



PANJAM INVESTMENT LIMITED

Interim unaudited Consolidated
Financial Statements

31 March 2020

PanJam Investment Limited

Interim Report to Stockholders For the three months ended March 31, 2020

On behalf of the Board of Directors, we present the unaudited consolidated financial statements of PanJam Investment Limited for the quarter ended March 31, 2020. PanJam's first quarter results reflect the impact of the global COVID-19 pandemic on investment holding companies. However, following many successful years, your company is well positioned to withstand the impact of this unexpected and unprecedented shock.

Our real estate holdings have proved to be our most resilient assets. In the long term, our properties will continue to hold significant value, underpinned by our strong relationships with our tenants.

While our associated companies are challenged to repeat prior performances, we believe that they have each made tactical and strategic decisions to protect shareholder value and capitalise on opportunities that will arise in our new normal.

Consistent with the performance of the local equities market, our securities trading portfolio suffered a loss for the quarter. We are confident, however, that we have invested in well-managed, well-capitalised organisations that will help to drive our nation's economic recovery.

We are actively managing our costs, the benefits of which will primarily occur in the second quarter. We will continue to execute our existing major development projects, including the ROK Hotel & Residences.

The well-being of our team and tenants is critical. As such, we have upgraded our policies and procedures to ensure their continued health and safety. We are also committed to protecting jobs for as long as possible and, to date, we have not implemented any layoffs. We are mindful of our responsibilities as corporate citizens and nation builders. Through the C.B. Facey Foundation, we continue to provide food packages to our partner families in the Boys' Town community. We have also contributed to the PSOJ COVID Relief Fund in order to provide support to those who need it most. As the crisis progresses, we will look for other opportunities to contribute to our collective benefit.

We applaud our government leaders in their efforts to safeguard the Jamaican people, particularly the healthcare workers on the front lines. The next step is to restore economic activity in a safe and sustainable way. While the timing of this remains uncertain, we acknowledge that investment holding companies, such as PanJam, can play a vital role through the provision of capital.

PanJam has spent decades creating a robust balance sheet, specifically for times such as these. As with most economic downturns, attractively priced investment opportunities will arise. We do not expect our current circumstances to be any different. As such, we will seek above-average returns in the short term, in order to create greater shareholder value in the long term.

The Board of Directors of PanJam Investment Limited will suspend its consideration of a second interim dividend until its next meeting, currently scheduled for the third quarter of 2020.

We are extremely grateful to, and proud of, the PanJam and Jamaica Property teams. They have faced every challenge presented with unwavering dedication to the company and each other. We thank our shareholders for their patience and trust, and look forward to a return to normalcy.

Highlights

The first quarter's highlights are:

- Net profit attributable to shareholders of \$5 million (2019: \$892 million)
- Return (annualized) on opening equity of 0% (2019: 11%)
- Earnings per stock unit of \$0.005 (2019: \$0.85)
- Book value per stock unit of \$38.26 at March 31, 2020 (December 31, 2019: \$40.36)
- Ordinary dividend of \$0.275 declared (2019: \$0.265)

Overview

For the first quarter, net profit was just above flat at \$5 million, down 99% compared to last year, with losses on investments and a decline in share of results of associated companies being the largest contributors.

Income Statement

Net profit attributable to owners for the quarter ended March 31, 2020 amounted to \$5 million (2019: \$892 million). Earnings per stock unit were \$0.005 (2019: \$0.85).

Performance for the quarter was influenced negatively by investment losses of \$1,084 million (2019: \$94 million of income) and a decrease of \$305 million in our share of results of associated companies, offsetting increases of \$61 million in property income and \$331 million in other income.

Group operating results for the first quarter moved from an operating profit of \$190 million in 2019 to an operating loss of \$655 million in the current year, as the investment losses and operating expense increases more than offset increased property and other income. Investment losses arose due to unrealized losses in our portfolio of local and overseas equity holdings, which outweighed higher interest and dividend income and foreign exchange gains. Property income increased due to high occupancy, contractual rate increases and devaluation effects on leases denominated in US dollars. Other income was boosted by gains from the sale of a development property in Kingston.

Operating expenses increased principally as a result of utility costs being driven by consumption levels and rate increases, as well as higher insurance premiums and professional fees. Finance costs decreased 15% to \$146 million (2019: \$171 million) on lower average debt balances and interest rates.

Pre-tax profit of the property segment improved to \$494 million (2019: \$136 million) while the investment segment reflected losses before tax of \$756 million (2019: \$731 million profit).

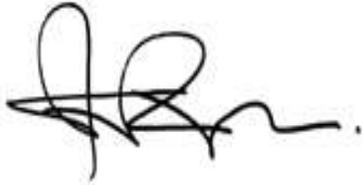
Associated Companies

The results of associated companies consisted principally of our 30.2% investment in Sagicor. We also hold minority positions in New Castle Company Limited (owners of the Walkerswood and Busha Browne lines of sauces and seasonings), Caribe Hospitality of Jamaica Limited (owners of the New Kingston Courtyard Marriott Hotel) and Chukka Caribbean Adventures ("Chukka"), Outsourcing Management Limited (business process outsourcing), Williams Offices Caribbean Limited (managed office solutions) and Term Finance (consumer lending).

Our share of results of associated companies for the quarter decreased by \$305 million to \$584 million (2019: \$889 million). Our share of earnings from Sagicor decreased by \$265 million (31%) to \$578 million. Sagicor's first quarter results reflect the impact of the COVID-19. Other associated companies are also navigating this challenging environment.

Balance Sheet

Total assets at March 31, 2020 amounted to \$56.3 billion, compared to \$54.4 billion at December 31, 2019. Stockholders' equity of \$40.5 billion was down 5% relative to the December 31, 2019 balance of \$42.7 billion. This equates to a book value per stock unit of \$38.26 (December 31, 2019: \$40.36).



Stephen B. Facey
Chairman & Chief Executive Officer



Paul R. Hanworth
Director & Deputy Chief Executive
Officer

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Income Statement
Three months ended 31 March 2020

| | YTD Mar-20 \$'000 | YTD Mar-19 \$'000 |
|--|-------------------------|-------------------------|
| Income | | |
| Investments | (1,083,854) | 94,122 |
| Property | 518,156 | 456,919 |
| Other | 363,095 | 32,034 |
| | (202,603) | 583,075 |
| Operating expenses | (442,082) | (401,166) |
| Net impairment (losses)/recoveries on financial assets | (10,076) | 8,221 |
| Operating (loss)/profit | (654,761) | 190,130 |
| Finance costs | (145,822) | (171,382) |
| | (800,583) | 18,748 |
| Share of results of associated companies | 584,105 | 889,378 |
| | (216,478) | 908,126 |
| (Loss)/Profit before taxation | (216,478) | 908,126 |
| Taxation | 228,482 | (13,042) |
| Net profit | 12,004 | 895,084 |
| Net profit attributable to: | | |
| Owners of the parent | 4,914 | 891,620 |
| Non-controlling interest | 7,090 | 3,464 |
| | 12,004 | 895,084 |
| Earnings per stock unit attributable to owners of the parent for the period | \$0.00 | \$0.85 |

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Three months ended 31 March 2020

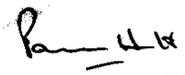
| | YTD Mar-20 \$'000 | YTD Mar-19 \$'000 |
|---|----------------------------------|----------------------------------|
| Net profit for the period | 12,004 | 895,084 |
| Other comprehensive income, net of taxes: | | |
| <i>Items that will not be reclassified to profit or loss</i> | | |
| Change in the fair value of equity instruments at fair value through other comprehensive income | (95,596) | 5,670 |
| Share of other comprehensive income of associated company, net of taxation | 5,502 | (123,410) |
| | (90,094) | (117,740) |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | |
| Change in the fair value of debt instruments at fair value through other comprehensive income | (40,781) | 13,114 |
| Exchange differences on translating foreign operations | 246 | (2,321) |
| Share of other comprehensive income of associated company | (1,835,291) | 905,547 |
| Other comprehensive (loss)/income for the period, net of tax | (1,875,826) | 916,340 |
| Total comprehensive (loss)/income for the period | (1,953,916) | 1,693,684 |
| Total comprehensive (loss)/income attributable to | | |
| Owners of the parent | (1,961,006) | 1,690,220 |
| Non-controlling interest | 7,090 | 3,464 |
| | (1,953,916) | 1,693,684 |

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 31 March 2020

| | Unaudited March 2020 \$'000 | Audited December 2019 \$'000 | Unaudited March 2019 \$'000 |
|--|--|---|--|
| ASSETS | | | |
| Cash and Bank Balances | 162,039 | 160,129 | 187,704 |
| Investments | | | |
| Deposits | 288,963 | 699,319 | 413,185 |
| Securities | | | |
| Financial assets at fair value through other comprehensive income | 4,091,418 | 797,232 | 778,204 |
| Financial assets at fair value through profit and loss | 7,798,983 | 8,961,181 | 6,649,479 |
| Financial assets at amortised cost | 168,116 | 229,835 | 74,550 |
| Securities purchased under agreements to resell | 1,541,783 | 852,326 | 484,784 |
| Investment properties | 9,084,630 | 9,026,597 | 8,409,134 |
| Investment in associated companies | 29,880,379 | 31,078,668 | 28,124,801 |
| | 52,854,272 | 51,645,158 | 44,934,137 |
| Other assets | | | |
| Taxation recoverable | 82,517 | 77,140 | 70,047 |
| Development in progress projects | 851,806 | 1,167,831 | 1,157,356 |
| Receivables and other assets | 1,139,241 | 626,646 | 405,109 |
| Property, plant and equipment | 1,101,848 | 675,356 | 458,171 |
| Intangibles | 49,236 | 48,717 | 33,082 |
| | 3,224,648 | 2,595,690 | 2,123,765 |
| | 56,240,959 | 54,400,977 | 47,245,606 |
| STOCKHOLDERS' EQUITY AND LIABILITIES | | | |
| Stockholders' Equity | | | |
| Capital and Reserves Attributable to the Company's Equity holders | | | |
| Share capital | 2,141,985 | 2,141,985 | 2,141,985 |
| Equity compensation reserve | 103,143 | 89,376 | 80,799 |
| Property revaluation reserve | 4,952,085 | 4,897,207 | 4,474,015 |
| Investment and other reserves | 2,067,277 | 4,029,178 | 3,005,668 |
| Retained earnings | 31,570,380 | 31,911,597 | 25,744,930 |
| Treasury stock | (325,704) | (326,142) | (283,016) |
| | 40,509,166 | 42,743,201 | 35,164,381 |
| Non-controlling interest | 349,475 | 342,385 | 303,909 |
| | 40,858,641 | 43,085,586 | 35,468,290 |
| Liabilities | | | |
| Bank overdraft | 5,550 | 5,206 | 23,695 |
| Taxation payable | 59,359 | 88,286 | 40,314 |
| Bank and other loans | 13,737,779 | 9,343,742 | 10,576,516 |
| Finance lease liability | 37,094 | 40,504 | 19,873 |
| Deferred tax liability | 394,999 | 637,805 | 444,076 |
| Retirement benefit liabilities | 391,400 | 370,254 | 268,821 |
| Payables and other liabilities | 756,137 | 829,594 | 404,021 |
| Total liabilities | 15,382,318 | 11,315,391 | 11,777,316 |
| | 56,240,959 | 54,400,977 | 47,245,606 |



Stephen B. Facey
Chairman & Chief Executive Officer



Paul R. Hanworth
Director & Deputy Chief Executive Officer

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Changes in Equity
for the period ended 31 March 2020

31-Mar-19

| | \-----Owners Of The Parent-----/ | | | | | | | |
|---|----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|----------------------|-------------------|------------------------------|-------------------|
| | Share Capital | Equity Compensation reserve | Property Revaluation Reserves | Investment and other reserves | Retained Earnings | Treasury Stock | Non-controlling Interests | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 January 2019 | 2,141,985 | 73,956 | 4,423,555 | 2,216,173 | 25,183,909 | (305,907) | 300,445 | 34,034,116 |
| Comprehensive income | | | | | | | | |
| Net profit | - | - | - | - | 891,620 | - | 3,464 | 895,084 |
| Other comprehensive income | - | - | - | 798,600 | - | - | - | 798,600 |
| Total comprehensive income for the period | - | - | - | 798,600 | 891,620 | - | 3,464 | 1,693,684 |
| Transactions with owners | | | | | | | | |
| Dividends paid | - | - | - | - | (280,139) | - | - | (280,139) |
| Employee share option scheme value of services provided | - | 11,905 | - | - | - | - | - | 11,905 |
| Employee share grants/options issued | - | (5,062) | - | (227) | - | 23,145 | - | 17,856 |
| Acquisition of treasury stocks | - | - | - | - | - | (254) | - | (254) |
| Change in reserves of associated company | - | - | - | (8,878) | - | - | - | (8,878) |
| Property revaluation gains | - | - | 50,460 | - | (50,460) | - | - | - |
| Balance at 31 March 2019 | 2,141,985 | 80,799 | 4,474,015 | 3,005,668 | 25,744,930 | (283,016) | 303,909 | 35,468,290 |

31-Mar-20

| | \-----Owners Of The Parent-----/ | | | | | | | |
|---|----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|----------------------|-------------------|------------------------------|-------------------|
| | Share Capital | Equity Compensation Reserve | Property Revaluation Reserve | Investment and other reserves | Retained Earnings | Treasury Stock | Non-controlling Interests | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 January 2020 | 2,141,985 | 89,376 | 4,897,207 | 4,029,178 | 31,911,597 | (326,142) | 342,385 | 43,085,586 |
| Comprehensive income | | | | | | | | |
| Net profit | - | - | - | - | 4,914 | - | 7,090 | 12,004 |
| Other comprehensive income | - | - | - | (1,965,920) | - | - | - | (1,965,920) |
| Total comprehensive income for the period | - | - | - | (1,965,920) | 4,914 | - | 7,090 | (1,953,916) |
| Transactions with owners | | | | | | | | |
| Dividends paid | - | - | - | - | (291,253) | - | - | (291,253) |
| Employee share option scheme value of services provided | - | 13,767 | - | - | - | - | - | 13,767 |
| Disposal of treasury stock | - | - | - | 733 | - | 438 | - | 1,171 |
| Change in reserves of associated company | - | - | - | 3,286 | - | - | - | 3,286 |
| Property revaluation gains | - | - | 54,878 | - | (54,878) | - | - | - |
| Balance at 31 March 2020 | 2,141,985 | 103,143 | 4,952,085 | 2,067,277 | 31,570,380 | (325,704) | 349,475 | 40,858,641 |

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Three months ended 31 March 2020

| | 3-Months to March 2020 \$'000 | 3-Months to March 2019 \$'000 |
|--|--|--|
| Net profit | 12,004 | 895,084 |
| Adjustments to reconcile net profit to cash flows provided by operating activities: | | |
| Share of results of associated companies | (584,105) | (889,378) |
| Fair value gains on investment properties | (57,823) | (50,460) |
| (Gains)/losses on foreign currency denominated investments | (43,685) | 18,624 |
| Other | 857,952 | 105,598 |
| | <u>184,343</u> | <u>79,468</u> |
| Changes in operating assets and liabilities | | |
| Other assets | 128,761 | 105,183 |
| Other liabilities | (99,935) | (120,063) |
| (Acquisition)/disposal of financial assets at fair value through profit or loss | (72,846) | 59,199 |
| | <u>140,323</u> | <u>123,787</u> |
| Interest received | 15,203 | 23,084 |
| Income tax paid | (43,251) | (5,007) |
| Net cash provided by operations | <u>112,275</u> | <u>141,864</u> |
| Cash flows from investing activities | | |
| (Acquisition)/disposal of investment securities, net | (3,330,593) | 123,595 |
| Additional investment in associated company | (59,890) | (117,465) |
| Other investment activities | (2,043) | (841) |
| Acquisition of property, plant and equipment | (436,274) | (24,824) |
| Dividends from associated companies | 15,781 | 3,846 |
| Net cash used in investing activities | <u>(3,813,019)</u> | <u>(15,689)</u> |
| Cash flows from financing activities | | |
| Dividends paid to equity holders | (264,775) | (280,139) |
| Acquisition of treasury stock | - | (254) |
| Disposal of treasury stock | 1,171 | 23,145 |
| Loan received | 6,495,000 | 60,000 |
| Loans repaid | (2,024,906) | (46,941) |
| Interest paid | (221,879) | (167,455) |
| Other financing activities | (3,410) | (1,645) |
| Net cash provided by/(used in) financing activities | <u>3,981,201</u> | <u>(413,289)</u> |
| Net increase/(decrease) in cash and cash equivalents | 280,457 | (287,114) |
| Cash & cash equivalents at beginning of the period | <u>1,684,387</u> | <u>1,267,163</u> |
| Cash & cash equivalents at end of the period | <u><u>1,964,844</u></u> | <u><u>980,049</u></u> |
| Comprising of: | | |
| Cash at bank and in hand | 162,039 | 187,704 |
| Short term deposits | 262,838 | 331,256 |
| Securities purchased under agreement to resell | 1,545,517 | 484,784 |
| Overdraft | (5,550) | (23,695) |
| | <u><u>1,964,844</u></u> | <u><u>980,049</u></u> |

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Financial Information by Business Segments

March 31, 2020

| | Property Management & Rental \$'000 | Investments \$'000 | Other Services \$'000 | Total \$'000 |
|--|--|-----------------------|-----------------------------|-------------------|
| REVENUE | | | | |
| External | 870,204 | (1,090,728) | 17,921 | (202,603) |
| Inter-segment | 3,620 | 44,392 | - | - |
| Total revenue | <u>873,824</u> | <u>(1,046,336)</u> | <u>17,921</u> | <u>(202,603)</u> |
| Segment results | 541,939 | (1,209,048) | 12,348 | (654,761) |
| Interest expense | (48,105) | (130,666) | - | (145,822) |
| | <u>493,834</u> | <u>(1,339,714)</u> | <u>12,348</u> | <u>(800,583)</u> |
| Share of results of associated companies | - | 584,105 | - | 584,105 |
| Profit/(loss) before taxation | <u>493,834</u> | <u>(755,609)</u> | <u>12,348</u> | <u>(216,478)</u> |
| Taxation | (8,773) | 237,503 | (248) | 228,482 |
| Net profit/(loss) | <u>485,061</u> | <u>(518,106)</u> | <u>12,100</u> | <u>12,004</u> |
| Segment assets | 12,239,757 | 15,729,169 | 360,701 | 26,360,580 |
| Investment in associated companies | - | 29,880,379 | - | 29,880,379 |
| Total assets | <u>12,239,757</u> | <u>45,609,548</u> | <u>360,701</u> | <u>56,240,959</u> |
| Segment liabilities | <u>3,477,152</u> | <u>13,736,387</u> | <u>137,825</u> | <u>15,382,318</u> |

March 31, 2019

| | Property Management & Rental \$'000 | Investments \$'000 | Other Service \$'000 | Total \$'000 |
|--|--|-----------------------|----------------------------|-------------------|
| REVENUE | | | | |
| External | 471,417 | 96,724 | 14,934 | 583,075 |
| Inter-segment | 5,736 | 43,584 | - | - |
| Total revenue | <u>477,153</u> | <u>140,308</u> | <u>14,934</u> | <u>583,075</u> |
| Segment results | 185,229 | (3,247) | 8,148 | 190,130 |
| Interest expense | (49,708) | (154,946) | - | (171,382) |
| | <u>135,521</u> | <u>(158,193)</u> | <u>8,148</u> | <u>18,748</u> |
| Share of results of associated companies | - | 889,378 | - | 889,378 |
| Profit before taxation | <u>135,521</u> | <u>731,185</u> | <u>8,148</u> | <u>908,126</u> |
| Taxation | (5,031) | (7,803) | (208) | (13,042) |
| Net profit | <u>130,490</u> | <u>723,382</u> | <u>7,940</u> | <u>895,084</u> |
| Segment assets | 10,617,456 | 9,709,003 | 245,043 | 19,120,805 |
| Investment in associated companies | - | 28,124,801 | - | 28,124,801 |
| Total assets | <u>10,617,456</u> | <u>37,833,804</u> | <u>245,043</u> | <u>47,245,606</u> |
| Segment liabilities | <u>2,986,870</u> | <u>10,183,463</u> | <u>57,680</u> | <u>11,777,316</u> |

Notes to the Unaudited Consolidated Interim Financial Statements

31 March 2020

1. Basis of preparation

The unaudited consolidated interim financial statements have been prepared in accordance with IAS 34 “interim Financial Reporting”. The consolidated interim financial statements should be read in conjunction with the accounting policies as outlined in note 2 of the 31 December 2019 audited financial statements.