

EPPLEY

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

VALUE FUND
SECOND QUARTER 2021

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, 2021
Net assets:	<u>\$96,183,711</u>
Net profit:	\$1,623,893
Shares outstanding:	136,664,140
Net asset value per share:	\$0.70
Share price:	\$0.57 (BSE) J\$46.55 (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

BCQS International

Property Consultancy Services

David Thwaites and Associates

NAI Jamaica Langford and Brown

ATTORNEYS

Clarke Gittens Farmer

BANKERS

CIBC FirstCaribbean International Bank

NCB Capital Markets

LETTER TO SHAREHOLDERS

FELLOW SHAREHOLDERS,

Despite the challenging operating environment and the ongoing effects of the global pandemic, the Value Fund maintained its profitability for the period ended March 31, 2021.

Net profit attributable to shareholders remained fairly steady at \$1.62 million for the six-month period ended March 31, 2021. This is compared to \$1.68 million reported for the same period last year.

Our Jamaican properties and our recently acquired industrial and office assets continue to offset much of the effects of the Covid-19 pandemic on our Barbados retail properties linked to tourism and travel.

Net Operating Income (NOI) attributable to shareholders, a measure of the Fund's share of rental income less its operating expenses, declined 7% to \$1.9 million. The decrease is mostly reflective of rent relief provided to our tourism retail tenants in Barbados.

Funds From Operations (FFO) attributable to shareholders, a metric that reflects the Fund's NOI less its net cost of financing, was \$1.7 million for the half year period ended March 31, 2021. This is compared to \$2 million reported in the corresponding period last year. This is similarly reflective of a decrease in the Fund's NOI attributable to shareholders and changes in the Fund's financing structure.

The Value Fund concluded the half year period ended March 31, 2021 with a strong balance sheet and substantial liquidity of \$15.9 million. Our capital structure keeps us well-positioned to continue navigating this uncertain economic climate as we continue to execute our strategic initiatives, seeking high-quality acquisition opportunities to further scale and diversify our portfolio by asset type and geography.

Acquisition of Commercial Properties in Trinidad & Tobago

In line with our initiative to further scale and diversify our portfolio, we are pleased to announce that subsequent to the end of the quarter, the Fund acquired two commercial properties in Trinidad & Tobago: 155-157 Tragarete Road, Port of Spain and 52 Valsayn Branch Road, Curepe.

Following the addition of these two properties, the Value Fund now owns and operates 16 high quality buildings, spanning over 775,000 square feet, in three of the largest English-speaking countries in the Caribbean, being Jamaica, Barbados and Trinidad & Tobago.

Dividend

Today the Board approved an interim dividend of 0.8 cents per share, in line with the Fund's dividend policy.

In conclusion, the Value Fund continues to maintain a strong balance sheet and core operating profitability. The Fund's resilient performance continues to justify our strategy of scale and diversification, as recently acquired properties have been critical in offsetting the impact of Covid-19 on our traditional Barbados retail properties.

While the effects of Covid-19 are yet to subside, the Fund holds substantial liquidity and maintains a strong financial base to continue navigating the current climate.

We expect that the financial performance of the Value Fund will improve in the upcoming months as the effects of Covid-19 wane and the Value Fund continues to execute its strategy through acquiring high-quality commercial real estate across the Caribbean. We remain well positioned to take advantage of emerging opportunities in line with our strategy.

We look forward to keeping you updated on future developments.

Sincerely,

A handwritten signature in black ink, appearing to read 'N. Scott', written in a cursive style.

Nicholas A. Scott

VALUE FUND FINANCIAL PERFORMANCE

	MARCH-21	MARCH-20
NOI attributable to shareholders	1,901,885	2,053,149
Interest expense	(373,333)	(246,556)
Interest and other income	356,830	400,360
Net interest expense of investments accounted for using Equity Method	(199,043)	(206,803)
FFO attributable to shareholders	1,686,339	2,000,150
Fair value gains/(losses) on investment properties	136,298	(220,477)
Foreign exchange gains/(losses)	(192,611)	(125,012)
Net gain/(loss) on sale of investment property	-	-
Impairment (charge)/recovery for receivables	(2,912)	26,559
Non-cash charges of investments accounted for using the Equity Method	(3,221)	-
Comprehensive income attributable to shareholders for the period	1,623,893	1,681,220

VALUE FUND PROPERTIES¹



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

¹ As at March 31, 2021



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



693 Spanish Town Road
Kingston, Jamaica




Mall Plaza
Kingston, Jamaica


Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Financial Position
As at March 31, 2021
(expressed in Barbados dollars)

	Unaudited March 31, 2021	Unaudited March 31, 2020	Audited September 30, 2020
	\$	\$	\$
Assets			
Investment properties	62,403,808	48,317,037	62,822,668
Investment in associated company	31,908,147	21,321,476	17,291,276
Loan receivable	3,902,658	-	3,746,558
Accounts receivable and prepaid expenses	962,264	631,853	399,268
Due from related parties	1,250,017	585,048	754,247
Cash & cash equivalents	15,996,100	28,235,099	23,888,930
Total assets	116,422,994	99,090,513	108,902,947
Liabilities			
Loans payable	18,619,455	10,727,625	10,580,000
Accounts payable and accrued expenses	1,089,606	754,575	2,945,649
Security and advanced deposits	341,358	717,514	317,566
Deferred tax	130,558	42,836	122,363
Corporation tax payable	26,524	11,579	54,622
Total liabilities	20,207,501	12,254,129	14,020,200
Total assets less liabilities	96,215,493	86,836,384	94,882,747
Equity			
Share capital	93,032,076	83,106,598	93,259,667
Other reserves	(336,787)	(93,714)	(248,774)
Retained earnings	3,488,422	3,791,718	1,840,072
Total shareholders' funds	96,183,711	86,804,602	94,850,965
Non-controlling interests	31,782	31,782	31,782
	96,215,493	86,836,384	94,882,747
Net asset value per share	\$0.70	\$0.71	\$0.69

Approved by:



Director



Director

May 14, 2021

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Comprehensive Income
For the six-month period October 1, 2020 to March 31, 2021
(expressed in Barbados dollars)

	Unaudited six-month period ended October 1, 2020 - March 31, 2021	Unaudited six-month period ended October 1, 2019 - March 31, 2020	Unaudited three-month period ended January 1, 2021 - March 31, 2021	Unaudited three-month period ended January 1, 2020 - March 31, 2020	Audited Year ended September 30, 2020
	\$	\$	\$	\$	\$
Revenue					
Net rental income	1,899,599	1,692,159	963,379	848,763	2,945,551
Fair value gains/(losses) on investment property	136,298	(220,477)	295,138	(220,477)	3,410,549
Share of profit/(loss) of investments using equity	864,320	1,046,586	446,890	501,898	(2,533,627)
Interest income	355,830	400,360	153,970	130,615	761,194
Other income	1,000	-	1,000	-	666
Total investment income	3,257,047	2,918,628	1,860,377	1,260,799	4,584,333
Expenses					
Interest Expense	373,333	246,556	220,000	124,700	478,827
Fund management fees	359,469	328,170	183,534	162,370	652,643
Investment advisor fees	359,469	328,170	183,534	162,370	652,643
Professional fees	220,375	213,475	144,188	158,821	422,560
Directors and subcommittee fees	1,660	1,600	830	800	3,200
Office and administrative expenses	8,218	21,682	4,961	15,195	62,173
Impairment charge/(gain) for receivables	2,912	(26,559)	2,912	(26,559)	57,676
Net foreign exchange loss	192,611	125,012	539,419	197,778	201,410
Operating expenditure	1,518,047	1,238,106	1,279,378	795,475	2,531,132
Profit before tax	1,739,000	1,680,522	580,999	465,324	2,053,201
Taxation	(115,107)	-	(115,107)	-	(162,814)
Net profit for the period	1,623,893	1,680,522	465,892	465,324	1,890,387
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	(88,013)	14,387	(88,321)	75,747	(169,447)
Total comprehensive income for the period	1,535,880	1,694,909	377,571	541,071	1,720,940
Attributable to:					
Cellular property fund shareholders	1,623,893	1,681,220	465,892	465,623	1,891,085
Non-controlling interests	-	(698)	-	(299)	(698)
Total comprehensive income for the period	1,623,893	1,680,522	465,892	465,324	1,890,387
Earnings per share – basic and diluted	\$0.01	\$0.02	\$0.00	\$(0.00)	\$0.02

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Changes in Equity
For the six-month period October 1, 2020 to 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)
Net profit 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 Changes in Equity
For the six-month period October 1, 2019 to March 31, 2020
(expressed in Barbados dollars)

	Attributable to Fund shareholders				
	Share capital	Other Reserves	Retained earnings	Non-controlling interests	Total
	\$	\$	\$	\$	\$
Balance- September 30, 2018	37,209,540	-	2,525,125	2,902,055	42,636,720
Shares Issues	47,237,127	-	-	-	47,237,127
Share issue costs	(1,318,539)	-	-	-	(1,318,539)
Translation reserves	-	(79,327)	-	-	(79,327)
Distributions to non- controlling interests	-	-	-	(2,902,501)	(2,902,501)
Dividend declared (0.024 cents per share)	-	-	(1,335,666)	-	(1,335,666)
Income for the year	-	-	3,850,266	32,926	3,883,192
Balance- September 30, 2019	83,128,128	(79,327)	5,039,725	32,480	88,121,006
Repurchase of issued shares	(21,530)	-	3,132	-	(18,398)
Translation reserves	-	(14,387)	-	-	(14,387)
Dividend declared (0.024 cents per share)	-	-	(2,932,359)	-	(2,932,359)
Net profit for the period	-	-	1,681,220	(698)	1,680,522
Balance- March 31, 2020	83,106,598	(93,714)	3,791,718	31,782	86,836,384

Eppley Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Cashflows
For the six-month period October 1, 2020 to March 31, 2021
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>six-month period</u> <u>October 1, 2020 –</u> <u>March 31, 2021</u>	<u>Unaudited</u> <u>six-month period</u> <u>October 1, 2019 –</u> <u>March 31, 2020</u>	<u>Audited</u> <u>Year ended</u> <u>September 30, 2020</u>
	\$	\$	\$
Cash flows from operating activities			
Net profit for the period	1,739,000	1,680,522	2,053,201
Adjustment for:			
Fair value (gains)/losses on investment property	(136,298)	220,477	(3,410,549)
Net foreign exchange loss	192,611	152,962	201,410
Share of (gains)/losses of investments accounted for using the equity	(864,320)	(1,046,586)	2,533,627
Impairment charge for receivables	2,912	-	-
Depreciation	1,046	1,012	2,024
Interest income	(355,830)	(400,360)	(761,194)
Interest expense	373,333	246,556	478,827
Operating income before working capital changes	952,454	854,583	1,097,346
Net (increase)/decrease in accounts receivable and prepaid expenses	(591,658)	(210,386)	84,788
Net (decrease)/increase in due to/from related parties	(642,326)	178,930	(183,299)
Net increase in loans receivable	-	-	(3,746,558)
Net (decrease)/increase in accounts payable and accrued expenses	(1,846,845)	12,473	236,730
Increase/(decrease) in security deposits	25,152	390,493	(5,198)
Additions to investment property	(58,977)	(9,312,477)	(9,670,782)
Decrease in marketable securities	-	4,000,000	4,000,000
Cash used in operations	(2,162,200)	(4,086,384)	(8,186,973)
Interest received	355,830	400,360	761,194
Interest paid	(333,878)	(246,932)	(479,203)
Tax paid	(134,648)	-	(34,358)
Net cash used in operating activities	(2,274,896)	(3,932,956)	(7,939,340)
Cash flows from investing activities			
Investment in associated companies	(13,900,000)	-	-
Distributions from associated companies	477,449	960,000	1,409,987
Net cash (used in)/generated from investing activities	(13,422,551)	960,000	1,409,987
Cash flows from financing activities			
Net proceeds from issuance of share	-	-	(129,008)
Shares repurchased	(203,134)	(18,398)	(397,147)
Dividends paid	-	(2,932,359)	(2,932,359)
Loans received	8,000,000	-	-
Loans repaid	-	-	(147,625)
Net cash generated from/(used in) financing activities	7,796,866	(2,950,757)	(3,606,139)
Net decrease in cash and cash equivalents	(7,900,581)	(5,923,713)	(10,135,492)
Effects of foreign exchange rate changes on cash and cash equivalents	7,751	(62,935)	(197,325)
Cash and cash equivalents at beginning of the period	23,888,930	34,221,747	34,221,747
Cash and cash equivalents at end of the period	15,996,100	28,235,099	23,888,930

TEN LARGEST SHAREHOLDERS
(as at March 31, 2021)

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
Musson Investments Limited	7,538,225
FirstCaribbean Barbados C1686 AA	5,650,158
Musson Jamaica Limited	5,069,963
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

SHAREHOLDINGS OF DIRECTORS
(as at March 31, 2021)

	Direct	Connected*
Nicholas A. Scott	185,412	9,661,368
Paul B. Scott	-	11,768,284
Melanie M. Subratie	-	12,006,447
Sharon E. Donaldson	30,550	1,917,140
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, 2020. 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, 2020. 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