



DIRECTORS' REPORT

On behalf of the Board of Directors of Sagicor Real Estate X Fund Limited (X Fund or the Group), we present the performance of our Group of companies for the nine-months ended September 2020.

OVERVIEW

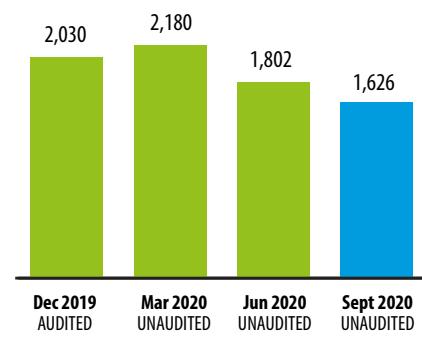
The Group generated net loss attributable to stockholders of \$6.89 billion compared to \$0.064 billion in the prior year. The outbreak of COVID-19 globally has devastated the tourism industry. Business activities at Jewel Grande Montego Bay (JGM) and Playa Hotels & Resorts N.V. (Playa) were halted during the second quarter of the year while DoubleTree by Hilton (DTO) continued operations but at reduced occupancy levels. JGM resumed full operations on July 1st while the Playa resorts began re-opening on a phased basis. The reopening of the tourism sector has improved the outlook for our business activities. Likewise, occupancy levels specifically at DTO have shown steady month on month improvements. However, the uncertainty surrounding patrons' confidence in leisure and travel activities, led to the recording of non-cash impairment charge of \$5.21 billion during the first half of the year on our investment in associated company, Playa.

On June 12, 2020, Playa announced the issue of 4,880,000 ordinary shares priced at U\$4.10 per share and additional debt financing of US\$204 million. This transaction led to a 0.56% reduction in X-Fund's holdings and the Group recorded a loss on dilution of \$0.39 billion. The shareholders of X-Fund Group recorded a \$3.41 billion loss in relation to the impairment charge and the dilution of interest.

Effective September 22nd, 2020, the Group sold its interest in JGM to Sagicor Pooled Investment Fund Limited (PIF). The transaction significantly improved X-Fund's liquidity profile and generated inflows of \$1.6 billion that were used to

X Fund Cash Resources by Quarters

J\$ MILLIONS



HIGHLIGHTS

	September 2020 YTD Unaudited	September 2019 YTD Unaudited	% Change
Total Revenue - J\$ million	2,014.43	4,757.28	-58%
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding impairment charges and loss on dilution of associate) J\$ million	(3,804.04)	1,443.17	-364%
Net Loss attributable to stockholders – J\$ million	(6,885.84)	(64.29)	-10,611%
Earnings per stock unit – J\$	(3.07)	(0.03)	-10,133%
Total Assets – J\$ billion	36.91	51.45	-28%
Stockholders' Equity J\$ billion	18.05	26.48	-32%
JSE X Fund share price – J\$	7.75	10.80	-28%
Market capitalisation – J\$ billion	17.38	24.22	-28%

reduce borrowings. The sale price was based on a recent valuation, but amid the COVID-19 pandemic, property values declined significantly over the prior year resulting in a loss of \$0.39 billion.

Notwithstanding the adverse impact of COVID-19, the Group continues to show a healthy liquidity position, an important indicator of our financial resilience. Cash resources at September 2020 stood at \$1.63 billion. We remain confident that our cash resources are sufficient to meet our forecasted needs.

The book value of X-Fund Group is \$8.05 per share compared to a share price of \$7.75 at September 2020.

EARNINGS

Total revenue was \$2.01 billion, down 58% or \$2.74 billion compared to the same period last year. Our direct hotel operations segment which comprised DTO and JGM contributed \$2.13 billion, 55% below prior year. Travel-related revenue continues to be impacted by the worldwide collapse of the tourism market. Measures to curtail operating and non-critical capital expenses have been ongoing. Hotel expenses of \$1.98 billion for the period represent a 44% reduction over the comparative period. This has helped to cushion some of the impact from the reduction in revenues.

\$2.01B
Total Revenue

\$18.05B
Stockholders' Equity

\$36.91B
Total Assets

\$8.05
Book Value Per Share

Sagicor Real Estate X Fund Limited

Report to our Stockholders | Q3 2020 Performance



REAL ESTATE X FUND

INDIRECT HOTEL & COMMERCIAL OPERATIONS

The Group's indirect hotel and commercial operations comprise investments in Jamziv Mobay Jamaica Portfolio Limited (Jamziv) and units in Sigma Real Estate Portfolio. This segment reflects the share of profits from associate and fair value movement from Sigma Units in the current year. X Fund holds through Jamziv, 60.81% of the 20,000,000 Playa shares, and in the Sigma Real Estate Portfolio holds a 3% interest.

- Jamziv had share of profit from associate of \$0.27 billion in prior year versus a share of loss of \$3.39 billion for the period. The decline in travel and leisure activities has directly impacted the operations of Playa.
- Unrealised capital losses of \$0.12 billion were recorded on our holdings in Sigma Fund as a result of COVID-19.

DIRECT HOTEL OPERATIONS

- JGM recorded a loss for the period of \$0.48 billion compared to net income of \$0.06 billion in the prior year. Current year's results include realized

loss on sale of JGM. Net profit has also been severely impacted and, on the decline, since the worldwide closure of Tourism.

• DTO had performed reasonably well in 2020 considering the impact of COVID-19. The company continues to outperform comparable properties in the Orlando market with occupancy levels of 42% on a year-to-date basis. Hotel revenues for DTO were \$1.85 billion (2019: \$3.87 billion), with EBITDA of \$0.24 billion (2019: \$1.06 billion), and net loss for the period of \$0.48 billion (2019: profit of \$0.19 billion). The reduction compared to last year is as a result of a significant decline in occupancy levels.

Balance Sheet

The Group's total assets were \$36.91 billion at September 2020 and \$49.22 billion at December 2019. Stockholders' Equity as at September 2020 was \$18.05 billion, down 29% from \$25.54 billion as at December 2019. The reductions were due largely to the impairment of our investment in associate. Market capitalization at September 2020 was \$17.38 billion, compared

to \$22.43 billion at December 2019, reflecting the reduction in the share price.

OUTLOOK

Despite the gradual reopening of an increasing number of destinations during the third quarter, this was short-lived as travel restrictions were reimposed by a number of countries amid a resurgence of COVID-19 cases. Up to mid-September these were not lifted for the most part. While the recovery of international tourism may be sluggish, many countries have turned to domestic tourism to reduce the impact caused by the fallout in international demand. Also, Economic data available in October from the International Monetary Fund (IMF) shows improved forecasts, with contraction of GDP in Mexico and the Caribbean being 9.0% and 9.9% in 2020 respectively and about a 4% pickup in 2021.

The outlook remains highly uncertain as much is still unknown about the pace of tourism recovery in 2020 going into 2021 due to the ongoing pandemic and the possibility of a future vaccine. We are carefully monitoring and assessing the

overall impact on the Group and remain committed to the health and wellness of our team, clients and stakeholders by implementing a multidimensional approach to safeguard health, minimize risk and ensure business continuity. The Group remains cautiously optimistic about the future but feels it prudent to take a conservative view of the potential impact of COVID-19 and manage our businesses accordingly.

We thank our stakeholders for the confidence they continue to show in us.

On behalf of The Board of Directors:

CHRISTOPHER ZACCA
Chairman

BRUCE JAMES
Director

05 November 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2020 (Expressed in thousands of Jamaican dollars)

	September 2020 Unaudited	December 2019 Audited	September 2019 Unaudited
ASSETS			
Non-Current Assets			
Property plant and equipment	12,529,095	14,858,281	15,157,965
Goodwill	923	923	923
Investment in Sigma Real Estate Portfolio	747,571	871,643	823,895
Investment property	-	2,033,593	1,922,362
Investment in Associate	20,509,685	27,926,492	29,657,867
Financial investments	188,124	291,094	283,654
TOTAL ASSETS	33,975,398	45,982,026	47,846,666
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Stockholders' Equity attributable to:			
Stockholders' of the company			
Share capital	12,642,512	12,642,512	12,642,512
Equity Reserves	3,437,539	4,052,520	5,021,456
Retained earnings	1,969,344	8,845,934	8,819,958
Non-controlling interests	18,049,395	25,540,966	26,483,926
Total Equity	8,038,001	10,944,404	11,622,923
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	36,907,550	49,222,431	51,447,421
Liabilities			
Non-Current Liabilities			
Deferred income taxes	662,024	1,330,699	1,267,010
Borrowings	8,161,225	7,734,503	6,492,714
	8,823,249	9,065,202	7,759,724
Current Liabilities			
Payables	948,912	994,962	1,406,945
Contractual Liabilities	55,471	248,016	167,821
Borrowings	992,522	2,397,150	3,890,986
Taxation payable	-	31,731	115,096
	1,996,905	3,671,859	5,580,848
Total Liabilities	10,820,154	12,737,061	13,340,572

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the nine months ended 30 September 2020 (Expressed in thousands of Jamaican dollars)

	Q3 2020 Unaudited	Q3 2019 Unaudited	September 2020 Year-to-date Unaudited	September 2019 Year-to-date Unaudited	December 2019 Full Year Audited
Revenue:					
Net investment income	3,840	5,666	14,638	17,552	23,723
Net capital gains/(losses) on financial assets and liabilities	145	26,832	(143,926)	95,772	221,572
Hotel revenue	356,213	1,074,875	1,850,760	3,874,373	5,274,289
Hotel revenue from discontinued operations	2,585	239,794	292,448	769,583	631,949
Other income	-	-	514	-	146,858
Total revenue	362,783	1,347,167	2,014,434	4,757,280	6,298,391
Expenses:					
Hotel expenses	417,067	897,043	1,614,790	2,819,076	3,799,924
Depreciation	213,268	219,137	638,826	572,846	775,426
Interest and other financing costs	155,053	189,556	536,706	542,194	646,050
Other operating expenses	44,013	30,679	80,809	92,321	148,990
Expenses from discontinued operations	96,208	220,565	340,385	676,308	571,186
Loss on sale of the hotel operations	388,449	-	388,449	-	-
Total expenses	1,314,058	1,556,980	3,599,965	4,702,745	5,941,576
Operating (loss)/ profit					
Impairment of investment in associate	(9,525)	-	(5,212,067)	-	-
Dilution of associate	(7,406)	-	(388,153)	-	-
Share of (loss)/ profit from associate	(1,466,827)	(604,971)	(3,394,045)	273,592	(98,662)
(Loss)/ Profit before taxation	(2,435,033)	(814,784)	(10,579,796)	328,127	258,153
Taxation	72,249	(175,462)	169,408	(285,191)	(335,129)
Net (Loss)/ Profit	(2,362,784)	(990,246)	(10,410,388)	42,936	(76,976)
Net (loss)/ profit attributable to:					
Stockholders of the company	(1,781,347)	(753,159)	(6,885,833)	(64,286)	(38,310)
Non-controlling interests	(581,437)	(237,087)	(3,524,555)	107,222	(38,666)
	(2,362,784)	(990,246)	(10,410,388)	42,936	(76,976)
Earnings per stock unit for (loss)/ profit attributable to stockholders of the company:					
Basic and fully diluted	\$0.79	\$0.34	\$3.07	\$0.03	\$0.02
Net (loss)/ profit	(2,362,784)	(990,246)	(10,410,388)	42,936	(76,976)
Other comprehensive income/ (loss), net of taxes:					
Items that may be subsequently reclassified to profit or loss					
Re-translation of foreign operation	675,757	1,063,118	2,687,232	2,116,701	1,336,059
Interest Rate Swap	(192,799)	-	(193,972)	-	(410,058)
Items that will not be subsequently reclassified to profit or loss					
Unrealised (loss)/gain revaluation of property, plant and equipment	(2,500,578)	(11,027)	(2,500,578)	-	(294,191)
Retirement benefit obligations	253,714	-	19,731	-	(16,676)
Total other comprehensive income recognised in stockholders' equity, net of taxes	(1,763,906)	1,052,091	12,413	2,116,701	615,134
Total comprehensive (loss)/ income	(4,126,690)	61,845	(10,397,975)	2,159,637	538,158
Total comprehensive (loss)/ income attributable to:					
Stockholders of the company	(3,673,317)	(8,734)	(7,491,573)	1,430,206	487,246
Non-controlling interests	(453,373)	70,579	(2,906,402)	729,431	50,912
	(4,126,690)	61,845	(10,397,975)	2,159,637	538,158

Christopher Zacca
Chairman
05 November, 2020

Bruce James
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the nine months ended 30 September 2020 (Expressed in thousands of Jamaican dollars)

	Share Capital	Currency Translation Reserve	Fair Value and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Stockholders' Equity
							Stockholders' Equity Unaudited
Period ended 30 September 2020							
Balance as at 31 December 2019	12,642,512	989,864	3,062,656	8,845,934	25,540,966	10,944,404	36,485,370
Total comprehensive income for the period	-	1,904,889	(2,510,627)	(6,885,833)	(7,491,571)	(2,906,403)	(10,397,974)
Transfer between reserves	-	-	(9,243)	9,243	-	-	-
Balance as at 30 September 2020	12,642,512	2,894,753	542,786	1,969,344	18,049,395	8,038,001	26,087,396
Period ended 30 September 2019							
Balance as at 31 December 2018	12,642,512	47,600	3,479,364	8,884,244	25,053,720	10,893,492	35,947,212
Total comprehensive income for the period	-	1,494,492	-	(64,286)	1,430,206	729,431	2,159,637
Balance as at 30 September 2019	12,642,512	1,542,092	3,479,364	8,819,958	26,483,926	11,622,923	38,106,849

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION for the nine months ended 30 September 2020 (Expressed in thousands of Jamaican dollars)

	Direct Hotel Operations (DTO and JGM)	Indirect Hotel & Commercial Operations (Playa and Sigma Units)	Other	Eliminations	September 2020
					Unaudited
Operating results:					
External revenues	2,143,204	-	14,642	-	2,157,846
Net capital losses on financial assets and liabilities	(15,833)	(124,073)	(3,506)	-	(143,412)
Total revenue	2,127,371	(124,073)	11,136	-	2,014,434
Operating expenses	(1,977,392)	(58,592)	-	-	(2,035,984)
Depreciation	(638,826)	-	-	-	(638,826)
Finance costs	(521,930)	(14,776)	-	-	(536,706)
Loss on sale of the hotel operations	(388,449)	-	-	-	(388,449)
Operating (Loss)/ profit	(1,399,226)	(197,441)	11,136	-	(1,585,531)
Impairment of investment in associate	-	(5,212,067)	-	-	(5,212,067)
Loss on dilution of associate	-	(388,153)	-	-	(388,153)
Share of loss from associate	-	(3,394,045)	-	-	(3,394,045)
(Loss) / profit before taxation	(1,399,226)	(9,191,706)	11,136	-	(10,579,796)
Taxation	141,367	31,752	(3,711)	-	169,408
Net (Loss)/ profit	(1,257,859)	(9,159,954)	7,425	-	(10,410,388)
Segment assets:					
Total assets	22,019,353	21,258,179	12,199	(6,382,181)	36,907,550
Segment liabilities:					
Total liabilities	10,474,913	6,677,161	50,261	(6,382,181)	10,820,154
Other Segment items:					
Capital expenditure: Property, plant and equipment					137,029

Geographical Information			
United States of America			
Jamaica			Total
Revenue	163,674	1,850,760	2,014,434
Total Assets	2,057,187	34,850,363	36,907,550

	Direct Hotel Operations (DTO and JGM)	Indirect Hotel & Commercial Operations (Playa and Sigma Units)	Other	Eliminations	September 2019
					Unaudited
Operating results:					
External revenues	4,643,956	-	17,552	-	4,661,508
Net capital gains on financial assets and liabilities	32,904	49,034	13,834	-	95,772
Total revenue	4,676,860	49,034	31,386	-	4,757,280
Operating expenses	(3,531,363)	(56,342)	-	-	(3,587,705)
Depreciation	(572,846)	-	-	-	(572,846)
Finance costs	(413,318)	(128,876)	-	-	(542,194)
Operating Profit / (loss)	159,333	(136,184)	31,386	-	54,535
Share of profit from associate	-	273,592	-	-	273,592
Profit before taxation	159,333	137,408	31,386	-	328,127
Taxation	(12,625)	(85,150)	(187,416)	-	(285,191)
Net Profit/(loss)	146,708	52,258	(156,030)	-	42,936
Segment assets:					
Total assets	27,188,609	30,482,685	105,947	(6,329,820)	51,447,421
Segment liabilities:					
Total liabilities	13,032,059	6,627,406	10,927	(6,329,820)	13,340,572
Other Segment items:					
Capital expenditure: Property, plant and equipment					152,535

Geographical Information			
United States of America			
Jamaica			Total
Revenue	882,907	3,874,373	4,757,280
Total Assets	34,323,118	17,124,303	51,447,421

CONSOLIDATED STATEMENT OF CASH FLOWS for the nine months ended 30 September 2020 (Expressed in thousands of Jamaican dollars)

	September 2020 Unaudited	September 2019 Unaudited	December 2019 Audited
Cash Flows from Operating Activities:			
Net (Loss)/ Profit	(10,410,388)	42,936	(76,976)
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	638,826	572,846	775,426
Amortisation of franchise fees	1,655	1,553	2,089
Interest income	(14,638)	(17,552)	(23,723)
Interest expense	536,706	542,194	646,050
Income tax (credit)/expense	(169,408)	285,191	335,129
Loss on disposal of property, plant and equipment	-	19,844	-
Loss on disposal of discontinued operations	388,449	-	-
Effect of exchange losses on foreign currency balances	6,866	1,193	146
Impairment on investment in associate	5,212,067	-	-
Share of loss/(profit) from associate	3,394,045	(273,592)	98,662
Loss on dilution of associate	388,153	-	-
Fair value loss/(gain) on units held in Sagicor Sigma Funds	124,073	(49,034)	(96,782)
Fair value loss/(gain) on other financial investments	11,525	(8,804)	(14,726)
Fair value loss on investment property	-	-	(111,231)
	107,931	1,116,775	1,534,064
Changes in other operating assets and liabilities:			
Accounts receivable	58,364	322,162	438,879
Inventories	2,511	16,903	7,914
Accounts payable	(202,979)	(102,258)	137,158
Income taxes paid	(53,641)	(505,724)	(500,331)
Net cash (used in)/ generated from operating activities	(87,814)	847,858	1,617,684
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment, net	(137,029)	(152,535)	(287,315)
Proceeds from sale of discontinued operations	1,520,146	-	-
Restricted cash	(344,237)	208,882	(189,906)
Net (Purchase)/ sale of investments	87,868	(7,914)	(2,405)
Interest income received	19,681	21,346	23,612
Net provided by/(cash used) in investing activities	1,146,429	69,779	(456,014)
Cash Flows from Financing Activities:			
Borrowings, net	(1,563,117)	(289,831)	(316,683)
Interest expense paid	(456,078)	(425,090)	(612,609)
Net cash used in financing activities	(2,019,195)	(714,921)	(929,292)
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	106,433	(6,588)	43,397
Cash and cash equivalents at beginning of period	1,756,027	1,480,252	1,480,252
Cash and cash equivalents at end of period	901,880	1,676,380	1,756,027
Comprising:			
Cash and bank	842,456	1,675,222	1,626,812
Securities purchased under agreement to resell	59,424	1,158	129,215
	901,880	1,676,380	1,756,027

Explanatory Notes

Identification

Sagicor Real Estate X Fund Limited (X Fund), the Company, is incorporated as an international business company under the International Business Companies Act, 1999 (as amended) of Saint Lucia. The X Fund is 51.48% owned by the Sagicor Pooled Pension Investment Funds, which are administered by Sagicor Life Jamaica Limited. The other significant shareholders in X Fund are Sagicor Group Jamaica Limited - 21.11% and Sagicor Segregated Funds with 8.09%.

The Company is the parent of X Fund Properties Limited, a wholly owned subsidiary incorporated and domiciled in Jamaica. X Fund Properties Limited, is the parent of X Fund Properties LLC, a subsidiary incorporated and domiciled in Delaware, USA. X Fund also holds 51.86% of Jamziv Mobay Jamaica Portfolio Limited (Jamziv), a subsidiary incorporated and domiciled in Jamaica. The X Fund Group combined shareholding of Jamziv is 60.81%, as X Fund Properties also holds 8.95% of the company.