Sagicor Real Estate X Fund Limited

REPORT TO OUR STOCKHOLDERS

Q1 2022 Performance

Sagicor

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 quarter ended March 2022.

OVERVIEW

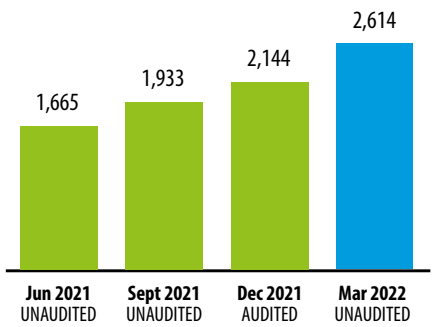
Sagicor Real Estate X Fund produced positive results for the first quarter ending March 2022. The Group posted net profits attributable to stockholders of $181.61 million, a significant improvement over the prior year's net loss of $202.11 million. The Group's results were driven by an increase in hotel revenues, amidst the relaxation of local and international travel restrictions. The performance fueled growth in shareholder value and returns, as earning per share was $0.08 (March 2021: ($0.09)), whilst X Fund's share price ended the quarter at $8.33.

EARNINGS

The Group's earnings were influenced by total revenues of $1.79 billion, a 68% increase against the prior year. Hotel revenues grew by $995.29 million over the prior year aided by high occupancy levels and increased bookings for corporate and individual events during the first quarter. Notably, the improvement in hotel revenues for the first quarter in 2022, was a 17% increase over pre-pandemic levels. The Group's revenues were also impacted by capital losses of $1.77 million (2021: $331.24 million Gain), reflective of the volatility in the foreign exchange market.

X Fund Cash Resources by Quarters

J$ MILLIONS



DIRECT HOTEL OPERATIONS

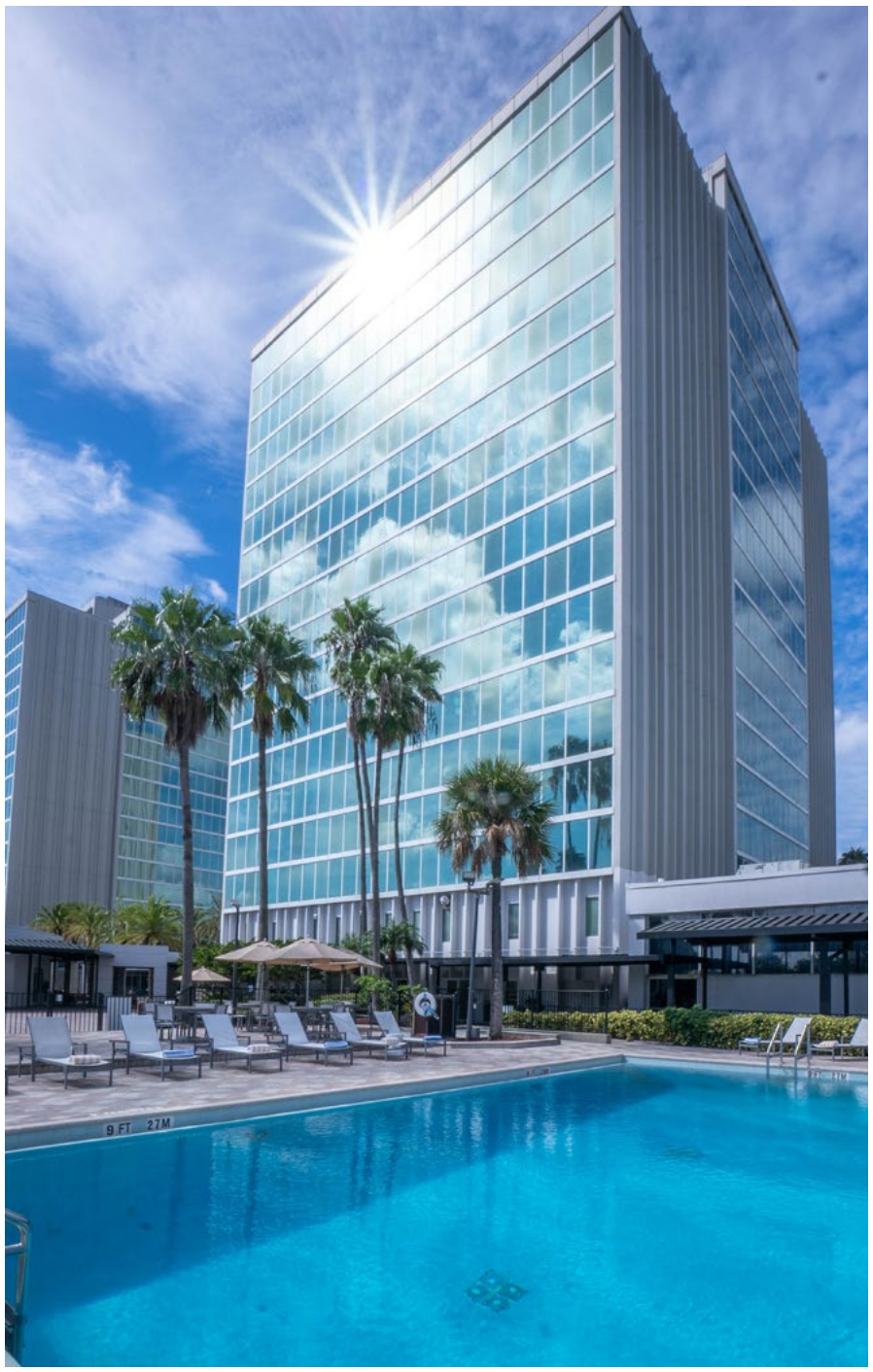
DoubleTree Orlando (DTO) results strengthened its robust recovery into the first quarter ending March 2022. The segment recorded profits of $131.65 million, a $317.55 million improvement over the prior year's loss. Occupancy levels increased by 8.4% since December 2021 and 21.3% since March 2021 to close at 91.60%. The segment had an increase in hosting of large group conferences, while the average daily rates rose in-line with booking demand. These factors contributed to hotel revenues of $1.72 billion, a significant increase over prior year's amount of $721.02 million.

INDIRECT COMMERCIAL OPERATIONS

The Group's indirect commercial operations comprised investments in Jamziv Mobay Jamaica Portfolio Limited (Jamziv) and units in the Sigma Real Estate Portfolio. The segment recorded a loss of $6.21 million, an $18.40 million improvement on the prior year. Restructuring of our Indirect Commercial Operations in prior year, through the sale of Playa shares generated liquidity that was used to retire debt facilities and purchase investment securities assigned to Other Operations. This strategic move yielded a positive outcome as the Group benefited from reduced interest cost and higher interest income.

OTHER OPERATIONS

The segment recognised profits of $56.18 million, a marked improvement over the performance last year. This was due to investing in higher yielding securities, which resulted in interest income of $67.57 million (March 2021: $9.22 million) and net capital gains of $11.07 million (March 2021: 0.53 million).



HIGHLIGHTS

	March 2022 Unaudited	March 2021 Unaudited
Total Revenue - J$ billion	1.79	1.06
Earnings before interest, tax, depreciation and amortization (EBITDA) - J$ billion	0.54	0.19
Net Profit/(Loss) attributable to stockholders – J$ billion	0.18	(0.20)
Earnings per stock unit –J$	0.08	(0.09)
Total Assets – J$ billion	31.58	30.06
Stockholders' Equity J$ billion	16.73	14.08
JSE X Fund share price – J$	8.33	8.30
Market capitalization – J$ billion	18.68	18.62

$1.79B Total Revenue | **$16.73B** Stockholders' Equity | **$31.58B** Total Assets | **$0.54B** EBITDA

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REAL ESTATE X FUND

Liquidity and Solvency

The Group generated positive Cash Flows of $931.20 million from its operating activities (2021: $227.87 million). Cash and cash equivalents excluding restricted cash reduced to $4.80 billion (2021: $14.19 billion), due to reinvesting in longer term higher yielding securities.

Balance Sheet

The Group's total assets were $31.58 billion at March 2022 and $31.32 billion at December 2021. Stockholders' Equity at March 2022 was $16.73 billion, a slight improvement over the $16.59 billion as at December 2021. Market capitalization at period end was $18.68 billion.

OUTLOOK

The start of the year has been tempered with unpredictability, from the emergence of a new variant of the novel Corona virus to the geopolitical conflict in Ukraine. The Federal Reserve Bank of Atlanta has released data which estimates the GDP growth rate for the first quarter 2022 of 1.3%, which has slowed in comparison to 2021's GDP growth rate of 5.7%. The US economy grew by 6.9% in the fourth quarter of 2021, higher than the 2.3% of the third quarter, resulting from higher inventory buildup by manufacturing. The USA also increased its leadership position among the world's economies by 0.3%, which is a strong signal that economic growth is likely in the future despite the uncertainties. USA GDP is projected to be 3.0% year-over-year, which, although slower than 5.6% in 2021, remains above pre-COVID trend.

International tourist arrivals in Florida more than doubled (+130%) in January 2022. Upcoming quarters are likely to present more opportunities for growth, particular with business travel expected to gain momentum. A recent survey conducted by the USA Travel Association indicated that 77% of business travelers and 64% of employed Americans agreed that it is important to return to business trips. As more and more airlines and States reduce their COVID-19 restrictions, opportunities for recovery and growth become apparent.

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

10 May 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2022
(Expressed in thousands of Jamaican dollars)

	March 2022 Unaudited	December 2021 Audited	March 2021 Unaudited
ASSETS			
Non-Current Assets			
Property, plant and equipment	14,659,977	14,964,537	12,847,112
Goodwill	923	923	923
Investment in Sigma Real Estate Portfolio	859,865	868,146	786,959
Financial investments	3,288,004	268,060	187,381
	18,808,769	16,101,666	13,822,375
Current Assets			
Inventories	32,743	30,690	25,791
Receivables	1,020,029	1,303,678	1,107,701
Securities purchased under resale agreement	2,987,311	2,888,764	1,819,917
Financial investments	6,118,233	8,845,860	11,734,170
Cash resources	2,613,575	2,144,347	1,548,107
	12,771,891	15,213,339	16,235,686
TOTAL ASSETS	**31,580,660**	**31,315,005**	**30,058,061**
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	4,570,894	4,607,779	2,674,295
Retained earnings	(479,053)	(660,667)	(1,239,278)
	16,734,353	16,589,624	14,077,529
Non-controlling interests	5,767,623	5,767,623	5,422,164
Total Equity	**22,501,976**	**22,357,247**	**19,499,693**
Liabilities			
Non-Current Liabilities			
Deferred income taxes	1,229,908	1,197,169	761,647
Borrowings	6,916,497	6,982,418	7,596,434
	8,146,405	8,179,587	8,358,081
Current Liabilities			
Payables	583,458	435,441	485,336
Contractual Liabilities	142,565	140,540	65,572
Borrowings	206,256	202,190	1,649,379
	932,279	778,171	2,200,287
Total Liabilities	9,078,684	8,957,758	10,558,368
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**31,580,660**	**31,315,005**	**30,058,061**

Christopher Zacca
Chairman
10 May 2022

Bruce James
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2022
(Expressed in thousands of Jamaican dollars)

	March 2022 Year -to-date Unaudited	March 2021 Year -to-date Unaudited	December 2021 Full Year Audited
Revenues:			
Net investment income	67,574	9,221	147,554
Net capital (losses)/gains on financial assets	(1,772)	331,239	1,193,844
Hotel revenue	1,716,317	721,023	4,432,018
Other income	4,561	-	19,871
Total revenues	**1,786,680**	**1,061,483**	**5,793,287**
Expenses:			
Hotel expenses	1,220,838	618,950	3,367,409
Depreciation	218,797	196,782	811,018
Interest and other financing costs	91,998	164,505	529,449
Other operating expenses	29,562	19,612	94,811
Total expenses	**1,561,195**	**999,849**	**4,802,687**
Operating profit	**225,485**	**61,634**	**990,600**
Loss on sale of interest in associate	-	(233,089)	(233,089)
Profit/(loss) before taxation	225,485	(171,455)	757,511
Taxation	(43,871)	(31,747)	(36,646)
Net profit/(loss)	181,614	(203,202)	720,865
Net Profit/(Loss) attributable to:			
Stockholders of the Company	181,614	(202,109)	376,501
Non-controlling interests	-	(1,093)	344,364
	181,614	(203,202)	720,865
Earnings per stock unit for profit/(loss) attributable to stockholders of the Company:			
Basic and fully diluted	$0.08	($0.09)	$0.17
Net profit/(loss)	181,614	(203,202)	720,865
Other comprehensive income/(loss), net of taxes:			
Items that may be subsequently reclassified to profit or loss			
Re-translation of foreign operation	(36,885)	156,462	658,987
Re-translation of foreign operation recycled to the Income Statement on sale of associated company	-	(2,534,160)	(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	-	174,957	1,605,919
Total other comprehensive income/(loss) recognised in stockholders' equity, net of taxes	(36,885)	(1,676,305)	257,182
Total comprehensive income/(loss)	144,729	(1,879,507)	978,047
Total comprehensive income/(loss) attributable to:			
Stockholders of the Company	**144,729**	**(1,091,652)**	**1,420,443**
Non-controlling interests	-	(787,855)	(442,396)
	144,729	(1,879,507)	978,047

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2022
(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 Audited
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**
Period ended 31 March 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	-	(1,384,644)	495,101	(202,109)	(1,091,652)	(787,855)	(1,879,507)
Transfer between reserves	-	-	(94,713)	94,713	-	-	-
Period ended 31 March 2021	**12,642,512**	**1,565,118**	**1,109,177**	**(1,239,278)**	**14,077,529**	**5,422,164**	**19,499,693**

CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION
for the three months ended 31 March 2022
(Expressed in thousands of Jamaican dollars)

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)
(Loss)/profit 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	Jamaica	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

Three months ended March 31, 2021	Direct Hotel Operations	Indirect Hotel and Commercial Operations	Other	Eliminations	Group Unaudited
Operating results:					
External revenues	721,023	-	9,221	-	730,244
Net capital losses on financial assets and liabilities	23,418	307,289	532	-	331,239
Total revenue	744,441	307,289	9,753	-	1,061,483
Operating expenses	(627,418)	(11,144)	-	-	(638,562)
Depreciation	(196,782)	-	-	-	(196,782)
Finance costs	(153,663)	(10,842)	-	-	(164,505)
Operating (Loss)/profit	(233,422)	285,303	9,753	-	61,634
Loss on sale of interest in associate		(233,089)	-	-	(233,089)
(Loss)/profit before taxation	(233,422)	52,214	9,753	-	(171,455)
Taxation	47,514	(76,822)	(2,439)	-	(31,747)
Net (Loss)/profit	(185,908)	(24,608)	7,314	-	(203,202)
Segment assets:					
Total assets	35,708,272	14,699,012	4,900	(20,354,123)	30,058,061
Segment liabilities:					
Total liabilities	24,108,184	6,764,686	39,621	(20,354,123)	10,558,368
Other Segment items:					
Capital expenditure: Property, plant and equipment					2,248

Geographical Information	Jamaica	United States of America	Total
Revenue	340,460	721,023	1,061,483
Total Assets	15,416,021	14,642,040	30,058,061

CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2022
(Expressed in thousands of Jamaican dollars)

	March 2022 Unaudited	March 2021 Unaudited	December 2021 Audited
Cash Flows from Operating Activities:			
Net Profit/(Loss)	181,614	(203,202)	720,865
Adjustments for:			
Items not affecting cash:			
Depreciation and amortisation	218,797	196,782	811,018
Amortisation of franchise fees	610	514	2,291
Interest income	(67,574)	(9,221)	(147,554)
Interest expense	91,998	164,505	529,449
Income tax charges	43,871	31,747	36,646
Loss on disposal of property, plant and equipment	1,237	-	17,422
Effect of exchange gains on foreign currency balances	23,179	(325,804)	(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	8,282	(3,215)	(84,403)
Fair value (gains)/losses on other financial investments	(30,062)	(557)	12,604
	471,952	84,638	1,042,132
Changes in other operating assets and liabilities:			
Accounts receivable	310,434	401	(236,134)
Inventories	(2,197)	2,188	(970)
Accounts payable	161,518	140,643	159,440
Income taxes paid	(10,505)	-	-
Net cash generated from operating activities	**931,202**	**227,870**	**964,468**
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment, net	(5,971)	(2,248)	(36,628)
Restricted cash	(81,525)	(239,269)	(344,781)
Net (purchase) /sale of investments	(3,109,973)	78	(5,739,232)
Proceeds from sale of interest in associate	-	13,604,064	13,604,064
Interest income received	139,665	7,970	54,415
Net cash (used in)/provided by investing activities	**(3,057,804)**	**13,370,595**	**7,537,838**
Cash Flows from Financing Activities:			
Borrowings, net	(38,863)	(477,822)	(2,986,424)
Interest expense paid	(86,864)	(133,428)	(468,436)
Net cash used in financing activities	**(125,727)**	**(611,250)**	**(3,454,860)**
Cash and cash equivalents:			
(Decrease)/increase in cash and cash equivalents	(2,252,329)	12,987,215	5,047,446
Effect of exchange rate on cash and cash equivalents	(20,193)	344,995	1,168,149
Cash and cash equivalents at beginning of period	7,076,534	860,940	860,939
Cash and cash equivalents at end of period	**4,804,012**	**14,193,150**	**7,076,534**
Comprising:			
Cash and bank	1,594,997	759,520	1,202,721
Investment securities	349,867	11,734,179	3,078,400
Securities purchased under resale agreement	2,859,148	1,699,451	2,795,413
	4,804,012	**14,193,150**	**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 other significant shareholder in X Fund is Sagicor Group 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. 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 2022. 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 continued to show growth but are generally below pre-COVID levels. For the quarter ending 31 March 2022, the Group experienced improved performance from its shift in strategy and business model which has cushioned some of the adverse financial results amidst variants and global supply chain issues.