitutes a change of control (as defined in the Note Indenture), Sagicor shall have received a waiver from the holders of a majority of the principal amount of the 2022 Notes then outstanding to make an offer to repurchase all of the outstanding 2022 Notes.

### **Political and Regulatory Risks**

*New Sagicor's business is highly regulated and subject to numerous laws and regulations.*

New Sagicor's business is subject to government regulation in each of the countries in which it conduct business. Such regulation is vested in government agencies having broad administrative, and in some instances discretionary, authority with respect to many aspects of New Sagicor's business, which may include, among others, insurance company investment laws and regulations, state adopted statutory accounting principles, antitrust laws, minimum solvency requirements, laws regarding risk-based assessments, privacy laws, securities laws, stock exchange requirements, insurable interest laws and anti-money laundering, anti-corruption and anti-terrorism laws.

Furthermore, New Sagicor currently operates in 22 jurisdictions; such diversity complicates New Sagicor's regulatory compliance burden. Regulatory agencies have broad administrative power over many aspects of New Sagicor's business, generally including marketing and selling practices, advertising, licensing agents, policy forms, capital adequacy and permitted investments. Insurance regulators are concerned primarily with the protection of policyholders, rather than New Sagicor's shareholders or other creditors. Insurance laws, regulations and policies currently affecting New Sagicor and its subsidiaries may change at any time in ways having an adverse effect on its business. New Sagicor cannot predict the timing or form of any future regulatory initiative.

New Sagicor is subject to regulatory inspections in the normal course of business in many of the jurisdictions in which New Sagicor operates. Recently New Sagicor has seen an increase in capital requirements and a greater emphasis on applying a risk-based approach to compliance and corporate governance. Regulators, particularly those in Barbados, Jamaica, Trinidad and Tobago and the United States, have also been initiating more inspections. Regulatory sanctions or decisions may have an adverse effect on New Sagicor's financial condition.

New Sagicor cannot predict what form any future changes in these or other areas of regulation affecting its business might take or what effect, if any, such proposals might have on New Sagicor if enacted into law. Any change affecting one or more of the lines of business New Sagicor writes could affect New Sagicor's financial condition and operating results.

*Litigation and regulatory proceedings outcomes could adversely affect New Sagicor's business.*

New Sagicor is routinely involved in legal or arbitration proceedings with respect to liabilities that are the subject of policy claims. As insurance industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues can have a negative effect on New Sagicor's business by either extending coverage beyond its underwriting intent or by increasing the number and size of claims.

In addition, to the extent that legal or regulatory decisions in any of the jurisdictions in which New Sagicor operates increase court awards, the impact of which may be applied prospectively or retrospectively, claims and benefits reserves may prove insufficient to cover actual losses, loss adjustment expenses or future policy benefits. In such event, or where New Sagicor has previously estimated that no liability would apply, New Sagicor would have to add to New Sagicor's loss reserves and incur a reduction in its earnings. Such insufficiencies could have a material adverse effect on New Sagicor's future consolidated financial condition, results of operations and cash flows.



*Companies in the financial services industry are sometimes the target of law enforcement investigations and the focus of increased regulatory scrutiny.*

The financial services industry, including the insurance sector, is sometimes the target of law enforcement and regulatory investigations or other actions resulting from such investigations.

Resulting publicity about one such investigation or action may generate inquiries into or litigation against other financial services companies, even those who do not engage in the business lines or practices at issue in the original action. It is impossible to predict the outcome of such investigations or actions, whether they will expand into other areas not yet contemplated, whether they will result in changes in insurance regulation, whether activities currently thought to be lawful will be characterized as unlawful or the impact, if any, of such scrutiny on the financial services and insurance industry or on New Sagicor.

*There may be adverse consequences if the status of New Sagicor's independent contractors is successfully challenged.*

In the Caribbean region, New Sagicor markets its insurance products primarily through its advisors and brokers. As of September 30, 2018, Sagicor had 1,162 advisors and 181 brokers in the Caribbean region, all of whom are compensated based on performance. In the United States, New Sagicor markets its life insurance products mainly through third-party marketing firms, financial institutions, independent agents, MGAs and individual distributors. As of September 30, 2018, Sagicor had 37 career agents and 5,585 independent agents in the United States. New Sagicor currently treats its United States advisors, brokers and MGAs as independent contractors. However, the tests governing the determination of whether an individual is considered to be an independent contractor or an employee are typically fact sensitive and vary from jurisdiction to jurisdiction. Laws and regulations that govern the status of New Sagicor's independent contractors are subject to change or interpretation by various authorities. If a federal, state or local authority or court enacts legislation (or adopts regulations) or adopts an interpretation that changes the manner in which employees and independent contractors are classified or makes any adverse determination with respect to some or all of New Sagicor's independent contractors, New Sagicor could incur significant costs in complying with such laws, regulations or interpretations, including, in respect of tax withholding, social security payments and recordkeeping, or New Sagicor could be held liable for the actions of such future and past independent contractors or may be required to modify its business model, any of which could have a material adverse effect on New Sagicor's business, financial condition and results of operations. In addition, there is the risk that New Sagicor may be subject to significant monetary liabilities arising from fines or judgments as a result of any such actual or alleged non-compliance with federal, state or local tax or employment laws. Further, if it were determined that New Sagicor's agents and brokers should be treated as employees, New Sagicor could possibly incur additional liabilities with respect to any applicable employee benefit plan.

*Failures to implement or comply with legally required anti-money laundering practices could subject New Sagicor to sanctions and/or criminal and civil penalties.*

New Sagicor's business is subject to extensive regulation and supervision in the jurisdictions in which it operates. These jurisdictions have embraced the principles approved by the FAFT and CFATF on anti-money laundering and anti-terrorist financing procedures. As such, all aspects of New Sagicor's business are required to abide by the anti-money laundering regulations imposed by the regulatory authorities and also have internal anti-money laundering procedures in place.

In the past, as new regulations have been adopted, Sagicor has experienced delays in fully implementing anti-money laundering policies promptly, primarily as a result of resource allocations. As new regulations are adopted, New Sagicor may experience similar delays, which may result in penalties and/or sanctions.

*The amount of statutory capital that New Sagicor's insurance subsidiaries have and the amount of statutory capital that they must hold to maintain their financial strength and credit ratings and meet other requirements can vary significantly from time to time and are sensitive to a number of factors outside of New Sagicor's control.*

New Sagicor's insurance subsidiaries are subject to regulations that establish minimum capitalization requirements, some fixed and some risk based (Jamaica and the USA). Risk-based capital formulas for life insurance companies include capital for credit risk, interest rate risk, and policyholder behaviour risks. In any particular year, statutory surplus amounts and risk-based capital ratios may increase or decrease depending on a variety of factors, including but not limited to the following:

- the amount of statutory income or losses generated by New Sagicor's insurance subsidiaries (which itself is sensitive to credit market conditions);
- the amount of additional capital New Sagicor's insurance operations must hold to support business growth;
- changes in reserve requirements applicable to New Sagicor's insurance operations;
- the value of certain fixed-income and equity securities in New Sagicor's investment portfolio;
- changes in the credit ratings of investments held in New Sagicor's portfolio;
- the value of certain derivative instruments;
- changes in interest rates;
- credit market volatility;
- changes in consumer behavior; and
- changes to the statutory capital regime.

Most of these factors are outside of New Sagicor's control. The financial strength and credit ratings of New Sagicor's insurance operations are significantly influenced by their statutory surplus amounts and capital adequacy ratios. Rating agencies may implement changes to their internal models that have the effect of increasing or decreasing the amount of statutory capital New Sagicor's insurance operations must hold in order to maintain their current ratings. In addition, rating agencies may downgrade the investments held in New Sagicor's portfolio, which could result in a reduction of New Sagicor's capital and surplus and New Sagicor's risk-based capital ratio.

The Company's goal is to minimize its exposure to equity market movements associated with its fixed indexed products so it actively hedges those exposures through the purchase of options tied to certain indices. In extreme equity market declines, the amount of additional statutory reserves New Sagicor's insurance operations are required to hold for fixed indexed products may decrease at a rate less than or more than the rate of change of the markets if the hedged positions are not perfectly matched to the reserves. This mismatch could result in a reduction of the capital, surplus, or risk-based capital ratio of New Sagicor's insurance operations.

*A failure to maintain adequate levels of surplus capital may result in increased regulatory scrutiny or a downgrade by rating agencies.*

The capacity for an insurance company's growth in premiums is in part a function of its statutory surplus. Maintaining appropriate levels of statutory surplus, as measured by a jurisdiction's insurance regulations, is considered important by the relevant insurance regulatory authorities and the private agencies that rate insurers' claims-paying abilities and financial strength. Failure to maintain certain levels of statutory surplus could result in increased regulatory scrutiny, action by regulatory authorities or a downgrade by rating agencies.



If there are any revisions to the risk-based capital formula or the regulatory capital requirements within the jurisdictions in which Sagicor's subsidiaries operate, New Sagicor's insurance operations may require additional capital. The additional capital required may not be available on favourable terms, if at all. Need for additional capital could limit New Sagicor's subsidiaries' ability to distribute funds to New Sagicor and adversely affect its ability to pay dividends and meet its debt and other payment obligations.

*New Sagicor's financial condition may be adversely affected by geopolitical events.*

War, terrorism, threats of terrorist acts and related geopolitical risks have led, and may in the future lead to, increased market volatility and may have adverse long-term effects on particular markets, the global economy and securities markets generally.

*A change of control of New Sagicor may be difficult to effect under applicable insurance laws.*

A change of control could require consents from regulators in various jurisdictions in which New Sagicor operates. See "Regulatory Approvals" in this prospectus. There is no assurance that all of these regulatory approvals will be obtained on a timely basis, if at all, or that these approvals will not include a restriction, limitation or condition that would trigger an undue burden, which, in such case, would permit either Alignvest or Sagicor to refuse to close the Transaction. Following the Transaction, these requirements may also discourage potential acquisition proposals and may delay, deter or prevent a change of control of New Sagicor, including through transactions, in particular unsolicited transactions, that some or all of the shareholders might consider to be desirable.

### **Competitive, Technology and Other Business Risks**

*New Sagicor operates in a highly competitive industry, New Sagicor faces significant competition mainly from national and regional insurance companies and from self-insurance, and New Sagicor also faces some competition from global companies. This competition could limit New Sagicor's ability to gain or maintain its position in the industry and could materially adversely affect its business, financial condition and results of operations.*

New Sagicor operates in a highly competitive industry. New Sagicor encounters significant competition in all of its product lines from regional, local and global insurance companies, including direct writers of insurance coverage as well as, to a limited extent, non-insurance financial services companies, such as banks and broker-dealers, some of which have greater financial resources and higher financial strength ratings than New Sagicor and which may have a greater market share, offer a broader range of products, services or features, assume a greater level of risk, have lower operating or financing costs, have different profitability expectations than New Sagicor, or offer more competitive pricing. New Sagicor's annuity products compete with fixed indexed, fixed rate and variable annuities sold by other insurance companies and also with mutual fund products, traditional bank investments and other retirement funding alternatives offered by asset managers, banks and broker-dealers. New Sagicor's insurance products compete with those of other insurance companies, financial intermediaries and other institutions based on a number of factors, including premium rates, policy terms and conditions, service provided to distribution channels and policyholders, ratings by rating agencies, reputation and commission structures.

The property and casualty insurance industry is highly competitive on the basis of both price and service. There are many companies competing for the same insurance customers in the geographic areas in which New Sagicor operates. If New Sagicor's competitors price their premiums more aggressively and New Sagicor meets their pricing, this may adversely affect New Sagicor's underwriting results. In addition, because most of New Sagicor's property and casualty insurance products are marketed through independent insurance agencies that represent more than one insurance company, New Sagicor faces competition within each agency. New Sagicor also faces competition from the implementation of self-insurance in the commercial insurance area. Some of New Sagicor's customers and potential customers are examining the risks of self-insuring as an alternative to traditional insurance.

Insurance products are increasingly being treated as commodities. This adds to the competitiveness of the industry. Further, the industry faces increased competition from banks and other financial intermediaries who offer a range of insurance products requiring no, or limited, underwriting, and this is compounded by the fact that consumers have become more knowledgeable and demanding as a result of their access to technology.

Furthermore, consolidation in the insurance industry and in distribution channels may result in increasing competitive pressures on New Sagicor. Larger, potentially more efficient organizations may emerge from consolidation. The ability of banks to increase their securities-related business or to affiliate with insurance companies may materially and adversely affect sales of all of New Sagicor's products by substantially increasing the number and financial strength of potential competitors.

Consolidation and expansion among banks, insurance companies, and other financial service companies with which New Sagicor does business could also have an adverse effect on New Sagicor's business, operations and financial condition if they demand more favourable terms than New Sagicor previously offered or if they elect not to continue to do business with New Sagicor following consolidation or expansion.

New Sagicor's ability to compete is dependent upon, among other things, New Sagicor's ability to develop competitive and profitable products, its ability to maintain low unit costs, its maintenance of adequate financial strength ratings from rating agencies, and its ability to provide quality customer service. New Sagicor's ability to compete is also dependent upon, among other things, its ability to attract and retain distribution channels to market New Sagicor's products, the competition for which is vigorous.

*Brokers that sell New Sagicor's products may sell insurance products of New Sagicor's competitors and such brokers may choose not to sell New Sagicor's products.*

New Sagicor sells its group insurance products in the Caribbean primarily through brokers. In addition, it sells most of its insurance products in the United States primarily through MGAs. These brokers and MGAs also sell New Sagicor's competitors' products and may stop selling New Sagicor's products altogether at any time. Strong competition exists among insurers for brokers and MGAs with demonstrated ability to sell insurance products. Premium volume and profitability could be materially adversely affected if there is a material decrease in the number of brokers or MGAs that choose to sell New Sagicor's products. In addition, the success of New Sagicor's growth strategy in the United States could be adversely affected if New Sagicor is unable to recruit MGAs with demonstrated sales ability to sell its products. In addition, New Sagicor's strategy of distributing through dedicated advisors may adversely impact its relationship with brokers or MGAs who distribute New Sagicor's products.

*Computer viruses, network security breaches, disasters or other unanticipated events could affect New Sagicor's data processing systems or those of its business partners and could damage New Sagicor's business and adversely affect its financial condition and results of operations.*

New Sagicor retains confidential information in its computer systems, and relies on sophisticated commercial technologies to maintain the security of those systems. Despite New Sagicor's implementation of network security measures, its servers could be subject to physical and electronic break-ins and similar disruptions from unauthorized tampering with its computer systems. Anyone who is able to circumvent New Sagicor's security measures and penetrate its computer systems could access, view, misappropriate, alter, or delete any information in the systems, including personally identifiable customer information and proprietary business information. In addition, an increasing number of jurisdictions in which New Sagicor operates require that customers be notified of unauthorized access, use, or disclosure of their information. Any compromise of the security of New Sagicor's computer systems that results in inappropriate access, use or disclosure of personally identifiable customer information could damage New Sagicor's reputation in the marketplace, deter people from purchasing its products, subject New Sagicor to significant civil and criminal liability and require New Sagicor to incur significant technical, legal and other expenses.

In the event of a disaster such as a natural catastrophe, an industrial accident, a blackout, a computer virus, a terrorist attack or war, New Sagicor's computer systems may be inaccessible to its employees, customers, or business partners for an extended period of time. Even if New Sagicor's employees are able to report to work, they may be unable to perform their duties for an extended period of time if New Sagicor's data or systems are disabled or destroyed. Any such occurrence could materially adversely affect New Sagicor's business, operations and financial condition.

*A financial strength downgrade in New Sagicor's A.M. Best ratings or any other negative action by a rating agency may increase policy surrenders and withdrawals, adversely affect relationships with advisors and negatively affect New Sagicor's financial condition and results of operations.*

Claims paying ability and financial strength ratings are factors in establishing the competitive position of insurers. Various recognized rating agencies review the financial performance and condition of insurers and publish their financial strength ratings as indicators of an insurer's ability to meet policyholder and contract holder obligations. These ratings are important in maintaining public confidence in New Sagicor's products, New Sagicor's ability to market its products and its competitive position. A rating downgrade, the potential for such a downgrade or other negative action by a rating agency with respect to its financial strength ratings on any of its rated insurance subsidiaries could materially affect New Sagicor in many ways including, among others, the following:

- materially increase the number of policy lapses or surrenders and withdrawals by policyholders of cash values from their policies. This is particularly true in the United States, where the insurance market is more sensitive to changes in ratings due to the large number of competitors;
- decreased net income, as well as increased cash payments, requiring the sale of invested assets, including illiquid assets, at a loss. These consequences could, depending upon their extent, have a material adverse effect on New Sagicor's liquidity and potential net income;
- reduce new sales of insurance and investment products. This is particularly true in the United States, where the insurance market is more sensitive to changes in ratings due to the large number of competitors;
- require a reduction in prices for New Sagicor's insurance products and services in order to remain competitive;
- adversely affect New Sagicor's ability to obtain reinsurance at a reasonable price, on reasonable terms or at all; or
- require New Sagicor to collateralize reserves, balances or obligations under reinsurance and securitization agreements.

In addition, a downgrade may adversely affect relationships with New Sagicor's advisors and other distributors of New Sagicor's products and services, which may negatively affect its ability to compete and thereby have a material adverse effect on New Sagicor's business, results of operations and financial condition. Negative changes in credit ratings may also increase New Sagicor's cost of funding.

Rating agencies assign ratings based upon several factors. While most of these factors relate to the rated company, some factors relate to the views of the rating agency, general economic conditions and circumstances outside the rated company's control. In addition, rating agencies use various models and formulas to assess the strength of a rated company, and from time to time rating agencies have, in their discretion, altered the models and may do so in the future in ways that negatively impact the financial strength ratings of the issuer and its subsidiaries and make it more difficult to maintain or obtain comparable ratings going forward.

If New Sagicor's financial strength ratings are downgraded, it anticipates that its sales of new policies will be adversely impacted and that New Sagicor could experience substantial surrenders of existing policies. In order to improve or maintain New Sagicor's financial strength ratings, New Sagicor may limit the amount of dividends otherwise payable. In that regard, New Sagicor may also implement business strategies to maintain or improve its current rating. New Sagicor cannot guarantee these measures will be successful, and thus its financial strength rating could suffer. New Sagicor cannot predict what actions A.M. Best or other rating agencies may take in the future, and failure to improve or maintain current financial strength ratings could adversely affect its financial condition and results of operations.

In addition, a rating agency, at its discretion, can lower or entirely withdraw a previously assigned credit rating. Real or anticipated changes in New Sagicor's credit ratings will generally affect the market value of New Sagicor's

debt. Any lowering of New Sagicor's credit ratings would likely make it more difficult or more expensive for New Sagicor to obtain additional debt financing in the future.

*The unpredictable nature of the property and casualty insurance industry may cause fluctuations in New Sagicor's results.*

Historically, the property and casualty insurance industry has been unpredictable and operating results of insurers have fluctuated significantly because of volatile and unpredictable developments, many of which are beyond the control of any insurer. New Sagicor expects to experience these effects, which could have a material adverse effect on its results of operations.

The unpredictability and competitive nature of the general insurance business historically has contributed to quarter-to-quarter and year-to-year fluctuations in underwriting results and net earnings in the general insurance industry. In addition, unanticipated underwriting losses and claims reserve adjustments experienced by New Sagicor's general insurance subsidiaries could have an adverse impact on its financial condition and operating results.

*New Sagicor may be unable to reinsure risks on terms that are commercially reasonable or satisfactory to New Sagicor, or New Sagicor's reinsurers may fail to meet assumed obligations, increase rates, or be subject to adverse developments, negatively affecting New Sagicor's business, financial condition and result of operations.*

New Sagicor transfers its exposure to certain risks to others through reinsurance arrangements. In particular, a majority of New Sagicor's new individual life business is reinsured with Swiss Re, Munich Re, Optimum Re, and SCOR Global Life. New Sagicor's existing individual life business is currently reinsured by a number of companies in addition to those mentioned previously. New Sagicor's property and casualty business is currently reinsured principally by Munich Re, Hannover Re and Platinum Re.

Under New Sagicor's reinsurance arrangements, these insurers assume a portion of the losses and expenses associated with New Sagicor's policy losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Reinsurers may be subject to many of the same risks that New Sagicor is affected by, which may strain the resources of reinsurers. Any decrease in the amount of New Sagicor's reinsurance will increase New Sagicor's risk of loss.

When New Sagicor obtains reinsurance, it still remains primarily liable for the reinsured risks, even if the reinsurer does not meet its reinsurance obligations to it. Therefore, the inability of New Sagicor's reinsurers to meet their financial obligations or disputes about the scope of reinsurance coverage could materially affect New Sagicor's operations. New Sagicor's reinsurers may become financially impaired by the time they are called upon to pay amounts due. In addition, reinsurance may prove inadequate to protect against losses or may become unavailable in the future at commercially reasonable rates.

New Sagicor's ability to compete is dependent on the availability of reinsurance or other substitute financing solutions. Premium rates charged by New Sagicor are based, in part, on the assumption that reinsurance will be available at a certain cost. Under certain reinsurance agreements, the reinsurer may increase the rate it charges New Sagicor for the reinsurance. Therefore, if the cost of reinsurance were to increase, if reinsurance were to become unavailable on commercially reasonable terms or at all, if alternatives to reinsurance were not available to New Sagicor, or if a reinsurer should fail to meet its obligations, New Sagicor's business, financial condition and results of operations could be materially adversely affected.

In recent years, access to reinsurance has become more costly for members of the insurance industry, including New Sagicor. In addition, the number of life reinsurers has decreased as the reinsurance industry has consolidated. The decreased number of participants in the life reinsurance market resulted in increased concentration of risk for insurers, including New Sagicor. If the reinsurance market further contracts, New Sagicor's ability to continue to offer New Sagicor's products on terms favorable to New Sagicor could be negatively impacted, resulting in adverse consequences to New Sagicor's business, operations and financial condition.

*New Sagicor's business model depends on the performance of various third parties including actuarial consultants and other service providers.*

New Sagicor relies on various third parties to provide services for its business operations. As such, New Sagicor's results may be affected by the performance of those other parties. For example, New Sagicor is dependent upon independent consultants to perform actuarial analyses and to manage certain of its assets. Additionally, New Sagicor's operations are dependent on various service providers and on various technologies, some of which are provided or maintained by certain key outsourcing partners and other parties.

The third parties upon whom New Sagicor depends may default on their obligations to New Sagicor due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure, fraud, loss of key personnel or other reasons. Such defaults could have a material adverse effect on New Sagicor's financial condition and results of operations. In addition, certain of these other parties may act, or be deemed to act, on behalf of New Sagicor or represent New Sagicor in various capacities. Consequently, New Sagicor may be held responsible for obligations that arise from the acts or omissions of these other parties.

*Negative publicity in the insurance industry could adversely affect New Sagicor*

A number of New Sagicor's products and services are ultimately distributed to individual consumers. From time to time, consumer advocacy groups or the media may focus attention on New Sagicor's products and services, thereby subjecting the insurance industry to periodic negative publicity. Negative publicity may also result in increased regulation and legislative scrutiny of practices in the insurance industry as well as increased litigation. Such consequences may increase New Sagicor's costs of doing business and adversely affect New Sagicor's profitability by impeding New Sagicor's ability to market its products and services or increasing the regulatory burdens under which New Sagicor operates.

### **Management Team Risks**

*New Sagicor depends on key personnel; if they were to leave New Sagicor, New Sagicor might have an insufficient number of qualified employees.*

New Sagicor believes that its ability to implement its business strategy and its future success depends on the continued service of New Sagicor's senior management team, which has extensive experience in the industry and is vital in maintaining some of its major customer relationships. The loss of the technical knowledge, management and industry expertise of any of New Sagicor's key employees could make it difficult for New Sagicor to fully execute its business plan effectively.

New Sagicor's future growth and success depend on its ability to attract, retain and motivate skilled managerial, sales, administrative and technical personnel. The market for qualified professionals is competitive and New Sagicor may not continue to be successful in its efforts to attract and retain these professionals. The failure to continue to attract and retain additional key personnel, could affect New Sagicor's business, financial condition and operating results.

### **Macroeconomic, Geographic and Currency Risks**

*New Sagicor is highly dependent upon economic, political and other conditions and developments in Barbados, Jamaica, Trinidad and Tobago, the United States and the other jurisdictions in which it operates.*

In accordance with the relevant financial reporting standard, New Sagicor has determined that there are three principal subsidiary groups with continuing operations which represent the reporting operating segments. These segments are Sagicor Life, which operates in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Central America and Trinidad and Tobago; Sagicor Jamaica, which operates in Jamaica, Cayman Islands and Costa Rica; and Sagicor Life USA, which operates in the United States. For the year ended December 31, 2017, Sagicor Life, Sagicor Jamaica and Sagicor Life USA represented 34.5%, 48.5% and 13.0% of its operations in terms of revenue, respectively. As a result, New Sagicor's business, results of operations, financial condition and prospects are



materially dependent upon economic, political and other conditions and developments in Barbados, Jamaica, Trinidad and Tobago, Bermuda and the United States.

The overall financial performance of New Sagicor is necessarily linked to economic conditions in Barbados, Jamaica, Trinidad and Tobago, the United States and the other jurisdictions in the Caribbean in which it operates.

New Sagicor currently has interests and operations in the Caribbean region, Central America and the United States, and such interests are subject to governmental regulation in each market. The governments in these markets differ widely with respect to structure, constitution and stability and some countries lack mature legal and regulatory systems. To the extent that New Sagicor's operations depend on governmental approval and regulatory decisions, the operations may be adversely affected by changes in the political structure or government representatives in each of the markets in which New Sagicor operates.

Any slowdown or contraction affecting the local economy could negatively affect the ability of New Sagicor's customers to service their loans in accordance with their terms or New Sagicor's ability to retain a stable deposit base to support its operations. If the economy of Barbados or Jamaica or Trinidad and Tobago or the United States worsens because of, for example:

- lower economic activity;
- in the case of Barbados, a loss of investor confidence due to the sovereign debt restructuring;
- in the case of Trinidad and Tobago, a decline in oil, natural gas or petrochemical prices;
- devaluation of the BBD, J\$, TTD or US\$;
- higher inflation; or
- an increase in domestic interest rates;

then New Sagicor's business, results of operations, financial condition and prospects may also be significantly affected by actions taken by the government in the jurisdictions in which New Sagicor operates. Caribbean governments traditionally have played a central role in the economy and continue to exercise significant influence over many aspects of it. They may make changes in policy, or new laws or regulations may be enacted or promulgated, relating to, for example, monetary policy, taxation, exchange controls, interest rates, regulation of banking and financial services and other industries, government budgeting and public sector financing.

These and other future developments in the economies of Barbados, Jamaica, Trinidad and Tobago, the United States and governmental policies in New Sagicor's Caribbean markets may reduce local demand for New Sagicor's insurance and other financial services or products, adversely affect its business, financial condition, results of operations or prospects and impair New Sagicor's ability to satisfy its obligations.

*New Sagicor's financial condition and operating results may be adversely affected by foreign exchange fluctuations.*

New Sagicor publishes its consolidated financial statements in U.S. dollars. Therefore, fluctuations in exchange rates used to translate other currencies into U.S. dollars will impact its reported consolidated financial condition, results of operations and cash flows from period to period. These fluctuations in exchange rates will also impact the value of its investments and the returns on its investments. Additionally, some of the jurisdictions in which New Sagicor operates may limit its ability to exchange local currency for U.S. dollars. For a discussion of the impact of changes in foreign exchange rates on New Sagicor's results of operations, see "*Management's Discussion and Analysis of Sagicor – Accounting and Control Measures – Qualitative and Quantitative Disclosure About Market Risk – Foreign Exchange Risk*".

The BBD/US\$ exchange rate has been at a fixed rate since July 5, 1975. The J\$ and the TTD float against the US\$. See "*Management's Discussion and Analysis of Sagicor – Accounting and Control Measures – Qualitative and*

*Quantitative Disclosure About Market Risk – Foreign Exchange Risk.”* There is no assurance that these currencies will not be subject to depreciation and volatility or that the current exchange rate policies will remain the same.

If significant depreciation of the BBD, J\$ or TTD against the U.S. dollar occurs in the future when New Sagikor has a significant net long open position in foreign currency, such depreciation could have a material negative effect on New Sagikor’s results of operations, liquidity and financial condition.

Depreciation or volatility of the Barbados dollar, Jamaican dollar or Trinidad and Tobago dollar against the U.S. dollar or other currencies could cause policyholders, depositors and investors to lose confidence in New Sagikor.

Changes in the current exchange rate or in exchange rate policies could also result in higher domestic interest rates, liquidity shortages, exchange controls and the withholding of financial assistance by multilateral institutions. These developments could, in turn, result in a reduction or contraction of economic activity, sovereign and corporate loan defaults, lower deposits and increased cost of funds, which would have a material adverse effect on New Sagikor’s financial condition, liquidity and results of operations.

*Foreign exchange controls may restrict New Sagikor’s ability to receive distributions from its subsidiaries and any such distributions may be subject to foreign withholding taxes.*

The ability of New Sagikor’s operating companies to transfer funds to New Sagikor may be limited by a variety of regulatory and commercial constraints. Foreign exchange controls may significantly restrict the ability of these foreign operating companies to pay interest and dividends and repay loans in U.S. dollars. It may be difficult to convert large amounts of local currency into U.S. dollars or U.S. dollars into local currency because of limited foreign exchange markets. In addition, there are countries that restrict the export of cash even in local currencies. In cases where distributions to New Sagikor are permitted to be made, such distributions may be subject to foreign withholding taxes.

*Catastrophes and weather-related events, such as hurricanes, may adversely affect New Sagikor.*

General insurance companies may experience losses from catastrophes. Catastrophes may have a material adverse effect on New Sagikor’s consolidated financial condition, results of operations and cash flows, especially in those markets where New Sagikor offers property and casualty insurance. Catastrophes include windstorms, hurricanes, earthquakes, tornadoes, floods and fires. In addition, drought can give rise to subsidence damage, resulting in substantial volumes of claims, particularly under household buildings policies. The incidence and severity of these catastrophes are inherently unpredictable. The extent of New Sagikor’s losses from catastrophes is a function of the total amount of losses its clients incur, the number of its clients affected, the frequency of the events and the severity of the particular catastrophe. Most catastrophes occur in limited geographic areas. However, windstorms, hurricanes, floods and earthquakes may produce significant damage in large, heavily populated areas, and subsidence claims can arise in a number of geographic areas as a result of exceptional weather conditions. Many of New Sagikor’s policyholders carry insurance covering property in areas that are particularly susceptible to hurricanes. The frequency and intensity of such catastrophic events may continue to increase as a result of climate change, and New Sagikor may incur greater than anticipated losses in respect of such events in the future. New Sagikor’s efforts to protect itself against catastrophe losses, such as the use of selective underwriting practices, the purchasing of reinsurance and the monitoring of risk accumulations, may not be adequate.

*The performance of New Sagikor’s group life insurance may be adversely affected by the characteristics of the employees insured or through unexpected catastrophic events such as natural disasters.*

Group life insurance may be affected by many factors, including the characteristics of the employees insured, New Sagikor’s risk selection process, its ability to retain employee groups with lower claim incidence rates, the geographical concentration of employees and mortality rates. Claim incidence may also be influenced by unexpected catastrophic events such as natural disasters, which may also affect the availability of reinsurance coverage. Changes in any of these factors may adversely affect New Sagikor’s results.



## **Risks Related to New Sagicor’s Capital Structure, Public Company and Tax Status and Capital Financing Policies**

*New Sagicor’s credit ratings may not reflect all risks associated with investing in New Sagicor Common Shares.*

New Sagicor’s credit ratings constitute the rating agencies’ assessment of New Sagicor’s ability to meet its payment obligations as they become due. Therefore, actual or expected changes to New Sagicor’s credit agencies will generally affect the market value of New Sagicor Common Shares. The credit ratings, which may be revised or withdrawn at any time, do not represent a recommendation to buy, sell or hold New Sagicor Common Shares. Each rating agency’s credit rating should be evaluated independently of credit ratings issued by other rating agencies.

*New Sagicor may be subject to Bermuda tax.*

New Sagicor expects to obtain an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, as amended, that in the event that any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax shall not be applicable to New Sagicor or to any of its operations or to its shares, debentures or other obligations until March 31, 2035, except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by New Sagicor in respect of real property owned or leased by New Sagicor in Bermuda. Consequently, if New Sagicor’s Bermuda tax exemption is not extended past March 31, 2035, it may be subject to Bermuda tax after that date.

Notwithstanding the assurance, all entities employing individuals in Bermuda are required to pay a payroll tax and there are other sundry taxes payable, directly or indirectly, to the Bermuda government.

New Sagicor will pay annual Bermuda government fees and it is expected that one or more subsidiaries of New Sagicor will pay annual Bermuda government fees and annual insurance license fees.

*Bermuda’s compliance with the Organization for Economic Cooperation and Development international tax standards could subject New Sagicor to additional taxes.*

The Organization for Economic Cooperation and Development (the “**OECD**”) has published reports and launched a dialogue among members and non-members on measures to limit harmful tax practices. These measures are largely directed at counteracting the effects of tax havens and preferential tax regimes around the world. According to the OECD, Bermuda is a jurisdiction that has substantially implemented the internationally agreed tax standard and as such is listed on the OECD ‘white list’. However, New Sagicor is not able to predict whether any changes will be made to this classification or whether any such changes will subject New Sagicor to additional taxes.

*Legislation enacted in Bermuda in response to the European Union’s review of harmful tax competition could adversely affect New Sagicor’s operations and financial condition.*

During 2017, the European Union (“**EU**”) Economic and Financial Affairs Council (“**ECOFIN**”) released a list of non-cooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximize efforts to prevent tax fraud and tax evasion. Bermuda was not on the list of non-cooperative jurisdictions but did feature in the report (along with approximately 40 other jurisdictions) as having committed to address concerns relating to economic substance by December 31, 2018. In accordance with that commitment, Bermuda has enacted legislation that requires certain entities in Bermuda engaged in “relevant activities” to maintain a substantial economic presence in Bermuda and to satisfy economic substance requirements. The list of “relevant activities” includes carrying on as a business any one or more of: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service center, intellectual property and holding entities. Any entity that must satisfy economic substance requirements but fails to do so could face automatic disclosure to competent authorities in the EU of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of its business activities and/or may be struck off as a registered entity in Bermuda.

At present, the impact of these new economic substance requirements is unclear, and it is not possible to accurately predict the effect of these requirements on New Sagicor and its business. The requirements may increase the complexity and costs of carrying on New Sagicor's business and could adversely affect its operations and financial condition.

*Tax on corporate emigration under the Tax Act could adversely affect New Sagicor*

The "corporate emigration" rules in the Tax Act will apply to Alignvest upon Alignvest ceasing to be resident in Canada for the purposes of the Tax Act. Alignvest will also have a deemed tax year-end immediately prior to the time it ceases to be resident in Canada for purposes of the Tax Act. Alignvest intends to take the position that it will cease to be resident in Canada for the purposes of the Tax Act upon the certificate of continuance being issued by the Bermuda Registrar of Companies. Each property owned by Alignvest immediately before the deemed year-end will be deemed to have been disposed of by Alignvest for proceeds of disposition equal to the fair market value of each such property at that time. Any gains or losses realized by Alignvest from the deemed disposition will be taken into account when determining the amount of Alignvest's taxable income for the taxation year which is deemed to end immediately before the Alignvest Continuance.

Alignvest will also be required to pay a special departure tax under the Tax Act as a result of the Alignvest Continuance. Provided that Alignvest becomes resident in Barbados for purposes of the Canada-Barbados Income Tax Agreement at the time of the Alignvest Continuance, such departure tax will generally be equal to 15% of the amount by which (i) the fair market value of Alignvest's assets immediately before the Alignvest Continuance exceeds (ii) the aggregate of its liabilities and the paid-up capital in respect of its issued and outstanding shares immediately before the Alignvest Continuance. If Alignvest were considered to become resident in Bermuda (rather than Barbados) at the time of the Alignvest Continuance, the rate of departure tax would be increased from 15% to 25%.

Management of Alignvest expects that it will not incur a material amount of Canadian income tax as a result of the Alignvest Continuance. This conclusion is based in part on determinations of factual matters, including determinations regarding the fair market value of Alignvest's assets and tax attributes, any or all of which could change prior to the effective time of the Alignvest Continuance. Moreover, there can be no assurance that the Canada Revenue Agency will accept the valuations or the positions that Alignvest has adopted in calculating the amount of Canadian tax that will be payable upon the Alignvest Continuance.

*If New Sagicor were subject to Canadian federal income taxation, New Sagicor's after-tax returns and the value of New Sagicor Common Shares could be materially reduced.*

New Sagicor has put in place procedures intended to ensure that its central management and control do not reside in Canada. If New Sagicor were considered to have its central management and control in Canada, it would be resident in Canada for Canadian federal income tax purposes (subject to relief under an applicable income tax treaty or convention) and accordingly would be subject to income tax in Canada on its worldwide income. In addition, in such circumstances there may be additional Canadian income tax considerations for shareholders, and in particular, any dividends paid or credited by New Sagicor on the New Sagicor Common Shares to a person that is not resident in Canada for purposes of the Tax Act would be subject to Canadian non-resident withholding tax.

*Unless removed, the cashless exercise feature of the Alignvest Warrants could result in more volatile financial results.*

If not removed, the cashless exercise feature could result in more volatile financial results because, with the cashless exercise feature, the Alignvest Warrants are classified as a liability and are therefore recorded at fair value. Any fluctuations in the fair value of an Alignvest Warrant would be reflected in income.

*Any additional taxes resulting from changes to tax regulations or the interpretation thereof in countries in which it does business could negatively impact New Sagicor's financial condition.*

There is no assurance that additional taxes will not be implemented in a way that could force New Sagicor to make additional tax payments, thereby negatively affecting its financial condition.

*New Sagicor is a Bermuda company and it may be difficult to enforce judgments against New Sagicor or its directors and officers.*

New Sagicor will be continued under the laws of Bermuda, and a significant portion of its assets are located outside of Canada. As a result, the rights of holders of the New Sagicor Common Shares will be governed by Bermuda law and New Sagicor's memorandum of continuance and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Some of New Sagicor's directors and some of the named experts referred to in this prospectus are not residents of Canada, and a substantial portion of New Sagicor's assets will be located outside Canada. As a result, it may be difficult for New Sagicor Shareholders to effect service of process on those persons in Canada or to enforce in Canada judgments obtained in Canadian courts against New Sagicor or those persons based on the civil liability provisions of Canadian securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including Canada, against New Sagicor or the New Sagicor Board or New Sagicor's officers under the securities laws of those jurisdictions or entertain actions in Bermuda against New Sagicor or its directors or officers under the securities laws of other jurisdictions. New Sagicor's expected bye-laws will include an exclusive jurisdiction provision intended to reduce this risk. See "*Directors and Executive Officers – Exclusive Jurisdiction Bye-law*" elsewhere in this prospectus.

*Certain of New Sagicor's operating subsidiaries are incorporated outside of Canada and it may be difficult to enforce judgments against them or their directors and officers.*

Certain of New Sagicor's operating subsidiaries, including Sagicor Jamaica and Sagicor Life, are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction outside of Canada. It may not be possible for New Sagicor Shareholders to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or that resides outside of Canada, even if the party has appointed an agent for service of process.

*Bermuda law differs from the laws in effect in Canada and may afford less protection to shareholders.*

Although New Sagicor's bye-laws are expected to contain certain shareholder protection provisions comparable to those typical for a corporation incorporated in a jurisdiction of Canada, Canadian shareholders may still have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of Canada. As a Bermuda company, New Sagicor is governed by the BCA. The BCA differs in some material respects from laws generally applicable to Canadian corporations, including (without limitation) the provisions relating to interested directors, mergers and acquisitions, takeovers, shareholder lawsuits and indemnification of directors.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it. When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

Every director and officer of a Bermuda company must act honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Pursuant to the BCA, if a director or officer is interested in a material contract or a proposed material contract with New Sagicor or any of its subsidiaries, or has a material interest in any person that is a party to such material contract or proposed material contract with New Sagicor or any of its subsidiaries, they must disclose that interest at the first opportunity at a meeting of the board of directors or by writing to the directors.

*New Sagicor may not pay dividends.*

The declaration and payment of dividends or distributions by New Sagicor will be at the discretion of New Sagicor Board subject to restrictions under applicable laws, and may be affected by numerous factors, including New Sagicor's revenues, financial condition, acquisitions, capital investment requirements and legal, regulatory or contractual restrictions. A failure to pay dividends or a reduction or cessation of the payment of dividends could materially adversely affect the trading price of New Sagicor Common Shares.

In accordance with the laws of Bermuda, New Sagicor will be prohibited from declaring or paying a dividend, or making a distribution out of contributed surplus, if there are reasonable grounds for believing that: (a) New Sagicor is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of New Sagicor's assets would thereby be less than its liabilities.

*Potentially adverse tax consequences may result from the sale by New Sagicor of a subsidiary, a subsidiary's assets or other investment.*

United States, Canadian, and other foreign country taxes may be payable, directly or indirectly, by New Sagicor on its direct or indirect sale of a subsidiary of New Sagicor, a subsidiary's assets, or other investment. The amount of such taxes, which may be material, will depend on the selling price, the jurisdictions that would impose tax on the sale, and other factors.

*New Sagicor is a holding company that has no material assets other than its interest in Sagicor and, accordingly, it is dependent upon distributions from Sagicor to pay taxes and other expenses.*

New Sagicor is a holding company and has no material assets other than its interest in Sagicor. New Sagicor does not have any means of generating revenue independent of Sagicor. New Sagicor depends on dividends, distributions and other payments from Sagicor to provide the funds necessary to meet financial obligations. To the extent that New Sagicor requires funds to pay its tax liabilities or to fund its operations and Sagicor is restricted from making dividends or distributions to New Sagicor under applicable agreements, laws or regulations or does not have sufficient cash to make the dividend or distribution of such funds, New Sagicor may have to borrow funds or raise equity to meet those obligations, and its liquidity and financial condition could be materially adversely affected. New Sagicor may not be able to borrow funds on its own, and there can be no assurance that it will be able to issue additional equity on attractive terms or at all.

*Although New Sagicor exercises management control over its material subsidiaries, New Sagicor will be required to consider the interests of minority shareholders in Sagicor Jamaica.*

In addition to the risks affecting New Sagicor as described elsewhere in this prospectus, Sagicor Jamaica's status as a non-wholly-owned subsidiary may affect New Sagicor's flexibility and ability to implement strategies and financing and other plans that New Sagicor believes are in New Sagicor's and/or Sagicor Jamaica's best interests. Sagicor does not believe that there are any material risks associated with the corporate structure of Sagicor Jamaica and its subsidiaries, other than the fact that it is not wholly-owned. Operationally, Sagicor's executive officers supervise the business of Sagicor Jamaica.

*There are regulatory limitations on the ownership and transfer of the New Sagicor Common Shares.*

The permission of the Bermuda Monetary Authority is required, under the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares (which includes the New Sagicor Common

Shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the Bermuda Monetary Authority has granted a general permission. The Bermuda Monetary Authority, in its notice to the public dated June 1, 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any “Equity Securities” of the company (which would include the New Sagicor Common Shares) are listed on an “Appointed Stock Exchange” (which would include the TSE). In granting the general permission the Bermuda Monetary Authority accepts no responsibility for New Sagicor’s financial soundness or the correctness of any of the statements made or opinions expressed in this prospectus. Certain issues and transfers of shares involving persons deemed resident in Bermuda for exchange control purposes may require the specific consent of the Bermuda Monetary Authority.

Alignvest shall apply for and expects to receive specific permission from the Bermuda Monetary Authority for (A) the New Sagicor Shareholders to hold the New Sagicor Common Shares; and (B) the issue and transfer of the New Sagicor Common Shares and other equity securities of New Sagicor from and/or to persons non-resident of Bermuda for exchange control purposes for so long as any equity securities of New Sagicor are listed on an “Appointed Stock Exchange” (as such term is defined in the BCA and including the TSX) without the approval of the Bermuda Monetary Authority, in each case following the Alignvest Continuance. Receipt of such permission is a mutual condition of closing to the Transaction.

No New Sagicor Common Shares may be offered or sold in Bermuda unless in compliance with the provisions of the Investment Business Act 2003 of Bermuda (as amended). Additionally, non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorized to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing securities to persons in Bermuda may be deemed to be carrying on business in Bermuda.

*The market price of the New Sagicor Common Shares may be highly volatile.*

Market prices for insurance companies have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning New Sagicor or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting New Sagicor, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in Barbados, Jamaica, Trinidad and Tobago, the United States or other regions may have a significant impact on the market price of New Sagicor Common Shares. In addition, there can be no assurance that New Sagicor Common Shares will continue to be listed on the TSX.

The market price of New Sagicor Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to New Sagicor’s specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its subscribers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within its industry experience declines in their stock price, the share price of New Sagicor Common Shares may decline as well. In addition, when the market price of a company’s shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against New Sagicor could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

*Sales of a substantial number of New Sagicor Common Shares may cause the price of New Sagicor Common Shares to decline.*

Any sales of substantial numbers of New Sagicor Common Shares in the public market or the exercise of significant amounts of the Alignvest Warrants or the perception that such sales or exercise might occur may cause the market price of New Sagicor Common Shares to decline. The market price of New Sagicor Common Shares could be adversely affected upon the expiration of lock up periods applicable to certain New Sagicor shareholders.



*Further equity financing may dilute the interests of shareholders of New Sagicor and depress the price of New Sagicor Common Shares.*

If New Sagicor raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of New Sagicor and reduce the value of their investment. The market price of New Sagicor Common Shares could decline as a result of issuances of new shares or sales by shareholders of New Sagicor Common Shares in the market or the perception that such sales could occur. Sales by shareholders of New Sagicor might also make it more difficult for New Sagicor itself to sell equity securities at a time and price that it deems appropriate.

*The trading market for New Sagicor Common Shares is influenced by securities industry analyst research reports.*

The trading market for New Sagicor Common Shares is influenced by the research and reports that industry or securities analysts publish about New Sagicor. If covered, a decision by an analyst to cease coverage of New Sagicor or fail to regularly publish reports on New Sagicor could cause New Sagicor to lose visibility in the financial markets, which in turn could cause the stock price or trading volume to decline. Moreover, if an analyst who covers New Sagicor downgrades its stock, or if operating results do not meet analysts' expectations, the stock price could decline.

*If New Sagicor is unable to implement and maintain effective internal control over financial reporting, New Sagicor might not be able to report financial results accurately and on a timely basis or prevent fraud. Additionally, investors may lose confidence in the accuracy and completeness of New Sagicor's financial reports and the market price of New Sagicor Common Shares may be negatively affected.*

Upon receiving a final receipt for this prospectus, New Sagicor will become subject to reporting and other obligations under applicable Canadian securities laws and the rules of any stock exchange on which New Sagicor Common Shares are then-listed. The applicable securities legislation requires that New Sagicor file annual, quarterly and event-driven reports with respect to its business and financial condition and operations, and requires that New Sagicor maintain effective disclosure controls and procedures and internal control over financial reporting. These reporting and other obligations will place significant demands on New Sagicor's management, administrative, operational and accounting resources. Any failure to maintain effective internal controls could cause New Sagicor to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If New Sagicor cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely effected which could also cause investors to lose confidence in its reported financial information, which could result in a reduction in the trading price of New Sagicor Common Shares.

A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

These activities may divert management's attention from other business concerns, which could have a material adverse effect on New Sagicor's business, financial condition, financial performance and cash flows.

*The issuance of preference shares could decrease earnings and assets available to holders of the New Sagicor Common Shares and may decrease the market price of the New Sagicor Common Shares*

The issuance of preference shares and the terms selected by the New Sagicor Board could decrease the amount of earnings and assets available for distribution to holders of New Sagicor Common Shares or adversely affect the

rights and powers, including the voting rights, of the holders of the New Sagicor Common Shares without any further vote or action by the holders of the New Sagicor Common Shares. The issuance of preference shares, or the issuance of rights to purchase preference shares, could make it more difficult for a third-party to acquire a majority of the New Sagicor Common Shares and thereby have the effect of delaying, deferring or preventing a change of control of New Sagicor or an unsolicited acquisition proposal or of making the removal of management more difficult. Additionally, the issuance of preference shares may have the effect of decreasing the market price of the New Sagicor Common Shares.



## CREDIT RATINGS

As is common practice, Sagicor paid fees to each of A.M. Best, S&P and Fitch for their rating services and reasonably expects that such payments will continue to be made for rating services in the future. No additional payment was made to the above-noted credit rating agencies for other services provided to Sagicor during the last two fiscal years.

A credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization.

The following table sets out ratings the Company has received from approved rating organizations as at the dates indicated below.

	A.M. Best <sup>(1)</sup>	S&P <sup>(2)</sup>	Fitch <sup>(3)</sup>
<b>Sagicor Life Insurance Company</b>			
Financial Strength	A- u (Developing)		
Issuer Credit Rating	a- u (Developing)		
<b>Sagicor Life Jamaica Limited</b>			
Financial Strength	B++ u (Developing)		
Issuer Credit Rating	bbb+ u (Developing)		
<b>Sagicor Life Inc.</b>			
Financial Strength	A- u (Developing)		
Issuer Credit Rating	a- u (Developing)		
<b>Sagicor Financial Corporation Limited</b>			
Issuer Credit Rating	bbb- u (Developing)	BB- (Developing)	B (Stable) (Long term issuer default rating)
<b>Sagicor Finance (2015) Limited</b>			
Senior Unsecured	bbb u (Developing)	BB- (Developing)	
<b>Sagicor General Insurance Inc.</b>			
Financial Strength	A- u (Developing)		
Issuer Credit Rating	a- u (Developing)		

(1) Updated November 29, 2018. On November 29, 2018, A.M. Best placed all current ratings under review with developing implications following the announcement of the Transaction.

(2) Updated June 7, 2018 (event driven regarding Barbados debt).

(3) Updated June 6, 2018.

A definition of the categories of each rating has been obtained from information made publicly available by each rating organization and is outlined below.

### A.M. Best Ratings

The Sagicor Group has Financial Strength Ratings, Issuer Credit Ratings and an Issue Credit Rating from A.M. Best. Each rating is an independent opinion, based on comprehensive quantitative and qualitative evaluation of the applicable company's balance sheet strength, operating performance and business profile. A rating is not a guarantee of performance or financial strength.

A "u" in a rating denotes the potential for near-term change (typically within six months) due to a recent event or abrupt change in the financial condition of the entity/issuer to which the rating applies. "Developing" indicates that, based on the information currently available, there is uncertainty as to the final outcome of the rating, and further analysis is required before determining the final opinion.

Certain A.M. Best's rating categories include rating notches to reflect a gradation within the category to indicate whether credit quality is near the top or bottom of a particular rating category. Rating notches are expressed as follows:

- Rating notches for each Financial Strength Rating category from “A+” to “C” are expressed with either a second plus (+) or a minus (-).
- Rating notches for Long-Term Issuer Credit Rating categories from “aa” to “ccc” and Long-Term Issue Credit Rating categories from “aa” to “ccc” are expressed with a single plus (+) or minus (-).

### ***Financial Strength Ratings***

Three of Sagicor’s subsidiaries (Sagicor Life, Sagicor Life USA, and Sagicor General) have an “A- u” (Developing) Financial Strength Rating from A.M. Best and one of Sagicor’s subsidiaries (Sagicor Jamaica) has a “B++ u” (Developing) Financial Strength Rating from A.M. Best. The “A-” rating is assigned to insurance companies which, in A.M. Best’s opinion, have an excellent ability to meet their ongoing obligations to their policyholders and is in the second highest of the seven rating categories for financial strength assigned by A.M. Best. The “B++” rating is assigned to insurance companies which, in A.M. Best’s opinion, have a good ability to meet their ongoing obligations to their policyholders and is in the third highest of the seven rating categories for financial strength assigned by A.M. Best.

### ***Long-Term Issuer Credit Ratings***

Three of Sagicor’s subsidiaries (Sagicor Life, Sagicor Life USA, and Sagicor General) have an “a- u” (Developing) Issuer Credit Rating from A.M. Best, Sagicor has a “bbb- u” (Developing) Issuer Credit Rating from A.M. Best, and Sagicor Life Jamaica Limited has a “bbb+ u” (Developing) Issuer Credit Rating from A.M. Best. The “a-” rating is assigned to entities that have, in A.M. Best’s opinion, an excellent ability to meet their ongoing senior financial obligations and is in the third highest of the nine rating categories for long-term issuer credit ratings. The ratings “bbb+” and “bbb-” are assigned to entities that have, in A.M. Best’s opinion, a good ability to meet their ongoing senior financial obligations and are in the fourth highest of the nine rating categories for long-term issuer credit ratings.

### ***Issue Credit Rating***

Sagicor Finance (2015) Limited’s senior unsecured debt issued in 2015 is rated “bbb u” by A.M. Best. The rating “bbb” is in the fourth highest of the nine rating categories for long-term issue credit ratings. According to A.M. Best, a rating of “bbb” is assigned to issues where, in A.M. Best’s opinion, there is a good ability to meet the terms of the obligation; however, the issue is more susceptible to changes in economic or other conditions.

### ***S&P Ratings***

Sagicor has a “BB-” (Developing) Long-Term Issuer Credit Rating from S&P, which is in the fifth highest of eleven categories related to long-term issuer credit ratings. According to S&P, obligors rated “BB-” have less vulnerability in the near-term than other lower-rated obligors, but face major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the obligor’s inadequate capacity to meet its financial commitments.

Sagicor Finance (2015) Limited’s senior unsecured debt issued in 2015 has a “BB-” Long-Term Issue Credit Rating from S&P, which is in the fifth highest of ten categories related to long-term issue credit ratings. According to S&P, debt securities rated “BB” denote less vulnerability to nonpayment than other speculative issues. However, the obligation faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor’s inadequate capacity to meet its financial commitments on the obligation.

S&P ratings from “AA” to “CCC” in both long-term issuer and issue credit ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major ratings categories. A “developing” outlook denotes that, over the intermediate term (typically six months to two years), a rating may be raised, lowered, or affirmed.

## **Fitch Ratings**

Sagicor has a “B” (Stable) rating by Fitch, which is the sixth highest of the eleven rating categories for issuer default ratings. According to Fitch, “B” ratings indicate that material default risk is present, but a limited margin of safety remains and that financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. Rating outlooks, including positive, negative, stable and evolving, indicate the direction a rating is likely to move over a one-to-two year period. They reflect financial or other trends that have not yet reached or been sustained the level that would cause a rating action, but which may do so if such trends continue.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a general summary of certain Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the “**Tax Act**”) generally applicable to a beneficial owner of New Sagicor Common Shares or Alignvest Warrants (collectively, the “**Securities**”) following the Transaction who, for the purposes of the Tax Act, and at all relevant times, is resident in Canada, beneficially owns the Securities as capital property, and deals at arm’s length with, and is not affiliated with, New Sagicor (a “**Holder**”). A Security will generally be considered to be capital property to a Holder unless the Holder holds (or will hold) such Security in the course of carrying on a business of trading or dealing in securities or has acquired (or will acquire) such Security in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (a) that is a “financial institution” for purposes of the “mark-to-market rules” in the Tax Act; (b) an interest in which is a “tax shelter investment” as defined in the Tax Act; (c) that is a “specified financial institution” as defined in the Tax Act; (d) that has made a “functional currency” election under the Tax Act to determine its “Canadian tax results”, as defined in the Tax Act, in a currency other than Canadian currency; (e) who enters into, or has entered into, a “derivative forward agreement” as such term is defined in the Tax Act, with respect to a Security; (f) in respect of whom New Sagicor is or will become a “foreign affiliate” for the purposes of the Tax Act, or (g) who is a Founder or Alignvest II. Any such Holder to which this summary does not apply should consult its own tax advisor. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition or holding of Securities.

This summary does not address the possible application of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act to a Holder that (i) is a corporation resident in Canada and (ii) is or becomes (or does not deal at arm’s length for purposes of the Tax Act with a corporation resident in Canada that is or becomes), as part of a transaction or event or series of transactions or events that includes the acquisition of a Security, controlled by a non-resident corporation for purposes of such rules. Such Holders should consult their own tax advisors with respect to the possible application of these rules.

This summary assumes that at all relevant times, New Sagicor is not, and is not deemed to be, resident in Canada for purposes of the Tax Act.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”) and counsel’s understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. The summary also takes into account all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Securities and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own tax advisors with respect to the tax consequences applicable to the acquisition, holding and disposition of Securities based on their own particular circumstances.

The Securities of New Sagicor will not be “Canadian Securities” for the purposes of the Tax Act, and accordingly, the election provided under subsection 39(4) of the Tax Act to deem Canadian securities to be capital property will not be available to Holders in respect of the Securities.

### **Currency Conversion**

For purposes of the Tax Act, all amounts relating to the ownership or disposition of the Securities must be expressed in Canadian dollars. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian

dollar generally must be converted into Canadian dollars using the applicable rate of exchange quoted by the Bank of Canada on the date such amounts arose, or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada).

### **Exercise or Expiry of Alignvest Warrants**

No gain or loss will be realized by a Holder of an Alignvest Warrant upon the exercise of such Alignvest Warrant. When an Alignvest Warrant is exercised, the Holder's cost of the New Sagicor Common Share acquired thereby will be equal to the adjusted cost base of the Alignvest Warrant to such Holder, plus the amount paid on the exercise of the Alignvest Warrant. For the purpose of computing the adjusted cost base to a Holder of each New Sagicor Common Share acquired on the exercise of an Alignvest Warrant, the cost of such New Sagicor Common Share must be averaged with the adjusted cost base to such Holder of all other New Sagicor Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of such Alignvest Warrant.

### **Disposition of the Securities**

A Holder who disposes of or is deemed to have disposed of a Security (other than a disposition arising on the exercise of an Alignvest Warrant by a Holder) will generally realize a capital gain (or incur a capital loss) in the year of disposition equal to the amount by which the proceeds of disposition in respect of the Security exceed (or are exceeded by) the aggregate of the adjusted cost base of such Security and any reasonable expenses associated with the disposition.

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Holder must be included in computing the Holder's income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss incurred by a Holder (an “**allowable capital loss**”) may be used to offset taxable capital gains realized by the Holder in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be applied to reduce net taxable gains realized by the Holder in the three preceding taxation years or in any subsequent year in the circumstances and to the extent provided in the Tax Act.

Foreign tax, if any, levied on any gain realized on the disposition of the Securities may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances prescribed in the Tax Act. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit having regard to their own particular circumstances.

Capital gains realized by individuals and certain trusts may result in the individual or trust paying minimum tax under the Tax Act.

### **Dividends on New Sagicor Common Shares**

The full amount of dividends received (or deemed to be received) on the New Sagicor Common Shares by a Holder who is an individual (including a trust), including amounts withheld for foreign withholding tax, if any, will be included in computing the Holder's income and will not be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received (or deemed to be received) from taxable Canadian corporations.

Dividends received on the New Sagicor Common Shares by a Holder that is a corporation, including amounts withheld for foreign withholding tax, if any, will be included in computing the Holder's income, and such Holder will not be entitled to the inter-corporate dividend deduction in computing taxable income which generally applies to dividends received from taxable Canadian corporations.

Subject to the detailed rules in the Tax Act, a Holder may be entitled to a foreign tax credit or deduction for any foreign withholding tax paid with respect to dividends received by the Holder on New Sagicor Common Shares. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction having regard to their own particular circumstances.

## **Additional Tax on Canadian-Controlled Private Corporations**

A Holder that is, throughout the relevant taxation year, a “Canadian controlled private corporation” (as defined in the Tax Act) is liable to pay an additional refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include amounts in respect of taxable capital gains and dividends that are not deductible under the Tax Act.

## **Foreign Property Information Reporting**

Generally, a Holder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or a fiscal period and whose total “cost amount” of “specified foreign property” (as such terms are defined in the Tax Act), including Securities, at any time in the year or fiscal period exceeds C\$100,000 will be required to file an information return for the year or period disclosing prescribed information. Subject to certain exceptions, a Holder generally will be a specified Canadian entity. Holders should consult their own tax advisors regarding compliance with these reporting requirements.

## **Offshore Investment Fund Property**

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property”. These rules could apply to a Holder in respect of Securities if both of two conditions are satisfied.

The first condition for such rules to apply is that the value of the Security may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (“**Investment Assets**”).

The second condition for such rules to apply to a Holder is that it must be reasonable to conclude that one of the main reasons for the Holder acquiring or holding a Security was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act had the income, profits and gains been earned directly by the Holder.

If applicable, these rules would generally require a Holder to include in income for each taxation year in which the Holder owns a Security (i) an imputed return for the taxation year computed on a monthly basis and determined by multiplying the Holder’s “designated cost” (as defined in the Tax Act) of the Security at the end of the month, by 1/12th of the sum of the applicable prescribed rate for the period that includes such month plus 2%, less (ii) the Holder’s income for the year (other than a capital gain) from the Security determined without reference to these rules. Any amount required to be included in computing a Holder’s income under these provisions will be added to the adjusted cost base to the Holder of the applicable Security.

These rules are complex and their application depends, in part, on the reasons for a Holder acquiring or holding Securities. Holders are urged to consult their own tax advisors regarding the application and consequences of these rules in their own particular circumstances.

## **Eligibility for Investment**

The New Sagicor Common Shares and the Alignvest Warrants will, on the date hereof, be qualified investments for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a deferred profit sharing plan, a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”) or a tax-free savings account (“**TFSA**”), provided that:

- (i) in the case of the New Sagicor Common Shares, the New Sagicor Common Shares are listed on a designated stock exchange for the purposes of the Tax Act (which currently includes the TSX); and
- (ii) in the case of the Alignvest Warrants:
  - a. the Alignvest Warrants are listed on a designated stock exchange for purposes of the Tax Act (which currently includes the TSX); or
  - b. the shares to be issued on the exercise of the Alignvest Warrants are qualified investments as described in (i) above, provided that New Sagicor is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such registered plan.

Notwithstanding the foregoing, the holder of a TFSA or an RDSP, the annuitant under an RRSP or RRIF, or the subscriber of an RESP, will be subject to a penalty tax in respect of the New Sagicor Common Shares or Alignvest Warrants held in the TFSA, RRSP, RRIF, RDSP or RESP if such Securities are prohibited investments for the TFSA, RRSP, RRIF, RDSP or RESP. A Security will generally be a "prohibited investment" for a TFSA, RRSP, RRIF, RDSP or RRIF if the holder of the TFSA or RDSP, the annuitant under the RRSP or RRIF, or the subscriber of the RESP does not deal at arm's length with New Sagicor for the purposes of the Tax Act, or the holder, annuitant or subscriber has a "significant interest" (as defined in subsection 207.01(4) the Tax Act) in New Sagicor. Holders of a TFSA or RDSP, annuitants under an RRSP or RRIF, and subscribers of RESPs should consult their own tax advisors as to whether the New Sagicor Common Shares or Alignvest Warrants will be a prohibited investment in their particular circumstances.



## PROMOTER

Alignvest II, the sponsor of Alignvest, was considered a promoter of Alignvest within the meaning of applicable securities legislation for the purposes of Alignvest's initial public offering. Alignvest II owns, directly or indirectly, 9,867,698 Alignvest Class B Shares representing approximately 76.57% of the Alignvest Class B Shares (and 18.57% of all issued and outstanding shares prior to completion of the Transaction). Alignvest II also owns 9,812,400 Alignvest Warrants (31.48% of the outstanding warrants) and does not own any Alignvest Class A Restricted Voting Shares.

Alignvest II and its affiliates are expected to acquire under Alignvest Forward Purchase Agreements a total of 2,507,500 New Sagicor Common Shares and 835,833 Alignvest Warrants, and in connection therewith acquired 393,928 Alignvest Class B Shares prior to the closing of the initial public offering. These figures do not include any shares to be acquired pursuant to any additional subscription. They do not own any Alignvest Class A Restricted Voting Shares.

Pursuant to an administrative services agreement, Alignvest pays AMC a total of C\$25,000 (plus applicable taxes) per month for office space and related services. The administrative services agreement will terminate upon completion of Transaction.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Alignvest is not aware of any existing or contemplated material legal proceedings to which it is or was a party to or to which any of its property is or was subject. Sagicor encounters litigation in the normal course of its business, particularly with respect to insurance claims. Sagicor also faces some litigation with respect to mortgage foreclosures and public liability insurance.

Except as disclosed in the paragraphs below, Sagicor does not believe any material settled, pending or anticipated litigation exists in connection with its insurance and financial services business.

In March 2014, the Supreme Court of Jamaica granted judgment in favor of a claimant in a case brought against Sagicor Bank Jamaica Limited (formerly RBC Royal Bank (Jamaica) Limited). This claim pre-dated the acquisition of RBC Jamaica by Sagicor Group Jamaica Limited, and also pre-dated the acquisition of control of RBC Royal Bank (Jamaica) Limited by RBTT Securities Jamaica Limited from Finsac Limited (“**Finsac**”) in 2001. By virtue of the Share Sale Agreement entered into between Finsac, RBTT Financial Holdings Limited and RBTT International Limited, Finsac agreed to fully indemnify RBTT International Limited against any loss the bank may suffer in this matter (the “**Indemnity Agreement**”). As the current owner of Sagicor Bank, Sagicor Group is the current beneficiary of the indemnity. The indemnity from Finsac is further supported by a Government of Jamaica Guarantee on a full indemnity basis. The decision of the Supreme Court of Jamaica was appealed. The amount previously awarded to the claimant has been recorded as a payable to the claimant with accrued interest and correspondingly receivable from Finsac / the Government of Jamaica.

In July 2018, judgment was delivered by the Jamaica Court of Appeal. The Court partially allowed the Sagicor Bank’s appeal and set aside judgment of the Supreme Court. The new judgment reduced the interest rate from 27.3% to 6% and changed the computation basis from compounded interest to simple interest. As at September 30th 2018 the asset and liability amounts in the books of Sagicor Bank were therefore reduced from US\$65,929,000 to US\$915,000.

In addition, a suit has been filed by a customer against one of the Sagicor Group’s, subsidiaries for breach of contract, and breach of trust in the amount of US\$8,928,500, being loss allegedly suffered as a result of what the claimants say is the unlawful withholding of insurance proceeds by the subsidiary. No provision was made for this claim as the outcome of this matter cannot be properly assessed until it has been heard.

Finally, a suit has been filed in Jamaica by an independent contractor against one of Sagicor Group’s subsidiaries for breach of contract arising from an alleged contractual agreement. The claimant alleges that the company failed to pursue initiatives contemplated by the contract with a third party and that by not doing so it caused the claimant company significant losses which they have estimated at over US\$300,000,000. No provision has been made for this claim as the claim has been stayed to accommodate arbitration as required under the agreement between the parties. The claimant has taken no further steps to advance this claim since July 2014. Sagicor has lodged a claim under the indemnities provision in the share purchase agreement with the vendor from which the subsidiary was purchased on the grounds that this claim was not properly disclosed. The vendor, a Canadian chartered bank or an affiliate thereof, argues that based on purchase and sale agreement, Sagicor does not have a right of indemnification with respect to this claim. It has however agreed to assume responsibility for the litigation and has agreed that Sagicor may observe the proceedings at its own expense.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described in the Prospectus, none of the proposed directors or executive officers of New Sagicor, or any person or company that is expected to beneficially own, or control or direct more than 10% of any class or series of shares of New Sagicor, or any associate or Affiliate of any of the foregoing persons, has or has had any material interest in any past transaction within the three years before the date of the prospectus, or any proposed transaction, that has materially affected or would materially affect New Sagicor or any of its expected subsidiaries.

In connection with the Transaction, Scotia Capital Inc. (“SCI”), a wholly-owned subsidiary of BNS, is assisting Alignvest in furtherance of its role as underwriter for Alignvest’s initial public offering in May 2017. In such capacity SCI will be participating with respect to the matters and transactions contemplated in the IPO prospectus and in connection with Alignvest’s other financing efforts with respect to the Transaction. SCI is also acting as M & A advisor to BNS in respect of the proposed disposition of SJLIC and SLTT. In both cases, SCI will receive fees contingent on the successful completion of the Transaction and such dispositions. SCI also holds securities of Alignvest and it intends to vote in favour of the Transaction.

As disclosed in “*Proposed Acquisitions – Proposed Acquisitions of SJLIC and SLTT*”, Sagicor and Alignvest have entered into agreements to acquire all outstanding shares of SJLIC, a wholly owned subsidiary of BNS Jamaica and SLTT, a wholly owned subsidiary of BNS TT. BNS holds an indirect 71.78% interest in BNS Jamaica and an indirect 50.901% interest in BNS TT.

Among other conditions, the acquisitions of SJLIC and SLTT are subject to the successful completion of the Transaction and the closing of the Transaction is conditional on Alignvest maintaining a certain minimum amount of available cash after giving effect to any redemption rights exercised by holders of the Alignvest Class A Restricted Voting Shares. As a result of its indirect interest in BNS Jamaica and BNS TT, BNS will indirectly benefit from the successful completion of the Transaction.

In addition to the interests of BNS described above, BNS and affiliates of BNS may provide certain services, including lending, cash management, derivatives, underwriting and financial advisory services to Alignvest and its affiliates.

## AUDITORS

The auditor of Alignvest is Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, having an address at Ernst & Young Tower, 100 Adelaide Street West, P.O. Box 1, Toronto, Ontario, Canada M5H 0B3. Such firm is independent of Alignvest within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The auditor of Sagicor Financial Corporation Limited is PricewaterhouseCoopers SRL, having an address at The Financial Services Centre, Bishop's Court Hill, P.O. Box 111, St. Michael, BB14004, Barbados, West Indies. As of the date hereof, the partners and staff of such firm, as a group, beneficially own, directly or indirectly, less than one percent of any securities of Sagicor Financial Corporation Limited. Upon completion of the Transaction it is proposed that PricewaterhouseCoopers SRL will become the auditor of New Sagicor.

The auditor of SJLIC is KPMG, having an address at 6 Duke Street, Kingston, Jamaica, W.I. Such firm is independent of SJLIC in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("**IESBA Code**").

The auditor of SLTT is KPMG, having an address at Savannah East, 11 Queen's Park East, Port of Spain, Trinidad and Tobago, W.I. Such firm is independent of SLTT within the meaning of the IESBA Code.

## REGISTRAR AND TRANSFER AGENT

It is expected that the transfer agent and registrar of the New Sagicor Common Shares will be TMX Investor Services Inc. at its principal offices in Toronto, Ontario.

## **EXPERTS AND INTERESTS OF EXPERTS**

The Sagicor Audited Annual Financial Statements include certain reports of Sagicor's Appointed Actuary, Sylvain Goulet, FCIA, FSA, MAAA, Affiliate Member of the Institute and Faculty of Actuaries and Member of the Caribbean Actuarial Association. As of the date of this prospectus, Sylvain Goulet does not own, directly or indirectly, any of Alignvest's securities or Sagicor's securities, and will not own any of the outstanding securities of New Sagicor or Sagicor.

## MATERIAL CONTRACTS

The following are the material contracts of New Sagicor, other than contracts entered into in the ordinary course of business:

- (a) the Arrangement Agreement;
- (b) the Warrant Agreement;
- (c) the Scotia Agreements;
- (d) the Indemnity Agreement (see “*Legal Proceedings and Regulatory Actions*”);
- (e) the Trust Deed in respect of the Short Term Notes (described below);
- (f) the Note Indenture (as described below); and
- (g) the Board Appointment Letter Agreement (as described below).

Copies of the above material contracts will be available following completion of the Transaction on New Sagicor’s SEDAR profile at [www.sedar.com](http://www.sedar.com). Set out below are the particulars of certain material contracts not described elsewhere in this prospectus.

### Short Term Notes

Unless previously redeemed or purchased and cancelled, the Short Term Notes are due to be redeemed by Sagicor on August 14, 2019 with a single bullet payment of US\$75,000,000. Sagicor may, at any point after December 20, 2018, repay all or part of the principal amount then owing under the Short Term Notes, without penalty, by giving 10 days prior written notice. Interest accrues pursuant to the terms of the Short Term Notes at a rate of 4.85% per annum and remains payable on December 20, 2018, June 20, 2019, and August 14, 2019. The Short Term Notes are guaranteed by Sagicor Life pursuant to a guarantee dated March 21, 2016 issued by Sagicor Life in favour of the Note Trustee for securing the repayment of the principal and interest in respect of the Short Term Notes. The Short Term Notes contain a provision whereby if any material indebtedness of Sagicor is declared or capable of becoming rendered due and payable before its normal maturity, the Short Term Notes become immediately due and payable.

### Note Indenture

On August 11, 2015, Sagicor (as parent guarantor), Sagicor Finance (2015) Limited (as issuer), certain subsidiaries of Sagicor (as subsidiary guarantors) and Deutsche Bank Trust Company Americas (as trustee, registrar, paying agent and transfer agent) entered into an indenture (the “**Note Indenture**”) with respect to 8.875% senior notes (the “**Notes**”). The Notes will mature on August 11, 2022 and bear interest at the rate of 8.875% per year. Interest on the Notes is payable semi-annually in arrears on February 11 and August 11 of each year. The Notes are listed on the Irish Stock Exchange.

Sagicor may redeem some or all of the Notes at any time prior to August 11, 2019 at a price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of redemption plus a “makewhole” premium as described in the Note Indenture. Thereafter, Sagicor may redeem the Notes, in whole or in part, at the redemption prices set forth in the Note Indenture. If Sagicor is subject to specific change in control transactions, it must offer to purchase the Notes from the holders thereof at a price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of purchase.

The Notes are unconditionally, jointly and severally guaranteed by Sagicor and Sagicor Life Inc. (together, the “**Guarantors**”). The Notes and the guarantees will be Sagicor Finance (2015) Limited and the Guarantors’ general senior unsecured obligations and will rank equally in right of payment with Sagicor Finance (2015) Limited’s and the Guarantors’ existing and future senior unsecured debt and senior to any of Sagicor Finance (2015) Limited and

the Guarantors' future subordinated debt. The Notes and guarantees will be effectively subordinated to all of Sagicor Finance (2015) Limited's and the Guarantors' existing and future secured debt to the extent of the assets securing that secured debt and will be structurally subordinated to all of the liabilities of Sagicor's subsidiaries that are not issuing or guaranteeing the Notes.

Under the Note Indenture, the Company and its subsidiaries party thereto must comply with a number of covenants, which are summarized in the table below.

Covenant	Description
Limitation of indebtedness	Under this covenant, Sagicor and certain of its subsidiaries are restricted to incremental borrowing up to a prescribed level. They must maintain a fixed charge coverage ratio, in excess of 2:1 in order to incur additional debt.
Limitation on restricted payments covenant	This covenant limits cash outflows, dividends, acquisition and investments by Sagicor and certain of its subsidiaries. They must maintain a fixed charge coverage ratio of 2:1 and an MCCR capital ratio in excess of 175%.
Limitation on restricted distributions from subsidiaries	This covenant limits certain subsidiaries of Sagicor from creating encumbrances or restrictions on their ability to make distributions to Sagicor.
Limitation on sale of assets of subsidiary stock or shares	This covenant restricts Sagicor and certain of its subsidiaries from selling material subsidiary assets without using the proceeds to either reinvest in the business or offer to buy back bondholders.
Limitation on affiliate transactions	This covenant restricts affiliate transactions between Sagicor and certain of its affiliates.
Limitation on liens	This covenant restricts Sagicor's and certain of its subsidiaries' ability to secure future debt with their assets.

The Note Indenture contains a change of control provision which, if triggered, provides the holders of the Notes the right to require Sagicor Finance (2015) Limited to repurchase the Notes. The change of control provision is triggered if, following completion of the Transaction, former Alignvest shareholders hold more than 50% of the shares of New Sagicor. It is a condition to the obligation of Alignvest to effect the Sagicor Arrangement that, in the event that the change of control provision is triggered, Sagicor shall have received a waiver from the holders of a majority in principal amount of the Notes then outstanding of the obligation of Sagicor Finance (2015) Limited to make such an offer to repurchase the Notes.

### Board Appointment Letter Agreement

On December 6, 2017, Sagicor Jamaica provided a letter agreement (the "**Board Appointment Letter Agreement**") pursuant to which Sagicor Jamaica agreed that, notwithstanding any provision in Sagicor's corporate governance manual or otherwise, Sagicor shall have the right to appoint up to a certain percentage of the members of Sagicor Jamaica's board of directors. The directors of Sagicor Jamaica have the ability to remove and appoint the officers of Sagicor Jamaica.

In connection with the filing of this final non-offering prospectus, and in accordance with Section 6.1 and Section 6.4 of National Policy 41-201 – *Income Trusts and Other Indirect Offerings*, Alignvest has, in complying with its reporting issuer obligations, provided an undertaking to the securities regulatory authorities in each of the provinces and territories of Canada, other than Québec, that, following the closing of the Transaction and for as long as New Sagicor is a reporting issuer and Sagicor Jamaica would be treated as an operating entity if New Sagicor were an income trust: (i) New Sagicor will treat Sagicor Jamaica as a subsidiary; however, if generally accepted accounting principles ("**GAAP**") used by New Sagicor prohibit the consolidation of the financial information of Sagicor Jamaica and New Sagicor, then for as long as Sagicor Jamaica represents a significant asset of New Sagicor, New



Sagicor will provide shareholders with separate audited annual financial statements and interim financial reports and management's discussion and analysis for Sagicor Jamaica, prepared in accordance with the same GAAP as New Sagicor's financial statements and interim financial reports and in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*, or its successor; (ii) for so long as Sagicor Jamaica represents a significant asset of New Sagicor, New Sagicor will take the appropriate measures to require each person who would be an "insider" (as defined in the *Securities Act* (Ontario)) of Sagicor Jamaica or a "person or company in a special relationship" (as defined in the *Securities Act* (Ontario)) with Sagicor Jamaica, if Sagicor Jamaica was a reporting issuer, to comply with statutory prohibitions against insider trading under applicable Canadian securities laws; (iii) for so long as Sagicor Jamaica represents a significant asset of New Sagicor, New Sagicor will take the appropriate measures to require each person who would be a "reporting insider" (as that term is defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*) of Sagicor Jamaica, if Sagicor Jamaica was a reporting issuer, to file insider reports about trades in the securities of New Sagicor (including securities which are exchangeable into securities of New Sagicor); and (iv) New Sagicor will annually certify as to its compliance with the above undertakings and file the certificate on SEDAR concurrently with the filing of its annual financial statements. For the purposes of (iii) above, a list of "reporting insiders" of Sagicor Jamaica has been provided to the Ontario Securities Commission in connection with this prospectus, which represent the directors and the CEO, CFO and COO of Sagicor Jamaica and PanJam Investment Limited, respectively.

## CONTRACTUAL RIGHT OF ACTION

Original purchasers of Alignvest Class A Restricted Voting Shares and Alignvest Warrants from the underwriters in Alignvest's initial public offering who continue to hold those securities up to the Redemption Date will have a contractual right of action for rescission or damages against New Sagicor (as well as a contractual right of action for damages alone against: (a) the directors of Alignvest as of the Redemption Date (the "**Alignvest directors**"), and (b) every person or company who signs this prospectus, which, for greater certainty, includes Alignvest II, as a promoter of Alignvest (collectively, the "**signatories**").

In the event that Alignvest's qualifying acquisition is completed and if this prospectus or any amendment hereto contains a misrepresentation (as defined in the *Securities Act* (Ontario)), provided that such claims for rescission or damages are commenced by the purchaser not later than: (a) in the case of an action for rescission, 180 days after the Redemption Date, or (b) in the case of an action for damages, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three (3) years after the Redemption Date, a purchaser who purchased Alignvest Class A Restricted Voting Shares and Alignvest Warrants from Alignvest's underwriters in its initial public offering shall, in respect of such Alignvest Class A Restricted Voting Shares, as converted pursuant to the Alignvest Arrangement into New Sagicor Common Shares, and such Alignvest Warrants, be entitled to, in addition to any other remedy available at the time to such holder, (i) as against New Sagicor, in the case of rescission, the amount paid for such Alignvest Class A Restricted Voting Shares and/or such Alignvest Warrants, as applicable, upon surrender of such securities, and (ii) as against New Sagicor, the Alignvest directors and the signatories, in the case of a damages election, their proven damages. These parties have attorned to the jurisdiction of the courts of Ontario in respect of such rights of action.

In addition, the following additional provisions apply to actions against the Alignvest directors or the signatories:

- (i) each has a due diligence defence and the other defences and rights contemplated in section 130 of the *Securities Act* (Ontario) and at law; and
- (ii) each is entitled to be indemnified by New Sagicor and Sagicor to the maximum extent permitted by law.

This contractual right of action for rescission or damages will, subject to the foregoing, be consistent with the statutory right of rescission or damages described under section 130 of the *Securities Act* (Ontario). In no case shall the amount recoverable exceed the original purchase price of the Alignvest Class A Restricted Voting Units. In addition, for non-residents of Canada, the contractual right shall be subject to the same interpretational or constitutional defences, if any, as would apply to a claim against a resident Canadian issuer under section 130 of the *Securities Act* (Ontario), and, as a result, the argument that non-residents are not entitled to take advantage of the contractual right shall not be precluded.

The directors of Alignvest as at the date of the final prospectus (or any amendment), namely: Reza Satchu, Timothy Hodgson, Vince Hemmer, Azim Jamal, Adam Jiwan, Anthony Lacavera, Nadir Mohamed, Andy Moysiuk, and Donald Walker, will, subject to the terms thereof, be potentially liable for misrepresentations in this final prospectus (as it may be amended) under Part XXIII.1 of the *Securities Act* (Ontario) and the "*Contractual Right of Action*" described above. New directors of Alignvest or New Sagicor appointed after such date will not be subject to such liability as such.

## EXEMPTION

Alignvest has applied to the Ontario Securities Commission, as principal regulator, for exemptive relief from Item 32 of Form 41-101F1 – *Information required in a Prospectus* (“**Form 41-101F1**”) as prescribed under National Instrument 41-101 – *General Prospectus Requirements* with respect to certain historical financial statements relating to Harmony General Insurance Company Ltd. (“**Harmony**”), which is a Barbadian property and casualty insurance company that Sagicor wholly acquired in 2018 (the “**Non-Significant Acquisition**”). Alignvest understands that the acquired business may be considered to be a primary business of Sagicor under Item 32 of Form 41-101F1. The treatment of the acquired business as a primary business of Sagicor would require Alignvest to include in this prospectus, potentially among other related financial disclosures, up to three years of audited financial statements for Harmony, together with interim financial statements for the relevant interim periods. Alignvest has applied for exemptive relief from the requirement to include audited financial statements relating to the Non-Significant Acquisition for the three complete financial years prior to the date of this prospectus and the interim financial statements relating to the Non-Significant Acquisition for the relevant interim periods. The exemptions requested will be evidenced by the issuance of a receipt for this prospectus. In its application, Alignvest made the following submissions:

- The principal rationale for completing the Non-Significant Acquisition was to grow Sagicor’s business, including its market presence in property and casualty insurance.
- The Non-Significant Acquisition is immaterial, and in fact is entirely de minimus. Because the Non-Significant Acquisition is not significant or otherwise material with regard to the overall size and value of Sagicor’s business and operations, to include the financial statements and related management’s discussion and analysis disclosure with respect to the Non-Significant Acquisition would be confusing to investors and would not add any additional meaningful disclosure.
- The historical financial statements included in this prospectus are the more appropriate financial statements for the purposes of allowing investors to form a reasonable judgment regarding Sagicor.

Based on the foregoing, Alignvest does not believe that the financial statements in respect of which the relief was requested are necessary for this prospectus to contain full, true and plain disclosure of all material facts with respect to Sagicor.

**CERTIFICATE OF ALIGNVEST ACQUISITION II CORPORATION AND PROMOTER**

February 7, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by securities legislation of each of the provinces and territories of Canada, other than Quebec.

By: (SIGNED) "REZA SATCHU" By: (SIGNED) "SANJIL SHAH"  
**REZA SATCHU** **SANJIL SHAH**  
**PRESIDENT AND CHIEF EXECUTIVE** **CHIEF FINANCIAL OFFICER**  
**OFFICER AND DIRECTOR**

**ON BEHALF OF THE BOARD OF DIRECTORS**

By: (SIGNED) "TIMOTHY HODGSON" By: (SIGNED) "VINCE HEMMER"  
**TIMOTHY HODGSON** **VINCE HEMMER**  
**DIRECTOR** **DIRECTOR**

**ALIGNVEST II CORPORATION, AS GENERAL PARTNER OF ALIGNVEST II LP, AS PROMOTER**

By: (SIGNED) "REZA SATCHU"  
**REZA SATCHU**  
**CHIEF EXECUTIVE OFFICER AND DIRECTOR**

By: (SIGNED) "SANJIL SHAH"  
**SANJIL SHAH**  
**CHIEF FINANCIAL OFFICER AND DIRECTOR**

**APPENDIX A – ALIGNVEST AUDITED ANNUAL FINANCIAL STATEMENTS**

**APPENDIX B – ALIGNVEST INTERIM FINANCIAL STATEMENTS**

**APPENDIX C – ANNUAL MANAGEMENT’S DISCUSSION AND ANALYSIS OF ALIGNVEST**

**APPENDIX D – INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS OF ALIGNVEST**

**APPENDIX E – SAGICOR AUDITED ANNUAL FINANCIAL STATEMENTS**

**APPENDIX F – SAGICOR INTERIM FINANCIAL STATEMENTS**

**APPENDIX G – PRO FORMA FINANCIAL STATEMENTS**

**APPENDIX H – HISTORICAL FINANCIAL STATEMENTS OF SJLIC AND SLTT**

**APPENDIX I – MANAGEMENT’S DISCUSSION AND ANALYSIS OF SJLIC**

**APPENDIX J – MANAGEMENT’S DISCUSSION AND ANALYSIS OF SLTT**

**APPENDIX K – PROPOSED NEW SAGICOR AUDIT COMMITTEE MANDATE**

**APPENDIX L – PROPOSED NEW SAGICOR BOARD MANDATE**

**APPENDIX M – DIFFERENCES BETWEEN THE OBCA AND THE BCA**



**APPENDIX N – DIFFERENCES BETWEEN CANADIAN CORPORATE LAW AND BARBADOS AND  
JAMAICA CORPORATE LAW**

**APPENDIX IV**

**SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE SAGICOR BYE-LAWS AND THE  
NEW SAGICOR BYE-LAWS.**

*[Attached.]*

## APPENDIX IV

## SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE SAGICOR BYE-LAWS AND THE NEW SAGICOR BYE-LAWS.

The following is a summary of certain differences between the bye-laws of Sagicor and the bye-laws of New Sagicor. To facilitate a comparison between the companies' respective bye-laws, certain differences in the bye-laws of New Sagicor and Sagicor are presented below in redline format. Capitalized terms in the summary not otherwise defined therein shall have the meanings attributed to such terms in Sagicor's memorandum of continuance and bye-laws and New Sagicor's memorandum of continuance and bye-laws, as the case may be.

The following summary is not intended to be complete and is qualified in its entirety by reference to all of the provisions of Sagicor's memorandum of continuance and bye-laws and New Sagicor's memorandum of continuance and bye-laws. New Sagicor's memorandum of continuance and bye-laws will be made available on New Sagicor's SEDAR profile at [www.sedar.com](http://www.sedar.com).

Bye-law No.	Sagicor Bye-law Title	Sagicor Bye-laws	New Sagicor Bye-law Title	Redline of the New Sagicor Bye-laws against the Sagicor Bye-laws
<b>INTERPRETATION</b>				
1.	Definitions		Definitions	
1.1	BCSDI	the Barbados Central Securities Depository Inc or its successor;	<del>BCSDI</del>	<del>the Barbados Central Securities Depository Inc or its successor;</del>
-	BSE	Barbados Stock Exchange Inc.;	<del>BSE</del>	<del>Barbados Stock Exchange Inc</del>
-	-	-	<u>Common Shares</u>	<u>has the meaning given to it in Bye-law 4.1.</u>
-	Financial Services Commission	the Financial Services Commission of Barbados established by virtue of the Financial Services Commission Act (2010);	<del>Financial Services Commission</del>	<del>the Financial Services Commission of Barbados established by virtue of the Financial Services Commission Act (2010);</del>
-	-	-	<u>Preference Shares</u>	<u>has the meaning given to it in Bye-law 4.1.</u>
-	Securities Act	the Securities Act, 2001-13 of Barbados.	<del>Securities Act</del>	<del>the Securities Act, 2001-13 of Barbados</del>
-	-	-	<u>Special Resolution</u>	<u>a resolution passed with the approval of the Members representing at least two-thirds of the votes cast.</u>

1.2(e)	-	a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;	-	<u>except as expressly otherwise provided herein, a reference to a statutory provision shall be deemed to include any amendment or re-enactment thereof;</u>
<b>SHARES</b>				
2.1	Power to Issue Shares	Subject to the prior approval of the Financial Services Commission or such other regulatory authority as may be required and subject to these Bye-laws and to any unanimous resolution of the Members to the contrary, without prejudice to any special rights previously conferred on the holders of shares, the Board shall, by resolution have the power to issue any unissued shares on such terms and conditions as it may determine.	-	Subject to the prior approval of <del>the Financial Services Commission or such other</del> <u>any</u> regulatory authority as may be required and subject to these Bye-laws and to any unanimous resolution of the Members to the contrary, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall, by resolution, have the power to issue any unissued shares on such terms and conditions as it may determine.
2.2	-	-	-	<u>All shares shall be issued in registered form.</u>
2.3	-	Subject to the Act and these Bye-laws, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion) <u>in accordance with Bye-law 4.4.</u>	-	Subject to the Act and these Bye-laws, any <del>p</del> <u>P</u> reference <del>s</del> <u>S</u> hares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder, <u>as specified in the terms thereof</u> ) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion) <u>in accordance with Bye-law 4.4.</u>
2.4	-	Notwithstanding anything to the contrary in these Bye-laws, unless otherwise determined by the Board, no share shall be issued until such share is fully paid up.	-	Notwithstanding anything to the contrary in these Bye-laws, <del>unless otherwise determined by the Board, no share shall be issued until such share is fully paid up;</del> <u>for as long as the Common Shares of the Company are listed on The Toronto Stock Exchange;</u>

3.1	Power of the Company to Purchase its Shares		-	<p>a) <u>shares issued by the Company are non-assessable and the holders thereof shall not liable to the Company or to its creditors in respect thereof;</u></p> <p>b) <u>a share shall not be issued until the consideration for the share is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that the Company would have received if the share had been issued for money. In determining whether property or past services are the fair equivalent of money consideration, the Directors may take into account reasonable charges and expenses of organisation and reorganisation and payment for property and past services reasonably expected to benefit the Company. For the purposes of this Bye-law 2.4, the term “property” does not include a promissory note, or a promise to pay, that is made by a person to whom a share is issued, or a person who does not deal at arm’s length, with a person to whom a share is issued. For the purposes of this Bye-law 2.4, parties do not deal at arm’s length where the parties to a transaction (i) act in concert without separate interests or (ii) are under common control. Directors who vote for or consent to a resolution authorising the issue of a share for consideration other than money are jointly and severally liable to the Company to make good any amount by which the consideration received is less than the fair equivalent of the money that the Company would have received if the share had been issued for money on the date of the resolution.</u></p>
				<p>The Company may purchase its own shares for cancellation or acquire all or any part of its own shares as treasury shares in accordance with the Act on such terms as the Board shall</p>

4.1	Rights Attaching to Shares	At the date these Bye-laws are adopted, the share capital of the Company is divided into two classes: (i) 65,000,000 common shares of par value US\$0.01 each (the "Common Shares"); and (ii) 320,000 preference shares of par value US\$0.01 each (the "Preference Shares").	-	think fit.  At the date these Bye-laws are adopted, the share capital of the Company is divided into two (2) classes: (i) 65,000,000 common shares of par value US\$0.01 each (the "Common Shares"); and (ii) 320,000 preference shares of par value US\$0.01 each (the "Preference Shares").
4.2	-	The Common Shares shall, subject to these Bye-laws (including, without limitation, the rights attaching to the Preference Shares) have the following rights and restrictions:  a) be entitled to one vote per share;  b) be entitled to such dividends as the Board may from time to time declare;  c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and  d) generally be entitled to enjoy all of the rights attaching to shares.	-	The Common Shares shall, subject to these Bye-laws (including, without limitation, the rights attaching to <del>the</del> Preference Shares) have the following rights and restrictions:  a) be entitled to one vote per share;  b) be entitled to such dividends as the Board may from time to time declare;  c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and  d) generally be entitled to enjoy all of the rights attaching to shares.
4.3	-	The Board is authorised to provide for the issuance of the Preference Shares in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the terms, including designation, powers, preferences, rights, qualifications, limitations and restrictions of the shares of each such series (and, for the avoidance of doubt, such matters and the issuance of such Preference	-	The Board is authorised to provide for the issuance of the Preference Shares in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the terms, including designation, powers, preferences, rights, qualifications, limitations and restrictions of the shares of each such series (and, for the avoidance of doubt, such matters and the issuance of such Preference

	<p>series (and, for the avoidance of doubt, such matters and the issuance of such Preference Shares shall not, subject to the terms of any other series of Preference Shares, be deemed to vary the rights attached to the Common Shares or any other series of Preference Shares). The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:</p>	<p>Shares shall not, subject to the terms of any other series of Preference Shares, be deemed to vary the rights attached to the Common Shares or any other series of Preference Shares). The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:</p>
<p>a) the number of shares constituting that series and the distinctive designation of that series;</p>	<p>a) the number of shares constituting that series and the distinctive designation of that series;</p>	<p>a) the number of shares constituting that series and the distinctive designation of that series;</p>
<p>b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;</p>	<p>b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;</p>	<p>b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;</p>
<p>c) whether the series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;</p>	<p>c) whether the series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;</p>	<p>c) whether the series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;</p>
<p>d) whether the series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares) and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;</p>	<p>d) whether the series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares) and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;</p>	<p>d) whether the series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares) and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;</p>
<p>e) whether or not the shares of that series shall be redeemable or repurchaseable and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;</p>	<p>e) whether or not the shares of that series shall be redeemable or repurchaseable and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates</p>	<p>e) whether or not the shares of that series shall be redeemable or repurchaseable and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates</p>
<p>f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series and, if</p>		



	<p>upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;</p> <p>f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series and, if so, the terms and amount of such sinking fund;</p> <p>g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;</p> <p>h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment in respect of shares of that series;</p> <p>i) <u>the rights of holders of that series to elect or appoint directors, if any; and</u></p> <p>j) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.</p>	<p>so, the terms and amount of such sinking fund;</p> <p>g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;</p> <p>h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment in respect of shares of that series;</p> <p>i) <u>the rights of holders of that series to elect or appoint directors, if any; and</u></p> <p>j) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.</p>					<p><b>5.1</b> <del>The Board may make such calls as it thinks fit upon the Members in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members (and not made</del></p>
	<p>upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;</p> <p>f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series and, if so, the terms and amount of such sinking fund;</p> <p>g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;</p> <p>h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment in respect of shares of that series; and</p> <p>i) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.</p>						<p><u>[Reserved]</u></p>
5.1	Calls on Shares	The Board may make such calls as it thinks fit upon the Members in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members (and not					

		made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.		payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.
5.2		Any amount which, by the terms of allotment of a share, becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Bye-laws be deemed to be an amount on which a call has been duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to payment of interest, costs and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a duly made and notified call.		<del>5.2 Any amount which, by the terms of allotment of a share, becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Bye-laws be deemed to be an amount on which a call has been duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to payment of interest, costs and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a duly made and notified call.</del>
5.3		The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.		<del>5.3 The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.</del>
5.4		The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up or become payable.		<del>5.4 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up or become payable.</del>
6.1	Forfeiture of Shares	If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted	<u>Reserved</u>	<del>If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by</del>

	<p>to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:</p> <p>Notice of Liability to Forfeiture for Non-Payment of Call  <b>Sagcor Financial Corporation Limited</b>  (the "Company")</p> <p>You have failed to pay the call of [amount of call] made on the [date], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on the [date], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [ ] per annum computed from the said [date] at the registered office of the Company the share(s) will be liable to be forfeited.</p> <p>Dated this [date]</p> <p>_____</p> <p>[Signature of Secretary] By Order of the Board</p>	-	<p>such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:</p> <p>Notice of Liability to Forfeiture for Non-Payment of Call  <b>Sagcor Financial Corporation Limited</b>  (the "Company")</p> <p>You have failed to pay the call of [amount of call] made on the [date], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on the [date], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [ ] per annum computed from the said [date] at the registered office of the Company the share(s) will be liable to be forfeited.</p> <p>Dated this [date]</p> <p>_____</p> <p>[Signature of Secretary] By Order of the Board</p>
6.2	<p>If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the</p>	-	<p>If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and</p>

		Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Bye-laws and the Act.		<del>may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Bye-laws and the Act.</del>
6.3	-	A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.	-	<del>A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.</del>
6.4	-	The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.	-	<del>The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.</del>
7.1	Share Certificates	Any issue or transfer of shares or any other security of the Company shall be reflected in the Register of Members (including, for the avoidance of doubt, any branch register of members) or the register of security holders of the Company (as appropriate) and instead of a certificate, a holder shall receive a security holding statement, depository receipt or such other document showing details of a Member's or security holder's interest in the shares or capital of the Company in such form as may be approved by the Board.	Share Certificates	Any issue or transfer of shares or any other security of the Company shall be reflected in the Register of Members (including, for the avoidance of doubt, any branch register of members) or the register of security holders of the Company (as appropriate) and instead of a certificate, a holder shall receive a security holding statement, depository receipt, <u>a direct registration statement</u> or such other document showing details of a Member's or security holder's interest in the shares or capital of the Company in such form as may be approved by the Board.
<b>REGISTRATION OF SHARES</b>				
9.1	Register of Members	The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars	-	The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars required by the Act. <u>Subject to the provisions of the Act, the</u>

		required by the Act.		<p>Company may keep one or more branch registers in any place in or outside of Bermuda, including Ontario, and the Board may make, amend, or revoke any such regulations as it may think fit respecting the keeping of such branch registers. The Board may authorise any share on the Register of Members to be included in a branch register or any share registered in a branch register to be registered on another branch register, provided that at all times the Register of Members is maintained in accordance with the Act.</p>
9.3	-	Without prejudice to the Company's discretion to keep the Register of Members and any other securities register in such format as it deems fit and as required by the Act, the Company may register or deposit shares or any other securities issued by it with the BCSDI under the provisions of the Securities Act and BSE rules and regulations. The Company may also register or deposit its shares or any other securities in such other depositories as it deems fit and may issue and transfer all or any part of such shares or securities.	-	Without prejudice to the Company's discretion to keep the Register of Members and any other securities register in such format as it deems fit and as required by the Act, the Company may register or deposit shares or any other securities issued by it with <del>the BCSDI under the provisions of the Securities Act and BSE rules and regulations.</del> CDS Clearing and Depository Services Inc. (or its successors or assigns) or Canadian Depository for Securities Limited. The Company may also register or deposit its shares or any other securities in such other depositories as it deems fit and may issue and transfer all or any part of such shares or other securities.
11.1	Transfer of Registered Shares	An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:	Transfer of Registered Shares	An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:
		<p>Transfer of a Share or Shares  <b>Sagcor Financial Corporation Limited</b>  (the "Company")  FOR VALUE RECEIVED .....  [amount], I, [name of transferor] hereby sell,  assign and transfer unto [transferee] of  [address], [number] shares of the Company.  DATED this [date]</p>		<p>Transfer of a Share or Shares  <b>Sagcor Financial Corporation Limited</b>  <del>Company Ltd.</del> (the "Company")  FOR VALUE RECEIVED .....  [amount], I, [name of transferor] hereby sell,  assign and transfer unto [transferee] of  [address], [number] shares of the Company.  DATED this [date]</p>



		<p>Signed by: _____ In the presence of: _____ Transferor _____ Witness _____</p> <p>Signed by: _____ In the presence of: _____ Transferee _____ Witness _____</p>		<p>Signed by: _____ In the presence of: _____ Transferor _____ Witness _____</p> <p>Signed by: _____ In the presence of: _____ Transferee _____ Witness _____</p>		<p>Signed by: _____ In the presence of: _____ Transferor _____ Witness _____</p> <p>Signed by: _____ In the presence of: _____ Transferee _____ Witness _____</p>
11.2	-	Such instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.	-	Such instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor, and transferee, <del>provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone.</del> The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.	-	<del>Such</del> <u>As no share is to be issued unless fully paid, such</u> instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor, and transferee, <del>provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone.</del> The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.
11.3	-	The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates (if any) and by such other evidence as the Board may reasonably require showing the right of the transferor to make the transfer.	-	The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates (if any) and by such other evidence as the Board may reasonably require showing the right of the transferor to make the transfer	-	The Board may refuse to recognise any instrument of transfer unless <u>(a)</u> it is accompanied by the certificate in respect of the shares to which it relates (if any) and by such other evidence as the Board may reasonably require showing the right of the transferor to make the transfer <u>and/or (b) for as long as the Common Shares are listed on The Toronto Stock Exchange, it is duly stamped (if required by applicable law or the Company's transfer agent) with a medallion or bank of similar signature guarantee.</u>
11.5	-	The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid up. The Board shall	-	The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid up. <del>The Board shall</del> refuse to	-	The Board may in its absolute discretion and without assigning any reason therefor <del>refuse to register the transfer of a share which is not fully paid up.</del> <del>The Board shall</del> refuse to

		refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in (a) Bermuda; and (b) any jurisdiction in which which shares are listed or admitted for trading on a stock exchange, have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.		register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in (a) Bermuda; and (b) any jurisdiction in which shares are listed or admitted for trading on a stock exchange, have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.
11.7	-	Notwithstanding anything to the contrary in these Bye-laws, shares that are listed or admitted to trading on an appointed stock exchange may be transferred in accordance with the rules and regulations of such exchange.	-	Notwithstanding anything to the contrary in these Bye-laws, shares that are listed or admitted to trading on an appointed stock exchange <u>(including if applicable The Toronto Stock Exchange)</u> may be transferred in accordance with the rules and regulations of such exchange.
11.8	-	-	-	<u>Subject to the Act, the Company may from time to time appoint one or more agents, in or outside Bermuda, to maintain, for any class or series of shares or other securities issued by it in registered or other form, a central securities register and one or more branch securities registers. Such an agent may be designated as transfer agent or registrar according to their functions and one person may be designated both registrar and transfer agent. The Company may at any time terminate such appointment. For greater certainty, the Company will appoint a transfer agent in Toronto for as long as the Common Shares are listed on The Toronto Stock Exchange.</u>
12.2	Transmission of Registered Shares	Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in	Transmission of Registered Shares	Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or



	<p>writing in the form, or as near thereto as circumstances admit, of the following:</p> <p>Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member <b>Sagcor Financial Corporation Limited</b> (the "Company")</p> <p>I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of the Company in the name of the [name of deceased/bankrupt Member] instead of being registered myself/ourselves (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.</p> <p>DATED this [date]</p> <p>Signed by: _____ In the presence of: _____</p> <p>Transferor _____ Witness _____</p> <p>Signed by: _____ In the presence of: _____</p>	<p>as near thereto as circumstances admit, of the following:</p> <p>Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member <b>Sagcor Financial Corporation Limited</b> (the "Company")</p> <p>I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of the Company in the name of the [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.</p> <p>DATED this [date]</p> <p>Signed by: _____ In the presence of: _____</p> <p>Transferor _____ Witness _____</p> <p>Signed by: _____ In the presence of: _____</p>
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	Transferee	Witness	Transferee	Witness
<b>ALTERATION OF SHARE CAPITAL</b>				
13.1	Power to Alter Capital	The Company may if authorised by resolution of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.	Power to Alter Capital	The Company may if authorised by <del>resolution</del> <u>Special Resolution</u> of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.
14	Variation of Rights Attaching to Shares	If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of the issued shares of that class or with the sanction of a resolution passed by a two thirds majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be determined in accordance with Bye-law 26.1. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.	Variation of Rights Attaching to Shares	If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths the issued outstanding shares of that class or with the sanction of a resolution passed by a <del>two-thirds</del> <u>three-fourths</u> majority of the votes cast at a separate general meeting of the holders of the shares of the class <del>at which meeting the necessary quorum shall be determined in accordance with Bye-law 26.1.</del> <u>To any such separate general meeting, all the provisions of these Bye-Laws as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) or more persons holding or representing by proxy at least 25% of the issued and outstanding shares of the relevant class, that every holder of shares of the relevant class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the relevant class present in person or by proxy may demand a poll; provided, however, that if the Company or a class of Members shall have only one Member, one Member present in person or by proxy shall constitute the necessary quorum.</u> The rights conferred upon the holders of the shares

			of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.
<b>DIVIDENDS AND CAPITALISATION</b>			
15.2		(even though change is minimal)	
15.3	Dividends	The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.	<del>The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.</del>
17.1	Method of Payment	<p>Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid either:</p> <p>a) by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the Member may in writing direct;</p> <p>b) in the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct, provided that if two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares; or</p> <p>c) electronically into a bank account designated by the Member for the payment of dividends unless such holder otherwise directs; provided that in the case of joint holders payment by deposit shall, unless the</p>	<p>Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid either:</p> <p>a) by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the Member may in writing direct;</p> <p>b) in the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct, provided that if two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares; or</p> <p>c) electronically into a bank account designated by the Member <u>in writing</u> for the payment of dividends unless such <del>holder</del> <u>Member</u> otherwise directs; provided that in the case of joint holders payment by deposit</p>

		Member otherwise direct, be made to the order of the first named joint holder in the Register of Members		shall, unless the <del>Member</del> holders jointly otherwise direct, be made to the order of the first named joint holder in the Register of Members
17.2	-	-	-	<u>Dividends may be paid in such currency as the Board may determine.</u>
17.5	-	Any dividend and/or other moneys payable in respect of a share which has remained unclaimed for six (6) years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.	-	17.4 The Board may deduct from the dividends or distributions payable to any Member all moneys due from such Member to the Company on account of calls ( <u>if applicable</u> ) or otherwise
18.1	Capitalisation	The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata (except in connection with the conversion of shares of one class to shares of another class) to the Members.	Capitalisation	The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata (except in connection with the conversion of shares of one class <u>or series</u> to shares of another class <u>or series</u> ) to the Members.
18.2	-	The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.	-	The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, <del>partly or nil paid</del> shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

<b>MEETINGS OF MEMBERS</b>			
19	Annual General Meeting	Notwithstanding the provisions of the Act entitling the Members of the Company to elect to dispense with the holding of an annual general meeting, an annual general meeting shall be held in each year not later than six months after the end of the financial year of the Company on such day in such year and at such time <u>and place</u> as the <u>Directors Board</u> may by resolution determine <del>(i) at any place within Barbados, or (ii) if all of the Members entitled to vote at such meeting consent, outside of Barbados.</del>	Notwithstanding the provisions of the Act entitling the Members of the Company to elect to dispense with the holding of an annual general meeting, an annual general meeting shall be held in each year not later than six months after the end of the financial year of the Company on such day in such year and at such time <u>and place</u> as the <u>Directors Board</u> may by resolution determine <del>(i) at any place within Barbados, or (ii) if all of the Members entitled to vote at such meeting consent, outside of Barbados.</del>
20	Special General Meeting	Special general meetings may be convened by (i) resolution of the Directors at any place within Barbados, or (ii) if all of the Members entitled to vote at such meeting consent, outside of Barbados. In the event that there is not a quorum of Directors in office, the Secretary shall promptly call a special general meeting to elect Directors to fill the vacancies, provided that if such lack of quorum shall occur within a month before the regularly scheduled time for the annual general meeting, the Secretary may call the annual general meeting instead of a special general meeting.	Special general meetings may be convened by <del>(i) resolution of the Directors at any place within Barbados, or (ii) if all of the Members entitled to vote at such meeting consent, outside of Barbados.</del> In the event that there is not a quorum of Directors in office, the Secretary shall promptly call a special general meeting to elect Directors to fill the vacancies, provided that if such lack of quorum shall occur within a month before the regularly scheduled time for the annual general meeting, the Secretary may call the annual general meeting instead of a special general meeting.
23.1	Giving Notice and Access	A notice may be given by the Company to a Member: a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or c) by sending it by courier to such Member's address in the Register of members, in which case the notice shall be deemed to have been served <del>two days</del> <u>forty-eight hours</u> after the date on which it is deposited, with	A notice may be given by the Company to a Member: a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or c) by sending it by courier to such Member's address in the Register of members, in which case the notice shall be deemed to have been served <del>two days</del> <u>forty-eight hours</u> after the date on which it is deposited, with
	Giving Notice and Access		



		<p>courier fees paid, with the courier service; or</p> <p>d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or</p> <p>e) by delivering it in accordance with the provisions of the Act pertaining to delivery of electronic records by publication on a website, in which case the notice shall be deemed to have been served at the time when the requirements of the Act in that regard have been met; <u>or</u></p> <p>f) <u>in accordance with applicable Canadian securities laws, provided that such method of giving notice complies with Bermuda law.</u></p>	<p>courier fees paid, with the courier service; or</p> <p>d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or</p> <p>e) by delivering it in accordance with the provisions of the Act pertaining to delivery of electronic records by publication on a website, in which case the notice shall be deemed to have been served at the time when the requirements of the Act in that regard have been met.</p>		
23.3	-	<p>In proving service under paragraphs (c) and (d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.</p>	<p>In proving service under paragraphs 23.1(b), (c) and (d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.</p>	-	
23.6	-	<p>Subject to the Act, notice to a Member may be waived or the time for notice may be waived or abridged at any time by any person entitled thereto. Any such waiver or abridgement shall be in writing. The attendance of such person at a meeting shall constitute a waiver of notice of the meeting unless he attends for the express purpose of objecting to the transacting of any business on the ground that the meeting has not been called in accordance with the Act and these Bye-laws.</p>	<p>Subject to the Act, notice of any general meeting to a Member, a Director or auditor may be waived, any irregularity in such notice may be waived, or the time for notice may be waived or abridged at any time by any person entitled thereto. Any such waiver or abridgement shall be in writing. The attendance of such person at a meeting shall constitute a waiver of notice of the meeting unless he attends for the express purpose of objecting to the transacting of any business on the ground that the meeting has not been</p>	-	

			called in accordance with the Act and these Bye-laws
25	Security in Meetings	The Board may, and at any general meeting, the chairman of such meeting may, make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.	<p><u>25.1 Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</u></p> <p>25.2 The Board may, and at any general meeting, the chairman of such meeting may, make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.</p>
26.1	Quorum at General Meetings	A quorum for the transaction of business at any general meeting shall be at least one hundred (100) Members present in person or by proxy. If a quorum is present at the opening of any general meeting, the Members present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. Where the Company has only one Member or only one holder of any class of shares, the Member present in person or by proxy shall constitute a quorum.	<p><u>26.1 Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</u></p> <p>26.2 The Board may, and at any general meeting, the chairman of such meeting may, make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.</p>
27.1	Chairman to Preside at General Meetings	The chairman or the vice-chairman of the Company, if there be one, shall act as chairman at all general meetings at which such person is present. If no such chairman or	<p><u>27.1 Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</u></p> <p>27.2 The Board may, and at any general meeting, the chairman of such meeting may, make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.</p>
	Security in Meetings		
	Quorum at General Meetings		
	Chairman to Preside at General Meetings		
	Electronic Participation and Security in Meetings		
	Quorum at General Meetings		
	Chairman to Preside at General Meetings		



	Meetings	vice-chairman is present within 15 minutes from the time fixed for holding the meeting, the chairman of the meeting shall be appointed or elected from one of the Directors present by those Members present at the meeting and entitled to vote.	Meetings	<p><u>the following Officers that is a Director and is present at the meeting:</u></p> <p>a) <u>the chair of the Board;</u></p> <p>b) <u>the president; or</u></p> <p>c) <u>a vice president (in order of descending length of service as a vice president).</u></p> <p><del>If no such person is present. If no such chairman or vice chairman is present within 15 minutes from the time fixed for holding the meeting, the chairman of the meeting shall be appointed or elected from one of at the meeting, the Directors present by those Members present at may choose one of their number to be chairman of the meeting and entitled to vote</del></p>
28.1	Voting on Resolutions	Subject to the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes upon the show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.	Voting on Resolutions	Subject to the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes upon the show of hands or upon a poll, the chairman of the meeting shall <u>not</u> be entitled to a second or casting vote. <del>28.2</del>
28.2	-	No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.	-	<del>No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member</del>
29.2	Power to Demand a Vote on a poll	Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein	Power to Demand a Vote on a Poll	Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting <u>and entitled to vote</u> shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein

		and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.		and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
29.4	-	Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by one or more scrutineers who need not be Members. Such scrutineers may be appointed by resolution of the Board of Directors or the Chairman by resolution of the Members at such meeting.	-	Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by one or more scrutineers who need not be Members. Such scrutineers may be appointed by resolution of the Board of Directors or, <u>failing which</u> , by resolution of the Members at such meeting
31.1	Instrument of Proxy	A Member may appoint a proxy by a) an instrument appointing a proxy in writing in substantially the following form or such other form as the Board may determine from time to time:  Proxy <b>Sagikor Financial Corporation Limited</b> (the "Company")  I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of	Instrument of Proxy	A Member may appoint a proxy by a) an instrument appointing a proxy in writing in substantially the following form or such other form <u>as permitted by applicable Canadian securities laws or as</u> the Board may determine from time to time:  Proxy <b>Sagikor Financial Corporation Limited</b> (the "Company")  I/We, [insert names here], being a Member of the Company with [number] shares,

		<p>[address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on [date] and at any adjournment thereof. [Any restrictions on voting to be inserted here.]</p> <p>Signed this [date]</p> <p>_____</p> <p>Member(s)</p> <p>or</p> <p>b) such telephonic, electronic or other means as may be approved by the Board from time to time.</p>		<p>HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on [date] and at any adjournment thereof. [Any restrictions on voting to be inserted here.]</p> <p>Signed this [date]</p> <p>_____</p> <p>Member(s)</p> <p>or</p> <p>b) such telephonic, electronic or other means as may be approved by the Board from time to time.</p>
31.2	-	<p>The Directors may specify in a notice convening the meeting, a place and a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Company or an agent of the Company specified in such notice or, if no such time is specified in such notice, unless it has been received by the Secretary of the Company or by the chairman of the meeting or any adjournment thereof prior to the time of voting.</p>	-	<p>The Directors may specify in a notice convening the meeting, a place and a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Company or an agent of the Company specified in such notice, unless it has been received by the Secretary of the Company or by the chairman of the meeting or any adjournment thereof prior to the time of voting. <u>or the chairman of the meeting shall have waived any such deadline.</u></p>
33.2	Adjournment of General Meeting	<p>The chairman of a general meeting may adjourn a meeting to another time and place without the consent or direction of the Members if it appears to him that:</p>	Adjournment of General Meeting	<p>The chairman of a general meeting may adjourn a meeting to another time and place without the consent or direction of the Members if it appears to him that:</p>

		<p>a) it is likely to be impractical to hold or continue that meeting because of the number of Members wishing to attend who are not present; or</p> <p>b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or</p> <p>c) an adjournment is otherwise necessary or <u>desirable</u> so that the business of the meeting may be properly conducted</p>		<p>a) it is likely to be impractical to hold or continue that meeting because of the number of Members wishing to attend who are not present; or</p> <p>b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or</p> <p>c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted</p>
34.6	Written Resolution	For the purposes of this Bye-law, the effective date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member to sign and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date	Written Resolution	For the purposes of this Bye-law, the effective date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member <del>to sign</del> whose signature results in the necessary voting majority being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date.

#### DIRECTORS AND OFFICERS

36.1	Election of Directors	<p>Only persons who are proposed or nominated in accordance with this Bye-law shall be eligible for election as Directors. No person shall be eligible for election or appointment as a Director unless:</p> <p>a) he is nominated by the Board;</p> <p>b) he is to be elected or appointed at an annual general meeting, and is nominated by written notice delivered to the registered office of the Company not more than sixty (60) days after the end of the financial year, signed by Members holding in aggregate not less than 5% of the issued and outstanding share capital of the Company, together</p>	Election of Directors	<p>Only persons who are proposed or nominated in accordance with this Bye-law shall be eligible for election as Directors. <del>No</del> One or more Members holding in aggregate not less than 5% of the issued and outstanding share capital of the Company or the Board may propose any person <del>shall be eligible for election or appointment as a Director unless</del> as a Director. Where any person, other than a Director retiring at the meeting or a person proposed for re-election or election as a Director by the Board, is to be proposed for election as a Director, notice must be given to the Company of the intention to propose him and of his willingness to serve as a Director (together with the information in respect of the person that would be required under applicable Canadian securities laws in respect of a dissident proxy circular and confirmation of the proposed nominee's qualifications to</p>
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		<p>with a letter of consent signed by the person nominated confirming his willingness to be appointed and to serve as a Director if elected, provided however that no Member may nominate more than one Director for election; or</p> <p>c) he is to be elected or appointed at a special general meeting, and is nominated by written notice delivered to the registered office of the Company not later than ten (10) days following the earlier of the date on which notice of the special general meeting was posted to Members or the date on which public disclosure of the date of the special general meeting was made, signed by the Members holding in the aggregate not less than 5% of the issued and outstanding share capital of the Company.</p>	<p>serve as a Director under these Bye-laws, status as a resident or non-resident of Canada, and status as independent or non-independent for audit committee purposes under applicable Canadian securities laws). Where a Director is to be elected:</p> <p>a) <del>he is nominated by the Board, at a general meeting,</del> where notice of such general meeting is given in compliance with Bye-law 22 fifty (50) days prior to the date of the general meeting, such notice must be given not later than thirty (30) days prior to the date of the general meeting;</p> <p>b) <del>he is to be elected or appointed at an annual general meeting, and is nominated by written notice delivered to the registered office of the Company not more than sixty (60) days after the end of the financial year, signed by Members holding in aggregate not less than 5% of the issued and outstanding share capital of the Company, together with a letter of consent signed by the person nominated confirming his willingness to be appointed and to serve as a Director if elected, provided however that no Member may nominate more than one Director for election; or at an annual general meeting,</del> where notice is given in compliance with Bye-law 22 less than fifty (50) days prior to the date of the annual general meeting, such notice must be given not later than the close of business on the tenth (10<sup>th</sup>) day following the date on which public disclosure of the date of the annual general meeting was first made; and</p> <p>c) <del>(e) he is to be elected or appointed at a special general meeting, and is nominated by written notice delivered to the registered office of the Company not later than ten (10) days following the earlier of the date on which notice of the special general meeting was posted to Members or the date on which public disclosure of the date of the special general meeting was made, signed by the Members holding in the aggregate not less than 5% of the issued and outstanding share capital of the Company at a special general meeting, where notice is</del></p>
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				<p><u>given in compliance with Bye-law 22 less than fifty (50) days prior to the date of the special general meeting, such notice must be given not later than the close of business on the fifteenth (15<sup>th</sup>) day following the date on which public disclosure of the date of the special general meeting was first made.</u></p>
			36.2	<p><u>The chairman of the general meeting shall have the power to determine whether any proposed nomination was made in accordance with the notice provisions of these Bye-laws and, if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of the Members.</u> <u>Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement of such notice provisions.</u></p>
36.2		Where persons are validly proposed for re-election or election as a Director, the persons receiving the most votes (up to the number of Directors to be elected) shall be elected as Directors provided that no person shall be elected who does not receive one or more affirmative votes, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.	36.3	Where persons are validly proposed for re-election or election as a Director, the persons receiving the most votes (up to the number of Directors to be elected) shall be elected as Directors provided that no person shall be elected who does not receive one or more affirmative votes, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.
36.6 (ex 36.5)		A person shall not be qualified to hold the office of Director and shall not be elected or appointed to hold the office of Director, if:	-	A person shall not be qualified to hold the office of Director and shall not be elected or appointed to hold the office of Director, if:
		a) he is less than twenty-five (25) or more than seventy (70) years of age;		a) he is less than twenty-five (25) or more than seventy (70) years of age;
		b) he is found to be of unsound mind;		b) he is found to be of unsound mind; <u>or</u>
		c) he is bankrupt, or makes any arrangement or composition with his creditors generally;		c) he is bankrupt, or makes any arrangement or composition with his creditors generally; <sup>5</sup>
		d) being a corporation, it enters into liquidation; or		

		e) he holds less than 1,000 Common Shares (unless otherwise determined by the Board		d) <del>(d) ——— being a corporation, it enters into liquidation;</del> or e) he holds less than 1,000 Common Shares (unless otherwise determined by the Board).
37	Number of Directors	The Board shall consist of such number of Directors being not less than seven (7) Directors and not more than twelve (12) Directors as the Board may from time to time determine.	Number of Directors	The Board shall consist of such number of Directors being not less than <del>seven</del> <sup>three</sup> (7 <sup>3</sup> ) Directors and not more than <del>twelve</del> <sup>fifteen</sup> (12 <sup>5</sup> ) Directors as the Board may by resolution from time to time determine, <u>provided always that at no time may a majority of Directors be resident of Canada for tax purposes and no person may be appointed a Director where that appointment would cause a majority of Directors to be resident of Canada for tax purposes.</u>
38	Classes of Directors	The Directors shall be divided into three classes designated Class I, Class II and Class III. Each class of Directors shall consist, as nearly as possible, of one third of the total number of Directors constituting the entire Board.	<u>[Reserved]</u>	<del>The Directors shall be divided into three classes designated Class I, Class II and Class III. Each class of Directors shall consist, as nearly as possible, of one third of the total number of Directors constituting the entire Board.</del>
39	Term of Office of Directors	39.1 At the first general meeting which is held after the date of adoption of these Bye-laws for the purpose of electing Directors, the Class I Directors shall be elected for a three year term of office, the Class II Directors shall be elected for a two year term of office and the Class III Directors shall be elected for a one year term of office. At each succeeding annual general meeting, successors to the class of Directors whose term expires at that annual general meeting shall be elected for a three year term. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible, and any Director of any	Term of Office of Directors	<del>39.1 At the first general meeting which is held after the date of adoption of these Bye-laws for the purpose of electing Directors, the Class I Directors shall be elected for a three year term of office, the Class II Directors shall be elected for a two year term of office and the Class III Directors shall be elected for a one year term of office. At each succeeding annual general meeting, successors to the class of Directors whose term expires at that annual general meeting shall be elected for a three year term. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible, and any Director of any class elected to fill a vacancy shall hold office</del>



	<p>class elected to fill a vacancy shall hold office for a term that shall coincide with the remaining term of the other Directors of that class, but in no case shall a decrease in the number of Directors shorten the term of any Director then in office. A Director shall hold office until the annual general meeting for the year in which his term expires, subject to his office being vacated pursuant to Bye-law 42.</p> <p>39.2 A Director shall retire from office at the annual general meeting immediately following the attainment of age seventy (70) and shall not be eligible for re-election.</p>		<p><del>for a term that shall coincide with the remaining term of the other Directors of that class, but in no case shall a decrease in the number of Directors shorten the term of any Director then in office. A Director shall hold office until the annual general meeting for the year in which his term expires, subject to his office being vacated pursuant to Bye-law 42.</del></p> <p><del>39.2 A Director shall retire from office at the annual general meeting immediately following the attainment of age seventy (70) and shall not be eligible for re-election.</del></p> <p><u>Directors shall hold office for such term as the Members may determine or, in the absence of such determination, until the end of the next annual general meeting or until their successors are elected or appointed or their office is otherwise vacated.</u></p>
41.1	<p>Vacancy in the Office of Director</p>	-	<p>The office of Director shall be vacated if the Director:</p> <ol style="list-style-type: none"> <li>is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;</li> <li>is or becomes bankrupt, or makes any arrangement or composition with his creditors generally;</li> <li>is or becomes of unsound mind or dies;</li> <li>ceases to be qualified to hold the office of Director pursuant to Bye-law 36.5;</li> <li>resigns his office as Director by notice to the Company; or</li> <li>if he is also an Officer of the Company, his appointment as an Officer is terminated or he</li> </ol>
			<p>The office of Director shall be vacated if the Director:</p> <ol style="list-style-type: none"> <li>is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;</li> <li>is or becomes bankrupt, or makes any arrangement or composition with his creditors generally;</li> <li><del>is or becomes of unsound mind or dies;</del></li> <li>ceases to be qualified to hold the office of Director pursuant to Bye-law <del>36.5</del> <u>36.6</u>;</li> <li>resigns his office as Director by notice to the Company; <del>or</del></li> <li>if he is also an Officer of the Company, <u>unless otherwise determined by the Board</u>, his appointment as an Officer is terminated or he resigns his office;</li> </ol>

	resigns his office.		<p>f) <u>if he becomes resident in Canada for tax purposes and, as a result, a majority of the Directors would be resident in Canada for tax purposes; or</u></p> <p>g) <u>is required to do so further to a drawing of lots amongst the remaining Directors who are resident in Canada for tax purposes, which pursuant to this Bye-law is required to be held if, as a result of any other Director or Directors ceasing to hold the office of a Director, there is a majority of Directors resident in Canada for tax purposes</u></p>	
42.1	Remuneration of Directors	<p>The remuneration (if any) of the Directors shall be determined by the Company in general meeting and shall be deemed to accrue from day to day. Such remuneration may be in addition to any salary paid any Officer or employee of the Company who is also a Director. The Directors may also be paid all travel, hotel and other expenses properly incurred by them (or, in the case of a Director that is a corporation, by their representative or representatives) in attending and returning from Board meetings, meetings of any committee appointed by the Board or general meetings, or in connection with the business of the Company or their duties as Directors generally.</p>	<p>The remuneration (if any) of the Directors shall be determined by the Company in general meeting and shall be deemed to accrue from day to day. Such remuneration may be in addition to any salary paid any Officer or employee of the Company who is also a Director. The Directors may also be paid all <u>reasonable</u> travel, hotel and other expenses properly incurred by them <del>(or, in the case of a Director that is a corporation, by their representative or representatives)</del> in attending and returning from Board meetings, meetings of any committee appointed by the Board or general meetings, or in connection with the business of the Company or their duties as Directors generally.</p>	Remuneration of Directors
45.1	Powers of the Board of Directors	<p>The Board May:</p> <p>a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;</p> <p>b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise,</p>	<p><del>The</del> <u>Subject to Bye-law 45.2, the Board may:</u></p> <p>a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;</p> <p>b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise, grant a security interest in its undertaking, property and</p>	Powers of the Board of Directors

<p>grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may provide guarantees and issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;</p>	<p>uncalled capital, or any part thereof, and may provide guarantees and issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;</p>	<p>c) appoint one or more <del>Directors</del><u>persons</u> to the office of <del>managing director</del><u>president</u> or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;</p>	<p>c) appoint one or more <del>Directors</del><u>persons</u> to the office of <del>managing director</del><u>president</u> or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;</p>
<p>d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;</p>	<p>d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;</p>	<p>d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;</p>	<p>d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;</p>
<p>e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;</p>	<p>e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;</p>	<p>e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;</p>	<p>e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;</p>
<p>f) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may <u>subject to</u></p>	<p>f) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may <u>subject to</u></p>	<p>f) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may <u>subject to</u></p>	<p>f) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may <u>subject to</u></p>

	<p>sub-delegate) to a committee of one or more persons appointed by the Board which may consist partly or entirely of non-Directors, provided that every such committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by Bye-law 45.2 or directions imposed by the Board;</p>	<p>g) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;</p> <p>h) present any petition and make any application in connection with the liquidation or reorganisation of the Company;</p> <p>i) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law;</p> <p>and</p> <p>j) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company; and</p> <p>(i) <u>establish or amend any tax operating guidelines of the Company on such terms and in such manner as the Board may see fit from time to time.</u></p>	<p>entirely of non-Directors, provided that every such committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by Bye-law 45.2 or directions imposed by the Board;</p>	<p>g) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;</p> <p>h) present any petition and make any application in connection with the liquidation or reorganisation of the Company;</p> <p>i) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law;</p> <p>and</p> <p>j) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company; and</p> <p>(i) <u>establish or amend any tax operating guidelines of the Company on such terms and in such manner as the Board may see fit from time to time.</u></p>	<p><u>Notwithstanding the provisions above and to the fullest extent permitted by applicable law, neither the Board nor any Officer nor any other person shall be authorised or</u></p>
45.2					

<p><u>empowered, nor shall they permit the Company, to sell or substantially all of the assets of the Company other than in the ordinary course of business of the Company, without the approval of:</u></p> <p>a) <u>the Board, by resolution adopted by a majority of Directors then in office, and</u></p> <p>b) <u>the Members, by resolution in accordance with these Bye-laws.</u></p>			
<p>45.2</p>	<p>-</p>	<p>Board Committees:</p> <p>a) <u>Transaction of Business.</u> The powers of a committee appointed by the Board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee.</p> <p>b) <u>Proceedings.</u> Unless otherwise determined by the Board, each committee appointed by the Board shall have the power to (i) fix its quorum provided that such quorum shall be no less than a majority of its members, (ii) elect its chairman, and (iii) regulate its proceedings.</p> <p>c) <u>Establishment of Audit and Governance Committees.</u> The Board shall annually appoint from their number an audit committee (subject to applicable Canadian securities laws) and a governance committee, each comprising not less than three (3) Directors. No employee of the Company or its affiliates shall be a member of either such committee but <u>employees</u> may be invited by such committee to attend meetings. A member of either such committee shall serve for such</p>	
<p>45.3</p>		<p>Board Committees:</p> <p>a) <u>Transaction of Business.</u> The powers of a committee appointed by the Board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee.</p> <p>b) <u>Proceedings.</u> Unless otherwise determined by the Board, each committee appointed by the Board shall have the power to (i) fix its quorum provided that such quorum shall be no less than a majority of its members, (ii) elect its chairman, and (iii) regulate its proceedings.</p> <p>c) <u>Establishment of Audit and Governance Committees.</u> The Board shall annually appoint from their number an audit committee (subject to applicable Canadian securities laws) and a governance committee, each comprising not less than three (3) Directors. No employee of the Company or its affiliates shall be a member of either such committee but <u>employees</u> may be invited by such committee to attend meetings. A member of either such committee shall serve for such</p>	



		attend meetings. A member of either such committee shall serve for such term as the Board shall determine and in any event only while such individual is also a Director.		term as the Board shall determine and in any event only while such individual is also a Director.
		d) <u>Audit Committee</u> . The Auditor of the Company is entitled to receive notice of every meeting of the audit committee and to attend and be heard at such meetings. If so requested by a member of the audit committee, the Auditor shall attend every meeting of the committee held during the Auditor's term of office. The Auditor shall be paid all travel, hotel and other expenses properly incurred by them (or, in the case of an Auditor that is a corporation, by their representative or representatives) in attending and returning from audit committee meetings. Any member of the audit committee may call a meeting of the committee.		d) <u>Audit Committee</u> . The Auditor of the Company is entitled to receive notice of every meeting of the audit committee and to attend and be heard at such meetings. If so requested by a member of the audit committee, the Auditor shall attend every meeting of the committee held during the Auditor's term of office. The Auditor shall be paid all travel, hotel and other expenses properly incurred by them (or, in the case of an Auditor that is a corporation, by their representative or representatives) in attending and returning from audit committee meetings. Any member of the audit committee may call a meeting of the committee.
47.1	Appointment of Officers	Subject to Bye-law 36.3, the Board may appoint a chairman, a vice-chairman, a president or managing director, and one or more vice-presidents (to which title words may be added indicating seniority or function) and such other Officers (who may or may not be Directors), including one or more assistants to any of the Officers so appointed, as the Board may determine for such terms as the Board deems fit, provided that any such chairman and vice-chairman of the Board, shall also be Directors.	Appointment of Officers	e) <u>Board committees may include the committees set out above and other Board committees may be appointed in the discretion of the Board from time to time.</u>  Subject to Bye-law 36.4, the Board may appoint a chairman, a vice-chairman, a president, <u>a chief executive officer, a chief operating officer, a chief financial officer, a general counsel, a corporate secretary, a treasurer and/or managing director</u> , and one or more vice-presidents (to which title words may be added indicating seniority or function) and such other Officers (who may or may not be Directors), including one or more assistants to any of the Officers so appointed, as the Board may determine for such terms as the Board deems fit, provided that any such chairman and vice-chairman of the Board, shall also be Directors.
50	Remuneration of Officers	The Officers shall receive such remuneration as the Board may determine.	-	The Officers <del>shall receive</del> <u>may be paid</u> such remuneration as the Board may determine <u>from time to time</u> .

51.2	Conflicts of Interest	<p>A Director who is directly or indirectly interested in a contract or proposed contract with the Company (an “Interested Director”) shall:</p> <p>a) declare the nature of such interest as required by the Act;</p> <p>b) not be permitted to vote in respect of such contract or proposed contract; and</p> <p>c) not be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on,</p> <p>provided that no such contract or proposed contract shall be void or voidable by reason only that the Interested Director voted on it or was counted in the quorum of the relevant meeting and the Interested Director shall not be liable to account to the Company for any profit realised thereby.</p>	-	<p>A Director who is directly or indirectly interested in a <u>material</u> contract or proposed <u>material</u> contract with the Company (an “Interested Director”) shall:</p> <p>a) declare the nature of such interest as required by the Act;</p> <p>b) not be permitted to vote in respect of such contract or proposed contract; and</p> <p>c) <del>not</del> be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on,</p> <p>provided that: <u>(i) no such contract or proposed contract shall be void or voidable by reason only that the Interested Director <del>voted on it or was counted in the quorum of the relevant meeting</del> did not comply with Bye-law 51.2(a) and/or (b) above and the Interested Director shall not be liable to account to the Company for any profit realised thereby, if the interest was disclosed to the Members and the Members subsequently approved such contract by Special Resolution, and (ii) Bye-law 51.2(b) shall not prohibit an Interested Director from voting in respect of such contract or proposed contract (w) relating to his or her remuneration as a Director, Officer, employee or agent of the Company or its affiliates, (x) relating to his or her indemnification or insurance under Bye-law 52, (y) with an affiliate of the Company, or (z) in connection with the direct or indirect ownership of shares in the Company by any Director.</u></p>
51.3	-	<p>In addition to the disclosure required pursuant to Bye-law 51.2, disclosure of a contract or proposed contract between the Company and an Interested Director shall</p>	-	<p>In addition to the disclosure required pursuant to Bye-law 51.2, disclosure of a <u>material</u> contract or proposed <u>material</u> contract between the Company and an Interested Director</p>



	<p>also be made at the next general meeting of the Company following the disclosure made pursuant to Bye-law 51.2</p>		<p>shall also be made at the next general meeting of the Company following the disclosure made pursuant to Bye-law 51.2.</p>
52.1	<p>Indemnification and Exculpation of Directors and Officers</p>	<p>The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an “indemnified party”), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the</p>	<p>The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an “indemnified party”), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties. <del>Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the</del></p>

		to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, <b>PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer</b> Subject to the above proviso, an indemnity agreement may be entered into between the Company and any <u>indemnified party</u> .	<del>Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer</del> Subject to the above proviso, an indemnity agreement may be entered into between the Company and any <u>indemnified party</u> .
<b>MEETINGS OF THE BOARD OF DIRECTORS</b>			
53.1	Board Meetings	The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a Board meeting shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the chairman shall, in addition to his original vote, have a second or casting vote.	The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. <del>A</del> <u>Subject to these Bye-laws, a</u> resolution put to the vote at a Board meeting shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the presiding chairman shall, <del>in addition to his original vote,</del> <u>not</u> have a second or casting vote.
54	Notice of Board Meetings	The chairman, the vice-chairman or any two Directors may, and the Secretary on the requisition of the chairman, the vice-chairman or any two Directors shall, at any time summon a Board meeting. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose not less than forty-eight (48) hours before the time when the meeting is to be held. Notice of an adjourned Board meeting is not required if the time and place	The chairman, the vice-chairman or any two Directors may, and the Secretary on the requisition of the chairman, the vice-chairman or any two Directors shall, at any time summon a Board meeting. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose not less than forty-eight (48) hours before the time when the meeting is to be held, <u>save that any Director may consent to receiving shorter notice</u> . Notice of an adjourned Board meeting is not required if the time and place

	place of the adjourned meeting is announced at the original meeting prior to the adjournment.		of the adjourned meeting is announced at the original meeting prior to the adjournment.
56	Representation of Corporate Director	56.1 A Director which is a corporation may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Director, and that Director shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.	<del>56.1 A Director which is a corporation may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Director, and that Director shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.</del>
		56.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at Board meetings on behalf of a corporation which is a Director.	<del>56.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at Board meetings on behalf of a corporation which is a Director.</del>
57	Quorum at Board Meetings	The quorum necessary for the transaction of business at a Board meeting shall be the majority of the number of Directors and, notwithstanding any vacancy among the Directors. No business may be transacted at a meeting of the Board unless a quorum is present.	The quorum necessary for the transaction of business at a Board meeting shall be the majority of the number of Directors <del>and determined pursuant to Bye-law 37,</del> notwithstanding any vacancy among the Directors. No business may be transacted at a meeting of the Board unless a quorum is present.
58	Board to Continue in the Event of Vacancy	The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below seven (7), the continuing Directors or Director (i) shall summon a general meeting to elect further Directors (or if there are no Directors then in office, then the Secretary or any Member may summon the general meeting); and (ii) may act for the purpose of preserving the assets of the Company.	The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below <del>seven</del> <u>three (3)</u> , the continuing Directors or Director (i) shall summon a general meeting to elect further Directors (or if there are no Directors then in office, then the Secretary or any Member may summon the general meeting); and (ii) may act for the purpose of preserving the assets of the Company.
60	Written Resolutions	A resolution signed by (or in the case of a Director that is a corporation, on behalf of) all the Directors, which may	A resolution signed by <del>(or in the case of a Director that is a corporation, on behalf of)</del> all the Directors, which may be in

		be in counterparts, shall be as valid as if it had been passed at a Board meeting duly called and constituted, such resolution to be effective on the date on which the resolution is signed by a corporation, on behalf of) the last Director.		counterparts, shall be as valid as if it had been passed at a Board meeting duly called and constituted, such resolution to be effective on the date on which the resolution is signed by <del>(or in the case of a Director that is a corporation, on behalf of)</del> the last Director.
<b>CORPORATE RECORD</b>				
63.2	Place Where Corporate Records Kept and Head Office	63.2 The head office of the Company shall be in Barbados at such address as the Directors may fix from time to time by resolution. The Company may also maintain other offices at such other places as the Directors may from time to time determine	Place Where Corporate Records Kept and Head Office	<del>63.2 The head office of the Company shall be in Barbados at such address as the Directors may fix from time to time by resolution. The Company may also maintain other offices at such other places as the Directors may from time to time determine.</del>
65.1	Signatures	Subject to applicable law, the signature of a chairman, vice-chairman, a managing director, a president, a vice-president, the Secretary, Assistant Secretary or any Director of the Company or any Officer or person appointed pursuant to Bye-law 45.1(j) by resolution of the Directors, may be printed, engraved, lithographed or otherwise mechanically reproduced on any contract, document or instrument in writing, certificate, bond, debenture or security of the Company executed or issued by or on behalf of the Company. Subject to applicable law, any document or instrument in writing on which the signature of any such Officer or person is so reproduced shall be deemed to have been manually signed by such Officer or person whose signature is so reproduced and purposes as if such document or instrument in writing is delivered or issued.	Signatures	Subject to applicable law, the signature of <del>the</del> chairman, vice-chairman, <del>a managing director</del> <u>chief executive officer</u> , <u>chief operating officer</u> , <u>chief financial officer</u> , a president, a vice-president, the Secretary, Assistant Secretary or any Director of the Company or any <u>other</u> Officer or person appointed pursuant to Bye-law 45.1(j) by resolution of the <del>Directors</del> <u>Board</u> , may be printed, engraved, lithographed or otherwise mechanically reproduced on any contract, document or instrument in writing, certificate, bond, debenture or security of the Company executed or issued by or on behalf of the Company. Subject to applicable law, any document or instrument in writing on which the signature of any such Officer or person is so reproduced shall be deemed to have been manually signed by such Officer or person whose signature is so reproduced and shall be as valid to all intents and purposes as if such document or instrument in writing is delivered or issued
<b>ACCOUNTS</b>				
67	Financial Year End	The financial year end of the Company shall be determined, from time to time by resolution of the Board and failing such resolution shall be 31 <sup>st</sup> December in each year.	-	The financial year end of the Company shall be determined, from time to <u>time</u> by resolution of the Board and failing such resolution shall be 31 <sup>st</sup> December in each year.



**AUDITS**

73.1	Financial Statements and the Auditor's Report	Subject to the following bye-law, the financial statements and/or the auditor's report as required by the Act shall	-	Subject to the following bye-law, the financial statements and/or the auditor's report as required by the Act shall  a) be laid before the Members at the annual general meeting; or  b) be received, accepted, adopted, <u>or</u> approved <del>or</del> <del>otherwise acknowledged</del> by the Members by written resolution passed in accordance with these Bye-laws.
73.2	-	If all Members and Directors shall agree, either in writing or at a meeting, that in respect of a particular interval no financial statements and/or auditor's report thereon need be made available to the Members, and/or that no auditor shall be appointed then there shall be no obligation on the Company to do so.	-	If all Members and Directors shall agree, either in writing or at a meeting, that in respect of a particular interval no financial statements and/or <del>A</del> auditor's report thereon need be made available to the Members, and/or that no auditor shall be appointed then there shall be no obligation on the Company to do so
76.1	Information Available to Members	Save in accordance with the Act, no Member shall be entitled to any information with respect to any details or conduct of the Company's business which in the opinion of the Board by resolution it would be inexpedient in the interests of the Company to communicate to the public but the Board may, from time to time, subject to Bye-law 9.2 and the rights and the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations, the documents, books and registers and accounting records of the Company or any of them may be open to the inspection of Members and no Member shall have any right to inspect any book or register or accounting record of the Company except as conferred by the Act or authorized by the Directors or by resolution of the Members.	-	Save in accordance with the Act, no Member shall be entitled to any information with respect to any details or conduct of the Company's business which in the opinion of the Board by resolution it would be inexpedient in the interests of the Company to communicate to the public but the Board may, from time to time, subject to Bye-law 9.2 and the rights conferred by the Act <u>or applicable Canadian securities laws</u> , determine whether and to what extent and at what time and place and under what conditions or regulations, the documents, books and registers and accounting records of the Company or any of them may be open to the inspection of Members and no Member shall have any right to inspect any document or book or register or accounting record of the Company except as conferred by the Act or authorized by the <del>Directors</del> <u>Board</u> or by resolution of the Members.

**VOLUNTARY WINDING-UP AND DISSOLUTION**

77	Winding-Up	If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.	-	If the Company shall be wound up the liquidator may, with the sanction of a <del>resolution</del> <u>Special Resolution</u> of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.
<b>CHANGES TO CONSTITUTION</b>				
78	Changes to Bye-laws	No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and by a resolution of the Members.	-	No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and by a resolution of the Members and, for as long as the Common Shares are listed on The Toronto Stock Exchange, the written approval of The Toronto Stock Exchange has been received.
79	Changes to the Memorandum of Continuance	No alteration or amendment to the Memorandum of Continuance may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and by a resolution of the Members.	-	No alteration or amendment to the Memorandum of Continuance may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and, save where a greater majority is required by these Bye-laws, by a resolution of the Members.
80	Discontinuance	The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.	-	<del>The</del> Subject to approval by Special Resolution, the Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.
81	-	-	-	<u>Any resolution proposed for consideration at any general</u>

	<p><u>meeting or class meeting to approve the amalgamation or merger of the Company with any other company shall require the approval of:</u></p> <p>a) <u>the Board, by resolution adopted by a majority of Directors then in office, and</u></p> <p>b) <u>the Members or class, by resolution passed by a majority vote of three-fourths of votes cast at such meeting and the quorum necessary for such meeting shall be as provided in Bye-law 26.1 and any holder of shares present in person or by proxy may demand a poll in accordance with these Bye-laws</u></p>	<p><u>or Merger</u></p>
82		<p><u>Exclusive Jurisdiction</u></p> <p><u>In the event that any dispute arises concerning the Act or out of or in connection with these Bye-laws, including any question regarding the existence and scope of any Bye-law and/or whether there has been any breach of the Act or these Bye-laws by an Officer or Director (whether or not such a claim is brought in the name of a Member or in the name of the Company), any such dispute shall be subject to the exclusive jurisdiction of the Supreme Court of Bermuda, unless the Company consents in writing to an alternate jurisdiction (and the Company will always, to the fullest extent permitted by law, provide such consent with respect to the Superior Court of Justice of the Province of Ontario, Canada and appellate Courts therefrom).</u></p>



**APPENDIX V**  
**NOTICE OF SHAREHOLDERS' MEETING**

*[Attached.]*

**NOTICE OF THE SHAREHOLDERS' MEETING OF  
SCHEME SHAREHOLDERS  
IN THE SUPREME COURT OF BERMUDA  
CIVIL JURISDICTION  
(COMMERCIAL COURT)  
2019 NO. 35**

**IN THE MATTER OF SAGICOR FINANCIAL CORPORATION LIMITED  
AND IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981  
NOTICE OF SHAREHOLDERS' MEETING**

**NOTICE IS HEREBY GIVEN** that, by an order dated 1 February 2019 (the “**Order**”) made in the above matter, the Supreme Court of Bermuda (the “**Court**”) has directed a meeting (the “**Shareholders' Meeting**”) of the holders of common shares of Sagicor Financial Corporation Limited ( “**Sagicor**”) to be convened for the purpose of considering and, if thought fit, approving the scheme of arrangement, with any modification thereof or addition thereto or condition approved or imposed by the Court, pursuant to section 99 of the Companies Act 1981 of Bermuda (the “**Scheme of Arrangement**”) proposed to be made between Sagicor and its members and that the Shareholders' Meeting will be held on 13 March 2019 at 5:30 p.m. (Atlantic Standard Time), at Hilton Barbados Resort, located at Needham's Point St Michael, Bridgetown, Barbados.

Copies of the Scheme of Arrangement and a copy of an explanatory statement pursuant to section 100 of the Companies Act 1981 of Bermuda is incorporated in the circular dated 8 February 2019, sent to the members of record registered in the register of members of Sagicor on 31 January 2019 (the “**Scheme Shareholders**”), of which this Notice forms a part (the “Circular”). A copy of the Circular can also be accessed on Sagicor's website at [www.sagicor.com](http://www.sagicor.com) under “News” on the website's homepage.

The Scheme Shareholders may vote in person at the Shareholders' Meeting or they may appoint one or more proxies, whether a member of Sagicor or not, to attend and vote in their stead. A Form of Proxy for use at the Shareholders' Meeting is enclosed with the Circular. **Scheme Shareholders are urged to read the Circular in its entirety as it contains important matters regarding voting at the Shareholders' Meeting.**

It is requested that forms appointing proxies be lodged, by post, with The Corporate Secretary at either (1) Cecil F de Caires Building, Wildey, St Michael, Barbados; or (2) Sagicor Financial Corporation Limited c/o Sagicor Life Inc, Sagicor Financial Centre, 16 Queen's Park West, Port of Spain, Trinidad in accordance with the instructions set out in the Form of Proxy, to be received by the Company **no later than 5:30 p.m. (Atlantic Standard Time) on 11 March 2019**. The Form of Proxy may alternatively be emailed in PDF format by 5:30 p.m. (Atlantic Standard Time) on 11 March 2019 to [legal\\_proxies@sagicor.com](mailto:legal_proxies@sagicor.com) (legal [underscore] proxies [at] sagicor [dot] com). Scheme Shareholders are urged to return their form of proxy in the manner described in the foregoing as early as possible to facilitate timely processing. The Chairman shall have discretion as to the validity of any appointment of proxy.

By the Order, the Court has appointed Stephen D. R. McNamara, or failing him, any other director or alternate director of the Company, to act as Chairman of the Shareholders' Meeting and has directed the Chairman to report the results thereof to the Court.

The Scheme of Arrangement, if approved at the Shareholders' Meeting, will not come into force until it has been sanctioned by order of the Court and such order is delivered for registration to the Registrar of Companies in Bermuda.

Any enquiries relating to the Scheme of Arrangement should be directed in the first instance to [sfc\\_groupcommunications@sagicor.com](mailto:sfc_groupcommunications@sagicor.com) (sfc [underscore] groupcommunications [at] sagicor [dot] com), operating hours between 8:00 a.m. and 4:30 p.m. (Atlantic Standard Time) on Mondays to Fridays, excluding public holidays.

Dated: 8 February 2019

By Order of the Supreme Court of Bermuda

**APPENDIX VI**  
**PROXY FOR SHAREHOLDERS' MEETING**

*[Attached.]*

**IN THE SUPREME COURT OF BERMUDA  
CIVIL JURISDICTION  
COMMERCIAL COURT  
2019 NO. 35  
IN THE MATTER OF  
SAGICOR FINANCIAL CORPORATION LIMITED**

**PROXY FORM FOR USE AT THE MEETING OF THE SCHEME SHAREHOLDERS (DEFINED BELOW) CONVENED AT THE DIRECTION OF THE SUPREME COURT OF BERMUDA (THE COURT) ON 13 MARCH 2019 PURSUANT TO SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA (THE "SHAREHOLDERS' MEETING") AND ANY ADJOURNMENT OR POSTPONEMENT THEREOF)**

Name of Scheme Shareholder: \_\_\_\_\_

Address of Scheme Shareholder: \_\_\_\_\_

The undersigned, being a member registered in the register of members of SAGICOR FINANCIAL CORPORATION LIMITED ("the **Company**") at 5:00 p.m. (Atlantic Standard Time) on 31 January 2019 (a "**Scheme Shareholder(s)**"), hereby appoint(s) STEPHEN D. R. McNAMARA, Chairman of the Board, or failing him, DODRIDGE D. MILLER, President and Chief Executive Officer and Director, or instead of either of them:

\_\_\_\_\_  
(PLEASE PRINT NAME OF PROXY ON THE ABOVE LINE ONLY IF YOU WISH TO APPOINT A PROXY OTHER THAN THE CHAIRMAN OR PRESIDENT)

of

\_\_\_\_\_  
(PLEASE PRINT PROXY'S ADDRESS ON THE ABOVE LINE ONLY IF YOU WISH TO APPOINT A PROXY OTHER THAN THE CHAIRMAN OR PRESIDENT)

as my/our proxy to attend, vote and otherwise act for and on behalf of the undersigned in respect of all matters that may properly come before the Shareholders' Meeting to be held on 13 March 2019 and any adjournments or postponement thereof for the purposes of considering and, if thought fit, approving (with or without modification) the proposed Scheme of Arrangement referred to in the circular dated 8 February 2019 (the "**Circular**") in accordance with the resolution in the Notice of the Shareholders' Meeting forming part of the Circular (the "**Shareholders' Meeting Notice**"). Where no instruction is given with respect to the proposal below, the undersigned hereby instructs the proxy to vote "FOR" each proposal and if any other matter should properly come before the Shareholders' Meeting the undersigned authorises the proxy to vote on such matter in his or her discretion.

**Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Circular. Scheme Shareholders are urged to read the Shareholders' Meeting Notice and Circular which have been sent to each Scheme Shareholder in their entirety before completing this proxy form as the Shareholders' Meeting Notice and Circular contain important matters regarding voting on the Scheme of Arrangement.**

**Please mark your direction with an 'X'**

RESOLUTION	FOR	AGAINST
RESOLVED THAT the Scheme of Arrangement, with any modification thereof or addition thereto or condition approved or imposed by the Court, be and the same is hereby approved.		

Signed by, or on behalf of, the above named Scheme Shareholder:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name (Please Print)*

\_\_\_\_\_  
*Title/Capacity*

\_\_\_\_\_  
*Date: (DD/MM/YYYY)*

*To be valid, this form must be received by the Company by **5:30 p.m. (Atlantic Standard Time) on 11 March 2019**. Please complete, sign and return this form to: The Corporate Secretary, Sagicor Financial Corporation Limited, Cecil F. De Caires Building, Wildey, St. Michael, Barbados, or c/o Sagicor Life Inc., Sagicor Financial Centre, 16 Queen's Park West, Port of Spain, Trinidad. Alternatively, you may submit this form of proxy by emailing a legible and complete PDF of the form of proxy to [legal\\_proxies@sagicor.com](mailto:legal_proxies@sagicor.com) (legal [underscore] proxies [at] sagicor [dot] com). Scheme Shareholders are urged to return their form of proxy in the manner described in the foregoing as early as possible to facilitate timely processing. The Chairman shall have discretion as to the validity of any appointment of proxy.*

**NOTES ON COMPLETING THE PROXY FORM:**

1. **This is your proxy authorisation form. To be valid, this form must be received by the Company by 5:30 p.m. (Atlantic Standard Time) on 11 March 2019. Please complete, sign and return this form to: The Corporate Secretary, Sagicor Financial Corporation Limited, Cecil F. De Caires Building, Wildey, St. Michael, Barbados, or c/o Sagicor Life Inc., Sagicor Financial Centre, 16 Queen’s Park West, Port of Spain, Trinidad. Alternatively, you may submit the form of proxy by emailing a legible and complete PDF of the form of proxy by 5:30 p.m. (Atlantic Standard Time) on 11 March 2019 to [legal\\_proxies@sagicor.com](mailto:legal_proxies@sagicor.com) (legal [underscore] proxies [at] sagicor [dot] com).** Scheme Shareholders are urged to return their form of proxy in the manner described in the foregoing as early as possible to facilitate timely processing. The Chairman shall have discretion as to the validity of any appointment of proxy. This form must be executed by the Scheme Shareholder or by his/her attorney duly authorised in writing. If the Scheme Shareholder is a body corporate or other entity, the form must be executed by the officers or attorney thereof or the person duly authorised, in which case each signatory should state the capacity in which he/she signs. Alternatively, if the Scheme Shareholder is a body corporate or other entity, votes at the Shareholders’ Meeting may be given by an individual duly authorised by that body corporate or other entity to represent it at meetings of Shareholders. If this form is not dated in the space provided, it will be deemed to bear the date on which it was mailed to the Scheme Shareholder. This proxy authorization form confers sole discretionary authority upon the person whom it appoints in respect of any variation or amendments or additions to the matters identified in the Shareholders’ Meeting Notice and any other matter that may properly come before the Shareholders’ Meeting or any adjournment or postponements thereof (as further described below).
2. A proxy need not be a Scheme Shareholder but must attend the Shareholders’ Meeting to represent you. If the name of a proxy is not inserted in the space provided above, Stephen D R McNamara, Chairman of the Board, or failing him, Dodridge D Miller, President and Chief Executive Officer and Director will be deemed appointed as proxy.
3. **Please indicate how you wish your votes to be cast by marking “X” in the appropriate box: If you wish to vote FOR the Scheme, place an “X” in the box marked “FOR”. If you wish to vote AGAINST the Scheme, place an “X” in the box marked “AGAINST”.** In the absence of any specific instructions by a Scheme Shareholder in the proxy form, the Scheme Shares represented by the proxy received will be voted “FOR” the proposal. On any variation or amendments or additions to the matters identified in the Shareholders’ Meeting Notice and any other matter that may properly come before the Shareholders’ Meeting or any adjournment or postponement thereof, the proxy shall vote (or abstain from voting) at his or her sole discretion. **In addition, please remember to sign and date the proxy form to validate your proxy instruction.**
4. Any alteration to the form of proxy must be initialed by the person who signs it.

**APPENDIX VII**  
**CONSIDERATION ELECTION FORM**

*[Attached.]*



## **SCHEME OF ARRANGEMENT CONSIDERATION ELECTION FORM**

### **SAGICOR FINANCIAL CORPORATION LIMITED**

**(“SAGICOR”)**

Attached to this document at **Schedule A** is the Election Form described in the circular sent to the members registered in the register of members of Sagicor (each, a “**Scheme Shareholder**”) at 5:00 p.m. (Atlantic Standard Time) on 31 January 2019 (the “**Voting Record Date**”) enclosing the notice of the Shareholder Meeting and accompanying explanatory statement pursuant to section 100 of the Companies Act 1981 of Bermuda (including all schedules, appendices and exhibits to, and information incorporated by reference in such explanatory statement, the “**Scheme Circular**”) in relation to the Scheme of Arrangement between Sagicor and the Scheme Shareholders pursuant to section 99 of the Companies Act 1981 of Bermuda.

Scheme Shareholders who (i) held Scheme Shares as of 5:00 p.m. (Atlantic Standard Time) on 6 December 2019, and (ii) continue to hold such Scheme Shares on the effective date of closing of the transaction described in the Scheme Circular, shall be eligible to elect to receive cash for up to 10,000 of such Scheme Shares by validly completing the Election Form attached hereto at **Schedule A**, which, in order to be effective and considered by the Company, must be received by the Company pursuant to delivery instructions herein, before the deadline of 5:30 p.m. (Atlantic Standard Time) on 31 March 2019 (the “**Election Deadline**”).

**Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Scheme Circular. The following summary and other information in this document do not purport to be complete and are qualified in their entirety by the information contained in the Scheme Circular. Scheme Shareholders are urged to read the Scheme Circular in its entirety before completing the Election Form at Schedule A as it contains important matters regarding your consideration election.**

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### **I. Form of Election**

Subject to and in accordance with the Scheme of Arrangement, each eligible Scheme Shareholder has the option to elect to receive any **one** of the following:

1. Cash Consideration (**Option 1**);
2. First Share Consideration (**Option 2**); or
3. Combination of Cash Consideration and First Share Consideration (**Option 3**).

The choice of Option 1, Option 2 or Option 3 shall hereinafter be referred to as an “**Election**”. Each Scheme Shareholder must indicate their Election beside either Option 1, Option 2 or Option 3 on the Election Form at **Schedule A** in accordance with the instructions herein.

With respect to any other Scheme Shares that you hold at the effective time of the Scheme which are not being exchanged for the Cash Consideration or the First Share Consideration, you will receive the Other Share Consideration.

In order for an Election to be treated as valid by the Company, the Company must receive the completed and executed Election Form at **Schedule A** by no later than 5:30 p.m. (Atlantic Standard Time) on 31 March 2019 (the Election Deadline) at one of the three following addresses:

(i) The Corporate Secretary, Sagicor Financial Corporation Limited, Cecil F De Caires Building, Wildey, St. Michael, Barbados,

or

(ii) First Citizens Brokerage and Advisory Services Limited, #17 Wainwright Street, St. Clair, Port of Spain, Trinidad and Tobago, ATTN: Sagicor Scheme of Arrangement

or

(iii) First Citizens Brokerage and Advisory Services Limited, #46, Lady Hailes Avenue, San Fernando, Trinidad and Tobago, ATTN: Sagicor Scheme of Arrangement.

Alternatively, in lieu of lodging your Consideration Election Form to Sagicor at the above addresses, you may email the completed and executed Consideration Election Form by the Election Deadline to: [legal\\_election@sagicor.com](mailto:legal_election@sagicor.com) (legal [underscore] election [at] sagicor [dot] com).

**Should you fail to make an Election or fail to return a validly completed and executed Consideration Election Form by the Election Deadline, you will be deemed to have elected to receive the First Share Consideration.**

**Your Election shall only be exercisable in respect of up to 10,000 Scheme Shares (subject to the adjustment mechanism described in the following paragraph (the “Specified Number”) registered in your name on 6 December 2018 (the Election Record Date) and provided that you continue to hold such Scheme Shares at the effective time of the Scheme of Arrangement. If you elect Option 3, the amount of Scheme Shares which you elect to be exchanged for the Cash Consideration and the First Share Consideration should NOT exceed 10,000 Scheme Shares in aggregate.<sup>1</sup>**

**The Specified Number has been determined based on the number of Scheme Shares issued to the Scheme Shareholders existing at or about the time of execution of the Arrangement Agreement and assuming (i) that all of such Scheme Shareholders were entitled to and fully elected to receive the Cash Consideration in respect of up to their first 10,000 Scheme Shares; and (ii) that such number of Scheme Shares continued to be held by the Scheme Shareholders at the Election Record Date and at the effective time of the Scheme of Arrangement. In the event that the aggregate amount of Cash Consideration elected by Cash Qualifying Scheme Shareholders is, together with any amount payable under the paragraph immediately below, greater than US\$205 million (or such other amount as AQY and Sagicor mutually agree, with a potential floor as AQY and Sagicor may mutually agree), then the Specified Number shall be adjusted in accordance with the Arrangement Agreement. This may result in a Specified Number which is less than 10,000 Scheme Shares.**

**In the event that it would be contrary to applicable Laws to offer or pay the First Share Consideration or the Other Share Consideration in respect of Scheme Shares held by a Person**

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<sup>1</sup> In the event that the aggregate of your Option 3 Election for the Cash Consideration and the First Share Consideration exceeds 10,000 Scheme Shares, such Election will be cut-back in the following manner until your Election is the lesser of (i) 10,000 Scheme Shares and (ii) the number of Scheme Shares you held as of 5:00 p.m. (Atlantic Standard Time) on 6 December 2018 and continue to hold as of the effective time of the Scheme of Arrangement: (a) first, your election for First Share Consideration will be reduced (if required, to zero (0) Scheme Shares); (b) second, if required, your election for Cash Consideration will be reduced. Such reallocation shall be deemed to be your Election.

located in any jurisdiction, both AQY and Sagicor reserve the right to take such action as either may deem necessary to comply with such Laws, and in addition or in the alternative AQY may in its discretion pay US\$1.75 per each such Scheme Share if it determines that compliance would be excessively costly or impractical, acting reasonably.

If an eligible Scheme Shareholder (1) elects to receive a combination of Cash Consideration and First Share Consideration and (2) transfers any such Scheme Shares prior to the Effective Time, then such Scheme Shareholder shall be deemed to have transferred Scheme Shares for which such Scheme Shareholder elected to receive First Share Consideration until such time as such Scheme Shareholder has transferred a number of such Scheme Shares that exceeds the number of Scheme Shares for which such Scheme Shareholder elected to receive First Share Consideration, at which time any remaining such Scheme Shares transferred by such Scheme Shareholder shall be deemed to be Scheme Shares for which such Scheme Shareholder elected to receive Cash Consideration.

## **II. Payment of Consideration**<sup>2</sup>

### **Cash Consideration**

Cash Consideration will be paid to each Cash Qualifying Scheme Shareholder in the form of a cheque mailed (by ordinary mail) to the address of such Scheme Shareholder listed in the Register of Members immediately prior to the Effective Time within seven (7) business days following the date on which the Scheme of Arrangement becomes effective. All such cheques will be sent at the risk of the person(s) entitled thereto and none of Sagicor or AQY or any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Scheme of Arrangement will be responsible for any loss or delay in dispatch.

Upon the expiry of six (6) months from the posting of a cheque, AQY or the Paying Agent shall be entitled to cancel or countermand any cheque that has not been cashed and shall hold all monies represented thereby. Upon the expiry of seven (7) years following the date on which the Scheme of Arrangement becomes effective, any sums so held shall be released to and shall become the property of AQY and AQY shall be released from all obligations to make payments to any Scheme Shareholder in respect of the Cash Consideration.

### **First Share Consideration and Other Share Consideration**

In respect of the First Share Consideration and Other Share Consideration, AQY shall, as at the effective time of the Scheme of Arrangement, allot and issue, credited as fully paid, the relevant Share Consideration to each Share Qualifying Scheme Shareholder that elected to receive the First Share Consideration or is entitled to the Other Share Consideration, whereupon such Share Qualifying Scheme Shareholder shall become a registered holder of AQY Shares which shall be issued in direct registration system (“DRS”) form, meaning that the form will indicate the number of shares that are registered in the holder’s name in AQY’s shareholder register. The applicable DRS instrument shall be mailed (by ordinary mail) within thirty (30) business days following the date on which the Scheme of Arrangement becomes effective to each Share Qualifying Scheme Shareholder at the address of such Scheme Shareholder listed in the Register of Members immediately prior to the Effective Time. All such DRS instruments which are mailed will be sent at the risk of the person(s) entitled thereto and none of Sagicor or AQY or any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Scheme of Arrangement will be responsible for any

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<sup>2</sup> An immaterial number of Scheme Shares and Scheme Shareholders are certificated. Payment of consideration to Scheme Shareholders whose Scheme Shares are certificated shall be subject to such Scheme Shareholder’s surrender of share certificates representing the Scheme Shares (if any such certificates exist in the Scheme Shareholder’s possession) pursuant to section 37 of the Scheme. For more on this process, refer to paragraph 11.7 of the explanatory statement in the Circular.

loss or delay in dispatch.

**Scheme Shareholders are urged to carefully read the Circular in consultation with their accountants, investment, tax or other advisers and legal counsel before making an Election.**

Dated: 8 February 2019

**SCHEDULE A**  
**CONSIDERATION ELECTION FORM**  
**(FOR A MAXIMUM OF 10,000 SHARES)**

I / we, \_\_\_\_\_  
being a Scheme Shareholder, hereby elect to receive the following consideration in respect of my / our Scheme Shares up to 10,000 Scheme Shares registered in my / our name as at the Election Record Date provided that I / we continue to hold such Scheme Shares at the effective time of the Scheme of Arrangement:

	OPTION	ELECTION
1.	<b>The Cash Consideration</b>	
2.	<b>The First Share Consideration</b>	
3.	<b>Combination of the Cash Consideration and the First Share Consideration</b> as follows**:  (i) <b>Cash Consideration</b> _____ Scheme Shares exchanged for the <b>Cash Consideration</b> .  (ii) <b>Share Consideration</b> _____ Scheme Shares exchanged for the <b>First Share Consideration</b> .	

**\*\* The amount of Scheme Shares which you elect to be exchanged for the Cash Consideration and the First Share Consideration should NOT exceed 10,000 Scheme Shares in aggregate.**

Signed by, or on behalf of, the above named Scheme Shareholder:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Name (Please Print)*

\_\_\_\_\_  
*Title/Capacity*

\_\_\_\_\_  
*Date of Birth/Company Registration Number*

\_\_\_\_\_  
*Address of Record*

\_\_\_\_\_  
*Date: (DD/MM/YYYY)*

*If you wish to make an election, please complete and lodge this Consideration Election Form with Sagicor at one of the three following addresses:  
(i) The Corporate Secretary, Sagicor Financial Corporation Limited, Cecil F De Caires Building, Wildey, St. Michael, Barbados OR (ii) First Citizens Brokerage and Advisory Services Limited, #17 Wainwright Street, St. Clair, Port of Spain, Trinidad and Tobago, ATTN: Sagicor Scheme of Arrangement OR (iii) First Citizens Brokerage and Advisory Services Limited, #46, Lady Hailes Avenue, San Fernando, Trinidad and Tobago, ATTN: Sagicor Scheme of Arrangement. Alternatively, in lieu of lodging your Consideration Election Form to Sagicor at the above addresses, you may email the completed and executed Consideration Election Form by the Election Deadline to: [legal\\_election@sagicor.com](mailto:legal_election@sagicor.com) (legal [underscore] election [at] sagicor [dot] com). **In order for an Election to be treated as valid by Sagicor, Sagicor must receive the Consideration Election Form by no later than 5:30 p.m. (Atlantic Standard Time) on 31 March 2019.***

**PLEASE REFER TO APPENDIX VII OF THE CIRCULAR AND EXPLANATORY STATEMENT (AT PAGE 380) FOR FURTHER INFORMATION ON COMPLETING THE CONSIDERATION ELECTION FORM**

**INSTRUCTIONS FOR COMPLETING THE CONSIDERATION ELECTION FORM:**

1. Please mark your Election above with an  beside ONLY ONE OF Option 1, 2 or 3. If Option 3 is marked, it should be completed in accordance with the instructions at item 2 immediately below.
2. If you have elected Option 3, please insert the number of Scheme Shares which you elect to be exchanged for the Cash Consideration and the number of Scheme Shares which you elect to be exchanged for the First Share Consideration. **If you elect Option 3, the amount of Scheme Shares which you elect to be exchanged for the Cash Consideration and the First Share Consideration should NOT exceed 10,000 Scheme Shares in aggregate.**<sup>3</sup>
3. **Your Election shall only be exercisable in respect of up to 10,000 Scheme Shares registered in your name on the Election Record Date and only provided that you continue to hold such Scheme Shares at the effective time of the Scheme of Arrangement.**
4. This form must be executed by the Scheme Shareholder or by his/her attorney duly authorised in writing. If the Scheme Shareholder is a body corporate or other entity, the form must be executed by the officers or attorney thereof or the person duly authorised, in which case each signatory should state the capacity in which he/she signs. If this form is not dated in the space provided, it will be deemed to bear the date on which it was mailed to the Scheme Shareholder.
5. Any invalid or improper election shall be deemed to be an election to receive the First Share Consideration.
6. In order for an Election to be treated as valid by Sagikor, Sagikor must receive the completed and executed Consideration Election Form by no later than 5:30 p.m. (Atlantic Standard Time) on 31 March 2019 (the Election Deadline) at one of the three following addresses:

(i) The Corporate Secretary, Sagikor Financial Corporation Limited, Cecil F De Caires Building, Wildey, St. Michael, Barbados,

or

(ii) First Citizens Brokerage and Advisory Services Limited, #17 Wainwright Street, St. Clair, Port of Spain, Trinidad and Tobago, ATTN: Sagikor Scheme of Arrangement

or

(iii) First Citizens Brokerage and Advisory Services Limited, #46, Lady Hailes Avenue, San Fernando, Trinidad and Tobago, ATTN: Sagikor Scheme of Arrangement.

Alternatively, in lieu of lodging your Consideration Election Form to Sagikor at the

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<sup>3</sup> In the event that the aggregate of your Option 3 Election for the Cash Consideration and the First Share Consideration exceeds 10,000 Scheme Shares, such Election will be cut-back in the following manner until your Election is the lesser of (i) 10,000 Scheme Shares and (ii) the number of Scheme Shares you held as of 5:00 p.m. (Atlantic Standard Time) on 6 December 2018 and continue to hold as of the effective time of the Scheme of Arrangement: (a) first, your election for First Share Consideration will be reduced (if required, to zero (0) Scheme Shares); (b) second, if required, your election for Cash Consideration will be reduced. Such reallocation shall be deemed to be your Election.

above addresses, you may email the completed and executed Consideration Election Form by the Election Deadline to: [legal\\_election@sagicor.com](mailto:legal_election@sagicor.com) (legal [underscore] election [at] sagicor [dot] com).

**Should you fail to make an Election or fail to return a validly completed and executed Consideration Election Form by the Election Deadline (31 March 2019), you will be deemed to have elected to receive the First Share Consideration.**



**APPENDIX VIII**

**SCHEME**

*[Attached.]*

**THE SCHEME**  
**IN THE SUPREME COURT OF BERMUDA**  
**CIVIL JURISDICTION**  
**(COMMERCIAL COURT)**

**2019: No. 35**

**IN THE MATTER OF SAGICOR FINANCIAL CORPORATION LIMITED**

**and**

**IN THE MATTER OF THE COMPANIES ACT 1981**

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**SCHEME OF ARRANGEMENT**

**(under section 99 of the Companies Act 1981)**

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**Between**

**SAGICOR FINANCIAL CORPORATION LIMITED**

(an exempted company incorporated with limited liability and registered under the laws of  
Bermuda with registration number 51625)

**and**

**THE SCHEME SHAREHOLDERS**

(as hereinafter defined)

**PART I**  
**RECITALS**

**DEFINITIONS**

(A) In this Scheme, unless the context otherwise requires or unless otherwise expressly provided for, the following expressions shall bear the following meanings:

<b>“AQY”</b>	means Alignvest Acquisition II Corporation, a corporation incorporated under the laws of the Province of Ontario, Canada;
<b>“AQY Prospectus”</b>	means the non-offering preliminary prospectus and/or final prospectus of AQY, and any amendment thereto, as the context requires;
<b>“AQY Securities Laws”</b>	means the Securities Act (Ontario) and all the securities laws of each province and territory of Canada, except Quebec, and the rules, regulations and policies of the Toronto Stock Exchange;
<b>“AQY Shares”</b>	means AQY common shares;
<b>“Arrangement Agreement”</b>	means that certain Arrangement Agreement, dated as of November 27, 2018, by and between AQY and the Company, as may be amended from time to time, the text of which may be accessed at the following link: <a href="https://www.sagicor.com/Documents/News/Arrangement%20Agreement%20AQY%20Sagicor.pdf">https://www.sagicor.com/Documents/News/Arrangement Agreement AQY Sagicor.pdf</a> ;
<b>“Board”</b>	means the board of directors of the Company;
<b>“Business Day”</b>	means any day except a Saturday, a Sunday or any other day on which commercial banks are required or authorized to close in Toronto, Ontario or Hamilton, Bermuda;
<b>“Bye-laws”</b>	means the Bye-laws of the Company;
<b>“Cash Consideration”</b>	means the cash consideration in the amount of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date in respect of each Scheme Share up to the Specified Number held by each such Scheme Shareholder as at the Election Record

Date (provided that each such Scheme Share up to the Specified Number continues to be held by such Scheme Shareholder at the Effective Time) in exchange for the transfer of each such Scheme Share to AQY at the Effective Time pursuant to this Scheme;

**“Cash Qualifying Scheme Shareholder(s)”**

means a Scheme Shareholder as at the Election Record Date which has validly elected to receive the Cash Consideration in respect of each Scheme Share up to the Specified Number held by such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number continues to be held by such Scheme Shareholder at the Effective Time), such election having been made by such Scheme Shareholder and received by the Company on or prior to the Election Deadline at the address set out in the Consideration Election Form;

**“Central Banks”**

means the central banks of the jurisdictions where the Company carries on business, including the Federal Reserve Bank, the Central Bank of Bahamas, the Cayman Islands Monetary Authority, the Eastern Caribbean Central Bank, the Central Bank of Trinidad and Tobago, the Bank of Jamaica and the Central Bank of Barbados;

**“Closing Date”**

means the date on which the Effective Time occurs;

**“Closing Exchange Rate”**

means the CAD/USD exchange rate as of 5:00PM (Toronto time) on the date which is one (1) Business Day prior to the Closing Date (or such earlier date as is required by a Governmental Authority or mutually agreed by the Company and AQY) using the mid-rate from the “BFIX” screen of Bloomberg (and if such rate or screen is not available, Company and AQY shall agree on a replacement data source, each acting reasonably);

**“Companies Act”**

means the Companies Act 1981 of Bermuda;

<b>“Company”</b>	means Sagicor Financial Corporation Limited, an exempted company with limited liability continued under the laws of Bermuda with registration number 51625;
<b>“Consideration Election Form”</b>	means the election form set out at Appendix VII of the Shareholder Circular wherein the eligible Scheme Shareholders as at the Election Record Date may elect to receive either the Cash Consideration or the First Share Consideration, or a combination of the Cash Consideration and First Share Consideration, in accordance with the terms of the Arrangement Agreement and of this Scheme and the instructions therein, for up to the Specified Number;
<b>“Court”</b>	means the Supreme Court of Bermuda;
<b>“Depositary Interest Holders”</b>	means holders of Depositary Interests appearing on the DI Register immediately prior to the cancellation thereof as contemplated in clause 44 of this Scheme;
<b>“Depositary Interests”</b>	means dematerialized depositary interests issued by the DI Depositary representing the underlying Scheme Shares;
<b>“Depositary”</b>	means the Barbados Central Securities Depository;
<b>“DI Depositary”</b>	means Computershare Investor Services PLC;
<b>“DI Register”</b>	means the register of Depositary Interest Holders maintained by the DI Depositary;
<b>“DRS”</b>	means the Direct Registration System, a service offering by TSX Trust;
<b>“Effective Time”</b>	means the date and time at which an office copy of the Order of the Court sanctioning this Scheme and making such facilitating orders as are appropriate pursuant to section 99 of the Companies Act shall have been delivered to the Registrar of Companies in Bermuda for registration, at which time this Scheme shall become effective prior to the Outside Date;
<b>“Election Deadline”</b>	means 5:30 p.m. (Atlantic Standard Time) on 31 March 2019 (or such later date as may be notified to the Shareholders by announcement

on the Company's website, such announcement to be accessed on the Company's website at [www.sagicor.com](http://www.sagicor.com) under "News" on the website's homepage), being the date by which the Company must receive a completed and executed Consideration Election Form at the address provided in the Consideration Election Form;

**"Election Record Date"**

means 5:00 p.m. (Atlantic Standard Time) on December 6, 2018, or such other date as is required by a Governmental Entity;

**"Exchange Ratio"**

means the number which is the quotient of (i) 1.75 divided by (ii) the product of 10.00 and the Closing Exchange Rate;

**"First Share Consideration"**

means the share consideration with an agreed value of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date and payable in the form of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of Scheme Shares up to the Specified Number held by such Scheme Shareholder as at the Election Record Date (provided that each such Scheme Share up to the Specified Number continues to be held by such Scheme Shareholder at the Effective Time) in exchange for the transfer of such Scheme Share at the Effective Time to AQY pursuant to this Scheme, rounded down for each applicable Scheme Shareholder to the next whole number of AQY Shares;

**"Governmental Authority"**

means any: (a) country, nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, provincial, local, municipal, foreign or other government; (c) governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, organization, body or entity and any court or other tribunal), including, for greater certainty, a Securities Authority; (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (e) applicable stock exchanges; (f) applicable Central Banks; or (g) applicable self-regulatory

organizations, including, if applicable, the Investment Industry Regulatory Organization of Canada and the Financial Industry Regulatory Authority;

**“Latest Practicable Date”**

means 31 January 2019, being the latest practicable date upon which it was practicable for the purpose of ascertaining certain information contained herein;

**“Law”**

means any federal, state, local, municipal, provincial, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, consent order, consent decree, decree, Order, judgment, rule, regulation, ruling, directive, regulatory guidance, agreement or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or with or under the authority of any Governmental Authority;

**“Order”**

means any order, writ, assessment, decision, injunction, decree, judgment, ruling, award, settlement or stipulation issued, promulgated or entered into by or with any Governmental Authority;

**“Other Share Consideration”**

means the share consideration with an agreed value of US\$1.75 per Scheme Share made available to each Scheme Shareholder as at the Election Record Date and payable in the form of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of Scheme Shares held by such Scheme Shareholder as at the Effective Time (other than the Scheme Shares held by such Scheme Shareholder being exchanged for Cash Consideration or First Share Consideration) in exchange for the transfer of each such Scheme Share to AQY at the Effective Time pursuant to this Scheme, rounded down for each applicable Scheme Shareholder to the next whole number of AQY Shares;

**“Outside Date”**

means 30 June 2019 or such other date as may be agreed between AQY and the Company pursuant to the Arrangement Agreement;

**“Paying Agent”**

means Computershare Communication Services Inc;



<b>“Person”</b>	means an individual, company (including not-for-profit company), corporation (including not-for-profit corporation), body corporate, general or limited partnership, limited liability partnership, limited liability company, unlimited liability corporation, joint venture, association, trust, estate, association, trustee, executor, administrator, legal representative, Governmental Authority, unincorporated organization or other entity of any kind or nature;
<b>“Register Closure Period”</b>	means the period during which the Register of Members will be closed in order to determine the entitlement of a Scheme Shareholder to the consideration under this Scheme, the starting and ending dates of which will be determined by the Company before the Closing Date and which will be notified to the Scheme Shareholders by the Company seven (7) days in advance of the starting date of the Register Closure Period;
<b>“Register of Members”</b>	means the register of members of the Company (including the branch registers);
<b>“Sagikor Securities Laws”</b>	means the securities laws of each of Barbados, Trinidad and Tobago, and the United Kingdom, and the rules, regulations and policies of the Stock Exchanges;
<b>“Shares”</b>	means common shares of par value U.S.\$0.01 each in the share capital of the Company;
<b>“Sagikor Share Plans”</b>	means Sagikor’s Employee Share Ownership Plan effective 31 December 2005 and the executive Long-term Incentive Plan effective 31 December 2005;
<b>“Scheme”</b>	means the scheme of arrangement in respect of the Company under section 99 of the Companies Act as set out in this document in its present form or with or subject to any modifications, additions or conditions that are consented to by the Company and AQY, each acting reasonably, and that the Court may approve or impose;
<b>“Scheme Consideration”</b>	means the consideration payable to Scheme Shareholders as at the Effective Time in exchange for the transfer of the Scheme Shares

to AQY in accordance with this Scheme, comprising (1) for eligible Persons, the option of the Cash Consideration, the First Share Consideration, or a combination of both, for up to the Specified Number held by each eligible Scheme Shareholder, and (2) in all other cases, the Other Share Consideration;

**“Scheme Shareholders”**

means the holders of Scheme Shares appearing on the Register of Members at the applicable time;

**“Scheme Share(s)”**

means all of the Shares in issue as at the applicable time;

**“Securities Authority”**

means the Governmental Authority having jurisdiction to enforce AQY Securities Laws or Sagicor Securities Laws, as applicable;

**“Share Consideration”**

means the First Share Consideration and the Other Share Consideration;

**“Share Qualifying Scheme Shareholder(s)”**

means the Scheme Shareholders as at the Effective Time: (a) who or which are eligible to and has validly elected to receive the First Share Consideration, such election received by the Company on or prior to the Election Deadline at the address set out in the Consideration Election Form; and (b) in all other cases, who or which are entitled to receive the Other Share Consideration;

**“Shareholder Circular”**

means the circular to Scheme Shareholders dated 8 February 2019 and accompanying explanatory statement pursuant to section 100 of the Companies Act, including all schedules, appendices and exhibits to, and information incorporated by reference in, the explanatory Statement, accessible on the Company’s website at [www.sagicor.com](http://www.sagicor.com) under “News” on the website’s homepage, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

**“Shareholders’ Meeting”**

means the meeting of Scheme Shareholders as at the Voting Record Date to be convened at the direction of the Court at which this Scheme

(with or without modification) will be voted upon, including any postponement or adjournment thereof;

**“Shareholder(s)”**

means holder(s) of Shares registered as such in the Register of Members;

**“Share(s)”**

means common share(s) of par value US\$0.01 each in the share capital of the Company;

**“Specified Number”**

means 10,000 Scheme Shares, subject to the adjustment mechanism set out at clause 4;

**“Stock Exchanges”**

means the Barbados Stock Exchange, the Trinidad and Tobago Stock Exchange and the London Stock Exchange;

**“Tax” or “Taxes”**

means: (a) taxes, charges, withholdings, fees, levies, imposts, duties and governmental fees or other like assessments or charges of any kind whatsoever in the nature of taxes imposed by any U.S. or non-U.S. federal, state, provincial, local or foreign Governmental Authority responsible for the administration of Taxes (including those related to income, net income, gross income, receipts, capital, windfall profit, severance, property (real and personal), production, sales, goods and services, use, business and occupation, license, excise, registration, franchise, employment, payroll (including social security contributions), deductions at source, withholding, alternative or add-on minimum, intangibles, ad valorem, transfer, gains, stamp, customs, duties, estimated, transaction, title, capital, paid-up capital, profits, premium, value added, recording, inventory and merchandise, business privilege, federal highway use, commercial rent or environmental tax); (b) interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority (i) in connection with any item described in item (a) or (ii) as a result of the failure to timely and accurately file any tax return; and (c) liabilities of any other Person for any items described in item (a) and/or (b) payable by reason of transferee or successor liability or under Treasury Regulation Section 1.1502-6 (or any analogous provision of U.S. or non-U.S. federal, state, provincial, local or foreign Law);

<b>“TSE”</b>	means the Trinidad and Tobago Stock Exchange.
<b>“US\$” or “US dollar”</b>	means United States dollars, the lawful currency of the United States of America; and
<b>“Voting Record Date”</b>	means 5.00 p.m. (Atlantic Standard Time) on 31 January 2019 (or such later date as may be notified to the Shareholders by announcement on the Company’s website, such announcement to be accessed on the Company’s website at <a href="http://www.sagicor.com">www.sagicor.com</a> under “News” on the website’s homepage), being the date designated as the record date for determining the Shareholders entitled to receive notice of and vote at the Shareholders’ Meeting as set out in the Shareholder Circular or in any notice to the Shareholders after the date of the Shareholder Circular.

## **INTERPRETATION**

- (B) In this Scheme, unless the context otherwise requires or otherwise expressly provides:
- (1) references to Recitals, Parts, clauses and sub-clauses are references to the Recitals, Parts, clauses and sub-clauses respectively of this Scheme;
  - (2) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
  - (3) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
  - (4) the singular includes the plural and vice versa and words importing one gender shall include all genders;
  - (5) headings to Recitals, Parts, clauses and sub-clauses are for ease of reference only and shall not affect the interpretation of this Scheme; and
  - (6) to the extent that there shall be any conflict or inconsistency between the terms of this Scheme and the Shareholder Circular then the terms of this Scheme shall prevail.

## **Background**

- (C) The Company was continued into Bermuda on 20 July 2016 as an exempted company with registration number 51625.

- (D) As at the Latest Practicable Date the Company had an authorised share capital of US\$9,700,000 divided into 650,000,000 common shares of par value US\$0.01 each and 320,000,000 preference shares of par value US\$0.01 each, of which (i) 306,555,644 common shares had been issued and were fully paid up or credited as fully paid up, and the remainder remained unissued; and (ii) zero (0) preference shares had been issued.

#### **THE PURPOSE OF THIS SCHEME**

- (E) The purpose of this Scheme is to provide for the exchange of Scheme Shares for fully paid and non-assessable AQY Shares and/or, for eligible shareholders, cash in certain circumstances. Under this Scheme, it is proposed that at the Effective Time all of the Scheme Shares issued and outstanding immediately prior to the Effective Time shall be transferred to AQY in exchange for the Scheme Shareholders receiving the Scheme Consideration.
- (F) The Scheme Consideration payable to Scheme Shareholders as at the Effective Time in exchange for the transfer of the Scheme Shares to AQY in accordance with this Scheme, comprises (1) in the case of Persons who were also Scheme Shareholders as at the Election Record Date, the option of either the Cash Consideration or the First Share Consideration, or a combination of Cash Consideration and First Share Consideration, for up to the Specified Number held by each Scheme Shareholder as at the Election Record Date which continue to be held as at the Effective Time by such Scheme Shareholder; and/or (2) in cases other than the circumstances set out in paragraph (1), the Other Share Consideration.
- (G) Each Scheme Shareholder as at the Election Record Date may elect to receive either the Cash Consideration or the First Share Consideration, or a combination of Cash Consideration and First Share Consideration, for up to the Specified Number then held and which continue to be held by such Scheme Shareholder at the Effective Time, and such election shall be made on the Consideration Election Form on or prior to the Election Deadline in accordance with the instructions therein. If an eligible Scheme Shareholder (1) elects to receive a combination of Cash Consideration and First Share Consideration for up to the Specified Number held by such Scheme Shareholder as at the Election Record Date and (2) transfers any such Scheme Shares prior to the Effective Time, then such Scheme Shareholder shall be deemed to have transferred Scheme Shares for which such Scheme Shareholder elected to receive First Share Consideration until such time as such Scheme Shareholder has transferred a number of such Scheme Shares that exceeds the number of Scheme Shares for which such Scheme Shareholder elected to receive First Share Consideration, at which time any remaining such Scheme Shares transferred by such Scheme Shareholder shall be deemed to be Scheme Shares for which such Scheme Shareholder elected to receive Cash Consideration.
- (H) If no valid election is made by a Scheme Shareholder as at the Election Record Date by the Election Deadline, such Scheme Shareholder shall receive the Other Share Consideration in respect of all Scheme Shares which continue to be held as at the Effective Time.
- (I) At the Effective Time, AQY and the Company shall enter into an assignment and assumption agreement pursuant to which the rights and obligations of the Company under

the Sagicor Share Plans shall be assigned to, and assumed by, AQY, whereupon each unvested Share under a Sagicor Share Plan that is outstanding at the Effective Time will, in accordance with its terms, be exchanged for or become a right, subject to the applicable vesting conditions being satisfied, to receive from AQY the number of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of such Shares, rounded down to the nearest whole number of AQY Shares. Subject to the foregoing, the term to expiry, vesting conditions, and all other terms and conditions of the right to receive such AQY Shares will be the same as the terms and conditions of such grant under such Sagicor Share Plan, and any document or agreement previously evidencing such grant under such Sagicor Share Plan shall thereafter evidence and be deemed to evidence such right to receive AQY Shares.

- (J) At the Effective Time, each option to acquire Shares under a Sagicor Share Plan that is outstanding on the Effective Time (and not exercised for Shares prior thereto) will, in accordance with its terms, be exchanged for or become an option from AQY (a “**Replacement Option**”) to purchase the number of AQY Shares equal to the product of the Exchange Ratio multiplied by the number of Shares that may be purchased as if such option to acquire Shares were exercisable and exercised immediately prior to the Effective Time. Such Replacement Option shall provide for an exercise price per AQY Share equal to the exercise price per Share of such option to acquire Shares immediately prior to the Effective Time divided by such Exchange Ratio. If the foregoing calculation results in a Replacement Option being exercisable for a fraction of an AQY Share, then the number of AQY Shares subject to such Replacement Option shall be rounded down to the next whole number of AQY Shares and the total exercise price for the Replacement Option will be reduced by the exercise price of the fractional AQY Shares. Subject to the foregoing, the term to expiry, conditions to and manner of exercising, vesting schedule, and all other terms and conditions of such Replacement Option will be the same as the terms and conditions of such option to acquire Shares, any document or agreement previously evidencing such option to acquire Shares shall thereafter evidence and be deemed to evidence such Replacement Option.

## PART II

### THE SCHEME

#### Application and effectiveness of this Scheme

1. The compromise and arrangement effected by this Scheme shall apply to all Scheme Shares and shall be binding on the Scheme Shareholders (including those who do not attend the Shareholders’ Meeting, do not vote at the Shareholders’ Meeting or vote against the Scheme) and, to the extent of any inconsistency and to the extent permitted by law, overrides the memorandum of association and bye-laws of the Company. This Scheme will become effective at, and be binding at and after, the Effective Time on (i) the Company and (ii) all registered and all beneficial holders of Scheme Shares, in each case without any further authorization, act or formality on the part of any Person.

## **Effect of this Scheme**

2. At the Effective Time, all of the right, title and interest of the Scheme Shareholders in the Scheme Shares shall be subject to the arrangement implemented by the mechanism set out in clause 3 of this Part II.

## **Compromise and Arrangement with Scheme Shareholders**

3. At the Effective Time, in consideration of the rights of the Scheme Shareholders under this Scheme and in exchange for each Scheme Share issued and outstanding immediately prior to the Effective Time and notwithstanding any term of any relevant document, the following shall occur:
  - (a) all the Scheme Shares shall be transferred to AQY, together with all rights and entitlements attaching to them as at the Effective Time without the need for any further act by any Scheme Shareholder, and free and clear of all liens, claims and encumbrances;
  - (b) each holder of Scheme Shares at the Effective Time shall cease to be the holder of such Scheme Shares and shall cease to have any rights as a holder of such Scheme Shares and each such holder's name will be removed from the Register of Members and AQY will be recorded as the registered holder of all of the Scheme Shares in the Register of Members and will be deemed to be the legal and beneficial owner of such Scheme Shares, free and clear of all liens, claims and encumbrances;
  - (c) in exchange for the Scheme Shares, the Company shall procure that AQY shall issue and allot or pay (as applicable) the Scheme Consideration to the Scheme Shareholders as follows:
    - (i) subject to clause 37, in respect of the Cash Consideration, to those eligible shareholders, cheques for payment of the Cash Consideration will be made to each Cash Qualifying Scheme Shareholder as soon as possible but in any event within 7 Business Days following this Scheme becoming effective;
    - (ii) in respect of the First Share Consideration, AQY shall, as at the Effective Time, allot and issue, credited as fully paid, free and clear of all liens, claims and encumbrances, the relevant Share Consideration to each Share Qualifying Scheme Shareholder that elected to receive First Share Consideration or that did not make a valid election by the Election Deadline, whereupon such Share Qualifying Scheme Shareholder shall become a registered holder of AQY Shares (such shares shall be issued in DRS form and the applicable DRS statement shall be mailed within 30 Business Days following the Effective Time); and
    - (iii) in respect of the Other Share Consideration, AQY shall, as at the Effective Time, allot and issue, credited as fully paid, free and clear of all liens, claims and encumbrances, the relevant Share Consideration to such Share Qualifying Scheme Shareholder whereupon such Share Qualifying



Scheme Shareholder shall become a registered holder of AQY Shares (such shares shall be issued in DRS form and the applicable DRS statement shall be mailed within 30 Business Days following the Effective Time).

4. The Specified Number has been determined based on the number of Scheme Shares issued to the Scheme Shareholders existing at or about the time of execution of the Arrangement Agreement and assuming that (i) all of such Scheme Shareholders were entitled to and fully elected to receive the Cash Consideration in respect of up to their first 10,000 Scheme Shares; and (ii) that such number of Scheme Shares continued to be held by the Scheme Shareholders at the Election Record Date and at the Effective Time. In the event that the aggregate amount of Cash Consideration elected by Cash Qualifying Scheme Shareholders is, together with any amount payable under Section 2.12 of the Arrangement Agreement, greater than US\$205 million (or such other amount as AQY and the Company mutually agree, with a potential floor as AQY and the Company may mutually agree), then the Specified Number shall be adjusted in accordance with the Arrangement Agreement.
5. In the event that it would be contrary to applicable Laws to offer or pay the First Share Consideration or the Other Share Consideration in respect of Scheme Shares held by a Person located in any jurisdiction, both AQY and the Company may take such action as either may deem necessary to comply with such Laws, and in addition or in the alternative AQY may in its discretion pay U.S.\$1.75 per each such Scheme Share if it determines that compliance with such Laws would be excessively costly or impractical, acting reasonably.
6. The eligibility of Scheme Shareholders located within the UK to elect between Cash Consideration, First Share Consideration, and a combination of both, is conditional upon either (i) the UK Listing Authority's approval of the AQY Prospectus as an "equivalent document" to a prospectus prepared in accordance with the requirements of the UK's Prospectus Regulations 2005 (SI 2005/1433), as amended, or (ii) an exemption from applicable public offering requirements to file a prospectus in the UK applying. In the event that neither of these conditions is satisfied, then such Scheme Shareholders shall not be eligible to elect their Scheme Consideration. Instead, such Scheme Shareholders shall receive all of their Scheme Consideration as Share Consideration, which consideration shall be delivered according to the terms applicable to delivery of Share Consideration.
7. All existing certificates (if any) representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Time.
8. The Company will make an announcement of the last day for dealing in the Shares and of the exact dates the effectiveness of this Scheme and the withdrawal of the listing of the Shares on the Stock Exchanges will become effective.

#### **Adjustments to the Exchange Ratio**

9. The Exchange Ratio shall be adjusted to reflect fully the effect of any share split, reverse share split, dividend (including any dividend or distribution of securities convertible into AQY Shares or Shares other than dividends paid in lieu of ordinary course dividends),

reorganization, recapitalization or other like change with respect to AQY Shares or Shares occurring after the date of the Arrangement Agreement and prior to the Effective Time.

**Beneficial Owners whose Shares are held by a Scheme Shareholder**

10. Except as set out below or required by Law, no Person shall be recognised by the Company as holding any Shares in trust.
11. A Depositary Interest Holder shall be deemed a Scheme Shareholder and Depositary Interests shall be deemed Scheme Shares solely for the purposes of entitling a Depositary Interest Holder to make an election for the Cash Consideration or the First Share Consideration (provided that each such Depositary Interest is held by such Depositary Interest Holder on the Election Record Date and the associated underlying Scheme Shares are held by such Depositary Interest Holder at the Effective Time).

**Scheme Conditions**

12. This Scheme is conditional on:
  - a. this Scheme being approved by a majority in number representing not less than three-fourths in value of the Scheme Shareholders as at the Voting Record Date present and voting in person or by proxy at the Shareholders' Meeting;
  - b. this Scheme, with or without modification, being sanctioned by the Court;
  - c. the satisfaction or waiver by the applicable party of all other conditions precedent to this Scheme required pursuant to Article VII of the Arrangement Agreement;
  - d. the Arrangement Agreement not having been terminated in accordance with its terms; and
  - e. a copy of Order of the Court sanctioning this Scheme under section 99(3) of the Companies Act being delivered to the Registrar of Companies in Bermuda for registration.

**Delivery of the Order of the Court**

13. This Scheme shall become effective as soon as a copy of the Order of the Court sanctioning this Scheme under section 99(3) of the Companies Act shall, in accordance with the terms of the Arrangement Agreement, have been delivered to the Registrar of Companies in Bermuda for registration.

## **PART III**

### **VOTING AT THE SHAREHOLDERS' MEETING**

#### **Voting Record Date**

14. The holders of Scheme Shares and the number of Scheme Shares that they hold for the purposes of voting at the Shareholders' Meeting shall be determined as those recorded on the Register of Members as at the Voting Record Date.

#### **Depositary Interests**

15. The DI Depositary, as the issuer of the Depositary Interests representing the underlying Scheme Shares deposited with its custodian, shall be counted as two Scheme Shareholders for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve this Scheme has been satisfied pursuant to section 99(2) of the Companies Act. In the event that the Scheme Shares voted by the DI Depositary are unanimous in favour or against this Scheme, the DI Depositary shall cast only one vote in accordance with the unanimous vote. In addition, the Scheme Shares voted for and/or against this Scheme by the DI Depositary shall be counted for the purposes of ascertaining whether or not the requirement that a majority representing three-fourths in value of the Scheme Shareholders approve this Scheme has been satisfied pursuant to section 99(2) of the Companies Act. For the foregoing purposes, the DI Depositary shall specify the number of votes cast in favour of and against this Scheme and, in each case, the number of Depositary Interest Holders on whose instructions such votes are cast. Such information shall be included in the report of the Chairman of the Shareholders' Meeting which will be provided to the Court at the hearing of the petition to sanction this Scheme.

## **PART IV**

### **DISTRIBUTIONS**

#### **Distribution to Scheme Shareholders**

16. Upon this Scheme becoming effective, payment of the Scheme Consideration will be effected as provided in clause 3 of Part II hereof.
17. Subject to clause 3 and clause 37, in the event that a Cash Qualifying Scheme Shareholder validly elects to receive Cash Consideration, the cheque will be mailed (by ordinary mail) to the address of such Scheme Shareholder listed in the Register of Members immediately prior to the Effective Time and the mailing (by ordinary mail) of such cheque within the time period specified herein shall be deemed sufficient consideration for the transfer of each applicable Scheme Share to AQY. All such cheques will be sent at the risk of the Person(s) entitled thereto and none of the Company or AQY or any of their respective directors, officers, employees, agents, Affiliates or advisers or any other Person involved in this Scheme will be responsible for any loss or delay in dispatch.

18. Upon the expiry of six (6) months from the posting of a cheque, AQY or the Paying Agent shall be entitled to cancel or countermand any cheque that has not been cashed and shall hold all monies represented thereby pursuant to the Arrangement Agreement.
19. Upon the expiry of seven (7) years from the Effective Time, any sums held in accordance with clause 18 shall be released to and shall become the property of AQY and AQY shall be released from all obligations to make payments to any Scheme Shareholder in respect of the Cash Consideration pursuant to this Scheme.
20. In the case of the First Share Consideration or the Other Share Consideration, the DRS instrument will be mailed (by ordinary mail) to the address of such Scheme Shareholder listed in the Register of Members immediately prior to the Effective Time.

### **Rights of Scheme Shareholders**

21. With effect from and including the Effective Time, each holder of Scheme Shares shall in accordance with this Scheme cease to have any rights with respect to Scheme Shares, except the right to receive the Scheme Consideration subject to and in accordance with the terms hereof. With effect from and including the Effective Time, all existing Scheme Shares shall be transferred to AQY and the Register of Members shall be updated to reflect such transfers, and AQY will be recorded as the registered holder of all of the Scheme Shares and will be deemed to be the legal and beneficial owner of such Scheme Shares, free and clear of all liens, claims and encumbrances.

## **PART V**

### **GENERAL SCHEME PROVISIONS**

#### **Effective Time and Notification to Scheme Shareholder**

22. This Scheme shall become effective at the Effective Time.
23. The Company shall give notification of this Scheme having become effective by making a public announcement by newspaper advertisement published in each jurisdiction in which Shares are listed or admitted for trading on a stock exchange.

#### **Dividends**

24. If, in accordance with the terms of the Arrangement Agreement, any dividend is declared by the Company on or before the Effective Time with a record date for entitlement to any such dividend which is on or before the Effective Time, Shareholders whose names appear in the Register of Members as at the record date for entitlement to any such dividend will be entitled to receive such dividend.
25. All mandates and instructions in force at the Effective Time in relation to Scheme Shares (including elections for payment of dividends (if any)) will cease to be valid, unless determined otherwise by AQY (in relation to the applicable AQY Shares) in its sole discretion from time to time.

### **Scheme Costs**

26. Subject to clauses 38 – 43, the Company shall pay in full all costs, charges, expenses and disbursements incurred by it or its agents in connection with the preparation and implementation of this Scheme, including the costs of holding the Shareholders' Meeting and obtaining the sanction of the Court.

### **Existing Instruments of Transfer and Certificates**

27. Subject to clause 37, as from the Effective Time, all instruments of transfer and certificates (if any) validly existing in respect of a transfer or holding of any Scheme Shares shall as from the Effective Time, cease to have effect as documents or evidence of transfer or title and every holder thereof shall be bound and deemed to have delivered to AQY its, his or her entire interest in Scheme Shares as at the Effective Time.

### **No Liability when Acting in Good Faith**

28. Neither the Company nor AQY, nor any of their respective directors, officers, agents or advisers, will be liable to a Scheme Shareholder for anything done or omitted to be done in the implementation and performance of this Scheme in good faith.

### **Modifications to this Scheme**

29. The Company and AQY may, at any hearing before the Court to sanction this Scheme, jointly consent for and on behalf of all concerned to any modification(s) of or addition(s) to this Scheme or to any terms or conditions which the Court may think fit to approve or impose.

### **Notice of Shareholders' Meeting**

30. The accidental omission to give notice of the Shareholders' Meeting or the non-receipt of any such notice by any Shareholder Shareholder, shall not, unless so ordered by the Court, invalidate the Shareholders' Meeting or the proceedings or any resolutions approved at the Shareholders' Meeting nor affect the provisions of this Scheme.

### **Transmission of documents**

31. Neither the Company nor AQY shall be responsible for any loss or delay in the transmission of any notices, other documents or payments posted by or to Scheme Shareholders, which shall be posted at the risk of the relevant Scheme Shareholder.

### **Exercise of Discretion**

32. Subject to the terms of the Arrangement Agreement, when under any provision of this Scheme a matter is to be determined by the Company or AQY, then it will have discretion to interpret such matter under this Scheme in a manner that it considers fair and reasonable, and its decisions will be binding on all concerned.

### **Paying Agent; Currency**

33. Unless otherwise specified, all references to amounts of money in this Scheme refer to the lawful currency of the United States of America. Where any amount is payable hereunder by AQY, AQY may pay directly or through the Paying Agent, and may, or may direct the Paying Agent to, convert it into another currency and make the payment of the amount (net of conversion and other costs) so converted in such other currency.

### **No Right of Dissent**

34. Holders of Scheme Shares shall not be entitled to exercise rights of dissent with respect to such Scheme Shares.

### **Governing Law and Jurisdiction**

35. At and with effect from the Effective Time, the operative terms of this Scheme shall be governed by, and construed in accordance with, the laws of Bermuda and the Courts of Bermuda shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which arises out of or connected with the terms of this Scheme or their implementation or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme.
36. The terms of this Scheme and the obligations imposed on the Company hereunder shall take effect subject to any prohibition or condition imposed by any applicable Law.

### **Share Certificates**

37. To the extent any share certificates representing any Scheme Shares exist immediately prior to the Effective Time, the following shall apply:
- (a) A Scheme Shareholder who wishes to receive share certificates in respect of the AQY Shares or if eligible, the Cash Consideration, as applicable, shall surrender to the Depository any and all share certificates held by such Scheme Shareholder which immediately prior to the Effective Time represented Scheme Shares that were transferred for the Scheme Consideration as provided for under this Scheme, together with a duly completed letter of transmittal or such other documents and instruments as the Company, AQY or the Depository may reasonably require whereupon, the holder of such surrendered certificate shall be entitled to receive in exchange therefor the Cash Consideration or a share certificate in respect of the AQY Shares held by such Scheme Shareholder, as applicable, and the certificate so surrendered shall forthwith be cancelled. If not surrendered as contemplated hereby on or prior to the Effective Time, each certificate which immediately prior to the Effective Time represented Scheme Shares shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender a share certificate in respect of AQY Shares or Cash Consideration, as applicable. For the purpose of this clause 37(a), Cash Consideration shall be paid by AQY by cheque made to the eligible Scheme

Shareholder as soon as possible but in any event within 7 Business Days following the satisfaction of the conditions set out in this clause 37(a).

- (b) In the event any certificate which immediately prior to the Effective Time represented one or more issued and outstanding Scheme Shares that were exchanged pursuant hereto shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Scheme Shareholder claiming such certificate to be lost, stolen or destroyed together with a written request by such Scheme Shareholder to the Depository for a share certificate in respect of AQY Shares (as applicable), such Scheme Shareholder shall, in exchange for such lost, stolen or destroyed certificate and letter of transmittal or such other documents and instruments as the Company, AQY or Depository may reasonably require, be entitled to a share certificate in respect of the AQY Shares held by such Scheme Shareholder or if eligible, the Cash Consideration, as applicable. When authorizing the issuance of a share certificate in respect of AQY Shares or payment of Cash Consideration in exchange for any lost, stolen or destroyed certificate which prior to the Effective Time represented issued and outstanding Scheme Shares, such Scheme Shareholder shall, as a condition precedent to the issuance of a share certificate in respect of AQY Shares, indemnify the Company, AQY and the Depository (and agree to obtain customary insurance therefor) in a manner reasonably satisfactory to them against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed. For the purpose of this clause 37(b), Cash Consideration shall be paid by AQY by cheque made to the eligible Scheme Shareholder as soon as possible but in any event within 7 Business Days following the satisfaction of the conditions set out in this clause 37(b).
- (c) Any certificate which immediately prior to the Effective Time represented issued and outstanding Scheme Shares that were exchanged pursuant to this Scheme that is not deposited with all other instruments required pursuant to this clause 37 on or prior to the second (2nd) anniversary of the Effective Time shall cease to represent any entitlement, claim or interest under this clause 37 or any other entitlement, claim or interest of any kind or nature. For the avoidance of doubt, on such date, the Cash Consideration to which the former holder of the certificate referred to in the preceding sentence may have been entitled from AQY shall be deemed to have been surrendered for no consideration to AQY. None of the Company, AQY, the Depository or the Paying Agent shall be liable to any Person in respect of any cash delivered to a Governmental Authority pursuant to any applicable abandoned property, escheat or similar Law.
- (d) The Scheme Consideration shall only be payable once with respect to each Scheme Share, regardless of whether it is certificated.

#### **Withholding Rights; Stamp Duty; Put-Through**

- 38. AQY, the Company, the Depository and the Paying Agent, as applicable, shall be entitled to deduct and withhold from any Scheme Consideration, including by way of the sale of AQY Shares by AQY on behalf of the Person, otherwise payable or otherwise deliverable to a Person under this Scheme such amounts as AQY and the Company, mutually agree



- are required to be deducted and withheld from such Scheme Consideration under any provision of any Law in respect of Taxes. Any such amounts will be deducted, withheld and remitted to the appropriate Governmental Authority from the Scheme Consideration payable pursuant to this Scheme and shall be treated for all purposes as having been paid to the Person in respect of which such deduction, withholding and remittance was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Authority.
39. Upon any sale or transfer of Scheme Shares to AQY, the applicable Scheme Shareholder shall pay (and neither the Company nor AQY shall be required to pay, unless otherwise required by applicable Law), any documentary, stamp, stamp duty, stamp duty reserve, property transfer, transfer, or other taxes, broker fees, or stock exchange fees, that may be payable pursuant to applicable Law (other than those payable by AQY pursuant to the Arrangement Agreement) in respect of any such sale or transfer, provided that AQY, the Company, the Depository and the Paying Agent shall be entitled to deduct and withhold such amounts as AQY and the Company, acting mutually, agree are required to be deducted and withheld from any Scheme Consideration otherwise payable to any Scheme Shareholder. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the Scheme Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Authority or Person on behalf of the applicable Scheme Shareholders. Without limitation, a portion of any AQY Shares otherwise payable may be withheld and disposed of in any marketplace by or on behalf of AQY, the Company, the Depository and the Paying Agent to acquire the net proceeds, after expenses of disposition, to make payment of such amounts to the applicable Governmental Authority or Person, and no liability shall arise therefrom provided the applicable Person acts in good faith.
40. At AQY's or the Company's discretion, the transfer of Scheme Shares to AQY may involve a put-through, cross or similar transaction on any stock exchange, and for such purposes each holder of Scheme Shares irrevocably authorizes any broker, dealer or similar Person appointed by the Company or AQY (which may include a subsidiary of the Company) to act on his, her or its behalf for such purposes.

### **Dealings and Listings**

41. The Scheme Shares that are listed on each of the BSE and the TSE (and their associated registers) that are to be received by AQY as a result of this Scheme will be transferred from Scheme Shareholders to AQY through such exchanges in transactions effected by licensed brokers. Scheme Shares that are held as Depository Interests or otherwise listed on the LSE will be transferred through the BSE and thus will be subject to the BSE-related fees. Scheme Shares transferred through the BSE will be assessed different fees than Scheme Shares transferred through the TSE.
42. Half (50%) of all exchange, transfer and brokers' fees shall be payable by AQY, and the other half (50%) of all exchange, transfer and brokers' fees shall be payable by holders of Scheme Shares through a combination of (i) the automatic deduction of such fee amounts from the Cash Consideration to which the Scheme Shareholder would otherwise be due, or (ii) the withholding of fractional AQY Shares deemed equivalent in value to the fee amount to be assessed, pursuant to the terms of clause 38 and 39.

43. The exchange, transfer and brokers' fees to be paid by Scheme Shareholders will be automatic deductions from any AQY Shares that Scheme Shareholders would otherwise receive as Scheme Consideration and will be deducted as fractional AQY Shares at the price per AQY Share that will be used to convert Scheme Shares into AQY Shares. The number of shares to be received ultimately by an eligible Scheme Shareholder as Scheme Consideration will be net of payment of the exchange, transfer and brokers' fees payable by such Scheme Shareholder, and shall be rounded down for each applicable Scheme Shareholder to the next whole number of AQY Shares.
44. Prior to the Effective Time, the Company shall seek the cancellation and delisting of the Depositary Interests listed on the LSE. Upon such cancellation, the Depositary shall transfer the legal title to the respective Scheme Shares each Depositary Interest Holder is beneficially entitled to, and which were represented by the cancelled Depositary Interests, to the respective Depositary Interest Holder and each Depositary Interest Holder shall be entered on the Register of Members as the legal holder of its respective Scheme Shares. Each such Scheme Shareholder's Scheme Shares shall then be transferred to AQY in accordance with this Scheme.
45. In order to determine the entitlement of Shareholders to the consideration under this Scheme, the register of members of the Company (including its branch registers) will be closed during the Register Closure Period.

#### **Amendments to the Scheme**

46.
  - (a) The Company and AQY may amend, modify and/or supplement this Scheme at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by both of them, (iii) filed with the Court and, if made following the Shareholders' Meeting, approved by the Court, and (iv) communicated to then or former holders of Scheme Shares if and as required by the Court.
  - (b) Any amendment, modification or supplement to this Scheme may be proposed by the Company or AQY at any time prior to the Shareholders' Meeting, provided that the Company and AQY shall have each consented thereto in writing, with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Shareholders' Meeting, shall become part of this Scheme for all purposes.
  - (c) Any amendment, modification or supplement to this Scheme that is approved or directed by the Court following the Shareholders' Meeting but prior to the Effective Date shall be effective only (i) if it is consented to by each of the Company and AQY, and (ii) if required by the Court, it is consented to by holders of the Scheme Shares in the manner directed by the Court.
  - (d) Any amendment, modification or supplement to this Scheme may be made following the Effective Time by the Company and AQY, collectively, provided that it concerns a matter which, in the reasonable opinion of the Company and AQY, is of an administrative nature required to better give effect to the

implementation of this Scheme and is not adverse to the financial or economic interests of the former Scheme Shareholders.

**Further Assurances**

47. Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Scheme, without any authorization, act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to implement this Scheme and to further document or evidence any of the transactions or events set out herein.