

Interim Unaudited
Consolidated
Financial Statements

30 June 2020

Interim Report to Stockholders
For the six months ended 30 June 2020

On behalf of the Board of Directors, we present the unaudited consolidated financial statements of PanJam Investment Limited for the six months ended 30 June 2020.

Highlights

- Net profit attributable to shareholders of \$489 million for the quarter (2019: \$3,055 million); and \$494 million for the six months (2019: \$3,947 million)
- Earnings per stock unit for the quarter of \$0.46 (2019: \$2.92); and \$0.47 for the six months (2019: \$3.76)
- Book value per stock unit of \$40.32 at 30 June 2020 (31 December 2019: \$40.36)
- Ordinary dividend paid during the quarter of \$0.275 (2019: \$0.265)

Overview

The COVID-19 pandemic continues to have a significant impact on Jamaica. While global financial markets experienced significant volatility in the quarter, the group's securities portfolio broadly retained its value during the second quarter, resulting in a loss of \$61 million. Our real estate assets, again, demonstrated resilience, with our property segment performing admirably over the three-month period. Our associated companies, which operate in a number of industries, have seen varying levels of impact. Positive highlights of their performance include the strong results produced by New Castle Company (the owners of the Walkerswood brand) and Sagicor Group Jamaica ("Sagicor")'s core insurance and employee benefits business lines.

The closure of the country's borders during the second quarter of 2020, along with other government-imposed measures, have resulted in reduced economic activity, particularly in tourism and travel-related businesses. This can be seen in the losses generated by our associated company investments, which include hotel operations and adventure tours.

The group's Business Continuity Committee has established COVID-19 protocols for all of our owned and managed buildings in order to maintain the health and safety of our team members and our tenants, including "working-from-home" protocols for the majority of persons during the second quarter of 2020.

PanJam has spent decades creating a robust balance sheet, specifically for times such as these. As at the end of June, the group held cash and cash equivalents of \$2.2 billion and maintained a conservative leverage ratio which, when combined, would enable us to raise financing in order to capitalize on attractively-priced investment opportunities that may arise.

Notwithstanding the strength of balance sheet, management has taken a number of steps to preserve cash, including rigid cost containment exercises and the suspension of quarterly dividends for both May and August 2020 as we navigate the uncertain timeline associated with this pandemic.

Income Statement

Net profit attributable to owners of \$489 million for the three months ended 30 June 2020 was significantly below the \$3,055 million recorded in the same period in 2019. Last year's results were heavily influenced by unrealized gains from our portfolio of Jamaican equities, which were largely erased in the first quarter of 2020. The decline in the second quarter's profit compared to last year was also driven by a decline in share of results of associated companies, as well as a non-recurring gain on the disposal of shares in associated companies of \$941 million in 2019. Earnings per stock unit for the quarter were \$0.46 (2019: \$2.92).

Our securities trading portfolio suffered a minor loss for the quarter, in line with movements in stock and bond prices both locally and globally. Our portfolio composition, including our exposure to Jamaican equities, reflects our confidence in our nation's eventual economic recovery and our well-defined approach to investment risk management.

Net profit attributable to owners for the six months ended 30 June 2020 amounted to \$494 million (2019: \$3,947 million), equivalent to earnings per stock unit of \$0.47 (2019: \$3.76). Performance was heavily influenced by investment losses of \$1,145 million (2019: \$1,278 million of income), a decrease of \$1,001 million in our share of results of associated companies, and the second quarter non-recurring gain on the disposal of shares in associated companies of \$941 million in 2019, which more than offset increases of \$162 million in property income and \$294 million in other income. Investment losses were driven by unrealized losses in our portfolio of local and overseas securities, despite higher interest, 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 our Bamboo Avenue property in Kingston.

With stable occupancy levels, year-to-date property income grew 17 per cent when compared to the same period in 2019. Our relationships with our tenants have grown stronger and, on that basis, we believe that our properties will continue to hold significant value.

Six-month operating expenses of \$824 million (2019: \$847 million) decreased as a result of cost-saving measures. Finance costs for the same period of \$378 million (2019: \$378 million) were flat when compared to 2019 as a result of lower average interest rates on a larger debt portfolio.

Associated Companies

The results of associated companies consist principally of our 30.2% investment in Sagicor. We also hold minority positions in a number of diverse private entities.

Our share of results of associated companies for the first six months of 2020 decreased by \$1 billion, or 47 percent, driven principally by Sagicor's results, but also negatively influenced by results from the Courtyard by Marriott Kingston and Chukka Caribbean Adventures, both of which saw little business activity during the second quarter due to the COVID-19 pandemic.

Balance Sheet

Total assets at June 30, 2020 amounted to \$58.1 billion, compared to \$54.4 billion at December 31, 2019 and \$50.3 billion at June 30, 2019. Stockholders' equity of \$42.7 billion was relatively flat to the 31 December 2019 balance of \$42.7 billion. This equates to a book value per stock unit of \$40.32 (December 31, 2019: \$40.36).

Outlook

We remain mindful of our responsibilities as corporate citizens and nation builders. Through the C.B. Facey Foundation, we continue to provide food packages to families in the Boys' Town community. In partnership with the Private Sector Organization of Jamaica, the Red Cross and Seprod, our team members are proud to participate in the packaging of food items for distribution to the communities that need them most.

We applaud our government leaders in their efforts to safeguard the Jamaican people; particularly the healthcare workers on the front lines. We also support the government in its efforts to restore normalcy to business activities in a safe manner so as to enable our economic recovery. Investment holding companies, such as PanJam, can play a vital role through the deployment of capital and we stand ready to provide our support when and where needed.

We are extremely grateful to, and proud of, the PanJam and Jamaica Property teams, and we appreciate the guidance provided by our Directors as we continue to navigate these uncertain and challenging times. We thank you, our shareholders, for your patience and trust.



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
Six months ended 30 June 2020

	3 Months to Jun-20 \$'000	3 Months to Jun-19 \$'000	YTD Jun-20 \$'000	YTD Jun-19 \$'000
Income				
Investments	(61,260)	1,184,367	(1,145,114)	1,278,489
Property	579,849	479,280	1,098,005	936,199
Other	19,759	57,056	382,854	89,090
	538,348	1,720,703	335,745	2,303,778
Operating expenses	(382,403)	(446,321)	(824,485)	(847,487)
Net impairment losses on financial assets	(18,505)	(23,974)	(28,581)	(15,753)
Operating profit/(loss)	137,440	1,250,408	(517,321)	1,440,538
Finance costs	(231,879)	(206,959)	(377,701)	(378,341)
	(94,439)	1,043,449	(895,022)	1,062,197
Gain on disposal of shares in associated companies	-	941,001	-	941,001
Share of results of associated companies	538,294	1,233,810	1,122,399	2,123,188
	443,855	3,218,260	227,377	4,126,386
Profit before taxation	443,855	3,218,260	227,377	4,126,386
Taxation	54,549	(157,561)	283,031	(170,603)
Net profit	498,404	3,060,699	510,408	3,955,783
Net profit attributable to:				
Owners of the parent	488,729	3,055,232	493,643	3,946,852
Non-controlling interest	9,675	5,467	16,765	8,931
	498,404	3,060,699	510,408	3,955,783
Earnings per stock unit attributable to owners of the parent for the period	\$0.46	\$2.92	\$0.47	\$3.76

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Six months ended 30 June 2020

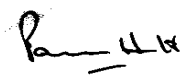
	3 Months to Jun-20 \$'000	3 Months to Jun-19 \$'000	YTD Jun-20 \$'000	YTD Jun-19 \$'000
Net profit for the period	498,404	3,060,699	510,408	3,955,783
Other comprehensive income, net of taxes:				
<i>Items that will not be reclassified to profit or loss</i>				
Change in the fair value of equity instruments at fair value through other comprehensive income	(18,247)	15,384	(113,843)	21,054
Share of other comprehensive income of associated company, net of taxation	(4)	2,104	5,498	(121,306)
	(18,251)	17,488	(108,345)	(100,252)
<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	8,413	8,753	(32,368)	21,867
Exchange differences on translating foreign operations	7,355	4,456	7,601	2,135
Share of other comprehensive income of associated company	1,766,322	806,092	(68,969)	1,711,639
Other comprehensive income/(loss) for the period, net of tax	1,782,090	819,301	(93,736)	1,735,641
Total comprehensive income for the period	2,262,243	3,897,488	308,327	5,591,172
Total comprehensive income attributable to				
Owners of the parent	2,252,568	3,892,021	291,562	5,582,241
Non-controlling interest	9,675	5,467	16,765	8,931
	2,262,243	3,897,488	308,327	5,591,172

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 30 June 2020

	Unaudited June 2020 \$'000	Audited December 2019 \$'000	Unaudited June 2019 \$'000
ASSETS			
Cash and Bank Balances	133,878	160,129	125,516
Investments			
Deposits	815,329	699,319	624,848
Securities			
Financial assets at fair value through other comprehensive income	4,058,323	797,232	827,900
Financial assets at fair value through profit and loss	7,191,108	8,961,181	7,794,599
Financial assets at amortised cost	178,594	229,835	87,086
Securities purchased under agreements to resell	1,262,244	852,326	1,196,059
Investment properties	9,373,557	9,026,597	8,459,594
Investment in associated companies	31,664,131	31,078,668	28,634,961
	54,543,286	51,645,158	47,625,047
Other assets			
Taxation recoverable	66,568	77,140	71,320
Development in progress projects	854,991	1,167,831	1,157,999
Prepayments and miscellaneous assets	1,178,522	626,646	784,770
Property, plant and equipment	1,300,799	675,356	509,539
Intangibles	49,257	48,717	33,082
	3,450,137	2,595,690	2,556,710
	58,127,301	54,400,977	50,307,273
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	92,254	89,376	65,432
Property revaluation reserve	5,094,627	4,897,207	4,524,475
Investment and other reserves	3,801,706	4,029,178	3,938,179
Retained earnings	31,916,567	31,911,597	28,469,352
Treasury stock	(338,952)	(326,142)	(327,115)
	42,708,187	42,743,201	38,812,308
Non-controlling interest	359,150	342,385	309,376
	43,067,337	43,085,586	39,121,684
Liabilities			
Bank overdraft	5,645	5,206	4,935
Taxation payable	-	88,286	104,487
Loan liabilities	13,697,938	9,343,742	9,603,397
Lease liabilities	38,041	40,504	42,204
Deferred tax liabilities	329,342	637,805	526,812
Retirement benefit liabilities	412,564	370,254	286,696
Other liabilities	576,434	829,594	617,058
Total liabilities	15,059,964	11,315,391	11,185,589
	58,127,301	54,400,977	50,307,273



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 30 June 2020

30-Jun-19

\-----Owners Of The Parent-----/								
	Share Capital	Equity Compensation reserve	Property Revaluation Reserves	Investment and other reserves	Retained Earnings	Treasury Shares	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	-	-	-	-	3,946,852	-	8,931	3,955,783
Other comprehensive income	-	-	-	1,635,389	-	-	-	1,635,389
Total comprehensive income for the period	-	-	-	1,635,389	3,946,852	-	8,931	5,591,172
Transactions with owners								
Dividends paid	-	-	-	-	(560,489)	-	-	(560,489)
Employee share option scheme value of services provided	-	23,812	-	-	-	-	-	23,812
Employee share grants/options issued	-	(32,336)	-	56,781	-	111,472	-	135,917
Acquisition of treasury stocks	-	-	-	-	-	(132,680)	-	(132,680)
Change in reserves of associated company	-	-	-	29,836	-	-	-	29,836
Transfer of unrealised property revaluation gains	-	-	100,920	-	(100,920)	-	-	-
Balance at 30 June 2019	2,141,985	65,432	4,524,475	3,938,179	28,469,352	(327,115)	309,376	39,121,684

30-Jun-20

\-----Owners Of The Parent-----/								
	Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and other reserves	Retained Earnings	Treasury Shares	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	-	-	-	-	493,643	-	16,765	510,408
Other comprehensive income	-	-	-	(202,081)	-	-	-	(202,081)
Total comprehensive income for the period	-	-	-	(202,081)	493,643	-	16,765	308,327
Transactions with owners								
Dividends paid	-	-	-	-	(291,253)	-	-	(291,253)
Employee share option scheme value of services provided	-	27,534	-	-	-	-	-	27,534
Employee share grants/options issued	-	(24,656)	-	6,600	-	19,218	-	1,162
Acquisition of treasury stocks	-	-	-	-	-	(32,028)	-	(32,028)
Change in reserves of associated company	-	-	-	(31,991)	-	-	-	(31,991)
Transfer of unrealised property revaluation gains	-	-	197,420	-	(197,420)	-	-	-
Balance at 30 June 2020	2,141,985	92,254	5,094,627	3,801,706	31,916,567	(338,952)	359,150	43,067,337

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Six months ended 30 June 2020

	6-Months to June 2020 \$'000	6-Months to June 2019 \$'000
Net profit	510,408	3,955,783
Adjustments to reconcile net profit to cash flows provided by operating activities:		
Share of results of associated companies	(1,122,399)	(2,123,188)
Fair value gains on investment properties	(204,184)	(100,920)
Gains on foreign currency denominated investments	(122,036)	(61,572)
Gain on disposal of shares in associated companies	-	(941,001)
Unrealised losses/(gains) on financial assets at fair value through profit or loss	1,487,434	(1,043,261)
Other	(245,314)	602,387
	<u>303,909</u>	<u>288,228</u>
Changes in operating assets and liabilities		
Other assets	(167,998)	(242,565)
Other liabilities	59,591	92,973
Disposal/(acquisition) of financial assets at fair value through profit or loss	318,687	(13,167)
	<u>514,189</u>	<u>125,469</u>
Interest received	74,199	42,749
Income tax paid	(65,427)	(16,143)
Net cash provided by operations	<u>522,961</u>	<u>152,075</u>
Cash flows from investing activities		
Acquisition of investment securities, net	(3,262,483)	(155,718)
Additional investment in associated company	(59,890)	-
Proceeds from disposal of shares in associated companies	-	1,647,867
Proceeds from disposal of land awaiting development	650,000	-
Other investment activities	(39,075)	(233,113)
Acquisition of property, plant and equipment	(755,302)	(86,397)
Dividends from associated companies	29,476	981,665
Net cash (used in)/provided by investing activities	<u>(3,437,274)</u>	<u>2,154,304</u>
Cash flows from financing activities		
Dividends paid to equity holders	(556,028)	(560,489)
Acquisition of treasury stock	(32,028)	(132,680)
Disposal of treasury stock	19,218	111,472
Loan received	6,495,000	2,801,523
Loans repaid	(2,049,606)	(3,811,162)
Interest paid	(439,561)	(324,835)
Other financing activities	(2,463)	(3,314)
Net cash provided by/(used in) financing activities	<u>3,434,532</u>	<u>(1,919,485)</u>
Net increase in cash and cash equivalents	520,219	386,894
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>2,204,606</u></u>	<u><u>1,654,057</u></u>
Comprising of:		
Cash at bank and in hand	133,878	125,516
Short term deposits	810,669	331,564
Securities purchased under agreement to resell	1,265,704	1,201,912
Overdraft	(5,645)	(4,935)
	<u><u>2,204,606</u></u>	<u><u>1,654,057</u></u>

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

June 30, 2020

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	1,485,141	(1,181,744)	32,348	-	335,745
Inter-segment	12,892	88,900	-	(101,792)	-
Total revenue	1,498,033	(1,092,844)	32,348	(101,792)	335,745
Segment results	856,447	(1,396,190)	22,422	-	(517,321)
Interest expense	(96,240)	(347,473)	-	66,012	(377,701)
	760,207	(1,743,663)	22,422	66,012	(895,022)
Share of results of associated companies	-	1,122,399	-	-	1,122,399
Profit/(loss) before taxation	760,207	(621,264)	22,422	66,012	227,377
Taxation	(14,600)	298,284	(653)	-	283,031
Net profit/(loss)	745,607	(322,980)	21,769	66,012	510,408
Segment assets	12,331,687	15,294,326	538,048	(1,700,891)	26,463,170
Investment in associated companies	-	31,664,131	-	-	31,664,131
Total assets	12,331,687	46,958,457	538,048	(1,700,891)	58,127,301
Segment liabilities	3,300,198	13,268,326	192,331	(1,700,891)	15,059,964

June 30, 2019

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	984,149	1,287,141	32,488	-	2,303,778
Inter-segment	10,797	87,750	-	(98,547)	-
Total revenue	994,946	1,374,891	32,488	(98,547)	2,303,778
Segment results	366,515	1,052,630	21,393	-	1,440,538
Interest expense	(97,633)	(346,078)	-	65,370	(378,341)
	268,882	706,552	21,393	65,370	1,062,197
Gain on disposal of shares in associated companies	-	941,001	-	-	941,001
Share of results of associated companies	-	2,123,188	-	-	2,123,188
Profit before taxation	268,882	3,770,741	21,393	65,370	4,126,386
Taxation	(14,984)	(155,252)	(367)	-	(170,603)
Net profit	253,898	3,615,489	21,026	65,370	3,955,783
Segment assets	10,864,072	11,831,470	463,872	(1,487,102)	21,672,312
Investment in associated companies	-	28,634,961	-	-	28,634,961
Total assets	10,864,072	40,466,431	463,872	(1,487,102)	50,307,273
Segment liabilities	3,106,185	9,307,596	258,910	(1,487,102)	11,185,589

Notes to the Unaudited Consolidated Interim Financial Statements

30 June 2020

1. Basis of preparation

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

2. Impact of Covid-19

In March 2020, the World Health Organisation (WHO) declared the COVID-19 virus a global pandemic. To aid in curtailing the spread of the virus, the Government of Jamaica has enacted the National Disaster Risk Management Act and has implemented a number of related measures including the closure of the country’s borders for a period. These measures have resulted in reduced economic activity across many industries, including all tourism and travel-related businesses.

The group’s Business Continuity Committee, guided by directives from the Ministry of Health and Wellness, has established COVID-19 protocols for all of its owned and managed buildings in order to maintain the health and safety of our team members and those of our tenants, including working from home for the majority of persons for the 2nd quarter of 2020.

Globally, financial markets have experienced significant volatility, while in Jamaica equity prices have declined from December 2019 levels. For the six months ended June 30 2020 the group has recorded unrealized trading losses on its financial assets at fair value through profit or loss (FVTPL), as well as its proportionate share of losses from its associated company investments most affected by the pandemic including hotel operations and adventure tours.