



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 three-months ended March 2021.

OVERVIEW

At the end of 2019 International Travel and Tourism accounted for 10.4% or US\$9.2 trillion of global GDP as stated by The World Tourism Organization (UNWTO) and represented the tenth consecutive year of growth based on the UNWTO World Tourism Barometer. The industry was viewed to be one of the leading and most resilient economic sectors globally with forecasted growth for 2020 of 3% – 4%. Since the onset of the pandemic in early 2020, the effects have been devastating with earnings worldwide being severely depressed. The World Travel and Tourism Council (WTTC) estimated a loss of US\$4.5 trillion for the sector with the contribution to GDP dropping by 49.1% compared to 2019. The impact on global tourism has carried over into 2021 with data showing an 87% drop in tourist arrivals for January relative to 2020.

Against this backdrop, Sagicor Real Estate X Fund disposed of its holdings in its Associate, Playa Hotels and Resorts N.V. (Playa). The transaction was finalised in January 2021 and netted proceeds of J\$13.60 billion. Whilst maintaining its investment in the tourism sector through Double Tree Orlando by Hilton (DTO) at the entrance to Universal Orlando in Florida, the move is consistent with the strategy of venturing into less risky

investments. The Group intends to utilize proceeds from the sale of Playa shares to reposition itself with investments in a broader range of real estate assets with good growth prospects in the medium term.

The Group generated net loss attributable to stockholders of \$202 million compared to \$2.77 billion in the prior year. Through a series of strategic initiatives which resulted in the sale of both the Jewel Grande Montego Bay (JGM) in 2020 and Playa shares in 2021 there was a significant improvement in the performance over prior year.

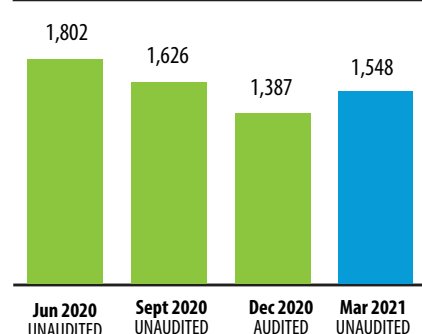
The share price of X-Fund Group is \$8.30 at March 31, 2021 compared \$8.25 at December 31, 2020.

EARNINGS

Total revenue was \$1.06 billion, down 19% or \$0.25 billion compared to the same period last year. Although

X Fund Cash Resources by Quarters

J\$ MILLIONS



HIGHLIGHTS

	March 2021 Unaudited	March 2020 Unaudited
Total Revenue - J\$ million	1,061.48	1,314.30
Earnings before interest, tax, depreciation and amortisation (EBITDA- excluding impairment charges and loss on dilution of associate) J\$ million	189.83	(222.30)
Net Loss attributable to stockholders – J\$ million	(202.10)	(2,768.74)
Earnings per stock unit –J\$	(0.09)	(1.23)
Total Assets – J\$ billion	30.06	45.22
Stockholders' Equity J\$ billion	14.08	23.16
JSE X Fund share price – J\$	8.30	7.75
Market capitalisation – J\$ billion	18.62	17.38

revenues were down, there was noticeable improvement in occupancy levels. During the first quarter, DTO reported occupancy level of 70% (March 2020: 77%), much improved over 47% recorded at December 2020. Hotel revenues from DTO remain constrained by discounted rates and general decline in demand for conference rooms caused by COVID-19. As the vaccination roll-out continues to be the top priority for most countries, accelerated bookings and higher rates are expected in the coming months.

The change in the business model also influenced the results for the quarter. The Group benefited from foreign exchange gains of \$0.30 billion on proceeds from sale of the Playa shares. JGM which contributed \$0.18 billion to prior year's results was sold in September 2020.

INDIRECT COMMERCIAL OPERATIONS

The Group's indirect commercial operations comprise investments in Jamziv Mobay Jamaica Portfolio Limited (Jamziv) and units in Sigma Real Estate Portfolio. X Fund holds a 60.81% interest in Jamziv and in the Sigma Real Estate Portfolio a 3% interest. During last year, the segment's results were driven by the performance of the holdings in Playa and fair value movement from Sigma Units. In current year, interest in Playa was replaced by investments in Treasury Bills and Reverse Repurchase agreements.

The segment was close to breakeven for the period, a significant improvement over the net losses generated in Q1 2020. Unrealised capital gains in Sigma Fund increased marginally for the period. This outcome signals growth and better performance from the Sigma Fund Real Estate Portfolio, in a time when the country is still grappling with the effects

\$1.06B
Total Revenue

\$14.08B
Stockholders' Equity

\$30.06B
Total Assets

\$18.62B
Market Capitalisation

Sagicor Real Estate X Fund Limited

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of COVID-19. Restructuring of indirect hotel operations through sale of Playa shares yielded a positive outcome for Group. Prior year's performance included share of loss and impairment charges on associated company caused from the onset of COVID-19. In current year, the realised losses from sale of Playa shares of \$233 million were offset by foreign exchange gains, net of taxes on investment securities.

DIRECT HOTEL OPERATIONS

DTO had a good performance considering the present economic climate. The hotel continues to outperform comparable properties in the Orlando market with higher occupancy levels. Hotel revenues for DTO were \$721 million (2020: \$1.35 billion), with EBITDA of \$102 million (2020: \$0.43 billion), and net loss for the period of \$143 million (2020: profit of \$110 million). The reduction compared to last year is as a result of a decline in average daily rates and face to face events. Cost containment strategies implemented in early Q2 2020 remain in effect. These have helped to cushion some of the impact of COVID-19 and for the last three (3) consecutive quarters hotel revenues have exceeded hotel expenses.

Balance Sheet

The Group's total assets were \$30.06 billion at March 2021 and \$32.00 billion at December 2020. Stockholders' Equity as at March 2021 was \$14.08 billion, down 7% from \$15.17 billion as at December 2020. The reductions were due largely to sale of Playa shares. Market capitalization at period end was \$18.62 billion, compared to \$17.38 billion at March 2020, reflecting the increase in the share price.

OUTLOOK

The introduction of vaccines has resulted in millions of persons being vaccinated globally, in turn reducing positivity rates and fueling hopes of economic recoveries for many countries. However, it is clear that not all countries will be affected equally. According to the International Monetary Fund (IMF) low-income countries and emerging markets are expected to suffer greater scarring given their more limited fiscal resources. In April 2021 IMF projected a stronger recovery for the global economy compared to their January forecast, with growth projected to be 6% in 2021 and 4.4% in 2022 after an estimated historic contraction of -3.3% in 2020. The improvements in global growth for 2021 and 2022 are mainly due to upgrades

for advanced economies such as the United States, which is expected to grow by 6.4% this year. This makes the United States the only large economy projected to surpass the level of GDP it was forecast to have in 2022 in the absence of this pandemic. This outlook bodes well for our DTO Operations.

Jamaica has also been faring well and in March 2021, Fitch Ratings Agency affirmed Jamaica's credit rating at B+ with the outlook remaining Stable. The rating action was predicated on the country's favourable business climate according to the World Bank Doing Business Survey and the anticipation that a primary surplus will be recorded for this fiscal year, one of the few Fitch-rated sovereigns expected to do so. According to the latest release, the economy is expected to grow by 4.5% in 2021 and 5.2% in 2022 and Jamaica's Debt-to-GDP is set to increase to 110.9% for FY2020/21 (FY 2019/20 - 94.8%), but as the economy recovers, this is likely to return to a downward trajectory. Additionally, in April 2021, Tourism Minister, Honourable Edmund Bartlett, stated that Jamaica is set to benefit from US\$2 billion in foreign and local direct tourism investments over the next 2 years, signaling a major vote of confidence in the country. These

investments are expected to create over 2,000 jobs, further reducing the country's unemployment rate.

A high degree of uncertainty still surrounds the pandemic and especially the improved economic projections. X Fund continues to carefully monitor and assess the current economic environment. The Group is 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. We remain cautiously optimistic about the future and continue to manage the business accordingly.

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

On behalf of The Board of Directors:

CHRISTOPHER ZACCA
Chairman

BRUCE JAMES
Director

11 May 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2021
(Expressed in thousands of Jamaican dollars)

	March 2021 Unaudited	December 2020 Audited	March 2020 Unaudited
ASSETS			
Non-Current Assets			
Property plant and equipment	12,847,112	12,560,859	15,065,702
Goodwill	923	923	923
Investment in Sigma Real Estate Portfolio	786,959	783,743	660,314
Investment property	-	-	2,033,593
Investment in Associate	-	15,844,877	23,914,577
Financial investments	187,381	189,036	275,276
	<u>13,822,375</u>	<u>29,379,438</u>	<u>41,950,385</u>
Current Assets			
Deferred income taxes	-	-	15,356
Inventories	25,791	27,337	39,664
Receivables	1,006,239	973,689	780,131
Tax Recoverable	101,462	101,462	93,010
Securities purchased under resale agreement	1,819,917	134,975	163,432
Financial investments	11,734,170	-	-
Cash resources	1,548,107	1,386,587	2,180,178
	<u>16,235,686</u>	<u>2,624,050</u>	<u>3,271,771</u>
TOTAL ASSETS	<u>30,058,061</u>	<u>32,003,488</u>	<u>45,222,156</u>
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	2,674,295	3,658,551	4,443,887
Retained earnings	(1,239,278)	(1,131,882)	6,077,190
	<u>14,077,529</u>	<u>15,169,181</u>	<u>23,163,589</u>
Non-controlling interests	5,422,164	6,210,019	9,372,267
Total Equity	<u>19,499,693</u>	<u>21,379,200</u>	<u>32,535,856</u>
Liabilities			
Non-Current Liabilities			
Deferred income taxes	761,647	667,289	1,355,290
Borrowings	7,596,434	7,469,311	6,481,692
	<u>8,358,081</u>	<u>8,136,600</u>	<u>7,836,982</u>
Current Liabilities			
Payables	485,336	351,262	967,662
Contractual Liabilities	65,572	59,454	90,085
Borrowings	1,649,379	2,076,972	3,791,571
	<u>2,200,287</u>	<u>2,487,688</u>	<u>4,849,318</u>
Total Liabilities	<u>10,558,368</u>	<u>10,624,288</u>	<u>12,686,300</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>30,058,061</u>	<u>32,003,488</u>	<u>45,222,156</u>

Christopher Zacca
Chairman
11 May, 2021

Bruce James
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended 31 March 2021
(Expressed in thousands of Jamaican dollars)

	March 2021 Year-to-date Unaudited	March 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Revenue:			
Net investment income	9,221	5,773	18,525
Net capital gains/(losses) on financial assets and liabilities	331,239	(220,820)	(93,202)
Hotel revenue	721,023	1,352,949	2,427,344
Hotel revenue from discontinued operations	-	175,888	226,703
Other income	-	510	533
Total revenue	<u>1,061,483</u>	<u>1,314,300</u>	<u>2,579,903</u>
Expenses:			
Hotel expenses	618,950	924,493	2,090,991
Expenses from discontinued operations	-	135,994	321,684
Depreciation	196,782	188,298	790,083
Interest and other financing costs	164,505	180,779	683,186
Other operating expenses	19,612	15,867	118,418
Loss on sale of the hotel operations	-	-	382,047
Total expenses	<u>999,849</u>	<u>1,445,431</u>	<u>4,386,409</u>
Operating profit / (loss)	<u>61,634</u>	<u>(131,131)</u>	<u>(1,806,506)</u>
Impairment of investment in associate	-	(3,877,822)	(7,925,022)
Loss on dilution of interest in associate	-	-	(391,296)
Share of loss from associate	-	(474,053)	(5,467,297)
Loss on sale of interest in associate	(233,089)	-	-
Loss before taxation	(171,455)	(4,483,006)	(15,590,121)
Taxation	(31,747)	8,909	201,719
Net loss	<u>(203,202)</u>	<u>(4,474,097)</u>	<u>(15,388,402)</u>
Net Loss attributable to:			
Stockholders of the company	(202,109)	(2,768,744)	(9,987,059)
Non-controlling interests	(1,093)	(1,705,353)	(5,401,343)
	<u>(203,202)</u>	<u>(4,474,097)</u>	<u>(15,388,402)</u>
Earnings per stock unit for (loss)/ profit attributable to stockholders of the company:			
Basic and fully diluted	<u>(\$0.09)</u>	<u>(\$1.23)</u>	<u>(\$4.45)</u>
Net loss	(203,202)	(4,474,097)	(15,388,402)
Other comprehensive income/ (loss), net of taxes:			
Items that may be subsequently reclassified to profit or loss			
Re-translation of foreign operation	156,461	842,024	2,844,201
Re-translation of foreign operation recycled to the Income Statement on sale/dilution of associated company	(2,534,159)	-	(74,042)
Interest Rate Swap	-	(316,285)	(140,618)
Share of other interest rate swap of associated company recycled to the Income Statement on sale/dilution of associated company	526,436	-	24,237
Items that will not be subsequently reclassified to profit or loss			
Unrealised gains/(losses) revaluation of property, plant and equipment	174,957	-	(2,368,749)
Retirement benefit obligations	-	(1,156)	(2,797)
Total other comprehensive (loss)/income recognised in stockholders' equity, net of taxes	<u>(1,676,305)</u>	<u>524,583</u>	<u>282,232</u>
Total comprehensive loss	<u>(1,879,507)</u>	<u>(3,949,514)</u>	<u>(15,106,170)</u>
Total comprehensive loss attributable to:			
Stockholders of the company	<u>(1,091,652)</u>	<u>(2,377,377)</u>	<u>(10,371,785)</u>
Non-controlling interests	<u>(787,855)</u>	<u>(1,572,137)</u>	<u>(4,734,385)</u>
	<u>(1,879,507)</u>	<u>(3,949,514)</u>	<u>(15,106,170)</u>

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REAL ESTATE X FUND

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three months ended 31 March 2021
(Expressed in thousands of Jamaican dollars)

	Share Capital	Currency Translation Reserve	Fair Value and Other Reserves	Retained Earnings	Total	Non-controlling Interests Total	Total Stockholders' Equity Unaudited
Period ended 31 March 2021							
Balance as at 31 December 2019	12,642,512	2,949,762	708,789	(1,131,882)	15,169,181	6,210,019	21,379,200
Total comprehensive (loss)/ income for the period	-	(1,384,644)	495,101	(202,109)	(1,091,652)	(787,855)	(1,879,507)
Transfer between reserves	-	-	(94,713)	94,713	-	-	-
Balance as at 31 March 2021	12,642,512	1,565,118	1,109,177	(1,239,278)	14,077,529	5,422,164	19,499,693
Period ended 31 March 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/(loss) for the period	-	584,413	(193,046)	(2,768,744)	(2,377,377)	(1,572,137)	(3,949,514)
Balance as at 31 March 2020	12,642,512	1,574,277	2,869,610	6,077,190	23,163,589	9,372,267	32,535,856

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the three months ended 31 March 2021
(Expressed in thousands of Jamaican dollars)

Three months ended March 31, 2021	Direct Hotel Operation (DTO)	Indirect Commercial Operations (Playa and Sigma Units)	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	721,023	-	9,221	-	730,244
Net capital gains on financial assets and liabilities	23,418	307,289	532	-	331,239
Total revenue	744,441	307,289	9,753	-	1,061,483
Operating expenses	(627,418)	(11,144)	-	-	(638,562)
Depreciation	(196,782)	-	-	-	(196,782)
Finance costs	(153,663)	(10,842)	-	-	(164,505)
Operating (Loss)/ profit	(233,422)	285,303	9,753	-	61,634
Loss on sale of interest in associate	-	(233,089)	-	-	(233,089)
(Loss) / profit before taxation	(233,422)	52,214	9,753	-	(171,455)
Taxation	47,514	(76,822)	(2,439)	-	(31,747)
Net (Loss)/ profit	(185,908)	(24,608)	7,314	-	(203,202)
Segment assets:					
Total assets	35,708,272	14,699,012	4,900	(20,354,123)	30,058,061
Segment liabilities:					
Total liabilities	24,108,184	6,764,686	39,621	(20,354,123)	10,558,368
Other Segment items:					
Capital expenditure: Property, plant and equipment					2,248

Geographical Information	United States of America		Total
	Jamaica		
Revenue	340,460	721,023	1,061,483
Total Assets	15,416,021	14,642,040	30,058,061

Three months ended March 31, 2020	Direct Hotel Operations (DTO and JGM)	Indirect Commercial Operations (Playa and Sigma Units)	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	1,528,837	-	5,773	-	1,534,610
Net capital losses on financial assets and liabilities	(1,182)	(211,329)	(7,799)	-	(220,310)
Total revenue	1,527,655	(211,329)	(2,026)	-	1,314,300
Operating expenses	(1,051,142)	(11,404)	-	-	(1,062,546)
Depreciation	(202,106)	-	-	-	(202,106)
Finance costs	(170,857)	(9,922)	-	-	(180,779)
Operating Profit / (loss)	103,550	(232,655)	(2,026)	-	(131,131)
Impairment of investment in associate	-	(3,877,822)	-	-	(3,877,822)
Loss on dilution of interest in associate	-	(474,053)	-	-	(474,053)
Profit/(loss) before taxation	103,550	(4,584,530)	(2,026)	-	(4,483,006)
Taxation	(42,869)	53,045	(1,267)	-	8,909
Net Profit/(loss)	60,681	(4,531,485)	(3,293)	-	(4,474,097)
Segment assets:					
Total assets	26,951,577	24,575,813	92,169	(6,397,403)	45,222,156
Segment liabilities:					
Total liabilities	12,368,154	6,694,818	20,731	(6,397,403)	12,686,300
Other Segment items:					
Capital expenditure: Property, plant and equipment					99,006

Geographical Information	United States of America		Total
	Jamaica		
Revenue	(38,649)	1,352,949	1,314,300
Total Assets	4,180,123	41,042,033	45,222,156

CONSOLIDATED STATEMENT OF CASH FLOWS

for the three months ended 31 March 2021
(Expressed in thousands of Jamaican dollars)

	March 2021 Unaudited	March 2020 Unaudited	December 2020 Audited
Cash Flows from Operating Activities:			
Net Loss	(203,202)	(4,474,097)	(15,388,402)
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	196,782	202,106	838,426
Amortisation of franchise fees	514	535	2,283
Interest income	(9,221)	(5,773)	(18,525)
Interest expense	164,505	180,779	683,186
Income tax expense/(credit)	31,747	(8,910)	(201,719)
Loss on disposal of discontinued operations	-	-	382,047
Effect of exchange gains on foreign currency balances	(325,804)	(34,648)	(5,962)
Impairment on investment in associate	-	3,877,822	7,925,022
Share of loss from associate	-	474,053	5,467,297
Loss on dilution of interest in associate	-	-	391,296
Loss on sale of interest in associate	233,089	-	-
Fair value gain/(loss) on units held in Sagikor Sigma Funds	(3,215)	211,329	87,900
Fair value gain/(loss) on other financial investments	(557)	14,164	12,764
	84,638	437,360	175,613
Changes in other operating assets and liabilities:			
Accounts receivable	401	80,343	95,717
Inventories	2,188	(3,926)	1,473
Accounts payable	140,643	(200,370)	(360,182)
Income taxes paid	-	(53,641)	(53,641)
Net cash generated from/(used in) operating activities	227,870	259,766	(141,020)
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment, net	(2,248)	(99,006)	(174,635)
Proceeds from sale of discontinued operations	-	-	1,520,146
Restricted cash	(239,269)	(107,172)	(103,914)
Net sale/(purchase) of investments	78	(737)	88,633
Proceeds from sale of interest in associate	13,604,064	-	-
Interest income received	7,970	9,326	21,438
Net provided by/(cash used) in investing activities	13,370,595	(197,589)	1,351,668
Cash Flows from Financing Activities:			
Borrowings, net	(477,822)	(30,147)	(1,607,039)
Interest expense paid	(133,428)	(141,181)	(611,156)
Net cash used in financing activities	(611,250)	(171,328)	(2,218,195)
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	344,995	60,770	112,459
Cash and cash equivalents at beginning of period	860,940	1,756,027	1,756,027
Cash and cash equivalents at end of period	14,193,150	1,707,646	860,939
Comprising:			
Cash and bank	759,520	1,662,088	846,030
Investment Securities	11,734,179	-	-
Securities purchased under resale agreement	1,699,451	45,558	14,909
	14,193,150	1,707,646	860,939

Explanatory Notes

Identification

Sagikor 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 51.49% owned by the Sagikor Pooled Pension Investment Funds, which are administered by Sagikor Life Jamaica Limited. The other significant shareholders in X Fund are Sagikor Group Jamaica Limited - 21.11% and Sagikor 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.

Basis of preparation

These condensed financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) and the accounting policies as set out in note 2 of the December 31, 2020 audited financial statements.

Standards, interpretations and amendments to published standards effective in the current year.

There are several new standards and amendments to published standards that came into effect 1 January 2021. No significant impact to the financial statements has been determined from the adoption of these standards.

Impact of COVID-19

The roll-out of vaccines have generated optimism and increase in consumer confidence but key sectors of the economy particularly, tourism, manufacturing, transportation, logistics and related sectors continue to be impacted by COVID-19. For the quarter ending 31 March 2021, the Group experienced improved performance from its shift in strategy and business model which has cushioned some of the adverse financial results amidst lower hotel earnings and loss from the sale of Playa shares.