

EPPLEY
L I M I T E D

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

VALUE FUND
FOURTH QUARTER 2022

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:	Semi-Annually
Management fees:	1.5% of net assets
Financial year:	<u>September 30, 2022</u>
Net assets:	\$106,651,318
Net profit:	\$9,509,364
Shares outstanding:	136,044,964
Net asset value per share:	\$0.78
Share price:	\$0.51 (BSE) J\$49.00 (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

Property Consultancy Services
David Thwaites and Associates
NAI Jamaica Langford and Brown
Brent Augustus & Associates

ATTORNEYS

Clarke Gittens Farmer

BANKERS

CIBC FirstCaribbean International Bank
NCB Capital Markets

LETTER TO SHAREHOLDERS

FELLOW SHAREHOLDERS,

For the year ended September 30, 2022, the Value Fund achieved record performance for the second consecutive year reporting \$9.5 million in net profit, a 65% increase relative to the matching period of the previous year. The strength and resilience of our underlying assets continue to drive consistent growth in performance, further validating our key strategic initiatives of scale and diversification.

The increase in net profit is largely attributable to added income from recently acquired properties, net growth in the fair value of underlying assets, and strategic management of the Fund's operational efficiency.

Similarly, net operating income (NOI) attributable to shareholders, a measure of the Fund's share of rental income less its operating expenses, grew by 50% to \$5.8 million for the year ended September 30, 2022.

Funds From Operations (FFO) attributable to shareholders, the measure of the Fund's core operating profitability based on rental income less its expenses and cost of financing, grew by 34% to Bds\$4.1 million for the year ended September 30, 2022.

The Fund's diversified regional portfolio is underpinned by high-quality commercial real estate and strong cashflows. During the financial year ended September 30, 2022, the Fund acquired a 50% ownership stake in a state-of-the-art purpose built 99,000 square foot Business Process Outsourcing (BPO) property located on Chalmers Avenue in Kingston, Jamaica. In line with our strategy to scale and diversify, the acquisition expanded the Fund's regional footprint and provided an opportunity to participate in Jamaica's growing BPO industry. With the addition of Chalmers Avenue, the Fund now owns 17 properties totaling approximately 875,000 square feet spanning across Jamaica, Barbados and Trinidad & Tobago.

The Fund concluded the financial year with a strong balance sheet, reporting \$132.7 million in total assets, \$8.2 million of liquidity and a conservative leverage of \$24.2 million. Supported by the strength of our capital structure, the Fund is well positioned to further improve and take advantage of expansion opportunities.

Dividend

During the financial year, the Fund increased the dividend payment frequency to quarterly. In line with the Fund's policy, the Fund intends to distribute the vast majority of its FFO to its shareholders each year.

The Value Fund's record performance this year has been encouraging and has further validated our strategy for growth and portfolio diversity. We remain well positioned with a healthy capital structure to continue to expand our portfolio and improve overall operations.

Our outlook remains positive, and we look forward to sharing further updates with you soon.

Sincerely,



Nicholas A. Scott

VALUE FUND FINANCIAL PERFORMANCE

	Sept-22	Sept-21
NOI attributable to shareholders	5,802,601	3,877,652
Interest expense	(1,284,112)	(1,042,819)
Interest and other income	762,157	727,144
Net interest expense of investments accounted for using Equity Method	(1,216,478)	(539,957)
FFO attributable to shareholders	4,064,168	3,022,020
Fair value gains/(losses) on investment properties	2,174,606	941,410
Foreign exchange gains/(losses)	(129,309)	(46,329)
Impairment (charge)/recovery for receivables	(11,564)	(3,572)
Non-cash charges of investments accounted for using the Equity Method	3,411,463	1,832,886
Comprehensive income attributable to shareholders for the period	9,509,364	5,746,415

VALUE FUND PROPERTIES



10-14 Broad Street
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



105-107 Marcus Garvey Drive
Kingston, Jamaica



Spanish Town Road
Kingston, Jamaica



Mall Plaza
Kingston, Jamaica



155-157 Tragarete Road
Port of Spain, Trinidad & Tobago



52 Valsayn Branch Road
Valsayn, Trinidad & Tobago



22 Chalmers Avenue
Kingston, Jamaica

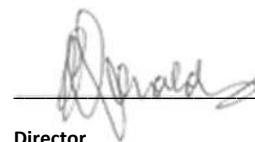
Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Financial Position
As at September 30, 2022
(expressed in Barbados dollars)

	Unaudited	Audited
	September 30, 2022	September 30, 2021
	\$	\$
Assets		
Software	1,446	-
Investment properties	75,965,120	73,807,640
Investment in associated company	34,870,890	31,208,140
Investment securities	10,448,534	-
Loans receivable	1,776,258	3,752,958
Accounts receivable and prepaid expenses	702,960	999,902
Due from related parties	728,454	874,987
Cash & cash equivalents	8,165,986	16,329,159
Total assets	132,659,648	126,972,786
Liabilities		
Loans payable	24,163,837	24,465,538
Accounts payable and accrued expenses	1,145,615	1,151,243
Security and advanced deposits	420,961	418,572
Deferred tax	186,910	162,062
Corporation tax payable	91,007	83,369
Total liabilities	26,008,330	26,280,784
Total assets less liabilities	106,651,318	100,692,002
Equity		
Share capital	92,610,581	92,919,797
Other reserves	546,248	1,240,354
Retained earnings	13,494,489	6,531,851
Total shareholders' funds	106,651,318	100,692,002
Net asset value per share	\$0.78	\$0.74

Approved by:



Director



Director

November 11, 2022

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Comprehensive Income
For the year ended September 30, 2022
(expressed in Barbados dollars)

	Unaudited Year ended	Unaudited three-month period	Unaudited three-month period	Audited Year ended
	September 30, 2022	July 1, 2022 - September 30, 2022	July 1, 2021 - September 30, 2021	September 30, 2021
	\$	\$	\$	\$
Revenue				
Net rental income	4,614,267	1,179,268	1,019,349	4,002,628
Fair value gains on investment property	2,174,606	1,053,154	805,112	941,410
Share of profit investments using equity accounting	5,783,127	1,775,543	2,103,388	3,518,530
Interest income	762,157	208,741	190,177	703,549
Other income	-	-	21,523	23,595
Total investment income	13,334,157	4,216,706	4,139,549	9,189,712
Expenses				
Interest Expense	1,284,112	336,647	350,559	1,042,819
Fund management fees	757,623	194,984	182,320	722,534
Investment advisor fees	757,623	194,984	182,320	722,534
Professional fees	476,600	123,332	303,443	611,166
Directors and subcommittee fees	10,397	7,877	830	3,320
Office and administrative expenses	25,485	13,042	7,339	22,282
Impairment charge on receivables	11,564	11,564	(2,945)	3,572
Net foreign exchange loss/(gain)	129,309	21,181	(139,460)	46,329
Operating expenditure	3,452,713	903,611	884,406	3,174,556
Profit before tax	9,881,444	3,313,095	3,255,143	6,015,156
Taxation	(372,060)	(225,366)	(135,531)	(259,484)
Net profit for the year	9,509,384	3,087,729	3,119,612	5,755,672
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	(694,106)	455,319	1,704,859	1,489,128
Total comprehensive income for the year	8,815,278	3,543,048	4,824,471	7,244,800
Attributable to:				
Cellular property fund shareholders	9,509,384	3,087,729	3,110,355	5,746,415
Non-controlling interests	-	-	9,257	9,257
Total comprehensive income for the year	9,509,384	3,087,729	3,119,612	5,755,672
Earnings per share – basic and diluted	\$0.07	\$0.02	\$0.02	\$0.04

Epley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Changes in Equity
For the year ended September 30, 2022
(expressed in Barbados dollars)

	Attributable to Fund shareholders				Total \$
	Share capital \$	Other Reserves \$	Retained earnings \$	Non-controlling interests \$	
	Balance- October 1, 2020	93,259,667	(248,774)	1,840,072	
Repurchase of issued shares	(339,870)	-	38,677	-	(301,193)
Translation reserves	-	1,489,128	-	-	1,489,128
Dividend declared (0.008 cents per share)	-	-	(1,093,313)	-	(1,093,313)
Net profit for the year	-	-	5,746,415	9,257	5,755,672
Disposal of a subsidiary	-	-	-	(41,039)	(41,039)
Balance- September 30, 2021	92,919,797	1,240,354	6,531,851	-	100,692,002
Repurchase of issued shares	(309,216)	-	46,085	-	(263,131)
Translation reserves	-	(694,106)	-	-	(694,106)
Dividend declared (1.6 cents and 0.15 cents per share)	-	-	(2,592,831)	-	(2,592,831)
Net profit for the year	-	-	9,509,384	-	9,509,384
Balance-September 30, 2022	92,610,581	546,248	13,494,489	-	106,651,318

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Cashflows
For the year ended September 30, 2022
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Year ended</u> <u>September 30, 2022</u>	<u>Audited</u> <u>Year ended</u> <u>September 30, 2021</u>
	\$	\$
Cash flows from operating activities		
Profit before tax	9,881,444	6,015,156
<i>Adjustment for:</i>		
Fair value gains on investment property	(2,174,606)	(941,410)
Net foreign exchange loss	129,309	46,329
Share of gains of investments accounted for using the equity method	(5,783,127)	(3,518,530)
Impairment charge for receivables	11,564	-
Depreciation	1,665	2,058
Interest income	(762,157)	(703,549)
Interest expense	1,284,112	1,042,819
	2,588,204	1,942,873
Operating income before working capital changes		
Net decrease/(increase) in accounts receivable and prepaid expenses	283,834	(499,597)
Net decrease in loans receivable	2,000,000	-
Net increase/(decrease) in accounts payable and accrued expenses	(1,983)	(1,529,827)
(Decrease)/Increase in security deposits	(715)	169,027
Net decrease/(increase) in due to/from related parties	146,533	(166,307)
Additions to investment property	(401,945)	(9,176,791)
Addition to software	(1,446)	-
	4,612,482	(9,260,622)
Cash used in operations		
Interest received	690,323	697,149
Interest paid	(1,224,042)	(959,233)
Tax paid	(325,861)	(198,731)
	3,752,902	(9,721,437)
Net cash generated from/(used) in operating activities		
Cash flows from investing activities		
Investment in associated companies	(423,614)	(11,200,000)
Distributions from associated companies	2,202,306	942,243
Acquisition of investment securities	(10,400,000)	-
	(8,621,308)	(10,257,757)
Net cash used in financing activities		
Cash flows from financing activities		
Shares repurchased	(263,131)	(301,193)
Distributions to non-controlling interests	-	(41,039)
Dividends paid	(2,592,831)	(1,093,313)
Loans received	5,329,974	13,847,607
Loans repaid	(5,740,589)	-
	(3,266,577)	12,412,062
Net cash (used in)/generated from financing activities		
Net decrease in cash and cash equivalents	(8,134,983)	(7,567,132)
Effects of foreign exchange rate changes on cash and cash equivalents	(28,190)	7,361
Cash and cash equivalents at beginning of the year	16,329,159	23,888,930
Cash and cash equivalents at end of the year	8,165,986	16,329,159

TEN LARGEST SHAREHOLDERS
(as at September 30, 2022)

Musson Investments Limited	15,090,792
JCSD Trustee Services Ltd - Sigma Equity	10,827,190
3119, SJIML A/C	8,858,784
ATL Group Pension Fund Trustee Nominee Limited	8,622,274
Fortress Caribbean Pension Fund Ltd - AA	5,650,158
Massy (Barbados) Ltd	5,000,000
Guardian Life Limited	4,387,590
Coconut Industry Board	3,548,360
NCB Insurance Agency and Fund Managers Ltd WT160	3,087,493
NCB Insurance Agency and Fund Managers Ltd WT157	3,087,315

SHAREHOLDINGS OF DIRECTORS
(as at September 30, 2022)

	Direct	Connected*
Nicholas A. Scott	269,107	17,213,935
Paul B. Scott	-	17,007,932
Melanie M. Subratie	-	17,426,411
Sharon E. Donaldson	30,550	17,007,932
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, 2021. 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, 2021. These financial statements are expressed in Barbados dollars which is the currency of the primary economic environment in which the company operates.

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www.eppleylimited.com