

EPPLEY
L I M I T E D

EPPLEY
CARIBBEAN PROPERTY FUND
L I M I T E D S C C

VALUE FUND
THIRD QUARTER 2020

COMPANY OVERVIEW

Fund name:	Eppley Caribbean Property Fund Limited SCC-Value Fund
Fund type:	Closed-end Fund
Eppley management control:	May 4, 2018
Stock exchange listings:	Barbados Stock Exchange (BSE) Jamaica Stock Exchange (JSE) Trinidad & Tobago Stock Exchange (TTSE)
Independent property appraisals:	Annually and Semi-Annually
Management fees:	1.5% of net assets
Financial quarter:	June 30, 2020
Net assets:	\$86,708,626
Net profit:	\$1,765, 229
Shares outstanding:	122,047,284
Net asset value per share:	\$0.71
Share price:	\$0.57 (BSE) J\$42.93 (JSE)

CORPORATE INFORMATION

DIRECTORS

Nicholas A. Scott, Chairman
Paul B. Scott
Jeffrey Hall
Melanie Subratie
Sharon E. Donaldson
Roger Cave
Richard Luck
Damian Duncan

HEAD OFFICE

First Floor, Carlisle House
Hincks Street
Bridgetown, Barbados

FUND MANAGER

Eppley Fund Managers Limited

INDEPENDENT VALUERS

BCQS International
Property Consultancy Services
David Thwaites and Associates
NAI Jamaica Langford and Brown

ATTORNEYS

Clarke Gittens Farmer

BANKERS

CIBC First Caribbean International Bank
NCB Capital Markets

LETTER TO SHAREHOLDERS

FELLOW SHAREHOLDERS,

The Value Fund reported \$1.8 million in net earnings for the nine month period ended June 30, 2020, a 5% decrease relative to the corresponding period last year. However, funds from operations (FFO) attributable to shareholders, a measure of the Fund's core operating profitability, increased by 27% to \$2.3 million for the nine month period ended June 2020.

The Fund's other key performance measure, net operating income (NOI) attributable to shareholders, a measure of the Fund's share of rental income less its operating expenses, was effectively flat at \$2.4 million when compared to the same period last year.

These results reflect the impact of COVID 19 on the Fund's operations during the most recent quarter. As indicated in our previous letter, the Fund agreed to provide temporary rent relief to certain retail tenants in Barbados. Whilst these agreements will impact our FFO and earnings in the short-term, in most cases the affected leases have been extended on favorable terms designed to offset the impact to the Fund over the long-term.

Upon assuming management of the Fund in 2018, Eppley outlined a strategy to scale the Fund's operations and diversify its assets by geography and type. Last year, we began to execute this strategy by raising additional capital and acquiring 5 new buildings to add to the 6 buildings we inherited. These acquisitions added industrial assets and Jamaican buildings to the portfolio for first time.

Our strategy has been validated by recent developments as the Fund's newly acquired industrial and office assets have proven particularly resilient in the face of COVID 19. We also ended the quarter with over \$28 million of cash. As this crisis continues to develop, new opportunities will emerge to purchase high quality commercial real estate on improved terms. These transactions will favour large, sophisticated buyers that can act decisively without the need for external funding. We already have a healthy pipeline and expect to begin completing new acquisitions in the coming months. These new purchases will continue the Fund's strategy and take advantage of opportunities to buy assets at depressed market prices.

In line with the Fund's previously disclosed share buyback policy, the Fund reserves the right to repurchase its shares on the market should the shares trade at prices significantly below NAV per share. Management continues to monitor the Fund's share price and intends to occasionally take advantage of value creating buyback opportunities while remaining cognizant of the need for liquidity preservation during these unprecedented times.

Today the Board approved an interim dividend of 1.8 cents per share. In line with the Fund's policy, the dividend is roughly equal to our FFO attributable to shareholders.

In conclusion, the Value Fund's financial performance for the first nine months of this year was impacted by COVID 19. Our recent capital raise and acquisitions have partially mitigated this impact. Furthermore, the Fund has a strong balance sheet, is significantly liquid and is well positioned to capture opportunities that will emerge from current market conditions.

Sincerely,



Nicholas A. Scott

VALUE FUND FINANCIAL PERFORMANCE

	JUNE-20	JUNE-19
NOI attributable to shareholders	2,365,037	2,390,753
Interest expense	(367,701)	(399,735)
Interest and other income	583,139	182,787
Net interest expense of investments accounted for using Equity Method	(308,390)	(379,083)
FFO attributable to shareholders	2,272,085	1,794,722
Fair value gains/(losses) on investment properties	(220,477)	40,000
Foreign exchange gains/(losses)	(310,600)	-
Net gain/(loss) on sale of investment property	-	-
Impairment (charge)/recovery for receivables	24,221	-
Non-cash charges of investments accounted for using the Equity Method	-	23,045
Comprehensive income attributable to shareholders for the period	1,765,229	1,857,767

VALUE FUND PROPERTIES



Cave Shepherd Building
Bridgetown, Barbados



24 Broad Street
Bridgetown, Barbados



Emerald City Mall
Six Roads, Barbados



Empire Shopping Centre
Kingston, Jamaica



Angels Industrial Estate
St. Catherine, Jamaica



Alamac Warehouse
Fontabelle, Barbados



Sunset Mall
Sunset Crest, Barbados



227 Marcus Garvey Drive
Kingston, Jamaica



Chattel Village
Holetown, Barbados



Carlisle House
Bridgetown, Barbados



Hastings Office Centre
Hastings, Barbados

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Financial Position
As at June 30, 2020
(expressed in Barbados dollars)

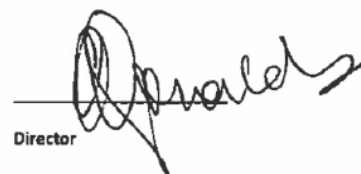
	Unaudited June 30, 2020	Unaudited June 30, 2019	Audited September 30, 2019
	\$	\$	\$
Assets			
Investment properties	48,060,332	26,823,250	39,328,765
Investment in associated company	21,443,042	19,885,133	21,234,890
Accounts receivable and prepaid expenses	351,518	408,229	390,746
Due from related parties	592,188	488,908	518,605
Marketable securities	-	-	4,000,000
Cash & cash equivalents	28,603,516	12,353,684	34,253,482
Total assets	99,050,596	59,959,204	99,726,488
Liabilities			
Loans payable	10,700,000	19,126,667	10,728,501
Accounts payable and accrued expenses	491,794	236,842	495,545
Security and advanced deposits	339,724	215,434	327,021
Due to related party	724,255	89,808	-
Deferred tax	42,836	-	42,836
Corporation tax payable	11,579	-	11,579
Total liabilities	12,310,188	19,668,751	11,605,482
Total assets less liabilities	86,740,408	40,290,453	88,121,006
Equity			
Share capital	83,036,725	37,209,540	83,128,128
Other reserves	(215,981)	-	(79,327)
Retained earnings	3,887,882	3,047,226	5,039,725
Total shareholders' funds	86,708,626	40,256,766	88,088,526
Non-controlling interests	31,782	33,687	32,480
	86,740,408	40,290,453	88,121,006
Net asset value per share	\$0.71	\$0.72	\$0.72

Approved by:



Director

August 14, 2020



Director

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Comprehensive Income
For the nine-month period October 1, 2019 to June 30, 2020
(expressed in Barbados dollars)

	Unaudited nine-month period ended	Unaudited nine-month period ended	Audited Year ended
	October 1, 2019 - June 30, 2020	October 1, 2018 – June 30, 2019	September 30, 2019
	\$	\$	\$
Revenue			
Net rental income	2,154,260	1,096,892	1,800,499
Fair value (losses)/gains on investment property	(220,477)	40,000	2,019,150
Share of profit of investments using equity accounting	1,168,152	1,598,173	2,947,930
Gain on bargain purchase	-	-	74,325
Interest income	582,716	92,713	149,714
Other income	423	90,074	1,869
Total investment income	3,685,074	2,917,852	6,993,487
Expenses			
Interest Expense	367,701	399,735	634,125
Fund management fees	490,962	224,335	298,137
Investment advisor fees	490,962	224,335	298,137
Professional fees	256,409	133,124	187,339
Directors and subcommittee fees	2,400	1,920	2,560
Office and administrative expenses	25,730	31,416	45,562
Impairment (gain)/charge for receivables	(24,221)	11,087	76,317
Net foreign exchange loss	310,600	-	1,565,676
Operating expenditure	1,920,543	1,025,952	3,107,853
Profit before tax	1,764,531	1,891,900	3,885,634
Taxation	-	-	(2,442)
Net profit for the year	1,764,531	1,891,900	3,883,192
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	136,654	-	79,327
Total comprehensive income for the year	1,901,185	1,891,900	3,962,519
Attributable to:			
Cellular property fund shareholders	1,765,229	1,857,767	3,850,266
Non-controlling interests	(698)	34,133	32,926
Total comprehensive income for the period	1,764,531	1,891,900	3,883,192
Earnings per share – basic and diluted	\$0.01	\$0.03	\$0.06

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Changes in Equity
For the nine-month period October 1, 2019 to June 30, 2020
(expressed in Barbados dollars)

	Attributable to Fund shareholders				Total
	Share capital	Other Reserves	Retained earnings	Non-controlling interests	
	\$	\$	\$	\$	
Balance- September 30, 2018	37,209,540	-	2,525,125	2,902,055	42,636,720
Shares Issues	47,237,127	-	-	-	47,237,127
Share issue costs	(1,318,539)	-	-	-	(1,318,539)
Translation reserves	-	(79,327)	-	-	(79,327)
Distributions to non- controlling interests	-	-	-	(2,902,501)	(2,902,501)
Dividend declared (2.4 cents per share)	-	-	(1,335,666)	-	(1,335,666)
Income for the year	-	-	3,850,266	32,926	3,883,192
Balance- September 30, 2019	83,128,128	(79,327)	5,039,725	32,480	88,121,006
Repurchase of issued shares	(91,403)	-	15,287	-	(76,116)
Translation reserves	-	(136,654)	-	-	(136,654)
Dividend declared (2.4 cents per share)	-	-	(2,932,359)	-	(2,932,359)
Income for the period	-	-	1,765,229	(698)	1,764,531
Balance- June 30, 2020	83,036,725	(215,981)	3,887,882	31,782	86,740,408

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Changes in Equity
For the nine-month period October 1, 2018 to June 30, 2019
(expressed in Barbados dollars)

	Attributable to Fund shareholders				Total
	Share capital	Retained earnings	Non-controlling interests		
	\$	\$	\$	\$	
Balance- September 30, 2017	37,209,540	5,273,834	3,055,520		45,538,894
Dividend declared (3.5 cents per share)	-	(1,947,846)	-		(1,947,846)
Distributions to non- controlling interests	-	-	(215,000)		(215,000)
Total comprehensive (loss)/income for the year	-	(800,863)	61,535		(739,328)
Balance- September 30, 2018	37,209,540	2,525,125	2,902,055		42,636,720
Distributions to non- controlling interests	-	-	(2,902,501)		(2,902,501)
Dividend declared (2.4 cents per share)	-	(1,335,666)	-		(1,335,666)
Income for the period	-	1,857,767	34,133		1,891,900
Balance- June 30, 2019	37,209,540	3,047,226	33,687		40,290,453

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Cashflows
For the nine-month period October 1, 2019 to June 30, 2020
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>nine-month period</u> <u>October 1, 2019 –</u> <u>June 30, 2020</u>	<u>Unaudited</u> <u>nine-month period</u> <u>October 1, 2018 –</u> <u>June 30, 2019</u>	<u>Audited</u> <u>Year ended</u> <u>September 30, 2019</u>
	\$	\$	\$
Cash flows from operating activities			
Total comprehensive income for the period	1,764,531	1,891,900	3,885,634
Adjustment for:			
Fair value losses/(gains) on investment property	220,477	(40,000)	(2,019,150)
Net foreign exchange loss	310,600	-	1,565,676
Share of gains of investments accounted for using the equity method	(1,168,152)	(1,598,173)	(2,947,930)
Depreciation	1,518	-	-
Interest income	(582,716)	(92,713)	(149,714)
Interest expense	367,701	399,735	634,125
Operating income before working capital changes	913,959	560,749	968,641
Net increase in accounts receivable and prepaid expenses	(121,657)	(130,463)	(46,723)
Net increase in due to/from related parties	826,332	448,129	330,217
Net decrease in loans receivable	-	6,500,000	6,500,000
Net increase/(decrease) in accounts payable and accrued expenses	12,338	(1,943,679)	(1,570,546)
Increase/(decrease) in security deposits	16,028	(17,567)	94,020
Additions to investment property	(9,312,477)	(9,013,250)	(12,872,552)
Decrease/(Increase) in marketable securities	4,000,000	-	(4,000,000)
Cash used in operations	(3,665,477)	(3,596,081)	(10,596,943)
Interest received	582,716	92,713	117,979
Interest paid	(248,077)	(201,351)	(633,749)
Net cash used in operating activities	(3,330,838)	(3,704,719)	(11,112,713)
Cash flows from investing activities			
Distributions from associated companies	960,000	1,710,713	1,710,711
Net cash generated from financing activities	960,000	1,710,713	1,710,711
Cash flows from financing activities			
Net proceeds from issuance of share	-	-	39,061,220
Shares repurchased	(76,116)	-	-
Distributions to non-controlling interests	-	(2,902,501)	(2,902,501)
Dividends paid	(2,932,359)	(1,335,666)	(1,335,666)
Loans received	-	8,348,284	8,348,284
Loans repaid	(147,625)	-	(7,855,100)
Net cash (used in)/generated from financing activities	(3,156,100)	4,110,117	35,316,237
Net (decrease)/increase in cash and cash equivalents	(5,526,938)	2,116,111	25,914,235
Effects of foreign exchange rate changes on cash and cash equivalents	(123,028)	-	(1,930,061)
Cash and cash equivalents at beginning of the period	34,253,482	10,237,573	10,237,573
Cash and cash equivalents at end of the period	28,603,516	12,353,684	34,221,747

TEN LARGEST SHAREHOLDERS
(as at June 30, 2020)

JCSD Trustee Services Ltd - Sigma Equity	10,827,190
3119, SJIML A/C	8,661,750
ATL Group Pension Fund Trustee Nominee Limited	8,445,220
Alamac Investments Limited	5,823,650
FirstCaribbean Barbados C1686 AA	5,650,158
Massy (Barbados) Ltd	5,000,000
Guardian Life Limited	4,387,590
NCB Insurance Co. Ltd. A/C WT157	3,031,000
NCB Insurance Co. Ltd. A/C WT160	3,031,000
Kingston Port Workers Superannuation Fund	2,820,000

SHAREHOLDINGS OF DIRECTORS
(as at June 30, 2020)

	Direct	Connected*
Nicholas A. Scott	180,076	2,102,277
Paul B. Scott	-	4,060,915
Melanie M. Subratie	-	4,383,650
Sharon E. Donaldson	30,000	1,917,140
Roger M. Cave	10,000	-
Jeffrey M. Hall	-	-
Damian J. Duncan	-	-
Richard A. Luck	-	-

* Includes connections by virtue of directorships and other affiliations in addition to indirect shareholdings.

1. Identification and Activities

Eppley Caribbean Property Fund Limited SCC (formerly Fortress Caribbean Property Fund Limited SCC) (the Fund) was incorporated on May 7, 1999 and is registered under the Mutual Funds Act of Barbados as an authorised mutual fund. The Fund is a closed end fund. It commenced operations on August 20, 1999. These consolidated financial statements include the results the Fund and its subsidiaries, collectively known as the Group.

Eppley Fund Managers Limited, a mutual fund administrator licensed under the Mutual Funds Act, Barbados, acquired the common shares of the Fund which were previously held by Fortress Fund Managers and Alleyne, Aguilar & Altman Limited. The effective date of the transaction was May 4, 2018. Following the completion of the sale, the name of the Fund was changed to Eppley Caribbean Property Fund Limited SCC.

On September 24, 2013, at a special meeting of the shareholders of the Class "A" shares, the proposal to divide the Fund into a segregated cell company was approved. As a result, effective October 1, 2013, the Fund was converted to a segregated cell company, Fortress Caribbean Property Fund Limited SCC ("the Fund"). The Fund is divided into two cells, Fortress Caribbean Property Fund – Value Fund ("the Value Fund") and Fortress Caribbean Property Fund – Development Fund ("the Development Fund"). As at October 1, 2013 each share previously owned by the Class "A" shareholders has been replaced by one share in the Value Fund and one share in the Development Fund.

A public invitation for subscription was made by Eppley Caribbean Property Limited SCC via prospectus dated June 15, 2019, in Jamaica in respect of cellular shares in the value fund at the price of J\$46.18 per share. The offer closed on July 31, 2019, consequently contributing to an increase of 66,528,860 units of shares issued.

The split of the Fund into the two cells is reflected on the Barbados Stock Exchange, the Company's primary exchange listing. The Fund's shares are also traded on the Trading on the Trinidad and Tobago Stock Exchange. Each share trades independently.

The investment objective of the Value Fund is to produce annual income and long-term capital gains from a diversified portfolio of income producing properties in the Caribbean. It is expected that the Value Fund will pay out a minimum of 75% of its available distributable profits annually.

The accounting policies and method of computation are consistent with the audited financial statements for year ended September 30, 2019. These financial statements are expressed in Barbados dollars which is the currency of the primary economic environment in which the Fund operates.

2. Statement of Compliance and Basis of Preparation

The unaudited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) promulgated by the International Accounting Standards Board (IASB), applicable to companies reporting under IFRS. The consolidated interim financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of certain financial assets held at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting policies and method of computation are consistent with the audited financial statements for year ended September 30, 2019. These financial statements are expressed in Barbados dollars which is the currency of the primary economic environment in which the company operates.

EPPLEY

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www.eppleylimited.com