

SYGNUS

REAL ESTATE FINANCE

PROSPECTUS

Initial Public Offering of Ordinary Shares

Publication Date: **July 16, 2021**

Opening Date: **July 23, 2021**

Closing Date: **August 20, 2021**



SYGNUS
CAPITAL

Sagcor Investments



Scotia Investments®

A copy of this Prospectus having attached thereto the documents required to be attached thereto by sub-section 372 (5) of the Companies Act, 2004 was delivered to the Registrar of Companies pursuant to sub-section 372(3) of the said Act and was registered pursuant to sub-section 372(4) of the said Act by the Registrar of Companies on the 14th day of July, 2021. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on the 16th day of July, 2021. The FSC has neither approved this Prospectus nor passed upon the accuracy or adequacy of this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the Shares.

The Directors of Sygnus Real Estate Finance Limited ("the Company"), whose names appear in Section 3 of this document, are the persons responsible for the information contained in this document. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of such persons accepts responsibility accordingly.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained herein.

SYGNUS

REAL ESTATE FINANCE LIMITED PROSPECTUS

**BY
SYGNUS REAL ESTATE FINANCE LIMITED
(incorporated in Saint Lucia with limited liability)**

**OF UP TO 207,608,341 ORDINARY SHARES (UPSIZEABLE BY UP TO A FURTHER
38,857,193 ORDINARY SHARES)
IN TWO CLASSES IN THE CAPITAL OF THE COMPANY AT A FIXED PRICE OF:**

**J\$19.30 PER J\$ ORDINARY SHARE; AND
US\$0.1270 PER US\$ ORDINARY SHARE (up to a maximum of US\$15,000,000)**

(but at the First Priority Discount Price of J\$17.90 per J\$ Ordinary Share and US\$0.1170 per US\$ Ordinary Share to Existing Shareholders and Team Members and the Second Priority Discount Price of J\$18.30 per J\$ Ordinary Share and US\$0.1210 per US\$ Ordinary Share to Key Investors as defined herein) payable in full on application.

134,945,422 ARE RESERVED FOR RESERVE SHARE APPLICANTS AND 72,662,919 ORDINARY SHARES ARE AVAILABLE FOR SUBSCRIPTION BY MEMBERS OF THE GENERAL PUBLIC

Registered Office: McNamara Corporate Services Inc., 20 Micoud Street, Castries, St. Lucia
Website: www.sygnusgroup.com **Email:** srf@sygnusgroup.com
Telephone Number: 876-634-5000

Up to 207,608,341 Ordinary Shares in the capital of the Company are available for subscription in this Initial Public Offering (“IPO”). The Company has reserved the right to upsize the number of Shares on offer by up to a further 38,857,193 Ordinary Shares in the event the IPO is oversubscribed.

The Subscription List will open at 9:00 am on July 23, 2021 and will close at 4:30 pm on August 20, 2021 subject to the right of the Company to close the Subscription List at any time without notice if subscriptions have been received for the full amount of the Shares available for subscription and subject also to the right of the Company to extend the closing beyond that date.

Applications for J\$ Shares or US\$ Shares should be made through Sagicor Investments Jamaica Limited’s eInvest Platform (see Appendix 1 for details). Subscriptions should be for multiples of 100 Shares subject to a minimum of 1,000 Shares. Total US\$ Shares may be subscribed for up to a maximum of US\$15,000,000. Payment for J\$ Shares and US\$ Shares subscribed for must be made in J\$ and US\$ respectively (subject to the right of the Company to accept payment for Shares in either currency). The procedure for subscribing for Shares and the terms and conditions of the Prospectus are set out in Appendix 1 and in Section 16.

In the event that the Company does not raise the equivalent of J\$100,000,000 (“the Minimum Subscription”) from the subscription of Shares in this IPO, all payments for Shares will be returned to Applicants (without interest).

An application has been submitted to the Board of Directors of the Jamaica Stock Exchange for all the issued Ordinary Shares in the capital of the Company to be listed on the Main Market of the Jamaica Stock Exchange. It is anticipated that all the Ordinary Shares of the Company will be converted into stock units and will be listed within twenty-one (21) days after the Closing Date, provided such listing is not affected by Rule 411 A (v) of the Jamaica Stock Exchange Main Market Rules. However, the foregoing statement regarding the Company’s intention to list its stock units on the JSE is not to be construed as a guarantee that the Shares will be listed or if listed will be so listed within the time stated. If the Shares are listed, dealings will commence immediately after such listing. If the Shares are not so listed, then any provisional allotment of Shares made by the Company will be revoked and the Company will not proceed with the unconditional allotment of Shares pursuant to this Prospectus. Accordingly, all monies received from Subscribers in response to this Prospectus will be refunded, without interest, within 10 Business Days after the Jamaica Stock Exchange has notified the Company of its decision to decline the listing application.

Notwithstanding anything herein and in particular the use of the market term “Offer” and other cognate expressions, this Prospectus does not constitute and is not intended to be an offer by or on behalf of the Company to sell any of the Shares. It is instead an invitation to treat. An Investor who submits an Application shall be deemed to be making an offer to the Company to purchase Shares in the Company. The Company may or may not accept such offer. Acceptance of any such offer will occur only by way of allotment of Shares by the Company in response to an Application. In submitting an Application each Prospective Investor acknowledges the foregoing legal effect of the Prospectus and of his/her application.

The date of this Prospectus is July 16, 2021

IPO Quick View

First Priority Reserve Pool		Second Priority Reserve Pool		Non-Reserved	
J\$ Shares	US\$ Shares	J\$ Shares	US\$ Shares	J\$ Shares	US\$ Shares
J\$17.90 per Share	US\$0.1170 per Share	J\$18.30 per Share	US\$0.1210 per Share	J\$19.30 per Share	US\$0.1270 per Share
Issue (Reserved)		Issue (Reserved)		Issue (Non-Reserved)	
67,472,711 Ordinary Shares		67,472,711 Ordinary Shares		72,662,919 Ordinary Shares	
Note: Up to 207,608,341 Ordinary Shares with the right to upsize by up to a further 38,857,193 Ordinary Shares					

Note: Total US\$ Ordinary Shares may be subscribed for up to a maximum of US\$15,000,000

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices.

Each Prospective Investor is advised to read this entire Prospectus carefully before making an investment decision about this IPO. Specific attention is drawn to the Risk Factors in Section 7 of this Prospectus and the Disclaimer and Note on Forward Looking Statements in Section 2 of this Prospectus.

KEY INFORMATION ABOUT THE IPO

Prospectus Registration Date	July 14, 2021 at the Companies Office of Jamaica and July 16, 2021 at the Financial Services Commission.
Prospectus Publication Date	July 16, 2021
Subscription List Opens	9:00 A.M. on July 23, 2021
Subscription List Closes	4:30 P.M. on August 20, 2021 (subject to right of the Company to close at any time after the IPO is fully subscribed)
Securities Available for Subscription	207,608,341 Ordinary Shares in two classes (J\$ Shares and US\$ Shares) in the capital of the Company
Subscription Price	J\$17.90 per J\$ Share and US\$0.1170 per US\$ Share (“the First Priority Discount Price”) for Existing Shareholders and Team Members, and J\$18.30 per J\$ Share and US\$0.1210 per US\$ Share (“the Second Priority Discount Price”) for Key Investors and J\$19.30 per J\$ Share and US\$0.1270 per US\$ Share (“the Standard Price”) for all other Applicants
How Payable	In full on subscription. Payment for J\$ Shares and US\$ Shares subscribed for must be made in J\$ and US\$ respectively (subject to the right of the Company to accept payment for Shares in either currency)
Minimum Subscription	1,000 Shares
Oversubscription	In the event that subscriptions are received for more Shares than the number of Shares available for subscription in this IPO, the Company reserves the full, unqualified and absolute right to increase the number of Shares in the IPO up to a further 38,857,193 Shares in order to satisfy all or part of the subscriptions in excess of the 207,608,341 Shares, which are comprised in the IPO.
Basis of Allotment	“First come first served basis”
Target IPO Capitalization	J\$3,900,000,000 (subject to the right of the Company to upsize the offer on oversubscription) equivalent to US\$25,657,895
Lead Arranger	Sygnus Capital Limited
Joint Lead Brokers	Sagikor Investments Jamaica Limited and Scotia Investments Jamaica Limited
US\$ Subscription Limit	Total US\$ subscriptions up to a maximum of US\$15,000,000

Chairman's Letter to Prospective Investors

On behalf of the Board of Directors of SRF, I am pleased to extend an invitation to Prospective Investors to subscribe for Ordinary Shares in the capital of the Company on the terms and conditions set out in this Prospectus. We are grateful to all our Shareholders, Partners and Team Members who have supported us thus far on an exciting journey in the real estate asset class. The Covid-19 pandemic has impacted the lives of many people around the world and in the Caribbean region. Many have lost loved ones during this time, and we wish to extend heartfelt condolences to all of those individuals. During this time, we must rely on our indomitable spirit to take us through this period and know that together we can make it to the other side of this pandemic.

Key Milestones and Successes

Let me spend a moment to highlight a few of the important achievements of SRF over the past 19 months. In August 2019, during its private placement, SRF presented a vision to bring flexible capital to unlock value in the real estate asset class across the Caribbean region. We are happy to report that, despite the severe impact of Covid-19, SRF has deployed an estimated J\$5.65 billion across a total of 12 investments since inception in Jamaica, which is the initial focus of SRF's investment capital. This is more than 2.5 times the Company's initial share capital of J\$2.0 billion. This highlights the creative use of its capital base to acquire key strategic assets and extend flexible financing to real estate projects at a time when all economies need private sector capital to be put to work.

Speaking of putting capital to work, the Company recently broke ground on its first development investment and expects to break ground on its second development investment within the next 30 to 60 days. The two projects have a combined value of approximately J\$4.05 billion: an industrial project on Spanish Town Road and a commercial project on Belmont Road. SRF also recently completed the acquisition of two other key strategic properties, post its 6 months financial results, with a combined estimated balance sheet value of J\$2.9 billion, thus strengthening its potential future project pipeline.

SRF's most recent audited results for the financial year ended August 31, 2020 also point to some key achievements. The Company generated J\$466.8 million in total investment income and J\$414.9 million in net profits for the financial year with total assets of J\$6.08 billion.

The Company's most recent financial results for the 6 months ended February 28, 2021, are even more encouraging. Net profits grew to J\$949.9 million, and total investment income grew to J\$1.03 billion, driven by the significant unlocking of value in its property investments. Another significant highlight is the increase in shareholder value: the net proceeds of J\$2.08 billion raised in a private placement in August 2019 grew 69.8% to J\$3.60 billion.

Future Path

Within the next two to three years, one of SRF's four key strategic objectives is to unlock additional value from its major strategic property acquisitions, which contain significant upside opportunities. SRF chose to focus first on the Jamaican real estate market given what it believes is a better risk to reward ratio on its investment capital. The quality of the assets on SRF's books is evidence that this was the best path for the Company to take when it made that decision. In order to invest the capital required to unlock the additional value in these assets, and accomplish its other strategic objectives, SRF needs to raise additional Dry Powder. This initial public offering represents a key initiative to unlock this value and assist in financing its robust pipeline of at least J\$5.5 billion over the next 18 months.

Invitation to Participate

We are inviting our Existing Shareholders, Team Members, Key Investors and the general public to participate in the next phase of SRF's growth, as we seek to further enhance shareholder value by executing on a robust pipeline of real estate investment assets.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Wainwright Iton', written in a cursive style.

Clement Wainwright Iton
Chairman of the Board

SHARE CAPITAL AND INDEBTEDNESS

As at June 30, 2021

	Number of Shares	Total Value
<u>Authorised</u>		
(a) Ordinary Shares		
(i) J\$ Ordinary Shares of no par value	Unlimited	
(ii) US\$ Ordinary Shares of no par value	Unlimited	
(b) Preference Shares		
(i) Special Share with par value of US\$1.00	1	
(ii) Redeemable or Irredeemable	Unlimited	
<u>Issued & Fully Paid</u>		
(a) J\$ Ordinary Shares	126,513,832	
(b) US\$ Ordinary Shares	71,614,000	
(b) Special Share of US\$1.00	1	US\$1.00
<u>Now Available for Subscription in this IPO:</u>		
207,608,341 Ordinary Shares at J\$17.90 per J\$ Share and US\$0.1170 per US\$ Share (“the First Priority Discount Price”) for Existing Shareholders and Team Members, and J\$18.30 per J\$ Share and US\$0.1210 per US\$ Share (“the Second Priority Discount Price”) for Key Investors	207,608,341	J\$3,900,000,000 (equivalent to US \$25,657,895)**

and J\$19.30 per J\$ Share and US\$0.1270 per US\$ Share (“the Standard Price”) for all other Applicants (subject to upsizing as more fully described herein)		
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*** This is the US\$ equivalent of the gross IPO proceeds and assumes that (i) the J\$ Shares and US\$ Shares offered in the IPO are subscribed in proportion to the Company’s existing issued J\$ Shares and US\$ Shares (63.9% and 36.1% respectively); (ii) US\$ amounts raised in the IPO are converted to J\$ at the rate of J\$152 to US\$1; (iii) all Shares offered to Existing Shareholders and Team Members are subscribed at the First Priority Discount Price, and to Key Investors at the Second Priority Discount Price; and (v) the number of Shares on offer in the IPO has not been increased.*

The authorised capital of the Company is made up of: (i) one Special Share; (ii) an unlimited number of Ordinary Shares without par value out of which it may issue Ordinary Shares in J\$ and US\$; and (iii) an unlimited number of Preference Shares. The Ordinary Shares for which subscriptions are invited by this Prospectus and which are the subject of this IPO by the Company will, when issued, be designated and classified as J\$ Shares or US\$ Shares according to Subscribers’ Applications and then converted into stock units. The Special Share is held by Sygnus Capital Group Limited (“SCG”). The purpose of the Special Share is to ensure that the structure of the investment is not subverted by Shareholders who may acquire a substantial interest in the Company. The holder of the Special Share has a right to cast 101% of the votes capable of being cast on a poll at any general meeting of the Company but on a show of hands, the holder of the Special Share shall only have one vote. The Articles give the holder of the Special Share the right to demand a poll. The holder of Ordinary Shares has, on a show of hands, one vote irrespective of the number of Ordinary Shares held but on a poll, will have one vote for each Ordinary Share registered in their name. A dividend may be paid on the Special Share in lieu of, or in addition to, the management fees payable to the Investment Manager as may be agreed between the Company and the holder of the Special Share in the Investment Management Agreement. On a winding-up the subscription sum of US\$1.00 is payable to the holder of the Special Share in priority to any distribution on the Ordinary Shares. The holder of a share, whether Special Share or Ordinary Shares, may vote in person or by proxy and a proxy need not be a member of the Company. The Articles of Association of the Company contain entrenched provisions whereby the rights attaching to the Special Share or modification or termination of the Investment Management Agreement would operate as modification of the rights attaching to the Special Share and accordingly none of those things can be done without the consent of the holder of the Special Share.

The 207,608,341 Shares being offered in this IPO are new shares and do not form part of the existing issued shares of the Company.

The Special Share held by Sygnus Capital Group Limited was issued in accordance with the Articles of Association of the Company. All of the Ordinary Shares which are the subject of this Prospectus rank *pari passu* with each other and with all other Ordinary Shares in the capital of the Company. Accordingly, they will all rank equally for dividends and other distributions hereafter declared, paid or made on the Ordinary Share

capital of the Company. Dividends payable on the J\$ Shares will be paid in J\$. Dividends payable on the US\$ Shares will be paid in US\$ based on the US\$ Currency Equivalent (using the Bank of Jamaica's weighted average selling exchange rate) of the J\$ dividends paid on J\$ Shares determined five (5) business days immediately preceding the date of conversion. For the avoidance of doubt, holders of US\$ Shares will receive their dividends in US\$.

INDEBTEDNESS

At the close of business on June 30, 2021 the Company's financial indebtedness to banks, financial institutions and other lenders was for an aggregate sum of J\$2.79 billion. The Company has not issued any guarantees or assumed any contingent liability. The Company has been incurring legal, accounting and financial advisory fees, printing costs, registration fees and the like in connection with the transaction contemplated by this Prospectus ("IPO & Listing Expenses"). The Company has undertaken to pay all IPO & Listing Expenses which are not expected to exceed J\$175,500,000.

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1. DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

“Articles”	the Articles and Memorandum of Association of the Company
“Applicant”	a person who applies for Shares in the IPO
“Application”	the subscription for Shares in the IPO
“Auditors”	KPMG
“Business Day”	any day (other than a Saturday, Sunday or public general holiday) on which banks are open for business in Jamaica
“Closing Date”	the date on which the Subscription List closes
“Corporate Services Agreement”	an agreement for the provision of services including general corporate secretarial, financial, accounting, coordinating oversight of legal matters and other administrative functions
“Company”	Sygnus Real Estate Finance Limited (an international business company established under the laws of St. Lucia)
“Directors” or “Board”	the Board of Directors of the Company
“Dollars” or “J\$”	Jamaican dollars
“Dry Powder”	capital that is available for investing in real estate assets which may comprise of cash held in bank accounts, cash equivalents held in short term marketable instruments and undrawn credit facilities
“Existing Shareholders”	the shareholders of the Company as of the date of this Prospectus
“First Priority Reserved Pool”	The pool of 67,472,711 Shares reserved for Existing Shareholders and Team Members. Shares in this Pool will be allotted on a “first come first served basis” at the First Priority Discount Price

“First Priority Discount Price”	J\$17.90 per J\$ Share or US\$0.1170 per US\$ Share as it relates to each Reserved Share for Existing Shareholders and Team Members
“FSC”	the Financial Services Commission
“Government”	the Government of Jamaica
“Independent Directors”	Directors of SRF who meet the criteria of an independent director determined by the Board.
“Investors” or “Prospective Investors”	Subscribers for Shares in the IPO
“Investment Manager”	Sygnus Capital Limited
“IRMC”	The Investment and Risk Management Committee, a committee of SCL with responsibility for the approval of all investment decisions of the Company
“IPO”	the initial public offer whereby the public is invited to subscribe for Shares to be issued by the Company
“IPO & Listing Expenses”	all costs incurred in connection with the IPO and the listing of Shares on the JSE including but not limited to (i) legal fees; (ii) accountant’s fees; (iii) brokers’ fees; (iv) registration fees payable to the Registrar of Companies in Jamaica and the FSC; (v) the JSE listing fees; (vi) printing and promotional expenses; (vii) registrar and issuing agent’s fees and (viii) all other expenses and disbursements associated with the IPO and the listing of the Shares
“J\$ Shares”	the Ordinary Shares of no par value in the capital of the Company designated in \$J
“Joint Lead Brokers”	Sagicor Investments Jamaica Limited and Scotia Investments Jamaica Limited
“JSE”	the Jamaica Stock Exchange
“JSE Rules”	the rules of the JSE from time to time in respect of the Main Market.

“JCSD”	the Jamaica Central Securities Depository
“Key Investors”	shareholders of Sygnus Credit Investment Limited as at June 30, 2021 and key suppliers of the Company over the past two years, as determined by the Directors of the Company
“Lead Arranger”	Sygnus Capital Limited
“Main Market”	the Main Market of the JSE
“Opening Date”	the date on which the Subscription List opens for subscription
“Ordinary Shares”	the J\$ Shares and US\$ Shares in the Company and includes stock units and <i>vice versa</i>
“Real Estate Investment Assets”	Investment in real estate assets, real estate projects and real estate backed securities including customized debt, mezzanine and equity structures
“Reserved Pool(s)”	The First Priority Reserved Pool and the Second Priority Reserved Pool
“Reserved Shares”	the 134,945,422 Shares reserved for priority subscription by Reserve Share Applicants in the First Priority Reserved Pool and the Second Priority Reserved Pool
“Reserve Share Applicants”	Existing Shareholders, Team Members and Key Investors
“RIAC”	The Real Estate Investment and Advisory Committee, a committee of the Investment Manager responsible for due diligence, screening, credit & equity analysis, structuring and post investment monitoring of all investments
“Sagicor Investments”	Sagicor Investments Jamaica Limited, a company incorporated under the laws of Jamaica and having its registered office at 85 Hope Road, Kingston 6 in the parish of Saint Andrew
“Second Priority Reserved Pool”	The pool of 67,472,711 Shares reserved for Key Investors. Shares in this Pool will be allotted on a “first come first served basis” at the Second Priority Discount Price

“Second Priority Discount Price”	J\$18.30 per J\$ Share or US\$0.1210 per US\$ Share as it relates to each Reserved Share for Key Investors
“SCL”	Sygnus Capital Limited, a company incorporated under the laws of Jamaica and having its registered office at 80 Lady Musgrave Road, Kingston 10 in the parish of Saint Andrew
“Shareholder”	includes stockholder in the Company and <i>vice versa</i>
“Shares”	the J\$ Shares and US\$ Shares in the Company and includes stock units and <i>vice versa</i>
“Special Share”	the one special rights redeemable preference share of US \$1.00 par value in the capital of the Company held by Sygnus Capital Group Limited
“SRF”	Sygnus Real Estate Finance Limited, an international business company established under the laws of Saint Lucia and having its registered office at 20 Micoud Street, Castries, Saint Lucia
“SRF Group”	Sygnus Real Estate Finance Limited and any subsidiary of Sygnus Real Estate Finance Limited and any entity that, from time to time, directly or indirectly, is controlled by or is under common control with Sygnus Real Estate Finance Limited
“Standard Price”	J\$19.30 per J\$ Share or US\$0.1270 per US\$ Share or such price as it relates to each Share for the general public
“Subscriber”	a person who applies for Shares in the IPO
“Subscription List”	the list of Subscribers in the IPO
“Subscription Price”	The Standard Price of J\$19.30 per J\$ Share or US\$0.1270 per US\$ Share
“Sygnus Capital Group Limited” or “SCG”	Sygnus Capital Group Limited, an international business company incorporated under the laws of Saint Lucia and having its registered office at 20 Micoud Street, Castries, Saint Lucia
“Sygnus Group”, “Sygnus Group of Companies”	Sygnus Capital Group Limited, any parent or subsidiary of Sygnus Capital Group Limited and any entity that, from time to

	time, directly or indirectly, is in control of, is controlled by or is under common control with Sygnus Capital Group Limited
“Team Members”	Directors and employees of the Company and its affiliated companies being members of the Sygnus Group of Companies
“US\$ Currency Equivalent”	The US\$ currency equivalent of the J\$ based on the weighted average selling rate for US\$ in exchange for J\$ as published by the Central Bank of Jamaica five (5) Business Days preceding the date of payment
“US\$ Shares”	the Ordinary Shares of no par value in the capital of the Company designated in US\$
“Key Suppliers”	Entities or persons who have supplied services or done business with the Company in the 24 months preceding the date of this prospectus, as determined by the Directors of the Company

In this Prospectus, the singular includes the plural and *vice versa*. References to one gender include all other genders. References to “person” include any individual, company or other corporate body or any firm or partnership.

2. IMPORTANT NOTICE & DISCLAIMER

2.1 If you are in doubt about the contents of this Prospectus, or have any queries about any information contained herein, you should consult your stockbroker, securities dealer, investment adviser, bank manager, attorney-at-law, professional accountant or other professional adviser.

2.2 You should not subscribe for any of the Shares unless you have received and read or had the opportunity to read this Prospectus in full. **Specific attention of the Investors is invited to the Risk Factors in Section 7 of this Prospectus.** Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole, including any document incorporated herein by reference. No one has been authorised by the Company to provide you with different or additional information. The Shares are available for subscription only in Jamaica. No action has been taken to register or qualify the Shares for subscription outside of Jamaica. The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. **The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.**

2.3 The Shares have not been nor will they be registered or qualified under the United States Securities Act, 1933, as amended or any applicable Blue Sky law or other security law of any State or political subdivision of the United States of America. The Shares may not be offered, sold, transferred, or delivered, directly or indirectly in the United States of America, its territories or possessions or any area subject to the jurisdiction of the United States or in any other country in which an invitation to subscribe for the Shares or the offering of the Shares is not permitted by applicable law.

2.4 The Directors of the Company do not warrant or make any representation as to the accuracy of the information in this Prospectus as of any date other than the date on which it is dated.

2.5 This Prospectus should not be considered as a recommendation by the Company, the Lead Arranger or the Joint Lead Brokers to any recipient of this Prospectus to subscribe for any of the Shares. Each Prospective Investor contemplating an Application for any Shares should make his own independent investigation and appraisal of the financial condition, creditworthiness and affairs of the Company.

2.6 This Prospectus contains forward-looking statements. Forward looking statements may be identified by accompanying language such as “*expects*”, “*intends*”, “*anticipates*”, “*estimates*” and other cognate or analogous expressions or by qualifying language or assumptions. These statements involve both known and unknown risks, uncertainties and other important factors that could cause the actual results or outcome to differ materially from the forward-looking statements or projections. Prospective Investors in the Company are cautioned not to place undue reliance on these forward-looking statements.

2.7 These risks, uncertainties and other factors beyond the control of the Company include among others:

- (a) general economic and business conditions (both locally and regionally);
- (b) competition;
- (c) changes in political, social and economic conditions impacting adversely on the securities market in general and the Company in particular;
- (d) regulatory initiatives adversely affecting the securities market or the Company in particular;
- (e) compliance with governmental regulations;
- (f) natural disasters such as earthquake, hurricane;
- (g) pandemics or epidemics;
- (h) changes in tax policy, the application of tax laws and the like and/or the regulatory regime applicable to the Company.

2.8 If you are thinking of subscribing for Shares in the capital of the Company you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Prospectus. The Company, the Lead Arranger and the Joint Lead Brokers expressly disclaim any obligation or undertaking to distribute any updates or revision to any forward-looking statements or to reflect changes in Subscriber's expectations with regard to those statements or any changes in events, conditions or circumstances on which any forward-looking statement is based.

2.9 Prospective Investors should be aware that the price of the Shares and the income derived from them can, in common with other Shares, go down as well as up. There is no assurance that the investment objectives of Company will actually be achieved.

2.10 Neither the FSC, nor the Companies Office of Jamaica or any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

2.11 The Joint Lead Brokers (in their capacity as such) and any other selling agent or dealer, have not separately verified the information contained in this Prospectus. Neither the Joint Lead Brokers nor any other selling agent or dealer makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Prospective Investors should ensure that they understand the risks that may affect the Company and/or the Shares and the extent of their own ability to bear risk in light of their own financial circumstances.

2.12 For convenience, the website addresses of certain parties have been provided in this Prospectus. Except as expressly set forth in this Prospectus, no information on such websites should be deemed to be incorporated in, or form part of, this Prospectus and the Company takes no responsibility for the information contained on such websites. The Jamaica Stock Exchange has approved the publication of this Prospectus on its website and accordingly is expected to upload the Prospectus to its website (www.jamstockex.com). This should not be construed that the JSE has approved or is in any way responsible for the contents of this Prospectus.

2.13 This Prospectus may be sent to you in electronic form. You are reminded that documents transmitted via that medium may be altered or changed during the process of transmission and consequently neither the Company, the Lead Arranger, the Joint Lead Brokers, nor other selling agents nor any of their respective directors, officers, employees or advisers accepts any responsibility whatsoever in respect of any difference between the Prospectus delivered to any Prospective Investors in electronic form and the hard copy version registered with the Companies Office of Jamaica.

2.14 The Company has made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information regarding the Company and the IPO, which is or may be material in the context of the IPO. The Company further confirms that the information contained in this Prospectus is true and correct and not misleading in any material respect. The opinions and intentions expressed herein are honestly held and there are no other facts, the omission of which makes this document, as a whole, or any of such information or expressions of such opinions or intentions, misleading in any material respect.

2.15 Notwithstanding anything herein and in particular the use of the market term “Offer” and other cognate expressions, this Prospectus does not constitute and is not intended to be an offer by or on behalf of the Company to sell any of the Shares. It is instead an invitation to treat. An Investor who submits an Application shall be deemed to be making an offer to the Company to subscribe for Shares in the Company. The Company may or may not accept such offer. Acceptance of any such offer will occur only by way of allotment of Shares by the Company. In submitting an Application each Prospective Investor acknowledges the foregoing legal effect of the Prospectus and of his Application.

3. DIRECTORS, SECRETARY & ADVISORS TO THE IPO

DIRECTORS

Name	Position		Further Information
Clement Wainwright Iton , <i>BSc, MBA</i>	Independent Chairman		See Section 11
David Cummings , <i>OD, JP, MDA, MMAS, BEng (Hons), MRAeS, PE, psc</i>	Non-Executive Director		See Section 11
Linval Freeman , <i>JP, FCA, FCCA</i>	Independent Director	Non-Executive	See Section 11
Horace Messado , <i>FCA, MBA</i>	Independent Director	Non-Executive	See Section 11
Elizabeth Stair , <i>OD, JP, FRICS, Attorney-at-Law</i>	Independent Director	Non-Executive	See Section 11
Pierre Williams , <i>CFA, MSc</i>	Independent Director	Non-Executive	See Section 11
Ike Johnson , <i>PhD, CFA</i>	Non- Executive Director		See Section 11

SECRETARY

Description	Name	Address	Further Information
Secretary	MCSI Inc.	Bella Rosa Road Gros Islet St. Lucia	See Section 11

ADVISORS TO THE IPO

Description	Name	Further Information
Registrar and Transfer Agent	Jamaica Central Securities Depository Limited 40 Harbour Street Kingston Jamaica	
Lead Arranger & Financial Advisor	Sygnus Capital Limited Unit 28 80LMR 80 Lady Musgrave Road Kingston 10 Jamaica	
Joint Lead Brokers	Sagicor Investments Jamaica Limited The Sagicor Building 85 Hope Road Kingston 6 Jamaica	
	Scotia Investments Jamaica Limited 7 Holborn Road Kingston 10 Jamaica	
Auditors	KPMG 204 Johnsons Centre #2 Bella Rosa Road Gros Islet St. Lucia	
Legal Advisors to the Initial Public Offering	Hart Muirhead Fatta Attorney-at-Law 2 nd Floor Victoria Mutual Building 53 Knutsford Boulevard Kingston 5	

4. SUMMARY OF IPO

ISSUER:	Sygnus Real Estate Finance Limited
SECURITIES:	Up to 207,608,341 Ordinary Shares (upsizable up to a further 38,857,193 Ordinary Shares)
SUBSCRIPTION PRICE:	<p>(a) Existing Shareholders and Team Members: J\$17.90 per J\$ Share or US\$0.1170 per US\$ Share (“the First Priority Discount Price”)</p> <p>(b) Key Investors: J\$18.30 per J\$ Share or US\$0.1210 per US\$ Share (“the Second Priority Discount Price”)</p> <p>(c) All other Subscribers: J\$19.30 per J\$ Share and US\$0.1270 per US\$ Share (“the Standard Price”)</p>
RESERVED SHARES:	<p>There are two Reserved Pools of Shares:</p> <p>(a) The First Priority Reserved Pool is comprised of 67,472,711 Shares and is reserved for Existing Shareholders and Team Members. Shares in this Pool will be allotted on a “first come first served basis” at the First Priority Discount Price.</p> <p>(b) The Second Priority Reserved Pool is comprised of 67,472,711 Shares and is Reserved for Key Investors. Shares in this Pool will be allotted on a “first come first served basis” at the Second Priority Discount Price.</p> <p>If any Reserved Shares in any of the Reserved Pools remain unsubscribed, then those Shares shall be available for subscription by the general public. A Reserve Share Applicant will, in respect of excess subscriptions not fulfilled by allotment from his Reserved Pool, as respects such excess subscription, be treated as part of the general public and may be allotted Shares in the same manner as other applicants forming part of the general pool accordingly.</p>
	<p><u>Publication of Prospectus:</u> July 16, 2021.</p> <p><u>Opening Date:</u> 9:00 A.M. on July 23, 2021.</p>

	<u>Closing Date</u> : 4:30 P.M. on August 20, 2021 (subject to early closing once fully subscribed).
MINIMUM SUBSCRIPTION	1,000 Shares
BASIS OF ALLOTMENT:	<p>In the allocation process Shares will be allotted, on a first come first served basis, in the following order of priority:</p> <p>(i) firstly, to Existing Shareholders and Team Members up to the limit of the First Priority Reserved Pool (i.e. 67,472,711 Shares);</p> <p>(ii) secondly, to Key Investors up to the limit of the Second Priority Reserved Pool (i.e. 67,472,711 Shares); and</p> <p>(iii) thirdly, to the general public (including Reserve Share Applicants whose subscriptions were not fulfilled from their respective Priority Pool), (i.e. 72,662,919 Shares).</p> <p>Notwithstanding the Directors intention to allot the Shares on the abovementioned basis, they reserve the right, for convenience of operation and to facilitate early listing, to modify the allotment to Subscribers on a basis to be determined by them in their sole discretion provided that any other basis of allocation shall not substantially prejudice the Existing Shareholders.</p>
RIGHTS ATTACHING TO THE SHARES:	<p>The Shares will all rank equally for voting. On a show of hands every shareholder will have one vote and on a poll one vote per Share held by him or for which he holds a proxy.</p> <p>The Shares will rank <i>pari passu</i> for dividends and distributions on a winding up and in all other respects with the existing issued Shares in the capital of the Company.</p> <p>(<i>Pari passu</i> means that all Shareholders will be treated on equal footing but in proportion to the number of Shares held.)</p>
RESTRICTIONS ON TRANSFER:	The Shares will be freely transferable after listing on the Main Market of the JSE.
APPLICATION FOR LISTING:	Application will be made for the Shares to be listed on the Main Market of the JSE. No assurance can be given that the

	application will succeed and that the Shares will in fact be listed.
NET IPO PROCEEDS:	The Company expects to receive approximately J\$3,900,000,000 from the IPO after deducting IPO & Listing Expenses.
CONDITION FOR THE ALLOTMENT OF SHARES:	The allotment of Shares to Subscribers in this IPO is conditional upon the JSE admitting the Shares for listing on the Main Market of the JSE. If the Shares are not so admitted then all subscription monies tendered for Shares in this IPO will be refunded without interest.
APPLICATION PROCESS:	See Appendix 1 of this Prospectus.
OFFER TERMS AND CONDITIONS:	See Section 16 of this Prospectus.
PAYMENT METHOD:	Payable in full on subscription. See further Section 16.
APPLICATION PROCEDURES:	See Section 16.
ACCEPTANCE OF APPLICATIONS	Applications from all categories of Subscribers that meet the requirements set out in this Prospectus shall be accepted on a “first come first served basis”.
CONFIRMATION OF SHARE ALLOTMENTS/SALE:	All Subscribers may refer to the confirmation instructions that will be posted on the website of the JSE (www.jamstockex.com) after the closing date.
REFUNDS:	<p>a) <i>In the event of oversubscription:</i> Refund cheques for all monies received in excess of Shares allocated will be available for collection where originally submitted within ten (10) Business Days of the Closing Date (or the extended Closing Date, as the case may be).</p> <p>b) <i>In the event the Shares are not listed on the JSE:</i> Refund cheques will be available for collection where originally submitted within 10 Business Days after the Jamaica Stock Exchange has notified the Company of its decision to decline the listing application.</p>
USE OF PROCEEDS	The Company intends to use the proceeds of the IPO to (i) pay its IPO & Listing Expenses (estimated at J\$175,500,000), and (ii) partially repay vendor mortgages up to J\$1.0 billion (iii) invest and hold the net funds raised in the IPO in Real Estate Investment

	Assets, across a broad range of categories, including residential, commercial, industrial, infrastructure and hospitality.
FINAL ALLOTMENT AND LISTING OF SHARES:	The final list of allottees will be sent to the JSE within ten days (10) of the Closing Date; subject to the Shares being admitted for listing by the JSE on the Main Market of the JSE.

- 4.1 The above summary information is derived from, and should be read in conjunction with, the full text of this Prospectus. The summary is not complete and does not contain all the information that may be important to Prospective Investors.
- 4.2 Prospective Investors are advised to read the entire Prospectus carefully before making an investment decision about this IPO. **Specific attention of the Investors is invited to the Risk Factors in Section 7 of this Prospectus.** Any decision to invest in the Shares should be based on consideration of this Prospectus, as a whole, including any document incorporated therein by reference.
- 4.3 If you, as a Prospective Investor, have any queries about any information contained in this document, you should consult your stockbroker or securities dealer, investment adviser, attorney-at-law, professional accountant or other professional advisor.

CAPITAL STRUCTURE

- 4.4 The Company currently has three classes of issued shares, namely:
- (a) One Special Share with a par value of US \$1.00 which carries one vote on a show of hands and on a poll such number of votes equivalent to 101% of the aggregate votes. The Special Share will rank ahead of the ordinary Shares in the event of a winding up of the Company.
 - (b) US\$ Shares of no par value. On a show of hands every shareholder will have one vote and on a poll one vote per Share held by him or for which he holds a proxy and which will have the usual right to receive dividends and to participate in the assets of the Company on a winding-up.
 - (c) J\$ Shares of no par value. On a show of hands every shareholder will have one vote and on a poll one vote per Share held by him or for which he holds a proxy and which will have the usual right to receive dividends and to participate in the assets of the Company on a winding-up.

The J\$ and US\$ shares all rank *pari passu* with each other.

4.5 The Special Share is designed to ensure that the purpose and operational philosophy of the Company cannot be subverted without the consent of the holder of the Special Share. This is achieved by:

- (a) preventing any variation of rights attached to the Special Share without the consent of the holder thereof. Each of the following is deemed to be a proposed variation of the rights attaching to the Special Share and is only effective with the consent in writing of the holder of the Special Share; namely: (i) the amendment, or removal or alteration of the effect of all or any of the provisions in the Memorandum of Association or the Articles of Association of the Company setting out the rights and privileges attaching to the Special Share or otherwise concerning the Special Share; (ii) the voluntary winding up of the Company; (iii) any disposal which, alone or when aggregated with any other disposal or disposals forming part of, or connected with, the same or a connected transaction, constitutes a disposal of the whole or a material part of the assets of the Company; (iv) the issue of any share in the capital of the Company with voting rights attached thereto not identical with the Ordinary Shares; (v) the modification or termination of the Investment Management Agreement; or (vi) the amendment or removal or alteration of the effect of, all or any of Article 7 of the Memorandum of Association.
- (b) providing majority votes on a poll to such holder at a general meeting. At a general meeting, the holder of the Special Share carries 101% of the aggregate votes, vested in all Ordinary Shares issued by the Company. This means that the holder of the Special Share could, by itself, pass a resolution requiring a simple majority vote. The Special Share is held by Sygnus Capital Group Limited.

IPO STATISTICS

IPO Sale Price	
• J\$ Shares	J\$19.30
• US\$ Shares	US\$0.1270
Reserved Shares	134,945,422 Ordinary Shares
Reserved Share Price	i) First Priority Reserve Pool Applicants: J\$17.90 per J\$ Share or US\$0.1170 per US\$ Share; ii) Second Priority Reserve Pool Applicants: J\$18.30 per J\$ Share or US\$0.1210 per US\$ Share
Number of Shares Available for subscription	Up to 207,608,341 Ordinary Shares upsizeable by a further 38,857,193 Ordinary Shares
IPO Capitalisation**	J\$3,900,000,000 (equivalent to US\$25,657,895)

- 4.6 ***This is the US\$ equivalent of the gross IPO proceeds and assumes that (i) the J\$ Shares and US\$ Shares offered in the IPO are subscribed in proportion to the Company's existing issued J\$ Shares and US\$ Shares (63.9% and 36.1% respectively); (ii) US\$ amounts raised in the IPO are converted to J\$ at the rate of J\$152 to US\$1; (iii) all Shares offered to Existing Shareholders and Team Members are subscribed at the First Priority Discount Price, and to Key Investors at the Second Priority Discount Price; and (iv) the number of Shares on offer in the IPO has not been increased.*

THE COMPANY'S RESPONSIBILITIES

- 4.7 The Company has made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information regarding the Company and the IPO which is or may be material in the context of the IPO. The Company further confirms that the information contained in this Prospectus is true and correct and not misleading in any material respect. The opinions and intentions expressed herein are honestly held and there are no other facts, the omission of which makes this document, as a whole, or any of such information or expressions of such opinions or intentions, misleading in any material respect.
- 4.8 Forward-looking statements are based on reasonable assumptions, but Investors should note that projections and other forward-looking information may be influenced by factors that could cause actual outcome and results to be materially different from those projected. Prospective Investors in the Company are cautioned not to place undue reliance on these forward-looking statements.

OVERVIEW OF THE BUSINESS

- 4.9 Sygnus Real Estate Finance Limited is a real estate investment company, whose main objective is to bring flexible financing to monetise and unlock value in real estate assets across the Caribbean region. Through the application of flexible financing, SRF will seek to earn above average risk adjusted returns with downside protection. The Company invests across many real estate segments, including but not limited to industrial, residential, commercial, infrastructure and hospitality, at various stages of the real estate life cycle, including greenfield, brownfield, distressed and opportunistic. The type of instruments used to invest in real estate assets include preference shares, bridge financing, profit sharing debt, secured debt, mezzanine debt, and various forms of equity investments.
- 4.10 The Company intends to pay out up to 85% of the earnings generated from these investments as dividends on a semi-annual basis (but may change to quarterly in the future if it is more appropriate to do so), after the end of the first financial year following the listing of the Shares. Thus, the Company unlocks capital for the growth and expansion of portfolio companies through its Real Estate Investment Assets, while providing its Shareholders with access to the real estate market in the form of consistent dividend payments.
- 4.11 The Company's investment activities are managed by its Investment Manager, Sygnus Capital Limited, a wholly owned subsidiary of Sygnus Capital Group Limited.

5. IPO DETAILS

General Overview

- 5.1 By this Prospectus the Company is inviting Prospective Investors (including Existing Shareholders) to subscribe for 207,608,341 Shares in the capital of the Company.
- 5.2 The subscription price of the Shares is J\$19.30 per J\$ Share and US\$0.1270 per US\$ Share (“the Standard Price”). In the case of Existing Shareholders and Team Members the subscription price is J\$17.90 per J\$ Share and US\$0.1170 per US\$ Share (“the First Priority Discount Price”) in respect of Shares allotted from the First Priority Reserved Pool. In the case of Key Investors the subscription price is J\$18.30 per J\$ Share and US\$0.1210 per US\$ Share (“the Second Priority Discount Price”) in respect of Shares allotted from the Second Priority Reserved Pool.
- 5.3 The Company expects to raise approximately J\$3,900,000,000 in this IPO (before IPO & Listing Expenses) and if fully subscribed the total number of Shares in issue at completion will be at least 405,736,172. All Shares will rank *pari passu*, in all respects, with each other and with the existing Ordinary Shares in the capital of the Company. A summary of the rights attaching to the Shares is set out at Section 8. The Company has issued three classes of shares, namely J\$ Ordinary Shares, US\$ Ordinary Shares and one Special Share.

Use of IPO Proceeds

- 5.4 The Company intends to use the proceeds of the IPO to (i) pay its IPO & Listing Expenses estimated at J\$175,500,000; (ii) partially repay vendor mortgages up to J\$1.0 billion; and (iii) invest and hold the net funds raised in the IPO in Real Estate Investment Assets across a broad range of categories, including residential, commercial, industrial, infrastructure and hospitality.

Key Terms and Conditions of the IPO

- 5.5 The principal terms and conditions of this IPO are summarised in the table below:

Issuer	Sygnus Real Estate Finance Limited, an international business company incorporated under the International Business Companies Act, 1999 of Saint Lucia
Type of Security being Offered	J\$ Ordinary Shares and US\$ Ordinary Shares (up to a maximum of US\$15,000,000) in the capital of the Company

Number of Shares Available for Subscription	A total of 207,608,341 Ordinary Shares will be available for subscription subject to right of the Company to upsize the IPO in the event of over-subscription.
Subscription Price	<p>(i) J\$17.90 per J\$ Share and US\$0.1170 per US\$ Share for Existing Shareholders and Team Members (“the First Priority Discount Price”).</p> <p>(j) J\$18.30 per J\$ Share and US\$0.1210 per US\$ Share for Key Investors (“the Second Priority Discount Price”).</p> <p>(k) J\$19.30 per J\$ Share and US\$0.1270 per US\$ Share for all other Subscribers (“the Standard Price”).</p>
How Payable	In full on application. Payment for J\$ Shares and US\$ Shares subscribed for must be made in J\$ and US\$ respectively (subject to the right of the Company to accept payment for Shares in either currency)
Minimum Subscription	Each application must be for a minimum of 1,000 Shares and in multiples of 100 Shares thereafter
Basis of Allotment	<p>Shares will be allotted first to Existing Shareholders and Team Members (being 67,472,711 Shares in the First Priority Reserved Pool).</p> <p>Shares will then be allotted to Key Investors (being 67,472,711 Shares in the Second Priority Reserved Pool).</p> <p>Finally, Shares will be allotted to the general public (which for this purpose includes Reserve Share Applicants to the extent that they have not been allotted Shares on their subscriptions from their respective Reserved Pools but allotted shares in the same manner as other applicants forming part of the general pool).</p> <p>Allotment among all categories of Subscribers will be on a “first come, first served basis”.</p> <p>The Directors of the Company, notwithstanding their intention to allot the Shares on the basis described above, reserves the right to allot the Shares to Subscribers on a basis to be determined by them</p>

	<p>in their sole discretion for convenience of operation and to facilitate early listing provided that any other basis of allocation shall not substantially prejudice the Existing Shareholders. Once the Shares are fully subscribed the Directors reserve the right to close the Subscription List. The Directors of the Company reserve the right to reject any application in whole or in part without giving reasons. Subscribers whose Applications are not accepted or who have been allotted a lower number of Shares than they applied for will be entitled to a refund of their monies in respect of the Shares not allotted. Interest will not be paid on refunds and any interest earned on subscription monies will be retained by the Company. Refunds will be made within ten (10) Business Days of the Closing Date.</p>
Target IPO Capitalization	<p>J\$3,900,000,000 (subject to the right of the Company to upsize the offer on oversubscription)</p>
Oversubscription	<p>In the event that applications are received for more Shares than the number of Shares available for subscription in this IPO, the Company reserves the full, unqualified and absolute right to increase the number of Shares in the IPO by up to a further 38,857,193 Shares in order to satisfy all or part of the applications in excess of the 207,608,341 Shares, which are comprised in the IPO.</p>
Listing of the Shares	<p>The Company intends to apply to the JSE for the Shares to be listed on the Main Market. It is expected that the listing will occur within 21 days after the Closing Date. The Company cannot guarantee that the JSE will in fact approve the listing.</p>
What if the JSE does not approve listing of the Shares?	<p>The allotment of Shares by the Company will be conditional upon the Shares being listed for trading on the Main Market of the JSE. If the Shares are not admitted for trading on the Main Market, then all provisional allotments of Shares in the IPO will be cancelled, and payment made by Subscribers will be returned in full without interest.</p>
What will happen to my subscription monies?	<p>Your subscription monies will be held by the Joint Lead Brokers in an escrow account until the Shares are approved for listing on the Main Market. Only then will the funds be released to the Company. If the amount you pay is less than the total Subscription Price for the number of Shares stated in your Application then the Company reserves the right to treat your subscription as a subscription for</p>

	such lower number of Shares as the payment tendered may cover and as if you had specified that lower number in your Application or alternatively the Company may reject your Application entirely.
When are Shares expected to commence trading?	Application for listing of the Shares will be promptly made by the Company after close of the IPO. If the Company's application is successful it is expected that trading in the Shares will commence within 21 days from the Closing Date. Since this is not a matter entirely within the control of the Company it makes no commitment or representation that trading will in fact commence by the anticipated date.
When will I receive confirmation that my application has been successful?	The allotment of Shares to Subscribers who take up Shares will be made and announced within six (6) days after the close of the Subscription List. A list of the successful allottees in the IPO will be submitted to the JSE within ten (10) days of the Closing Date.
Contact for Additional Information	<p>All enquires in relation to this IPO should be directed to the Lead Arranger namely:</p> <p>Sygnus Capital Limited Unit 28 80 LMR 80 Lady Musgrave Road Kingston 10 Tel: (876) 634-5005 Email: info@sygnusgroup.com</p> <p>SCL's opening hours are 8:30 a.m. to 4:30 p.m. Mondays to Fridays (except public general holidays in Jamaica).</p> <p>If you require assistance in completing the Application or if you are in doubt as to whether an investment in the Shares is a suitable investment for you, then you should seek professional advice from your stockbroker, investment adviser, attorney-at-law, accountant, financial adviser or other independent professional advisor before deciding to apply for Shares.</p>
Lead Arranger	Sygnus Capital Limited
Joint Lead Brokers	Sagcor Investments Jamaica Limited and Scotia Investments Jamaica Limited

6. OTHER KEY INFORMATION ABOUT THE IPO

Prospectus Registration Date	July 14, 2021 at the Companies Office of Jamaica and July 16, 2021 at the Financial Services Commission.
Prospectus Publication Date	July 16, 2021
Subscription List Opens	9.00 a.m. July 23, 2021
Subscription List Closes	4.30 p.m. August 20, 2021 (subject to right of the Company to close at any time after the IPO is fully subscribed)
Securities Available for Subscription	207,608,341 Ordinary Shares in two classes (J\$ Shares and US\$ Shares) in the capital of the Company.
Reserved Shares	<p>There are two Reserved Pools of Shares:</p> <p>(a) The First Priority Reserved Pool is comprised of 67,472,711 Shares and is reserved for Existing Shareholders and Team Members. Shares in this Pool will be allotted on a “first come first served basis” at the Primary Discounted Subscription Price.</p> <p>(b) The Second Priority Reserved Pool is comprised of 67,472,711 Shares and is Reserved for Key Investors. Shares in this Pool will be allotted on a “first come first served basis” at the Secondary Discounted Subscription Price.</p> <p>If any Reserved Shares in any of the Reserved Pool remain unsubscribed, then those Shares shall be available for subscription by the general public. A Reserve Share Applicant will, in respect of excess subscriptions not fulfilled by allotment from his/her Reserved Pool, as respects such excess subscription, be treated as part of the general public and allotted Shares in the same manner as other applicants part of the general pool accordingly.</p>
Announcement of Allotment	Within 6 Business Days after the Close Date
Refund Cheques	Within 10 Business Days after the Closing Date

Listing

Within 21 days of the Closing Date (subject to JSE approval)

Notes:

1. The Subscription List may close at any time after the IPO is fully subscribed. Notice of such closure will be immediately published on the websites of the Lead Arranger (www.sygnusgroup.com), and the Joint Lead Brokers (www.sagikorjamaica.com) and (www.scotiainvestmentsjm.com), and will be sent to the JSE. The JSE may elect to publish the notice on its website (www.jamstockex.com). Notice will also be sent to the local press.
2. Announcement of allotment will be made on the websites of the Lead Arranger (www.sygnusgroup.com), and the Joint Lead Brokers (www.sagikorjamaica.com) and (www.scotiainvestmentsjm.com) and notified to the JSE.
3. The JSE may refuse to list the Company's Shares. Accordingly, no assurance can be given that the Shares will be listed for trading on the Main Market or on the day proposed.
4. The allotment of Shares in the IPO is conditional on the issued ordinary share capital of the Company being listed on the Main Market of the Jamaica Stock Exchange within twenty-one (21) days after the Closing Date. In the event that this condition is not met, the Company will not proceed with the allotment and all subscription monies tendered by Prospective Investors for any of the Shares will be refunded to them without interest within 10 Business Days after the Jamaica Stock Exchange has notified the Company of its decision to decline the listing application
5. Each Application must be for a minimum of 1,000 Shares and in multiples of 100 Shares.
6. Applications for Shares should be made in accordance with the procedure set out in Section 16 of this Prospectus and the allotment of Shares will be made on the basis set out in that Section. Within three (3) days after the Closing Date the JSE shall be notified of the basis of the allotment. The allotment of Shares to Subscribers who take up Shares will be made and announced within six (6) days after the Closing Date. A list of the allottees will be submitted to the JSE within ten (10) days after the Closing Date.
7. However, until the Shares are admitted for listing on Main Market of the Jamaica Stock Exchange, allotment or allocation to Subscribers even if notified to them, shall be provisional only and will be revoked by the Company if the Shares are not listed on the JSE.
8. The ownership structure of the Company (not including the Special Share held by SCG), both before and after the IPO, is as shown below.

BEFORE THE IPO:

The Company's Top Ten (10) holders of Ordinary Shares and their shareholdings as at June 30, 2021 are represented in the table below:

Shareholders	Shareholding (Ordinary Shares)		Approx. % Issued Capital
	J\$ Shares	US\$ Shares	
ATL Group Pension Fund Trustees Nominee Ltd	32,000,000		16.2%
SJIML A/C 3119	20,000,000		10.1%
Dynamix Holdings Inc.		20,000,000	10.1%
JCSD Trustee Services Limited – Sigma Equity	16,217,000		8.2%
MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Capital Growth) Fund	10,807,160		5.5%
MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Income & Growth) Fund	10,807,160		5.5%
Lyttleton Ovel Shirley		10,000,000	5.0%
JCSD Trustee Services Limited – Sigma Global Venture		8,108,000	4.1%
First Ja./Nat'l Hsng Trust Pension Fund	6,701,000		3.4%
JMMB Fund Managers Ltd. – T1 Alternative Assets Fund	5,403,580		2.7%
Total Top Ten Shareholders	101,935,900	38,108,000	70.7%
Other Shareholders	24,577,932	33,506,000	29.3%
Total Issued Shares	126,513,832	71,614,000	100%

*the table above is based on the Company's Register of Members as at June 30, 2021.

AFTER THE IPO (assuming all Shares in the IPO are fully taken up by the public and the Reserve Share Applicants):

Shareholders	Shareholding (Ordinary Shares)		Approx. % Issued Capital
	J\$ Shares	US\$ Shares	
ATL Group Pension Fund Trustees Nominee Ltd	42,930,579		10.6%
SJIML A/C 3119	26,814,744		6.6%
Dynamix Holdings Inc.		26,814,744	6.6%
JCSD Trustee Services Limited – Sigma Equity	21,749,762		5.4%
MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Capital Growth) Fund	14,518,159		3.6%
MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Income & Growth) Fund	14,518,159		3.6%
Lyttleton Ovel Shirley		13,373,636	3.3%
JCSD Trustee Services Limited – Sigma Global Venture		10,874,381	2.7%
First Ja./Nat'l Hsng Trust Pension Fund	8,995,072		2.2%
JMMB Fund Managers Ltd. – T1 Alternative Assets Fund	7,225,343		1.8%
Top Ten (10) Shareholders Sub Total (First Priority Reserve Share Applicants)	136,751,819	51,062,760	46.3%
Other Existing Shareholders (i.e. other First Priority Reserve Share Applicants)	37,158,595	40,627,369	19.2%

Sub Total First Priority Reserve Share Applicants	173,910,414	91,690,129	65.5%
Second Priority Reserve Share Applicants	43,084,463	24,388,248	16.6%
Non-Reserved Share Applicants	46,398,652	26,264,267	17.9%
Total Issued Shares	263,393,529	142,342,644	100%

The information contained in the above table is based on the following assumptions:

- All Shares in the IPO have been fully subscribed;
- The IPO is not upsized;
- Reserve Share Applicants subscribed for a proportionate number of J\$ Shares and US\$ Shares according to existing shareholdings; and
- Members of the Public subscribed for a proportionate number of J\$ Shares and US\$ Shares according to existing shareholders' proportionate holdings.

However, the results of the IPO may, of course, be quite different.

AFTER THE IPO (assuming all Shares in the IPO are fully taken up by the public and the Reserve Share Applicants, and the offer is fully upsized):

Shareholders	Shareholding (Ordinary Shares)		Approx. % Issued Capital
	J\$ Shares	US\$ Shares	
ATL Group Pension Fund Trustees Nominee Ltd	42,930,579		9.7%
SJIML A/C 3119	26,814,744		6.0%
Dynamix Holdings Inc.		26,814,744	6.0%
JCSD Trustee Services Limited – Sigma Equity	21,749,762		4.9%

MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Capital Growth) Fund	14,518,159		3.3%
MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Income & Growth) Fund	14,518,159		3.3%
Lyttleton Ovel Shirley		13,373,636	3.0%
JCSD Trustee Services Limited – Sigma Global Venture		10,874,381	2.4%
First Ja./Nat'l Hsng Trust Pension Fund	8,995,072		2.0%
JMMB Fund Managers Ltd. – T1 Alternative Assets Fund	7,225,343		1.6%
Top Ten (10) Shareholders Sub Total (First Priority Reserve Share Applicants)	136,751,819	51,062,760	42.2%
Other Existing Shareholders (i.e. other First Priority Reserve Share Applicants)	37,158,595	40,627,369	17.5%
Sub Total First Priority Reserve Share Applicants	173,910,414	91,690,129	59.7%
Second Priority Reserve Share Applicants	43,084,463	24,388,248	15.2%
Non-Reserved Share Applicants	71,210,776	40,309,336	25.1%
Total Issued Shares	288,205,653	156,387,713	100%

The information contained in the above table is based on the following assumptions:

- All Shares in the IPO have been fully subscribed;
- The IPO is fully upsized;
- All additional shares are allocated to the general pool between J\$ Shares and US\$ Shares according to existing shareholders' proportionate holdings
- Shares are allocated on a first-come-first-served basis.

However, the results of the IPO may, of course, be quite different.

7. RISK FACTORS

7.1 In addition to other information set forth in this Prospectus, Investors should consider carefully the risks described below before subscribing for Shares in SRF. These risks are not the only ones facing the Company. Additional risks not presently known to the Directors or that the Directors may presently consider to be immaterial may also impair the Company's operations.

7.2 This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of certain factors, including the risks faced by SRF described below and elsewhere in this Prospectus. You should read Section 2 entitled "Important Notice & Disclaimer" for more information.

(i) **Risk in Relation to First Issue**

7.3 This being the first public issue of Shares by SRF, no formal market for the Shares has been established. The subscription price for the Shares has been determined by the Directors on the advice of Sygnus Capital Limited as Lead Arranger. The IPO price should not be taken to be indicative of the market price of the Shares after they are listed on the Main Market of the Jamaica Stock Exchange. No assurance can be given regarding active or sustained trading in the Shares of the Company or regarding the price at which the Shares will be traded subsequent to listing of the Shares on the Main Market.

(ii) **Ordinary Stock Price Fluctuations**

7.4 The trading price of the Shares may fluctuate significantly after the IPO and may continue to do so in the future. Some of the reasons for fluctuations in the price of the Shares include:

- announcements of developments related to the Company's business;
- the issue of additional Shares by the Company from time to time;
- announcements concerning or affecting credit instruments in the Company's investment portfolio;
- general conditions in the economy or the industries in which SRF has made investments;
- changes in the law regarding several matters including taxation, environmental and planning regulations and real estate; and
- Changes to the JSE Rules.

In addition, prices on the stock market may be subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected companies. As a result, the price of the Shares could fluctuate in the future without regard to operating performance.

(iii) **Changes in Government Policies**

7.5 Governments in various countries in which the Company invests, may from time to time affect macroeconomic conditions through fiscal and monetary policies or changes in regulations, which may have an adverse impact on the real estate market and the performance of the Company.

(iv) **Risk relating to Marketability of the Shares**

7.6 The Shares, though listed on the Main Market of the Jamaica Stock Exchange, may not be readily tradeable and Shareholders who may wish to “cash-out” may not be able to do so or may only be able to do so at a discount.

(v) **Risks of Hurricane, Fire and Other Acts of God**

7.7 Catastrophic events affecting the Caribbean such as hurricane and earthquake could impact economic activity in the Caribbean and more specifically some of the development projects in which the Company has invested and may invest from time to time.

(vi) **Taxation Risks**

7.8 The Company is an International Business Company (“IBC”) registered in Saint Lucia. As such it will pay income tax in Saint Lucia at the rate of 1% of its taxable profits. In addition, it is exempt from withholding tax, capital gains tax and stamp duties in Saint Lucia. If all Board Meetings are held outside Jamaica and all policy decisions affecting the Company are made at such Board Meetings then the Company should not be treated as resident in Jamaica for tax purposes. Dividends paid by the Company to Jamaican residents and other residents in a country which is a party to the CARICOM Double Taxation Treaty will be taxed at zero rate in the country in which the Company is resident (i.e. Saint Lucia) and will not be taxed in Jamaica or in the other CARICOM treaty country in which the shareholder resides.

7.9 The tax laws in Saint Lucia were substantially amended in 2019 and 2020. As a result all companies incorporated in, or managed and controlled from, Saint Lucia (including international business companies) will be subject to tax at 30% on their income derived from sources in Saint Lucia. Income derived from sources outside Saint Lucia (being foreign-sourced income) will not be taxed in Saint Lucia provided the company (and this includes an IBC) satisfies the economic substance requirements which show that the company has a real business presence in Saint Lucia. For IBCs (such as the Company) which were incorporated before January 1, 2020 this new tax regime became applicable as of July 1, 2021. The Government of St Lucia recently issued the “Economic Substance Guidelines” outlining requirements for different categories of IBCs to satisfy the applicable economic substance test. The Company is currently in consultation with its legal advisors in St Lucia to ensure it takes the necessary steps to satisfy economic substance in compliance with the new tax regime.

7.10 The Company is therefore exposed to the risk that if it fails to establish satisfactory economic substance in Saint Lucia it could be exposed to Saint Lucian income tax at 30% on its income from all sources. Establishing economic substance in Saint Lucia will increase the Company's cost of operating; especially as, among other things, a majority of its board meetings may have to be held in Saint Lucia.

7.11 SRF's operation is structured with the objective that the Company will not be treated, under Jamaican tax law, as resident, or as carrying on business, in Jamaica. If SRF is deemed to be resident, or carrying on business in Jamaica it would be liable for Jamaican income tax which could materially affect the operation and profitability of the Company.

(vii) **Credit and Counterparty Risks**

7.12 The Company's assets are partially represented by investments in credit instruments issued by other companies. This creates special risks associated with the creditworthiness of such companies. For instance, a debtor could default, its credit worthiness deteriorate or be down-graded by credit rating agencies and these events could materially and adversely affect the value of the relevant credit instrument. In addition, there are documentary risks and settlement risks in the closing of transactions.

7.13 The Company will manage the foregoing risks by:

- (a) diversifying its holdings across various issuers to limit exposure to any single issuer;
- (b) restricting investment to credit instruments which are within limits and ranges set by the Investment and Risk Management Committee;
- (c) carrying out extensive financial due diligence on companies in which it invests;
- (d) active monitoring of investments through financial covenants, interim financial reviews, collateral reviews, annual reviews of the businesses in which investments have been made and acquiring board representation where appropriate; and
- (e) prudently managing credit spreads according to the changing risks of the underlying credit instruments based on issuers' financial positions.

(viii) **Foreign Currency Risk**

7.14 The Company will be exposed to the risk that the value of the future cash flows from its investment portfolio may fluctuate because of changes in foreign exchange rates. The Company will manage foreign currency risk by matching currencies i.e., US\$ will be invested in opportunities that generates US\$ and similarly

for J\$. In addition, to mitigate this risk the Company may hedge its foreign exchange risks by investing in currency derivatives and buying foreign currency hedging instruments if the Investment Manager determines that such hedging strategy is in the best interest of the Company.

(ix) **Collateral and Documentation Risk**

7.15 In the normal course of business, the Company is exposed to the risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a transaction. To mitigate this risk, all investments will have strong documentation reflecting the customized nature of the transaction structure to provide the adequate protection of the investments made by SRF. In addition, the Company is exposed to the risk of loss due to inaccurate documenting of key contracts or agreements relating to its investments if they are unenforceable or inadequate (example purchase agreements, insurance policies, joint venture agreements, and financing agreements). To mitigate this risk, the Company retains internal and external legal counsel to review and advise on documentation relating to investments. In instances where SRF holds a security interest, it must be perfected and meet credit risk policy requirements.

(x) **Operational Risks**

7.16 In the execution of its business functions the Company is exposed to operational risks arising from failures in systems and the processes through which it operates. Critical areas of operational risks include:

- (a) errors by the Investment Manager and other agents of the Company;
- (b) accounting errors, data entry errors; and
- (c) fraud (internal and external) or other criminal activity.

Under the Investment Management Agreement between the Company and the Investment Manager, the latter is required to indemnify the Company against all actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Company by reason of any fraud, negligence or willful default on the part of the Investment Manager. Similar obligations are imposed upon parties contracted by the Investment Manager to provide services to the Company. The Investment Manager will seek to eliminate such risks by maintaining a comprehensive system of internal controls and administrative checks and balances to monitor transactions supported by a robust external auditing oversight. Under the Corporate Services Agreement, a related party, Sygnus Capital Limited provides general accounting support to the Company. SRF also utilises oversight committees, Independent Directors and external auditors to mitigate against breakdown of internal procedures exposing the firm to operational risk.

(xi) **Thin Market in Company's Shares**

7.17 The Jamaican stock market is relatively small and the market in the Company's Shares is expected to be relatively thin compared to larger capital markets. That means that trades in small quantities of SRF's Shares can trigger wide swings (up or down) in the market price of the Shares and make it easier for the stock price to be manipulated. In this IPO, the minimum subscription is for 1,000 shares and the IPO is directed both at the institutional and retail investor markets.

(xii) **Control of the Company**

7.18 Consistent with the business model which the Company has adopted, SCG will retain some control over the Company through the Special Share. This is designed to ensure that the Company is managed and its assets invested in the manner contemplated herein. Nevertheless, the significant influence with respect to the election of directors may be adverse to the interest of the other stockholders.

(xiii) **The Special Share held by SCG will deter take-over bids.**

7.19 The fact that SCG holds the Special Share which gives it control over the election of Directors and other key corporate decisions will make it unlikely that any Shareholder other than SCG or entities affiliated with SCG could bid for control of the Company. Such bid, if made, would usually be expected to be at a premium above the prevailing trading price of the Shares. Accordingly, the likelihood of stockholders receiving a take-over bid is significantly reduced.

(xiv) **Concentration in Real Estate Assets**

7.20 The Company's investment portfolio will be primarily concentrated in various types of debt, quasi debt and equity investments in real estate assets or backed by real estate assets across the Caribbean region. The Company's business is significantly related to the real estate industry and may thus be susceptible to a general economic slowdown or a downturn in the real estate industry. This risk is mitigated by investing across (i) a wide spectrum of real estate assets - commercial, industrial, residential, hospitality and infrastructure; (ii) different stages of the life cycle – greenfield, brownfield, distressed and opportunistic; and (iii) different types of instruments – the entire spectrum of private credit investments and equity. This risk is further mitigated by targeting a 3-year average life of investments, i.e. by seeking to exit its Real Estate Investment Assets over an average 3 to 5 year period.

(xv) **Related Party & Potential Conflict of Interest**

7.21 The Company will be managed by SCL. SCL is an affiliated company contracted to provide investment management services in relation to the Company's investment portfolio. SCL, also provides corporate services to the Company pursuant to a Corporate Services Agreement. In spite of the multiple roles in which SCL operates, the interests of the various parties are generally aligned. Notwithstanding the shared common

interest in the success of the Company it is possible that conflicts of interest may arise in the day-to-day operations of SRF. The risk management policy of the Company also adopts best practice measures to address any perceived or real conflict of interest that may arise in the operations and management of the business.

7.22 The Directors owe fiduciary duties to the Company. These duties include the duty to (i) act honestly and in good faith with a view to the best interest of the Company; and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including, but not limited to the general knowledge, skill and experience of the director. These duties would prohibit the Directors of the Company from disclosing the Company's confidential information in any manner which is not in the best interest of the Company. As fiduciaries, Directors have a duty not to put themselves in a position where their personal interests conflict with their duty to the Company. Directors are also required to disclose the nature or extent of any interest they may have in contracts with the Company. This would include their relationships with any person, company or body who is a party to a contract or proposed contract with the Company.

(xvi) **Changes in Law & Regulatory Risks**

7.23 The Company is a St. Lucian International Business Company which intends to invest in flexible debt and equity instruments to finance real estate opportunities across the Caribbean region. Changes in legislation in these jurisdictions could negatively impact on the financial or operational performance of the Company or on the financial or operational performance of any real estate projects in which the Company chooses to invest, which in turn could negatively impact the performance of the Company.

7.24 The Company may become subject to new regulatory rules or standards that differ from those that are presently applicable. If such regulatory rules or standards become onerous from the point of view of the Company or its clients, as the case may be, this could require the Company to recapitalise, or to change its business operations. Additionally, changes in such regulatory rules or standards may affect the Company's long term profitability.

7.25 The Investment Manager is licensed as a securities dealer under the Securities Act of Jamaica and regulated by the FSC. Officers and Directors of the Investment Manager are also registered under the Securities Act as dealer's representatives in relation to the Investment Manager. The ability of the Investment Manager to provide investment management services in relation to the Company's investment portfolio could be adversely impacted if:

- (a) its dealer's license is suspended or canceled;
- (b) the registration of its dealer representatives is suspended or canceled; or
- (c) there are adverse changes in regulations and laws affecting the Investment Manager.

7.26 The performance of the Company and its ability to invest in real estate assets located in different jurisdictions could be affected by changes in treaties made between St. Lucia and such jurisdictions (such as the CARICOM Double Taxation Treaty).

(xvii) **New Accounting Rules or Standards**

7.27 The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

(xviii) **Lack of Liquidity in Real Estate Assets**

7.28 Certain real estate assets, including land, office buildings and residential units, are generally illiquid and may take several months and sometimes years, to find an appropriate buyer or tenant. This may impact some of the Company's development projects, which may lead to a negative impact on its cashflow and a longer lead time to exit certain transactions. To mitigate this risk, the Company partners with established real estate agents to find appropriate offtakers for its development assets prior to embarking on a project. In addition, the Company has partnered with large institutional investors who are in need of post construction real estate assets, to be priority offtake partners, where they have the first right of refusal on certain assets post construction.

(xix) **Project Risk**

7.29 The Company may invest in or acquire development assets to the extent attractive projects become available. When the Company engages in development activities, it may be subject to financial conditions, results of operations, cash flows and other risks, including:

- (a) it may not be able to obtain, or may experience delays in obtaining all necessary zoning, land-use, building, occupancy and other governmental permits and authorisations;
- (b) it may not be able to obtain financing for development projects;
- (c) construction costs of a project may exceed the original estimates, thus making the project less profitable than originally estimated or not profitable at all;
- (d) tenants who pre-lease spaces or contracts with the Company for a build-to-suit project may default prior to occupying the property;
- (e) upon completion of construction, the Company may not be able to obtain, or secure on advantageous terms, permanent financing for activities that were financed through construction loans; and
- (f) development projects in which the Company has invested may be abandoned and the related investment becomes impaired.

Project risk is mitigated by implementing a robust real estate investment policy which covers the major risk factors such as construction risk (firm price contracts, forward contracts for the purchase of raw materials etc), cashflow risk, execution risk/development risk, collateral risk, etc. The Investment Manager will also have a panel of real estate experts and advisors that it can hire as consultants (as needed) to support certain projects or advise on an investment recommendation. This risk is further mitigated by detailed due diligence of developers, contractors, and selection of counterparties with a proven track record of performance. Finally,

shareholders' agreements and joint venture agreements will include protections such as step-in rights and preemptive rights to mitigate contractual under performance and other breaches.

(xx) **Adverse Developments in the Capital Markets**

7.30 From time to time, credit and equity markets may experience significant price volatility, dislocations, or liquidity disruptions, from "black swan" events or downturn in economic cycles. These circumstances may materially impact liquidity in the financial markets, resulting in unfavorable financing terms, or resulting in unavailability of financing. Volatility and uncertainty in the capital markets may negatively impact the Company's ability to raise capital via the debt or equity markets, thus affecting the capital needs of SRF and the execution of investment projects. A prolonged downturn in the financial markets may cause the Company to seek alternative sources of financing, which may be less attractive than typical debt or equity financing.

(xxi) **Joint Venture Risks**

7.31 The Company uses joint ventures which are formed to own or develop real property or interests in real property. Investments in joint ventures involve additional risks, including the possibility that the joint venture partners may have economic or other business interests or goals that are incompatible with those of the Company. The Company cannot guarantee that it will be able to identify suitable joint venture partners and form new joint ventures in the future. The Investment Manager uses a thorough screening process to screen all potential joint venture partners for financial reliability, as well as enhanced know your customer and anti-money laundering due diligence.

(xxii) **COVID-19**

7.32 The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a global pandemic on March 11, 2020. The pandemic and the measures to control its impact have resulted in severe disruptions to economic activity, business operations and asset prices across the Caribbean region where SRF makes its investments. The nature, scale and timing of the risks from the pandemic varies and SRF cannot predict the duration nor the full impact of the pandemic on its investments in real estate projects across the Caribbean region, nor its financial performance. In addition, these risks may increase if the pandemic is prolonged or worsens, which could negatively affect the Company's financial performance.

In response to the pandemic, the Company has adopted a risk management process to monitor and manage Covid-19 risks using a three-phase process as follows:

- Phase I involves monitoring the impact of the pandemic on existing Real Estate Investment Assets in particular, and the economic and financial environment in general.
- Where necessary, phase II covers the development of short-term action plans to mitigate the risks identified in Phase I.

- Where necessary, phase III deals with developing and executing longer term plans while monitoring and assessing the economic and financial environment.

(xxiii) **Risk Management**

7.33 The Company's goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise and that it adheres strictly to the policies and procedures, which are established to address these potential risks.

7.34 The Board of Directors of the Company is ultimately responsible for the risk management policies of SRF and has delegated the management of risk to the Investment and Risk Management Committee (IRMC). The IRMC, which is independently chaired, is a Board sub-committee of the Investment Manager, SCL, and is responsible for making all investment decisions. Investment recommendations are made to the IRMC by an advisory team, the Real Estate Investment Advisory Committee (RIAC), which is comprised of a panel of consultant real estate experts. The RIAC is chaired by the Chief Executive Officer of the Investment Manager. In addition, the Investment Manager, through a Head of Real Estate and Project Finance, manages and monitors all real estate projects and coordinates other operational activities. The Directors do not guarantee that changes in the local and international markets will not have any materially adverse impact on SRF's financial results.

8. THE COMPANY

Company History

8.1 The Company was incorporated on June 19, 2018 under the name Sygnus Real Estate Investments Limited as an international business company under the International Business Companies Act, 1999 (as amended) of Saint Lucia. The name of the Company was subsequently changed to Sygnus Real Estate Finance Limited on January 29, 2019.

8.2 In August 2019, SRF Group effected an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID- 08/05-0016) for ordinary shares denominated in Jamaican Dollars and United States Dollars and preference shares denominated in Jamaican Dollars (“the Exempt Distribution”). The Company raised approximately J\$2.08 billion net of expenses in the Exempt Distribution. The Company increased its share capital to J\$2.23 billion by issuing additional shares valued at J\$148.3 million in November 2020. On May 07, 2021, the SRF Group, redeemed in full J\$79.1 million of preference shares issued to institutional investors.

Company’s Business

8.3 Sygnus Real Estate Finance Limited is a specialty real estate investment company, dedicated to providing flexible financing to unlock value in real estate assets across the Caribbean region. SRF is an alternative investment firm that is solely dedicated to the real estate asset class, by providing customized financing solutions in various forms across the credit and equity spectrum. Through the application of flexible financing, SRF will seek to earn attractive risk adjusted returns with downside protection.

8.4 The investment objective of the Company is to bring flexible financing to monetise and unlock value in real estate assets across the Caribbean region, through active management. The Company finances real estate opportunities with a short to medium-term investment horizon typically between 3 and 5 years. SRF focuses on generating capital appreciation, and to a lesser extent current income, from its Real Estate Investment Assets. The Company primarily invests in real estate assets using flexible financing instruments and structures, including preference shares, equity (joint-ventures, land, ordinary shares etc), asset swaps, profit sharing debt, secured debt, asset-backed debt, mezzanine debt, and other forms of flexible financing structures. These forms of financing are typically more aligned with unlocking and maximizing the value in real estate assets.

8.5 The Company primarily targets real estate assets across a broad range of sectors, including residential, commercial, industrial, infrastructure and hospitality. SRF invests at various stages of the real estate life cycle, including: greenfield (new developments), brownfield (eg acquisitions), distressed (eg foreclosures) and opportunistic (eg event driven).

8.6 The Company's policy is to pay out up to 85% of the earnings generated from these investments as dividends. The Company deploys flexible capital to unlock value in real estate assets, while providing its Shareholders with access to the real estate market in the form of capital appreciation and consistent dividend payments. The Company proposes to pay dividends semi-annually and may change to quarterly in the future if it is more appropriate to do so.

8.7 The Company's investment activities are managed by its Investment Manager, Sygnus Capital Limited (SCL). The Investment Manager is a wholly owned subsidiary of Sygnus Capital Group Limited.

Share Capital

8.8 On November 25, 2019, the Company registered amendments to its Memorandum of Association and Articles of Association which saw the company's authorised share capital being made up as follows:

- (a) Unlimited Ordinary Shares of J\$ each of no par value. At a general meeting of the Company, every member present in person and holding a J\$ Share or J\$ Shares has one vote on a show of hands and on a poll every member present in person or by proxy holding a J\$ Share or J\$ Shares shall have one vote for each share of which he is the holder. Holders of J\$ Shares will have the usual right to receive dividends and to participate in the assets of the Company on a winding-up.
- (b) Unlimited Ordinary Shares of US\$ each of no par value. At a general meeting of the Company, every member present in person and holding a US\$ Share or US\$ Shares has one vote on a show of hands and on a poll every member present in person or by proxy holding a US\$ Share or US\$ Shares shall have one vote for each share of which he is the holder. Holders of US\$ Shares will have the usual right to receive dividends and to participate in the assets of the Company on a winding-up.
- (c) Unlimited Preference Shares (whether redeemable or irredeemable); and
- (d) One Special Share of US\$1.00. At a general meeting of the Company, the holder of the Special Share has one vote on a show of hands and on a poll he shall have such number of votes as is equivalent to 101% of the aggregate votes, vested in all ordinary Shares issued by the Company from time to time. The Special Share is held by Sygnus Capital Group Limited. The purpose of the Special Share is to ensure that the structure of the investment is not subverted by Shareholders who may acquire a substantial interest in the Company. The Special Share has a right to cast 101% of the votes capable of being cast on a poll at any general meeting of the Company but on a show of hands, the holder of the Special Share shall only have one vote. The Articles give the holder of the Special Share the right to demand a poll. The holder of Ordinary Shares has, on a show of hands, one vote irrespective of the number of Ordinary Shares held but on a poll, will have one vote for each ordinary share registered in their name. A dividend may be paid on the Special Share in lieu of, or in addition to, the management fees payable to the Investment Manager as may be agreed between the Company and the holder of the Special Share in the Investment Management Agreement. In a winding-up the subscription sum of US\$1.00 is payable to the holder of the Special Share in priority to any

distribution on the Ordinary Shares. The holder of a share, whether Special Share or Ordinary Shares, may vote in person or by proxy and a proxy need not be a member of the Company. The Articles of Association of the Company contain entrenched provisions whereby the rights attaching to the Special Share or modification or termination of the Investment Management Agreement would operate as modification of the rights attaching to the Special Share and accordingly none of those things may be done without the consent of the holder of the Special Share.

The J\$, and US\$ shares all rank *pari passu* with each other. There are no requirements under the Articles or the laws of St Lucia (the jurisdiction of incorporation of the Company) giving pre-emptive rights to Existing Shareholders over further issues of equity.

8.9 The Special Share is held by Sygnus Capital Group Limited. As at the date of this Prospectus, Existing Shareholders have been issued 198,127,832 ordinary Shares made up of 126,513,832 J\$ Shares and 71,614,000 US\$ Shares.

8.10 The Special Share is designed to ensure that the purpose and operational philosophy of the Company cannot be subverted without the consent of the holder of the Special Share. This is achieved by:

- (a) preventing any variation of rights attached to the Special Share without the consent of the holder thereof. Each of the following proposals is deemed to be a proposed variation of the rights attaching to the Special Share and is only effective with the consent in writing of the holder of the Special Share; namely: (i) modification or termination of the Investment Management Agreement; (ii) the amendment, or removal or alteration of the effect of all or any of the provisions in the Memorandum of Association or the Articles of Association of the Company setting out the rights and privileges attaching to the Special Share or otherwise concerning the Special Share.
- (b) providing majority votes on a poll to such holder at a general meeting. At a general meeting, the holder of the Special Share carries 101% of the aggregate votes vested in all ordinary Shares issued by the Company. This means that the holder of the Special Share could, by itself, pass a resolution requiring a simple majority vote.

8.11 The Company has, as at the date of this Prospectus, issued 198,127,832 Shares and has approximately 41 Shareholders. The issued Shares in the Company, as at the date of this Prospectus, are held as follows:

Shareholders	Shareholding	Approx. % Issued Capital
SCG	1 Special Share	0.00%
Existing Shareholders (other than 1 Special Share)	198,127,832 Ordinary Shares	100%

8.12 As at the date of this Prospectus, the top ten shareholders of the Company are:

Shareholders	Shareholding (Ordinary Shares)	Share Class	Approx. % Issued Shares
ATL Group Pension Fund Trustees Nominee Ltd	32,000,000	J\$ Ordinary Shares	16.2%
SJIML A/C 3119	20,000,000	J\$ Ordinary Shares	10.1%
Dynamix Holdings Inc.	20,000,000	US\$ Ordinary Shares	10.1%
JCSD Trustee Services Limited – Sigma Equity	16,217,000	J\$ Ordinary Shares	8.2%
MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Capital Growth) Fund	10,807,160	J\$ Ordinary Shares	5.5%
MF&G Asset Management Ltd. – Jamaica Investment Fund Trustee, Ja. Investment (Income & Growth) Fund	10,807,160	J\$ Ordinary Shares	5.5%

Lyttleton Ovel Shirley	10,000,000	US\$ Ordinary Shares	5.0%
JCSD Trustee Services Limited – Sigma Global Venture	8,108,000	US\$ Ordinary Shares	4.1%
First Ja./Nat'l Hsng Trust Pension Fund	6,701,000	J\$ Ordinary Shares	3.4%
JMMB Fund Managers Ltd. – T1 Alternative Assets Fund	5,403,580	J\$ Ordinary Shares	2.7%

The remaining shareholders hold 58,083,932 Ordinary Shares representing approximately 29.3% of the total issued share capital of the Company.

Corporate Actions

8.13 In anticipation of this IPO, the Company adopted requisite resolutions whereby:

- (a) it amended its Articles of Association to comply with the JSE Rules;
- (b) the following persons were appointed additional Directors of the Company, namely:
 - i. Elizabeth Stair
 - ii. Horace Messado; and
 - iii. Pierre Williams.

8.14 The Company has entered into the following material contracts with the approval of its Board; namely:

- (a) an Investment Management Agreement dated November 1, 2019, with SCL under which SCL manages the day-to-day affairs of the Company and its investment portfolio.
- (b) Corporate Services Agreement dated November 1, 2019 with SCL under which SCL provides general corporate secretarial, registrar and company administration services required by the Company.
- (c) Registrar and Transfer Agency Agreement dated July 1, 2021 with the JCSD.
- (d) Broker Service Agreement dated July 6, 2021 with Sagicor Investments Jamaica Limited.

- (e) Engagement Letter for Brokers Services, dated May 19, 2021 with Scotia Investments Jamaica Limited.
- (f) Lead Arranger Services Agreement dated January 18, 2021 with Sygnus Capital Limited.

Intellectual and Real Property

8.15 As at July 14, 2021 being the latest practicable date prior to the publication of this Prospectus, the Company has no intellectual or real property, except for the following properties owned by its subsidiary companies and joint venture:

- (a) Property located on Spanish Town Road, Kingston, Jamaica held by Sygnus Real Estate Finance Jamaica Limited (SREFJ).
- (b) Property located on Lady Musgrave Road, Kingston, Jamaica held by SREFJ.
- (c) Property located on Belmont Road, Kingston, Jamaica held by Audere Holdings Limited
- (d) Property located in Mammee Bay, St Ann, Jamaica held by Sepheus Holdings Limited.
- (e) Property located in Lakespen, St Catherine held by Lakespen Holdings Limited.

Applicable Regulatory Regime

8.16 The Company is a St. Lucian International Business Company and does not carry on or intend to carry on business in Jamaica. By virtue of this IPO the Company will become subject to all laws applicable to issuers of securities in Jamaica and companies listed on the Jamaica Stock Exchange. The Company is also subject to the regulatory authority of the Financial Services Commission and the Companies Office of Jamaica by virtue of this IPO, the issue of this Prospectus and the listing of the Company's Shares on the Main Market of the JSE.

8.17 The Investment Manager, Sygnus Capital Limited (SCL), is licensed as a securities dealer under the Securities Act (SA). The SA requires a licensed dealer to appoint a responsible officer to ensure that the licensee complies with all requirements of the Act. Accordingly, SCL has appointed Dr. Ike Johnson as responsible officer for the Company. As a licensed securities dealer SCL, and its dealer's representatives are required to keep records of the securities in which they have an interest and the FSC is empowered to inspect these records. A securities dealer and its dealer representative(s) are required to disclose the nature of their interest in, or their interest in the acquisition or disposal of, or the interest of any associated person in, the securities which they recommend for purchase. This disclosure must accompany any such recommendation. Dealers licensed under the SA are also required to file annual and quarterly reports with the FSC in accordance with the provisions of the Securities (Conduct of Business) Regulations. Failure by a licensed dealer or dealer's representative to comply with the SA or its attendant regulations is an offence.

Subsidiaries

8.18 The Company has 4 subsidiaries and 1 joint venture, namely Sygnus REF Jamaica Limited (“SREFJ”), Sepheus Holdings Limited, Lakespen Holdings Limited, Charlemagne Holdings Limited and Audere Holdings Limited. SREFJ, Sepheus Holdings, Lakespen Holdings and Charlemagne Holdings are wholly owned subsidiaries of the Company. SREFJ was incorporated on April 24, 2019 as a limited liability company under the Companies Act, 2004 of Jamaica, and was established to carry out various financing activities on behalf of the Company. Sepheus Holdings was incorporated on August 29, 2019 as a limited liability company under the Companies Act, 2004 of Jamaica as a special purpose vehicle to hold a specific parcel of land. Audere Holdings, a limited liability company under the Companies Act, 2004, is a joint venture in which the Company has a 70% shareholding. Lakespen Holdings was acquired on April 16, 2021, and through a subsidiary in Jamaica, owns specific parcels of land. Charlemagne Holdings was incorporated on May 17, 2021 as a limited liability company under the Companies Act, 2004 of Jamaica as a special purpose vehicle to hold a specific parcel of land.

SRF Subsidiary and Joint Venture	Ownership	Inception	Country
Sygnus REF Jamaica (SREFJ)	100%	Incorporated April 2019	Jamaica
Sepheus Holdings Limited	100%	Incorporated August 2019	Jamaica
Lakespen Holdings Limited	100%	Acquired April 2021	St Lucia
Charlemagne Holdings Limited	100%	Incorporated May 2021	Jamaica
Audere Holdings Limited	70% Joint Venture	Joint Venture June 2020	Jamaica

9. AUDITORS REPORT AND MANAGEMENT DISCUSSION & ANALYSIS (INCLUDING FINANCIAL PERFORMANCE)

Section A

9.1 Auditor's Report on Summary Consolidated Financial Statements



KPMG

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Saint Lucia
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INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors
SYGNUS REAL ESTATE FINANCE LIMITED

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at August 31, 2020 and the summary consolidated statement of profit or loss and other comprehensive income for the period then ended, are derived from the audited consolidated financial statements of Sygnus Real Estate Finance Limited and its subsidiaries and joint venture ("the Group") for the period ended August 31, 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria developed by management.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

KPMG in Barbados and the Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



To the Board of Directors
SYGNUS REAL ESTATE FINANCE LIMITED

**INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated April 28, 2021.

*Management's Responsibility for the Summary Consolidated Financial
Statements*

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the criteria as developed by management.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

A handwritten signature of the KPMG firm, written in black ink.

Chartered Accountants
Saint Lucia
July 15, 2021

Section B – Financial Results

9.2 The summary financial statements have been extracted from the audited financial statements. The audited financial statements as at and for the year ended August 31, 2020 was authorised for issue by the Board of Directors on April 28, 2021.

This financial statement was prepared in accordance with International Financial Reporting Standards (IFRS) and contain unmodified audit opinions.

The summary financial statements presented below do not include all the disclosures in the financial statements and cannot be expected to provide as complete an understanding as provided by the financial statements.

The audited financial statements are accompanied by the interim unaudited financial statements for the 6 month period ended February 28, 2021. The interim financial statements were authorized for issue by the Board of Directors on July 08, 2021.

9.2.1 Business Overview

SRF is a specialized investment company dedicated to providing flexible capital to unlock value in the real estate asset class across the Caribbean region. The Company began operating on August 1, 2019 and made its first real estate investments in February 2020, after its private placement in August 2019, primarily from institutional investors. The Company's first financial year was comprised of 13 months, spanning August 1, 2019 to August 31, 2020 (the "13 Months Aug 2020" or "FYE Aug 2020"). The Company's financial year end is August 31st.

The Company's real estate investment assets were comprised of:

- strategic property investments with high value creation potential, that is, investment property and land held for sale including advanced payments and deposits to acquire investment property or acquire shares in companies that own investment property;
- real estate investment notes which are customized debt and quasi-debt instruments used to invest in real estate projects or used to finance real estate transactions; and
- investment in joint venture partnerships spanning the entire real estate asset class.

This is not an exclusive list of real estate investment assets, but it does represent the list of investments for the financial reporting periods.

The Company's deployment of Dry Powder into real estate investment assets is typically done at the stage of the investment life cycle where the optimal value of the real estate asset can be unlocked, relative to the

underlying risk. Unlike other typical assets, the nature of the real estate asset class provides downside protection once sufficient value has been unlocked from the underlying asset, thus minimizing risk. SRF exits its investments on average over a period of 3 to 5 years and repeats the cycle by redeploying this capital into new investments.

SRF's investment strategy focuses on real estate investment assets that offer significant appreciation potential through active management of its equity investments, complemented by income generated from its debt and quasi-debt investments. Thus, SRF generates returns from exiting its equity positions (property investments, joint ventures, development projects etc) in real estate assets after unlocking the optimal asset value, and from income on its debt and quasi-debt investments (real estate investment notes).

Section B1: Financial Results for 13 Months August 2020

This section should be read in conjunction with the audited financial statements for the year ended August 31, 2020 in Section 10. In addition to the audited financial statements, the unaudited financial statements for the 6 months ended February 28, 2021 (6 Month Feb 2021) is included in Section 10.1. Both the audited financial statements and the unaudited financial statements should be read in conjunction with the management discussion and analysis (MD&A) under Section B1 and Section B2 respectively. The MD&A may contain forward looking statements based on assumptions and predictions of the future, which may be materially different from those projected.

13 Month Aug 2020	
Summary Results of Operations	JA\$ '000
Interest Income	76,332
Interest Expense	(11,099)
Net Interest Income	65,233
Commitment Fees	6,090
Gain (Loss) on Sale of Real Estate Asset	-
Valuation Gain (Loss) on Investment Property	400,704
Share of Gain (Loss) on Joint Venture	(5,237)
Total Investment Income	466,790
Total Operating Expenses	(89,849)
Net Investment Income	376,941
Fair Value Gain (Loss) on Financial Instruments	14,653
Net Foreign Exchange Gain (Loss)	23,324
Profit Attributable to Shareholders	414,918
Basic Earnings Per Share (JA\$)	2.47
Diluted Earnings Per Share (JA\$)	2.25
Net Investment Income Per Share (JA\$)	2.24
Diluted Net Investment Income Per Share (JA\$)	2.04

9.3 Results of Operations for 13 Months Aug 2020

Sygnus Real Estate Finance Limited (SRF) reported total investment income of J\$466.8 million and net profit of J\$414.9 million at the end of its first financial year, 13 Months Aug 2020. Return on equity was 15.7%.

SRF's total investment income, or core revenues, was comprised of all the activities that were involved in the unlocking of value from its portfolio of real estate investment assets, namely: net interest income on its real estate investment notes and the commitment fees related to this activity; gain or loss on its property investments, namely, valuation gain or loss on its investment properties, or realized gain or loss on any real estate assets that were exited; and share of gain or loss on its joint venture investments.

Total investment income of J\$466.8 million for the 13 Months Aug 2020 was primarily driven by a valuation gain on investment property of J\$400.7 million and net investment income of J\$65.2 million. The valuation gain on investment property was driven by the strategic acquisition of 29.4 acres of unimproved beachfront property in Mammee Bay, St Ann, Jamaica, which was subsequently subdivided into two lots: one lot representing investment property and the other lot representing real estate asset held for sale. Thus, SRF effectively had 2 beachfront sub-divisions at Mammee Bay: one held for sale, and the other representing investment property. The structuring of this acquisition resulted in there being a valuation gain of J\$400.7 million on the sub-division held as investment property, thus unlocking a portion of the value in the asset.

This initial value creation on the Mammee Bay investment property resulted from the difference between the valuation of the asset at the financial year end and the negotiated acquisition price. The entire Mammee Bay property was acquired for the equivalent of J\$3.55 billion, the financing of which was structured using various customized financing instruments, namely a vendor mortgage, an asset swap involving SRF shares and a promissory note. The portion classified as asset held for sale was equivalent to J\$1.81 billion, and the portion classified as investment property for the equivalent of J\$1.74 billion. The acquisition was done via SRF's wholly owned subsidiary, Sepheus Holdings Ltd.

Net interest income of J\$65.2 million was driven by J\$76.3 million in interest income earned on J\$874.0 million of real estate investment notes, with a fair value yield of 10.1%. This was offset by J\$11.1 million in interest expense on J\$1.69 billion of loans and preference shares, at a weighted average rate of 5.2%.

The Company's net investment income, or core earnings, was comprised of total investment income less total operating expenses. For 13 Months Aug 2020, net investment income of J\$376.9 million was driven by J\$466.8 million in total investment income, offset by J\$89.8 million in total operating expenses.

Net profit of J\$414.9 million for 13 Months Aug 2020 was driven by net investment income of J\$376.9 million, fair value gains on financial instruments of J\$14.7 million and net foreign exchange gains of J\$23.3 million.

Basic earnings per share (EPS) was J\$2.47 for 13 Months Aug 2020, while diluted EPS was J\$2.25. Similarly basic core earnings or net investment income per share (NIIPS) was J\$2.24 for 13 Months Aug 2020, while diluted NIIPS was J\$2.04. The dilution to EPS and NIIPS arose from one item: during the Company's private placement to raise initial capital in 2019, the Company, via its wholly owned subsidiary, issued cumulative

redeemable convertible preference shares, which if converted, would result in 6,465,511 additional shares being issued.

9.3.1 Total Operating Expenses

For 13 Months Aug 2020, total operating expenses of J\$89.8 million was primarily driven by professional fees (36.0% or J\$32.4 million), management fees (30.1% or J\$27.1 million), irrecoverable tax (11.6% or J\$10.4 million) and corporate services fees (10.5% or J\$9.4 million). Combined, these expenses accounted for 88.3% of total operating expenses. Professional fees were comprised of legal, tax, consultancy and other professional services rendered in executing SRF's business strategy. No management fees were charged during the first six months of operations, as these fees were waived by the investment manager, thus resulting in a lower management fee than would otherwise have been reported. Corporate service fees began accruing in the third month of operations in November 2020. Management fees are computed as 2% of total assets under management. Irrecoverable withholding taxes related to amounts withheld at source on cash and cash equivalents.

9.3.2 Fair Value Gain or Loss on Financial Instruments

SRF generates a fair value gain or loss on a portion of its real estate investment notes, which are carried at fair value through its income statement. These customized investments are structured as construction notes with a fixed interest rate and a percentage profit participation in the respective real estate project. At 13 Months Aug 2020, SRF reported a fair value gain of J\$14.7 million on J\$382.4 million in 2 investments measured at fair value through profit and loss. Fair value gains or losses can vary significantly from period to period, driven by interest rate changes, new investments or by investment exits.

9.3.3 Net Foreign Exchange Gain or Loss

A net foreign exchange gain of J\$23.3 million was reported for 13 Months Aug 2020. A net foreign exchange gain or loss is recorded based on changes in the exchange rate on SRF's net balance sheet exposure to foreign currency, which in this case is the USD, since its reporting currency is JMD. SRF's property investments are all denominated in USD, but these assets are only valued once per year or if there is a material change that warrants a new valuation, that is, these assets are not marked-to-market assets per se. Therefore, although they are USD assets, they are not counted as financial instruments and thus do not affect net foreign exchange gain or loss as calculated and reported in the financial statements.

9.3.4 Total Revenues and Expenses

Total revenues were comprised of core revenues or total investment income, plus the non-core items of fair value gains on financial instruments and net foreign exchange gain. SRF generated J\$510.0 million in total revenues for 13 Months Aug 2020.

Similarly, total expenses were comprised of total operating expenses plus fair value loss on financial instruments, plus net foreign exchange loss, plus impairment allowance on financial assets. The Company generated J\$89.8 million in total expenses for 13 Months Aug 2020 and J\$157.8 million.

9.3.5 Efficiency and Expense Ratios

SRF's efficiency ratio, computed as total operating expenses as a percentage of total investment income, was 19.2% for 13 Months Aug 2020, as there were no management fees charged during the first six months of operations. The target threshold ratio is 45%. Similarly, the Company's management expense ratio, computed as total operating expenses as a percentage of total assets under management, was 1.5% for 13 Months Aug 2020. The target threshold ratio is 3.5%.

9.4 Real Estate Investment Activity

At the end of its first financial period in August 2020, SRF's portfolio of real estate investment assets totaled J\$5.96 billion, spread across 9 investments and 3 different types of investment assets. This total was comprised of J\$4.68 billion in property investments, J\$874.0 million in real estate investment notes and J\$405.5 million in joint ventures.

13 Month Aug 2020	
Summary of Investment Activity	JA\$ '000
Fair Value of Real Estate Investment Assets*	5,955,425
New Commitments in Real Estate Investment Assets	5,228,811
Number of Real Estate Investment Assets (#)	9
Dry Powder	73,946
Number of Investments Exited (#)	-
Value of Investments Exited	-
Number of Real Estate Investment Notes (#)	4
Fair Value of Real Estate Investment Notes	873,996
Fair Value Yield on Real Estate Investment Notes (%)	10.1%
Total Acreage of Property Investments (Acres)	85.0
<i>*Includes J\$304.0 million in additional contribution to be made with JV partner</i>	

The fair value of real estate investment notes was J\$874.0 million with an average yield of 10.1%. The total acreage of property investments, including the acreage for properties on which a deposit was made, was 85.0 acres, diversified across industrial, residential, commercial and beachfront (hospitality and or residential) use assets.

Note: some real estate investment notes (REINs) are structured as a preference share with a payment-in-kind (PIK) feature, typically defined as a percentage of profits for a development project. These will typically have a tenor of 12 to 24 months and carry a relatively low coupon rate. SRF typically exits the PIK at or prior to the maturity date. The underlying real estate asset or project provides full collateral coverage for the REIN.

9.4.1 Real Estate Investment Commitments

During 13 Month Aug 2020, SRF financed new investment commitments valued at J\$5.23 billion in 9 real estate investment assets, as the Company began executing its strategy of dedicating flexible capital to unlock value across the spectrum of real estate assets. J\$4.28 billion, or 81.8% of the investment commitments was dedicated to acquiring strategic property investments (un-developed property) with substantial value creation

opportunities over the short to medium term. J\$846.8 million, or 16.2% was deployed to income bearing real estate investment notes, and J\$106.7 million to joint venture partnerships, which is a key strategic thrust of SRF to monetize real estate assets across the Caribbean.

SRF's business model requires an initial outsized investment commitment in strategic property investments to build a platform for future growth, rather than waiting to acquire these properties at potentially much higher costs in the future. On the other hand, growth in real estate investment notes and joint venture partnerships will be more gradual relative to strategic property investments as the real estate investment pipeline is executed.

9.5 Balance Sheet Summary

SRF's total assets of J\$6.08 billion at Aug 31, 2020 was primarily comprised of J\$5.96 billion in real estate investment assets, J\$73.9 million in Dry Powder and J\$46.9 million in other assets. Real estate investment assets were comprised of three categories of investments: J\$4.68 billion in property investments, J\$874.0 million in real estate investment notes and J\$405.0 million investment in joint ventures. Property investments were mainly driven by J\$2.50 billion in investment property and J\$1.81 billion in property-held-for-sale.

Investment property was comprised of the Mammee Bay and Spanish Penwood (new IMCA headquarters) assets, while the property-held-for-sale represented a portion one of the two sub-divisions of Mammee Bay. J\$350.0 million in advanced payment for land acquisition represented a deposit on shares to acquire Lakespen Holdings, which owns the Lakespen asset, which was subsequently closed in April 2021.

Investment in joint ventures of J\$405.5 million reflected SRF's 70% ownership interest in Audere Holdings, an SRF wholly owned subsidiary that is executing a commercial project on Belmont Road. Audere Holdings acquired 0.5 acres of land in June 2020 while the other 0.5 acres was owned by the other joint venture partner, who seeded the joint venture with this property. The carrying value of this investment is adjusted each period for any gain or loss on a proportionate basis. Capital invested by SRF was J\$106.0 million and SRF agreed to make an additional contribution of J\$304.0 million into the joint venture. The payment of the additional contribution of J\$304.0 million is expected to be made within the next 12 months. The Lady Musgrave investment property was transferred to SREFJ on October 1, 2020.

	FYE Aug 31, 2020
Summary of Balance Sheet Information	JA\$ '000
Cash and Cash Equivalents	73,946
Repurchase Agreements	-
Un-deployed Cash / Dry Powder	73,946
Property Held for Sale	1,812,448
Investment Property	2,502,248
Advanced Payment for Land Acquisition (Shares)	350,105
Deposit on Investment Property & Projects	11,174
Property Investments	4,675,975
Investments Measured at Fair Value through P&L	382,360
Investments Measured at Amortised Cost	491,636
Real Estate Investment Notes	873,996
Investment in Joint Ventures	405,454
Real Estate Investment Assets	5,955,425
	6,029,371
Other Assets:	
Prepaid Expenses	1,914
Investment Income Receivable	16,140
Due from Related Entities	27,887
Total Assets	6,075,312
Share Capital	2,083,879
Prepaid Share Reserve	148,300
Retained Earnings	414,918
Total Shareholders' Equity	2,647,097
Total Liabilities and Equity	6,075,312

9.5.1 Shareholders' Equity

Total shareholders' equity as at FYE August 31, 2020 at J\$2.65 billion with book value per share of J\$15.74. The Company raised capital in a private placement in August 2019 at J\$13.40 and US\$0.10 per share for JMD and USD ordinary shares respectively. This represented a 17.5% increase in value for shareholders.

9.5.2 Liabilities

SRF reported total liabilities of J\$3.43 billion as at FYE August 31, 2020, driven by J\$1.61 billion in loans and borrowings, J\$1.33 billion in a promissory note, J\$336.1 million in amounts due to related parties and J\$79.1 million in preference shares. The promissory note and the loans and borrowings were primarily related to the structured financing used to acquire the Mammee Bay beachfront property. The loans and borrowings were largely made up of a US\$10 million vendor mortgage in relation to the same property. The amounts due to related party primarily reflected J\$304.0 million due to the Audere Holdings joint venture, and fees due to the Investment Manager, Sygnus Capital Ltd.

FYE Aug 31, 2020	
Summary of Liabilities	JA\$ '000
Total Liabilities	3,428,215
Accounts Payable and Accrued Liabilities	54,166
Due to Related Parties	336,136
Interest Payable	11,099
Note Payable	1,334,696
Loans and Borrowings	1,612,995
Preference Shares	79,123

Section B2: Financial Results for 6 Months February 2021

This section should be read in conjunction with the unaudited financial statements for the 6 months ended February 28, 2021 (6 Month Feb 2021) is included under Section 10.1. The unaudited financial statements should be read in conjunction with this management discussion and analysis (MD&A). The MD&A may contain forward looking statements based on assumptions and predictions of the future, which may be materially different from those projected.

9.6 Results of Operations for 6 Month Feb 2021

For the 6 months ended February 28, 2021, SRF reported record total investment income of J\$1.03 billion and record net profits of J\$949.9 million, vs total investment income of J\$29.3 million and net profits of J\$19.8 million for the 6 months ended February 29, 2020 ("6 Month Feb 2020"), respectively. Return on average equity was 33.2%.

	6 Month Feb 2021	6 Month Feb 2020	13 Month Aug 2020
Summary Results of Operations	JA\$ '000	JA\$ '000	JA\$ '000
Interest Income	44,342	31,109	76,332
Interest Expense	(32,649)	(1,779)	(11,099)
Net Interest Income	11,693	29,330	65,233
Commitment Fees	3,190	-	6,090
Gain (Loss) on Sale of Real Estate Asset	109,695	-	-
Valuation Gain (Loss) on Investment Property	913,396	-	400,704
Share of Gain (Loss) on Joint Venture	(6,764)	-	(5,237)
Total Investment Income	1,031,210	29,330	466,790
Total Operating Expenses	(157,754)	(15,431)	(89,849)
Net Investment Income	873,456	13,899	376,941
Fair Value Gain (Loss) on Financial Instruments	54,664	6,606	14,653
Net Foreign Exchange Gain (Loss)	21,753	(333)	23,324
Impairment Allowance on Financial Instruments	-	(363)	-
Profit Attributable to Shareholders	949,873	19,809	414,918
Basic Earnings Per Share (JA\$)	5.48	0.12	2.47
Diluted Earnings Per Share (JA\$)	5.28	0.11	2.25
Net Investment Income Per Share (JA\$)	5.03	0.08	2.24
Diluted Net Investment Income Per Share (JA\$)	4.85	0.08	2.04

SRF's total investment income, or core revenues, was comprised of all the activities that were involved in the unlocking of value from its portfolio of real estate investment assets, namely: net interest income on its real estate investment notes and the commitment fees related to this activity; gain or loss on its property investments, namely, on its investment properties, or on any real estate assets that were exited; and share of gain or loss on its joint venture investments.

SRF generated total investment income of J\$1.03 billion for 6 Month Feb 2021, primarily driven by: a valuation gain on investment property of J\$913.4 million, a J\$109.7 million gain upon exiting the Mammee Bay beachfront property sub-division that was held for sale, and J\$11.7 million in net interest income. The valuation gain on investment property was primarily driven by substantial additional value that was un-locked from the Mammee Bay beachfront sub-division held as investment property, through a number of strategic initiatives, namely: the structuring and sale of the adjacent sub-division to a third party that would use the property in such a way that would unlock additional value for SRF's remaining sub-division; transactions of comparable size being executed within a similar price range; wide ranging technical and physical enhancements including development pre-approvals, joint agreement for design and development of drainage for the property, contracted beach enhancement and other physical enhancements to the property.

J\$762.5 million in additional value was unlocked from the Mammee Bay beachfront investment property. This does not include the J\$109.7 million on the Mammee Bay sub-division that was sold for J\$1.92 billion. In addition to Mammee Bay, the value of two other investment properties, namely Spanish Penwood and 56 LMR increased by a combined J\$150.9 million in value, bringing the total to J\$913.4 million in value creation. The majority of this increase was driven by a J\$100.0 million gain in the valuation of Spanish Penwood. On July 8, 2021, SRF broke ground on a 32,553 square foot building at Spanish Penwood, which will be the new headquarters for IMCA Jamaica Limited, the distributors of the Caterpillar brand. Additional details on Spanish Penwood are provided in Section 9.7.2.2, including the financing arrangement, the project team and an overview of the project.

The increased value for these two other assets, reflected on their respective valuations, would have been impacted by various factors including planning pre-approvals and approvals for multiple uses, recent property sales driven by activity in and around their locations, and advancing the process of removing encumbrances which enhances property use, and hence their value. In particular, the Spanish Penwood property, which is in a premium location for logistics and warehousing assets near the seaport and airport, continues to benefit from transactions executed at higher prices in close proximity due to increased demand for these types of assets.

SRF uses independent appraisers to value its property investments. A summary of the valuations is highlighted below. Note: all property investments are USD assets, which are converted to JMD for financial reporting purposes. Note: Lakespen was acquired on April 16, 2021. The full investment in the former French Embassy was made on July 02, 2021. The title is in the process of being transferred to Charlemagne Holdings.

Subsidiary	Underlying Property Investment	Market Value of Property	Valuation Date	Purchase Price	Size
Sepheus Holdings	Mammee Bay	US\$19,300,000 (value of remaining sub-division)	February 2021	US\$24,000,000 (29.4 acres pre-sub-division)	29.4 acres (sold 15-acre sub-division)
SREFJ	56 LMR	US\$1,800,000	February 2021	US\$1,500,000	0.63 acres
SREFJ	Spanish Penwood	US\$3,100,000	February 2021	US\$2,400,000	2.85 acres
Audere Holdings Joint Venture (70% Ownership)					
Audere Holdings	Belmont Road	US\$2,100,000 (land)	June 2020	US\$2,100,000 (land)	1.0 acre (SRF owns 70% of JV)
Investments Closed After Feb 28, 2021					
Subsidiary	Underlying Property Investment	Market Value of Property	Valuation Date	Purchase Price	Size
Charlemagne Holdings	Former French Embassy	US\$7,200,000	April 2021	US\$6,500,000	3.25 acres
Lakespen Holdings (Shares)	Lakespen	US\$12,970,000	November 2020	US\$6,000,000 (purchase of shares)	55.0 acres

Net interest income for 6 Month Feb 2021 was driven by J\$44.3 million in interest income earned on J\$992.4 million of real estate investment notes at a weighted average yield of 10.1%. This was offset by J\$32.6 million in interest expense on J\$1.58 billion of loans and preference shares, at a weighted average rate of 5.0%. The higher interest expense on the loan balances for 6 Month 2021 vs 6 Month 2020 reflected higher loan balances outstanding for a longer time. After 6 Month Feb 2021, the J\$79.1 million in preference shares was redeemed in full on May 7, 2021.

Net investment income for 6 Month Feb 2021 grew to J\$873.5 million vs J\$13.9 million 6 Month 2020, driven by record total investment income of J\$1.03 billion, offset by J\$157.8 million in total operating expenses.

Record net profits of J\$949.9 million was driven by net investment income of J\$873.5 million, fair value gains on financial instruments of J\$54.7 million and net foreign exchange gains of J\$21.8 million.

Basic earnings per share (EPS) was J\$5.48 for 6 Month 2021 vs J\$0.12 for 6 Month Feb 2020, while diluted EPS was J\$5.28 vs J\$0.11 for 6 Month Feb 2020. Similarly basic core earnings or net investment income per share (NIIPS) was J\$5.03 for 6 Month Feb 2021 (6 Month Feb 2020: J\$0.08), while diluted NIIPS was J\$4.85 (6 Month Feb 2020: J\$0.08). The dilution to EPS and NIIPS arose from one item: during the Company's private placement to raise initial capital in 2019, the Company, its wholly owned subsidiary SREFJ, issued cumulative redeemable convertible preference shares. If converted, the preference shares would have resulted in 6,465,511 additional shares being issued by SRF. However, the preference shares were subsequently redeemed.

9.6.1 Subsequent Events That May Impact Earnings

May 07, 2021: J\$79.1 million in convertible preference shares were redeemed in full. Thus, there will be no dilutive effect from these shares going forward.

April 16, 2021: SRF closed the strategic purchase of shares in Lakespen Holdings Ltd, which owns 55 acres of investment property located in Jamaica's main industrial and logistics belt via a wholly owned subsidiary. The structuring of this transaction included the issuance of 20,000,000 Ordinary US\$ shares valued at US\$2.0 million, as well as a US\$1.5 million vendor mortgage as part of the purchase consideration. The market value of the underlying property investment is US\$13.0 million.

June 17, 2021: paid US\$120,000 deposit on an investment property in Kingston for US\$120,000, with a purchase price consideration of US\$1.2 million. The market valuation is US\$1.4 million.

July 02, 2021: made the final payment for the acquisition of 3.25 acres of investment property located on Hilcrest Avenue, Kingston, Jamaica, home of the Former French Embassy. The purchase is being executed through SRF's 100% owned subsidiary Charlemagne Holdings Ltd. The market value of the underlying property investment is US\$7.2 million. The title is currently being transferred.

9.6.2 Total Operating Expenses

SRF reported total operating expenses of J\$157.8 million for 6 Month Feb 2021 (6 Month 2020: J\$15.4 million), which was primarily driven by management fees (37.6% or J\$59.3 million), performance fees (30.8% or J\$48.6 million), irrecoverable tax (9.9% or J\$15.6 million) and corporate services fees (7.7% or J\$12.2 million). These items represented 86.1% of total operating expenses. Performance fees are computed annually as 20% of the excess returns above a 6.5% return on equity hurdle rate. The average return on equity for 13 Months Aug 2020 was 15.7%, which gave rise to the performance fees computed. The performance fees were accrued from the prior financial year and deferred until this financial year. No management fees were charged during the first six months of operations, as these fees were waived by the Investment Manager thus contributing to a lower operating expense during 6 Month 2020 relative to 6 Month 2021. Likewise, there were no performance fees 6 Month 2020 as the company had only just begun operations for which no fees were applicable.

	6Mth Feb 2021	6Mth Feb 2020	13 Month Aug 2020
Summary of Expenses	JA\$ '000	JA\$ '000	JA\$ '000
Management Fees	59,255	-	27,073
Performance Fees	48,571		
Corporate Services Fees	12,170	3,174	9,442
Advertising and Promotion	408	159	275
Audit Fees and Expenses	4,846	-	5,250
Bank Charges	120	62	151
Director' Fees and Related Expenses	1,273	-	1,533
Insurance	999	-	1,290
Irrecoverable Tax	15,645	2,852	10,431
Professional Fees	6,772	9,179	32,370
Regulatory Fees	1,586	5	10
Repairs and Maintenance	-	-	920
Security Expenses	3,371	-	593
Utilities	143	-	-
Other	2,595	-	511
Total	157,754	15,431	89,849

9.6.3 Fair Value Gain or Loss on Financial Instruments

SRF generates a fair value gain or loss on a portion of its real estate investment notes, which are carried at fair value through its income statement. These customized investments are structured as construction notes with a fixed interest rate and a percentage profit participation in the respective real estate project. The real estate projects or assets provide 100% collateral coverage for the REINs. For 6 Month Feb 2021, SRF reported a fair value gain of J\$54.7 million on J\$595.7 million in 3 investments measured at fair value through profit or loss. There were no fair value assets during the prior year period. Fair value gains or losses can vary significantly from period to period, driven by interest rate changes, new investments or by investment exits.

9.6.4 Net Foreign Exchange Gain or Loss

A net foreign exchange gain of J\$21.8 million was reported for 6 Month Feb 2021 vs J\$333.0 thousand for 6 Month 2020. A net foreign exchange gain or loss is recorded based on changes in the exchange rate on SRF's net balance sheet exposure to foreign currency, which in this case is the USD, since its reporting currency is JMD. SRF's property investments of J\$3.96 billion were all denominated in USD, but these assets are only valued once per year or if there is a material change that warrants a new valuation, that is, these assets are not marked-to-market assets per se. Therefore, although they are USD assets, they are not counted as financial instruments and thus do not affect net foreign exchange gain or loss as calculated and reported in the financial statements. Explained differently, 81.5% of SRF's real estate investment assets were denominated in USD, but none of these assets are classified as financial instruments.

Thus, US\$606.8 thousand in cash equivalents and US\$700.0 thousand in repurchase agreements were the major assets used in calculating total USD financial instruments, which amounted to J\$197.4 million for 6 Month Feb 2021. On the liability side of the balance sheet, total USD financial liabilities were US\$10.2 million

(J\$1.53 billion), resulting in a net foreign currency exposure of negative US\$8.8 million (negative J\$1.33 billion). The primary driver of total USD financial liabilities reflected a US\$10 million loan used as part of the purchase consideration for the acquisition of investment property, which has a 5-year tenor and carries a 5.0% interest rate. This transaction was executed via a wholly owned subsidiary, Sepheus Holdings Ltd.

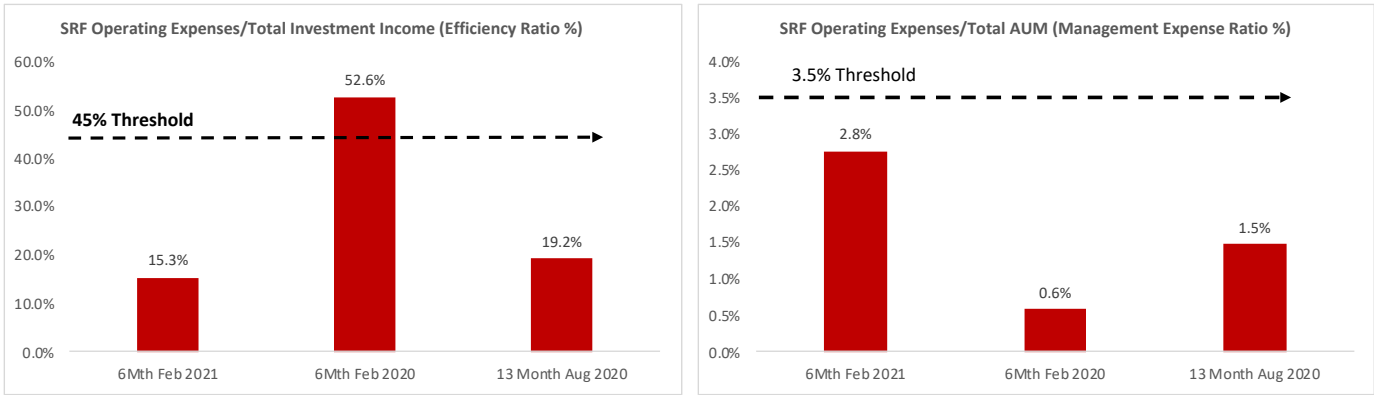
9.6.5 Total Revenues and Expenses

Total revenues were comprised of core revenues or total investment income, plus the non-core items of fair value gains on financial instruments and net foreign exchange gain. SRF generated J\$1.11 billion in total revenues for 6 Month Feb 2021 vs J\$35.9 million for 6 Month Feb 2020.

Similarly, total expenses were comprised of total operating expenses plus fair value loss on financial instruments, plus net foreign exchange loss, plus impairment allowance on financial assets. The Company generated J\$157.8 million in total expenses for 6 Month Feb 2021 vs J\$16.1 million for 6 Month 2020.

9.6.6 Efficiency and Expense Ratios

SRF’s efficiency ratio, computed as total operating expenses as a percentage of total investment income, was 15.3% for 6 Month Feb 2021 vs 52.6% for 6 Month Feb 2020. The lower ratio was driven by a much larger revenue base relative to expenses in the current period. The target threshold ratio is 45%. Similarly, the Company’s management expense ratio (MER), computed as total operating expenses as a percentage of total assets under management, was 2.8% for 6 Month Feb 2021 vs 0.6% for 6 Month 2020. The higher ratio was due to the normalizing of fees in 2021, driven by the waiving of management fees and no performance fees during the 6 Month 2020 period. The target threshold MER is 3.5%.



9.7 Real Estate Investment Activity

At the end of 6 Month Feb 2021, SRF’s real estate investment portfolio was J\$5.35 billion spanning 11 investments vs J\$1.44 billion in 6 investments for 6 Month 2020. There were two investment exits totaling J\$2.11 billion during the period, primarily driven by the Mammee Bay asset held for sale for J\$1.92 billion and a real estate investment note for the remaining balance, which more than offset new investment commitments and an increase in the fair value of property investments. The two investment exits were comprised of the

sale of a portion of Mammee Bay beachfront property that was held for sale and a real estate investment note that was used to bridge 56 serviced lots.

	6 Month Feb 2021	6 Month Feb 2020	13 Month Aug 2020
Summary of Investment Activity	JA\$ '000	JA\$ '000	JA\$ '000
Fair Value of Real Estate Investment Assets*	5,352,116	1,444,041	5,955,425
New Commitments in Real Estate Investment Assets	423,334	1,096,548	5,228,811
Number of Real Estate Investment Assets (#)	11	6	9
Dry Powder	249,564	1,129,942	73,946
Number of Investments Exited (#)	2	-	-
Value of Investments Exited	2,112,580	-	-
Number of Real Estate Investment Notes (#)	5	3	4
Fair Value of Real Estate Investment Notes	992,351	538,976	873,996
Fair Value Yield on Real Estate Investment Notes (%)	10.1%	11.7%	10.1%
<i>*Includes J\$304.0 million in additional contribution to be made with JV partner</i>			
<i>**Sold 15 acres of Mammee Bay sub-division carried as land held for sale during 6 Month Feb 2021</i>			

The fair value of real estate investment notes was J\$992.4 million with an average yield of 10.1% vs 11.7% the prior year, with an average tenor of 0.9 years. The total acreage of property investments, including the acreage for properties on which a deposit was made, was ~73.3 acres, diversified across industrial, residential, commercial, and beachfront (hospitality and or residential) use assets.

9.7.1 Real Estate Investment Commitments

In the 6 Month Feb 2021 period, SRF deployed J\$423.3 million, bringing the total investments made since it began operations to J\$5.65 billion. 57.0% of new investments made in 6 Month 2021 was allocated to real estate investment notes, spanning 4 real estate projects. The 57.0% allocation primarily reflected partial drawdowns and does not include a further J\$839.4 million in undrawn commitments from these projects as at the end of the period. The remaining 43% was allocated to deposits and partial payments on acquiring strategic property investments.

SRF's business model requires an initial outsized investment commitment in strategic property investments to build a platform for future growth, rather than waiting to acquire these properties at potentially much higher costs in the future. On the other hand, growth in real estate investment notes and joint venture partnerships will be more gradual relative to strategic property investments as the real estate investment pipeline is executed.

9.7.2 Summary Description of Real Estate Investment Assets

SRF was invested in 11 different real estate assets at 6 Month Feb 2021. A summary of some of the major investments are highlighted below.

One Belmont: Kingston, Jamaica



Item	Description
Investment Type	Investment in Joint Venture (JV) Partnership (USD)
Name	One Belmont
Ownership Structure	SRF owns 70% of JV, Audere Holdings Ltd
Sector - Industry	Commercial - Corporate Offices
Project Overview	78,790 sq ft office area, 9-storey commercial tower 5 levels of ~15,800 sq. ft. of office space on each floor 4 levels of parking consisting of 310 parking spaces 24-hour guarded entry with CCTV coverage in all common areas Backup generator and ample water storage Rooftop terrace; post Covid-19 pandemic touchless features and amenities
Developer	Sygnus Real Estate Finance Ltd
Total Funding Requirement	J\$3.5 billion: J\$2.45 billion construction loan (commercial banks)+J\$450 million convertible preference shares (SRF & or co-investment partners)+ J\$600 million equity (JV Partnership)
Status of Construction Loan	Signed indicative term sheet with banking partner; going through credit approval process
Location	1 acre on Belmont Road, Kingston, Jamaica
Target Launch Date	July/August 2021 groundbreaking; "shovel ready" with all approvals received
Target Completion Date	December 2022

One Belmont Project Team

Contractor Awarding of contract being finalized
 Architect..... Virtuoso Limited
 Civil & Structural Engineer Peter Jervis + Associates Ltd
 MEP Services Manager HTG Consultants
 Quantity Surveyor CPM Consultants Ltd
 Land Surveyor Richard Haddad

Project Manager Neustone Ltd
 Real Estate Agent..... ReMax
 Arranger of the Financing..... Sygnus Capital Ltd
 Development Manager..... Sygnus Capital Ltd
 Legal Counsel..... Levy Cheeks

Spanish Penwood: Kingston, Jamaica



Item	Description
Investment Type	Property Investment (USD)
Name	Spanish Penwood
Ownership Structure	Owned by SREFJ Ltd, a 100% owned subsidiary of SRF
Sector - Industry	Industrial – Warehouses
Project Overview	32,553 sq ft warehouse and commercial office facilities 22,500 sq. ft. of warehouse space and 9,000 sq. ft. office space Purpose-built facility built to suit a specific client's needs, complete with equipment exhibition patio, wash bay, loading ramp and car park
Developer	Sygnus Real Estate Finance
Total Funding Requirement	100% equity financing; J\$550 million total construction cost fully committed by SRF
Lease Agreement	Client executed 10-year triple-net lease in February 2021; renewable for up to a further 10 years; USD lease rate.
Location	2.85 acres at 443-445 Spanish Town Road, Kingston
Mobilization	June 28, 2021
Launch Date	July 8, 2021
Target Completion Date	April 2022

Spanish Penwood Project Team

Contractor	Relmac Construction Ltd	Land Surveyor	John Mais
Architect.....	Harold Morrison + Robert Woodstock Associates Ltd	Project Manager	IBEC (Paul Burke)
Civil & Structural Engineer	Peter Jervis + Associates Ltd	Real Estate Agent.....	Not Applicable
MEP Services Manager	HTG Consultants	Development Manager.....	Sygnus Capital Ltd
Quantity Surveyor	CPM Consultants Ltd	Legal Counsel.....	Levy Cheeks

Mammee Bay: St Ann, Jamaica



Item	Description
Investment Type	Property Investment (USD)
Name	Mammee Bay
Ownership Structure	Owned by Sepheus Holdings, a 100% owned subsidiary of SRF
Sector - Industry	Hospitality Residential – Villas, Hotel, Spa, Restaurants Villas, Condos and Apts.
Overview	Strategic property investment; bought 29.4 acres of beachfront property with 1,700 feet of beach and subdivided it into two portions. Sold 15 acres to a third party and kept the remaining portion. The beach is shared 50/50 between the two subdivisions. Signed consulting agreement for site drainage, beach design and enhancement works. Property has been secured with 24-hour security. National Environment and Planning Agency (NEPA) Development Assistance Centre (DAC) pre-approval for multiple hospitality and residential ventures
Location	Mammee Bay in St Ann, Jamaica at the end of the North-South Highway, just minutes away from four of Jamaica's largest tourist attractions: Dunn's River Falls, Mystic Mountain, Chukka Cove and Dolphin Cove; 45 minutes from capital city Kingston and an hour from the tourism mecca of Montego Bay
Development Plans	Exploring various options for the most optimal way to unlock the maximum value; feasibility study by international consulting firm in Miami, FL., USA.
SRF Investment Required	Estimated US\$6.0 million to US\$10.0 million in first phase over the next 24 months depending on value creation path selected.
Target Decision Date	Will decide on most optimal value creation path within the next 12 months.

Lakespen: St Catherine, Jamaica



Item	Description
Item	Description
Investment Type	Property Investment (USD)
Name	Lakespen
Ownership Structure	Owned by Lakespen Holdings, a 100% subsidiary of SRF
Sector - Industry	Industrial – Warehouses, Light Manufacturing, Distribution
Overview	Strategic property investment. Bought 55 acres of industrial property by acquiring 100% of the shares in the holding company that owns the property. Initially made deposit on the acquisition of shares in FYE Aug 2020, which was subsequently closed on April 16, 2021.
Location	55-acre industrial property at the geographic epi-centre of Jamaica's logistics and industrial hub in Lakespen, St Catherine, Jamaica. Property sits at the start of the North-South highway, East-West highway and within 12 minutes of the port of Kingston and 30 minutes from the Norman Manley airport. Thus, provides easy access via the three major transportation channels: airfreight, shipping and ground transportation.
Development Plans	Exploring various options for the most optimal way to unlock maximum value from this asset. These options include a feasibility report by an international logistics consulting firm based in Washington D.C., USA.
SRF Investment Required	Estimated US\$6.0 to US\$10.0 million in first phase over the next 18 months, depending on value creation path selected.

Former French Embassy: Kingston, Jamaica



Item	Description
Investment Type	Property Investment (USD)
Name	Former French Embassy
Ownership Structure	Owned by Charlemagne Holdings Ltd, a 100% owned subsidiary of SRF
Sector - Industry	Commercial Residential – Corporate Offices Town Houses
Overview	Strategic property investment. Won competitive bid and made deposit on former French Embassy. Property comes with one main building requiring renovation. After initial down-payment made in 6 Month Feb 2021, full payment was made on July 02, 2021. Completing the process to transfer the title.
Location	3.2 acres at numbers 1-3 Hilcrest Avenue in Kingston, Jamaica. In close proximity to all major shopping areas, the business district & hospitals. Multiple access points to avoid traffic gridlock on busy days. Off the beaten path in environmentally friendly surroundings with lots of vegetation and trees. Gated and secured compound with a corporate campus atmosphere.
Development Plans	Exploring various options for the most optimal way to unlock maximum value from this asset.
SRF Investment Required	Estimated US\$2.0 to US\$4.0 million in first phase over the next 12 months depending on value creation path selected.
Target Decision Date	Will decide on most optimal value creation path within the next 12 months

56 LMR: Kingston, Jamaica



Item	Description
Investment Type	Property Investment (USD)
Name	56 LMR
Ownership Structure	Owned by SREFJ Ltd, a 100% owned subsidiary of SRF
Sector - Industry	Commercial – Corporate Offices
Overview	Strategic property investment; deposited half the purchase price on 56 LMR, with the title already in the name of SREFJ. In final stage of closing the transaction. National Environment and Planning Agency (NEPA) Development Assistance Centre (DAC) pre-approval for 25,000 sq. ft. commercial office.
Location	0.63 acres at 56 LMR, ideally located along the the highly desirable LMR corridor in Kingston, Jamaica. Property is in close proximity to all major shopping areas, the business district & hospitals. Multiple access points from road network.
Development Plans	Exploring various options for the most optimal way to unlock maximum value from this asset, including build-to-suit corporate headquarters for a single corporate entity
SRF Investment Required	Estimated US\$1.0 to US\$1.5 million depending on value creation path selected
Target Decision Date	Will decide on most optimal value creation path within the next 12 months

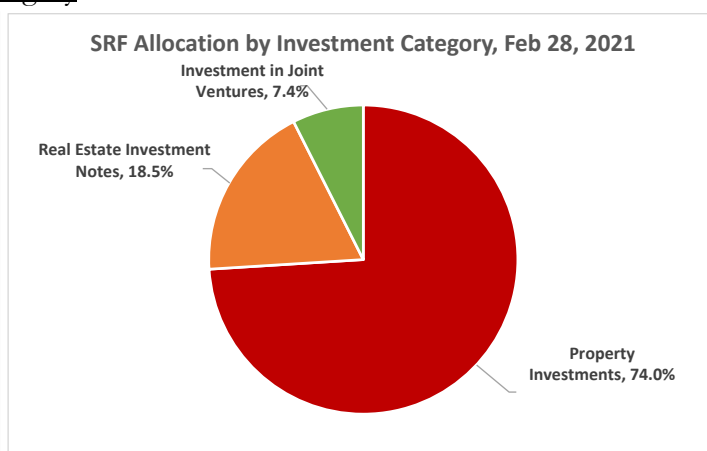
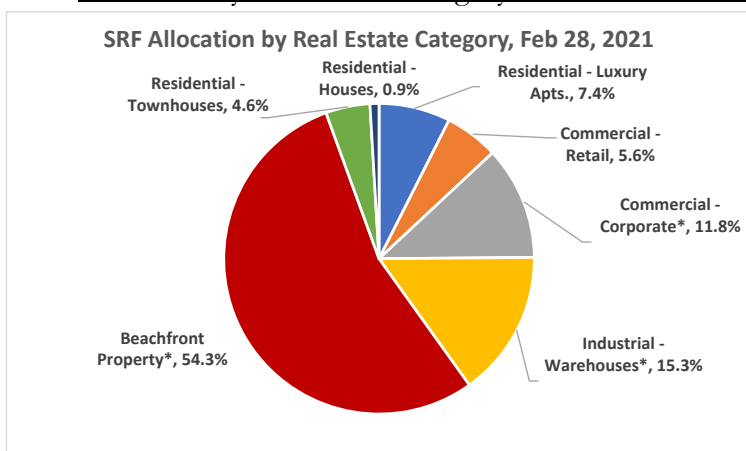


9.7.2.3 Real Estate Investment Notes

A brief summary of SRF's J\$992.4 million in real estate investment notes is outlined in the table below. All real estate investment notes were originated by SRF and 100% secured by real estate assets. As at 6 Month Feb 2021 SRF had 5 such investments primarily in medium-sized residential real estate projects in high demand areas. The investment notes were customized specifically to provide flexible financing to each project, thus unlocking value in the underlying real estate assets, while providing downside protection to SRF. Some of the notes were structured with a profit-sharing component which benefits from additional value that is unlocked on completion of the project or upon exit. All the notes were to entities in Jamaica, in keeping with SRF's strategy to focus exclusively on Jamaica (*see Section 9.12*) during the first two years of operation, given the dynamics and growth trajectory of the Jamaican real estate market.

#	Name	Location	Asset Type	Project Description	Real Estate Investment Note	Comments
1	Ocean's Edge	Discovery Bay, St. Ann, Jamaica	Residential	16 Luxury Ocean Front Townhouses	Mezzanine debt	Capital draw-down ongoing
2	Surreal at the Sugar Mill	Montego Bay, St James, Jamaica	Residential	28 Luxury Apts. & Townhouses	Mezzanine debt	Capital draw-down ongoing
3	Norbrook Wasser	Norbrook, Kingston, Jamaica	Residential	8 Luxury Apts.	Medium Term Construction Notes	Capital draw-down ongoing
4	Sigren	Kingston, Jamaica	Commercial	Portfolio company developing residential assets; SRF investment backed by commercial asset	Medium Term Construction Notes	Capital draw-down 100%
5	Project Trinity	St Catherine, Jamaica	Residential	Phase 1: 50 Single Family Houses; Phase 2: 22 Townhouses and Phase 3: 24 Apts.	Short Term Construction Bridge Notes	SRF to exit after Phase 1 is completed
Investment Exits						
1	Project Subzero	St Ann, Jamaica	Residential	56 Serviced Lots	Short Term Bridge Notes	Successful exit with full repayment during 6 Month Feb 2021

9.7.3 Allocation by Real Estate Category and Investment Category



* Note: Beachfront property, industrial–warehouses and commercial–corporate allocations, include undeveloped property investments classified according to their best use according to pre-approvals and or their titles. The beachfront property in particular, can be developed into a wide range of hospitality or residential uses, or a combination of both. Thus, this classification of the asset will change in the future.

As at 6 Month Feb 2021, SRF’s investments were allocated across 7 sub-categories of real estate, with the largest allocation to beachfront property with 54.3%, industrial-warehouses with 15.3% and commercial-corporate with 11.8%. The allocation to industrial-warehouses only included the deposit on the Lakespen asset, the acquisition of which was closed post 6 Month Feb 2021. Similarly, the commercial-corporate category, which is reflective of corporate offices, did not reflect the full value of the former French Embassy asset whose acquisition was closed after the reporting period, nor the full value of 56 LMR. Once the full value for these assets is reflected, the allocation to these categories will change, all other things remaining constant.

SRF’s capital was allocated across three investment categories, namely property investments at 74.0%, real estate investment notes at 18.5% and investment in joint ventures at 7.4%. The large allocation to property investments is reflective of SRF being in the very early stages of its investment life cycle. By design, SRF’s strategy requires the Company to first make strategic property acquisitions, and then unlock the underlying value by monetising these assets over time.

9.8 Investment Pipeline

Excluding the recent acquisition of property investments post the 6 Month Feb 2021 period (discussed in Section 9.6.1), SRF had an estimated investment pipeline of J\$2.15 billion spanning real estate investment notes, joint ventures and strategic property investments over the next 12 to 24-month horizon. This pipeline is expected to increase significantly during this time horizon. A brief summary of the current opportunities as of June 2021 are outlined in the table below.

#	Name	Location	Description	Stage	SRF Participation	Funding Type	Timeline
1	Project Ocean View	Western Jamaica	Middle Income Ocean View Houses	Discussions ongoing	~J\$245.0M	Bridge Notes	6 - 12 months
2	Project Ocean Bay	North Coast Jamaica	Ocean View Apartments	Mandated	~J\$450.0M	Mezzanine Debt	6 -12 months
3	Project Manitoba	Kingston, Jamaica	0.5 Acre Strategic Property Investment: Commercial Property in Prime Location	Sale Agreement	US\$1.2M	Equity / Mezzanine Debt	0 - 6 months
4	Project Manitoba	Kingston, Jamaica	Joint Venture: Commercial Offices in Prime Location. JV Partner Putting in ½ Property to be combined with ½ strategic acquisition by SRF	Advanced Discussions	US\$2.0M	Equity + Mezzanine Debt	12 -24 months
5	Project Ventura	Kingston, Jamaica	Joint Venture: 9 Luxury Villas in Prime Location on 1 Acre. JV Partner Putting in the Property	Letter of Intent	US\$1.5M	Equity / Mezzanine Debt	12-36 months
6	Project Honeycomb	Kingston, Jamaica	Joint Venture: 32 Ultra Luxury Apartments in Prime Location with Bank Financing. JV Partner Putting in the Property	Reviewing of JV Terms	US\$3.0M	Equity / Mezzanine Debt	12-24 months
7	Project Winnipeg	Kingston, Jamaica	Joint Venture: Commercial Offices in Prime Location. JV Partner Putting in the Property	Initial discussions	US\$2.0M	Equity / Mezzanine Debt	12-36 months

SRF intends to start exploring value enhancing opportunities in other Caribbean territories over the next 12 to 24 months, after executing on some of its key Jamaican real estate opportunities.

9.9 Liquidity and Capital Resources

As at 6 Month Feb 2021, SRF had J\$249.6 million in Dry Powder on its balance sheet. Subsequent to the end of the period, SRF secured a two-year revolving credit line for US\$3.9 million accessible in JMD and USD (dual currency line) at a rate of 5% in USD and 6% in JMD, from a major commercial bank. The Company is in discussions with multiple banking partners to secure additional revolving credit facilities, as it seeks to achieve a minimum of J\$1.5 billion or US\$10 million in dual currency credit lines.

In addition to the US\$3.9 million revolving credit line, SRF has secured indicative terms for a J\$2.45 billion construction note in relation to the financing of the One Belmont project, scheduled to break ground in July/August 2021. The capital stack, or total capital used to finance SRF's large development projects, are typically structured with senior debt financed by commercial banks, customized mezzanine debt or preference shares financed by co-investing partners or SRF, and equity financed by SRF and other equity co-investment partners.

In total, SRF has a minimum required investment deployment of between J\$5.50 billion and J\$6.00 billion over the next 12 to 18 months. Approximately J\$1.5 billion of this pipeline is earmarked for deployment in real estate investment notes. The Company expects to partially finance these investments from capital raised in an initial public offering (IPO) on the Jamaica Stock Exchange. SRF expects to partially pay down up to J\$1.00 billion in USD vendor mortgage liabilities with part proceeds from the IPO.

9.10 Balance Sheet Summary

For 6 Month Feb 2021, SRF's total assets increased by 114.8% or J\$3.05 billion to J\$5.71 billion vs J\$2.66 billion in 6 Month Feb 2020. This was primarily driven by a 270.6% or J\$3.91 billion increase in real estate investment assets to J\$5.35 billion vs J\$1.44 billion last year, which more than offset a 77.9% or J\$880.4 million decline in dry powder to J\$249.5 million. The decline in Dry Powder reflected deployment of cash into new investments. A J\$3.46 billion increase in property investments to J\$3.96 billion combined with a J\$453.4 million increase in real estate investment notes to J\$992.4 million were the main drivers of real estate investment assets. Advanced payments for and the acquisition of strategic investment properties were the main drivers of the significant increase in property investments. Deployment of capital into new project financing transactions was the major driver in the value of real estate investment notes.

Investment in joint ventures of J\$398.7 million reflected SRF's 70% ownership interest in Audere Holdings, the SRF subsidiary that is executing the One Belmont commercial project. The carrying value of this investment is adjusted each period for any gain or loss on a proportionate basis. SRF has an additional J\$304.0 million in contribution to make to the joint venture.

	Feb 28, 2021	Feb 29, 2020	FYE Aug 31, 2020
Summary of Balance Sheet Information	JA\$ '000	JA\$ '000	JA\$ '000
Cash and Cash Equivalents	144,025	876,563	73,946
Repurchase Agreements	105,539	253,379	-
Un-deployed Cash / Dry Powder	249,564	1,129,942	73,946
Property Held for Sale	-	-	1,812,448
Investment Property	3,535,551	332,682	2,502,248
Advanced Payment for Land Acquisition (Shares)	350,105	-	350,105
Deposit on Investment Property & Projects	75,419	169,883	11,174
Property Investments	3,961,075	502,565	4,675,975
Investments Measured at Fair Value through P&L	595,710	123,594	382,360
Investments Measured at Amortised Cost	396,642	415,382	491,636
Real Estate Investment Notes	992,351	538,976	873,996
Investment in Joint Ventures	398,690	402,500	405,454
Real Estate Investment Assets	5,352,116	1,444,041	5,955,425
	5,601,680	2,573,983	6,029,371
Other Assets:			
Prepaid Expenses	1,055	1,303	1,914
Investment Income Receivable	2,724	18,468	16,140
Due from Related Entities	103,199	64,010	27,887
Total Assets	5,708,658	2,657,764	6,075,312
Share Capital	2,232,179	2,083,879	2,083,879
Prepaid Share Reserve	-	-	148,300
Retained Earnings	1,364,791	34,284	414,918
Total Shareholders' Equity	3,596,970	2,118,163	2,647,097
Total Liabilities and Equity	5,708,658	2,657,764	6,075,312

9.10.1 Shareholders' Equity

For 6 Month Feb 2021, shareholders' equity grew by 69.8% or J\$1.48 billion to J\$3.60 billion vs J\$2.12 billion for 6 Month Feb 2020. Book value per share increased to J\$20.19 in 6 Month Feb 2021 vs J\$12.60 for 6

Month Feb 2020. The Company raised capital in a private placement in August 2019 at J\$13.40 and US\$0.10 per share for JMD and USD shares respectively, reflecting a 50.6% increase in value.

9.10.2 Liabilities

	Feb 28, 2021	Feb 29, 2020	FYE Aug 31, 2020
Summary of Liabilities	JA\$ '000	JA\$ '000	JA\$ '000
Total Liabilities	2,111,689	539,601	3,428,215
Accounts Payable and Accrued Liabilities	104,629	151,941	54,166
Due to Related Parties	398,357	306,890	336,136
Interest Payable	25,780	1,647	11,099
Note Payable	-	-	1,334,695
Loans and Borrowings	1,503,800	-	1,612,995
Preference Shares	79,123	79,123	79,123

For 6 Month Feb 2021, the Company reported an increase in total liabilities to J\$2.11 billion vs J\$539.6 million for 6 Month Feb 2020. The increase was largely driven by J\$1.50 billion in loans and borrowings (vs nil last year), reflecting the US\$10 million vendor mortgage.

9.11 Covid-19 Impact and Risk Management

The impact of the global Covid-19 pandemic on the Caribbean region, and in particular Jamaica, where SRF has a concentrated exposure in real estate assets, remains uncertain. In addition, the trajectory of the regional and in particular, the Jamaican economic recovery remains uneven and unclear. While significant progress has been made in the area of vaccination and anti-body treatments, with millions of persons from developed countries being vaccinated, the virus has mutated which continues to complicate the path to “normalcy” for the Caribbean and in particular Jamaica. In fact, a so-called “second wave” of Covid-19 infections has overtaken some Caribbean territories and in particular Jamaica, which may present additional challenges for the island territories to navigate. Despite these near-term challenges, the bridge to normalcy appears to be a combination of strong vaccination programs, strong enforcement of Covid-19 protocols and where applicable, other forms of treatment that have a reasonable level of efficacy.

While the assessment of the overall impact of Covid-19 is ongoing, SRF continues to rely on the deep knowledge, experienced team and proven investment philosophy that has been developed by its Investment Manager, which has thus far served the Company well during a period of unprecedented crisis.

SRF is committed to proactively managing the risk of its real estate investment assets through three major imperatives:

- Minimizing “realized” credit losses on the debt and quasi-debt portion of its portfolio, consisting of real estate investment notes. SRF generally achieves this objective through selective and rigorous screening, approval and documentation of investments, complemented by post investment project monitoring with adequate downside protection provided by the underlying real estate asset.

- Mitigating the major risks on developments owned or controlled by SRF. The Company generally achieves this objective by only making investments in very selective developments that it owns outright, is a majority owner in, or has control of. In addition, all developments must have a compelling value proposition, significant value creation attributes and a clear path to minimize key risks, including project risk and off-take risk.
- Unlocking the optimum value from its property investments to provide additional downside protection to the overall portfolio of real estate investment assets. SRF typically achieves this objective by deliberately structuring the financing and acquisition of large strategic property investments such that it can unlock an initial upside value upon the closing of the transaction, where possible. After closing, SRF actively manages the asset to deliver subsequent additional upside, which acts as a buffer to the overall portfolio and protects shareholder value. This value creation process is driven in large part by the Investment Manager's private equity, merger's & acquisition and investment banking expertise, which is utilized in these transactions alongside its real estate expertise.

9.12 Rationale Behind SRF's Strategy to Focus on Jamaican Real Estate Market as a First Priority

In the 19 months since SRF began operations, the Company has deliberately focused on building out its real estate investment portfolio in the Jamaican region, driven by 5 key considerations:

9.12.1 Favorable tax regime: favorable tax changes to real estate landscape in the Jamaican market during 2019. In particular, (i) the replacement of ad valorem stamp duties with a flat rate of J\$5,000, (ii) the reduction in transfer tax payable on the transfer of real property and financial instruments from 5% to 2% and (iii) the increase in transfer tax threshold for estates from J\$100,000 to J\$10 million.

9.12.2 Favorable housing supply/demand dynamics: the Jamaican real estate market has a low supply of residential assets in multiple segments, relative to demand. Thus, from SRF's perspective, Jamaica represents one of the greatest value-enhancing potential within the Caribbean. Jamaica's housing supply is estimated at less than 5,000 units per year relative to estimated demand of approximately 20,000 units per year. This represents an estimated gap of greater than 15,000 housing units per annum, which would require more than a decade to fill the gap at current supply levels.

9.12.3 Low development footprint: While Jamaica's hospitality and some segments of the residential real estate market is fairly developed, the overall real estate market is highly underdeveloped relative to other leading Caribbean territories, with a low industrial and infrastructure footprint, a lack of new commercial developments and abundant high-quality development land at relatively fair prices. SRF sees significant opportunity in the mid to upper luxury end of the villa market on Jamaica's pristine coastlines, the untapped industrial market, segments of the commercial office space and certain niches within the residential space. In addition, new zoning rules and the buildout of road infrastructure across the island is a tailwind for some segments of the real estate industry.

9.12.4 Highly developed financial market: Jamaica leads the Caribbean region in financial market development with what can be considered the most advanced monetary policy regime with an independent central bank;

the most vibrant stock market with listings in JMD and USD currencies, and the top performing stock market in the world as recently as 2018; the most robust capital market within the Caribbean with significant debt and equity market transactions. The development of Jamaica's equity market was instrumental in SRF's ability to acquire certain high value property investments, as the Company had to structure the financing of these acquisitions using various customized financial transactions. Some of these transactions would not have been possible outside a developed capital market such as Jamaica.

9.12.5 Gradually improving economic dynamics: Jamaica, which successfully exited its second IMF agreement within a decade, is meandering its way to a better economic trajectory, having completed substantial macro-economic and fiscal reforms under the last IMF program which ended in 2019. Jamaica arguably executed the most successful IMF program of any emerging market country ever between 2013 and 2019. Although the global pandemic interrupted the country's path to a better economic trajectory, it is expected to resume the favorable trajectory over the next 2 to 3 years, with its debt/GDP ratio heading below 90% from above 100% currently.

9.13 Strategic Objectives Over the Next 18 to 30 Months

SRF is very early in its real estate investment life cycle, having been in existence for less than two years, and having an average investment horizon of 3 to 5 years. As such the Company is still undergoing early-stage execution of its investment strategy designed to enhance shareholder value.

To continue executing its investment strategy, and expand the business across the Caribbean, the Company will be focused on the following four key strategic objectives over the next 18 to 30 months:

- Increase Dry Powder: SRF's first strategic objective is to raise adequate dry powder to (i) unlock further upside from its property investments to enhance shareholder value; (ii) invest in its development projects that have broken ground or are at an advanced stage of planning; (iii) continue making strategic property investments across the spectrum of real estate assets to build out a longer lead pipeline of projects that can be executed in future years. SRF anticipates raising the majority of its Dry Powder via an initial public offering (IPO) on the Jamaica Stock Exchange for a minimum of J\$3.9 billion.
- Execute Key Strategic Projects: The second strategic objective for SRF is to execute its major strategic projects. The Spanish Penwood (new IMCA headquarters) and One Belmont joint venture are two projects that are scheduled for completion within the next 12 to 24 months. SRF's two largest property investments, namely Mammee Bay and Lakespen, have substantial upside value to be unlocked. Thus phase 1 of these projects would be expected to be well underway within the 18 to 30 months window.
- Deepen Access to Flexible Capital for Real Estate Assets: As a specialized alternative investment company focused exclusively on the real estate asset class, SRF intends to play a leading role in broadening access to flexible capital for the purposes of unlocking value in real estate assets across the Caribbean. SRF intends to achieve this objective by partnering with owners of strategic real estate

assets via joint ventures and other types of partnerships, to create innovative financing structures to unlock value for asset owners and enhance SRF's Shareholder value.

- Expand Investment to Other Caribbean Territories: Finally, SRF intends to begin investing in opportunities across Caribbean territories outside of the Jamaican territory. SRF has been deliberate in its strategy to maximize the large number of investment opportunities in the Jamaican market, prior to deploying capital to other territories. However, as some of the major Jamaican opportunities begin to mature, SRF intends to begin deploying capital to other territories, and is already looking at high probability transactions that can be executed in other Caribbean territories.

10. FINANCIAL STATEMENTS

**SYGNUS REAL ESTATE FINANCE LIMITED
AUDITED FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2020**



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Saint Lucia

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INDEPENDENT AUDITORS' REPORT

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Opinion

We have audited the financial statements of Sygnus Real Estate Finance Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 78 to 120, which comprise the Group's and Company's statement of financial position as at August 31, 2020, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and Company as at August 31, 2020, and the Group's and Company's financial performance and the Group's and Company's cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG in Barbados and the Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature of the KPMG firm, written in black ink, appearing as 'KPMG' in a stylized, cursive script.

Chartered Accountants
Saint Lucia

April 28, 2021

SYGNUS REAL ESTATE FINANCE LIMITED

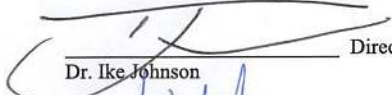
Statement of Financial Position

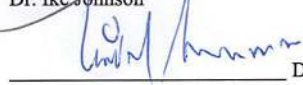
August 31, 2020

(expressed in Jamaica dollars unless other indicated)

	<u>Notes</u>	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
ASSETS			
Cash and cash equivalents		73,946	72,200
Asset held for sale	4	1,812,448	-
Due from related parties	5	27,887	1,198,636
Investments	6	873,996	873,996
Interest in joint venture	7	405,454	410,691
Investment in subsidiaries	8	-	20
Other assets	9	379,333	367,801
Investment property	10	<u>2,502,248</u>	<u>-</u>
Total assets		<u>6,075,312</u>	<u>2,923,344</u>
LIABILITIES			
Accounts payable and accrued liabilities	11	54,166	51,751
Due to related parties	5	336,136	336,008
Interest payable	12	11,099	3,392
Note payable	13	1,334,696	-
Loans and borrowings	14	1,612,995	209,123
Preference shares	15	<u>79,123</u>	<u>-</u>
Total liabilities		<u>3,428,215</u>	<u>600,274</u>
EQUITY			
Share capital	16	2,083,879	2,083,879
Prepaid share reserve	17	148,300	148,300
Retained earnings		<u>414,918</u>	<u>90,891</u>
Total equity		<u>2,647,097</u>	<u>2,323,070</u>
Total liabilities and equity		<u>6,075,312</u>	<u>2,923,344</u>

The financial statements on pages ^{78 to 120} were approved for issue by the Board of Directors on April 28, 2021 and signed on its behalf by:


 _____ Director
 Dr. Ike Johnson


 _____ Director
 Linval Freeman

The accompanying notes form an integral part of the financial statements.

SYGNUS REAL ESTATE FINANCE LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Thirteen-month period ended August 31, 2020
(expressed in Jamaica dollars unless other indicated)

	<u>Notes</u>	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Net interest income and other revenue			
Interest income, calculated using the effective interest method	18	76,332	76,240
Interest expense	18	(11,099)	(3,392)
		65,233	72,848
Fair value gains from financial instruments at fair value through profit or loss (FVTPL)	22(b)	14,653	14,653
Exchange gain/ (loss) on:			
Cash and cash equivalents		16,088	16,088
Related party balances		(6,999)	44,330
Fair value through profit or loss investments		12,497	12,497
Other		<u>1,738</u>	<u>613</u>
		<u>23,324</u>	<u>73,528</u>
Fair value gain on investment property	10	400,704	-
Other revenue		<u>6,090</u>	<u>6,090</u>
		<u>510,004</u>	<u>167,119</u>
Operating expenses			
Management fees	5(ii)	27,073	27,073
Other expenses	19	<u>62,776</u>	<u>49,155</u>
		<u>89,849</u>	<u>76,228</u>
Operating profit		420,155	90,891
Share of loss of joint venture	7	(5,237)	-
Profit for the period, being total comprehensive income		<u>414,918</u>	<u>90,891</u>
Basic earnings per stock unit	21	<u>2.47¢</u>	
Diluted earnings per stock unit	21	<u>2.25¢</u>	

The accompanying notes form an integral part of the financial statements.

SYGNUS REAL ESTATE FINANCE LIMITED

Statement of Changes in Equity
Thirteen-month period ended August 31, 2020
(expressed in Jamaica dollars unless other indicated)

	Group			
	Share capital \$'000 [Note 16]	Prepaid share reserve \$'000 [Note 17]	Retained earnings \$'000	Total \$'000
Total comprehensive income				
Profit for the period, being total comprehensive income	-	-	414,918	414,918
Transaction with owners				
Issue of ordinary shares	2,083,879	-	-	2,083,879
Prepaid shares	-	148,300	-	148,300
Balances at August 31, 2020	<u>2,083,879</u>	<u>148,300</u>	<u>414,918</u>	<u>2,647,097</u>

	Company			
	Share capital \$'000 [Note 16]	Prepaid share reserve \$'000 [Note 17]	Retained earnings \$'000	Total \$'000
Total comprehensive income				
Profit for the period, being total comprehensive income	-	-	90,891	90,891
Transaction with owners				
Issue of ordinary shares	2,083,879	-	-	2,083,879
Prepaid shares	-	148,300	-	148,300
Balances at August 31, 2020	<u>2,083,879</u>	<u>148,300</u>	<u>90,891</u>	<u>2,323,070</u>

The accompanying notes form an integral part of the financial statements.

SYGNUS REAL ESTATE FINANCE LIMITED

Statement of Cash Flows

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

	Notes	Group 2020 \$'000	Company 2020 \$'000
Cash flows from operating activities			
Profit for the period		414,918	90,891
Adjustments for:			
Interest income	18	(76,332)	(76,240)
Interest expense	18	11,099	3,392
Share of loss of joint venture	7	5,237	-
Unrealized foreign exchange gain		(23,324)	(73,528)
Fair value gains on investments	22(b)	(14,653)	(14,653)
Fair value gain on investment property	10	(400,704)	-
		(83,759)	(70,138)
Changes in operating assets and liabilities:			
Other receivables		(1,913)	(1,556)
Due from related parties		164,842	(1,005,907)
Accounts payable and accrued liabilities		55,903	52,364
Due to related parties		(19,329)	31,872
		115,744	(993,365)
Interest received		60,192	60,100
Net cash provided by/(used in) operating activities		175,936	(933,265)
Cash flows from investing activities			
Purchase of investments		(5,524,815)	(5,524,815)
Investment in subsidiary		-	(20)
Investment in joint venture	7	(106,654)	(106,654)
Advance payment for shares	9	(350,105)	(350,105)
Deposit paid on real estate acquisition		(11,174)	-
Encashment of investments		4,677,969	4,677,969
Acquisition of investment property, net of asset held for sale	10	(2,101,544)	-
Asset held for sale	4,10	(1,812,448)	-
Purchase of securities purchased under resale agreements		(337,613)	(337,613)
Encashment of securities purchased under resale agreements		337,613	337,613
Net cash used in investing activities		(5,228,771)	(1,303,625)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	16	2,083,879	2,083,879
Proceeds from the issue of preference shares	15	79,123	-
Proceeds from the issue of notes payable	13	1,334,696	-
Proceeds from loans and borrowings	14	1,612,995	209,123
Net cash provided by financing activities		5,110,693	2,293,002
Effect of foreign exchange effects on cash and cash equivalents		16,088	16,088
Net increase in cash and cash equivalents being balance at the end of the period		<u>73,946</u>	<u>72,200</u>

The accompanying notes form an integral part of the financial statements.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

1. Identification and principal activities

Sygnus Real Estate Finance Limited ("the Company") is incorporated in Saint Lucia as an International Business Company ("IBC"). The Company's registered office is located at McNamara Corporate Services Inc., Bella Rosa Road, Gros Islet, Saint Lucia.

The Company commenced operations on August 1, 2019 and is dedicated to providing flexible financing to monetise and unlock value in real estate assets across the Caribbean region.

The Company has two wholly owned subsidiaries, Sepheus Holdings Limited and Sygnus REF Jamaica Limited and holds a 70% interest in a joint venture, Audere Holdings Limited. The subsidiaries hold real estate and provide financing while the joint venture engages in property development. These consolidated financial statements comprise the Company, its subsidiaries and joint venture (together referred to as "the Group").

2. Statement of compliance and basis of preparation

(a) Statement of compliance

These separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board. They were authorised for issue by the Company's Board of Directors.

New and amended standards and interpretations issued but not yet effective

At the date of approval of these financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the Company and the Group have not early-adopted. The Company and the Group have assessed the relevance of all such new standards, amendments and interpretations and have determined the following are likely to be relevant to its operations:

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual reporting periods beginning on or after January 1, 2020, and provides a definition of material to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Company and the Group do not expect the amendment to have a significant impact on its 2021 financial statements.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)
Thirteen-month period ended August 31, 2020
(expressed in Jamaica dollars unless other indicated)

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Amendments to *References to Conceptual Framework in IFRS Standards* are effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Company and the Group are assessing the impact that the amendments will have on its 2021 financial statements.

- Amendments to IFRS 3 *Business Combinations*, applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provide more guidance on the definition of a business. The amendments include:

- (a) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.
- (b) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

The Company and the Group are assessing the impact that the amendments will have on its 2021 financial statements.

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* are effective for annual periods beginning on or after January 1, 2022 and clarify those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Amendments to IAS 37 (continued)

At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

The Company and the Group do not expect the amendment to have a significant impact on its financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for certain financial instruments and investment property which are measured at fair value.

(c) Functional and presentation currency

The Company and Group financial statements are presented in Jamaica dollars, which is the functional currency for the parent, rounded to the nearest thousand, unless otherwise indicated.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgement

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the year then ended. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods, if the revision affects both current and future periods.

The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements, and/or that have a significant risk of material adjustment in the next financial period are as follows:

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in notes 3(c) and 23(b).

(2) Fair value of financial instruments

Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial instruments. The estimates of fair value arrived at may be significantly different from the actual price of the instrument in an actual arm's length transaction (see note 22).

(3) Valuation of investment property

Investment property is measured at fair value. This requires significant estimation which is impacted by the uncertainty of market factors, pricing assumptions and general business and economic conditions.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(ii) Critical accounting judgements in applying the Company's and the Group's accounting policies

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

Management is also required to make critical judgements in applying accounting policies. The key relevant judgements are as follows:

(1) Classification of financial assets

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Classification of joint arrangement

Management exercises judgement in determining the classification of the joint venture arrangement in Audere Holdings Limited. Consideration includes the unanimous consent from all parties for all relevant activities and the rights of partners to the net assets of the arrangement in accordance with a shareholder agreement.

3. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations:

Business combinations are accounted for using the acquisition method at the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued):

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries:

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control:

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Joint venture arrangements:

A joint venture is a contractual arrangement in which the Group has joint control and whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Joint venture is recognised initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures using the equity method, until the date on which joint control ceases.

In the separate financial statements, joint venture is recognised at cost less impairment, if any.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iv) Joint venture arrangements (continued):

If the Group's share of losses exceeds its interest in a joint venture the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments of behalf of the joint venture. If the joint venture subsequently reports gains, the Group resumes recognizing its share of those gains only after its share of gains equals the share of losses not recognized.

(v) Transactions eliminated on consolidation:

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

(b) Cash and cash equivalents

Cash comprises cash in hand, on demand and call deposits. Cash equivalents are short-term highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments, rather than for investment and other purposes. These include certificates of deposit where the maturities do not exceed three months from the date of acquisition. Cash and cash equivalents are measured at amortised cost.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, other assets and due from related parties. Financial liabilities include accounts payable and accrued liabilities, notes payable, loans and borrowings, preference shares and due to related parties.

(i) Classification and subsequent measurement

In applying IFRS 9, the Company and the Group classified their financial assets in the following measurement categories:

- (a) Fair value through profit or loss (FVTPL); or
- (b) Amortised cost.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the Company and the Group consider all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Solely payments of principal and interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company and the Group assess whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Company and the Group consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)
Thirteen-month period ended August 31, 2020
(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Classification and subsequent measurement (continued)

The Company and the Group reclassify debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Financial assets are classified as FVTPL when they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(ii) Derecognition

The Company and the Group derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Company and the Group is recognised as a separate asset or liability.

(iii) Measurement of gains and losses on financial assets

Gains and losses on financial assets at amortised cost and FVTPL are included in the statement of profit or loss and other comprehensive income.

(iv) Financial liabilities

The Company and the Group classify non-derivative financial liabilities into the 'other financial liabilities' category. These are measured at amortised cost.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company and the Group have a legal right to offset the amounts and intend either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(vi) Impairment of financial assets

The Company and the Group recognise loss allowances for expected credit losses (ECL) on the financial instruments measured at amortised cost.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(vi) Impairment of financial assets (continued)

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below (continued):

- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- A financial asset is credit impaired (‘Stage 3’) when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Credit-impaired financial assets

At each reporting date, the Company and the Group assess whether financial assets carried at amortised costs are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance on terms that the Company and the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of ECL

The Company and the Group measure loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Impairment of financial assets (continued)

Measurement of ECL (continued)

The ECL is determined by using the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These three components are multiplied together and adjusted for forward looking information and discount rates.

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company and the Group expect to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Other and lease receivables are measured at an amount equal to lifetime ECL.

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company and the Group have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company and the Group measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company and the Group use valuation techniques.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company and the Group determine that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(d) Fair value measurement (continued)

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company and the Group measure assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company and the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

(e) Investment in subsidiary

Investment in subsidiary is measured in the Company's financial statements at cost, less any impairment loss.

(f) Investment property

Investment property, which comprises freehold land, is held for undetermined future use. Investment property is initially recorded at cost, including related transaction costs and subsequently measured at fair value.

Fair value is determined by independent valuers based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Any gain or loss arising from a change in fair value is recognized in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company/Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. If an investment property is reclassified as real estate held for resale, its fair value at the date of reclassification becomes its cost for accounting purposes.

(g) Asset held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(h) Interest income

Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discount estimates future receipts through the expected life of financial instruments to the gross carrying amount of the financial asset.

(i) Foreign currency transactions and balances

Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date.

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(j) Other receivables and amounts due from related parties

Other receivables and amounts due from related parties are measured at amortised cost less any impairment loss.

(k) Taxation

Taxation on the profit or loss for the period comprises current and deferred taxes. Current and deferred taxes are recognised as tax expense or benefit in profit or loss.

(i) Current taxation

Current tax charges are based on the taxable profit for the period, which differs from the profit before tax reported because they exclude items that are taxable or deductible in other periods, and items that are never taxable or deductible. The current tax is calculated at tax rates that have been enacted at the reporting date.

(ii) Deferred tax

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods.

Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised. Deferred tax assets are reviewed at each reporting date to determine whether it is probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(l) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently.

(m) Accounts payable, accrued liabilities and amounts due to related parties

Accounts payable, accrued liabilities and amounts due to related parties are measured at amortised cost.

(n) Share capital

The Company and the Group classify capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Ordinary share capital is classified as equity. Preference shares are classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends on ordinary shares and preference shares classified as equity are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest expense in the statement of profit or loss.

The Group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liabilities. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(p) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures*, as the "reporting entities", that are, the Company and the Group).

(A) A person or a close member of that person's family is related to the Company/Group if that person:

(ii) has significant influence over the Company/Group; or

(iii) is a member of the key management personnel of the Company/Group.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

3. Significant accounting policies (continued)

(p) Related parties (continued)

(B) An entity is related to the Company/Group if any of the following conditions applies:

- (i) The entity and the Company/Group are members of the same group of companies (which means that each parent, subsidiary and fellow subsidiary is related to the other).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of companies of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the Company/Group.
- (vi) The entity is controlled, or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Company/Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(q) Segment reporting

The Group is categorised into one main business segment, which is investment in real estate assets.

4. Asset held for sale

In July 2020, management committed to sell a portion of vacant land located at Mammee Bay, that was acquired as investment property (note 10) by the Group. Accordingly, this portion of land is presented as asset held for sale. A buyer was identified, an agreement was signed on September 1, 2020 and the sale was completed in January 2021.

5. Related party balances and transactions

The Company and Group have related party relationships with its directors, shareholders and other related entities.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

5. Related party balances and transactions (continued)

- (i) The statement of financial position includes balances with related parties, arising in the normal course of business as follows:

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Due from related parties (a):		
Sygnus REF Jamaica Limited - Subsidiary	-	402,837
Sepheus Holdings Limited - Subsidiary	-	767,966
Audere Holding Limited – Joint venture	<u>27,887</u>	<u>27,833</u>
	<u>27,887</u>	<u>1,198,636</u>
	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Due to related parties (a):		
Audere Holdings Limited – Joint venture (see note 7)	304,037	304,037
Sepheus Holding Limited - Subsidiary	-	10
Sygnus Capital Limited – Other related company	31,901	31,901
Sygnus Tax Advisory Limited – Other related company	<u>198</u>	<u>60</u>
	<u>336,136</u>	<u>336,008</u>
Interest payable (note 12):		
Sygnus Credit Investments Limited – Other related company	870	870
Sygnus REF Jamaica Limited – Subsidiary	<u>-</u>	<u>2,522</u>
	<u>870</u>	<u>3,392</u>
Loan payable (note 14):		
Sygnus Credit Investments Limited – Other related company	130,000	130,000
Sygnus REF Jamaica Limited – Subsidiary	<u>-</u>	<u>79,123</u>
	<u>130,000</u>	<u>209,123</u>

- (a) These balances are unsecured, interest free and repayable on demand.

Amounts due from the related parties are considered low credit risk as these parties have intention and ability to settle these balances. No allowance for impairment was recognised.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

5. Related party balances and transactions (continued)

- (ii) The statement of profit or loss and other comprehensive income includes expenses incurred with related parties, arising in the normal course of business as follows:

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Sygnus Credit Investments Limited – Other related company		
Interest expense	870	870
Interest income	<u>4,290</u>	<u>4,290</u>
Sygnus Capital Limited – Other related company		
Management fees	27,073	27,073
Corporate service fees (note 19)	<u>9,442</u>	<u>9,442</u>
Sygnus Tax Advisory Limited – Other related company		
Professional fees	<u>2,935</u>	<u>2,175</u>
Sygnus REF Jamaica Limited – Subsidiary		
Interest expense	<u>-</u>	<u>2,522</u>
Directors' fees and related expenses (note 19)	<u>1,533</u>	<u>1,533</u>

6. Investments

	<u>Group & Company</u> <u>2020</u> \$'000
Fair value through profit or loss	
Preference shares (i) and [note 21(b)]	382,360
Amortised cost	
Short-term notes (ii)	<u>491,636</u>
	<u>873,996</u>

- (i) This represents two (2) construction notes maturing within next year. These investments are with companies in the construction industry. The terms and conditions of each construction notes are as follows:
- (a) The Group is entitled to receive a payment in kind calculated as a percentage of reported gross/net profits of the issuers.
- (b) The issuers have a redemption option whereby the construction notes can be redeemed prior to the maturity date by paying a premium to the Group.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

6. Investments (continued)

- (ii) The short-term notes will mature within one year from the reporting date. They bear interest at rates ranging from 9.5% to 13%.

Information about the Group's exposure to credit risk market risks, and fair value measurements are included in notes 22 and 23.

7. Investment in joint venture

Audere Holdings Limited Company ("Audere") is a joint venture in which the Company has joint control and a 70% ownership interest. Audere is principally engaged in property development.

Audere is structured as a separate vehicle and the company has a residual interest in the net assets of Audere. In accordance with the agreement under which Audere is established, the Company has agreed to make additional contribution to meet costs of development up to US\$2.2Million. This commitment has been recognized as payable to Audere Holdings Limited [See below and note 5(a)].

The Group's investment in Audere, which is accounted for using the equity method, is set out below:

	Group <u>2020</u> \$'000	Company <u>2020</u> \$'000
Capital invested	106,654	106,654
Agreed further contribution [note 5(a)]	304,037	304,037
Share of loss for the period	(5,237)	-
Carrying amount	<u>405,454</u>	<u>410,691</u>

Set out below is the summarised financial information for Audere:

Summarised Statement of Financial Position

	<u>2020</u> \$'000
Percentage of ownership	70%
Total assets	614,864
Total liabilities	(37,711)
Net assets (100%)	<u>577,153</u>
Group's share of net assets	<u>404,007</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)
Thirteen-month period ended August 31, 2020
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7. Investment in joint venture (continued)

Set out below is the summarised financial information for Audere (continued):

Summarised Statement of Profit or Loss and Comprehensive Income

	<u>2020</u> \$'000
Operating expenses, being total comprehensive expense (100%)	(<u>7,482</u>)
Group's share of loss (70%)	(<u>5,237</u>)

8. Investment in subsidiaries

Ordinary shares at cost:

	<u>Company</u> <u>2020</u> \$'000
Sygnus REF Jamaica Limited	10
Sepheus Holdings Limited	<u>10</u>
	<u>20</u>

9. Other assets

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Prepaid expenses	1,914	1,556
Interest receivable	16,140	16,140
Advance payment for shares (i)	350,105	350,105
Deposit on real estate acquisition (ii)	<u>11,174</u>	<u>-</u>
	<u>379,333</u>	<u>367,801</u>

- (i) The Company entered into a share purchase agreement with a connected party for the acquisition of 1,000,000 ordinary shares in a Company incorporated in St. Lucia. At the end of the period, an initial deposit of \$350 Million was paid. These shares are in relation to the acquisition of land. The remaining consideration of US\$3.5 Million will become due and payable once certain conditions are satisfied under the agreement.
- (ii) The Company paid an initial deposit on property to be acquired for investment purposes. A further deposit of \$96,266 was paid in September 2020. The remaining consideration of US\$750,000 becomes due and payable upon the satisfaction of certain conditions under the agreement.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

10. **Investment property**

	Group 2020 \$'000
Investment property acquired:	
Mammee Bay	3,551,961
Spanish Town Road	<u>362,031</u>
	3,913,992
Fair value adjustment [see (ii) below]	400,704
Land at Mammee Bay reclassified as asset held for sale (note 4)	<u>(1,812,448)</u>
	<u>2,502,248</u>

(i) Amounts recognised in profit or loss

	Group 2020 \$'000
Operating expenses	(2,405)
Fair value gain	<u>400,704</u>

(ii) Measurement of fair values

The property held at Mammee Bay is stated at fair market value, as appraised by a qualified independent valuator, NAI Jamaica Langford & Brown. The fair value measurement has been categorized as Level 2 in the fair value hierarchy based on the inputs to the valuation technique used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach. These techniques take into account a comparison of similar properties for which the size, terms and conditions of sale are known.	<ul style="list-style-type: none"> Judgement about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity within its use class. The strength of demand for the property, given its condition, location and range of potential uses. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> The level of current and future economic activity in the location and the impact on the strength of the demand is greater/ (less) than judged. The comparable sales prices are greater/(less) than judged.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

11. Accounts payable and accrued liabilities

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Audit fees	5,250	3,150
Directors' fees and related expenses	383	383
Security deposits (i)	46,273	46,273
Other payables and accrued expenses	<u>2,260</u>	<u>1,945</u>
	<u>54,166</u>	<u>51,751</u>

- (i) These balances were withheld by the Company as part of investment transactions in the event of a default in payments.

12. Interest payable

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
J\$ Preference shares	3,226	-
US\$ vendor mortgage	7,003	-
Loans from related parties (note 5)	<u>870</u>	<u>3,392</u>
	<u>11,099</u>	<u>3,392</u>

13. Note payable

	<u>Group</u> <u>2020</u> \$'000
US\$ Promissory note	<u>1,334,696</u>

During the period, a subsidiary entered into an agreement for the acquisition of land. As part of the purchase consideration, a US\$9 Million promissory note was issued by the vendor, secured by a corporate guarantee from Sygnus Real Estate Finance Limited.

The note was repaid effective January 13, 2021.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)
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14. Loans and borrowings

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
US\$ vendor mortgage (i)	1,482,995	-
Loans from related parties:		
J\$130 Million facility [(ii), note 5]	130,000	130,000
J\$79.123 Million facility [(iii), note 5]	<u>-</u>	<u>79,123</u>
	<u>1,612,995</u>	<u>209,123</u>

- (i) This represents a US\$10 Million facility granted as part of purchase consideration for the acquisition of land. The mortgage is for a period of 5 years at an interest rate of 5% per annum. This loan is secured by the property acquired.
- (ii) This represents an unsecured loan facility with Sygnus Credit Investment Limited a related entity of up to US\$2 Million (or Jamaican equivalent \$290 Million). The facility attracts interest at a rate of 8.6% per annum and had an original maturity date of November 3, 2020 with an extension option of 3 months, which was exercised. The facility was repaid on January 25, 2021.
- (iii) This represents an unsecured loan facility with subsidiary, Sygnus REF Jamaica Limited. The facility was issued from proceeds raised via a private placement of convertible cumulative redeemable preference shares in the subsidiary to institutional investors. It attracts interest at a rate of 5.855% per annum. The facility is to be utilised for investment purposes with an original maturity date of February 23, 2021. The facility was extended to August 23, 2021 at a rate of 5%.

15. Preference shares

	<u>Group</u> <u>2020</u> \$'000
4% convertible redeemable preference shares	<u>79,123</u>

On September 4, 2019, Sygnus REF Jamaica Limited issued 5,958,075 fixed rate convertible cumulative redeemable preference shares at a price of J\$13.28 per share by private offering. The original maturity date was February 23, 2021 and this was extended to August 23, 2021 with a step up in the rate to 5%.

The significant terms and conditions of the preference shares as follows:

- (i) The right to a cumulative preferential dividend payable at the rate agreed.
- (ii) The right, on winding up, to receive all dividends over any form of capital distributions to ordinary shareholders.
- (iii) Full voting rights on winding up.
- (iv) Mandatory redemption of the face value and accumulated dividend of each preference share, in the event of an IPO by the Company, in exchange for JMD ordinary shares in the Company.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

16. Share capital

Authorised capital:

- (i) Unlimited JMD and USD ordinary shares
- (ii) One (1) special rights redeemable preference share of US\$1

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Issued and fully paid:		
168,127,832 ordinary shares and one (1) special share	2,128,007	2,128,007
Less: transaction costs of share issue	(44,128)	(44,128)
	<u>2,083,879</u>	<u>2,083,879</u>

During the period, the Company effected a private placement of ordinary shares denominated in both Jamaican dollars and United States dollars. The Company issued 168,127,832 ordinary shares and raised capital of \$2,083,879 net of transaction costs.

Sygnus Capital Management Limited, a related company, holds 1,000,000 ordinary shares in the Company. The remaining ordinary shares are held by private investors. The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company.

The special rights redeemable preference share is owned by Sygnus Capital Group Limited, a related entity. Sygnus Capital Group is the parent of company of Sygnus Capital Management Limited and Sygnus Capital Limited.

17. Prepaid share reserve

During the period, a subsidiary company entered into an agreement for the acquisition of land. This balance represents an agreed portion of the purchase consideration for which there is an issue of US\$ class ordinary shares in Sygnus Real Estate Finance Limited at an agreed value of US\$1 Million (US\$0.10 cents per share). The share issue was not completed as at the period end, and the agreed purchase consideration by share issue was consequently recognised as a prepaid share reserve.

18. Net interest income

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Interest income, calculated using the effective interest method		
Cash and cash equivalents	196	104
Investments at amortised cost and FVTPL	<u>76,136</u>	<u>76,136</u>
	<u>76,332</u>	<u>76,240</u>
Interest expense		
Loans and borrowings	(11,099)	(3,392)
Net interest income	<u>65,233</u>	<u>72,848</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

19. Other expenses

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Advertising	275	169
Audit fees and expenses	5,250	3,150
Bank charges	151	150
Corporate service fees [note 5(ii)]	9,442	9,442
Directors' fees and related expenses [note 5(ii)]	1,533	1,533
Insurance	1,290	1,290
Irrecoverable tax	10,431	9,754
Professional fees	32,370	23,667
Registration fees	10	-
Repairs and maintenance	920	-
Security	593	-
Other	<u>511</u>	<u>-</u>
	<u>62,776</u>	<u>49,155</u>

20. Taxation

Income earned by the Company for the year is exempt from income tax as these transactions were conducted with member states of CARICOM.

Depending on the jurisdiction and nature of business, income tax is computed at 1% and 25% of profit for the year. The provision for income tax on the results for the period, adjusted for tax purposes, was nil.

- (a) The actual taxation charge differs from the "expected" tax charge for the period as follows:

	<u>Group</u> <u>2020</u> \$	<u>Company</u> <u>2020</u> \$
Profit before taxation	<u>414,918</u>	<u>90,891</u>
Computed "expected" tax charge of 1%	909	909
Computed "expected" tax credit of 25%	82,316	-
Tax effect of treating items differently for financial statements and tax reporting purposes -		
Net foreign exchange loss/(gain)	11,760	(734)
Interest income from CARICOM member states	(762)	(762)
Fair value gains from investments in CARICOM member states	(147)	(147)
Disallowed income and expenses	(96,025)	429
Others	<u>1,949</u>	<u>305</u>
Actual tax credit recognised	<u>-</u>	<u>-</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

20. Taxation (continued)

- (b) As capital gains are not taxable in Jamaica, no deferred tax was recognised in respect of fair value gains on investment properties for the Group. Other than fair value gains, the group did not have profit on their operating activity, therefore all expenses were disallowed for income tax purpose and no deferred tax recognized in respect of those items.

21. Earnings per stock unit

Basic earnings per stock unit is computed by dividing the profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year. Diluted earnings per stock unit reflects the impact of convertible preference shares and stock options.

	2020 Basic	2020 Diluted
Net profit attributable to stockholders of the parent (\$'000)	414,918	414,918
Weighted average number of ordinary stock units in issue ('000)	168,128	184,593
Earnings per stock unit (\$)	<u>2.47</u>	<u>2.25</u>

22. Fair value of financial instruments

The amounts included in the financial statements for cash and cash equivalents, due from related parties, other receivables, accounts payable and accrued liabilities and due to related parties reflect the approximate fair values because of the short-term maturity of these instruments.

The definition of fair value is described in note 3(d).

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

Accounting classification and fair values:

The Company's and the Group's investments measured at fair value are classified at Level 3 in the fair value hierarchy. There were no transfers between levels during the year.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

22. Fair value of financial instruments (continued)

- (a) The following table shows the valuation techniques used in measuring the fair value, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Range of estimates for unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	<ul style="list-style-type: none">Adjusted profit of the issuer(s) based on probability of achievementRisk-adjusted discount rates	<ul style="list-style-type: none">Probability of achievement of 40%Fixed income discount rate of 5.23% to 6.88% and equity discount rate of 19.20%	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none">Adjusted profit was higher/(lower)The cost of debt was (higher)/lowerInterest rates changed

- (b) The following shows a reconciliation of the fair value measurements:

	Group & Company
	<u>2020</u>
	\$'000
Acquisition during the period	367,707
Fair value gains recognised in profit or loss	<u>14,653</u>
	<u>382,360</u>

Fair value of financial assets and liabilities maturing within one year is assumed to approximate their carrying amounts and is included in the level 2 fair value hierarchy. The Company and the Group do not have financial assets or liabilities which mature beyond one year except for a mortgage facility which is at market rate and therefore fair value is considered to approximate the carrying amount.

23. Financial risk management

The Company and the Group have exposure to credit risk, liquidity risk and market risk from its operations and the use of financial instruments, and concentration risks related to real estate assets:

(a) Overview

The Company and the Group through its Investment Manager have developed and implemented a risk management policy that involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's and the Group's risk management policies are established to identify and analyse the risks faced by the Company and the Group in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and the Group's activities.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

23. Financial risk management (continued)

(a) Overview (continued)

The risk management policy of the Company and the Group also adopt best practice measures to address perceived or real conflicts of interest that may arise in the operations and management of the business.

The Board of Directors is ultimately responsible for the risk management policies of the Company and the Group. The Board's risk management mandate will be carried out through the following committees:

(i) Audit and Governance Committee

The primary purpose of this Committee will be to assist the Board in fulfilling its oversight responsibilities. In performing its duties, the Committee maintains effective working relationships with the Board, the Enterprise Risk Management Committee and the Group's external auditors.

The Committee will play a key role in corporate governance and internal controls. The Committee will also be responsible for assisting the Board of Directors in its compliance with regulatory requirements.

(ii) Credit Risk and Investment Risk

The Company and the Group have delegated the management of credit risk and investment risk to the Investment and Risk Management Committee ("IRMC"), a sub-committee of the Board of the Investment Manager, Sygnus Capital Limited. The Committee is responsible for the overall risk management function of the Company and the Group and is responsible for all credit and investment decisions relating to the Company and the Group's investment portfolio.

This committee consists of three members, two of whom are independent of the Company, including the Chairman, appointed by the Investment Manager's Board of Directors.

The Committee reviews and approves all investment recommendations and also determines the level conditions that will be attached to each investment.

(iii) Enterprise Risk Management Committee

In addition to the IRMC, the Company and the Group will also establish an Enterprise Risk Management Committee, a sub-committee of the Board.

This Committee will assist the Board in providing leadership, direction, and oversight pertaining to the Company's and the Group's risk governance and framework, including the risk appetite statement, risk limits and tolerances ("Risk Appetite Statement"). The Committee will also assist the Board to foster a culture within the Company and the Group that demonstrates the benefits of a risk-based approach to risk management and internal controls. The Committee will work closely with the Audit and Governance Committee.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

23. Financial risk management (continued)

(a) Overview (continued)

(iv) Real Estate Investment Advisory Committee

The Company's and the Group's Investment Manager, through its Real Estate Investment Advisory Committee (RIAC) is responsible for analysing and recommending all real estate investment proposals to the IRMC and supporting the IRMC with the monitoring of the real estate investment portfolio.

Risk management policies are established to identify and analyze the risks faced by the Company and the Group in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and the Group's activities.

(v) Impact of COVID-19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices across the Caribbean, where the Company and the Group have portfolio company investments. In response to the pandemic, Management has adopted several measures specifically around financial risk management.

These measures include:

- Proactive risk management process to monitor and manage Covid-19 risks using a four-phase process as follows:
 1. Phase I covers continuous data and information gathering to assess risks faced by the Company and the Group and their investment in real estate assets and portfolio companies across the Caribbean;
 2. Phase II covers the development of short-term action plans to mitigate the risks identified in Phase I, in collaboration with partners and portfolio companies;
 3. Phase III deals with developing and executing longer term plans using a collaborative approach with the Company's and the Group's partners and portfolio companies, while monitoring and assessing the economic and real estate environment;
 4. Phase IV involves monitoring the impact of the pandemic on existing and potential investments and the real estate market on an ongoing basis. Where necessary, appropriate actions to enhance downside protection is implemented.
- Effective management of liquidity given disruption in financial markets, to ensure ample liquidity is available to fund operating expenses and finance existing real estate projects whilst making selective new investments.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

23. Financial risk management (continued)

(a) **Overview (continued)**

(v) **Impact of COVID-19**

These measures include:

- Management is expecting that demand for flexible capital in the Caribbean real estate industry will remain robust despite the disruptive economic environment occasioned by the global pandemic. Management has committed to continue executing on and exploring new opportunities that fits the risk and return investment profile.

(b) **Credit risk**

Credit risk is the risk of a financial loss arising from a counterparty to a financial contract failing to discharge its obligations. The Company and the Group manage this risk by establishing policies for granting credit and entering into financial contracts. The Company's and the Group's credit risk is concentrated primarily in due from related parties, other assets and investments.

Exposure to credit risk:

The maximum credit exposure, the total amount of loss the Company and the Group would suffer if every counter-party to the Company's and the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

Cash and cash equivalents are held with financial institutions and collateral is not required for such accounts, as management regards the institutions as strong. The strength of these financial institutions is continually reviewed by the IRMC and the Enterprise Risk Management Committee.

The Company and the Group manage credit risk related to other receivables by limiting exposure to specific counterparties and by monitoring settlements.

Investments expose the Company and the Group to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. The Company and the Group manage this risk by contracting only with counterparties that management considers to be financially sound.

The estimation of expected credit losses for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company and the Group measure credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

Existing facilities are in a similar industry sector, and are currently extended to customers within Jamaica.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

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23. Financial risk management (continued)

(b) **Credit risk (continued)**

Expected credit loss measurement (continued):

Expected credit loss measurement:

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition.

<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(i) *Significant increase in credit risk (SICR)*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company and the Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s and the Group’s historical experience and third-party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company and the Group use three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a movement of two notches from the credit risk rating at origination.

A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Company and the Group.

If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

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23. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(i) Significant increase in credit risk (SICR) (continued)

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

(ii) Definition of default

In assessing whether a borrower is in default, the Company and the Group consider indicators that are:

- qualitative: e.g. the counterparty is more than 90 days past due on its contractual payments; and
- quantitative: e.g. the counterparty meets unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

(iii) Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company and the Group have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The Company and the Group use a forward-looking score card model to estimate the potential of future economic conditions.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Jamaica, supranational organisations and selected private-sector forecasters.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

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23. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(i) Significant increase in credit risk (SICR) (continued)

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

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- qualitative: e.g. the counterparty is more than 90 days past due on its contractual payments; and
- quantitative: e.g. the counterparty meets unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company and the Group have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The Company and the Group use a forward-looking score card model to estimate the potential of future economic conditions.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Jamaica, supranational organisations and selected private-sector forecasters.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

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23. Financial risk management (continued)

(b) **Credit risk (continued)**

(v) *Credit quality analysis*

The following table contains information about the credit quality of financial assets measured at amortised cost and represents their carrying amounts at the reporting date.

**Investments
at amortised cost**

	<u>Group and Company</u> <u>2020</u>	
	Stage 1 \$'000	Total \$'000
Credit grade:		
Enhanced monitoring	<u>491,636</u>	<u>491,636</u>

(vi) *Impairment allowance*

No impairment loss was recognised during the period.

(c) **Liquidity risk**

Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Company and the Group generally make investments in financial instruments issued by private companies, substantially all of which are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for the Company and the Group to sell or dispose of such investments in a timely manner at or close to fair value, if the need arises.

In addition, the Company and the Group face liquidity risk in the form of funding risk. This is the risk that the Company and the Group may encounter difficulty in raising funds to meet commitments associated with its investments and obligations as they fall due.

Maturities of assets and liabilities, and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and the Group and the exposure to changes in interest rates and exchange rates.

The Company and the Group are not subject to any externally imposed liquidity requirements.

The Company and the Group maintain an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

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23. Financial risk management (continued)

(c) Liquidity risk (continued)

Maturity analysis for financial assets and liabilities

The following are the contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted.

	Group 2020			
	0-12 <u>months</u>	Over <u>1 year</u>	Total contractual <u>cash flows</u>	Total carrying <u>amount</u>
	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>				
Cash and cash equivalents	73,946	-	73,946	73,946
Asset held for sale	1,812,448	-	1,812,448	1,812,448
Due from related parties	-	27,887	27,887	27,887
Interest in joint venture	-	405,454	405,454	405,454
Investments	920,480	-	920,480	873,996
Other assets	18,054	361,279	379,333	379,333
Investment property	-	<u>2,502,248</u>	<u>2,502,248</u>	<u>2,502,248</u>
Total assets	<u>2,824,928</u>	<u>3,296,868</u>	<u>6,121,796</u>	<u>6,075,312</u>
<u>Financial Liabilities</u>				
Accounts payable and accrued liabilities	54,166	-	54,166	54,166
Due to related parties	336,136	-	336,136	336,136
Interest payable	11,099	-	11,099	11,099
Note payable	1,343,837	-	1,343,837	1,334,696
Loans and borrowings	139,575	1,705,120	1,844,695	1,612,995
Preference shares	<u>82,622</u>	-	<u>82,622</u>	<u>79,123</u>
Total financial liabilities	<u>1,967,435</u>	<u>1,705,120</u>	<u>3,672,555</u>	<u>3,428,215</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

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23. Financial risk management (continued)

(c) Liquidity risk (continued)

	Company 2020			
	0-12 months	Over 1 year	Total contractual cash flows	Total carrying amount
	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>				
Cash and cash equivalents	72,200	-	72,200	72,200
Due from related entities	-	1,198,636	1,198,636	1,198,636
Investments	920,480	-	920,480	873,996
Interest in joint venture	-	410,691	410,691	410,691
Investment in subsidiary	-	20	20	20
Other assets	<u>17,696</u>	<u>350,105</u>	<u>367,801</u>	<u>367,801</u>
Total assets	<u>1,010,376</u>	<u>1,959,452</u>	<u>2,969,828</u>	<u>2,923,344</u>
<u>Financial Liabilities</u>				
Accounts payable and accrued liabilities	51,751	-	51,751	51,751
Due to related parties	336,008	-	336,008	336,008
Interest payable	3,392	-	3,392	3,392
Loans and borrowings	<u>222,902</u>	<u>-</u>	<u>222,902</u>	<u>209,123</u>
Total financial liabilities	<u>614,053</u>	<u>-</u>	<u>614,053</u>	<u>600,274</u>

(d) Market risk

Market risk is the risk that the value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rates and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The market risk arising from investment activities is reviewed and assessed by the Real Estate Investment Advisory Committee and the Investment and Risk Management Committee. Investment transactions are monitored by the Board of Directors.

The elements of market risk that affect the Company and the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, financial instruments will vary because of exchange rate fluctuations. The Company and the Group incur foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The currency giving rise to this risk is the United States dollar.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)
Thirteen-month period ended August 31, 2020
(expressed in Jamaica dollars unless other indicated)

23. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

The exposure to foreign currency risk at the reporting date was as follows:

	<u>Group</u>	
	<u>2020</u>	
	<u>US\$</u>	<u>J\$ equivalent</u>
Foreign currency assets:		
Cash and cash equivalents	<u>348</u>	<u>51,675</u>
	<u>348</u>	<u>51,675</u>
Foreign currency liabilities:		
Accounts payable and accrued liabilities	14	2,123
Interest payable	47	7,003
Note payable	9,000	1,334,696
Loans and borrowings	10,000	1,482,995
Due to related parties	<u>40</u>	<u>5,969</u>
	<u>19,101</u>	<u>2,832,786</u>
Net exposure	<u>(18,753)</u>	<u>(2,781,111)</u>

	<u>Company</u>	
	<u>2020</u>	
	<u>US\$</u>	<u>J\$ equivalent</u>
Foreign currency assets:		
Cash and cash equivalents	348	51,675
Due from related parties	<u>6,376</u>	<u>945,565</u>
	<u>6,724</u>	<u>997,240</u>
Foreign currency liabilities:		
Accounts payable and accrued liabilities	14	2,123
Due to related parties	<u>40</u>	<u>5,969</u>
	<u>54</u>	<u>8,092</u>
Net exposure	<u>6,670</u>	<u>989,148</u>

Exchange rate for the Jamaica dollar to the US dollar was J\$148.2995 to US\$1.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

23. Financial risk management (continued)

(d) **Market risk (continued)**

(i) Foreign currency risk (continued)

Sensitivity to foreign exchange movements

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis represents outstanding Jamaica dollar denominated assets and liabilities as at the period-end.

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>		<u>2020</u>	
	<u>% change in</u>	<u>Effect on</u>	<u>% change in</u>	<u>Effect on</u>
	<u>currency rate</u>	<u>profit</u>	<u>currency rate</u>	<u>profit</u>
		<u>\$'000</u>		<u>\$'000</u>
JMD	-6	(166,867)	-6	59,349
JMD	+2	<u>55,622</u>	+2	<u>(19,783)</u>

(ii) Interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company and the Group take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company and the Group manage this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary.

Management of interest rate risk

Interest rate risk exposure is measured using sensitivity analysis. Interest rate risk is managed by maintaining an appropriate mix of variable and fixed rate instruments.

At the reporting date the interest rate profile of the Company's and the Group's interest bearing financial instruments were:

	<u>Group</u>	<u>Company</u>
	<u>2020</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>
Variable rate instruments	<u>73,946</u>	<u>72,200</u>
Fixed rate instruments	<u>873,996</u>	<u>873,996</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

23. Financial risk management (continued)

(d) **Market risk (continued)**

(ii) Interest rate risk (continued)

Interest rate sensitivity analysis

Interest rate sensitivity has been determined based on the exposure to interest rates. These are substantially the interest sensitive instruments impacting the Company's and the Group's financial results. For floating rate assets, the analysis assumes the amount of the asset outstanding at the reporting date was outstanding for the whole period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If market interest rates had been 100 basis points higher or lower and all other variables were held constant, the effect on the Company's and the Group's profit would have been as follows:

	<u>Group</u> <u>2020</u> \$'000	<u>Company</u> <u>2020</u> \$'000
Effect on profit		
Increase 100 basis points	<u>739</u>	<u>722</u>
Effect on profit		
Decrease 100 basis points	<u>(739)</u>	<u>(722)</u>

(e) **Real estate concentration risk**

The Company's and the Group's investment portfolio will be primarily concentrated in various types of debt and equity investments in real estate assets or backed by real estate assets across the Caribbean region. The Company's and the Group's business is significantly related to the real estate industry and may thus be susceptible to a general economic slowdown or a downturn in the real estate industry.

This risk is mitigated by investing across (i) a wide spectrum of real estate assets – commercial, industrial, residential, hospitality and infrastructure, (ii) different stages of the life cycle – greenfield, brownfield, distressed and opportunistic and (iii) different types of instruments – the entire spectrum of private credit investments and equity. This risk is further mitigated by targeting a 3-year average life of investments, i.e. by seeking to exit its real estate investments over an average 3 year period.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Thirteen-month period ended August 31, 2020

(expressed in Jamaica dollars unless other indicated)

24. Capital management

The Company's and the Group's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to enable investments with additional companies. The Company may utilise leverage and may borrow up to 2.5X its total equity to fund investments in additional portfolio companies and projects. There are no externally imposed capital requirements.

The Company's and the Group's approach to capital management is monitored by the Enterprise Risk Committee and Board of Directors.

SYGNUS REAL ESTATE FINANCE LIMITED
UNAUDITED FINANCIAL STATEMENTS
SIX MONTHS ENDED FEBRUARY 28, 2021



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Sygnus Real Estate Finance Limited as at February 28, 2021, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at February 28, 2021 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

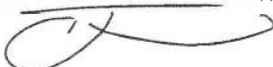
Chartered Accountants
Saint Lucia
July 8, 2021

KPMG in Barbados and the Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

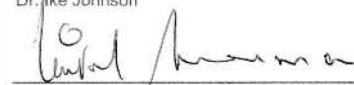
SYGNUS REAL ESTATE FINANCE LIMITED
Condensed Consolidated Statement of Financial Position
February 28, 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	Unaudited 28 Feb 2021 \$'000	Unaudited 29 Feb 2020 \$'000	Audited 31 Aug 2020 \$'000
ASSETS				
Cash and cash equivalents		144,025	276,563	73,946
Certificates of deposit		-	600,000	-
Securities purchased under resale agreements		105,539	253,379	-
Asset held for sale		-	-	1,812,448
Due from related parties		103,199	64,010	27,887
Other receivables and prepayments		1,055	6,573	1,913
Interest receivable		2,724	18,468	16,141
Investments	6	992,351	538,976	873,996
Interest in joint venture	7	398,690	402,500	405,454
Other assets		425,524	164,613	361,279
Investment property	8	3,535,551	332,682	2,502,248
		5,708,658	2,657,764	6,075,312
LIABILITIES				
Accounts payable and accrued liabilities		104,628	151,941	54,166
Due to related parties	7	398,357	306,890	336,136
Interest payable		25,780	1,647	11,099
Notes payable		-	-	1,334,696
Loans and borrowings	9	1,503,800	-	1,612,995
Preference shares	10	79,123	79,123	79,123
		2,111,688	539,601	3,428,215
EQUITY				
Share capital		2,232,179	2,083,879	2,083,879
Prepaid share reserve		-	-	148,300
Retained earnings		1,364,791	34,284	414,918
		3,596,970	2,118,163	2,647,097
		5,708,658	2,657,764	6,075,312

The financial statements were approved for issue by the Board of Directors on July 8, 2021, and signed on its behalf by:



Dr. Ike Johnson Director



Linval Freeman Director

SYGNUS REAL ESTATE FINANCE LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
Six months ended February 28, 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	Unaudited Six months ended 28 Feb 2021 \$'000	Unaudited Six months ended 29 Feb 2020 \$'000	Audited Thirteen months ended 31 Aug 2020 \$'000
Net interest income and other revenue				
Interest income, calculated using the effective interest method		44,342	31,109	76,332
Interest expense		(32,649)	(1,779)	(11,099)
		<u>11,693</u>	<u>29,330</u>	<u>65,233</u>
Fair value gains from financial instruments at fair value through profit or loss (FVTPL)		54,664	6,606	14,653
Net foreign exchange gains		21,753	-	23,324
Fair value gain on investment property	4	913,396	-	400,704
Gain on disposal of asset held for sale		109,695	-	-
Other		3,190	-	6,090
		<u>1,114,391</u>	<u>35,936</u>	<u>510,004</u>
Operating expenses				
Management fees		59,255	-	27,073
Performance fees		48,571	-	-
Corporate service fees		12,170	3,174	9,442
Impairment allowance on financial assets		-	363	-
Net foreign exchange loss		-	333	-
Other expenses		37,758	12,257	53,334
		<u>157,754</u>	<u>16,127</u>	<u>89,849</u>
Operating profit		<u>956,637</u>	<u>19,809</u>	<u>420,155</u>
Share of loss of joint venture		(6,764)	-	(5,237)
Profit for the period, being total comprehensive income		<u><u>949,873</u></u>	<u><u>19,809</u></u>	<u><u>414,918</u></u>
Basic earnings per stock unit	5	\$5.48	\$0.12	\$2.47
Diluted earnings per stock unit	5	\$5.28	\$0.11	\$2.25

SYGNUS REAL ESTATE FINANCE LIMITED
Condensed Consolidated Statement of Changes in Equity
Six months ended February 28, 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Share <u>capital</u> \$'000 [Note 12]	Prepaid <u>share reserve</u> \$'000	Retained <u>earnings</u> \$'000	<u>Total</u> \$'000
Balances at August 31, 2019	1,097,804	-	14,475	1,112,279
Profit for the period, being total comprehensive income	-	-	19,809	19,809
Transactions with owners:				
Issued and paid-in capital	986,075	-	-	986,075
Balances at February 29, 2020	2,083,879	-	34,284	2,118,163
Audited balances at August 31, 2020	2,083,879	148,300	414,918	2,647,097
Profit for the period, being total comprehensive income	-	-	949,873	949,873
Transactions with owners:				
Issued and paid-in capital	148,300	(148,300)	-	-
Balances at February 28, 2021	2,232,179	-	1,364,791	3,596,970

SYGNUS REAL ESTATE FINANCE LIMITED
Condensed Consolidated Statement of Cash Flows
Six months ended February 28, 2021
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	Unaudited Six months ended 28 Feb 2021 \$'000	Unaudited Six months ended 29 Feb 2020 \$'000	Audited Thirteen months ended 31 Aug 2020 \$'000
Cash flows from operating activities				
Profit for the period		949,873	19,809	414,918
Adjustments for:				
Interest income		(44,342)	(31,109)	(76,332)
Interest expense		32,649	1,779	11,099
Impairment reversal on investments		-	(363)	-
Share of loss of joint venture		6,764	-	5,237
Unrealised foreign exchange gain		(14,426)	(10,394)	(23,324)
Fair value gains on investments		(54,664)	(6,606)	(14,653)
Fair value gains on investment property	8	(913,396)	-	(400,704)
Gain on disposal of asset held for sale		(109,695)	-	-
		(147,237)	(26,884)	(83,759)
Changes in operating assets and liabilities:				
Other receivables		(1,055)	(6,573)	(1,913)
Due from related parties		(75,312)	167,419	164,842
Accounts payable and accrued liabilities		50,462	(178,106)	55,903
Due to related parties		62,221	274,102	(19,329)
		(110,921)	229,958	115,744
Interest received		57,757	13,376	60,192
Interest paid		(17,968)	(201)	-
Net cash (used in)/provided by operating activities		(71,132)	243,133	175,936
Cash flows from investing activities				
Investments, net		(63,691)	(1,132,007)	(846,846)
Investment in joint venture		-	(402,500)	(106,654)
Advance payment for shares		-	-	(350,105)
Deposit paid on real estate acquisition		(62,331)	(128,360)	(11,174)
Proceeds from disposal of asset held for sale		1,922,144	-	-
Acquisition of investment property, net of asset held for sale		(119,907)	(332,681)	(2,101,544)
Asset held for sale		-	-	(1,812,448)
Securities purchased under resale agreements, net		(105,539)	(253,379)	-
Net cash provided by/(used in) investing activities		1,570,676	(2,248,927)	(5,228,771)
Cash flows from financing activities				
Proceeds from the issue of ordinary shares		-	986,075	2,083,879
Proceeds from the issue of preference shares		-	-	79,123
Notes payable		(1,334,696)	-	1,334,696
Loans and borrowings		(109,195)	-	1,612,995
Net cash (used in)/provided by financing activities		(1,443,891)	986,075	5,110,693
Effect of foreign exchange effects on cash and cash equivalents		14,426	10,394	16,088
Net increase/(decrease) in cash and cash equivalents		70,079	(1,009,325)	73,946
Cash and cash equivalents at beginning of period		73,946	1,285,888	-
Cash and cash equivalents at end of period		144,025	276,563	73,946

1. Identification

Sygnus Real Estate Finance Limited (“the Company”) was incorporated in Saint Lucia under the International Business Companies Act as an International Business Company (“IBC”). The Company’s registered office is located at McNamara Corporate Services Inc., Bella Rosa Road, Gros Islet, Saint Lucia.

The Company is dedicated to providing flexible financing to monetise and unlock value in real estate assets across the Caribbean region.

The Company has two wholly owned subsidiaries Sepheus Holdings Limited and Sygnus REF Jamaica Limited and holds a 70% interest in a joint venture. The subsidiaries and the joint venture are incorporated in Jamaica under the Companies Act. The Company, its subsidiaries and joint venture are collectively referred to as “the Group” in these financial statements.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements for six months ended February 28, 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the period ended August 31, 2020. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group’s financial position and performance since last audited financial statements.

The significant accounting policies adopted are consistent with those of the audited financial statements for the period ended August 31, 2020 which were prepared in accordance with International Financial Reporting Standards (IFRS).

New standards effective in the current period

There are several new standards and amendments to published standards that came into effect during the current financial period. No significant impact to the financial statements has been determined from the adoption of these standards.

(b) Basis of preparation

The interim financial statements have been prepared under the historical cost basis, except for certain financial instruments and investment property which are measured at fair value.

2. Statement of compliance and basis of preparation (continued)

(c) Functional and presentation currency

The interim financial statements are presented in thousands of Jamaica dollars, which is also the functional currency of the Group.

3. Significant accounting policies

(a) Joint venture arrangements

A joint venture is a contractual arrangement in which the Group has joint control and whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. A joint venture is recognized initially at cost, including transaction costs. Subsequent to initial recognition, these consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures using the equity method.

(b) Investment property

Investment property, which comprises freehold land, is held for undetermined future use. Investment property is initially recorded at cost, including related transaction costs and subsequently measured at fair value.

Fair value is determined by independent valuers based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. Any gain or loss arising from a change in fair value is recognized in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance costs are charged to the profit or loss during the period in which they are incurred.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(i) Classification and measurement

The classification of financial assets is determined based on the business model under which the financial asset is held, as well as the contractual cash flow characteristics of the financial asset. In applying IFRS 9, the Group classified its financial assets as fair value through profit or loss (FVTPL) or amortised cost.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Classification and measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

(ii) Impairment

The Group recognizes allowances for expected losses (ECLs) on the financial instruments measured at amortised cost. Under IFRS 9, there is a 'three-stage' model for impairment based on changes in credit quality since initial recognition:

Stage 1 - financial instruments that are not credit impaired are included in Stage 1. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months.

Stage 2 - when there is a significant increase in credit risk since initial recognition, but the financial instrument is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 - a financial asset is credit impaired and included in Stage 3 when one or more events that have a detrimental impact on the estimated future cash flows of the financial instrument has occurred. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

4. Gain on disposal of asset held for sale

During the six-month period, the sale of a portion of vacant land located at Mammee Bay was completed. Gain on disposal of \$109.7 Million was recognized in the Group's profit or loss.

5. Earnings per share

Basic earnings per stock unit is computed by dividing the profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the period. Diluted earnings per stock unit reflects the impact of convertible preference shares.

	2021		2020	
	Basic	Diluted	Basic	Diluted
Net profit attributable to stockholders of the parent (\$'000)	949,873	949,873	19,809	19,809
Weighted average number of ordinary stock units in issue ('000)	173,487	179,952	168,128	174,593
Earnings per stock unit (\$)	<u>5.48</u>	<u>5.28</u>	<u>0.12</u>	<u>0.11</u>

6. Investments

	2021	2020
	\$'000	\$'000
Fair value through profit or loss:		
Preference shares	595,709	123,594
Amortised cost:		
Short-term notes	<u>396,642</u>	<u>415,382</u>
	<u>992,351</u>	<u>538,976</u>

7. Interest in joint venture

Audere Holdings Limited ("Audere") is a joint venture in which the Company has joint control and a 70% ownership interest. Audere is principally engaged in property development and is structured as a separate vehicle in which the Company has a residual interest in the net assets.

In accordance with the agreement under which Audere is established, the Company has agreed to make additional contributions to meet costs of development up to US\$2.2 Million. This commitment has been recognized as payable to Audere under related party balances.

8. Investment property

	2021 \$'000	2020 \$'000
Opening balance	2,502,248	-
Acquisition during the period	107,440	332,682
Improvement to properties during the period	12,467	-
Fair value adjustment	<u>913,396</u>	<u>-</u>
Closing balance	<u>3,535,551</u>	<u>332,682</u>

9. Loans and borrowings

This represents a US\$10 Million facility granted as part of purchase consideration for the acquisition of land. The mortgage is for a period of 5 years at an interest rate of 5% per annum. The loan is secured by the property acquired.

10. Preference shares

These convertible cumulative redeemable preference shares were repaid effective May 7, 2021.

11. Related party transactions

Corporate and accounting services are provided to the Group by a related company under a governing Corporate Services Agreement. An amount totaling \$12,170,000 (2020: \$3,174,000) was expensed for the six-month period in respect of services that have been provided under this agreement.

Investment management services are also being provided to the Group by a related company under a separate Investment Management Agreement, for which the management fee of \$59,255,000 (2020: \$Nil) was incurred over the six-month period. Performance fees earned under this Investment Management Agreement totaling \$48,571,000 (2020: \$Nil) is also reflected in the statement of profit or loss and other comprehensive income and represents fees accrued but not yet paid.

SYGNUS REAL ESTATE FINANCE LIMITED
Notes to the condensed consolidated interim financial statements
Six months ended February 28, 2021
(expressed in Jamaican dollars unless otherwise indicated)

12. Share capital

	2021 \$'000	2020 \$'000
As at September 1	2,083,879	1,097,804
Issued during the period	148,300	991,041
Less: transaction costs of share issue	<u>-</u>	<u>(4,966)</u>
As at period end	<u>2,232,179</u>	<u>2,083,879</u>

During the six-month period, the Company issued 10,000,000 US\$ class ordinary shares at a value of US\$1 Million (US\$0.10 cents per share) as part of the agreed purchase consideration for property acquired. During the comparative period last year, the Company issued 80,396,332 ordinary shares and raised capital of \$986,075,000 net of transaction costs, through a private placement of ordinary shares denominated in both Jamaican dollars and United States dollars.

13. Subsequent event – Share Purchase Agreement

Subsequent to the period end, a share purchase agreement was completed with a connected party for the acquisition of 1,000,000 ordinary shares in a Company incorporated in St. Lucia. These shares are in relation to the acquisition of land for which an initial deposit of \$350,105,000 is included in these financial statements.

The remaining purchase consideration comprised a share swap of US\$ class ordinary shares in Sygnus Real Estate Finance valued at US\$2 Million and the issue of an unsecured Promissory Note for US\$1.5 Million.

11. MANAGEMENT, ADMINISTRATION & CORPORATE GOVERNANCE

The Board

11.1 The Articles of Association of SRF provides for a Board of Directors of not more than eleven (11) persons. The current Board comprises seven (7) Directors. The Board of Directors is responsible for (i) the strategic direction of SRF which involves setting its business objectives and the plans for achieving them; (ii) execution of the approved business objectives through adequate management and resources; (iii) monitoring the performance of the Company's investment portfolio with a view to achieving the strategic objectives and ensuring compliance with all applicable legal and regulatory regimes; and (iv) due and proper accounting to all stakeholders of SRF including in particular, the stockholders.

11.2 Brief Particulars of the current Directors are set out below.

Clement Wainwright Iton, <i>BSc, MBA</i> <u><i>Independent Chairman</i></u>	Chairman of Sygnus Credit Investments; Former Chief Executive Officer of the Trinidad and Tobago Securities and Exchange Commission (TTSEC); Former Chief Executive Officer of the Trinidad and Tobago Stock Exchange (TTSE); Former General Manager of the Jamaica Stock Exchange (JSE); Former Project Manager and Corporate Planning Analyst at Grace Kennedy.
Ike Johnson, PhD, CFA <u><i>Non-Executive Director</i></u>	Executive Vice President and Chief Operating Officer, Sygnus Capital Limited; Director of Sygnus Credit Investments; Former Assistant VP of Business Analytics and Product Development at Scotia Investments Jamaica; former Senior Strategy Management Officer and former Market Risk Analyst at JMMB Group.
Pierre, Williams, CFA, MSc <u><i>Independent Non -Executive Director</i></u>	Investment Manager, ATL Group Pension Fund Trustees Nominee Limited; Former Equity Analyst at JMMB Group and Former Research Economist at Bank of Jamaica.
Linval Freeman, JP, FCA, FCCA <u><i>Independent Non-Executive Director</i></u>	Retired Assurance Partner of Ernst & Young and former Director of Internal Audit Services at PricewaterhouseCoopers; Currently serves as a member of the Public Accountancy Board and University of Technology Council; Director and Audit Committee Chairman of Sygnus Credit Investments Limited, Sygnus Deneb Investments Limited, Canopy Insurance Limited and Key Insurance Company Limited.

Horace Messado, FCA, MSc <u>Independent Non-Executive Director</u>	Financial & Regulatory Consultant practicing in the Jamaican and US markets; Former Director of Corporate Finance and Financial Controller at the Jamaica Public Service Company Limited; Former Group Controller at MaruEnergy Caribbean Limited; Former Audit Senior at Ernst & Young and former Senior Accountant at KPMG
David Cummings, OD, JP, MDA, MMAS, BEng (Hons), MRAeS, PE, psc <u>Non-Executive Director</u>	<p>Sygnus Head of Real Estate; Former Director at Urban Development Corporation; Brigadier and former Deputy Chief of Defence Staff, former Colonel general staff, former Colonel Adjutant Quartermaster, former Staff Officer Finance and Logistics, and former Commanding Officer JDF Engineering Regiment in the JDF.</p> <p>Expertise in project management, construction engineering management, contract negotiations, risk management, operations management, and joint venture partnerships</p>
Elizabeth Stair, OD, JP, FRICS, Attorney-at-Law <u>Independent Non-Executive Director</u>	Former Chief Executive Officer/Commissioner of Lands at National Land Agency. She is a fellow of the Royal Institution of Chartered Surveyors, United Kingdom (F.R.I.C.S) and is also a member of several other local and international professional associations, which include the Royal Institution of Chartered Surveyors (RICS), Honorary Member - Realtors Association of Jamaica; Honorary Member of the National Society of Real Estate Appraisers, USA.

The Management

11.3 Brief Particulars of the Management of the Company are set out below:

MCSI Inc. <u>Company Secretary</u>	MCSI Inc. (“MSCI”) is a company incorporated under the laws of St. Lucia. MSCI has provided corporate services to the Company since its incorporation pursuant to a Secretary Agreement 19 th June 2018.
Sygnus Capital Limited <u>Investment Manager</u>	Sygnus Capital Limited (“SCL”) was incorporated on June 20, 2016 under the laws of Jamaica. It is a wholly owned subsidiary of Sygnus Capital Group Limited. SCL is a non-traditional financial solutions firm operated by a group of experienced bankers and reputable Caribbean entrepreneurs. SCL is licensed as a securities dealer by the

FSC and is focused on providing Caribbean clients with independent needs-based investment banking, alternative asset management and wealth advisory solutions.

SCL is a founding member of the Caribbean Alternative Investment Association (CARAIA). SCL sponsors and actively manages alternative investment companies and asset classes across the Caribbean region, including private credit, private equity and real estate assets.

SCL is the asset manager of Sygnus Group's non-traditional asset portfolios, including Sygnus Credit Investments Limited, Sygnus Deneb Investments Limited and Sygnus Real Estate Finance Limited.

The Management Arrangement

11.4 The Company is a special purpose investment company. As such it does not need any permanent management staff or employees. Instead, the Investment Manager provides management services and operational oversight of the business and affairs of SRF. The foregoing services are provided under the Investment Management Agreement, details of which are outlined in Section 11. SCL also provides general corporate services to the Company under a Corporate Services Agreement.

11.5 Details of the Board of the Investment Manager (Sygnus Capital Limited) are set out below:

Milton Brady, BBA, MBA

Independent Chairman

Milton currently works as a Senior Advisor with Pan American Finance, where he uses his experience to provide advice and counsel to businesses and governments in the Caribbean region. Some roles that Milton has held includes: Director and Global Head of Credit at SEB Merchant Banking (Sweden); President of SEB, New York (USA); Managing Director, Corporate and Investment Banking at CIBC FirstCaribbean (Barbados); Managing Director, CIBC FirstCaribbean (Jamaica); Chief Commercial Officer, LIME (formerly Cable & Wireless Caribbean); and Chief Risk Officer, NCB Group (Jamaica).

Simon Cawdery, CFA

Independent Non-Executive Director

Non-Executive Director, HLX Management/IPAF Group, Cayman. Founder/Director Helix Group, Cayman; Former Head of Investment Strategy/Senior Portfolio Manager at EFG Bank, Cayman; Former Head of Discretionary Investments/Senior Portfolio Manager at Butterfield Bank, Cayman. Former Credit

	Analyst at Barclays, UK; Former President of the CFA Society Cayman Islands and the past Regional President of the CFA Institute for the Latin America and Atlantic Islands region.
David McBean, PhD, BSc <u>Independent Non-Executive Director</u>	Executive Director, Mona School of Business and Management. Former executive roles included Managing Director for the Spectrum Management Authority of Jamaica, Managing Director of Products & Services at LIME Caribbean, Regional Vice President Online Services at Cable & Wireless West Indies, CEO of the CVM Media Group in Jamaica and Vice President, Information Technology at the former Air Jamaica. Former Director of: the Jamaica Tourist Board, e-Learning Jamaica, Nutrition Products Limited, University Hospital of the West Indies, AJAS, Lascelles de Mercado Limited, Supreme Ventures Limited and Mayberry Investments Limited. David is a Jamaica Rhodes Scholar
Gassan Azan Jr. <u>Non-Executive Director</u>	Founder, Chairman and Chief Executive Officer of Bascho Trading Company Ltd and MegaMart Wholesale Club. He is also Chief Executive Officer of Sizzling Slots and SMWS Games Ltd. Awarded Prime Minister's medal of appreciation in Jamaica. He is also a Justice of the Peace.
Ike Johnson, PhD, CFA <u>Executive Director</u> <u>Executive Vice President and Chief Operating Officer</u>	See Section 11.2
Jason Morris, CFA <u>Executive Director</u> <u>Executive Vice President and Chief Investment Officer</u>	Director of Caribbean Alternative Investment Association (CARAIA). Former Vice President of Business Analytics, Portfolio Advisory & Product Development at Scotia Investments Jamaica; former Senior Investment Strategist & Portfolio Manager, and former Sovereign Risk Analyst at JMMB Group.
Berisford Grey, MBA, MSc <u>Executive Director</u> <u>President and Chief Executive Officer</u>	Former Managing Director of Corporate & Investment Banking at CIBC FirstCaribbean. Former SVP Origination and Capital Markets at Scotia Investments Jamaica where he established the capital markets as a strategic Business Unit within Scotia Investments. Former Managing Director of Corporate & Investment Banking at CIBC FirstCaribbean.

Corporate Governance

11.6 The Board of Directors of SRF uphold standards of best practices in corporate governance including compliance with sound accounting practices. SRF has established an Audit & Governance Committee. The primary purpose of the Committee will be to assist the Board in fulfilling its oversight responsibilities. In performing its duties, the Committee will maintain effective working relationships with the Board, the Enterprise Risk Committee, the Company's management and the Company's external auditors. The Committee will play a key role in corporate governance and internal controls of SRF. The Committee will also be responsible for assisting the Board of Directors and management in its compliance with regulatory requirements.

The Committee will consist of three (3) independent non-executive directors, namely:

- (i) Linval Freeman (Chair);
- (ii) Horace Messado; and
- (iii) Clement Wain Iton.

11.7 SRF has also established an Enterprise Risk Committee. This Committee will be accountable to the Board and will assist the Board in providing leadership, direction, and oversight pertaining to the Company's risk governance and framework, including the Company's risk appetite statement and risk limits and tolerances ("Risk Appetite Statement"). The Committee will also assist the Board in fostering a culture within the Company that demonstrates the benefits of a risk-based approach to risk management and internal controls. The Committee will also work closely with the Audit & Governance Committee.

The members of the Enterprise Risk Committee will be:

- (i) Horace Messado (Chair);
- (ii) Pierre Williams; and
- (iii) Elizabeth Stair.

11.8 The Investment Manager has established a Real Estate and Investment Advisory Committee (RIAC), which is responsible for due diligence, screening, credit & equity analysis, structuring and post investment monitoring of all investments. The RIAC is comprised of 5 members and is chaired by the CEO of the Investment Manager. Two members of the RIAC are external consultant advisors. From time to time the RIAC is assisted by a panel of independent advisors including project managers, quantity surveyors, valuers, architects and engineers.

11.9 The RIAC is currently comprised as follows:

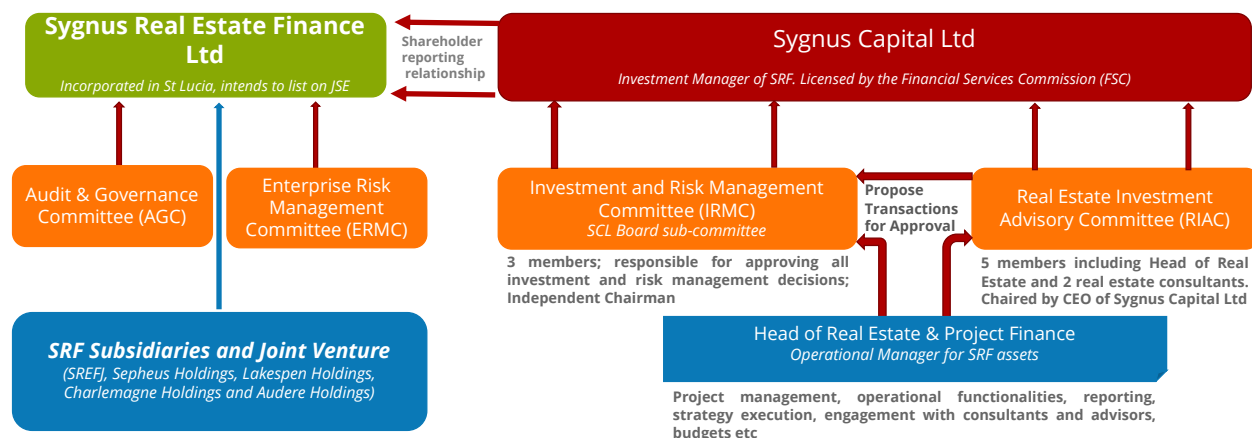
Berisford Grey, MBA, MSc

See Section 11.5

<u>Chairman</u>	
David Cummings, OD, JP, MDA, MMAS, BEng (Hons), MRAeS, PE, psc_	See Section 11.2
<u>Member</u>	
Jeremy Brown, FCA <u>Member</u> <u>Consultant Advisor</u>	<p>Pioneer in project management consultancy with the formation of the first privately owned project management company in the English-speaking Caribbean; over 40 years' experience in real estate projects including housing developments, offices, shopping centers, industrial parks, hotels & resorts.</p> <p>Expertise working in Caribbean territories including Jamaica, Trinidad & Tobago, Barbados, St Lucia, Dominica, Antigua, Dominican Republic, Bahamas and Turks & Caicos; Former Group Financial Controller at Urban Development Corporation; expert witness in arbitrations; acted as receiver and manager for troubled projects on behalf of financial institutions.</p>
Peter Rosseau <u>Member</u> <u>Consultant Advisor</u>	<p>Pioneer in real estate development, including the first ever Jamaican five-star all-inclusive luxury vacation villa resort, which was the first in the world to win the coveted AAA Four Diamond Award; over 686 units of residential development; over 50 years of project management expertise spanning marquee office complexes, luxury housing projects and industrial developments for large firms in Jamaica, Trinidad, Suriname, Guyana and Barbados; decades of entrepreneurial and professional acumen spanning investment & housing companies, property consultancy, acquisitions, tourism, receivership & marketing & sales.</p>
Gregory Samuels, CFA <u>Member</u>	<p>Senior Vice President and Head of Investment Banking at Sygnus. Former assistant Vice President of Treasury and Trading at Scotia Investments Jamaica Ltd; Former Associate Director, Client Solutions Group at CIBC FirstCaribbean where he provided structured products and derivative hedging solutions to clients. Former engineer with Royal Dutch Shell PLC.</p> <p>Expertise in structured finance, project finance, corporate & investment banking, private credit, derivatives trading, equity</p>

investments, financial engineering, credit risk and project management.

11.10 The Investment Manager has established a Board sub-committee, the Investment and Risk Management Committee (IRMC), which is responsible for the approval of all SRF investment decisions from proposals made by the RIAC. The IRMC is comprised of 3 members including an independent chairman. From time to time the IRMC may be assisted by independent external experts where necessary.



11.11 The IRMC is currently comprised as follows:

Milton Brady, BBA, MBA <i>Chairman</i>	See Section 11.5
Simon Crawdery, CFA <i>Member</i>	See Section 11.5
Jason Morris, CFA <i>Member</i>	See Section 11.5

Investment Management Agreement

11.12 The Company has entered into an Investment Management Agreement (“the IMA”) with SCL whereby SCL is empowered to manage the day-to-day affairs of the Company subject to Articles of the Company and the instructions and directions of the Board. SCL provides non-exclusive investment management services to the Company. Under the IMA, SCL will, *inter alia*, provide a variety of management and administrative services to SRF. These services include the following:

- (i) providing or arranging all clerical, accounting and administrative functions and maintaining or arranging for the maintenance of proper and complete books and records in connection with the management and administration of the affairs of SRF;
- (ii) negotiating, entering into, and performing all contracts, agreements and other undertakings on behalf of the Company;
- (iii) conducting day-to-day relations on behalf of the Company with other persons, including other service providers;
- (iv) acting as attorney-in-fact or agent of the Company in obtaining such services for the Company as may be required, including disbursing and collecting monies, arranging for the deposit of monies of the Company, paying the debts and fulfilling other obligations as they become due and handling, prosecuting and settling any claims of the Company out of the assets of the Company;
- (v) administering or supervising the administration on behalf of the Company for the payment of distributions from the Company to its Shareholders and supervising the processing and registration of subscriptions and transfers of Shares;
- (vi) coordinating the preparation of accounting reports and financial statements by professionals and other service providers at the request and at the expense of the Company;
- (vii) any other duties normally carried out by an Administrator; and
- (viii) paying on behalf of the Company, all expenses in connection with the foregoing as may be directed or approved by the Board.

11.13 SCL is paid a management fee of 2.0% of assets under management (“AUM”) and a performance fee of 20% of return on average equity above the hurdle rate of 6.5% (see Schedule A of the Investment Management Agreement for further details regarding the calculation of the management fee). The management fee is payable monthly and the performance fee annually. The fees are out of the assets of the Company’s investment portfolio. The Investment Manager bears its own operating and overhead expenses attributable to its duties. Other expenses incurred by the Investment Manager in the management of SRF’s affairs such as legal fees and travelling expenses are borne by the Company and deducted from SRF’s income or other funds in hand.

The IMA empowers SCL to delegate any power or duty given thereunder to qualified service providers and to contract with such service providers on behalf of the Company. SCL also provide investment advisory services in relation to the Company. Fees paid for investment advisory services are paid out of the assets of the Company.

11.14 SCL provides general corporate services to the Company pursuant to a Corporate Services Agreement. These services include but are not limited to:

- (i) coordinating all general corporate secretarial, registrar and company administration services required by the Company; administering of corporate secretarial and compliance matters including compliance with company law, corporate registration, and administration of the Company's board;
- (ii) assisting the Board with respect to, and executing pursuant to the Board's instructions and administering, all of the Company's obligations to Shareholders (including the payment of dividends);
- (iii) communicating on behalf of the Company with shareholders and other persons and filing all statements and reports with regulators as required to satisfy reporting and other requirements of laws applicable to the Company;
- (iv) providing financial accounting services, including the preparation and review of financial statements, annual returns and reports and coordinating with the Company's auditors;
- (v) establishing and maintaining bank accounts in the name of the Company and collecting and depositing in and disbursing from such accounts any money on behalf of the Company on such terms and conditions as the Board may approve;
- (vi) coordinating and oversight of the Company's legal matters; and
- (vii) coordinating and oversight of general statutory and regulatory compliance and compliance with material agreements and more particularly, assisting in obtaining any required governmental approvals, permits and licenses related to regulatory matters of the Company and not related to the operations or business activity of the Company.

11.15 SCL is paid a corporate services fee for the provision of services under the Corporate Services Agreement (see the Schedule to the Corporate Services Agreement for further details regarding the calculation of the fee). The corporate services fee is payable on a monthly basis.

Investment Arrangement

11.16 It is a critical element of the business model on which SRF operates that the Company remain as a special purpose investment company managed by an entity in the Sygnus Group, in this case, SCL. In order to achieve that objective, SRF's Articles provide that termination or modification of the Investment Management Agreement shall be treated as modification of the rights attaching to the Special Share and accordingly SCG the holder of the Special Share must consent before the Investment Management Agreement

can be legally terminated or modified. This arrangement will give Shareholders the assurance that the structure in which they have invested will not change even if control of SRF passes to a third party.

12. DIVIDEND POLICY

12.1 After providing for an appropriate reserve to cover outgoings and a modest reserve for contingencies, the Directors intend to distribute up to 85% of SRF's net income to holders of Ordinary Shares in the form of cash dividends, in keeping with the Company's dividend policy. The Company proposes to pay dividends semi-annually and may change to quarterly in the future if it is more appropriate to do so. This aligns with the Company's mission of unlocking value from real estate assets, while providing shareholders with consistent dividend payments. The dividend policy will be subject to review from time to time by the Board of Directors of SRF acting on the advice of the Investment Manager.

12.2 Dividends payable on the J\$ Shares will be paid in J\$. Dividends payable on the US\$ Shares will be paid in US\$ based on the US\$ Currency Equivalent of the J\$ dividends paid on J\$ Shares. The US\$ Currency Equivalent shall be determined based on the BOJ weighted average selling rate five (5) Business Days before the payment date. This is to enable the Company's registrar to calculate and prepare dividend distributions on a timely basis.

13. STATUTORY & GENERAL INFORMATION

The following statutory and general information is required to be set out in the Prospectus by Part XI and the Third Schedule to the Companies Act, 2004:

13.1 (a) The Company has issued one Special Share to Sygnus Capital Group Limited, SCG. The Special Share carries the right to 101% of the votes on a poll in general meetings otherwise, on a show of hands, it has only one vote. The holder of the Special Share may demand a poll at a general meeting. The Special Share has special class rights entrenched in the Memorandum of Association of the Company. Accordingly each of the following proposals is deemed to be a proposed variation of the rights attaching to the Special Share and is only effective with the consent in writing of the Special Shareholder (i.e. SCG); namely: (i) the amendment, or removal or alteration of the effect of all or any of the provisions in the Memorandum of Association or the Articles of Association of the Company setting out the rights and privileges attaching to the Special Share or otherwise concerning the Special Share (ii) the voluntary winding up of the Company; (iii) any disposal which, alone or when aggregated with any other disposal or disposals forming part of, or connected with, the same or a connected transaction, constitutes a disposal of the whole or a material part of the assets of the Company; (iv) the issue of any share in the capital of the Company with voting rights attached thereto not identical with the Ordinary Shares; (v) the modification or termination of the Investment Management Agreement; or (vi) the amendment or removal or alteration of the effect of, all or any of Article 7 of the Memorandum of Association. The Company has not issued any other founders, management or deferred shares.

(b) The Memorandum of Association and the Articles of Association fix no shareholding qualification for Directors and none have been otherwise fixed by the Company in general meeting. The Articles of Association contain the following provisions with respect to the remuneration of directors and other pertinent matters which may be material:

16. *The shares shall be under the control of the Directors, who may allot and dispose of or grant options over the same to such persons, on such terms, and in such manner as they think fit PROVIDED that the Special Share shall be held only by a member of the Sygnus Group. If any class of shares of the Company shall be listed on the Jamaica Stock Exchange or any other recognized stock exchange including any cross-listing then the holders of such class of shares hereby consent to the directors issuing such new shares in such class of shares as consideration for acquiring, or in exchange for, any real property, shares, units in any unit trust or any other securities or any other securities or asset (but not cash) without offering shares to the shareholders of such class.*
103. *Subject to Article 148, the remuneration of the directors shall be such amount as the board of directors, or any appropriate committee of the board of directors, may determine. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.*

104. *The shareholding qualification for Directors may be fixed by the Company in general meeting, and unless and until so fixed no qualification shall be required.*
105. *A Director of the Company may be or become a Director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.*
116. (3) *A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.*
- 116.(5) *Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company.*
121. *The Directors, on behalf of the Company, may pay a gratuity or pension or allowance on retirement to any director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.*
131. *The Company may by resolution remove any director before the expiration of his period of office notwithstanding anything in these regulations or in any agreement between the Company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.*
148. *Any Managing Director or officer appointed by the Company shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the board of directors, or any appropriate committee of the board of directors, may determine.*
- (c) The names, occupations and addresses of the Directors of the Company are as follows:

Names	Addresses	Occupation
Clement Wainwright Iton	12 Balata Heights St. Joseph Trinidad & Tobago	Financial Consultant
David Cummings	c/o 80 LMR 80 Lady Musgrave Road, Kingston 10 Jamaica	Real Estate Executive
Ike Johnson	c/o 80 LMR 80 Lady Musgrave Road, Kingston 10 Jamaica	Investment Banker
Linval Freeman	Casa Monte Estate Old Stony Hill Road Kingston 9 Jamaica	Chartered Accountant
Horace Messado	3190 North Hill Drive, Tupelo, Mississippi, 38804 USA	Consultant
Pierre Williams*	5-7 Degenhardt Close Kingston 6	Investment Manager
Elizabeth Stair	Unit 9, 9 Kingsway, Kingston 10	Chartered Valuation Surveyor and Attorney-at-Law

** This person was nominated to the Board of the Company as a representative for the ATL Group Pension Fund Trustee Nominee Limited which invested a minimum of J\$300 million during the Company's private placement of Shares in August 2019.*

(d) The Secretary of the Company is:

MCSI Inc.
Bella Rosa Road,
Gros Islet, Saint Lucia

13.2 (a) The minimum amount, which in the opinion of Directors, must be raised by the issue of Shares by the Company in the IPO comprised in this Prospectus to provide for the matters set out in paragraph 2(a) of Part 1 of the Third Schedule to the Companies Act, 2004 is J\$100,000,000. In such a case the expenses of the IPO and other associated costs such as supplemental listing fees payable to the JSE would be paid from the Company's internal resources. The net proceeds of this IPO will not be applied for any of the other purposes listed in paragraph 2 (a) of Part 1 of the Third Schedule to the Companies Act, 2004.

(b) No amount is required from any other source or will be obtained from any other source to provide for the matters set out in sub-paragraph (a) above.

13.3 (a) The Subscription List for Shares in the IPO will open at 9:00 am on July 23, 2021 and will close at 4:30 pm on August 20, 2021, subject to the right of the Company to close the Subscription List at any time if subscriptions have been received for an amount in excess of the available Shares or to extend the Closing Date in the sole discretion of the Directors.

(b) The Subscription Price of J\$19.30 per J\$ Share or US\$0.1270 per US\$ Share is payable in full (subject to discounts where applicable) on application. No further sums will be payable on allotment by the Company.

13.4 In August 2019, SRF Group effected an exempt distribution under the Guidelines for Exempt Distributions (Guidelines SR-GUID- 08/05-0016) for ordinary shares denominated in Jamaican Dollars and United States Dollars and preference shares denominated in Jamaican Dollars ("the Exempt Distribution"). The Company raised approximately J\$2.08 billion net of expenses in the Exempt Distribution. The Company increased its share capital to J\$2.23 billion by issuing additional shares valued at J\$148.3 million in November 2020. On May 07, 2021, the SRF Group, redeemed in full J\$79.1 million of preference shares issued to institutional investors under the July 2019 Exempt Distribution.

13.5 There are no options to subscribe for Shares or debentures in the Company with a view of the option holder offering such Shares or debentures for sale. Accordingly, paragraph 4(2) of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable.

13.6 The Table below shows that (except as to bank loans and overdrafts as shown below) the Company has none of the assets or liabilities required to be disclosed pursuant to paragraph 5 of Part 1 of the Third Schedule to the Companies Act, 2004.

Assets	Aggregate Amount
(i) Trade investments	Nil
(ii) Quoted investments (other than trade investments); and	Nil
(iii) Unquoted investments (other than trade investments)	Nil
Goodwill, patents, trade marks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as it is shown or ascertainable and as so shown or ascertained, as the case may be	Nil
Bank loans and overdrafts (as at June 30, 2021)	J\$409,321,763
Net amount recommended for distribution of dividend after tax	Nil

13.7 The Company intends to use the proceeds of the IPO to (i) pay its IPO & Listing Expenses (estimated at J\$175,500,000), and (ii) partially repay vendor mortgages of up to J\$1.0 billion (iii) invest and hold the net funds raised in the IPO in assets across a broad range of categories, including residential, commercial, industrial, infrastructure and hospitality.

13.8 Pending its use, the net IPO proceeds will be held in an interest-bearing cash deposit with a commercial bank.

13.9 No specific real property is currently identified by the Company to be purchased or acquired by the Company and paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.

13.10 (a) Within the two preceding years of the date of this Prospectus no commissions have been paid, nor will any be payable to anyone by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares or debentures of the Company, save that during its exempt distribution in August 2019, the Company paid the fees and commission as set out in 13.10(c) below:

The Company will pay to Sygnus Capital Limited (as Lead Arranger) and Sagicor Investments Jamaica Limited and Scotia Investments Jamaica Limited (as Joint Lead Brokers) with respect to the IPO, commissions of 1.50%, 1.00% and 1.00% respectively. Other securities dealers and investment advisors may be contracted by the Joint Lead Brokers on such terms as they may deem appropriate to distribute the Shares.

(b) The IPO & Listing Expenses (estimated at J\$175,500,000) will be paid out of the IPO proceeds.

(c) In August 2019 the Company effected an exempt distribution (“the Exempt Distribution”) under the Guidelines for Exempt Distributions (Guidelines SR-GUID-08/05-0016) of Ordinary Shares denominated in Jamaican Dollars and United States Dollars. The companies listed in the table below were paid fees (set out opposite their name in the table below) in relation to services provided to the Company in the Exempt Distribution:

Beneficiary	Fee Type	Amount Paid
Sygnus Capital Limited	Arranger Fees	J\$29,553,976.28 for J\$ Share raise US\$65,596.92 for J\$ Share raise
Sagicor Investments Jamaica Limited	Selling Agent Fees	J\$1,966,472.65 for J\$ Share raise US\$13,198.98 for J\$ Share raise
JN Fund Managers Limited	Selling Agent Fees	J\$565,064.00 for J\$ Share raise
Total		J\$32,085,512.93 for J\$ Share raise US\$78,795.90 for J\$ Share raise

With the exception of the payments listed in the table above, no payment or benefit has been paid or given to any other promoter within the preceding two (2) years or is intended to be paid or given to any other promoter save for Sygnus Capital Limited, Sagicor Investments Jamaica Limited and Scotia Investments Jamaica Limited for arrangement, financial advisory and brokerage services associated with this IPO and listing on the JSE. The Company’s business model contemplates that it will not have any employees. Administrative support will be provided by SCL under an Investment Management Agreement pursuant to which SCL is entitled to be paid a monthly management fee and an annual performance fee (see Sections 11.12 to 11.13 for more details).

13.11 The material contracts of the Company are set out in Section 8.14

13.12 The name and address of the auditors of the Company are:

KPMG
204 Johnsons Centre
#2 Bella Rosa Road
Gros Islet
St. Lucia

Directors' Interest in the Company

13.13 The interests of Directors in the Shares (including legal and beneficial holdings) as of July 14, 2021, being the latest practicable date prior to the publication of the Prospectus are set out below:

Director	Shareholding	Connected Parties	Approx. % Issued Capital
Clement Iton	Nil	N/A	Nil
Horace Messado	Nil	N/A	Nil
Pierre Williams	Nil	N/A	Nil
Elizabeth Stair	Nil	N/A	Nil
Linval Freeman	Nil	N/A	Nil
David Cummings	Nil	N/A	Nil
Dr. Ike Johnson	Nil	N/A	Nil
Dr. Ike Johnson	1,000,000	Sygnus Capital Group	0.5%

13.14 One (1) Director of the Company namely, Dr. Ike Johnson, is also a director of Sygnus Capital Limited, the Investment Manager. Dr. Ike Johnson holds (through connected companies and/or jointly with connected parties) significant holdings of shares in the parent company of the Investment Manager (see Section 13.29 below for further information).

13.15 The Independent Directors, namely Clement Wainwright Iton, Linval Freeman, Pierre Williams, Elizabeth Stair and Horace Messado are paid or will be paid directors' fees for attending Board meetings. All other Directors are not entitled to receive Directors' fees.

13.16 Except as stated above, no payment or benefit has been made or given directly to any Director for services rendered by him personally to the Company and neither the Company, the Investment Manager nor any other entity has made any payment or granted any benefit to any Director to induce him to serve as a director of the Company or to qualify him as a director of the Company.

Share Capital & Business of the Company

13.17 The Company has issued 3 classes of shares namely:

- (a) One Special Share;
- (b) Unlimited J\$ denominated Ordinary Shares of no par value;
- (c) Unlimited US\$ denominated Ordinary Shares of no par value; and

13.18 The Special Share has a right to cast 101% of the votes capable of being cast on a poll at any general meeting of the Company but on a show of hands, the holder of the Special Share shall only have one vote. The Articles give the holder of the Special Share the right to demand a poll. The holder of Ordinary Shares has, on a show of hands, one vote irrespective of the number of Ordinary Shares held but on a poll, will have one vote for each ordinary share registered in their name. A dividend may be paid on the Special Share in lieu of, or in addition to, the management fees payable to the Investment Manager as may be agreed between the Company and the holder of the Special Share in the Investment Management Agreement. In a winding-up the subscription sum of US\$1.00 is payable to the holder of the Special Share in priority to any distribution on the Ordinary Shares. The holder of a share, whether Special Share or Ordinary Shares, may vote in person or by proxy and a proxy need not be a member of the Company. The Articles of Association of the Company contain entrenched provisions whereby the rights attaching to the Special Share or modification or termination of the Investment Management Agreement would operate as modification of the rights attaching to the Special Share and accordingly none of those things may be done without the consent of the holder of the Special Share (i.e. SCG).

13.19 The J\$ and US\$ denominated Ordinary Shares (together the “Shares”) all rank *pari passu*. On a poll a holder of Shares will have one vote for each Share registered in his name or of which he is the duly appointed proxy. On a show of hands, a holder of Shares will have one vote regardless of the number of Shares held either in his own name or as proxy. On issue the Shares will be converted into stock units.

13.20 The Company was incorporated on June 19, 2018 and has carried on business since August 1, 2019 and accordingly paragraph 15 of Part 1 of the Third Schedule of the Companies Act does not apply. The Company’s constitution is set out in its Memorandum of Association and Articles of Association which are among the document available for inspection.

IPO and Listing Expenses

13.21 The IPO and Listing Expenses are estimated to be in the region of J\$175,500,000.00. They will include the following: (i) Joint Lead Broker’s fees; (ii) Lead Arranger fees; (iii) legal fees; (iv) Registrar’s fees; (v) Prospectus filing fees payable to the Registrar of Companies; (vi) JSE listing fees; (vii) Marketing expenses; and (viii) Auditing fees. All the foregoing fees, (except the Prospectus filing fees) will attract general consumption tax.

Material Litigation

13.22 The Company is not involved in any litigation, arbitration or other legal proceedings in Jamaica, Saint Lucia or in any other jurisdiction and the Directors of the Company are not aware of any circumstance which would give rise to any such litigation, arbitration or other proceedings.

Taxation

13.23 The Company is an International Business Company registered in Saint Lucia. As such it will pay income tax in Saint Lucia at the rate of 1% of its taxable profits. In addition it is exempt from withholding tax, capital gains tax and stamp duties in Saint Lucia. If all Board Meetings are held outside Jamaica and policy decisions affecting the Company are made at such Board Meetings then the Company should not be treated as resident in Jamaica for tax purposes. Dividends paid by the Company to Jamaican residents and other residents in a country which is a party to the CARICOM Double Taxation Treaty will be taxed at zero rate in the country in which the Company is resident (i.e. Saint Lucia) and will not be taxed in Jamaica or in the other CARICOM treaty country in which the shareholder resides. (See Risk Factors regarding changes in the tax regime in Saint Lucia which will impact the Company.) The Company is an international business company (“IBC”) incorporated in Saint Lucia which elected to pay income tax at the rate of 1%. Between 2019 and 2020, the laws in St. Lucia relating to income taxation of IBCs were substantially amended. The key changes are as follows:

- (a) As of July 1, 2021, all IBCs incorporated before December 1, 2019 will be taxed at 30% on income derived from a Saint Lucian source – that is to say earned from business activities performed in Saint Lucia.
- (b) Income earned from sources outside Saint Lucia will be exempt from Saint Lucian income tax if the IBC satisfies certain economic substance tests – designed to show that the IBC has a substantive presence in Saint Lucia. This means carrying out certain business activities in Saint Lucia.

Particulars of the Shares

13.24 The Shares offered for subscription are Ordinary Shares to be issued by Sygnus Real Estate Finance Limited, an international business company incorporated under the International Business Companies Act of Saint Lucia. They will be issued in registered book-entry form. The book entry records will be maintained by:

Jamaica Central Securities Depository Limited (“JCSD”)
40 Harbour Street
Kingston
Jamaica.

JCSD is a wholly-owned subsidiary of the Jamaica Stock Exchange.

13.25 The Shares issued in this IPO will rank *pari passu* in all respects with the ordinary shares already issued by the Company.

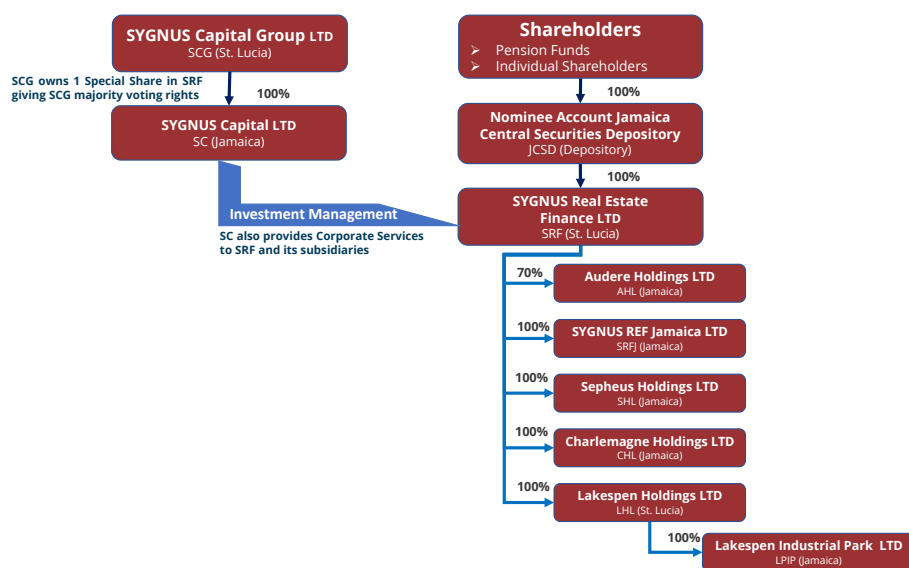
Other Matters

13.26 The Company does not intend to engage any employee of its own. As such no benefit or employment termination payment or severance payment is or will be payable to any person by the Company and no employee share option plan or incentive plan will be established for any director or employee of the Company.

13.27 The Company has not established a place of business in Jamaica.

Disclosure of Interests in SRF

13.28 SCG holds 0.5% of the Company's ordinary share capital. SCG, the parent of the Investment Manager has by way of the Special Share the majority of the votes on a poll in a general meeting of the Company. The Investment Manager is a wholly owned subsidiary of Sygnus Capital Group Limited ("SCG") an International Business Company incorporated under the laws of St. Lucia. SCG is ultimately owned by Dr. Ike Johnson, Jason Morris, Berisford Grey and Gassan Azan ("the Beneficial Owners"). The Investment Manager and the Company are under the ultimate control of the Beneficial Owners. The figure below shows the current structure of the Company as it relates to SCL.



13.29 Dr Ike Johnson, one of the Beneficial Owners, is a Director of the Company and the Investment Manager. Jason Morris, Berisford Grey and Gassan Azan, the other three Beneficial Owners, are also Directors of the Investment Manager.

13.30 The Investment Manager is an interested party to the IPO. The fees payable to the Investment Manager are discussed in Sections 11.12 and 11.13 above.

Restriction on Business

13.31 SRF is an International Business Company incorporated under the International Business Companies Act of Saint Lucia (“the IBC Act”). The IBC Act prohibits International Business Companies from:

- (a) carrying on business with persons resident in Saint Lucia;
- (b) owning an interest in immovable property situated in Saint Lucia, other than a lease referred to in subsection (2)(e) of the IBC Act;
- (c) carrying on international banking business unless it is licensed to do so under the law in force in Saint Lucia relating to international financial services;
- (d) carrying on a banking business with a Saint Lucian resident whether alone or in conjunction with any other activity, unless it is licensed to do so under the Banking Act of Saint Lucia;
- (e) carrying on an international insurance business unless it is licensed to do so under the law in force in Saint Lucia relating to international financial services;
- (f) carrying on a shipping business with a Saint Lucian resident whether alone or in conjunction with any other activity, unless it has complied with an enactment relating to the carrying on of shipping business;
- (g) carrying on the business of international financial services representation;
- (h) carrying on international mutual funds business unless it is licensed to do so under the law in force in Saint Lucia relating to international financial services; or
- (i) carrying on business in a manner detrimental to the public interest.

13.32 The above prohibitions apply to all International Business Companies which were incorporated prior to December 1, 2018 and will continue to apply until June 30, 2021.

13.33 This issue is not underwritten.

Transfer of Shares

13.34 If the Shares are listed on the JSE they may be transferred across the Exchange without payment of stamp duty (J\$5,000+25%) or transfer tax (2%). Transfer of shares across the Exchange will, however, attract a JSE cess, settlement fees and stockbrokers' fees. The JSE cess and settlement fee in total is currently 0.33% of the sale price on the "sell side" (payable by the seller) and a similar rate on the buy side (payable by the buyer). Stockbroker's fees are subject to negotiation with the stockbroker. General Consumption Tax ("GCT") is payable on the JSE cess, settlement fee and the stockbrokers' fees.

Material Litigation

13.35 The Company is not involved in or a party to any litigation, arbitration or other proceedings in Jamaica or in any other jurisdiction and the Directors of the Company are not aware of any circumstance which would give rise to any such litigation, arbitration or other proceedings.

Working Capital

13.36 The Company is of the opinion that taking into account the credit lines available to it and its cash flow, it has sufficient working capital for its present requirements (that is to say, for at least the next 12 months from the publication of the Prospectus).

Audit Report Qualification

13.37 There are no qualifications in the accountants' report of the historical financial information.

Significant Change

13.39 Other than the events listed in Section 9, there has been no significant change in the financial or trading position of the Company since February 28, 2021 being the latest date as of which the unaudited financial statement of the Company were prepared.

Other Matters Relating to Directors

13.40 None of the Directors has a written service contract with the Company. None of the Directors has during the last five (5) years:

- (i) been convicted in relation to an offence involving fraud;
- (ii) been associated with any bankruptcy receivership or liquidation while acting in the capacity of a Director or member of the management team of the relevant entity;
- (iii) been sanctioned or subject to disciplinary action by a professional body; or

- (iv) been disqualified by a court from acting as a Director or member of the administration, management or supervisory body of a company or otherwise from acting in the management of the affairs of a company.

13.41 The Company has not made any loan or granted any guarantee for the benefit of any of the Directors. Four Directors hold shares in the Company directly and via related parties (see 13.14). Directors will be at liberty to apply for Shares in the Offer as any ordinary member of the public.

13.42 Each Independent Director will be paid Director's fees at a level comparable to what is customarily paid to directors of publicly traded companies in Jamaica. In addition, a Director is entitled to be reimbursed for reasonable travelling and hotel expenses (where applicable) incurred in attending meetings of the Board or Committee of the Board and otherwise performing the duties as non-executive Directors.

13.43 The Company's Articles provides that the number of Directors shall not be more than eleven (11). A Director need not hold shares in the Company.

Money Laundering

13.44 In order to ensure compliance with the Proceeds of Crime Act and applicable money laundering regulations, Applications in the Offer for Sale must be submitted through Sygnus Capital Limited, the Lead Arranger and Sagicor Investments Jamaica Limited and Scotia Investments Jamaica Limited, the Joint Lead Brokers. Sygnus Capital, Sagicor Investments Jamaica and Scotia Investments Jamaica, being regulated financial institutions, maintain and administer Anti-Money Laundering Policies and Procedures approved by their regulator, the FSC) and the process will ensure that where necessary, Applicants will be vetted for money laundering purposes.

13.45 Sygnus Capital Limited, Sagicor Investments Jamaica Limited or Scotia Investments Jamaica Limited, or any other selling agent or collecting agent, may, in its absolute discretion, require verification of source of funds from any Applicant. Failure to provide the required information may result in the Application being rejected. Sygnus Capital or Sagicor Investments Jamaica, or Scotia Investments Jamaica and any other each selling or collecting agent reserves the right, as part of their money laundering and Know-Your-Customer procedures, to request credit information in respect of any Applicant from any local credit bureau and by submitting an Application an Applicant shall be deemed to authorise Sygnus Capital or Sagicor Investments Jamaica, or Scotia Investments Jamaica or such selling or collecting agent to request such credit report and to sign, if requested, any requisite consent form.

13.46 By submitting an Application, the Applicant shall be deemed to represent and warrant to the Company that no part of the sum offered to purchase Shares in the Offer for Sale constitute proceeds of crime or is otherwise tainted money.

Industry and Market Data

13.47 Where third-party information has been used in this document, the source of such information has been identified. The Company confirms that such information has been accurately reproduced and, so far as it is aware has been able to ascertain, from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

13.48 Unless otherwise stated, financial information in relation to the Company has been extracted without material adjustment from the historical accountant's report prepared by KPMG, Chartered Accountants.

Miscellaneous

13.49 Persons applying for Shares under this IPO who are allocated Shares may only rely on the information contained in this Prospectus and, to the fullest extent permitted by law, any liability for representations, warranties and conditions express or implied and whether statutory or otherwise (including without limitation pre-contractual representations but excluding fraudulent misrepresentations) are expressly excluded in relation to the Shares and the Offer.

13.50 In the event that the Company is required to publish any supplementary prospectus or amendment to this Prospectus, Applicants who have applied for Shares in the IPO will have the right exercisable within two (2) Business Days after publication of the supplementary prospectus or amendment to withdraw their Application in whole or in part. References to publication of a supplementary prospectus or amendment means a public announcement in the press regarding publication of the supplementary prospectus or amendment on the website of the JSE and/or Sygnus Capital.

Overseas Investors

13.51 No person receiving a copy of the Prospectus in any territory outside Jamaica may treat the Prospectus as constituting an invitation or offer to him.

14. CONSENTS

14.1 KPMG, the Auditors of the Company, have given and have not withdrawn their written consent (a copy of which is attached as Appendix 2) to the issue of this Prospectus with the inclusion therein of (i) a copy of their Auditors' Report dated July 15, 2021 (ii) a copy of their Auditors' Report dated April 28, 2021, (iii) the complete audited financial statements of the Company for the year ended August 31, 2020 and (iv) a copy of their Review Report dated July 8, 2021 and (v) references to their name in the form and context in which they are included.

14.2 The Directors of the Company have given and have not withdrawn their written consent to the issue of the Prospectus and the inclusion therein of all material facts relevant to the Company as required by the Companies Act of Jamaica.

15. DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the IPO remains open for subscription for Shares, the following documents will be available for inspection on any weekday during the hours of 9:00 am to 4:30 pm, at the office of Sygnus Capital namely:

- (a) the Memorandum and amended Articles of Association of the Company;
- (b) written consent of the Auditors, KPMG;
- (c) the Audited Financial Statements of the Company for year ended August 31, 2020;
- (d) the Management Accounts for the six months ended February 28, 2021;
- (e) resolution of the Company to adopt a new set of Articles of Association to conform to the Rules of the JSE;
- (f) copies of the Material Contracts referred to in Section 8.14;
- (g) copy of the International Business Companies Act of Saint Lucia;
- (h) copies of the most recent property valuations referred to in Section 9.6;

16. APPLICATION PROCEDURE

Applications

16.1 Two classes of Ordinary Shares, namely J\$ Shares and US\$ Shares, are available for subscription in this IPO. Applications for Shares shall be made through the Sagicor eInvest Platform (see Appendix 1 for details). Payment for US\$ Shares and J\$ Shares subscribed for must be made in US\$ and J\$ respectively (subject to the right of the Company to accept payment for Shares in either currency)

16.2 If needed, additional copies of this Prospectus may be obtained from the websites of the Lead Arranger (www.sygnusgroup.com) or the Joint Lead Brokers (www.sagicorjamaica.com and www.scotiainvestmentsjm.com) and will be sent to the JSE. The JSE may elect to publish the Prospectus on its web-site (www.jamstockex.com). Assistance in completing an Application may be obtained from any such stockbroker, securities dealer or investment adviser.

16.3 The Company reserves the right to reject multiple applications and if multiple applications are received, only the first application in time may be processed. **All Prospective Investors are encouraged to read the Prospectus in full before deciding to invest in the Shares.**

Terms and Conditions of all Applications

16.4 All Applications for Shares are subject to the following terms and conditions:

- (a) Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Shares by the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares at the Subscription Price, subject to these terms and conditions.
- (b) The subscription in the IPO will open at 9:00 a.m. on July 23, 2021 and will close at 4:30 p.m. on August 20, 2021 subject to the right of the Company to close the Subscription List at any time if subscriptions have been received for the full amount of the Shares available for subscription and subject also to the right of the Company to extend the closing beyond that date subject to section 372 of the Companies Act, 2004. In the event of an early closing or an extension of the closing, notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com).

- (c) Applications made must be for a minimum of 1,000 Shares. Applications for amounts in excess of 1,000 shares must be in multiples of 100 shares. The Company reserves the right to accept or reject Applications for amounts in other denominations.
- (d) Applications for Shares must be made through Sagicor Investments Jamaica Limited's EInvest Portal by following the instructions set out in Appendix 1.
- (e) Where payment is made via the use of a Manager's Cheque, this must be delivered to Joint Lead Brokers at any of the following locations:

If to Sagicor Investments Jamaica Limited:

Branch	Location
Sagicor Investments - Hope Road	85 Hope Road Kingston 6
Sagicor Investments - Dominica Drive	17 Dominica Drive Kingston 5
Sagicor Investments - Montego Bay	Shop B8, 21B Fairview Shopping Centre, Bogue Estates, Montego Bay, St. James
Sagicor Investments - Duke and Tower Street	17a Duke Street Kingston
Sagicor Investments - Half-Way Tree	6C Constant Spring Rd Kingston
Sagicor Investments - Liguanea	106 Hope Road Kingston
Sagicor Investments - Tropical Plaza	Shop #25, 12 1/2 & 14 Constant Spring Rd Kingston
Sagicor Investments- Portmore	Portmore Pines Plaza Shop #34, Portmore St. Catherine

Sagicor Investments- Ocho Rios	Unit 5&6 Eight Rivers Town Centre, Buckfield Ocho Rios, St. Ann
Sagicor Investments - Savanna-La-Mar	Great George St. Savanna-La-Mar, Westmoreland
Sagicor Investments - Mandeville	5-7 Ward Ave Mandeville, Manchester
Sagicor Investments - May Pen	6B Manchester Ave May Pen, Clarendon
Sagicor Investments - Black River	Corner High and School Streets Black River, St. Elizabeth

If to Scotia Investments Jamaica Limited:

Branch	Location
Scotia Investments – Constant Spring Financial Centre	132-132A , Constant Spring Road , Kingston 8
Cross Roads	86 Slipe Road, P.O Box 2 Kingston
Fairview	Fairview Financial Center Building, 1 Port Avenue Fairview, Montego Bay, St. James
Falmouth	Wharf P.O Falmouth
Half Way Tree	82-84 Half Way Tree Road, Kingston, Jamaica
Liguanea	125-127 Old Hope Road, Kingston, Jamaica

Mandeville	1A Caledonia Rd, Mandeville, Jamaica
May Pen	36 Main St, May Pen, Jamaica
Montego Bay	1 Port Avenue, Bogue Montego Bay, St. James, Jamaica
Negril	Negril Square, Westmorland
New Kingston	2 Knutsford Boulevard, Kingston 5
Ocho Rios	Main Street Ocho Rios St. Ann
Oxford Road	6, 5 Oxford Road, Kingston, Jamaica
Portmore	Lot 2 Cookson Pen, Bushy Park, Jamaica
Santa Cruz	42 Main Street Santa Cruz
Savanna la mar	19 Great George Street, Savanna La Mar, Westmorland
Scotia Centre	Corner Duke & Port Royal Street, Kingston

- (f) All Shares allotted to successful applicants will be held in the JCSD and credited to an account in the JCSD in the name of the Applicant within 21 days of the Closing Date. Evidence of the Applicant's holding of Shares will be provided by statements generated by the JCSD and mailed to the Applicant at the address indicated on their Application. If any subscription is not accepted or is accepted for fewer than the number of Shares applied for, the subscription monies, or the balance thereof as the case may be, will be returned within 10 Business Days following the Closing Date by crossed cheque

sent through the post or deposit to the bank account instructed during the application process or if instructed, held for collection at either of the Joint Lead Broker's offices. No interest is payable on such refunds.

- (g) Applicants must be at least 18 years old. However, Applicants who have not yet attained the age of eighteen (18) years, may apply jointly with Applicants who are at least eighteen (18) years of age.
- (h) The Company reserves the right to reject, in whole or in part, any subscription and to allot less than the amount of Shares applied for by an Applicant.
- (i) The Company reserves the right to withdraw the IPO by notice published in at least one of the local daily newspapers and on the JSE website. The Company also reserves the right to reject any application if any of the conditions for application set out in this Prospectus is not met.
- (j) By submitting an Application a Prospective Investor shall be deemed to represent to the Company and the Directors and agree with him that:
 - (i) he has read and understood or has had the opportunity to read and understand this Prospectus (including the terms and conditions in this Section 16) and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
 - (ii) he has not relied on the Company or any other persons connected thereto with his investigation of the accuracy of such information or his investment decision;
 - (iii) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his Application;
 - (iv) he has made his own assessment of the Company, and the merits and risks of subscribing for Shares, inclusive of taking advice (or waiving the need for such advice) in relation to the financial and legal implication of subscribing for Shares and tax implications thereof;
 - (v) he has accepted the terms and conditions set out in this Prospectus, including in any Appendix hereto;
 - (vi) the Directors may take all such further requisite action without further reference to him or other stockholders to secure the listing of the Company

on the Main Market of the JSE and the completion of all matters relating to this IPO;

- (vii) he will be deemed to have offered to purchase from the Company the number of Shares applied for in his Application (or such lesser number which may be allotted to him by the Directors) on the terms and subject to the conditions set forth herein and subject further to the Articles of Association of the Company.
- (l) Successful Applicants will be allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Application. Applicants may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date. Applicants who wish to receive share certificates must make a specific request.
- (m) Save with respect to the fixed number of Reserved Shares available to Reserve Share Applicants and save as to the requirement for a minimum subscription of 1,000 Shares by a member of the public or Reserve Share Applicants and that subscription in excess of 1,000 Shares must be in multiples of 100 Shares, there is no restriction as to the number of Shares for which an Applicant may apply for subject to provisions of any law or regulation which may impose conditions or restrictions on certain persons, such as approved superannuation funds as to their investment in shares and certain securities.
- (n) The Company will endeavour to return cheques funds for the amounts refundable to Applicants whose Applications Forms are not accepted, or whose Applications Forms are only accepted in part, to the Applicant's address shown in the bank account provided in the Application within 10 (ten) Business Days after the Closing Date (or the extended Closing Date, as the case may be) or as soon as practicable thereafter. If an Applicant so indicates in his Application a refund cheque will be sent to the JCSD for collection by the Applicant (or by the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of the Applicant must be authorised in writing by the Applicant(s) to do so. All refunds of a quantum greater than the RTGS threshold of \$1 Million will be refunded via RTGS to the account of origin.
- (o) Within three (3) days after close of the Subscription List, the Company shall give notice to the JSE of the basis of allocation and the list of allottees will be delivered to the JSE within ten (10) days after the allotment.

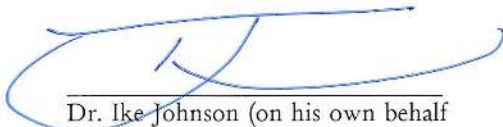
Basis of Allotment

16.5 Applications that meet the requirements set out in this Prospectus shall be accepted on a "*first come first served basis*". All Applications will be time-stamped to indicate the date and time it was received. If

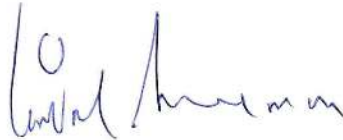
Applications are received before the Subscription List opens at 9.00 a.m. on the Opening Date then such Applications will, for allotment purposes, be stamped as received at 9.00 a.m. on the Opening Date.

17. DIRECTORS' SIGNATURES

Signed on behalf of Sygnus Real Estate Finance Limited by its Directors on this 15th day
of July 2021.



Dr. Ike Johnson (on his own behalf
and as
Agent and attorney for Clement
Wainwright Iton, Elizabeth Stair and
Horace Messado)



Linval Freeman
Director



Pierre Williams
Director





David Cummings
Director

**CERTIFICATION REQUIRED PURSUANT TO
SECTION 372(3)(A) OF THE COMPANIES ACT 2004**

We, the undersigned, being the Chairman and two other Directors of SYGNUS REAL ESTATE FINANCE LIMITED, do hereby certify, pursuant to Section 372 (3)(a) of the Companies Act 2004 of Jamaica, that this Prospectus was approved for issue by a resolution of the Board of Directors of SYGNUS REAL ESTATE FINANCE LIMITED.

Dated as of the 15th day of July 2021



DR. IKE JOHNSON as agent for
Chairman

LINVAL FREEMAN
Director

DAVID CUMMINGS
Director

APPENDIX 1 - eINVEST APPLICATION PROCESS

HOW TO SIGN UP FOR EINVEST

1. On your device, go to <https://einvest.sagicorjamaica.com/> or visit www.sagicor.com/en-JM/Personal-Solution/Investment/eInvest and select “Sign Up Today”
2. On the einvest homepage, select “Sign Up” tab found at the top right of the screen.
3. Enter your personal details and password
4. Check the first box if you are 18 years or older; Check the second box if you have read and agreed to the Terms of Service.
5. Select “Sign Up”.
6. A verification request email will be sent to you. Check your email for the request and select “Verify Email”. You will then be redirected to the login screen. Re-enter your personal details and password to log in.

HOW TO APPLY FOR AN OFFER ON EINVEST

Step 1: Primary Holders

1. On your device, visit <https://einvest.sagicorjamaica.com/> and select the “Login” tab from the top right of the screen.
2. Enter your personal details and password to log in.
3. From the list of available open offers, select the class of SYGNUS ORDINARY SHARES that you wish to apply for.
4. Review the information regarding the offer.
5. Select “Apply Now” beside the relevant Share Pool for which you intend to apply.

Before you continue, be sure to have the following on hand:

- Your JCSD Account Number
- Your Payment Information
- Valid Photo ID (Driver’s Licence, Passport or National ID)
- The Sagicor Mobile App. (Download **Sagicor eInvest Signature** for Android from the Google Play Store or for IOS from the Apple App Store)

Sagicor eInvest Signature is a mobile app that allows applicants to sign application forms from their device.

6. Select whether the application is being made on behalf of an “Individual” or a “Corporation.”
7. Enter the relevant personal or corporate information and select “Continue”.

Step 2: Joint Holders

8. If there is a joint holder on the account, select “Yes” and complete the joint holder’s information as it appears on the JCSD account. If there is more than one joint holder click “Add Joint Holder” and enter the required information.

Click “Continue” when all joint holder(s) information is entered.

9. If there is no joint holder, select “No”.

Step 3: Payment & Refunds

10. Declare your Source of Funds
11. Select your payment method (“Sagicor Bank Transfer”, “Debit Card”, “Manager’s Cheque” or “Real Time Gross Settlement”) and enter the required information.
12. Kindly make JMD payments to Sagicor Investments using the instructions below:
Beneficiary Bank: Sagicor Bank Jamaica Limited
17 Dominica Drive, Kingston 5
BIC Code: SAJAJMKN
Beneficiary: Sagicor Investments Jamaica Limited, 85 Hope Road, Kingston 6
Account Number: 5503131813
Payment Reference: [Client Name] – SYGNUS ORDINARY SHARES

13. Kindly make USD payments to Sagicor Investments using the instructions below:
Beneficiary Bank: Bank of America, 100 S.E. 2nd Street, Miami, Florida, 33131
ABA Number: 026009593
Account Name: Sagicor Investments Jamaica Limited
Account Number: 1901952184
Payment Reference: [Client Name] – SYGNUS ORDINARY SHARES

Step 4: Signature & Verification

14. Select “Electronic (Mobile App)” to sign the application using the **Sagicor eInvest Signature** app, or select “Print, Sign and Upload” to download, print and sign your application form.
15. Note that all joint holders with the exception of minors are required to sign the application.
16. Select “Continue” after uploading your signature, or your signed application.

Step 5: Review

17. Review and verify that all information entered is accurate. If there are any changes to be made, select “Edit” on the relevant section.
18. Upon completion of your review, click “Submit” to submit your application for approval.
19. You may download the application or log on to eInvest at any time to review and check the status of your application.
20. An application confirmation email will be sent to the email address attached to the account.

APPENDIX 2 – AUDITOR’S CONSENT



204 Johnsons Centre
No. 2 Bella Rosa Road
P.O. Box GI 2171
Gros-Islet LC01 101
Saint Lucia

Telephone: (758) 453-5764
Email: ecinfo@kpmg.lc

July 15, 2021

The Board of Directors
Sygnus Real Estate Finance Limited
20 Micoud Street
Castries
Saint Lucia

Ladies and Gentlemen:

Prospectus for the initial public offer by Sygnus Real Estate Finance Limited of 207,608,341 ordinary shares

With respect to the prospectus for the offer of ordinary shares by Sygnus Real Estate Finance Limited (“the Company”), we hereby consent to the inclusion in the prospectus of:

- our auditors’ report dated July 15, 2021 on the summary consolidated financial statements, which comprise the summary consolidated statements of financial position and profit or loss and other comprehensive income for the period ended August 31, 2020;
- our review report dated July 8, 2021, on the condensed consolidated interim financial information of Sygnus Real Estate Finance Limited and its subsidiaries and joint venture (“the Group”), which comprise the Group’s condensed consolidated statement of financial position as at February 28, 2021, the Group’s condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information;
- our auditors’ report dated April 28, 2021, on the separate financial statements of Sygnus Real Estate Finance Limited (“the Company”) and the consolidated financial statements of the Company and its subsidiaries and joint venture (“the Group”), which comprise the Group’s and Company’s statements of financial position as at August 31, 2020, the Group’s and Company’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising significant accounting policies and other explanatory information; and

KPMG in Barbados and the Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



July 15, 2021

The Board of Directors
Sygnus Real Estate Finance Limited

- references to our name in the form and context in which it is included in the prospectus.

We confirm that we have not withdrawn such consent before delivery of a copy of the prospectus to the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned reports or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,
For and on behalf of KPMG

A handwritten signature in black ink, appearing to read 'L Brathwaite'.

Lisa Brathwaite
Partner