



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 June 2023.

OVERVIEW

Sagicor Real Estate X Fund Limited for the quarter ended June 2023 generated a net profit attributable to stockholders of \$420.55 million, which was 282% higher than Q2 2022. The Group's performance was positively impacted by a 12% increase in hotel revenues, and improvements in asset prices on its bond portfolio which resulted in fair value gains. Double Tree Orlando continues to benefit from an uptick in guest spending and room rates as demand for leisure and business travels trend upwards when compared to the prior period. The Group's earnings per share increased to \$0.19 for June 2023 from \$0.05 in June 2022. X Fund's share price ended the quarter at \$8.22 with a market capitalization of \$18.44 billion. The Group remains resolute in delivering on its commitment to provide value to all its stakeholders.

EARNINGS

The Group earned Total Revenues of \$4.27 billion, a 25% growth over the prior comparative period, resulting from a strong performance by the group for the quarter. Growth in hotel earnings contributed a \$435.98 million increase in revenues to close the quarter at almost \$4 billion. The Group also reported increased earnings in net investment income and capital gains, from a combination of higher interest-earning assets and an increase in interest rates.

DIRECT HOTEL OPERATIONS

DoubleTree Orlando (DTO), the Group's main operation, grew its net profit to \$351.66 million, a \$61.24 million or 21% year-over-year improvement. The segment posted revenues of \$3.99 billion, exceeding the prior year's \$3.55 billion. The average daily rates increased by 8% above the same period last year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the period of \$1.13 billion showed a 10% growth in comparison to June 2022. Effective cost management strategies remain at the forefront of the segment's performance, evidenced

by the consistency in its operational efficiency ratio.

INDIRECT COMMERCIAL OPERATIONS

Indirect operations recorded a loss of \$49.11 million for the period. The segment's performance was negatively impacted by the current economic environment.

OTHER OPERATIONS

The segment reported a profit of \$118 million, a significant improvement on the prior period loss of

\$177.74 million. The performance reflects favorable foreign exchange movements and fair value gains for the period. Additionally, net investment income of \$174.5 million was up 25% on June 2022, a result of growth in the segment's earning assets base.

LIQUIDITY AND SOLVENCY

The Group generated positive cash flows of \$1.04 billion (June 2022: \$1.33 billion) from its operating activities. Cash and cash equivalents excluding restricted cash were \$4.30 billion down 12% from the

HIGHLIGHTS

	June 2023 Unaudited	June 2022 Unaudited
Total Revenue - J\$ billion	4.27	3.42
Earnings before interest, tax, depreciation and amortization (EBITDA) - J\$ billion	1.22	0.84
Net Profit attributable to stockholders - J\$ billion	0.42	0.11
Earnings per stock unit - J\$	0.19	0.05
Total Assets - J\$ billion	29.83	25.37
Stockholders' Equity J\$ billion	19.75	16.50
JSE X Fund share price - J\$	8.22	8.22
Market capitalization - J\$ billion	18.44	18.44

\$4.27B
Total Revenue

\$19.75B
Stockholders' Equity

\$29.83B
Total Assets

\$1.22B
EBITDA

\$0.19
Earnings Per Stock Unit

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prior comparable period as excess cash was used to purchase high-yielding assets.

BALANCE SHEET

Total assets at the end of the period were \$29.83 billion, or \$1.18 billion above December 2022. This increase primarily resulted from the reinvestment of excess cash earned from operations into Securities purchased under resale agreement. Stockholders' Equity as of June 2023 was \$19.75 billion, an increase of \$647.20 million over December 2022.

OUTLOOK

The World Tourism Organization indicates that 2023 is seeing a strong rebound in international travel despite a slight slowdown in economic activity. This pace

of recovery is expected to hold or accelerate unless it is hampered by further inflation, a recession, or geopolitical tensions. In the first quarter of 2023, international arrivals were 80% of pre-pandemic levels. More than 230 million tourists traveled internationally between the beginning of January and the end of March 2023, which is double the number in the same period of 2022.

This quarter heralded an end to the Covid-19 travel restrictions in the US for residents and non-residents. Effective May 12, 2023, the vaccine mandate surrounding the coronavirus for international visitors to the US was lifted. Consequently, in May 2023 the US Travel Association recorded up to 10% increase in air travel demand compared to the same period last year. Whilst total travel spending improved by

1.4% above May 2022 levels and was up 5.5% year-to-date through May 2023. Florida reported 37.9 million visitors, the largest volume of visitors ever recorded in a single quarter according to "Visit Florida". It is forecasted that international inbound travel to the US will be boosted by travel from Canada as well as a strong recovery from the Brazilian and Chinese markets. Inbound travel to the US is expected to experience above-average demand for 2023 into 2024 and normalize by 2025.

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

25 July 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023
(Expressed in thousands of Jamaican dollars)

	June 2023 Unaudited	December 2022 Audited	June 2022 Unaudited
ASSETS			
Non-Current Assets			
Property, plant and equipment	16,550,475	16,773,390	14,192,927
Investment in Sigma Real Estate Portfolio	1,229,659	1,295,131	864,789
Financial investments	4,259,078	3,203,377	3,061,929
	<u>22,039,212</u>	<u>21,271,898</u>	<u>18,119,645</u>
Current Assets			
Inventories	47,521	45,607	41,401
Receivables	1,200,612	841,809	1,122,600
Securities purchased under resale agreement	3,167,010	2,971,544	2,910,782
Financial investments	1,798,993	-	350,734
Cash resources	1,577,062	3,523,560	2,825,337
	<u>7,791,198</u>	<u>7,382,520</u>	<u>7,250,854</u>
TOTAL ASSETS	29,830,410	28,654,418	25,370,499
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	6,883,112	6,656,471	4,405,109
Retained earnings	225,796	(194,758)	(550,509)
Total Equity	19,751,420	19,104,225	16,497,112
Liabilities			
Non-Current Liabilities			
Deferred income taxes	2,151,160	1,970,735	1,266,284
Borrowings	6,857,419	6,809,066	6,775,706
	<u>9,008,579</u>	<u>8,779,801</u>	<u>8,041,990</u>
Current Liabilities			
Payables	783,934	529,330	541,394
Contractual Liabilities	180,691	145,388	105,074
Borrowings	76,013	66,467	184,929
Taxation payable	29,773	29,207	-
	<u>1,070,411</u>	<u>770,392</u>	<u>831,397</u>
Total Liabilities	10,078,990	9,550,193	8,873,387
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	29,830,410	28,654,418	25,370,499

Vinay Walia
Chairman
25 July 2023

Bruce James
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2023
(Expressed in thousands of Jamaican dollars)

	Q2 2023 Unaudited	Q2 2022 Unaudited	YTD June 2023	YTD June 2022	December 2022 Full Year Audited
Revenues:					
Net investment income	96,295	72,232	174,500	139,806	280,390
Net capital gains/(losses) on financial assets	148,426	(273,374)	96,708	(275,146)	(238,263)
Hotel revenue	1,943,216	1,835,668	3,987,962	3,551,985	7,071,966
Other income	-	-	13,861	4,561	4,561
Total revenues	2,187,937	1,634,526	4,273,031	3,421,206	7,118,654
Expenses:					
Hotel expenses	1,414,934	1,306,976	2,856,776	2,527,814	5,049,187
Depreciation	230,298	218,259	460,801	437,056	875,178
Interest and other financing costs	86,786	90,544	172,955	182,542	321,875
Other operating expenses	101,811	27,946	201,089	57,508	141,398
Total expenses	1,833,829	1,643,725	3,691,621	3,204,920	6,387,638
Profit/(loss) before taxation	354,108	(9,199)	581,410	216,286	731,016
Taxation	(72,340)	(62,257)	(160,856)	(106,128)	(265,107)
Net profit/(loss)	281,768	(71,456)	420,554	110,158	465,909
Earnings per stock unit for profit attributable to stockholders of the Company:					
Basic and fully diluted	\$0.13	(\$0.03)	\$0.19	\$0.05	\$0.21
Net profit/(loss)	281,768	(71,456)	420,554	110,158	465,909
Other comprehensive income/(loss), net of taxes:					
Items that may be subsequently reclassified to profit or loss					
Re-translation of foreign operation	272,849	(165,785)	226,641	(202,670)	(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	272,849	(165,785)	226,641	(202,670)	2,048,692
Total comprehensive income/(loss)	554,617	(237,241)	647,195	(92,512)	2,514,601

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023
(Expressed in thousands of Jamaican dollars)

	Share Capital	Currency Translation Reserve	Fair Value and Other Reserves	Retained Earnings	Total Stockholders' Equity	
					Unaudited	Non-controlling Interests Total
Period ended 30 June 2023						
Balance as at 31 December 2022	12,642,512	1,892,918	4,763,553	(194,758)	19,104,225	-
Total comprehensive income for the period	-	226,641	-	420,554	647,195	-
Balance as at 30 June 2023	12,642,512	2,119,559	4,763,553	225,796	19,751,420	-
Period ended 30 June 2022						
Balance as at 31 December 2021	12,642,512	2,067,643	2,540,136	(660,667)	16,589,624	5,767,623
Total comprehensive (loss)/income for the period	-	(202,670)	-	110,158	(92,512)	-
Wind up of Jamziv	-	-	-	-	-	(5,767,623)
Balance as at 30 June 2022	12,642,512	1,864,973	2,540,136	(550,509)	16,497,112	-

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION

for the six months ended 30 June 2023
(Expressed in thousands of Jamaican dollars)

Six months ended June 30, 2023	Direct Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	3,988,352	-	174,110	-	4,162,462
Net capital (losses)/gains on financial assets and liabilities	-	(65,473)	176,042	-	110,569
Total revenue	3,988,352	(65,473)	350,152	-	4,273,031
Operating expenses	(2,856,776)	-	(201,089)	-	(3,057,865)
Depreciation	(460,801)	-	-	-	(460,801)
Finance costs	(172,955)	-	-	-	(172,955)
Profit/(loss) before taxation	497,820	(65,473)	149,063	-	581,410
Taxation	(146,165)	16,368	(31,059)	-	(160,856)
Net profit/(loss)	351,655	(49,105)	118,004	-	420,554
Segment assets:					
Total assets	21,917,251	1,229,659	6,705,300	(21,800)	29,830,410
Segment liabilities:					
Total liabilities	9,808,646	-	292,144	(21,800)	10,078,990
Other Segment items:					
Capital expenditure: Property, plant and equipment					97,171

Geographical Information	United States of America		Total
	Caribbean		
Revenue	284,679	3,988,352	4,273,031
Total Assets	7,913,159	21,917,251	29,830,410

Six months ended June 30, 2022	Direct Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	3,551,985	-	139,806	-	3,691,791
Net capital losses on financial assets and liabilities	-	(3,357)	(267,228)	-	(270,585)
Total revenue	3,551,985	(3,357)	(127,422)	-	3,421,206
Operating expenses	(2,527,814)	-	(57,508)	-	(2,585,322)
Depreciation	(437,056)	-	-	-	(437,056)
Finance costs	(182,542)	-	-	-	(182,542)
Profit/(loss) before taxation	404,573	(3,357)	(184,930)	-	216,286
Taxation	(114,155)	839	7,188	-	(106,128)
Net profit/(loss)	290,418	(2,518)	(177,742)	-	110,158
Segment assets:					
Total assets	17,640,875	868,371	6,863,531	(2,278)	25,370,499
Segment liabilities:					
Total liabilities	8,638,492	-	237,173	(2,278)	8,873,387
Other Segment items:					
Capital expenditure: Property, plant and equipment					112,211

Geographical Information	United States of America		Total
	Caribbean		
Revenue	(130,779)	3,551,985	3,421,206
Total Assets	7,729,624	17,640,875	25,370,499

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023
(Expressed in thousands of Jamaican dollars)

	June 2023 Unaudited	June 2022 Unaudited	December 2022 Audited
Cash Flows from Operating Activities:			
Net Profit	420,554	110,158	465,909
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	460,801	437,056	875,178
Amortisation of franchise fees	1,201	1,215	2,413
Interest income	(174,500)	(139,806)	(280,390)
Interest expense	172,955	182,542	321,875
Income tax charges	160,856	106,128	265,107
Effect of exchange (gains)/losses on foreign currency balances	(108,824)	125,078	86,706
Fair value losses/(gains) on units held in Sagicor Sigma Funds	65,473	3,357	(76,985)
Fair value (gains)/losses on other financial investments	(51,153)	145,868	205,445
	947,363	971,596	1,865,258
Changes in other operating assets and liabilities:			
Accounts receivable	(160,683)	291,385	435,887
Inventories	(1,021)	(11,671)	(15,732)
Accounts payable	266,465	92,544	115,207
Income taxes paid	(14,584)	(13,946)	(19,848)
Net cash generated from operating activities	1,037,540	1,329,908	2,380,772
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment, net	(97,171)	(112,211)	(138,672)
Restricted cash	(253,136)	(170,727)	(167,097)
Net purchase of investments	(1,750,911)	(3,110,869)	(3,518,135)
Cash on dissolution of subsidiary	-	-	(15)
Interest income received	148,074	212,885	322,955
Net cash used in investing activities	(1,953,144)	(3,180,922)	(3,500,964)
Cash Flows from Financing Activities:			
Borrowings, net	(78,924)	(76,039)	(151,979)
Interest expense paid	(168,640)	(174,576)	(345,800)
Net cash used in financing activities	(247,564)	(250,615)	(497,779)
Cash and cash equivalents:			
Decrease in cash and cash equivalents	(1,163,168)	(2,101,629)	(1,617,971)
Effect of exchange rate on cash and cash equivalents	87,363	(102,335)	(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	4,298,875	4,872,570	5,374,680
Comprising:			
Cash and bank	212,074	1,737,853	2,435,143
Investment securities	921,024	350,734	-
Securities purchased under resale agreement	3,165,777	2,783,983	2,939,537
	4,298,875	4,872,570	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.



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