

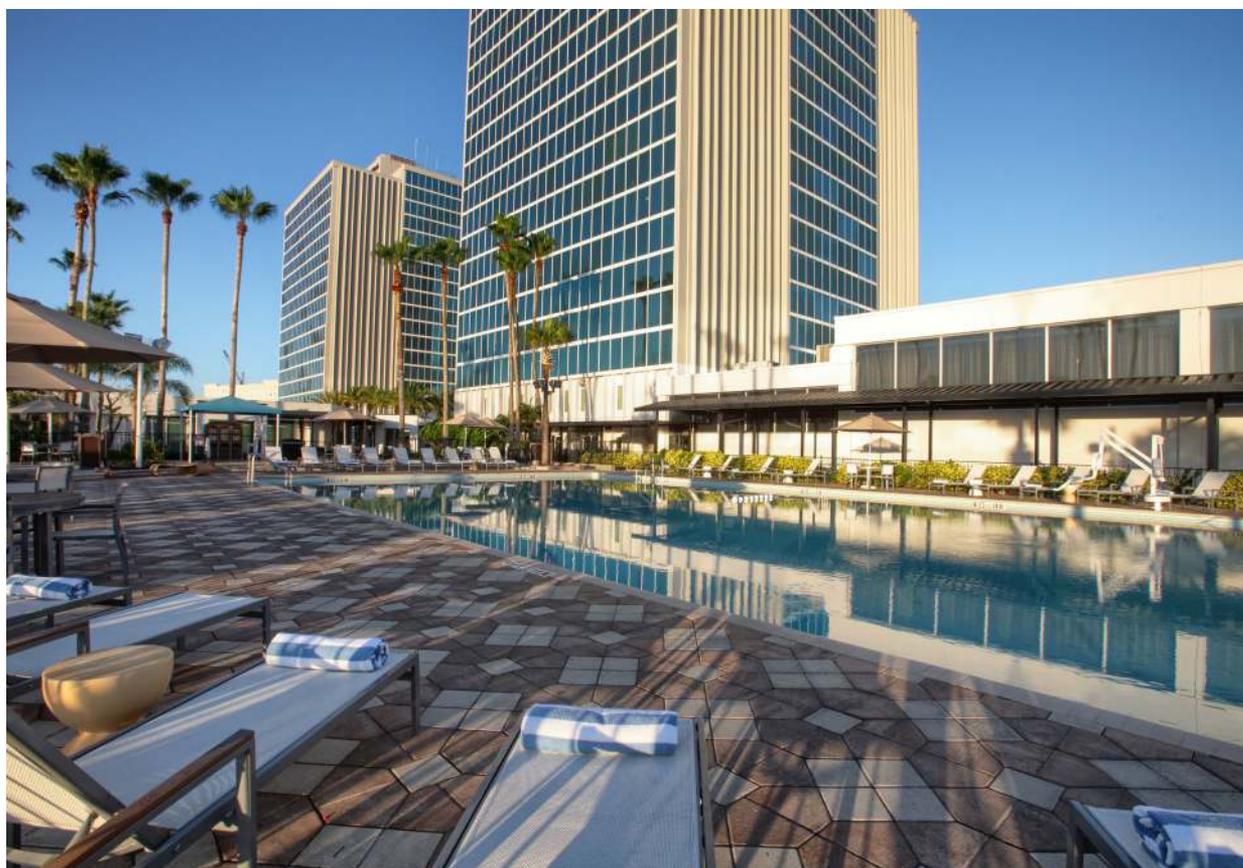
# Sagicor Real Estate X Fund Limited

REPORT TO OUR STOCKHOLDERS

## 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 year ended December 2021.

#### OVERVIEW

Sagicor Real Estate X Fund continues to show improvement in its financial performance and reported net profits attributable to stockholders of \$0.38 billion, compared to a loss of \$9.99 billion in the prior year. The improved results reflect the improvement in theme park attendance in Orlando USA as the industry emerged from the COVID-19 shutdowns in 2020. During Q4 2021, the Group recorded net profits attributable to stockholders of \$0.44 billion against a \$3.10 billion loss in the prior comparative period, according to Florida officials, visitor arrivals to the state have been recorded above pre-pandemic levels. The Group's share price on December 31, 2021, was \$8.50, a 3% increase over the prior year. Early in 2021, the Group divested its holdings in Playa following the sale of its portion of Jewel Grande Montego Bay (JGM) in 2020.

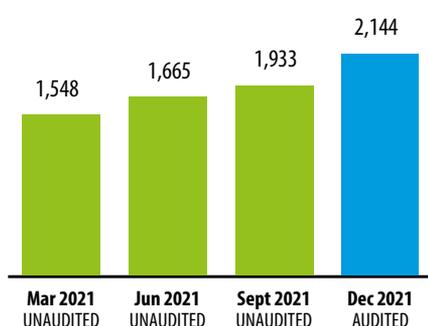
#### EARNINGS

The Group recorded total revenues of \$5.79 billion, 125% or \$3.21 billion above the prior year. Hotel revenues from DoubleTree Orlando (DTO) were recorded at \$4.43 billion, an 83% increase over 2020, driven mainly by improvements in occupancy levels and revenues from hosting corporate and individual events.

During the year the Group concentrated on improving its liquidity, profitability and evaluating longer-term investment options. The Group's other operating segment contributed \$0.98 billion in profits. Proceeds from the sale of the Playa shares, that were used to purchase investment

#### X Fund Cash Resources by Quarters

J\$ MILLIONS



### HIGHLIGHTS

	December 2021 Audited	December 2020 Audited
Total Revenue - J\$ billion	5.79	2.58
Earnings before interest, tax, depreciation and amortization (EBITDA - excluding impairment charges and loss on disposal/dilution and of associate) - J\$ billion	2.33	(5.75)
Net Profit/(Loss) attributable to stockholders - J\$ billion	0.38	(9.99)
Earnings per stock unit - J\$	0.17	(4.45)
Total Assets - J\$ billion	31.32	32.00
Stockholders' Equity J\$ billion	16.59	15.17
JSE X Fund share price - J\$	8.50	8.25
Market capitalization - J\$ billion	19.07	18.50

securities, influenced this outcome by generating significant foreign exchange gains and interest income. This led to net capital gains of \$1.19 billion (2020: 0.09 billion capital loss) for the year. The Group was able to retire debt of \$2.99 billion, thereby reducing interest costs by 23% compared to the prior period.

Hotel expenses of \$3.37 billion were 42% above the prior year. Hotel revenues outpaced hotel expenses by 25%, signaling the effectiveness of cost containment strategies implemented at the onset of the pandemic. Operating expenses were 20% lower than the

prior year influenced by the sale of Playa and JGM.

#### DIRECT HOTEL OPERATIONS

DTO's results showed strong signs of recovery. On a year-to-date basis, occupancy levels increased from 46.9% at December 2020 to 83.2% at December 2021. For the fourth quarter occupancy levels averaged 84.9%. DTO remains one of the leading comparable properties in the Orlando theme park market. Hotel revenues were \$4.43 billion (2020: \$2.43 billion), with EBITDA of \$1.06 billion (2020: \$0.34 billion), and net loss for the period of \$0.08 billion (2020: \$0.62 billion).

**\$5.79B**  
Total Revenue

**\$16.59B**  
Stockholders' Equity

**\$31.32B**  
Total Assets

**\$2.33B**  
EBITDA

# Sagicor Real Estate X Fund Limited

## Report to our Stockholders | 2021 Performance



REAL ESTATE X FUND

DTO's performance is underpinned by improved bookings and increased demand for large group conferences. DTO is expected to continue this trajectory in the ensuing months, and the outlook for the company is both positive and promising.

### INDIRECT COMMERCIAL OPERATIONS

The Group's indirect commercial operations comprised our investments in Playa shares and units in the Sigma Real Estate Portfolio. X Fund holds a 3% interest in the Sigma Real Estate Portfolio. In January 2021, investment in Playa was sold and the segment recognized a loss of \$0.23 billion on disposal. This was partly offset by unrealized gains of \$0.08 billion recorded on our holdings in Sigma. Prior year's performance included unrealized capital losses on Sigma Units as well as a share of loss and impairment charges on the associated company (Playa) resulting from the impact of the pandemic.

### OTHER OPERATIONS

The segment recognized profits of \$0.98 billion, a marked improvement over the performance last year. Restructuring of our Indirect Commercial Operations through the sale of Playa shares generated liquidity that was used to purchase investment securities. This strategic move yielded a positive outcome for the segment as substantial foreign exchange gains and higher interest income were earned from the investment portfolio.

#### Balance Sheet

The Group's total assets were \$31.32 billion at December 2021 and \$32.00 billion at December 2020. Stockholders' Equity as at December 2021 increased to \$16.59 billion, up 9.4% from \$15.17 billion as at December 2020. The increase was due largely to the increased valuation of DTO property and the Group's improved performance. Market capitalization at period end was \$19.07 billion, compared to \$18.50 billion at December 2020, reflecting an increase in the share price.

### OUTLOOK

The performance of the US economy for 2021 was tempered by new strains of coronavirus, which decelerated the pace of reopening and slowed economic activities. However, the US economy started to rebound strongly from the global pandemic with a growth of 6.9% in the fourth quarter of 2021 relative to 2.3% in the third quarter. The fourth-quarter growth was the strongest pace recorded since 1984. The travel industry, in particular, showed its resilience with the roll-out of vaccines and the easing of entry restrictions in the US. Pent-up demand surfaced quickly, and hotel occupancy levels began to see sharp increases. From October to December 2021, Florida saw a near 60% increase in visitors, which exceeded pre-pandemic levels from Q4 2019. DTO's operations in the final quarter were reflective of the recovery, however, the outlook for the industry remains fragile and is largely dependent on the emergence of new variants and government-imposed restrictions.

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

28 February 2022

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	December 2021 Audited	December 2020 Audited
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	14,964,537	12,560,859
Goodwill	923	923
Investment in Sigma Real Estate Portfolio	868,146	783,743
Investment in Associate	-	15,844,877
Financial investments	268,060	189,036
	<u>16,101,666</u>	<u>29,379,438</u>
<b>Current Assets</b>		
Inventories	30,690	27,337
Receivables	1,303,678	1,075,151
Securities purchased under resale agreement	2,888,764	134,975
Financial investments	8,845,860	-
Cash resources	2,144,347	1,386,587
	<u>15,213,339</u>	<u>2,624,050</u>
<b>TOTAL ASSETS</b>	<b><u>31,315,005</u></b>	<b><u>32,003,488</u></b>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES:</b>		
<b>Stockholders' Equity attributable to:</b>		
<b>Stockholders of the company</b>		
Share capital	12,642,512	12,642,512
Equity Reserves	4,607,779	3,658,551
Retained earnings	(660,667)	(1,131,882)
	<u>16,589,624</u>	<u>15,169,181</u>
Non-controlling interests	5,767,623	6,210,019
<b>Total Equity</b>	<b><u>22,357,247</u></b>	<b><u>21,379,200</u></b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Deferred income taxes	1,197,169	667,289
Borrowings	6,982,418	7,469,311
	<u>8,179,587</u>	<u>8,136,600</u>
<b>Current Liabilities</b>		
Payables	435,441	351,262
Contractual Liabilities	140,540	59,454
Borrowings	202,190	2,076,972
	<u>778,171</u>	<u>2,487,688</u>
<b>Total Liabilities</b>	<b><u>8,957,758</u></b>	<b><u>10,624,288</u></b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b><u>31,315,005</u></b>	<b><u>32,003,488</u></b>

Christopher Zacca  
Chairman  
28 February 2022

Bruce James  
Director

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021  
(Expressed in thousands of Jamaican dollars)

	Q4 2021 Audited	Q4 2020 Audited	December 2021 Full Year Audited	December 2020 Full Year Audited
<b>Revenues:</b>				
Net investment income	70,663	3,887	147,554	18,525
Net capital gains/(losses) on financial assets	402,270	50,724	1,193,844	(93,202)
Hotel revenue	1,404,041	576,584	4,432,018	2,427,344
Hotel revenue from discontinued operations	-	23,834	-	226,703
Other income	2,112	19	19,871	533
<b>Total revenues</b>	<b><u>1,879,086</u></b>	<b><u>655,048</u></b>	<b><u>5,793,287</u></b>	<b><u>2,579,903</u></b>
<b>Expenses:</b>				
Hotel expenses	985,985	476,201	3,367,409	2,090,991
Expenses from discontinued operations	-	30,236	-	321,684
Depreciation	214,080	191,899	811,018	790,083
Interest and other financing costs	59,786	146,480	529,449	683,186
Other operating expenses	35,480	37,609	94,811	118,418
Loss on sale of the hotel operations	-	(6,402)	-	382,047
<b>Total expenses</b>	<b><u>1,295,331</u></b>	<b><u>876,023</u></b>	<b><u>4,802,687</u></b>	<b><u>4,386,409</u></b>
<b>Operating profit/(loss)</b>	<b><u>583,755</u></b>	<b><u>(220,975)</u></b>	<b><u>990,600</u></b>	<b><u>(1,806,506)</u></b>
Impairment of investment in associate	-	(2,712,955)	-	(7,925,022)
Loss on sale/dilution of interest in associate	-	(3,143)	(233,089)	(391,296)
Share of loss from associate	-	(2,073,252)	-	(5,467,297)
Profit/(loss) before taxation	583,755	(5,010,325)	757,511	(15,590,121)
Taxation	(141,820)	32,311	(36,646)	201,719
<b>Net profit/(loss)</b>	<b><u>441,935</u></b>	<b><u>(4,978,014)</u></b>	<b><u>720,865</u></b>	<b><u>(15,388,402)</u></b>
<b>Net Profit/(Loss) attributable to:</b>				
Stockholders of the Company	441,935	(3,101,226)	376,501	(9,987,059)
Non-controlling interests	-	(1,876,788)	344,364	(5,401,343)
	<u>441,935</u>	<u>(4,978,014)</u>	<u>720,865</u>	<u>(15,388,402)</u>
<b>Earnings per stock unit for profit/(loss) attributable to stockholders of the Company:</b>				
Basic and fully diluted	\$0.20	(\$1.38)	\$0.17	(\$4.45)
<b>Net profit/(loss)</b>	<b>441,935</b>	<b>(4,978,014)</b>	<b>720,865</b>	<b>(15,388,402)</b>
<b>Other comprehensive income/(loss), net of taxes: Items that may be subsequently reclassified to profit or loss</b>				
Re-translation of foreign operation	429,725	82,927	658,987	2,844,201
Re-translation of foreign operation recycled to the Income Statement on sale/dilution of associated company	-	-	(2,534,160)	(74,042)
Interest Rate Swap	-	77,591	-	(140,618)
Share of interest rate swap recycled to the Income Statement on sale/dilution of associated company	-	-	526,436	24,237
<b>Items that will not be subsequently reclassified to profit or loss</b>				
Unrealised gains/(losses) on revaluation of property, plant and equipment	155,689	131,829	1,605,919	(2,368,749)
Retirement benefit obligations	-	(22,528)	-	(2,797)
Total other comprehensive income/(loss) recognised in stockholders' equity, net of taxes	585,414	269,819	257,182	282,232
<b>Total comprehensive income/(loss)</b>	<b><u>1,027,349</u></b>	<b><u>(4,708,195)</u></b>	<b><u>978,047</u></b>	<b><u>(15,106,170)</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>				
<b>Stockholders of the Company</b>	<b>1,027,349</b>	<b>(2,880,212)</b>	<b>1,420,443</b>	<b>(10,371,785)</b>
Non-controlling interests	-	(1,827,983)	(442,396)	(4,734,385)
	<u>1,027,349</u>	<u>(4,708,195)</u>	<u>978,047</u>	<u>(15,106,170)</u>

# Sagikor Real Estate X Fund Limited

## Report to our Stockholders | 2021 Performance



REAL ESTATE X FUND

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 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 Audited
<b>Period ended 31 December 2021</b>							
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	-	(882,119)	1,926,061	376,501	1,420,443	(442,396)	978,047
Transfer between reserves	-	-	(94,714)	94,714	-	-	-
<b>Balance as at 31 December 2021</b>	<b>12,642,512</b>	<b>2,067,643</b>	<b>2,540,136</b>	<b>(660,667)</b>	<b>16,589,624</b>	<b>5,767,623</b>	<b>22,357,247</b>
<b>Period ended 31 December 2020</b>							
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	-	1,959,898	(2,344,624)	(9,987,059)	(10,371,785)	(4,734,385)	(15,106,170)
Transfer between reserves	-	-	(9,243)	9,243	-	-	-
<b>Period ended 31 December 2020</b>	<b>12,642,512</b>	<b>2,949,762</b>	<b>708,789</b>	<b>(1,131,882)</b>	<b>15,169,181</b>	<b>6,210,019</b>	<b>21,379,200</b>

### CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the year ended 31 December 2021  
(Expressed in thousands of Jamaican dollars)

Twelve months ended December 31, 2021	Direct Hotel Operations	Indirect Commercial Operations	Other	Eliminations	December 2021 Audited
<b>Operating results:</b>					
External revenues	4,432,018	-	147,554	-	4,579,572
Net capital gains on financial assets and liabilities	-	84,403	1,129,312	-	1,213,715
Total revenue	4,432,018	84,403	1,276,866	-	5,793,287
Operating expenses	(3,367,409)	-	(94,811)	-	(3,462,220)
Depreciation	(811,018)	-	-	-	(811,018)
Finance costs	(355,450)	-	(173,999)	-	(529,449)
Operating (Loss)/profit	(101,859)	84,403	1,008,056	-	990,600
Loss on sale of interest in associate	-	(233,089)	-	-	(233,089)
(Loss)/profit before taxation	(101,859)	(148,686)	1,008,056	-	757,511
Taxation	17,154	(21,101)	(32,699)	-	(36,646)
Net (Loss)/profit	(84,705)	(169,787)	975,357	-	720,865
<b>Segment assets:</b>					
Total assets	17,578,525	869,069	21,820,746	(8,953,335)	31,315,005
<b>Segment liabilities:</b>					
Total liabilities	8,663,889	-	9,247,204	(8,953,335)	8,957,758
<b>Other Segment items:</b>					
Capital expenditure: Property, plant and equipment					36,628

Geographical Information	United States of America		Total
	Jamaica		
Revenue	1,361,269	4,432,018	5,793,287
Total Assets	13,736,480	17,578,525	31,315,005

Twelve months ended December 31, 2020	Direct Hotel Operations	Indirect Commercial Operations	Other	Eliminations	December 2020 Audited
<b>Operating results:</b>					
External revenues	2,654,047	-	18,525	-	2,672,572
Net capital losses on financial assets and liabilities	(2,939)	(87,900)	(1,830)	-	(92,669)
Total revenue	2,651,108	(87,900)	16,695	-	2,579,903
Operating expenses	(2,390,772)	(91,978)	-	-	(2,482,750)
Depreciation	(838,426)	-	-	-	(838,426)
Finance costs	(644,307)	(38,879)	-	-	(683,186)
Loss on sale of the hotel operations	(382,047)	-	-	-	(382,047)
Operating (Loss)/profit	(1,604,444)	(218,757)	16,695	-	(1,806,506)
Impairment of investment in associate	-	(7,925,022)	-	-	(7,925,022)
Loss on dilution of interest in associate	-	(391,296)	-	-	(391,296)
Share of profit from associate	-	(5,467,297)	-	-	(5,467,297)
(Loss)/profit before taxation	(1,604,444)	(14,002,372)	16,695	-	(15,590,121)
Taxation	183,685	21,975	(3,941)	-	201,719
Net (Loss)/profit	(1,420,759)	(13,980,397)	12,754	-	(15,388,402)
<b>Segment assets:</b>					
Total assets	21,787,740	16,629,543	4,860	(6,418,655)	32,003,488
<b>Segment liabilities:</b>					
Total liabilities	10,271,309	6,733,426	38,208	(6,418,655)	10,624,288
<b>Other Segment items:</b>					
Capital expenditure: Property, plant and equipment					174,635

Geographical Information	United States of America		Total
	Jamaica		
Revenue	152,559	2,427,344	2,579,903
Total Assets	2,004,430	29,999,058	32,003,488

### CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021  
(Expressed in thousands of Jamaican dollars)

	December 2021 Audited	December 2020 Audited
<b>Cash Flows from Operating Activities:</b>		
<b>Net Profit/(Loss)</b>	720,865	(15,388,402)
Adjustments for:		
<b>Items not affecting cash:</b>		
Depreciation and amortisation	811,018	838,426
Amortisation of franchise fees	2,291	2,283
Interest income	(147,554)	(18,525)
Interest expense	529,449	683,186
Income tax charges/(credits)	36,646	(201,719)
Loss on disposal of property, plant and equipment	17,422	-
Loss on disposal of discontinued operations	-	382,047
Effect of exchange gains on foreign currency balances	(1,089,295)	(5,962)
Impairment on investment in associate	-	7,925,022
Share of loss from associate	-	5,467,297
Loss on disposal/dilution of interest in associate	233,089	391,296
Fair value (gains)/losses on units held in Sagikor Sigma Funds	(84,403)	87,900
Fair value losses on other financial investments	12,604	12,764
	1,042,132	175,613
Changes in other operating assets and liabilities:		
Accounts receivable	(236,134)	95,717
Inventories	(970)	1,473
Accounts payable	159,440	(360,182)
Income taxes paid	-	(53,641)
<b>Net cash generated from/(used in) operating activities</b>	<b>964,468</b>	<b>(141,020)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property, plant and equipment, net	(36,628)	(174,635)
Proceeds from sale of discontinued operations	-	1,520,146
Restricted cash	(344,781)	(103,914)
Net (purchase) /sale of investments	(5,739,232)	88,633
Proceeds from sale of interest in associate	13,604,064	-
Interest income received	54,415	21,438
<b>Net cash provided by investing activities</b>	<b>7,537,838</b>	<b>1,351,668</b>
<b>Cash Flows from Financing Activities:</b>		
Borrowings, net	(2,986,424)	(1,607,039)
Interest expense paid	(468,436)	(611,156)
<b>Net cash used in financing activities</b>	<b>(3,454,860)</b>	<b>(2,218,195)</b>
<b>Cash and cash equivalents:</b>		
Increase/(decrease) in cash and cash equivalents	5,047,446	(1,007,547)
Effect of exchange rate on cash and cash equivalents	1,168,149	112,459
Cash and cash equivalents at beginning of period	860,939	1,756,027
<b>Cash and cash equivalents at end of period</b>	<b>7,076,534</b>	<b>860,939</b>
<b>Comprising:</b>		
Cash and bank	1,202,721	846,030
Short term deposit	3,078,400	-
Securities purchased under resale agreement	2,795,413	14,909
	<b>7,076,534</b>	<b>860,939</b>

### 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, 2021 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 and progressive relaxation of restrictions have generated optimism and increase in consumer confidence, and key sectors of the economy particularly, tourism, manufacturing, transportation, logistics and related sectors have shown growth but are generally below pre-COVID levels. For the quarter ending 31 December 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 a loss from the sale of Playa shares.