



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 2022.

OVERVIEW

For the period ended September 2022, the Group recorded net profits attributable to stockholders of \$211.60 million, a significant improvement over the prior year's net loss of \$65.43 million. The solid performance continues to be driven by its hotel operations, buoyed by an increase in bookings and occupancy levels. The Group's earnings per share improved to \$0.09 (-\$0.03 - September 2021). X Fund's share price ended the quarter at \$8.20

with a market capitalization of \$18.39 billion.

EARNINGS

Earnings for the Group were bolstered by a 32% year-over-year growth in total revenues to end at \$5.17 billion. Occupancy levels increased alongside hotel bookings, which resulted in a \$2.16 billion, or 71% rise in hotel revenues over 2021. Hotel expenses also increased by \$1.40 billion or 59%, however, operational efficiencies were evident with hotel margins improving from 21% to 27%. An increase in the Group's interest-earning assets coupled with a decrease in finance costs contributed positively to the Group's performance. However, market volatilities resulted in capital losses of \$231.70 million, a decrease against the prior year's gains of \$791.57 million.

DIRECT HOTEL OPERATIONS

The Group's main operation, DoubleTree Orlando (DTO), recognized profits of \$343.89 million against the prior year's loss of \$185.04 million, an improvement of \$528.92 million. The Segment is operating considerably better than in the pre-pandemic era of strong performance. This is driven by the accelerating demand for hotel rooms which led to occupancy levels increasing by 10% over September 2021 to close the period at 93%. The Segment also

benefitted from the average daily rate increasing by 39% which aligns with the growing demand for leisure-related activities. EBITDA for the period of \$1.41 billion is more than double the results of the same period last year. A combination of strong revenue growth and the implementation of cost-containment strategies are the major contributors to the performance.

INDIRECT COMMERCIAL OPERATIONS

Indirect commercial operations have seen significant improvements with net losses shrinking by 99% against the prior year. The performance of the Segment is driven by fair value

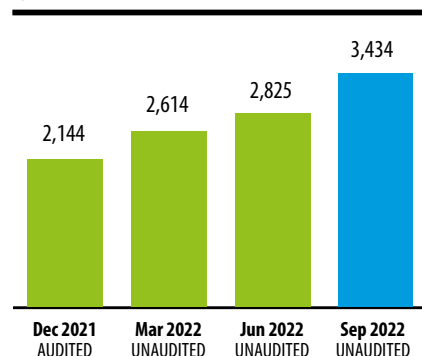
movements on our holdings in the Sigma Fund.

OTHER OPERATIONS

The segment reported a loss of \$130.83 million (September 2021: \$643.70 million profit). The performance reflects unfavorable market conditions as foreign exchange and capital losses for the period were \$72.6 million and \$157.2 million respectively. However, growth in investment securities resulted in an improvement in net investment income of \$134.54 million, up 175% since 2021. Additionally, substantial debts were retired, which resulted in savings of \$183.13 million on finance costs.

X Fund Cash Resources by Quarters

J\$ MILLIONS



HIGHLIGHTS

	Sep 2022 Unaudited	Sep 2021 Unaudited
Total Revenue - J\$ billion	5.17	3.91
Earnings before interest, tax, depreciation and amortization (EBITDA) - J\$ billion	1.29	1.47
Net Profit/(Loss) attributable to stockholders - J\$ billion	0.21	(0.07)
Earnings per stock unit - J\$	0.09	(0.03)
Total Assets - J\$ billion	28.37	30.96
Stockholders' Equity J\$ billion	18.71	15.56
JSE X Fund share price - J\$	8.20	8.00
Market capitalization - J\$ billion	18.39	17.94

\$5.17B
Total Revenue

\$18.71B
Stockholders' Equity

\$28.37B
Total Assets

\$1.29B
EBITDA

Liquidity and Solvency

The Group generated positive cash flows of \$1.99 billion from its operating activities an improvement over the prior year's \$716.19 million. Cash and cash equivalents excluding restricted cash increased to \$4.89 billion (September 2021: \$4.14 billion), evidencing the financial health of the Group.

Balance Sheet

Total assets at the end of the period were \$28.37 billion, 9% less than the \$31.32 billion as at December 2021. The decrease is primarily due to the wind-up of Jamziv which led to the cancellation of a promissory note with the non-controlling interest holder. Stockholders' Equity at September 2022 was \$18.71 billion, an increase over the \$16.59 billion as at December 2021, due to the gains on the revaluation of hotel property and strong performance from the hotel operations.

OUTLOOK

As we close another quarter in 2022, global economic turmoil persists with major economies experiencing sharper than expected slowdowns and spiraling inflation. The resultant cost of living crisis and ongoing tightening of fiscal policies, along with other factors weighs heavily on the global outlook and has increased the risk of a global recession. The US Federal Reserve's policy rate which stands at 3.25% is at its highest since the financial crisis in 2008. Bank of England increased the policy rate to 2.25% in September 2022, with annual inflation ending the quarter at 5.3%. Elsewhere, further supply chain disruptions and inflationary pressures continued as the Chinese economy contracted by 2.6% in the 2nd quarter of 2022. Additionally, ongoing geopolitical turmoil between Russia and Ukraine has led to sanctions on trade and energy resources.

In sync with the global economic challenges, travel and leisure activities are anticipated to be impacted particularly by high energy costs. This in part has impacted airline fares, which continue to surge, ending the quarter with a 42.9% increase year over year. Nevertheless, the US Travel Association reported significant travel spent for September, a 6% growth above pre-pandemic 2019 levels, which is the highest since the pandemic, even when adjusted for inflation. Domestic business travel is finally picking up and volume is expected to reach 81% of pre-pandemic levels in 2022 and 96% in 2023. The final quarter is expected to see an uptick in leisure travel as we head into the Thanksgiving and Holiday season.

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:



VINAY WALIA
Chairman



BRUCE JAMES
Director

9 November 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

(Expressed in thousands of Jamaican dollars)

	September 2022 Unaudited	December 2021 Audited	September 2021 Unaudited
ASSETS			
Non-Current Assets			
Property, plant and equipment	16,695,966	14,964,537	14,195,601
Goodwill	-	923	923
Investment in Sigma Real Estate Portfolio	1,216,212	868,146	854,883
Financial investments	3,252,967	268,060	3,087,374
	<u>21,165,145</u>	<u>16,101,666</u>	<u>18,138,781</u>
Current Assets			
Inventories	47,040	30,690	28,218
Receivables	950,519	1,303,678	1,255,331
Securities purchased under resale agreement	2,774,312	2,888,764	3,840,609
Financial investments	-	8,845,860	5,767,460
Cash resources	3,434,115	2,144,347	1,932,911
	<u>7,205,986</u>	<u>15,213,339</u>	<u>12,824,529</u>
TOTAL ASSETS	28,371,131	31,315,005	30,963,310
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	6,517,359	4,607,779	4,022,366
Retained earnings	(449,064)	(660,667)	(1,102,602)
	<u>18,710,807</u>	<u>16,589,624</u>	<u>15,562,276</u>
Non-controlling interests	-	5,767,623	5,767,622
Total Equity	18,710,807	22,357,247	21,329,898
Liabilities			
Non-Current Liabilities			
Deferred income taxes	1,864,156	1,197,169	1,002,253
Borrowings	6,831,492	6,982,418	6,752,394
	<u>8,695,648</u>	<u>8,179,587</u>	<u>7,754,647</u>
Current Liabilities			
Payables	667,674	435,441	530,208
Contractual Liabilities	134,249	140,540	120,090
Borrowings	162,753	202,190	1,228,467
	<u>964,676</u>	<u>778,171</u>	<u>1,878,765</u>
Total Liabilities	9,660,324	8,957,758	9,633,412
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	28,371,131	31,315,005	30,963,310



Vinay Walia
Chairman
9 November 2022



Bruce James
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine months ended 30 September 2022

(Expressed in thousands of Jamaican dollars)

	Q3 2022 Unaudited	Q3 2021 Unaudited	YTD September 2022	YTD September 2021	December 2021 Full Year Audited
Revenues:					
Net investment income	71,621	54,635	211,427	76,891	147,554
Net capital (losses)/gains on financial assets	43,446	(11,894)	(231,700)	791,574	1,193,844
Hotel revenue	1,638,176	1,157,236	5,190,161	3,027,977	4,432,018
Other income	-	17,759	4,561	17,759	19,871
Total revenues	1,753,243	1,217,736	5,174,449	3,914,201	5,793,287
Expenses:					
Hotel expenses	1,249,652	947,367	3,777,466	2,381,424	3,367,409
Depreciation	218,679	201,937	655,735	596,938	811,018
Interest and other financing costs	88,709	122,184	271,251	469,663	529,449
Other operating expenses	47,052	23,475	104,560	59,331	94,811
Total expenses	1,604,092	1,294,963	4,809,012	3,507,356	4,802,687
Operating profit/(loss)	149,151	(77,227)	365,437	406,845	990,600
Loss on sale of interest in associate	-	-	-	(233,089)	(233,089)
Profit/(loss) before taxation	149,151	(77,227)	365,437	173,756	757,511
Taxation	(47,706)	59,178	(153,834)	105,174	(36,646)
Net profit/(loss)	101,445	(18,049)	211,603	278,930	720,865
Net profit/(loss) attributable to:					
Stockholders of the Company	101,445	(18,049)	211,603	(65,434)	376,501
Non-controlling interests	-	-	-	344,364	344,364
	<u>101,445</u>	<u>(18,049)</u>	<u>211,603</u>	<u>278,930</u>	<u>720,865</u>
Earnings per stock unit for profit/(loss) attributable to stockholders of the Company:					
Basic and fully diluted	\$0.05	(\$0.01)	\$0.09	(\$0.03)	\$0.17
Net profit/(loss)	101,445	(18,049)	211,603	278,930	720,865
Other comprehensive income/(loss), net of taxes:					
Items that may be subsequently reclassified to profit or loss					
Re-translation of foreign operation	105,326	(16,170)	(97,344)	229,261	658,987
Re-translation of foreign operation recycled to the Income Statement on sale of associated company	-	-	-	(2,534,159)	(2,534,160)
Share of interest rate swap recycled to the Income Statement on sale of associated company	-	-	-	526,436	526,436
Items that will not be subsequently reclassified to profit or loss					
Unrealised gains on revaluation of property, plant and equipment	2,006,924	1,275,273	2,006,924	1,450,230	1,605,919
Total other comprehensive income/(loss) recognised in stockholders' equity, net of taxes	2,112,250	1,259,103	1,909,580	(328,232)	257,182
Total comprehensive income/(loss)	2,213,695	1,241,054	2,121,183	(49,302)	978,047
Total comprehensive income attributable to:					
Stockholders of the Company	2,213,695	1,241,054	2,121,183	393,095	1,420,443
Non-controlling interests	-	-	-	(442,397)	(442,396)
	<u>2,213,695</u>	<u>1,241,054</u>	<u>2,121,183</u>	<u>(49,302)</u>	<u>978,047</u>

Sagicor Real Estate X Fund Limited

Report to our Stockholders | Q3 2022 Performance



REAL ESTATE X FUND

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine months ended 30 September 2022
(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
Period ended 30 September 2022							
Balance as at 31 December 2021	12,642,512	2,067,643	2,540,136	(660,667)	16,589,624	5,767,623	22,357,247
Total comprehensive (loss)/income for the period	-	(97,344)	2,006,924	211,603	2,121,183	-	2,121,183
Wind up of Jamziv	-	-	-	-	-	(5,767,623)	(5,767,623)
Balance as at 30 September 2022	12,642,512	1,970,299	4,547,060	(449,064)	18,710,807	-	18,710,807
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	-	-	-
Period ended 30 September 2021	12,642,512	1,637,919	2,384,447	(1,102,602)	15,562,276	5,767,622	21,329,898

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the nine months ended 30 September 2022
(Expressed in thousands of Jamaican dollars)

Nine months ended September 30, 2022	Direct Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	5,190,161	-	211,427	-	5,401,588
Net capital losses on financial assets and liabilities	-	(1,935)	(225,204)	-	(227,139)
Total revenue	5,190,161	(1,935)	(13,777)	-	5,174,449
Operating expenses	(3,777,466)	-	(104,560)	-	(3,882,026)
Depreciation	(655,735)	-	-	-	(655,735)
Finance costs	(271,251)	-	-	-	(271,251)
Profit/(loss) before taxation	485,709	(1,935)	(118,337)	-	365,437
Taxation	(141,823)	484	(12,495)	-	(153,834)
Net profit/(loss)	343,886	(1,451)	(130,832)	-	211,603
Segment assets:					
Total assets	20,521,481	1,216,212	6,635,387	(1,949)	28,371,131
Segment liabilities:					
Total liabilities	9,353,381	-	308,892	(1,949)	9,660,324
Other Segment items:					
Capital expenditure: Property, plant and equipment					125,208

Geographical Information	United States of America		Total
	Jamaica		
Revenue	(15,712)	5,190,161	5,174,449
Total Assets	7,849,650	20,521,481	28,371,131

Nine months ended September 30, 2021	Direct Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group Unaudited
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	United States of America		Total
	Jamaica		
Revenue	886,224	3,027,977	3,914,201
Total Assets	16,037,670	14,925,640	30,963,310

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine months ended 30 September 2022
(Expressed in thousands of Jamaican dollars)

	September 2022 Unaudited	September 2021 Unaudited	December 2021 Audited
Cash Flows from Operating Activities:			
Net Profit	211,603	278,930	720,865
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	655,735	596,938	811,018
Amortisation of franchise fees	1,610	1,693	2,291
Interest income	(211,427)	(76,891)	(147,554)
Interest expense	271,251	469,663	529,449
Income tax charges/(credits)	153,834	(105,174)	36,646
Loss on disposal of property, plant and equipment	-	-	17,422
Effect of exchange losses/(gains) on foreign currency balances	72,369	(792,464)	(1,089,295)
Loss on disposal of interest in associate	-	233,089	233,089
Fair value losses/(gains) on units held in Sagicor Sigma Funds	1,935	(71,140)	(84,403)
Fair value losses on other financial investments	157,178	60,485	12,604
	1,314,088	595,129	1,042,132
Changes in other operating assets and liabilities:			
Accounts receivable	474,172	(138,811)	(236,134)
Inventories	(16,880)	14	(970)
Accounts payable	233,140	259,856	159,440
Income taxes paid	(16,734)	-	-
Net cash generated from operating activities	1,987,786	716,188	964,468
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment, net	(125,208)	(8,690)	(36,628)
Proceeds from disposal of property, plant and equipment	-	11,820	-
Restricted cash	(258,598)	(424,713)	(344,781)
Net purchase of investments	(3,612,391)	(9,388,369)	(5,739,232)
Proceeds from sale of interest in associate	-	13,604,064	13,604,064
Interest income received	269,055	33,625	54,415
Net cash (used in)/provided by investing activities	(3,727,142)	3,827,737	7,537,838
Cash Flows from Financing Activities:			
Borrowings, net	(113,118)	(1,897,255)	(2,986,424)
Interest expense paid	(260,486)	(346,829)	(468,436)
Net cash used in financing activities	(373,604)	(2,244,084)	(3,454,860)
Cash and cash equivalents:			
(Decrease)/increase in cash and cash equivalents	(2,112,960)	2,299,841	5,047,446
Foreign exchange (losses)/gains on cash and cash equivalents	(70,138)	981,578	1,168,149
Cash and cash equivalents at beginning of period	7,076,534	860,939	860,939
Cash and cash equivalents at end of period	4,893,436	4,142,358	7,076,534
Comprising:			
Cash and bank	2,247,848	957,188	1,202,721
Investment securities	-	-	3,078,400
Securities purchased under resale agreement	2,645,588	3,185,170	2,795,413
	4,893,436	4,142,358	7,076,534

Explanatory Notes

Identification

Sagicor 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 largest shareholder is the Sagicor Pooled Pension Investment Funds, which are administered by Sagicor Life Jamaica Limited.

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.

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 2022. No significant impact to the financial statements has been determined from the adoption of these standards.



REAL ESTATE X FUND