

Sagicor Real Estate X Fund Limited

REPORT TO OUR STOCKHOLDERS

Q3 2021 Performance



REAL ESTATE X FUND



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 2021.

OVERVIEW
Sagicor Real Estate X Fund continues to show improvement in its financial performance, consistent with the momentum within the global economy during the third quarter. The Group reported a reduction in net loss attributable to stockholders of \$0.07 billion compared to a loss of \$6.89 billion in the prior year. The Group's results were underpinned by a divestment of hotel assets from the sale of Playa shares and Jewel Grande Montego Bay operations coupled with diversification of financial investments portfolio. This shows a commitment and willingness to adjust our business model amidst a depressed economic environment.

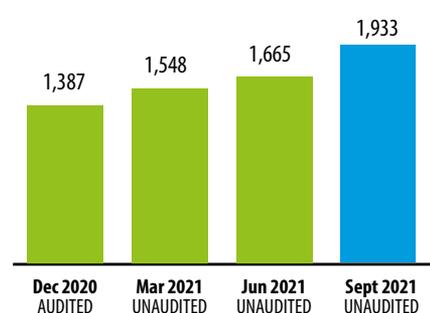
EARNINGS
The Group recorded total revenues of \$3.91 billion, up 103% or \$1.99 billion compared to the same period last year and 52% above the 2020 financial year. This was supported by recovery of hotel revenues from Double Tree Orlando by Hilton (DTO) of \$1.18 billion, a 64% increase over the prior period and up 25% from full year

2020. This increase is driven by higher occupancy level and an uptick in corporate and individual events. Net capital gains of \$0.79 billion, compared to net capital losses in the comparative prior period also contributed to improved earnings.

Hotel expenses of \$2.38 billion for the current year are up 28% above the prior year. Hotel revenues are outpacing hotel expenses by 19% signaling the effectiveness of cost containment strategies implemented at the onset of the pandemic.

Strategic initiatives undertaken by management to restructure the Group and increase liquidity continue to show positive results into Q3 2021. Other Operating activities positively contributed \$0.64 billion profits to the results

X Fund Cash Resources by Quarters



HIGHLIGHTS

	September 2021 Unaudited	September 2020 Unaudited
Total Revenue - J\$ billion	3.91	1.92
Earnings before interest, tax, depreciation and amortisation (EBITDA - excluding impairment charges and loss on dilution and disposal of associate) - J\$ billion	1.47	(3.80)
Net Loss attributable to stockholders - J\$ billion	(0.07)	(6.89)
Earnings per stock unit - J\$	(0.03)	(3.07)
Total Assets - J\$ billion	30.96	36.91
Stockholders' Equity J\$ billion	15.56	18.05
JSE X Fund share price - J\$	8.00	7.75
Market capitalisation - J\$ billion	17.94	17.38

for the period. Proceeds from sale of the Playa shares, invested in investment securities, influenced this outcome by generating significant foreign exchange gains and increased interest income. The Group also retired debt of \$1.90 billion from sales inflow which led to a 12% reduction in interest costs compared to prior period.

DIRECT HOTEL OPERATIONS
DTO results showed strong signs of recovery amidst the worst recorded downturn in global tourism. Occupancy levels remained high for the third quarter at 83%, up 2% from second quarter and 36% above December 2020. DTO remains at the top of comparable properties in the Orlando market. Hotel revenues were

\$3.03 billion (2020: \$1.85 billion), with EBITDA of \$ 0.65 billion (2020: \$0.24 billion), and net loss for the period of \$0.19 billion (2020: \$0.48 billion). DTO's improved performance for the third quarter was hampered marginally by the delta variant. 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.

INDIRECT COMMERCIAL OPERATIONS

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

\$3.91B
Total Revenue

\$15.56B
Stockholders' Equity

\$30.96B
Total Assets

\$1.47B
EBITDA

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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, investment in Playa was replaced by investment securities.

The segment recognized losses of \$0.18 billion, a significant improvement over the performance in Q3 2020. Restructuring of our Indirect Commercial Operations through the sale of Playa shares yielded a positive outcome for the 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 recorded under Other Operations. Unrealized capital gains in Sigma Fund showed a noticeable rise for the period. This outcome signals growth and resilience of the Sigma Fund Real Estate Portfolio.

Balance Sheet

The Group's total assets were \$30.96 billion at September 2021 and \$32.00 billion at December 2020. Stockholders' Equity as at September 2021 was \$15.56 billion, up 3% from \$15.17 billion as at December 2020. The increase was due largely to the increased valuation of DTO. Market capitalization at period end was \$17.94 billion, compared to \$17.38 billion at September 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 reopening 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.

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 November 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021
(Expressed in thousands of Jamaican dollars)

	September 2021 Unaudited	September 2020 Unaudited	December 2020 Audited
ASSETS			
Non-Current Assets			
Property, plant and equipment	14,195,601	12,529,095	12,560,859
Goodwill	923	923	923
Investment in Sigma Real Estate Portfolio	854,883	747,571	783,743
Investment in Associate	-	20,509,685	15,844,877
Financial investments	3,087,374	188,124	189,036
	<u>18,138,781</u>	<u>33,975,398</u>	<u>29,379,438</u>
Current Assets			
Inventories	28,218	26,261	27,337
Receivables	1,153,869	998,230	973,689
Tax Recoverable	101,462	101,461	101,462
Securities purchased under resale agreement	3,840,609	180,276	134,975
Financial investments	5,767,460	-	-
Cash resources	1,932,911	1,625,924	1,386,587
	<u>12,824,529</u>	<u>2,932,152</u>	<u>2,624,050</u>
TOTAL ASSETS	<u>30,963,310</u>	<u>36,907,550</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	4,022,366	3,437,539	3,658,551
Retained earnings	(1,102,602)	1,969,344	(1,131,882)
	<u>15,562,276</u>	<u>18,049,395</u>	<u>15,169,181</u>
Non-controlling interests	5,767,622	8,038,001	6,210,019
Total Equity	<u>21,329,898</u>	<u>26,087,396</u>	<u>21,379,200</u>
Liabilities			
Non-Current Liabilities			
Deferred income taxes	1,002,253	662,024	667,289
Borrowings	6,752,394	8,161,225	7,469,311
	<u>7,754,647</u>	<u>8,823,249</u>	<u>8,136,600</u>
Current Liabilities			
Payables	530,208	948,912	351,262
Contractual Liabilities	120,090	55,471	59,454
Borrowings	1,228,467	992,522	2,076,972
	<u>1,878,765</u>	<u>1,996,905</u>	<u>2,487,688</u>
Total Liabilities	<u>9,633,412</u>	<u>10,820,154</u>	<u>10,624,288</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>30,963,310</u>	<u>36,907,550</u>	<u>32,003,488</u>

Christopher Zacca
Chairman
11 November, 2021

Bruce James
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

	Q3 2021 Unaudited	Q3 2020 Unaudited	September 2021 Year-to-date Unaudited	September 2020 Year-to-date Unaudited	December 2020 Full Year Audited
Revenues:					
Net investment income	54,635	3,840	76,891	14,638	18,525
Net capital gains/(losses) on financial assets	(11,894)	145	791,574	(143,926)	(93,202)
Hotel revenue	1,157,236	356,213	3,027,977	1,850,760	2,427,344
Hotel revenue from discontinued operations	-	24,821	-	202,869	226,703
Other income	17,759	-	17,759	514	533
Total revenues	<u>1,217,736</u>	<u>385,019</u>	<u>3,914,201</u>	<u>1,924,855</u>	<u>2,579,903</u>
Expenses:					
Hotel expenses	947,367	417,067	2,381,424	1,614,790	2,090,991
Expenses from discontinued operations	-	123,009	-	291,448	321,684
Depreciation	201,937	208,703	596,938	598,184	790,083
Interest and other financing costs	122,184	155,053	469,663	536,706	683,186
Other operating expenses	23,475	44,013	59,331	80,809	118,418
Loss on sale of the hotel operations	-	388,449	-	388,449	382,047
Total expenses	<u>1,294,963</u>	<u>1,336,294</u>	<u>3,507,356</u>	<u>3,510,386</u>	<u>4,386,409</u>
Operating (loss)/profit	<u>(77,227)</u>	<u>(951,275)</u>	<u>406,845</u>	<u>(1,585,531)</u>	<u>(1,806,506)</u>
Impairment of investment in associate	-	(9,525)	-	(5,212,067)	(7,925,022)
Loss on sale/dilution of interest in associate	-	(7,406)	(233,089)	(388,153)	(391,296)
Share of loss from associate	-	(1,466,827)	-	(3,394,045)	(5,467,297)
(Loss)/profit before taxation	(77,227)	(2,435,033)	173,756	(10,579,796)	(15,590,121)
Taxation	59,178	72,249	105,174	169,408	201,719
Net (loss)/profit	<u>(18,049)</u>	<u>(2,362,784)</u>	<u>278,930</u>	<u>(10,410,388)</u>	<u>(15,388,402)</u>
Net Profit/(Loss) attributable to:					
Stockholders of the company	(18,049)	(1,781,347)	(65,434)	(6,885,833)	(9,987,059)
Non-controlling interests	-	(581,437)	344,364	(3,524,555)	(5,401,343)
	<u>(18,049)</u>	<u>(2,362,784)</u>	<u>278,930</u>	<u>(10,410,388)</u>	<u>(15,388,402)</u>
Earnings per stock unit for (loss)/profit attributable to stockholders of the company:					
Basic and fully diluted	<u>(\$0.01)</u>	<u>(\$0.79)</u>	<u>(\$0.03)</u>	<u>(\$3.07)</u>	<u>(\$4.45)</u>
Net (loss)/profit	<u>(18,049)</u>	<u>(2,362,784)</u>	<u>278,930</u>	<u>(10,410,388)</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	(16,170)	749,799	229,261	2,761,274	2,844,201
Re-translation of foreign operation recycled to the Income Statement on sale/dilution of associated company	-	(74,042)	(2,534,159)	(74,042)	(74,042)
Interest Rate Swap	-	(217,036)	-	(218,209)	(140,618)
Share of other interest rate swap of associated company recycled to the Income Statement on sale/dilution of associated company	-	24,237	526,436	24,237	24,237
Items that will not be subsequently reclassified to profit or loss					
Unrealised gains/(losses) on revaluation of property, plant and equipment	1,275,273	(2,500,578)	1,450,230	(2,500,578)	(2,368,749)
Retirement benefit obligations	-	253,715	-	19,732	(2,797)
Total other comprehensive income/(loss) recognised in stockholders' equity, net of taxes	1,259,103	(1,763,905)	(328,232)	12,414	282,232
Total comprehensive income/(loss)	<u>1,241,054</u>	<u>(4,126,689)</u>	<u>(49,302)</u>	<u>(10,397,974)</u>	<u>(15,106,170)</u>
Total comprehensive income/(loss) attributable to:					
Stockholders of the company	1,241,054	(3,673,315)	393,095	(7,491,571)	(10,371,785)
Non-controlling interests	-	(453,374)	(442,397)	(2,906,403)	(4,734,385)
	<u>1,241,054</u>	<u>(4,126,689)</u>	<u>(49,302)</u>	<u>(10,397,974)</u>	<u>(15,106,170)</u>

Sagikor Real Estate X Fund Limited

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine months ended 30 September 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 30 September 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	-	(1,311,843)	1,770,372	(65,434)	393,095	(442,397)	(49,302)
Transfer between reserves	-	-	(94,714)	94,714	-	-	-
Balance as at 30 September 2021	12,642,512	1,637,919	2,384,447	(1,102,602)	15,562,276	5,767,622	21,329,898
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/(loss) 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	-	-	-
Period ended 30 September 2020	12,642,512	2,894,753	542,786	1,969,344	18,049,395	8,038,001	26,087,396

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the nine months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

	Direct Hotel Operation (DTO)	Indirect Commercial Operations (Playa and Sigma Units)	Other	Eliminations	Group Unaudited
Nine months ended September 30, 2021					
Operating results:					
External revenues	3,027,977	-	76,891	-	3,104,868
Net capital gains on financial assets and liabilities	-	71,140	738,193	-	809,333
Total revenue	3,027,977	71,140	815,084	-	3,914,201
Operating expenses	(2,381,424)	-	(59,331)	-	(2,440,755)
Depreciation	(596,938)	-	-	-	(596,938)
Finance costs	(286,538)	-	(183,125)	-	(469,663)
Operating (Loss)/profit	(236,923)	71,140	572,628	-	406,845
Loss on sale of interest in associate	-	(233,089)	-	-	(233,089)
(Loss)/profit before taxation	(236,923)	(161,949)	572,628	-	173,756
Taxation	51,886	(17,785)	71,073	-	105,174
Net (Loss)/profit	(185,037)	(179,734)	643,701	-	278,930
Segment assets:					
Total assets	16,509,088	855,806	22,549,411	(8,950,995)	30,963,310
Segment liabilities:					
Total liabilities	8,280,200	-	10,304,207	(8,950,995)	9,633,412
Other Segment items:					
Capital expenditure: Property, plant and equipment					13,795

	Geographical Information		Total
	Jamaica	United States of America	
Revenue	886,224	3,027,977	3,914,201
Total Assets	16,037,670	14,925,640	30,963,310

	Direct Hotel Operations (DTO and JGM)	Indirect Commercial Operations (Playa and Sigma Units)	Other	Eliminations	Group Unaudited
Nine months ended September 30, 2020					
Operating results:					
External revenues	2,053,625	-	14,642	-	2,068,267
Net capital losses on financial assets and liabilities	(15,833)	(124,073)	(3,506)	-	(143,412)
Total revenue	2,037,792	(124,073)	11,136	-	1,924,855
Operating expenses	(1,887,813)	(58,592)	-	-	(1,946,405)
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 Profit/(loss)	(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 interest in associate	-	(388,153)	-	-	(388,153)
Share of profit from associate	-	(3,394,045)	-	-	(3,394,045)
Profit/(loss) 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		Total
	Jamaica	United States of America	
Revenue	74,095	1,850,760	1,924,855
Total Assets	2,057,187	34,850,363	36,907,550

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine months ended 30 September 2021
(Expressed in thousands of Jamaican dollars)

	September 2021 Unaudited	September 2020 Unaudited	December 2020 Audited
Cash Flows from Operating Activities:			
Net Profit/(Loss)	278,930	(10,410,388)	(15,388,402)
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	596,938	638,826	838,426
Amortisation of franchise fees	1,693	1,655	2,283
Interest income	(76,891)	(14,638)	(18,525)
Interest expense	469,663	536,706	683,186
Income tax credits	(105,174)	(169,408)	(201,719)
Loss on disposal of discontinued operations	-	388,449	382,047
Effect of exchange gains on foreign currency balances	(792,464)	6,866	(5,962)
Impairment on investment in associate	-	5,212,067	7,925,022
Share of loss from associate	-	3,394,045	5,467,297
Loss on disposal/dilution of interest in associate	233,089	388,153	391,296
Fair value (gain)/loss on units held in Sagikor Sigma Funds	(71,140)	124,073	87,900
Fair value loss on other financial investments	60,485	11,525	12,764
	595,129	107,931	175,613
Changes in other operating assets and liabilities:			
Accounts receivable	(138,811)	58,364	95,717
Inventories	14	2,511	1,473
Accounts payable	259,856	(202,979)	(360,182)
Income taxes paid	-	(53,641)	(53,641)
Net cash generated from/(used in) operating activities	716,188	(87,814)	(141,020)
Cash Flows from Investing Activities:			
Sale/(purchase) of property, plant and equipment, net	3,130	(137,029)	(174,635)
Proceeds from sale of discontinued operations	-	1,520,146	1,520,146
Restricted cash	(424,713)	(344,237)	(103,914)
Net sale/(purchase) of investments	(9,388,369)	87,868	88,633
Proceeds from sale of interest in associate	13,604,064	-	-
Interest income received	33,625	19,681	21,438
Net cash provided by investing activities	3,827,737	1,146,429	1,351,668
Cash Flows from Financing Activities:			
Borrowings, net	(1,897,255)	(1,563,117)	(1,607,039)
Interest expense paid	(346,829)	(456,078)	(611,156)
Net cash used in financing activities	(2,244,084)	(2,019,195)	(2,218,195)
Cash and cash equivalents:			
Effect of exchange rate on cash and cash equivalents	981,578	106,433	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	4,142,358	901,880	860,939
Comprising:			
Cash and bank	957,188	842,456	846,030
Securities purchased under resale agreement	3,185,170	59,424	14,909
	4,142,358	901,880	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 30 September 2021, the Group experienced improved performance from its shift in strategy and business model which has cushioned some of the adverse financial results amidst variants, global supply chain issues and loss from the sale of Playa shares.