



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 quarter ended March 2023.

OVERVIEW

Sagicor Real Estate X Fund Limited for the quarter ended March 2023 generated net profit attributable to stockholders of \$138.79 million, which was 24% lower than Q1 2022. The Group's performance was impacted by capital losses on financial assets and operating expenses; however, its core business of hotel operations continues to grow year-over-year. Double Tree Orlando benefited from an increase in bookings and occupancy levels which was a byproduct of the easing of travel restrictions and pent-up demand

for leisure and business travels. The Group's earnings per share decreased to \$0.06 (\$0.08 – March 2022). X Fund's share price ended the quarter at \$8.59 with a market capitalization of \$19.27 billion. The Group remains resolute in delivering on its commitment to provide value to its various stakeholders.

EARNINGS

Buoyed by the continued resurgence in its hotel operations, The Group earned Total Revenues of \$2.09 billion, a 17% growth over the prior comparative year. The upturn in worldwide travel, for both business and leisure contributed to a \$328.43 million increase in Hotel revenues, 19% above Q1 2022. The Group also increased earnings in net investment income, from a combination of higher interest-earning assets and an increase in interest rates. X Fund's earnings were however offset by capital losses of \$51.72 million from fair value and foreign currency losses on investment securities.

DIRECT HOTEL OPERATIONS

DoubleTree Orlando (DTO), the Group's main operations, grew its profits to \$203.64 million from \$131.65 million in prior period Q1 2022. The segment posted revenues of \$2.04 billion, exceeding the prior

year of \$1.72 billion. The increasing demand for hotel accommodations led to occupancy levels growing year-over-year by 2.80% to close at 94%. The average daily rates have also increased 12% above same period last year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the period of \$602.90 million showed a 22% growth in comparison to March 2022. The segment's performance has been further aided by strong operational efficiencies, as a result of good cost management strategies.

INDIRECT COMMERCIAL OPERATIONS

Indirect operations recorded a loss of \$10.92 million, compared to a loss

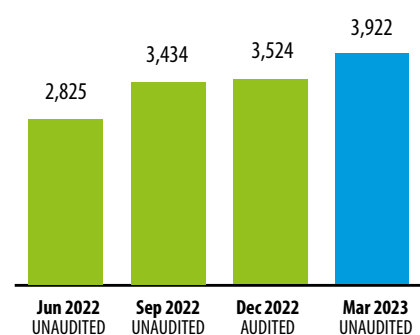
of \$6.21 million in the comparative period last year. The segment's performance continued to be affected by adverse movements in asset prices impacting the fair value of our financial assets.

OTHER OPERATIONS

The segment reported a loss of \$53.93 million (March 2022: \$56.18 million profit). The performance reflects unfavourable market conditions as foreign exchange and capital losses for the period were \$20.83 million and \$16.33 million respectively. However, growth in investment securities resulted in an improvement in net investment income to \$78.21 million, up 16% from March 2022.

X Fund Cash Resources by Quarters

J\$ MILLIONS



HIGHLIGHTS

	March 2023 Unaudited	March 2022 Unaudited
Total Revenue - J\$ billion	2.09	1.79
Earnings before interest, tax, depreciation and amortization (EBITDA) - J\$ billion	0.54	0.54
Net Profit attributable to stockholders – J\$ billion	0.14	0.18
Earnings per stock unit –J\$	0.06	0.08
Total Assets – J\$ billion	28.95	31.58
Stockholders' Equity J\$ billion	19.20	16.73
JSE X Fund share price – J\$	8.59	8.33
Market capitalization – J\$ billion	19.27	18.68

\$2.09B
Total Revenue

\$19.20B
Stockholders' Equity

\$28.95B
Total Assets

\$0.54B
EBITDA

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Report to our Stockholders | Q1 2023 Performance



REAL ESTATE X FUND

LIQUIDITY AND SOLVENCY

The Group generated positive cash flows of \$670.06 million (March 2022: \$931.20 million) from its operating activities. Cash and cash equivalents excluding restricted cash were \$5.86 billion up 22% from prior comparable period, evidencing the financial health of the Group.

BALANCE SHEET

Total assets at the end of the period were \$28.95 billion, or \$298.09 million above December 2022. This increase is as a result of excess cash earned from operations and investments in Securities purchased under resale agreement. Stockholders' Equity at March 2023 was \$19.20 billion, an increase of \$92.58 million over December 2022.

OUTLOOK

After a year characterized by high inflation, rising interest rates and supply chain disruptions, the global economy started showing positive signs of recovery in 2023. The International Monetary Fund (IMF) projected the Global growth rate to rise to 2.9% for the year, an increase over the 0.2% growth anticipated in the previous quarter. The Federal Reserve Bank of Atlanta also estimated a 2.2% GDP growth for the US economy in first quarter of 2023. These projections follow three consecutive months of inflation rate declines which ended March 2023 at 4.98%. The correspondent impact on the US Federal Reserves monetary policy was a slowing of interest rate increases from 50 to 25 basis points. As at March 2023, the Federal Reserve interest rate stood between 4.75%-5.00%. However, some level of uncertainty still prevails, with instability in the

banking sector weighing heavily on the US economy.

Despite the concerns, the latest US Travel Forecast has projected that consumer spending, especially in leisure travel would remain resilient. This is backed by the level of domestic leisure travel spending for Q1, which after being adjusted for inflation, had surpassed pre-pandemic levels. Domestic business travel is finally picking up and with the lifting of the US COVID emergency declarations in May 2023, with travel volumes expected to reach 96% of pre-pandemic levels in 2023. China's economy grew by 4.5% in the first quarter of 2023 as the country reopens its economy after almost three years under Coronavirus restrictions. The lifting of these restrictions is also anticipated to boost global travels.

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 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

10 May 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Unaudited	December 2022 Audited	March 2022 Unaudited
ASSETS			
Non-Current Assets			
Property, plant and equipment	16,386,110	16,773,390	14,659,977
Goodwill	-	-	923
Investment in Sigma Real Estate Portfolio	1,280,566	1,295,131	859,865
Financial investments	3,182,151	3,203,377	3,288,004
	<u>20,848,827</u>	<u>21,271,898</u>	<u>18,808,769</u>
Current Assets			
Inventories	46,252	45,607	32,743
Receivables	1,002,645	841,809	1,020,029
Securities purchased under resale agreement	3,132,386	2,971,544	2,987,311
Financial investments	-	-	6,118,233
Cash resources	3,922,394	3,523,560	2,613,575
	<u>8,103,677</u>	<u>7,382,520</u>	<u>12,771,891</u>
TOTAL ASSETS	<u>28,952,504</u>	<u>28,654,418</u>	<u>31,580,660</u>
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	6,610,263	6,656,471	4,570,894
Retained earnings	(55,972)	(194,758)	(479,053)
	<u>19,196,803</u>	<u>19,104,225</u>	<u>16,734,353</u>
Non-controlling interests	-	-	5,767,623
Total Equity	<u>19,196,803</u>	<u>19,104,225</u>	<u>22,501,976</u>
Liabilities			
Non-Current Liabilities			
Deferred income taxes	2,042,944	1,970,735	1,229,908
Borrowings	6,738,299	6,809,066	6,916,497
	<u>8,781,243</u>	<u>8,779,801</u>	<u>8,146,405</u>
Current Liabilities			
Payables	690,378	529,330	583,458
Contractual Liabilities	180,695	145,388	142,565
Borrowings	74,288	66,467	206,256
Taxation payable	29,097	29,207	-
	<u>974,458</u>	<u>770,392</u>	<u>932,279</u>
Total Liabilities	<u>9,755,701</u>	<u>9,550,193</u>	<u>9,078,684</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	<u>28,952,504</u>	<u>28,654,418</u>	<u>31,580,660</u>

Vinay Walia
Chairman
10 May 2023

Bruce James
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Year -to-date Unaudited	March 2022 Year -to-date Unaudited	December 2022 Full Year Audited
Revenues:			
Net investment income	78,205	67,574	280,390
Net capital losses on financial assets	(51,718)	(1,772)	(238,263)
Hotel revenue	2,044,746	1,716,317	7,071,966
Other income	13,861	4,561	4,561
Total revenues	<u>2,085,094</u>	<u>1,786,680</u>	<u>7,118,654</u>
Expenses:			
Hotel expenses	1,441,842	1,220,838	5,049,187
Depreciation	230,503	218,797	875,178
Interest and other financing costs	86,169	91,998	321,875
Other operating expenses	99,278	29,562	141,398
Total expenses	<u>1,857,792</u>	<u>1,561,195</u>	<u>6,387,638</u>
Profit before taxation	227,302	225,485	731,016
Taxation	(88,516)	(43,871)	(265,107)
Net profit	<u>138,786</u>	<u>181,614</u>	<u>465,909</u>
Earnings per stock unit for profit attributable to stockholders of the Company:			
Basic and fully diluted	<u>\$0.06</u>	<u>\$0.08</u>	<u>\$0.21</u>
Net profit	138,786	181,614	465,909
Other comprehensive income/(loss), net of taxes:			
Items that may be subsequently reclassified to profit or loss			
Re-translation of foreign operation	(46,208)	(36,885)	(174,725)
Items that will not be subsequently reclassified to profit or loss			
Unrealised gains on revaluation of property, plant and equipment	-	-	2,223,417
Total other comprehensive income/(loss) recognised in stockholders' equity, net of taxes	<u>(46,208)</u>	<u>(36,885)</u>	<u>2,048,692</u>
Total comprehensive income	<u>92,578</u>	<u>144,729</u>	<u>2,514,601</u>

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Report to our Stockholders | Q1 2023 Performance



REAL ESTATE X FUND

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

	Share Capital	Currency Translation Reserve	Fair Value and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Stockholders' Equity Unaudited
Period ended 31 March 2023							
Balance as at 31 December 2022	12,642,512	1,892,918	4,763,553	(194,758)	19,104,225	-	19,104,225
Total comprehensive (loss)/income for the period	-	(46,208)	-	138,786	92,578	-	92,578
Balance as at 31 March 2023	12,642,512	1,846,710	4,763,553	(55,972)	19,196,803	-	19,196,803
Period ended 31 March 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	-	(36,885)	-	181,614	144,729	-	144,729
Balance as at 31 March 2022	12,642,512	2,030,758	2,540,136	(479,053)	16,734,353	5,767,623	22,501,976

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the three months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

Three months ended March 31, 2023	Direct Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	2,044,746	-	78,205	-	2,122,951
Net capital losses on financial assets and liabilities	-	(14,566)	(23,291)	-	(37,857)
Total revenue	2,044,746	(14,566)	54,914	-	2,085,094
Operating expenses	(1,441,842)	-	(99,278)	-	(1,541,120)
Depreciation	(230,503)	-	-	-	(230,503)
Finance costs	(86,169)	-	-	-	(86,169)
Profit/(loss) before taxation	286,232	(14,566)	(44,364)	-	227,302
Taxation	(82,590)	3,642	(9,568)	-	(88,516)
Net profit/(loss)	203,642	(10,924)	(53,932)	-	138,786
Segment assets:					
Total assets	21,140,616	1,280,566	6,539,234	(7,912)	28,952,504
Segment liabilities:					
Total liabilities	9,452,872	-	310,741	(7,912)	9,755,701
Other Segment items:					
Capital expenditure: Property, plant and equipment					28,545

Geographical Information

	Caribbean	United States of America	Total
Revenue	40,348	2,044,746	2,085,094
Total Assets	7,811,888	21,140,616	28,952,504

Three months ended March 31, 2022	Direct Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	1,716,317	-	67,574	-	1,783,891
Net capital (losses)/gains on financial assets and liabilities	-	(8,282)	11,071	-	2,789
Total revenue	1,716,317	(8,282)	78,645	-	1,786,680
Operating expenses	(1,220,838)	-	(29,562)	-	(1,250,400)
Depreciation	(218,797)	-	-	-	(218,797)
Finance costs	(91,998)	-	-	-	(91,998)
Profit/(loss) before taxation	184,684	(8,282)	49,083	-	225,485
Taxation	(53,038)	2,071	7,096	-	(43,871)
Net profit/(loss)	131,646	(6,211)	56,179	-	181,614
Segment assets:					
Total assets	17,847,910	863,447	21,821,841	(8,952,538)	31,580,660
Segment liabilities:					
Total liabilities	8,838,515	-	9,192,707	(8,952,538)	9,078,684
Other Segment items:					
Capital expenditure: Property, plant and equipment					5,971

Geographical Information

	Caribbean	United States of America	Total
Revenue	70,363	1,716,317	1,786,680
Total Assets	13,732,750	17,847,910	31,580,660

CONSOLIDATED STATEMENT OF CASH FLOWS

for the three months ended 31 March 2023
(Expressed in thousands of Jamaican dollars)

	March 2023 Unaudited	March 2022 Unaudited	December 2022 Audited
Cash Flows from Operating Activities:			
Net Profit	138,786	181,614	465,909
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	230,503	218,797	875,178
Amortisation of franchise fees	600	610	2,413
Interest income	(78,205)	(67,574)	(280,390)
Interest expense	86,169	91,998	321,875
Income tax charges	88,516	43,871	265,107
Loss on disposal of property, plant and equipment	-	1,237	-
Effect of exchange losses on foreign currency balances	22,618	23,179	86,706
Fair value losses/(gains) on units held in Sagicor Sigma Funds	14,566	8,282	(76,985)
Fair value losses/(gains) on other financial investments	16,326	(30,062)	205,445
	519,879	471,952	1,865,258
Changes in other operating assets and liabilities:			
Accounts receivable	(42,360)	310,434	435,887
Inventories	(828)	(2,197)	(15,732)
Accounts payable	200,664	161,518	115,207
Income taxes paid	(7,292)	(10,505)	(19,848)
Net cash generated from operating activities	670,063	931,202	2,380,772
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment, net	(28,545)	(5,971)	(138,672)
Restricted cash	(107,543)	(81,525)	(167,097)
Net sale/(purchase) of investments	31,276	(3,109,973)	(3,518,135)
Cash on dissolution of subsidiary	-	-	(15)
Interest income received	71,224	139,665	322,955
Net cash used in investing activities	(33,588)	(3,057,804)	(3,500,964)
Cash Flows from Financing Activities:			
Borrowings, net	(40,122)	(38,863)	(151,979)
Interest expense paid	(83,555)	(86,864)	(345,800)
Net cash used in financing activities	(123,677)	(125,727)	(497,779)
Cash and cash equivalents:			
Increase/(decrease) in cash and cash equivalents	512,798	(2,252,329)	(1,617,971)
Effect of exchange rate on cash and cash equivalents	(25,050)	(20,193)	(83,883)
Cash and cash equivalents at beginning of period	5,374,680	7,076,534	7,076,534
Cash and cash equivalents at end of period	5,862,428	4,804,012	5,374,680
Comprising:			
Cash and bank	2,731,972	1,594,997	2,435,143
Investment securities	-	349,867	-
Securities purchased under resale agreement	3,130,456	2,859,148	2,939,537
	5,862,428	4,804,012	5,374,680

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 Accounting Standard (IAS) 34 Interim Financial Reporting and the accounting policies as set out in note 2 of the December 31, 2022 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 2023. No significant impact to the financial statements has been determined from the adoption of these standards.



REAL ESTATE X FUND