



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 six-months ended June 2021.

OVERVIEW

The global economy has been building positive momentum with the increase in vaccination rates around the world. The recovery is largely being led by the developed economies, specifically United States and China, which is expected to bolster the recovery in developing economies. The World Bank has indicated that the global economy is poised to stage its most robust post-recession recovery in 80 years in 2021. According to the United Nations World Tourism Organization (UNWTO), the tourism sector showed signs of an uptick in May 2021 as more countries eased their travel restrictions. However, this uptick remains fragile given the uncertainty surrounding the virus and the possibilities of the emergence of new variants.

Consistent with global trends, Sagicor Real Estate X Fund continues to show improvements in its financial performance for the second quarter ending June 30, 2021. The Group reported net loss attributable to stockholders of \$0.05 billion compared to \$5.10 billion in the prior year. The sale of Playa shares finalised in January 2021 netted proceeds of J\$13.60 billion, signaling a strong commitment to increasing the pace of recovery from the significant losses in prior year. The move is consistent with the strategy of venturing into less risky investments and reducing the Group's

tourism exposure. 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.

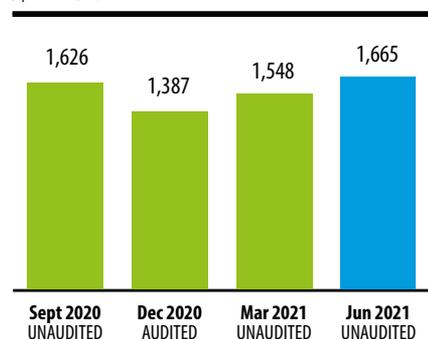
The share price of X Fund is \$8.30 at June 30, 2021 compared \$8.25 at December 31, 2020.

EARNINGS

The Group recorded total revenues of \$2.70 billion, up 75% or \$1.16 billion compared to the same period last year and 5% above the 2020 financial year. This was supported by an uptick in hotel revenues from Double Tree Orlando by Hilton (DTO) of \$0.38 billion, a 25% increase upon the prior comparable period resulting from an increase in occupancy levels. Net capital gains of \$0.80 billion, compared to net capital losses in the comparative prior period also bolstered the earnings for the current period. Proceeds from sale of the Playa shares, invested in investment securities,

X Fund Cash Resources by Quarters

J\$ MILLIONS



HIGHLIGHTS

	June 2021 Unaudited	June 2020 Unaudited
Total Revenue - J\$ million	2,696.47	1,539.84
Earnings before interest, tax, depreciation and amortisation (EBITDA - excluding impairment charges and loss on dilution and disposal of associate) - J\$ million	1,226.55	(1,754.26)
Net Loss attributable to stockholders - J\$ million	(47.39)	(5,104.49)
Earnings per stock unit - J\$	(0.02)	(2.28)
Total Assets - J\$ billion	29.33	43.00
Stockholders' Equity J\$ billion	14.32	21.72
JSE X Fund share price - J\$	8.30	7.75
Market capitalisation - J\$ billion	18.62	17.38

influenced this outcome by generating significant foreign exchange gains.

Hotel expenses of \$1.43 billion for the current year are slightly up on the same period last year. Hotel revenues are outpacing hotel expenses by 5% signaling the effectiveness of cost containment strategies implemented since Q2 2020.

The Group also retired debt of \$1.86 billion from Playa sales proceeds which led to a 9% or \$0.03 billion reduction in interest costs compared to Q2 2020.

DIRECT HOTEL OPERATIONS

DTO posted another strong performance amidst the fallout in global tourism from the pandemic. Occupancy levels continue to outperform comparable properties in the Orlando market which were up 34% from December 2020 and up 11% when compared to Q1 2021. Hotel revenues were \$1.87 billion (2020: \$1.49 billion), with EBITDA of \$0.44 billion (2020: \$0.30 billion), and net loss for the period of \$0.12 billion (2020: \$0.21 billion).

DTO's recovery has shown a gradual and sustained improvement quarter over quarter. With improved forward bookings, increased demand for large group conferences along with higher rates expected in ensuing months, the outlook for the company is promising.

JGM, which contributed \$0.01 billion to prior year's results was sold in September 2020.

INDIRECT COMMERCIAL OPERATIONS AND OTHER

The Group's indirect commercial operations comprise investments in Jamziv Mobay Jamaica Portfolio Limited (Jamziv) and units in the Sigma Real Estate Portfolio. X Fund holds a 60.81% interest in Jamziv and a 3% interest in the Sigma Real Estate Portfolio. 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 investment securities.

\$2.70B
Total Revenue

\$14.32B
Stockholders' Equity

\$29.33B
Total Assets

\$18.62B
Market Capitalisation

Sagicor Real Estate X Fund Limited

Report to our Stockholders | Q2 2021 Performance



REAL ESTATE X FUND

The segments contributed a profit of \$0.41 billion, a significant improvement over the net losses generated in Q2 2020. Restructuring of our Indirect Commercial Operations through the sale of Playa shares yielded a positive outcome for Group. Prior year's performance included a share of loss and impairment charges on associated company caused from the onset of COVID-19. In the current year, the realized losses from the sale of Playa shares of \$0.23 billion were offset by foreign exchange gains. Unrealized capital gains in Sigma Fund increased marginally for the period. This outcome signals growth and resilience of the Sigma Fund Real Estate Portfolio.

Balance Sheet

The Group's total assets were \$29.33 billion at June 2021 and \$32.00 billion at December 2020. Stockholders' Equity as at June 2021 was \$14.32 billion, down 6% from \$15.17 billion as at December 2020. The reductions were due largely to the sale of Playa shares. Market capitalization at period end was \$18.62 billion, compared to \$17.38 billion at June 2020, reflecting the increase in the share price.

OUTLOOK

Over one full year on from the outbreak, the impact of the COVID-19 pandemic is still being felt by many countries worldwide to varying degrees. Most developed countries have made great strides by re-opening their economies, while others, particularly developing countries are still battling with its high uncertainty. According to the International Monetary Fund (IMF), new virus mutations raise concerns, even as growing vaccine coverage lifts sentiment. In April 2021, the 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. However, the outlook depends not just on the outcome of the battle between the virus and vaccines, but it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis. Large economies such as the United States are expected to be pioneers for global recovery. S&P Global Economics has slightly raised the United States' real GDP growth forecasts for 2021 and 2022 to 6.7% and 3.7% respectively. This is expected to be accelerated by an improved vaccination outlook, a faster

reopening schedule, and US\$2.8 trillion from two stimulus packages. The IMF is marking this to be the fastest growing pace since 1984 for the United States. Against this backdrop, a beneficial effect is anticipated on the tourism sector in the United States. This is expected to positively impact DTO's operations.

The COVID-19 pandemic has been a health and economic crisis with devastating effects on developing countries who are heavily dependent on tourism, such as Jamaica. However, the most recently released statistics have shown an uptick in tourism in Jamaica. In May 2021, The Jamaica Tourist Board (JTB) preliminary estimates indicated that stopover arrivals are likely to reach 120,000, which represented the best month since the arrival of COVID-19 in Jamaica in March 2020. According to the UNWTO the Caribbean recorded the best relative performance through May 2021 when compared to other regions. Growing travel from the United States has benefitted destinations in the Caribbean and Central America, as well as Mexico.

Global prospects of a return to pre-pandemic levels remain highly uncertain despite the improved economic projections, as the world grapples with

variants and slower than expected rates of vaccination. 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

30 July 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

(Expressed in thousands of Jamaican dollars)

	June 2021 Unaudited	June 2020 Unaudited	December 2020 Audited
ASSETS			
Non-Current Assets			
Property plant and equipment	12,807,009	15,423,749	12,560,859
Goodwill	923	923	923
Investment in Sigma Real Estate Portfolio	786,356	729,645	783,743
Investment property	-	2,033,593	-
Investment in Associate	-	21,666,642	15,844,877
Financial investments	189,722	190,489	189,036
	<u>13,784,010</u>	<u>40,045,041</u>	<u>29,379,438</u>
Current Assets			
Inventories	30,121	38,312	27,337
Receivables	1,215,005	852,018	973,689
Tax Recoverable	101,462	101,462	101,462
Securities purchased under resale agreement	4,300,698	156,904	134,975
Financial investments	8,238,262	-	-
Cash resources	1,665,356	1,802,451	1,386,587
	<u>15,550,904</u>	<u>2,951,147</u>	<u>2,624,050</u>
TOTAL ASSETS	<u>29,334,914</u>	<u>42,996,188</u>	<u>32,003,488</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	2,763,264	5,329,507	3,658,551
Retained earnings	(1,084,554)	3,750,691	(1,131,882)
	<u>14,321,222</u>	<u>21,722,710</u>	<u>15,169,181</u>
Non-controlling interests	5,767,622	8,491,375	6,210,019
Total Equity	<u>20,088,844</u>	<u>30,214,085</u>	<u>21,379,200</u>
Liabilities			
Non-Current Liabilities			
Deferred income taxes	692,561	1,310,223	667,289
Borrowings	6,779,055	7,152,911	7,469,311
	<u>7,471,616</u>	<u>8,463,134</u>	<u>8,136,600</u>
Current Liabilities			
Payables	470,643	886,419	351,262
Contractual Liabilities	86,327	68,041	59,454
Borrowings	1,217,484	3,364,509	2,076,972
	<u>1,774,454</u>	<u>4,318,969</u>	<u>2,487,688</u>
Total Liabilities	<u>9,246,070</u>	<u>12,782,103</u>	<u>10,624,288</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>29,334,914</u>	<u>42,996,188</u>	<u>32,003,488</u>

Christopher Zacca
Chairman
30 July, 2021

Bruce James
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021

(Expressed in thousands of Jamaican dollars)

	Q2 2021 Unaudited	Q2 2020 Unaudited	June 2021 Year-to-date Unaudited	June 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Revenue:					
Net investment income	13,035	5,025	22,256	10,798	18,525
Net capital gains/(losses) on financial assets and liabilities	472,229	76,749	803,468	(144,071)	(93,202)
Hotel revenue	1,149,718	141,598	1,870,741	1,494,547	2,427,344
Hotel revenue from discontinued operations	-	2,160	-	178,048	226,703
Other income	-	4	-	514	533
Total revenue	<u>1,634,982</u>	<u>225,536</u>	<u>2,696,465</u>	<u>1,539,836</u>	<u>2,579,903</u>
Expenses:					
Hotel expenses	815,107	273,230	1,434,057	1,197,723	2,090,991
Expenses from discontinued operations	-	32,445	-	168,439	321,684
Depreciation	198,219	201,183	395,001	389,481	790,083
Interest and other financing costs	182,974	200,874	347,479	381,653	683,186
Other operating expenses	16,244	20,929	35,856	36,796	118,418
Loss on sale of the hotel operations	-	-	-	-	382,047
Total expenses	<u>1,212,544</u>	<u>728,661</u>	<u>2,212,393</u>	<u>2,174,092</u>	<u>4,386,409</u>
Operating profit / (loss)	<u>422,438</u>	<u>(503,125)</u>	<u>484,072</u>	<u>(634,256)</u>	<u>(1,806,506)</u>
Impairment of investment in associate	-	(1,324,720)	-	(5,202,542)	(7,925,022)
Loss on dilution of interest in associate	-	(380,747)	-	(380,747)	(391,296)
Share of loss from associate	-	(1,453,165)	-	(1,927,218)	(5,467,297)
Loss on sale of interest in associate	-	-	(233,089)	-	-
Loss before taxation	422,438	(3,661,757)	250,983	(8,144,763)	(15,590,121)
Taxation	77,743	88,250	45,996	97,159	201,719
Net profit / (loss)	<u>500,181</u>	<u>(3,573,507)</u>	<u>296,979</u>	<u>(8,047,604)</u>	<u>(15,388,402)</u>
Net Profit / (Loss) attributable to:					
Stockholders of the company	154,724	(2,335,742)	(47,385)	(5,104,486)	(9,987,059)
Non-controlling interests	345,457	(1,237,765)	344,364	(2,943,118)	(5,401,343)
	<u>500,181</u>	<u>(3,573,507)</u>	<u>296,979</u>	<u>(8,047,604)</u>	<u>(15,388,402)</u>
Earnings per stock unit for (loss)/ profit attributable to stockholders of the company:					
Basic and fully diluted	\$0.07	(\$1.04)	(\$0.02)	(\$2.28)	(\$4.45)
Net profit/(loss)	<u>500,181</u>	<u>(3,573,507)</u>	<u>296,979</u>	<u>(8,047,604)</u>	<u>(15,388,402)</u>
Other comprehensive income/ (loss), net of taxes:					
Items that may be subsequently reclassified to profit or loss					
Re-translation of foreign operation	88,970	1,169,451	245,431	2,011,475	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	-	315,112	-	(1,173)	(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	-	(232,827)	-	(233,983)	(2,797)
Total other comprehensive (loss)/income recognised in stockholders' equity, net of taxes	<u>88,970</u>	<u>1,251,736</u>	<u>(1,587,335)</u>	<u>1,776,319</u>	<u>282,232</u>
Total comprehensive loss	<u>589,151</u>	<u>(2,321,771)</u>	<u>(1,290,356)</u>	<u>(6,271,285)</u>	<u>(15,106,170)</u>
Total comprehensive loss attributable to:					
Stockholders of the company	243,693	(1,440,879)	(847,959)	(3,818,256)	(10,371,785)
Non-controlling interests	345,458	(880,892)	(442,397)	(2,453,029)	(4,734,385)
	<u>589,151</u>	<u>(2,321,771)</u>	<u>(1,290,356)</u>	<u>(6,271,285)</u>	<u>(15,106,170)</u>

Sagicor Real Estate X Fund Limited

Report to our Stockholders | Q2 2021 Performance



REAL ESTATE X FUND

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021
(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 Unaudited
Period ended 30 June 2021							
Balance as at 31 December 2020	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	-	(1,295,675)	495,101	(47,385)	(847,959)	(442,397)	(1,290,356)
Transfer between reserves	-	-	(94,713)	94,713	-	-	-
Balance as at 30 June 2021	12,642,512	1,654,087	1,109,177	(1,084,554)	14,321,222	5,767,622	20,088,844
Period ended 30 June 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	-	1,429,237	(143,007)	(5,104,486)	(3,818,256)	(2,453,029)	(6,271,285)
Transfer between reserves	-	-	(9,243)	9,243	-	-	-
Balance as at 30 June 2020	12,642,512	2,419,101	2,910,406	3,750,691	21,722,710	8,491,375	30,214,085

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the six months ended 30 June 2021
(Expressed in thousands of Jamaican dollars)

Six months ended June 30, 2021	Direct Hotel Operation (DTO)	Indirect Commercial Operations (Playa and Sigma Units)	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	1,870,741	-	22,256	-	1,892,997
Net capital gains on financial assets and liabilities	-	2,612	800,856	-	803,468
Total revenue	1,870,741	2,612	823,112	-	2,696,465
Operating expenses	(1,434,057)	-	(35,856)	-	(1,469,913)
Depreciation	(395,001)	-	-	-	(395,001)
Finance costs	(192,524)	-	(154,955)	-	(347,479)
Operating (Loss)/ profit	(150,841)	2,612	632,301	-	484,072
Loss on sale of interest in associate	-	(233,089)	-	-	(233,089)
(Loss) / profit before taxation	(150,841)	(230,477)	632,301	-	250,983
Taxation	32,825	(653)	13,824	-	45,996
Net (Loss)/ profit	(118,016)	(231,130)	646,125	-	296,979
Segment assets:					
Total assets	14,925,640	787,279	22,570,895	(8,948,900)	29,334,914
Segment liabilities:					
Total liabilities	7,888,833	-	10,306,137	(8,948,900)	9,246,070
Other Segment items:					
Capital expenditure: Property, plant and equipment					5,526

Geographical Information	United States of America		Total
	Jamaica		
Revenue	825,724	1,870,741	2,696,465
Total Assets	14,409,274	14,925,640	29,334,914

Six months ended June 30, 2020	Direct Hotel Operations (DTO and JGM)	Indirect Commercial Operations (Playa and Sigma Units)	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	1,672,592	-	10,801	-	1,683,393
Net capital losses on financial assets and liabilities	2,090	(141,998)	(3,649)	-	(143,557)
Total revenue	1,674,682	(141,998)	7,152	-	1,539,836
Operating expenses	(1,347,635)	(19,246)	-	-	(1,366,881)
Depreciation	(425,558)	-	-	-	(425,558)
Finance costs	(356,588)	(25,065)	-	-	(381,653)
Operating Profit / (loss)	(455,099)	(186,309)	7,152	-	(634,256)
Impairment of investment in associate	-	(5,202,542)	-	-	(5,202,542)
Loss on dilution of interest in associate	-	(380,747)	-	-	(380,747)
Share of profit from associate	-	(1,927,218)	-	-	(1,927,218)
Profit/(loss) before taxation	(455,099)	(7,696,816)	7,152	-	(8,144,763)
Taxation	63,687	35,943	(2,471)	-	97,159
Net Profit/(loss)	(391,412)	(7,660,873)	4,681	-	(8,047,604)
Segment assets:					
Total assets	26,939,161	22,397,210	33,295	(6,373,478)	42,996,188
Segment liabilities:					
Total liabilities	12,459,482	6,682,316	13,783	(6,373,478)	12,782,103
Other Segment items:					
Capital expenditure: Property, plant and equipment					105,720

Geographical Information	United States of America		Total
	Jamaica		
Revenue	45,290	1,494,546	1,539,836
Total Assets	4,121,967	38,874,221	42,996,188

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021
(Expressed in thousands of Jamaican dollars)

	June 2021 Unaudited	June 2020 Unaudited	December 2020 Audited
Cash Flows from Operating Activities:			
Net Profit/(Loss)	296,979	(8,047,604)	(15,388,402)
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	395,001	425,558	838,426
Amortisation of franchise fees	1,100	1,085	2,283
Interest income	(22,256)	(10,798)	(18,525)
Interest expense	347,479	381,653	683,186
Income tax credits	(45,996)	(97,159)	(201,719)
Loss on disposal of discontinued operations	-	-	382,047
Effect of exchange gains on foreign currency balances	(804,973)	(6,127)	(5,962)
Impairment on investment in associate	-	5,202,542	7,925,022
Share of loss from associate	-	1,927,218	5,467,297
Loss on disposal and dilution of interest in associate	233,089	380,747	391,296
Fair value gain/(loss) on units held in Sagicor Sigma Funds	(2,612)	141,998	87,900
Fair value gain/(loss) on other financial investments	(779)	11,241	12,764
	397,032	310,354	175,613
Changes in other operating assets and liabilities:			
Accounts receivable	(227,977)	7,646	95,717
Inventories	(1,831)	(1,482)	1,473
Accounts payable	161,268	(319,683)	(360,182)
Income taxes paid	-	(53,641)	(53,641)
Net cash generated from/(used in) operating activities	328,492	(56,806)	(141,020)
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment, net	(5,526)	(105,720)	(174,635)
Proceeds from disposal of property, plant and equipment	11,820	-	-
Proceeds from sale of discontinued operations	-	-	1,520,146
Restricted cash	(347,990)	(223,717)	(103,914)
Net sale/(purchase) of investments	(6,299,580)	89,810	88,633
Proceeds from sale of interest in associate	13,604,064	-	-
Interest income received	14,878	10,808	21,438
Net provided by/(cash used) in investing activities	6,977,666	(228,819)	1,351,668
Cash Flows from Financing Activities:			
Borrowings, net	(1,862,234)	(60,667)	(1,607,039)
Interest expense paid	(266,705)	(308,012)	(611,156)
Net cash used in financing activities	(2,128,939)	(368,679)	(2,218,195)
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	841,000	81,929	112,459
Cash and cash equivalents at beginning of period	860,939	1,756,027	1,756,027
Cash and cash equivalents at end of period	6,879,158	1,183,652	860,939
Comprising:			
Cash and bank	760,454	1,148,610	846,030
Investment Securities	2,470,810	-	-
Securities purchased under resale agreement	3,647,894	35,042	14,909
	6,879,158	1,183,652	860,939

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 51.49% 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.

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 30 June 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.