

ENDEAVOUR HOLDINGS LIMITED

Chairman's Report

I am pleased to report on financial performance of Endeavour Holdings Limited (EHL) for the third quarter ended January 31, 2020.

During the period May 1, 2019 to January 31, 2020 of the financial year ending April 2020, the economic environment remain challenging as the country continues to experience slow macroeconomic improvement.

Despite the flat economic climate the Company in November 2019 successfully launched its Initial Public Offering (IPO) and became listed as a Small Medium Entity (SME) on the Trinidad & Tobago Stock Exchange on December 12, 2019.

For the three quarters period May 1, 2019 to January 31, 2020, EHL's profit after tax decreased by \$1.0M from \$27.4M in 2019 compared to \$26.4M in 2020.

This net \$1.0M decrease was due to a decrease in EHL's revenue in the sum of \$0.9M which was primarily due to adjustments made by EHL to certain existing rental terms and arrangements. Additionally, rental expenses increased by \$2.2M due to non-recurrent type maintenance expenses incurred during the period for painting, landscaping, air-conditioning, canopies, car parks, drainage and plumbing/sewer repairs. Administrative expenses increased by \$0.7M primarily due to one-off legal fees and advertising for the IPO.

On the other hand, operating expenses decreased by \$0.6M primarily because of reduction in depreciation for leasehold improvements and finance costs decreased by \$1.2M due to the continued reduction on the principal of EHL's existing loan arrangements.

Also, current taxation decreased by \$0.8M from \$7.9M in January 2019 to \$7.1M in January 2020. This was due to the Company using the applicable corporation tax rate of 10% post listing date which is available for new companies listed on the TTSE SME market.

This rate will be applicable for the ensuing five years and thus the full effect of this reduction will be seen from our next financial year ending April 2021.

EHL adopted IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers as of May 1, 2018 and there continues to be no impact to the results of the company up to the third quarter ended January, 2020.

EHL's total assets base increased by \$18.6M from \$907M at January 2019 to \$926M at January 2020 primarily due to the proceeds from the IPO. Included in the \$926M is the property portfolio valued at \$864 million. There were no acquisitions, disposals or revaluations of properties during the period. EHL continues to enjoy very high occupancy levels and a stabilized tenant base.

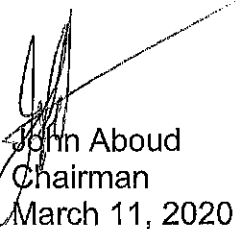
EHL's borrowings decreased by \$28 million from \$283.0M at January 31, 2019 to \$255.0M as at January 31, 2020 as a result of the repayment of principal. EHL expects continued reduction in finance costs and increase in equity as the principal on the existing loan arrangements is paid down.

In December 2019 the Company retained its **Cari A +** rating on its Bonds portfolio from Caribbean Information & Credit rating Services Limited (CariCRIS).

Share Capital increased by \$11M from \$32M in January 31, 2019 to \$43M as at January 31, 2020 as a result of the IPO subscriptions and issue of 884,419 new shares at \$12.50.

The Board declared an interim dividend of \$0.12 per Ordinary Share to all shareholders of record as of December 23, 2019 which was paid on January 22, 2019.

EHL continues to show stable performance and achieving its targets towards the financial year ending April 30, 2020.



John Aboud
Chairman
March 11, 2020