

EPPLEY
L I M I T E D

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

VALUE FUND
SECOND 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 quarter:	March 31, 2022
Net assets:	<u>\$100,039,885</u>
Net profit:	\$4,028,332
Shares outstanding:	136,335,368
Net asset value per share:	\$0.73
Share price:	\$0.54 (BSE) J\$45.33 (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 Limited

ATTORNEYS

Clarke Gittens Farmer

BANKERS

CIBC FirstCaribbean International Bank
NCB Capital Markets

LETTER TO SHAREHOLDERS

FELLOW SHAREHOLDERS,

The Value Fund continues to build on the momentum of last year's record profitability, generating \$4.0 million in net earnings for the first half ended March 31, 2022. This represents a 148% increase in net earnings relative to the corresponding period last year. The strength of our operations and quality of our underlying assets continue to drive consistent growth in performance, further validating key strategic initiatives executed by management in recent years.

Net Operating Income (NOI) attributable to shareholders, a metric that measures the Fund's share of rental income less its operating expenses, grew 34% to \$2.5 million for the six-month period ended March 31, 2022. The consistent increase is largely reflective of added income produced from last year's acquisitions and careful management of the Fund's operational efficiency.

Similarly, Funds From Operations (FFO) attributable to shareholders, a measure of the Fund's core operating profitability factoring in financing costs, grew 20% to \$2.0 million for the six-month period ended March 31, 2022. We expect to deliver continued growth in FFO attributable to shareholders as the Fund continues to benefit from recent acquisitions over time.

The Value Fund concluded the half year period ended March 31, 2022 with a healthy capital structure and liquidity of \$7.4 million. Our strong balance sheet provides flexibility and keeps us well-positioned for growth. The Fund further benefits from inflation protection provided by a diverse regional portfolio, underpinned by high-quality commercial real estate and strong yielding cashflows.

Acquisition of Jamaican BPO Asset

In line with our core strategy to scale and diversify, the Fund, in partnership with JMMB Fund Managers, successfully completed the acquisition of 22 Chalmers Avenue, a 99,000 square foot purpose built BPO facility in Kingston, Jamaica.

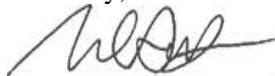
22 Chalmers Avenue is the new Kingston campus of itel and will house approximately 1,400 BPO seats. This acquisition was concluded near the end of the financial quarter and as a result, the financials are yet to reflect the full benefits of this acquisition.

With the addition of 22 Chalmers Avenue, the Value Fund is now comprised of over 874,000 square feet of prime commercial real estate, spread across three of the largest English-speaking countries in the Caribbean.

The Value Fund concluded the first half of its financial year reporting very strong performance. Going forward, we remain focused on implementing key initiatives to improve operational efficiency, while further growing our portfolio, diversifying regionally and improving performance.

We thank you for the continued support and look forward to further updating you on new developments.

Sincerely,



Nicholas A. Scott

VALUE FUND FINANCIAL PERFORMANCE

	MARCH-22	MARCH-21
NOI attributable to shareholders	2,546,283	1,901,885
Interest expense	(664,422)	(373,333)
Interest and other income	340,048	356,830
Net interest expense of investments accounted for using Equity Method	(191,896)	(199,043)
FFO attributable to shareholders	2,030,013	1,686,339
Fair value gains/(losses) on investment properties	1,121,452	136,298
Foreign exchange gains/(losses)	(37,219)	(192,611)
Impairment (charge)/recovery for receivables	-	(2,912)
Non-cash charges of investments accounted for using the Equity Method	914,086	(3,221)
Comprehensive income attributable to shareholders for the period	4,028,332	1,623,893

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 March 31, 2022
(expressed in Barbados dollars)

	Unaudited	Unaudited	Audited
	March 31, 2022	March 31, 2021	September 30, 2021
	\$	\$	\$
Assets			
Investment properties	73,163,175	62,403,808	73,807,640
Investment in associated company	32,202,182	31,908,147	31,208,140
Investment securities	10,448,534	-	-
Loans receivable	1,774,998	3,902,658	3,752,958
Accounts receivable and prepaid expenses	813,493	962,264	999,902
Due from related parties	996,822	1,250,017	874,987
Cash & cash equivalents	7,423,983	15,996,100	16,329,159
Total assets	126,823,187	116,422,994	126,972,786
Liabilities			
Loans payable	24,135,037	18,619,455	24,465,538
Accounts payable and accrued expenses	1,984,701	1,089,606	1,151,243
Security and advanced deposits	414,911	341,358	418,572
Deferred tax	154,459	130,558	162,062
Corporation tax payable	94,194	26,524	83,369
Total liabilities	26,783,302	20,207,501	26,280,784
Total assets less liabilities	100,039,885	96,215,493	100,692,002
Equity			
Share capital	92,808,269	93,032,076	92,919,797
Other reserves	(1,163,418)	(336,787)	1,240,354
Retained earnings	8,395,034	3,488,422	6,531,851
Total shareholders' funds	100,039,885	96,183,711	100,692,002
Non-controlling interests	-	31,782	-
	100,039,885	96,215,493	100,692,002
Net asset value per share	\$0.73	\$0.70	\$0.74

Approved by:



Director

May 13, 2022



Director

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Comprehensive Income
For the six-month period ended March 31, 2022
(expressed in Barbados dollars)

	Unaudited six-month period ended	Unaudited six-month period ended	Unaudited three-month period ended	Unaudited three-month period ended	Audited Year ended September 30, 2021
	October 1, 2021 - March 31, 2022	October 1, 2020 - March 31, 2021	January 1, 2022 - March 31, 2022	January 1, 2021 - March 31, 2021	
	\$	\$	\$	\$	\$
Revenue					
Net rental income	2,260,630	1,899,599	1,165,534	963,379	4,002,628
Fair value gains on investment property	1,121,452	136,298	1,121,452	295,138	941,410
Share of profit investments using equity accounting	2,086,137	864,320	1,520,015	446,890	3,518,530
Interest income	339,476	355,830	151,876	153,970	703,549
Other income	572	1,000	572	1,000	23,595
Total investment income	5,808,267	3,257,047	3,959,449	1,860,377	9,189,712
Expenses					
Interest Expense	664,422	373,333	341,048	220,000	1,042,819
Fund management fees	374,705	359,469	186,763	183,534	722,534
Investment advisor fees	374,705	359,469	186,763	183,534	722,534
Professional fees	208,049	220,375	118,895	144,188	611,166
Directors and subcommittee fees	1,680	1,660	840	830	3,320
Office and administrative expenses	7,141	8,218	5,205	4,961	22,282
Impairment charge on receivables	-	2,912	-	2,912	3,572
Net foreign exchange loss	37,219	192,611	113,152	539,419	46,329
Operating expenditure	1,667,921	1,518,047	952,666	1,279,378	3,174,556
Profit before tax	4,140,346	1,739,000	3,006,783	580,999	6,015,156
Taxation	(112,014)	(115,107)	(90,480)	(115,107)	(259,484)
Net profit for the period	4,028,332	1,623,893	2,916,303	465,892	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	(2,403,772)	(88,013)	(1,177,865)	(88,321)	1,489,128
Total comprehensive income for the period	1,624,560	1,535,880	1,738,438	377,571	7,244,800
Attributable to:					
Cellular property fund shareholders	4,028,332	1,623,893	2,916,303	465,892	5,746,415
Non-controlling interests	-	-	-	-	9,257
Total comprehensive income for the period	4,028,332	1,623,893	2,916,303	465,892	5,755,672
Earnings per share – basic and diluted	\$0.03	\$0.01	\$0.02	\$0.00	\$0.04

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Changes in Equity
For the six-month period ended March 31, 2022
(expressed in Barbados dollars)

	Attributable to Fund shareholders				
	Share capital	Other Reserves	Retained earnings	Non-controlling interests	Total
	\$	\$	\$	\$	\$
Balance- October 1, 2020	93,259,667	(248,774)	1,840,072	31,782	94,882,747
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)
Income 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	(111,528)	-	19,491	-	(92,037)
Translation reserves	-	(2,403,772)	-	-	(2,403,772)
Dividend declared (1.6 cents per share)	-	-	(2,184,640)	-	(2,184,640)
Income for the period	-	-	4,028,332	-	4,028,332
Balance-March 31, 2022	92,808,269	(1,163,418)	8,395,034	-	100,039,885

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Changes in Equity
For the six-month period ended March 31, 2021
(expressed in Barbados dollars)

	Attributable to Fund shareholders				
	Share capital	Other Reserves	Retained earnings	Non-controlling interests	Total
	\$	\$	\$	\$	\$
Balance- September 30, 2019	83,128,128	(79,327)	5,039,725	32,480	88,121,006
Shares Issued	10,689,600	-	-	-	10,689,600
Share issue costs	(129,008)	-	-	-	(129,008)
Repurchase of issued shares	(429,053)	-	31,906	-	(397,147)
Translation reserves	-	(169,447)	-	-	(169,447)
Dividend declared (0.024 and 0.018 cents per share)	-	-	(5,122,644)	-	(5,122,644)
Income for the year	-	-	1,891,085	(698)	1,890,387
Balance- September 30, 2020	93,259,667	(248,774)	1,840,072	31,782	94,882,747
Repurchase of issued shares	(227,591)	-	24,457	-	(203,134)
Translation reserves	-	(88,013)	-	-	(88,013)
Income for the period	-	-	1,623,893	-	1,623,893
Balance-March 31, 2021	93,032,076	(336,787)	3,488,422	31,782	96,215,493

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Cashflows
For the six-month period ended March 31, 2022
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Six months ended</u> <u>March 31, 2022</u>	<u>Unaudited</u> <u>Six months ended</u> <u>March 31, 2021</u>	<u>Audited</u> <u>Year ended</u> <u>September 30, 2021</u>
	\$	\$	\$
Cash flows from operating activities			
Total comprehensive income for the period	4,140,346	1,739,000	6,015,156
Adjustment for:			
Fair value gains on investment property	(1,121,452)	(136,298)	(941,410)
Net foreign exchange loss	37,219	192,611	46,329
Share of gains of investments accounted for using the equity method	(2,086,137)	(864,320)	(3,518,530)
Impairment charge for receivables	-	2,912	-
Depreciation	1,012	1,046	2,058
Interest income	(339,476)	(355,830)	(703,549)
Interest expense	664,422	373,333	1,042,819
Operating income before working capital changes	1,295,934	952,454	1,942,873
Net decrease/(increase) in accounts receivable and prepaid expenses	114,533	(591,658)	(499,597)
Net increase in due to/from related parties	(121,835)	(642,326)	(166,307)
Net increase in loans receivable	2,000,000	-	-
Net increase/(decrease) in accounts payable and accrued expenses	850,851	(1,846,845)	(1,529,827)
(Decrease)/Increase in security deposits	(4,336)	25,152	169,027
Additions to investment property	(287,579)	(58,977)	(9,176,791)
Cash used in operations	3,847,568	(2,162,200)	(9,260,622)
Interest received	268,902	355,830	697,149
Interest paid	(634,302)	(333,878)	(959,233)
Tax paid	(101,754)	(134,648)	(198,731)
Net cash used in operating activities	3,380,414	(2,274,896)	(9,721,437)
Cash flows from investing activities			
Investment in associated companies	(284,556)	(13,900,000)	(11,200,000)
Distributions from associated companies	950,686	477,449	942,243
Acquisition of investment securities	(10,400,000)	-	-
Net cash generated from/(used in) financing activities	(9,733,870)	(13,422,551)	(10,257,757)
Cash flows from financing activities			
Shares repurchased	(92,037)	(203,134)	(301,193)
Distributions to non-controlling interests	-	-	(41,039)
Dividends paid	(2,184,640)	-	(1,093,313)
Loans received	5,165,726	8,000,000	13,847,607
Loans repaid	(5,434,420)	-	-
Net cash (used in)/generated from financing activities	(2,545,371)	7,796,866	12,412,062
Net decrease in cash and cash equivalents	(8,898,827)	(7,900,581)	(7,567,132)
Effects of foreign exchange rate changes on cash and cash equivalents	(6,349)	7,751	7,361
Cash and cash equivalents at beginning of the period	16,329,159	23,888,930	23,888,930
Cash and cash equivalents at end of the period	7,423,983	15,996,100	16,329,159

TEN LARGEST SHAREHOLDERS
(as at March 31, 2022)

Musson Investments Limited	12,631,514
JCSD Trustee Services Ltd - Sigma Equity	10,827,190
3119, SJIML A/C	8,858,784
ATL Group Pension Fund Trustee Nominee Limited	8,571,786
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 March 31, 2022)

	Direct	Connected*
Nicholas A. Scott	269,107	14,754,657
Paul B. Scott	-	16,985,559
Melanie M. Subratie	-	17,223,722
Sharon E. Donaldson	30,550	14,548,654
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.

EPPLEY

L I M I T E D

www.eppleylimited.com