



SYGNUS | REAL ESTATE
FINANCE

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE
YEAR ENDED

AUG
31ST
2022

SYGNUS

REAL ESTATE FINANCE

November 30th, 2022

For Immediate Release

Sygnus Real Estate Finance Limited FYE'22 Earnings Call

SYGNUS | REAL ESTATE
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EARNINGS CALL: FYE AUGUST 31, 2022

THURSDAY

DECEMBER 1

2022

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Sygnus Real Estate Finance Limited

Audited Results for the Financial Year Ended August 31, 2022

Castries, St Lucia | Wednesday, November 30, 2022

Sygnus Real Estate Finance Ltd (“SRF” or “the Group”) is pleased to report on the audited financial results for the financial year ended August 31, 2022 (“FYE Aug 2022”). The audited results are accompanied by this summary management discussion and analysis (“MD&A”), which is to be read in conjunction with the audited financial statements. The MD&A may contain forward looking statements based on assumptions and predictions of the future, which may be materially different from those projected. SRF’s investment strategy focuses on real estate investment assets that offer significant appreciation potential through active management of its equity investments (investment property, joint ventures and developments), complemented by income generated from its debt and quasi-debt investments used to finance real estate assets (real estate investment notes or REIN’s).

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Sygnus Real Estate Finance Limited reported total investment income of J\$1.35 billion, net profit attributable to shareholders of J\$693.0 million and a record J\$13.14 billion in real estate investment assets for FYE Aug 2022, its first financial year as a publicly listed company, and its third year in operation. The Group unlocked value from its major real estate investment assets (REIAs) by achieving a set of key milestones, namely: began construction of the J\$3.70 billion Belmont Road 9-storey commercial tower and advanced the project to 67% completion, with four of the five floors effectively leased; advanced the construction of the effectively leased built-to-suit industrial warehouse facility on Spanish Town Road to 73% completion; completed the detailed design phase for the beachfront hospitality investment property in Mammee Bay, St. Ann and increased its investment in income generating REINs to a record J\$2.48 billion. SRF began engaging in partnership discussions and financing options with international investors and financiers with regards to Sepheus Holdings Limited, the SRF subsidiary which holds the Mammee Bay asset. The Group purchased 26 Seaview Avenue located in Kingston’s “golden triangle”, entered into a joint venture agreement with a 51% shareholding for a property on Montrose Road in the “golden triangle” and made a deposit to purchase another property located on Lady Musgrave Road in Kingston. SRF became a publicly listed entity on the Jamaica Stock Exchange on October 5, 2021. The Group remains fully focused on executing its strategy of unlocking value in real estate assets, as it seeks to continue increasing shareholder value.

	FYE Aug 2022	FYE Aug 2021
Summary Results of Operations	JAS'000	JAS'000
Interest Income	217,631	97,476
Interest Expense	(148,097)	(88,648)
Net Interest Income	69,534	8,828
Commitment Fees	16,832	3,190
Gain on Sale of Real Estate Asset	-	100,805
Gain on Acquisition of Subsidiary	-	1,306,341
Gain on Investment Property	716,379	913,396
Share of Gain on Joint Ventures	546,289	29,957
Total Investment Income	1,349,034	2,362,516
Total Operating Expenses	(365,441)	(601,055)
Net Investment Income	983,592	1,761,462
Fair Value Gain (Loss) on Financial Instruments	(177,817)	52,676
Net Foreign Exchange Gain (Loss)	38,738	(2,540)
Profit Before taxation	844,514	1,811,598
Taxation	(151,558)	-
Net Profit Attributable to Shareholders	692,956	1,811,598
Basic Earnings Per Share (JA\$)	2.20	9.93
Diluted Earnings Per Share (JA\$)	2.06	9.93
Net Investment Income Per Share (JA\$)	3.12	9.65
Diluted Net Investment Income Per Share (JA\$)	2.92	9.65

Total investment income or core revenues was J\$1.35 billion for FYE Aug 2022, compared with J\$2.36 billion for the financial year ended August 2021 (“FYE Aug 21”), down 42.9% or J\$1.01 billion. The higher result in FYE Aug 2021 reflected an exceptional gain of J\$1.31 billion, generated from the acquisition of a subsidiary, which is typically not expected to recur at such scale and frequently. Adjusting for this exceptional gain last year, total investment income would have been J\$292.9 million or 27.7% higher in FYE Aug 2022 than the adjusted value of J\$1.06 billion in FYE Aug 2021.

The J\$1.35 billion in total investment income was primarily driven by a J\$716.4 million valuation gain on investment property, relative to J\$913.4 million last year, a J\$546.3 million share of gain on investment in joint ventures relative to J\$30.0 million last year and higher net interest income of J\$69.5 million compared with J\$8.8 million last year. The gain on investment property reflected the continued unlocking of value from key strategic investment properties, led primarily by the assets

located at Mammee Bay in St Ann, Lakespen in St Catherine and Hillcrest Avenue in Kingston. The share of gain on joint ventures primarily reflected the unlocking of value from the One Belmont commercial tower development, which accounted for 94.0% or J\$513.6 million of the reported gains. The One Belmont result is in keeping with the expectation that the unlocking of value from this asset would have only started to accrue once the project was closer to completion. Higher net interest income reflected increased deployment of capital to third party income generating REINs which nearly doubled to a record J\$2.48 billion with a weighted average yield of 11.1% vs 9.3% last year.

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Note that SRF's total investment income was comprised of all the activities that were involved in the unlocking of value from its portfolio of real estate investment assets, namely: interest income on its REINs 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. Based on the nature of its business model, SRF's earnings during interim reporting quarters may experience "lumpiness" in total investment income and net profits, which is typically "smoothed out" at the end of each financial year. The Group uses independent appraisers to value its investment properties annually. All investment properties are USD investment assets which are converted to JMD for financial reporting purposes. SRF's key strategic assets are held via wholly owned subsidiaries or joint ventures.

SRF Subsidiaries Joint Ventures	Ultimate Underlying Asset	Company Type
Audere Holdings Limited	78,790 sq. ft. commercial tower development. One Belmont 1-3 Belmont Road, Kingston.	70% Joint Venture
Charlemagne Holdings Limited	1-3 Hillcrest Avenue, Kingston (former French Embassy). 3.2 acres Commercial or Residential	100% Subsidiary
Lakespen Holdings (shares)	Lakespen, St Catherine. 55 acres Industrial	100% Subsidiary
Monadh Rois Holdings Limited	Montrose Road, Kingston. 0.9 acre Residential	51% Joint Venture
Sepheus Holdings Limited	Mamme Bay, St Ann. 14.4 acres Hospitality	100% Subsidiary
Sygnus REF Jamaica Limited	56 Lady Musgrave Road, Kingston. 0.6 acre Commercial	100% Subsidiary
	32,553 sq. ft. industrial development. Spanish-Penwood 443-445 Spanish Town Road, Kingston.	
	26 Seaview Avenue, Kingston. 0.6 acre Commercial	

Net investment income or core earnings was J\$983.6 million for FYE Aug 2022 compared with J\$1.76 billion last year, with last year's results positively impacted by the exceptional J\$1.31 billion gain on acquisition of subsidiary. The J\$983.6 million in net investment income was driven by J\$1.35 billion in total investment income, which was offset by J\$365.4 million in operating expenses.

Net profit attributable to shareholders was J\$693.0 million for FYE Aug 2022 compared with J\$1.81 billion last year, with last year's figure positively impacted by the exceptional J\$1.31 billion gain on acquisition of subsidiary and negatively impacted by J\$377.9 million in performance fees. The J\$693.0 million in this year's net profit was driven by net investment income of J\$983.6 million and net foreign exchange gains of J\$38.7 million, offset by fair value losses on financial instruments of J\$177.8 million. SRF's return on equity was 11.3% for FYE Aug 2022 and has an average ROE of 30.6% over its first three years of operations, with the first financial year comprising of 13 months.

Basic earnings per share (EPS) was J\$2.20 for FYE Aug 2022 compared with J\$9.93 last year, while diluted EPS was J\$2.06 compared with J\$9.93 last year. Similarly basic core earnings or net investment income per share (NIIPS) was J\$3.12 for FYE Aug 2022, compared with J\$9.65 last year, while diluted NIIPS was J\$2.92 compared with J\$9.65 last year.

Total Operating Expenses

SRF reported total operating expenses of J\$365.4 million for FYE Aug 2022, down 39.2% or J\$235.6 million relative to J\$601.1 million last year. The lower operating expenses in FYE Aug 2022 primarily reflected lower performance fees of J\$12.5 million compared with J\$377.9 million last year. 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 FYE Aug 2021 was 49.2%, which gave rise to the higher performance fees computed last year. This year's J\$12.5 million in performance fees represented an unadjusted amount from last financial year. Note that the investment manager waived the performance fees generated for FYE Aug 2022 amounting to J\$59.6 million from an ROE of 11.3%. Note also that the investment manager did not charge any management fees for the first six months of SRF's operation, prior to the company becoming a publicly listed entity. The decision to waive fees is at the sole discretion of the investment manager.

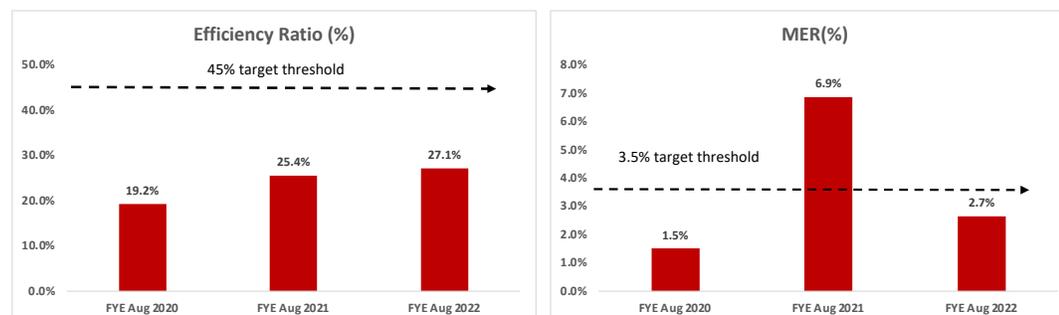
The J\$365.4 million in operating expenses were primarily driven by management fees and corporate services fees. Management fees were 60.3% of operating expenses or J\$220.4 million, while corporate services fees were 10.7% of operating expenses or J\$39.2 million. Combined, these fees amounted to 71.0% of operating expenses. Management fees were 67.4% or J\$88.7 million higher than last year driven by higher core assets under management, while corporate services fees were 46.4% or J\$12.6 million higher than last year.

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Efficiency Ratio and Management Expense Ratio

SRF's efficiency ratio, computed as total operating expenses as a percentage of total investment income, was 27.1% for FYE Aug 2022, and was within the target threshold level of 45.0%. Similarly, the management expense ratio (MER), computed as total operating expenses as a percentage of total core assets under management, was 2.7% and within the target threshold level of 3.5%. Last year's MER was impacted by the performance fees that were generated due to the 49.2% ROE for FYE Aug 2021.



Fair Value Gain or Loss on Financial Instruments

SRF generates a fair value gain or loss on a portion of its REINs, which are carried at fair value through its income statement. These customized investments are primarily structured as third-party 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 FYE Aug 2022, SRF reported a fair value loss of J\$177.8 million compared with gains of J\$52.7 million last year, primarily reflecting a reassessment of the profitability of one REIN. Adverse movements in interest rates which affect the fair value calculation, also impacted the reported figure.

Net Foreign Exchange Gain or Loss

Net foreign exchange gains were J\$38.7 million compared with a loss of J\$2.5 million last year. 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 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, 81.1% of SRF's real estate investment assets were denominated in USD, but none of these assets are classified as financial instruments. Thus, SRF had a net short USD exposure of US\$21.5 million driven primarily by US\$14.6 million in loans and borrowings and US\$3.5 million in convertible preference shares.

Real Estate Investment Activity

Summary of Investment Activity	FYE Aug 2022 J\$ '000	FYE Aug 2021 J\$ '000
Fair Value of Real Estate Investment Assets	13,114,624	8,693,786
New Commitments in Real Estate Investment Assets	3,385,428	2,609,719
Number of Real Estate Investment Assets (#)	16	13
Dry Powder*	463,365	9,104
Number of investments Exited (#)	2	2
Value of Investments Exited	352,841.00	2,112,580
Number of Real Estate Investment Notes (#)	8	6
Fair Value of Real Estate Investment Notes	2,483,919	1,256,844
Fair Value Yield on Real Estate Investment Notes (%)	11.1%	9.3%

Dry Powder for FYE Aug 2022 excluded J\$1.49 billion in construction loans for One Belmont project
Dry Powder also excluded J\$750 million debt capital raise concluded after end of FYE Aug 2022*

The figure last year primarily reflected the sale of a portion of Mammee Bay for J\$1.92 billion and a REIN for the remaining balance.

SRF had J\$463.4 million in dry powder on the balance sheet at the end of FYE Aug 2022 compared with J\$9.1 million last year. This dry powder does not include undrawn revolving credit facilities, available bridge facilities, J\$1.49 billion in construction loans and debt capital raise that concluded after the end of the financial year.

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Summary Update on Major Strategic Assets

SRF's major investment projects were at various stages of execution as it continues the diligent execution of a robust investment pipeline. The below assets do not represent an exhaustive listing of all assets owned by SRF or that SRF has invested in.



One Belmont | Commercial Tower. The J\$3.70 billion 9-storey corporate office development was started during the first quarter of the financial year, and is currently 67% completed, with construction remaining on track for the target April/May 2023 completion date. Work has begun on the sixth and seventh floors of the building. Long term agreements-to-lease were executed for three floors, while the agreement for a fourth floor is being executed with an expected December 2022 completion date. This means that four of the five floors are effectively leased. All leases are in US dollars or indexed to the USD. SRF has received expressions of interest from institutional investors regarding ownership participation in the leased floors, but those discussions will only be advanced when construction is closer to completion.



Spanish Penwood | Industrial Warehouse. The Spanish Penwood built-to-suit industrial facility tailored to the specific needs of IMCA Jamaica Limited is currently 73% completed. However, the completion date was revised from September/October 2022 to January/February 2023, partly due to delays in supplies being shipped from China, which are expected to arrive in the first week of December 2022. The entire industrial facility was pre-sold to institutional investors during the financial year with a secured US dollar long term lease in place, thus guaranteeing SRF's investment exit upon completion of construction. SRF received

50% of the agreed sale price from the institutional buyers during the financial year.

Mammee Bay: SRF has substantially advanced the value creation process for this 14.4-acres beachfront strategic asset by successfully completing the detailed design phase, led by an international consortium of partners and experts in the hospitality field. The value creation process has now moved to the stage where SRF is engaging in partnership discussions and financing options with international investors and financiers with regards to Sepheus Holdings Limited, the SRF subsidiary which holds the Mammee Bay asset. The work to enhance the investment property continues while this process runs its course.

Monadh-Rois | Joint Venture: SRF, which entered into this joint venture during the 2022 financial year, is expected to begin working with its joint venture partner to unlock the value from this 0.9-acre property located in Kingston's golden triangle early in SRF's 2022/23 financial year. This asset will target the residential segment of the real estate market.



Hillcrest Avenue: The Group continues working with its partners to optimize the strategy to extract the best value from this 3.2 acre investment property located in Kingston's "golden triangle". The building on the property, which housed the former French Embassy, was renovated to facilitate a medium-term lease to a corporate tenant.

Lakespen: SRF continues to work on the development planning phase with its strategic partners to unlock the optimal value on this 55-acres industrial property. An international consulting firm is engaged on the project.

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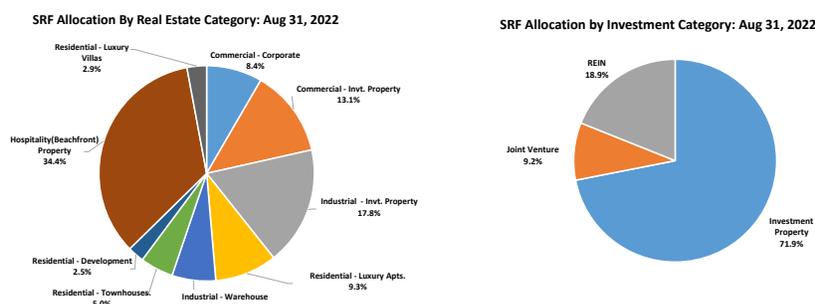
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26 Seaview Avenue: SRF acquired this 0.6-acre asset during the financial year given its strategic location in the Kingston business district. The value creation process will begin as appropriate.

56 Lady Musgrave Road: The value creation process will begin as appropriate on this 0.6-acre investment property located in Kingston's business district.

Allocation by Real Estate Category and Investment Category

As at FYE Aug 2022, SRF's investments were allocated across 9 sub-categories of real estate, with the largest allocation to hospitality – investment property with 34.4%, industrial-investment property with 17.8% and commercial-investment property with 13.1%.



SRF's capital was primarily allocated across three investment categories, namely property investments at 71.9%, REINs at 18.9% and joint ventures at 9.2%. The large allocation to property investments is reflective of SRF being in the early stages of its investment life cycle, which averages 3 to 5 years. By design, SRF's strategy requires the Group to make strategic property acquisitions, and then unlock the underlying value by monetizing these assets over time. 100% of SRF's capital was deployed directly into the real estate asset class within the Jamaican economy.

Liquidity and Capital Resources

During the first quarter of the financial year, SRF generated J\$2.31 billion in gross proceeds from the issuance of 128,398,400 shares during its initial public offering. Fifty two percent of the shares were allocated to the USD share class, with the remainder allocated to JMD share class. Both class of shares were listed on the main market of the Jamaica Stock Exchange.

	FYE Aug 2022	FYE Aug 2021
Summary of Balance Sheet Information	JAS'000	JAS'000
Cash and Cash Equivalents	463,365	9,104
Un-deployed Cash/Dry Powder	463,365	9,104
Investment Property	9,430,687	6,983,187
Deposit on Investment Property & Projects	28,792	18,344
Total Property Investments	9,459,479	7,001,531
Investments Measured at Fair Value through P&L	1,773,059	778,792
Investments Measured at Amortised Cost	710,859	478,052
Total Real Estate Investment Notes	2,483,919	1,256,844
Investment in Joint Ventures	1,200,019	435,411
Total Real Estate Investment Assets	13,143,416	8,693,787
	13,606,781	8,702,891
Other Assets:		
Accounts Receivable	1,810	-
Investment Income Receivable	93,084	4,348
Due from Related Entities	36,310	-
Total Assets	13,788,075	8,750,924
Share Capital	4,718,066	2,532,144
Foreign Currency Translation Reserve	36	(7)
Retained Earnings	2,870,900	2,177,945
Total Shareholders' Equity	7,589,002	4,710,082
Total Liabilities and Equity	13,788,075	8,750,924

As at FYE Aug 2022, SRF had J\$463.4 million in dry powder on its balance sheet, not including J\$1.49 billion in construction loan financing and J\$204.7 million in remaining drawdowns on a J\$590.0 million debt raise that began prior to the end of the year. In addition, subsequent to the end of the financial year, SRF, through its wholly owned subsidiary Sepheus Holdings Limited, raised an estimated J\$750.0 million in short-term notes. Finally, SRF has in excess of J\$2.00 billion in investment exits from REINs scheduled to occur at various periods during the 2022/23 financial year.

Balance Sheet Summary

At FYE Aug 2022, SRF's total assets increased by 57.6% or J\$5.04 billion to J\$13.79 billion compared with J\$8.75 billion last year. This was primarily driven by a 35.0% or J\$2.45 billion increase in investment property to J\$9.43 billion compared with J\$6.98 billion last year, a 97.6% or J\$1.23 billion increase in REINs to J\$2.48 billion compared with J\$1.26 billion last year and a 175.6% or J\$764.6 million increase in joint venture investments to J\$1.20 billion, compared with J\$435.4 million last year. The increase in the

value of investment property primarily reflected valuation gains for Mammee Bay, Spanish Penwood development and Hillcrest, plus the acquisition of the Seaview property.

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Investment in joint ventures primarily reflected SRF's 70% ownership interest in Audere Holdings, the joint venture that is executing the development of the One Belmont commercial tower. This value increased by J\$513.6 million to J\$949.0 million. The remainder reflected the 51% ownership interest in Mondadh Rois, the new joint venture that was executed during this financial year.

Shareholders' Equity

At FYE Aug 2022, total shareholders' equity grew by 61.1% or J\$2.88 billion to J\$7.59 billion vs J\$4.71 billion last year. This was driven by increased share capital from the initial public offering and higher retained earnings from the profit generated during the year. Return on average equity was 11.3% for FYE Aug 2022 and has averaged 30.6% over the three years since the firm began operating. SRF's ROE is likely to fluctuate as the unlocking of value from real estate assets is not linear and will likely reflect large swings when development projects are being exited.

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, has faded substantially although some risks remain. The direct health risks have been substantially reduced, resulting in the reopening of borders and freedom of movement, and leading to continued economic recovery for Jamaica, both on the macro-economic front and the fiscal accounts. Indeed, the health risks of COVID-19 have been largely replaced with a different set of challenges posed by the remnants of COVID-19 highlighted by supply chain and logistics issues, and global inflation accompanied by the rising cost of capital occasioned by higher interest rates.

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" losses on the debt and quasi-debt portion of its portfolio, consisting of REINs used to unlock value in third party real estate assets. SRF will generally achieve this objective through selective and rigorous screening, approval and documentation of investments, complemented by post investment project monitoring inclusive of standard project accounting and using experienced independent and qualified professionals. Adequate downside protection is typically 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 its assets 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 on the investment manager's alternative investment management platform.

Strategic Objectives Update

SRF is advancing through its first real estate investment life cycle, having been in existence for only three years, and having an average investment horizon of 3 to 5 years. The Group 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 Group remains focused on the following four key strategic objectives, as originally highlighted during its initial public offering in 2021:

- **Increase Dry Powder:** The first phase of this objective was achieved via the raising of equity capital at the group level from an initial public offering during the first quarter of the financial year. SRF then began executing the second phase by tapping various forms of debt facilities at the group level and structuring its exit from existing investments to be recycled into new investments. The structuring of access to debt, quasi-debt and equity capital at the subsidiary or joint venture

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level to execute the unlocking of value for key strategic assets also began during the financial year (example total financing for Audere to execute One Belmont including construction loan etc), which represents the third phase of this objective. SRF will go through these different phases as it completes one investment life cycle and prepares to move into a new investment life cycle.

- Execute Key Strategic Projects: The Spanish Penwood industrial facility and the One Belmont corporate tower were the two projects scheduled for completion within 12 to 24 months in the IPO prospectus. SRF remains on track to meet those targets with 73% and 67% completion respectively. SRF's two largest property investments, namely Mammee Bay and Lakespen, were identified as having substantial upside value to be unlocked, with phase 1 of these projects to start within 18 to 30 months as outlined in the prospectus. SRF remains on track, having completed detailed design works for Mammee Bay and started engaging in partnership discussions and financing options with international investors and financiers for Mammee Bay's holding company, Sepheus Holdings. Work continues with an international consulting firm for the Lakespen asset.
- Deepen Access to Flexible Capital for Real Estate Assets: As a specialized alternative investment company focused exclusively on the real estate asset class, SRF's strategy is 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 has progressed on this objective by partnering with owners of strategic real estate assets via joint ventures: Audere Holdings which controls the 9-storey One Belmont tower and Monadh Rois which is a new partnership. The group also deployed capital into multiple third-party projects via REINs with innovative financing structures designed to unlock value for the asset owners while enhancing value for SRF shareholders. To summarize, SRF deployed an estimated J\$1.50 billion in the Jamaican economy through joint ventures and REINs to finance third party real estate projects during this financial year alone, which excludes the estimated J\$1.80 billion deployed in Jamaica on its wholly owned real estate projects and assets.
- Expand Investment to Other Caribbean Territories: SRF had indicated in its IPO prospectus of its intention to begin investing in opportunities across Caribbean territories outside of Jamaica over the medium term. The Group has been deliberate in its strategy to maximize the large number of investment opportunities in the Jamaican market, prior to deploying capital to other Caribbean territories due to:
 - *Favorable tax regime:* replacement of ad valorem stamp duties with a flat rate; reduction in transfer tax payable on transfer of real property and financial instruments from 5% to 2%; increase in transfer tax threshold for estates.
 - *Low development footprint:* While Jamaica's hospitality and some segments of the residential real estate market is fairly developed, the overall Jamaican 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.
 - *Favorable housing supply and demand dynamics:* low supply of residential assets in multiple segments, relative to demand. Estimated housing supply gap in excess of 10,000 units per annum.
 - *Gradually improving economic dynamics:* Jamaica arguably executed the most successful IMF program of any emerging market country in the history of such programs between 2013 and 2019. Although the global COVID-19 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% in the short term on a path to 60% over the medium to long term. This ratio is coming from an unsustainable level above 140% a decade ago.

As some of the major Jamaican opportunities begin to mature, SRF intends to begin deploying capital to other territories. SRF has already looked at some high probability transactions that can be executed and is developing a pipeline of assets for diversification across the region at the appropriate time.

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Top Ten Shareholders			
No	Shareholders	Shareholdings	% Holdings
1	ATL GROUP PENSION FUND TRUSTEES NOMINEE LIMITED	42,000,000	12.9%
2	SJIML A/C 3119	20,000,000	6.1%
3	DYNAMIX HOLDINGS INCORPORATED	20,000,000	6.1%
4	WILDELLE LIMITED	17,000,000	5.2%
5	JCS D TRUSTEE SERVICES LTD - SIGMA EQUITY	16,214,243	5.0%
6	MF&G ASSET MANAGEMENT LTD. - CAPITAL GROWTH FUND	10,807,160	3.3%
7	MF&G ASSET MANAGEMENT LTD. - INCOME & GROWTH FUND	10,807,160	3.3%
8	LYTTLETON OVEL SHIRLEY	10,000,000	3.1%
9	BARNETT LIMITED	8,264,500	2.5%
10	D.R.N.A	8,264,400	2.5%
	Subtotal	163,357,463	50.0%
	Total	326,526,232	100.0%

Shareholdings of Directors, Senior Managers & Connected Parties				
No	Director	Shareholdings	Connect Parties	% Holdings
1	Linval Freeman	400,000	Donna Freeman	0.12%
			Kristifer Freeman	
			Kimberly Freeman	
2	Pierre Williams	Nil	N/A	Nil
3	Horace Messado	83,700	Lisa-Gayle Thomas-Messado	0.03%
4	David Cummings	Nil	N/A	Nil
5	Elizabeth Stair	55,900	Jason Stair	0.02%
			Stephanie Stair	
6	Dr. Ike J. Johnson	56,700	N/A	0.02%
		5,273,400	Sygnus Capital Group Limited	1.62%
	Subtotal	5,786,000		1.80%
No	Senior Management	Shareholdings	Connect Parties	% Holdings
1	Sygnus Capital Group Limited	5,273,400	Dr. Ike J. Johnson	1.62%
2	MSCI Inc.	Nil	N/A	Nil