



Interim Unaudited
Consolidated
Financial Statements

30 September 2020

Interim Report to Stockholders
For the nine months ended 30 September 2020

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

Highlights

- Net profit attributable to shareholders of \$1.5 billion for the quarter (2019: \$2.5 billion); and \$2.0 billion for the nine months (2019: \$6.4 billion)
- Earnings per stock unit for the quarter of \$1.45 (2019: \$2.38); and \$1.91 for the nine months (2019: \$6.13)
- Book value per stock unit of \$42.20 at 30 September 2020 (31 December 2019: \$40.36)

Overview

The COVID-19 pandemic continues to have a significant impact on Jamaica. While global financial markets experienced volatility in the quarter, the group's securities portfolio broadly retained its value during the third quarter.

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 Sagikor Group Jamaica ("Sagikor"), New Castle Company (the owners of the Walkerswood brand) and Outsourcing Management Limited (itelbpo).

PanJam's three-pronged strategy ensures that there is balance in times of crisis. Of note, PanJam's real estate assets have continued to demonstrate real resilience, with property results improving year on year.

Income Statement

Net profit attributable to shareholders of \$1.5 billion for the three months ended 30 September 2020 decreased by 39 per cent from the \$2.5 billion recorded in the same period in 2019. Last year's results were heavily influenced by unrealized gains from our portfolio of Jamaican equities as well as gains on the disposal of shares in associated companies. Earnings per stock unit for the quarter were \$1.45 (2019: \$2.38).

Net profit attributable to owners for the nine months ended 30 September 2020 amounted to \$2.0 billion (2019: \$6.4 billion), equivalent to earnings per stock unit of \$1.91 (2019: \$6.13). Performance was heavily influenced by investment losses of \$1.2 billion recorded in the first nine months of the year (2019: \$2.0 billion of income), a decrease of \$668 million in our share of results of associated companies, and the non-recurring gain on the disposal of shares in

associated companies of \$1.6 billion in 2019, which more than offset increases of \$180 million in property income and \$291 million in other income.

Investment losses for the nine-month period were driven by unrealized losses in our portfolio of local and overseas securities, despite higher interest, dividend income, and foreign exchange gains. With stable occupancy levels, year-to-date property income grew 13 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. Other income was boosted by gains from the sale of our Bamboo Avenue property in Kingston.

Nine-month operating expenses of \$1.2 billion were slightly lower than last year as cost-saving measures more than offset inflationary increases. Finance costs for the same period of \$607 million increased by 17 per cent when compared to 2019 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 nine months of 2020 decreased by \$668 million, or 19 per cent, driven by Sagicor's results, but also negatively influenced by results from the Courtyard by Marriott Kingston and Chukka Caribbean Adventures, both of which continue to see little business activity due to the COVID-19 pandemic.

Balance Sheet

Total assets at 30 September 2020 amounted to \$60.2 billion, compared to \$54.4 billion at 31 December 2019 and \$52.9 billion at 30 September 2019. Stockholders' equity of \$44.8 billion was 5 per cent higher relative to the 31 December 2019 balance of \$42.7 billion. This equates to a book value per stock unit of \$42.20 (31 December 2019: \$40.36).

Outlook

Looking ahead, while there is no clear end in sight for the pandemic, we believe that our current challenges are temporary, and we will see a measured return to normalcy.

In the meantime, PanJam is well positioned to withstand the continued impact of this uncertainty. We have spent decades creating a robust balance sheet, specifically for times such as these. As at the end of September 2020, PanJam held cash and cash equivalents of \$2.1 billion and maintained conservative leverage which, when combined, would enable us to raise financing in order to capitalize on attractively-priced investment opportunities that may arise.

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****Nine months ended 30 September 2020**

	3 Months to Sep-20 \$'000	3 Months to Sep-19 \$'000	YTD Sep-20 \$'000	YTD Sep-19 \$'000
Income				
Investments	(6,183)	680,733	(1,151,297)	1,959,222
Property	507,073	489,258	1,605,078	1,425,457
Other	27,136	29,909	409,990	118,999
	528,026	1,199,900	863,771	3,503,678
Operating expenses	(414,248)	(422,634)	(1,238,733)	(1,270,121)
Net impairment on financial assets	(39,701)	(15,598)	(68,282)	(31,351)
Operating profit/(loss)	74,077	761,668	(443,244)	2,202,206
Finance costs	(229,165)	(142,172)	(606,866)	(520,513)
	(155,088)	619,496	(1,050,110)	1,681,693
Gain on disposal of shares in associated companies	-	682,135	-	1,623,136
Share of results of associated companies	1,751,058	1,418,233	2,873,457	3,541,421
	1,595,970	2,719,864	1,823,347	6,846,250
Profit before taxation	1,595,970	2,719,864	1,823,347	6,846,250
Taxation	(54,561)	(216,021)	228,470	(386,624)
Net profit	1,541,409	2,503,843	2,051,817	6,459,626
Net profit attributable to:				
Owners of the parent	1,534,445	2,499,164	2,028,088	6,446,016
Non-controlling interest	6,964	4,679	23,729	13,610
	1,541,409	2,503,843	2,051,817	6,459,626
Earnings per stock unit attributable to owners of the parent for the period	\$1.45	\$2.38	\$1.91	\$6.13

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

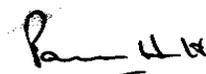
	3 Months to Sep-20 \$'000	3 Months to Sep-19 \$'000	YTD Sep-20 \$'000	YTD Sep-19 \$'000
Net profit for the period	1,541,409	2,503,843	2,051,817	6,459,626
Other comprehensive income, net of taxes:				
<i>Items that will not be reclassified to profit or loss</i>				
Change in the fair value of equity instruments at fair value through other comprehensive income	34,806	24,736	(79,037)	45,790
Share of other comprehensive income of associated company, net of taxation	(661,265)	3,144	(655,767)	(118,162)
	(626,459)	27,880	(734,804)	(72,372)
<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	35,615	2,240	3,247	24,107
Exchange differences on translating foreign operations	(528)	3,540	7,073	5,675
Share of other comprehensive income of associated company	1,116,339	405,530	1,047,370	2,117,169
Other comprehensive income for the period, net of tax	1,151,426	411,310	1,057,690	2,146,951
Total comprehensive income for the period	2,066,376	2,943,033	2,374,703	8,534,205
Total comprehensive income attributable to				
Owners of the parent	2,059,412	2,938,454	2,350,974	8,520,695
Non-controlling interest	6,964	4,579	23,729	13,510
	2,066,376	2,943,033	2,374,703	8,534,205

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

	Unaudited September 2020 \$'000	Audited December 2019 \$'000	Unaudited September 2019 \$'000
ASSETS			
Cash and Bank Balances	147,456	160,129	169,123
Investments			
Deposits	819,977	699,319	327,866
Securities			
Financial assets at fair value through other comprehensive income	3,849,463	797,232	830,644
Financial assets at fair value through profit and loss	6,963,719	8,961,181	9,016,204
Financial assets at amortised cost	295,398	229,835	89,892
Securities purchased under agreements to resell	1,090,704	852,326	890,514
Investment properties	9,424,603	9,026,597	8,510,526
Investment in associated companies	33,844,337	31,078,668	30,521,224
	56,288,201	51,645,158	50,186,870
Other assets			
Taxation recoverable	95,251	77,140	69,647
Development in progress projects	865,244	1,167,831	1,160,918
Prepayments and miscellaneous assets	1,210,081	626,646	669,612
Property, plant and equipment	1,594,129	675,356	624,693
Intangibles	48,717	48,717	33,082
	3,813,422	2,595,690	2,557,952
	60,249,079	54,400,977	52,913,945
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	89,304	89,376	77,338
Property revaluation reserve	5,143,982	4,897,207	4,574,935
Investment and other reserves	4,377,918	4,029,178	4,302,033
Retained earnings	33,401,657	31,911,597	30,579,568
Treasury stock	(374,301)	(326,142)	(327,369)
	44,780,545	42,743,201	41,348,490
Non-controlling interest	318,114	342,385	314,055
	45,098,659	43,085,586	41,662,545
Liabilities			
Bank overdraft	8,416	5,206	5,119
Taxation payable	24,701	88,286	172,684
Loan liabilities	13,699,635	9,343,742	9,570,667
Lease liabilities	36,765	40,504	41,484
Deferred tax liabilities	375,081	637,805	634,870
Retirement benefit liabilities	433,676	370,254	304,576
Other liabilities	572,146	829,594	522,000
Total liabilities	15,150,420	11,315,391	11,251,400
	60,249,079	54,400,977	52,913,945



Chairman & Chief Executive Officer



Director & Deputy Chief Executive Officer

PANJAM INVESTMENT LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Changes in Equity
for the period ended 30 September 2020

30-Sep-19

-----Owners Of The Parent-----/

	Share Capital \$'000	Equity Compensation reserve \$'000	Property Revaluation Reserves \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'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	-	-	-	-	6,446,016	-	13,610	6,459,626
Other comprehensive income	-	-	-	2,074,579	-	-	-	2,074,579
Total comprehensive income for the period	-	-	-	2,074,579	6,446,016	-	13,610	8,534,205
Transactions with owners								
Employee share option scheme value of services provided	-	35,718	-	-	-	-	-	35,718
Employee share grants/options issued	-	(32,336)	-	56,781	-	111,472	-	135,917
Dividends paid to equity holders of the company	-	-	-	-	(841,146)	-	-	(841,146)
Share purchase plan	-	-	-	3,234	-	5,624	-	8,858
Acquisition of treasury stocks	-	-	-	-	-	(138,558)	-	(138,558)
Change in reserves of associated company	-	-	-	(48,734)	(57,831)	-	-	(106,565)
Transfer of unrealised property revaluation gains	-	-	151,380	-	(151,380)	-	-	-
Balance at 30 September 2019	2,141,985	77,338	4,574,935	4,302,033	30,579,568	(327,369)	314,055	41,662,545

30-Sep-20

-----Owners Of The Parent-----/

	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2020	2,141,985	89,376	4,897,207	4,029,178	31,911,597	(326,142)	342,385	43,085,586
Comprehensive income								
Net profit	-	-	-	-	2,028,088	-	23,729	2,051,817
Other comprehensive income	-	-	-	322,886	-	-	-	322,886
Total comprehensive income for the period	-	-	-	322,886	2,028,088	-	23,729	2,374,703
Dividends paid to non-controlling interest	-	-	-	-	-	-	(48,000)	(48,000)
Transactions with owners								
Employee share option scheme value of services provided	-	41,301	-	-	-	-	-	41,301
Employee share grants/options issued	-	(41,373)	-	57,015	-	27,098	-	42,740
Dividends paid to equity holders of the company	-	-	-	-	(291,253)	-	-	(291,253)
Share purchase plan	-	-	-	763	-	497	-	1,260
Acquisition of treasury stocks	-	-	-	-	-	(75,754)	-	(75,754)
Change in reserves of associated company	-	-	-	(31,924)	-	-	-	(31,924)
Transfer of unrealised property revaluation gains	-	-	246,775	-	(246,775)	-	-	-
Balance at 30 September 2020	2,141,985	89,304	5,143,982	4,377,918	33,401,657	(374,301)	318,114	45,098,659

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

	9-Months to September 2020 \$'000	9-Months to September 2019 \$'000
Net profit	2,051,817	6,459,626
Adjustments to reconcile net profit to cash flows provided by operating activities:		
Share of results of associated companies	(2,873,457)	(3,541,421)
Fair value gains on investment properties	(255,230)	(151,380)
Gains on foreign currency denominated investments	(170,241)	(107,826)
Gain on disposal of shares in associated companies	-	(1,623,136)
Unrealised losses/(gains) on financial assets at fair value through profit or loss	1,622,334	(1,582,705)
Other	90,976	998,293
	466,199	451,451
Changes in operating assets and liabilities		
Other assets	(199,232)	(110,906)
Other liabilities	7,444	(2,085)
Disposal/(acquisition) of financial assets at fair value through profit or loss	418,048	(675,930)
	692,459	(337,470)
Interest received	124,866	61,345
Income tax paid	(75,376)	(55,909)
Net cash provided by/(used in) operations	741,949	(332,034)
Cash flows from investing activities		
(Acquisition)/disposal of investment securities, net	(3,042,237)	161,952
Additional investment in associated companies	(62,075)	(1,117,561)
Proceeds from disposal of shares in associated companies	-	2,760,951
Proceeds from disposal of land awaiting development	650,000	-
Other investment activities	(156,435)	(34,905)
Acquisition of property, plant and equipment	(948,010)	(210,928)
Return of investment in associated company	-	72,400
Dividends from associated companies	57,635	1,168,534
Net cash (used in)/provided by investing activities	(3,501,122)	2,800,443
Cash flows from financing activities		
Dividends paid to equity holders	(556,028)	(841,146)
Dividends paid to non-controlling interest	(48,000)	-
Acquisition of treasury stock	(75,754)	(19,481)
Disposal of treasury stock	27,595	21,523
Loan received	6,495,000	2,820,390
Loans repaid	(2,074,868)	(3,849,673)
Interest paid	(641,767)	(480,093)
Other financing activities	(3,739)	(4,042)
Net cash provided by/(used in) financing activities	3,122,439	(2,352,522)
Net increase in cash and cash equivalents	363,266	115,887
Cash & cash equivalents at beginning of the period	1,684,387	1,267,162
Cash & cash equivalents at end of the period	2,047,653	1,383,049
Comprising of:		
Cash at bank and in hand	147,456	169,123
Short term deposits	815,269	326,284
Securities purchased under agreement to resell	1,093,344	892,761
Overdraft	(8,416)	5,119
	2,047,653	1,393,287

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

September 30, 2020

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	2,016,594	(1,199,815)	46,993	-	863,771
Inter-segment	18,404	172,825	-	(191,229)	-
Total revenue	2,034,998	(1,026,990)	46,993	(191,229)	863,771
Segment results	1,075,823	(1,551,560)	32,493	-	(443,244)
Interest expense	(130,130)	(562,424)	-	85,688	(606,866)
Share of results of associated companies	945,693	(2,113,984)	32,493	85,688	(1,050,110)
Profit/(loss) before taxation	-	2,873,457	-	-	2,873,457
Taxation	(21,641)	251,062	(951)	-	228,470
Net profit/(loss)	924,052	1,010,535	31,542	85,688	2,051,817
Segment assets	12,591,854	15,290,318	477,766	(1,955,196)	26,404,742
Investment in associated companies	-	33,844,337	-	-	33,844,337
Total assets	12,591,854	49,134,655	477,766	(1,955,196)	60,249,079
Segment liabilities	3,423,070	13,427,325	255,221	(1,955,196)	15,150,420

September 30, 2019

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	1,490,469	1,963,542	49,667	-	3,503,678
Inter-segment	16,515	131,665	-	(148,180)	-
Total revenue	1,506,984	2,095,207	49,667	(148,180)	3,503,678
Segment results	543,496	1,624,575	34,135	-	2,202,206
Interest expense	(146,110)	(472,498)	-	98,095	(520,513)
Gain on disposal of shares in associated companies	397,386	1,152,077	34,135	98,095	1,681,693
Share of results of associated companies	-	1,623,136	-	-	1,623,136
Profit before taxation	-	3,541,421	-	-	3,541,421
Taxation	(18,798)	(367,215)	(611)	-	(386,624)
Net profit	378,588	5,949,419	33,524	98,095	6,459,626
Segment assets	10,985,102	12,484,446	413,047	(1,489,874)	22,392,721
Investment in associated companies	-	30,521,224	-	-	30,521,224
Total assets	10,985,102	43,005,670	413,047	(1,489,874)	52,913,945
Segment liabilities	3,084,791	9,464,515	191,968	(1,489,874)	11,251,400

Notes to the Unaudited Consolidated Interim Financial Statements

30 September 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.

2. Impact of Covid-19

In March 2020, the World Health Organisation (WHO) declared the Covid-19 virus a global pandemic and Jamaica confirmed its first case on 10 March. The group’s Business Continuity Committee, guided by the Ministry of Health and Wellness, has established Covid-19 protocols for all its owned and managed buildings in order to maintain the health and safety of its team members and tenants.

To aid in curtailing the spread of the Covid-19 virus, the Government of Jamaica enacted the National Disaster Risk Management Act and implemented related measures, such as the short-term closure of the country's borders, nightly curfews and stay-at-home orders for non-essential services. These measures have impacted the operations of certain tenants, resulting in a higher charge for impairment of tenants’ receivables when compared to 2019.

Uncertainty in the financial markets had an impact on stock and bond prices in 2020. The group has recognized unrealized losses on its financial assets at fair value through profit or loss (FVTPL), which have reduced its investment income, and on its financial assets at fair value through other comprehensive income (FVOCI).