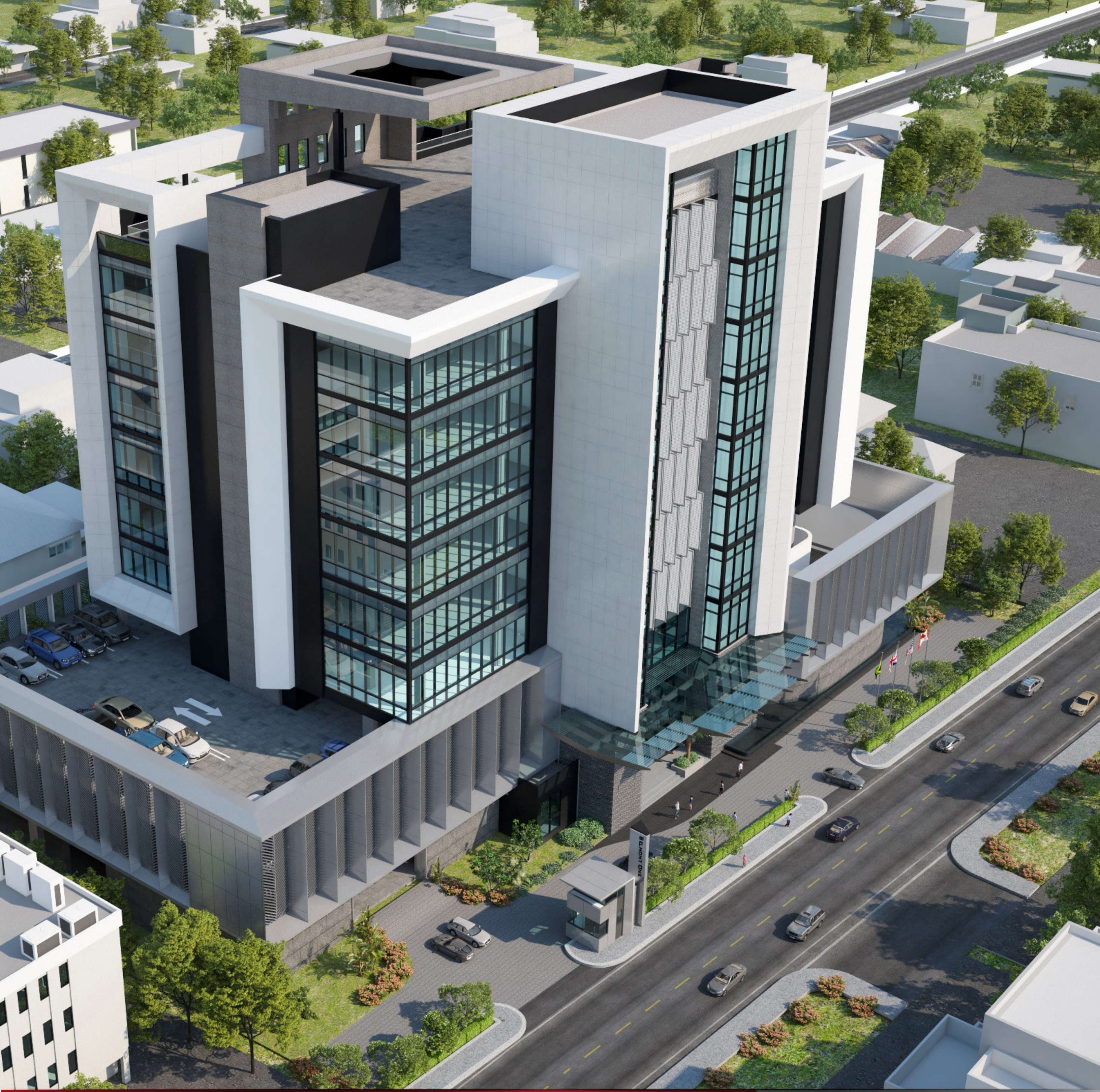

SYGNUS | REAL ESTATE FINANCE

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

AUG 31ST 2023

KPMG
P.O. Box GI 2171
Gros-Islet LC01 101
Saint Lucia

Telephone: (758) 453-2298
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITOR'S 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 7 to 69, which comprise the Group's and Company's statement of financial position as at August 31, 2023, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year 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, 2023, and the Group's and Company's financial performance and the Group's and Company's cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of financial investments measured at FVTPL

The key audit matter	How the matter was addressed in our audit
The valuation of the Group's investments amounting to $1,568,613,000 (2022: $1,733,059,000 includes significant assumptions and judgments about the performance of the counterparties over the tenure of the investments. The most significant are those related to expected cash flows and the discount rate that reflects the receiving of the cash flows. Furthermore, the valuation methodology relies on unobservable inputs such as risk-adjusted discount rates which have a significant impact on the resulting values of the investments. These judgements and assumptions could result in estimated fair values that are materially different from actual transaction values. *[see notes 2(d), 6 and 24 of the financial statements]*	Our procedures in this area, in the main, included the following: • Assessed the Group's investment model and obtained contracts and term sheets to understand the terms of the investments. • Involved our own valuation specialists to assist us in assessing the reasonableness of the valuation methodologies employed and the fair value conclusions. We considered the requirements of the financial reporting framework and tested all the sources of data and underlying assumptions utilised to value the investments and evaluated the impact of any variations. • Assessed disclosures relating to the fair value of FVTPL investments, including those relating to the degree of estimation uncertainty involved in determining fair values by reference to the requirements of the financial reporting framework to evaluate the clarity of those disclosures in communicating key judgements and estimation uncertainties.

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

2. Valuation of investment properties

The key audit matter	How the matter was addressed in our audit
The Group has significant interest in investment properties which are measured at fair value amounting to $10,443,270,000 (2022: $9,430,686,000). The fair values of these properties are appraised by a qualified independent property valuator hired by the Group, using the market comparable approach or the income approach. The valuation of the Group's investment properties requires significant estimation, given the infrequency of trades in comparable properties in some cases, and the absence of a number of observable recent market prices, which is impacted by uncertainty of market factors, pricing assumptions and general business and economic conditions used in valuing these properties. These judgements and assumptions could result in estimated fair values that are materially different from actual transaction values. *[see notes 2(d), 3(h) and 12 of the financial statements]*	Our procedures in this area, in the main, included the following: • With the support of our own valuation specialists we assessed the methodologies and assumptions applied in determining the fair value of investment properties. For each property we determined a range of prices and compared these to the values determined by the Group's expert. In order to derive our range (i) for fair values determined using the income approach, we assessed the appropriateness of the valuation model using our experience with properties of these types; making our own assessment of a range of discount rates and capitalisation rates by reference to external sources to the extent available and performed our own fair value calculations to obtain the range; (ii) for fair values determined using the market comparable approach, we determined a number of comparable properties by reference to factors including zoning, physical characteristics and environmental factors, to derive our range.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

2. Valuation of investment properties (continued)

The key audit matter	How the matter was addressed in our audit
	Our procedures in this area, in the main, included the following (continued): • We evaluated the competence, independence, and experience of the Group's independent valuators with reference to their qualification and industry experience. • We assessed the fair value disclosures relating to investment properties by reference to the requirements of the financial reporting framework to evaluate the clarity of those disclosures in communicating key judgements and estimation uncertainties.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended August 31, 2023, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Report on the Audit of the Financial Statements (Continued)

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 Standards, 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 AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

KPMG

Chartered Accountants
Saint Lucia

October 30, 2023

SYGNUS REAL ESTATE FINANCE LIMITED

Group Statement of Financial Position
August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Notes	2023 $'000	2022 $'000
ASSETS			
Cash and cash equivalent	3(b)	61,266	463,365
Reverse repurchase agreements	4	10,220	-
Due from related parties	5	4,514	36,310
Investments	6	1,826,766	2,483,919
Interest in joint venture	7	1,540,239	1,200,019
Other assets	9	139,415	127,934
Deferred tax asset	10	27,112	45,842
Asset held for sale	11	1,113,520	-
Investment properties	12	10,443,270	9,430,686
Total assets		15,166,322	13,788,075
LIABILITIES			
Accounts payable and accrued liabilities	13	1,531,868	1,562,919
Due to related parties	5	1,204,349	878,268
Interest payable	14	140,512	43,449
Notes payable	15	1,383,481	385,271
Loans and borrowings	16	2,451,300	2,610,659
Deferred tax liabilities	10	118,990	197,400
Preference shares	17	535,450	521,107
Total liabilities		7,365,950	6,199,073
EQUITY			
Share capital	18	4,718,066	4,718,066
Translation reserve	19	(34)	36
Retained earnings		3,082,340	2,870,900
Total equity		7,800,372	7,589,002
Total liabilities and equity		15,166,322	13,788,075

The financial statements on pages 8 to 70 were approved for issue by the Board of Directors on October 27, 2023 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

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Notes	2023 $'000	2022 $'000
Net interest income and other income			
Interest income, calculated using the effective interest method	20	98,860	118,507
Other interest income	20	154,687	99,124
Interest expense	20	(319,334)	(148,097)
		(65,787)	69,534
Fair value loss from financial instruments at fair value through profit or loss (FVTPL)	24(b)	(79,132)	(177,817)
Foreign exchange (loss)/gain		(81,692)	38,738
Fair value gain on investment properties	12	430,962	716,379
Other income		60,169	16,832
		264,520	663,666
Operating expenses			
Management fees	5(ii)	293,343	220,382
Corporate service fees	5(ii)	48,290	39,192
Performance fees	5(ii)	-	12,486
Other expenses	21	111,347	93,382
		452,980	365,442
Operating (loss)/profit		(188,460)	298,224
Share of profit of joint venture	7	340,220	546,289
Profit before taxation		151,760	844,513
Taxation	22	59,680	(151,558)
Profit for the year		211,440	692,955
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Translation adjustment on consolidation of overseas subsidiary, being total other comprehensive income		(70)	43
Total comprehensive income for the year		211,370	692,998
Basic earnings per stock unit	23	0.65¢	2.20¢
Diluted earnings per stock unit	23	0.61¢	2.06¢

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

SYGNUS REAL ESTATE FINANCE LIMITED

Group Statement of Changes in Equity
Year ended August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Group			
	Share capital $'000 [Note 18]	Translation reserve $'000 [Note 19]	Retained earnings $'000	Total $'000
Balances at August 31, 2021	2,532,144	(7)	2,177,945	4,710,082
Total comprehensive income				
Profit for the year	-	-	692,955	692,955
Other comprehensive income	-	43	-	43
	-	43	692,955	692,998
Transaction with owners				
Issue of ordinary shares	2,307,857	-	-	2,307,857
Share issuance costs	(121,935)	-	-	(121,935)
	2,185,922	-	-	2,185,922
Balances at August 31, 2022	4,718,066	36	2,870,900	7,589,002
Total comprehensive income				
Profit for the year	-	-	211,440	211,440
Other comprehensive income	-	(70)	-	(70)
Balances at August 31, 2023	4,718,066	(34)	3,082,340	7,800,372

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

SYGNUS REAL ESTATE FINANCE LIMITED

Group Statement of Cash Flows
Year ended August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit for the year		211,440	692,955
Adjustments for:			
Interest income	20	(253,547)	(217,631)
Interest expense	20	319,334	148,097
Interest capitalised on investments		(123,569)	-
Dividend capitalised on preference share		2,266	-
Share of profit of joint venture	7	(340,220)	(546,289)
Foreign exchange loss/(gain)		81,573	(19,331)
Fair value loss on investments	24(b)	79,132	177,817
Fair value gain on investment properties	12	(430,962)	(716,379)
Taxation		(59,680)	151,558
		(514,233)	(329,203)
Changes in operating assets and liabilities:			
Other receivables		17,517	55,972
Due from related parties		31,796	(36,310)
Accounts payable and accrued liabilities		(43,504)	1,373,582
Due to related parties		325,458	75,981
		(182,966)	1,140,022
Interest received		224,549	128,895
Interest paid		(224,064)	(121,553)
Net cash (used in)/provided by operating activities		(182,481)	1,147,364
Cash flows from investing activities			
Acquisition of investments		(180,040)	(1,754,628)
Proceeds from investments		884,196	349,736
Investment in joint venture	7	-	(218,319)
Deposit paid on real estate acquisition	9	-	(28,792)
Acquisition of investment property	12	(284,060)	(188,505)
Additions to investment properties	12	(1,411,082)	(1,542,615)
Net cash used in investing activities		(990,986)	(3,383,123)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	18	-	2,307,857
Proceeds from the issue of preference shares	17	-	518,495
Proceeds from notes payable	15	979,088	385,271
Transaction costs related to issue of shares	18	-	(121,935)
Proceeds from loans and borrowings		715,039	-
Repayment of loans and borrowings		(924,605)	(421,654)
Net cash provided by financing activities		769,522	2,668,034
Effect of foreign exchange movements on cash		1,846	21,986
Net (decrease)/increase in cash		(402,099)	454,261
Cash at beginning of year		463,365	9,104
Cash at end of year		61,266	463,365

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

SYGNUS REAL ESTATE FINANCE LIMITED

Company Statement of Financial Position
August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Notes	2023 $'000	2022 $'000
ASSETS			
Cash and cash equivalent	3(b)	35,147	161,594
Reverse repurchase agreements	4	10,220	-
Due from related parties	5	3,036,864	2,015,615
Investments	6	1,826,766	2,483,919
Interest in joint venture	7	629,010	629,010
Investment in subsidiaries	8	1,884,605	1,884,605
Other assets	9	128,573	96,836
Total assets		7,551,185	7,271,579
LIABILITIES			
Accounts payable and accrued liabilities	13	47,486	128,748
Due to related parties	5	1,610,556	1,299,251
Interest payable	14	132,019	35,865
Note payable	15	592,343	385,271
Loans and borrowings	16	1,595,866	1,431,796
Total liabilities		3,978,270	3,280,931
EQUITY			
Share capital	18	4,718,066	4,718,066
Accumulated deficit		(1,145,151)	(727,418)
Total equity		3,572,915	3,990,648
Total liabilities and equity		7,551,185	7,271,579

The financial statements on pages 8 to 70 were approved for issue by the Board of Directors on October 27, 2023 and signed on its behalf by:

Director
Dr. Ike Johnson

Director
Linval Freeman

SYGNUS REAL ESTATE FINANCE LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Notes	2023 $'000	2022 $'000
Net interest income and other income			
Interest income, calculated using the effective interest method	20	98,538	118,452
Other interest income	20	154,687	99,124
Interest expense	20	(188,293)	(69,346)
		64,932	148,230
Fair value loss from financial instruments at fair value through profit or loss (FVTPL)	24(b)	(79,132)	(177,817)
Foreign exchange (loss)/gain		(21,209)	35,526
Other income		8,510	3,125
		(26,899)	9,064
Operating expenses			
Management fees	5(ii)	293,343	220,382
Corporate service fees	5(ii)	48,290	39,192
Performance fees	5(ii)	-	12,486
Other expenses	21	49,201	53,768
		390,834	325,828
Loss for the year		(417,733)	(316,764)

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

SYGNUS REAL ESTATE FINANCE LIMITED

Company Statement of Changes in Equity
Year ended August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Company		
	Share capital $'000 [Note 18]	Retained earnings $'000	Total $'000
Balances at August 31, 2021	2,532,144	(410,654)	2,121,490
Total comprehensive income			
Loss for the year, being total comprehensive income	-	(316,764)	(316,764)
Transaction with owners			
Issue of ordinary shares	2,307,857	-	2,307,857
Share issuance costs	(121,935)	-	(121,935)
	2,185,922	-	2,185,922
Balances at August 31, 2022	4,718,066	(727,418)	3,990,648
Total comprehensive income			
Loss for the year, being total comprehensive income	-	(417,733)	(417,733)
Balances at August 31, 2023	4,718,066	(1,145,151)	3,572,915

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

SYGNUS REAL ESTATE FINANCE LIMITED

Company Statement of Cash Flows
Year ended August 31, 2023
(*expressed in Jamaica dollars unless otherwise indicated*)

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Loss for the year		(417,733)	(316,764)
Adjustments for:			
Interest income	20	(253,225)	(217,576)
Interest expense	20	188,293	69,346
Interest capitalised on investments		(123,569)	-
Exchange loss/(gain) on foreign balances		21,142	(19,701)
Fair value loss on investments	24(b)	79,132	177,817
		(505,960)	(306,878)
Changes in operating assets and liabilities:			
Other receivables		(2,739)	8,050
Due from related parties		(1,021,249)	(1,159,759)
Accounts payable and accrued liabilities		(81,872)	110,767
Due to related parties		310,952	544,354
		(1,300,868)	(803,466)
Interest received		224,227	128,840
Interest paid		(93,127)	(50,387)
Net cash used in by operating activities		(1,169,768)	(725,013)
Cash flows from investing activities			
Acquisition of investments		(180,040)	(1,754,628)
Proceeds from investments		884,196	349,736
Investment in joint venture	7	-	(218,319)
Net cash provided by/(used in) investing activities		704,156	(1,623,211)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	18	-	2,307,857
Proceeds from notes payable		194,603	385,271
Transaction costs related to issuance of ordinary shares	18	-	(121,935)
Proceeds from loans and borrowings		715,039	-
Repayment of loans and borrowings		(573,965)	(90,104)
Net cash provided by financing activities		335,677	2,481,089
Effect of foreign exchange movements on cash		3,488	19,701
Net (decrease)/increase in cash		(126,447)	152,566
Cash at beginning of year		161,594	9,028
Cash at end of year		35,147	161,594

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 no employees and its real estate activities are managed and administered by Sygnus Capital Limited, a related company incorporated in Jamaica that is licensed and regulated by the Financial Services Commission.

The Company has four wholly owned subsidiaries, Sepheus Holdings Limited, Sygnus REF Jamaica Limited, Charlemagne Holdings Limited, and Lakespen Holdings Limited ("LHL"). LHL also has a wholly owned subsidiary, Lakespen Industrial Park Limited. The subsidiaries are incorporated in Jamaica except for LHL which is incorporated in St. Lucia.

The Company also holds a 70% and 51% interest in joint ventures, Audere Holdings Limited and Monadh Rois Limited respectively. The joint ventures are registered and domiciled in Jamaica.

The subsidiaries hold real estate and provide financing while the joint ventures engage in property development. These consolidated financial statements comprise the Company, its subsidiaries and joint ventures (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 Standards) and their interpretations issued by the International Accounting Standards Board (IASB) as at August 31, 2023 (the reporting date). They were authorised for issue by the Company's Board of Directors.

New and amended standards that became effective during the year:

Certain new and revised standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its consolidated financial statements but their adoption did not result in any changes to amounts recognised or disclosed in these financial statements.

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:

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

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 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, the Group classifies a liability as current when it does 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, a right to defer settlement must have substance and exist at the reporting date. The Group 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 Group 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.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how the Group classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the Group's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that the reporting entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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 1 *Presentation of Financial Statements* (continued)
  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) - e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and

  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions - e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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 12 *Income Taxes* (continued)
  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The Group is assessing the impact that the amendment will have on its financial statements.

(b) Basis of preparation

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

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the repayment of facilities as disclosed in note 25(c)

(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.

(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.

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

(d) Use of estimates and judgement (continued)

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:

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 25(b).

(2) Fair value of financial instruments

Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial investment. 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 24)

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

(d) Use of estimates and judgement (continued)

Key sources of estimation uncertainty (continued)

(3) Valuation of investment properties

The fair value of investment properties is determined by a property valuation specialist engaged by Management, who uses recognised valuation techniques and the principles of IFRS 13 *Fair Value Measurement*. The properties are valued using either the market comparable approach or the income approach. The market comparable approach is used due to the level of transactions involving comparable properties in the areas during the year. Under the market comparable approach, a property's fair value is estimated based on comparable transactions which is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied is the price per acre. The estimate of fair values is therefore dependent on the availability of reliable comparable sales data. The income approach is a valuation technique whereby the estimated or actual future cash benefits or income stream is calculated based on the length of the lease and discounted to present value. This approach applies the use of valuation tables derived for professional valuation purposes. The estimate of fair values is therefore dependent on the availability of appropriate discount and capitalization rates, see note 12 (vii).

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.

3. Significant accounting policies

(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.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The group decided not to exercise this option.

(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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

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 equivalent

Cash and cash equivalent comprises cash in hand and cash at bank that are demand deposits. Cash and cash equivalents are classified and 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, securities purchased under resale agreements, investments, other assets and due from related parties. Financial liabilities include accounts payable, notes payable, loans and borrowings, preference shares and due to related parties.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Recognition and initial measurement

All financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments, "at the trade date". A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) 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.

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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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.

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.

(iii) 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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) 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.

(v) Financial liabilities

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

(vi) 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.

(vii) 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'.
- 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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(vii) Impairment of financial assets (continued)

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.

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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(vii) Impairment of financial assets (continued)

Measurement of ECL (continued)

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 that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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.

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.

3. Significant accounting policies (continued)

(d) Fair value measurement (continued)

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) Reverse repurchase agreements

Reverse repurchase agreements ("Resale agreements") are short-term transactions whereby securities are bought with simultaneous agreements to resell the securities on a specified date and at a specified price. Resale agreements are accounted for as short-term collateralised lending and are measured at amortised cost.

The difference between the purchase cost and resale consideration is recognised on the accrual basis over the period of the agreement, using the effective interest method, and is included in interest income.

(f) Investment in subsidiary

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

(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 though sale rather than through continuing use. Such assets are usually measured at the lower of their carrying amount and fair value less costs to sell. However, for investment properties measured at fair value that are reclassified as held for sale, these do not follow the measurement IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and are measured at fair value in accordance with note 3(h).

(h) Investment properties

Investment properties are initially recorded at cost, including related transaction costs and subsequently measured at fair value.

Fair value is determined by independent valuers using the market comparable approach. Any gain or loss arising from a change in fair value is recognized in profit or loss.

3. Significant accounting policies (continued)

(h) Investment properties (continued)

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 an 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.

(i) 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.

(j) Foreign currency transactions and balances

Non-monetary assets and liabilities denominated in foreign currencies are measured at the exchange rate at the date of transaction.

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

Monetary 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.

The assets and liabilities of foreign operations which is denominated in foreign currencies are translated into Jamaica dollar at the spot exchange rate at the reporting date. The income and expenses of the foreign operations are translated into Jamaica dollar at the average exchange rates for the period. Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and included in translation reserve.

(k) 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.

3. Significant accounting policies (continued)

(l) 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 is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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.

(m) 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.

3. Significant accounting policies (continued)

(n) 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.

(o) Share capital

The Company classifies 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 Company'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.

(p) 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.

(q) 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 entity", that is, the Group).

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

(i) has control or joint control over the Group
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group.

3. Significant accounting policies (continued)

(q) Related parties (continued)

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

(i) The entity and the 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 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 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.

(r) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

3. Significant accounting policies (continued)

(r) Leases (continued)

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as rental income on a straight- line basis over the lease term in the statement of profit or loss.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

(s) Segment reporting

An operating segment is a component of the Company/Group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses its performance; and for which discrete financial information is available.

The Group operates in the real estate industry and maintains an integrated operating structure. The operations of the Group are reviewed as a whole and not in segments by its investment managers (Sygnus Capital Limited) in the position of CODM. Based on the information presented to and reviewed by the CODM, the Group is categorised into one main business segment, which is investment in real estate assets in Jamaica. The group uses profit or loss before finance cost and taxation to measure performance of its business as a whole.

(t) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes share of profit/loss of joint ventures and gain on acquisition of subsidiary.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)
Year ended August 31, 2023
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4. Reverse repurchase agreements

	Group & Company	
	2023	2022
	$'000	$'000
Resale agreement	10,220	-

The Group has entered into a collateralized resale agreement with an interest rate of 4.65%, and which matures on September 18, 2023. The allowance for impairment at the end of the reporting period was Nil.

At the reporting date, the fair value of the underlying collateral of the resale agreement was $10,841,000.

5. Related party balances and transactions

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

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Due from subsidiaries (a):				
Sygnus REF Jamaica Limited	-	-	1,124,908	859,079
Sepheus Holdings Limited	-	-	1,890,646	1,107,313
Lakespen Holdings Limited	-	-	16,796	12,913
Due from joint venture:				
Audere Holding Limited	4,514	36,310	4,514	36,310
	4,514	36,310	3,036,864	2,015,615
Due to subsidiary (a):				
Charlemagne Holdings Limited	-	-	461,944	461,947
Due to related parties with common directors:				
Sygnus Capital Limited	994,056	661,288	938,319	621,979
Sygnus Tax Advisory Limited	-	1,939	-	284
Due to joint venture:				
Monadh Rois Limited	210,293	215,041	210,293	215,041
	1,204,349	878,268	1,610,556	1,299,251
Interest payable to related parties (note 14)				
Audere Holdings Limited	2,811	4,685	2,811	4,685
Sygnus Capital Limited	32,539	4,865	32,539	4,865
Sygnus Deneb Investments Limited	22,554	3,507	22,554	3,507
Sygnus Credit Investments Limited	62,075	12,743	62,075	12,743
	119,979	25,800	119,979	25,800

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)
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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 (continued):

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Loan payable to related parties: (note 16)				
Sygnus Capital Limited	457,074	249,970	457,074	249,970
Sygnus Deneb Investments Limited	257,735	251,970	257,735	251,970
Sygnus Credit Investments Limited	-	336,935	-	336,935
Sygnus Credit Investments Jamaica Limited	579,921	-	579,921	-
	1,294,730	838,875	1,294,730	838,875
Project management fees payable: (note 13)				
Sygnus Capital Limited	270,684	194,432	-	-
Investment				
Audere Holdings Limited [note 6 (iii)]	185,933	150,000	185,933	150,000
Interest receivable				
Audere Holdings Limited [note 9 (i)]	4,338	18,433	4,338	18,433

(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. Settlement of balances are expected in cash or in kind. No allowance for impairment was recognised.

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

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Subsidiary:				
Sygnus REF Jamaica Limited				
Interest expense	-	-	125	2,549
Sepheus Holdings Limited				
Interest expense	-	-	2,692	-
Related parties with common shareholders having significant influence:				
Sygnus Capital Limited				
Interest expense	29,367	4,993	29,367	4,993
Professional fees	1,968	6,339	190	1,604
Performance fees	-	12,486	-	12,486
Management fees	293,343	220,382	293,343	220,382
Corporate service fees	48,290	39,192	48,290	39,192
Sygnus Credit Investments Limited				
Interest expense	31,326	15,797	31,326	15,797

5. Related party balances and transactions (continued)

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

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Related parties with common shareholders having significant influence (continued):				
Sygnus Credit Investments Jamaica Limited				
Interest expense	17,576	-	17,576	-
Sygnus Deneb Investments Limited				
Interest expense	18,821	7,827	18,821	7,827
Sygnus Tax Advisory Limited				
Professional fees	1,205	1,604	95	1,604
Audere Holdings Limited				
Interest expense	-	2,811	-	2,811
Interest income	17,500	35,156	17,500	35,156
Directors' fees and related expenses (note 21)				
- Short-term benefits	14,428	10,270	14,428	10,270

(iii) Transaction with Directors

Directors, key management of the company and their immediate relatives hold 715,400 (2022: 715,400) ordinary shares of the company.

6. Investments

	Group & Company	
	2023	2022
	$'000	$'000
Fair value through profit or loss		
Investment notes (i) and [note 24(b)]	1,568,613	1,773,059
Amortised cost		
Short-term notes (ii)	-	488,640
Medium-term notes (iii)	258,153	222,220
	1,826,766	2,483,919

(i) This represents four (4) construction notes maturing within the next two years. 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 payment calculated as a percentage of reported gross/net profits of the issuers.

6. Investments (continued)

(i) (Continued):

(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.

(ii) The short-term notes from the prior period matured within the year.

(iii) The medium-term notes will mature within two to five years. They bear interest at rates ranging from 11.50% to 14.00%. Included in this balance is an amount with a related party for $186 Million (2022: $150 Million).

Information about the Group's exposure to credit risk, market risks and fair value measurements are included in notes 24 and 25.

7. Interest in joint venture

Audere Holdings Limited Company ("Audere") and Monadh Rois Limited ("Monadh") are joint ventures in which the Company has joint control and a 70% and 51% ownership interest respectively. Audere and Monadh are principally engaged in property development.

Audere and Monadh are structured as separate vehicles and the Company has a residual interest in their net assets. In accordance with the agreement under which Monadh is established, the Company has agreed to make additional contribution to meet costs of development up to $215,041,000 (US$1.4 Million). This commitment has been recognized as payable to Monadh Rois Limited [See below and note 5(i)].

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

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Capital invested	629,010	410,691	629,010	410,691
Agreed further contribution	-	218,319	-	218,319
Cumulative share of profit	911,229	571,009	-	-
Carrying amount	1,540,239	1,200,019	629,010	629,010

7. Interest in joint venture (continued)

The following table summarises the financial information for Audere Holdings Limited Company and Monadh Rois Limited, as included in the Group's financial statements as at and for the year ended August 31, 2023.

	2023		
	Audere Holding Company Limited	Monadh Rois Limited	Total
	$'000	$'000	$'000
Percentage ownership interest	70%	51%	
Cash and cash equivalents	2,859	-	
Investment property	4,569,206	308,561	
Other assets -current	15,854	210,302	
Other assets -non-current	462,535	-	
Current liabilities	(102,223)	(7,951)	
Non-Current liabilities	(3,124,324)	-	
Net assets attributable to equity holders (100%)	1,823,907	510,912	
Group's share of net assets	1,276,735	260,565	1,537,300
Other adjustment	1,448	-	1,448
Foreign exchange adjustments	-	1,491	1,491
Carrying amount of investment	1,278,183	262,056	1,540,239
Income	359,299	23,103	
Operating expenses	(3,282)	(3,188)	
Finance income	10,506	1,667	
Profit from continuing operations	366,523	21,582	
Taxation	103,781	-	
Profit after tax, being total comprehensive income	470,304	21,582	
Share of total comprehensive income since date of investment:			
Profit from continuing operations	867,490	43,739	911,229

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7. Interest in joint venture (continued)

	2022		
	Audere Holding Company Limited $'000	Monadh Rois Limited $'000	Total $'000
Percentage ownership interest	70%	51%	
Cash and cash equivalents	50,862	-	
Investment property	2,895,930	271,494	
Other assets-current	565,590		
Other assets-non-current	2,951	208,654	
Current liabilities	(258,350)		
Non-current liabilities	(1,903,380)	(1,765)	
Net assets attributable to equity holders (100%)	1,353,603	478,383	
Group's share of net assets	947,522	243,975	1,191,497
Other adjustment	1,448	-	1,448
Foreign exchange adjustments	-	7,074	7,074
Carrying amount of investment	948,970	251,049	1,200,019
Income	976,563	66,016	
Operating expenses	(3,484)	(1,803)	
Finance income	2,879	-	
Finance cost	(-)	(36)	
Profit from continuing operations	975,958	64,177	
Taxation	(242,304)	-	
Profit after tax, being total comprehensive income	733,654	64,177	
Share of total comprehensive income since date of investment:			
Profit from continuing operations	538,278	32,731	571,009

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7. Interest in joint venture (continued)

Management exercises judgement in determining the classification of the joint venture arrangement in Audere Holdings Limited based on its 70% ownership interest. Considerations made in determining the appropriate classification of its interest in the joint venture includes; the representation in the Board of Directors, 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.

8. Investment in subsidiaries

Investments in subsidiaries represent shares at cost (see note 1). The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities.

Ordinary shares at cost:

	Company	
	2023	2022
	$’000	$’000
Sygnus REF Jamaica Limited	10	10
Sepheus Holdings Limited	10	10
Charlemagne Holdings Limited	1,009,540	1,009,540
Lakespen Holdings Limited	875,045	875,045
	1,884,605	1,884,605

9. Other assets

	Group		Company	
	2023	2022	2023	2022
	$’000	$’000	$’000	$’000
Prepaid expenses	2,303	4,247	2,303	3,752
Interest receivable (i)	122,082	93,084	122,082	93,084
Other receivables	15,030	1,811	4,188	-
Deposit on real estate acquisition (ii)	-	28,792	-	-
	139,415	127,934	128,573	96,836

(i) Included in this balance is $4.3 Million (2022: $18.4 Million) which relates to an investment held with a related party. See note 5(i).

(ii) At the end of the prior reporting period, the Group had paid an initial deposit of $28,792,000 on property to be acquired for investment purposes. The acquisition of the property was completed during the year.

10. Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against income tax liabilities. Deferred income tax is calculated on temporary differences using a principal tax rate of 25%.

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	Group	
	2023	2022
	$'000	$'000
Deferred income tax asset	27,112	45,842
Deferred income tax liabilities	(118,990)	(197,400)
Net deferred income tax liabilities	(91,878)	(151,558)

The amounts comprising the tax asset/(liability) and the movements therein are as follows:

	2023		
	Balance at beginning of year	Recognised in profit or loss	Balance at end of year
	$	$ (note 22)	$
Accrued interest expense	27,028	(26,671)	357
Unrealised foreign exchange loss/(gain)	15,149	(7,711)	7,438
Interest receivable	1,765	-	1,765
Investment properties	(201,453)	93,056	(108,397)
Tax loss	5,953	1,006	6,959
Net deferred income tax liabilities	(151,558)	59,680	(91,878)

	2022		
	Balance at beginning of year	Recognised in profit or loss	Balance at end of year
	$	$ (note 22)	$
Accrued interest expense	-	27,028	27,028
Unrealised foreign exchange loss	-	15,149	15,149
Interest receivable	-	1,765	1,765
Investment properties	-	(201,453)	(201,453)
Tax loss	-	5,953	5,953
Net deferred income tax liabilities	-	(151,558)	(151,558)

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11. Asset held for sale

	2023 $'000	2022 $'000
Investment property held for sale (see note 12)	1,113,520	-

During the year, Management started the process to dispose of property located at 443-445 Spanish Town Road. The Group accepted an offer and signed the sale agreement before the end of the year. As a result, the property was reclassified to asset held for sale. The reclassification has no effect on prior year figures.

12. Investment properties

	Group	
	2023	2022
	$'000	$'000
At beginning of the year	9,430,686	6,983,187
New acquisitions during the year (i):		
Seaview Avenue (iv)	-	188,505
Lady Musgrave Road (v)	284,060	-
	284,060	188,505
Additions and improvements during the year (i)	1,411,082	1,542,615
Fair value adjustment (vii)	430,962	716,379
Reclassified to asset held for sale (see note 11)	(1,113,520)	-
	10,443,270	9,430,686

(i) Acquisition of investment properties represent the purchase of new properties. Additions during the year related to capital expenditure incurred in relation to the development of existing properties held.

(ii) Investment properties include land held at Mammee bay, with fair value of $5.7 Billion, for which a vendor mortgage is currently held. See note 16(i).

(iii) The following are included in investment properties:

- land held at Cowpark, Caymanas Estate, with a fair value of $2.6 Billion. Its future use was undetermined at the year end. This property is being used as collateral for a revolving credit facility held with a major commercial bank and an index note issued to external parties. See note 16 (ii) and note 15 (ii), respectively.

- property held at Hillcrest Avenue, with a fair value of $1.3 billion. Shares of the subsidiary that owns this property, is being used as collateral for an index note issued to external parties. See Note 15 (i).

(iv) This represents land acquired in the prior period in the commercial or residential sector. Its future use was undetermined at year end.

(v) This represents land acquired in the commercial sector. Various options are being explored for its optimal use which was undetermined at year end.

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12. Investment properties (continued)

(vi) Amounts recognised in profit or loss

	Group	
	2023	2022
	$'000	$'000
Operating expenses leased properties	(12,886)	(18,560)
Operating expenses-vacant properties	(19,871)	-
Lease rental income	51,659	13,707
Fair value gain	430,962	716,379

(vii) Measurement of fair values

The properties are stated at fair market value, as appraised by a qualified independent valuator, NAI Jamaica Langford & Brown. The valuation model has been applied in accordance with those recommended by the International Valuation Standards Committee and is consistent with the principles of IFRS 13. The fair value measurement for the Group's investment properties are generally valued under the market comparable approach and are categorised as Level 2 in the fair value hierarchy based on the inputs to the valuation technique used. This valuation technique takes into account a comparison of similar properties for which the size, terms and conditions of sale are known. The fair value measurement under this approach has been categorised as Level 2 [see note 12(viii)] in the fair value hierarchy. The unit of comparison applied by the Group is the price per acre.

The fair value measurement for one of the Group's investment properties was categorised as Level 3 in the prior year based on unobservable inputs and the valuation technique used, as shown in the table below. At the end of the year, the property was reclassified as held for sale:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income approach: This is an approach whereby the estimated or actual future cash benefits or income stream is calculated and discounted to present value. The approach applies the use of valuation tables derived for professional valuation purposes.	• Discount rate 2023: 7.00% - 9.00%; (2022: 7.50% - 8.50%); • Capitalization rate 2023: 7.00% - 8.00%; (2022: 7.00% - 8.00%) (based on the length of the lease).	The estimated fair value would increase/(decrease) if: • Discount rate is lower/higher. • Capitalization rate is higher/ lower.

12. Investment properties (continued)

(viii) Fair value hierarchy by fair value measurement used

	Group	
	2023	2022
	$'000	$'000
Level 2	10,443,270	8,570,957
Level 3	-	859,729
	10,443,270	9,430,686

The following table shows a reconciliation from the opening balances for Level 3 fair values:

	Group	
	2023	2022
	$'000	$'000
Balance at September 1	859,729	-
Transfer from level 2 fair value	-	557,486
Additions and improvements during the year	330,029	263,834
Change in fair value recognised in profit or loss	(76,238)	38,409
Reclassification to asset held for sale	(1,113,520)	-
Balance at August 31	-	859,729

In the prior period, the Group held investment property that was previously fair valued using the market comparable approach and was classified as Level 2. The valuation technique was changed to the income approach as that was deemed to be more appropriately aligned to the Group's business model and use of the property.

As at the year-end, the Group had accepted an offer and signed a sale agreement in respect of the property classified at level 3. The property was reclassified to asset held for sale.

(ix) Leases

Leases as lessor

The Group leases out investment properties consisting of its owned commercial buildings. The lease is classified as an operating lease from a lessor perspective, because it does not transfer substantially all of the risk and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of the lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2023	2022
	$'000	$'000
Less than one year	7,826	32,556
One to two years	-	5,426
Total	7,826	37,982

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13. Accounts payable and accrued liabilities

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Audit fees	20,703	16,427	10,065	8,000
Directors' fees and related expenses	968	603	968	603
Security deposits (i)	49,176	119,627	34,352	119,627
Deposit on property (ii)	582,689	582,689	-	-
Project management fees (iii)	270,684	194,432	-	-
Advance payment from lease tenant	2,797	2,736	-	-
Other payables and accrued expenses (iv)	604,851	646,405	2,101	518
	1,531,868	1,562,919	47,486	128,748

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

(ii) This represents a deposit received on the purchase price of a property held by a subsidiary.

(iii) This represents amounts due under development management contracts for ongoing real estate projects. The development management contracts are held with a related party who acts in the capacity of development manager. [see note 5(i)]

(iv) This represents costs associated with operational expenses and ongoing development activities in the ordinary course of business.

14. Interest payable

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
J$ Preference shares	1,350	7,584		-
Short term loan	14,885	3,572	7,742	3,572
Revolving line of credit	4,298	6,493	4,298	6,493
Loans from related parties [note 5(i)]	119,979	25,800	119,979	25,800
	140,512	43,449	132,019	35,865

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15. Notes payable

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
8.25% Senior secured note (i)	791,138	-	-	-
7.75% Senior secured indexed note (ii)	592,343	385,271	592,343	385,271
	1,383,481	385,271	592,343	385,271

(i) This represents secured fixed rate note with an interest rate of 8.25% per annum payable on a quarterly basis. The note matures on May 21, 2024 and is secured by a charge over shares of a subsidiary which owns investment property located at Hillcrest Avenue. See note 12(iii).

(ii) This represents secured fixed rate note with an interest rate of 7.75% per annum payable on a quarterly basis. The note matures on June 30, 2024 and is secured by investment property owned by a subsidiary located at Cowpark, Caymanas Estate. See note 12(iii).

16. Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
US$ vendor mortgage (i)	857,243	1,181,507	-	-
Revolving line of credit (ii)	301,136	596,996	301,136	596,996
Loans from related parties: [see (iii), note 5(i)]	1,294,730	838,875	1,294,730	838,875
	2,453,109	2,617,378	1,595,866	1,435,871
Less: transaction costs				
Incurred	(6,719)	(12,987)	(4,075)	(9,508)
Amortised for the year	4,910	6,268	4,075	5,433
	2,451,300	2,610,659	1,595,866	1,431,796

(i) This represents $855 Million (US$5.6 Million), [2022: $1,179 Million (US$7.8 Million)] facility granted as part of the purchase consideration for the acquisition of land. The mortgage matures on November 24, 2025 and carries an interest rate of 5% per annum. This loan is secured by the property acquired. See note 12(ii).

(ii) This represents a secured 2-year revolving facility of up to $588 Million (US$3.9 Million), funded in either USD or JMD. Interest is payable quarterly at 5% (JMD rate of 6%). The facility matures on June 30, 2024 and is secured by a collateral mortgage by way of guarantee on property owned by the Group. See note 12(iii).

(iii) This represents:

(a) Unsecured loans totaling $579.9 Million (US$3.8 Million) with Sygnus Credit Investments Jamaica Limited with interest rates ranging between 8% to 16% The loans mature between September 28, 2023 and November 24, 2023.

16. Loans and borrowings (continued)

(iii) (continued):

(b) An unsecured loan of $257.7 Million (US$1.67 Million) with Sygnus Deneb Investments Limited at an existing interest rate of 9.75%. The extended maturity date of the loan is December 27, 2023.

(c) Unsecured loans totaling $457 Million (US$2.96 Million) with Sygnus Capital Limited at interest rates ranging between 7.50% - 7.75%. The loans mature between September 15, 2023 and October 29, 2023.

(iv) Reconciliation of movements of loans and borrowings to cash flows arising from financing activities:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Balance at September 1	2,610,659	3,032,313	1,431,796	1,521,900
Changes from financing cash flows:				
Proceeds received	715,039	-	715,039	-
Repayment made	(924,605)	(421,654)	(573,965)	(90,104)
	(209,566)	(421,654)	141,074	(90,104)
The effect of changes in foreign exchange rate	52,016	6,719	22,996	4,075
Other charges				
Transaction cost	(6,719)	(12,987)	(4,075)	(9,508)
Amortisation of borrowing costs	4,910	6,268	4,075	5,433
	(1,809)	(6,719)	-	(4,075)
Balance at August 31	2,451,300	2,610,659	1,595,866	1,431,796

17. Preference shares

	Group	
	2023	2022
	$'000	$'000
1.5% convertible cumulative redeemable preference shares		
Balance at September 1	521,107	-
Proceeds from issue of preference shares	-	518,495
Dividend capitalised on preference shares	2,266	-
Effect of foreign exchange	12,077	2,612
Balance at August 31	535,450	521,107

17. Preference shares (continued)

During the prior year, the Group through one of its subsidiaries, issued by private placement, fixed rate USD indexed convertible cumulative redeemable preference shares at a price of US $10. The issued shares are net of transaction costs and mature on September 15, 2025 at which time they are convertible into rolling shares at the option of the holder if there is a change in control of the subsidiary holding the shares.

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

- The right to a cumulative preferential dividend payable at the rate agreed semi-annually.
- The right, on winding up, to receive all dividends over any form of capital distributions to ordinary shareholders.
- Full voting rights on winding up.
- May be redeemed in full or in part before maturity, subject to 60 days' notice.
- The cumulative convertible redeemable preference shares do not carry the right to vote at any general meeting of the subsidiary .

18. Share capital

Authorised capital:

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

	2023 $'000	2022 $'000
Issued and fully paid:		
326,526,232 (2022: 326,526,232) ordinary shares and one (1) special share	4,884,130	4,884,130
Less: transaction costs of share issue	(166,064)	(166,064)
	4,718,066	4,718,066

(a) On October 4, 2021 the Company raised capital through an initial public offering (IPO) of ordinary shares, whereby it issued 128,398,400 shares and raised capital of $2.3 Billion and incurred transaction costs of $122 Million. The split was between two classes of shares issued in Jamaica and United States Dollars, which are listed separately on the Jamaica Stock Exchange.

(b) At the reporting date, Sygnus Capital Group Limited ("SCG"), a related company, holds 5,273,400 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.

(c) The special rights redeemable preference share is also owned by SCG. At any meeting of the holders of any class of shareholders of the Company, the holder of the special share has one vote on a show of hands irrespective of the number of ordinary shares held. When a vote is taken on a poll, the holder of the special share is granted voting rights equivalent to 101% of the total votes represented by all the ordinary shares issued by the company.

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19. Foreign exchange translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of a foreign subsidiary. The translation reserve as at August 31, 2023 was -$34,000 (2022: $36,000).

20. Net interest income

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Interest income, calculated using the effective interest method				
Cash	384	289	62	234
Investments	98,476	118,218	98,476	118,218
	98,860	118,507	98,538	118,452
Other interest income	154,687	99,124	154,687	99,124
Interest expense				
Notes payable	(119,440)	(4,038)	(50,190)	(4,038)
Loans and borrowings	(189,593)	(134,092)	(138,103)	(65,308)
Preference shares	(10,301)	(9,967)	-	-
	(319,334)	(148,097)	(188,293)	(69,346)
Net interest income	(65,787)	69,534	64,932	148,230

21. Other expenses

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Advertising	2,901	11,849	2,878	11,734
Audit fees and expenses	21,854	17,705	10,625	8,428
Bank charges	757	424	457	390
Directors' fees and related expenses [note 5(ii)]	14,428	10,270	14,428	10,270
Insurance	4,187	4,163	4,187	4,163
Irrecoverable tax	8,212	5,986	3,004	3,228
Professional fees	16,381	17,650	3,802	9,224
Property expenses	9,037	7,940	-	-
Registrar fees	9,816	6,324	9,816	6,324
Repairs and maintenance	1,513	-	-	-
Maintenance expenses	22,207	10,094	-	-
Other	54	977	4	7
	111,347	93,382	49,201	53,768

22. Taxation

(a) 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 for subsidiaries at 25% and 30% of the profit before tax for the year, adjusted for taxation purposes and comprises:

	2023 $'000	2022 $'000
Current income tax:		
Provision for charge on current year's profits	-	-
Origination and reversal of temporary differences (note 10)	(58,674)	157,511
Tax losses (note 10)	(1,006)	(5,953)
	(59,680)	151,558
Total income tax charge	(59,680)	151,558

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

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Profit/(loss) before taxation	151,760	844,513	(417,733)	(316,764)
Computed "expected" tax charge of 30%	(131,718)	(95,573)	(125,320)	(95,029)
Computed "expected" tax credit of 25%	58,294	154,200	-	-
	(73,424)	58,627	(125,320)	(95,029)
Tax effect of treating items differently for financial statements and tax reporting purposes -				
Net foreign exchange (gain)/loss	22,777	(26,575)	-	(10,658)
Tax exempt income	(78,552)	(67,777)	(78,521)	(67,140)
Non-deductible expenses	69,313	193,236	203,841	172,827
Tax loss	206	(5,953)	-	-
Actual tax (charge)/credit recognised	(59,680)	151,558	-	-

The effective tax rate for the Group for 2023 was charge at (39.33%) (2022: credit at 17.94%) of pre-tax profit of $151,760,000 (2022: $ 844,513,000).

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23. 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.

	2023	2022
Net profit attributable to stockholders of the parent ($'000)	211,440	692,955
Weighted average number of ordinary stock units in issue ('000)	326,526	314,918
Basic earnings per stock unit ($)	0.65	2.20

Diluted earnings per stock unit reflects the impact of convertible preference shares and stock options.

	2023	2022
Net profit attributable to stockholders of the parent ($'000)	211,440	692,955
Weighted average number of ordinary stock units in issue ('000)	349,130	335,939
Diluted earnings per stock unit ($)	0.61	2.06

24. Fair value of financial instruments

The amounts included in the financial statements for cash, 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.

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24. Fair value of financial instruments (continued)

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. The Group has determined that assets will transfer from level 3 hierarchy if observable information becomes available in an active market. There were no transfers between levels during the year or in prior year.

(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	• Adjusted profit of the issuer(s) based on probability of achievement • Risk-adjusted discount rates	• Probability of achievement of 40% • Fixed income discount rate of 9.55% to 10.94% and equity discount rate of 46.36% to 54.03%	The estimated fair value would increase/(decrease) if: • Adjusted profit was higher/(lower) • The cost of debt was (higher)/lower • Interest rates changed

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

	Group & Company	
	2023	2022
	$'000	$'000
At beginning of the year	1,773,059	778,792
Acquisition during the year	195,042	1,172,084
Disposals during the year	(329,465)	-
Fair value loss recognised in profit or loss	(79,132)	(177,817)
Foreign exchange adjustments	9,109	-
	1,568,613	1,773,059

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24. Fair value of financial instruments (continued)

(c) Sensitivity analysis

For the Group's investments, a reasonably possible change at the reporting date to one of the significant unobservable inputs, holding other inputs constant would have the following effects:

	Group & Company Effect on profit	
	2023	2022
	$'000	$'000
Movement of 5%:		
Increase cashflow movement	9,539	7,824
Decrease cashflow movement	(9,539)	(7,824)
Effect of 100 basis point:		
Increase in risk-adjusted discount rate	(1,036)	(1,114)
Decrease in risk-adjusted discount rate	1,047	1,068

(d) Fair value of financial assets and liabilities maturing within one year is assumed to approximate their carrying amounts. For note payable, loans and borrowings and preference shares which bears a fixed interest rate, the fair value is considered to be carrying value as the interest rate approximates the market rate and no discount is anticipated on settlement.

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amounts is a reasonable approximation of fair value.

	2023			
	Group		Company	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
	$'000	$'000	$'000	$'000
Financial assets not measured at fair value:				
Reverse repurchase agreements	10,220	10,220	10,220	10,220
Other investments	258,153	258,153	258,153	258,153
	268,373	268,373	268,373	268,373

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24. Fair value of financial instruments (continued)

(d) (Continued)

	2023			
	Group		Company	
	Carrying amount $'000	Fair value Level 2 $'000	Carrying amount $'000	Fair value Level 2 $'000
Financial liabilities not measured at fair value:				
Notes payable	1,383,481	1,390,517	592,343	599,379
Loans and borrowings	2,451,300	2,454,097	1,595,866	1,595,866
Preference shares	535,450	541,392	-	-
	4,370,231	4,386,006	2,188,209	2,195,245

	2022			
	Group		Company	
	Carrying amount $'000	Fair value Level 2 $'000	Carrying amount $'000	Fair value Level 2 $'000
Financial assets not measured at fair value:				
Other investments	710,860	710,860	710,860	710,860
Financial liabilities not measured at fair value:				
Notes payable	385,271	388,386	385,271	388,386
Loans and borrowings	2,610,659	2,612,537	1,431,796	1,431,796
Preference shares	521,107	522,514	-	-
	3,517,037	3,523,437	1,817,067	1,820,182

25. 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 risk management policy of the Company and the Group is established to identify and analyse the risks faced by the Company and the Group to set appropriate limits and controls, as well as to monitor risks and adherence to those limits.

25. Financial risk management (continued)

(a) Overview (continued)

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 risk management policy of the Company and the Group is established to identify and analyse the risks faced by the Company and the Group to set appropriate limits and controls, as well as to monitor risks and adherence to those limits.

The risk management policy and systems are reviewed regularly to reflect changes in market conditions and activities of the Company and Group.

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 policy of the Company and the Group. The Board's risk management mandate is carried out through the following committees:

(i) Audit and Governance Committee

The primary purpose of this Committee is 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 Committee and the Group's external auditors.

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

(ii) Investment and Risk Management Committee

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 ensuring adherence to the risk policy 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 a minimum of three members, two of whom are independent of the Company, including the Chairman.

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

25. Financial risk management (continued)

(a) Overview (continued)

(iii) Enterprise Risk Committee

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

This Committee assists 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, risk limits and tolerances of the Company and the Group . The Committee also assists 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 works closely with the Audit and Governance Committee.

(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. The RIAC comprises five (5) members including two (2) external real estate experts.

(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 is 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.

25. Financial risk management (continued)

(b) Credit risk (continued)

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).

Expected credit loss measurement:

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

Stage 1	**Stage 2**	**Stage 3**
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).

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

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

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.

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 unlikeliness 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. These inputs are based on the Company's and the Group's historical experience, the nature of the investment notes and the quality and value of collateral.

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(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 such as interest rates, real GDP growth rate and inflation rate, forecasts published by governmental bodies and monetary authorities in Jamaica, supranational organisations and selected private-sector forecasters.

(iv) Credit risk grading

The Company and the Group assess the probability of default using internal ratings. These are segmented into rating classes. The Company's and the Group's rating scale is shown below.

Rating	**Description**	**Definition**	**Category**
1	Exceptional	Portfolio company is performing exceptional	Standard Monitoring (Stage 1)
2	Very Good	Portfolio company is performing very good	
3	Good	Portfolio company is performing good	
4	Average	Portfolio company is performing average	
5	Below average	Portfolio company is performing below average	Early Warning (Stage 2)
6	Underperforming	Portfolio company in under-performing	Enhanced Monitoring (Stage 3)
7	Non-performing	Portfolio company is non-performing	Restructured/ Default (Stage 3)

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Company and the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(iv) 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 and repurchase agreements at amortised cost

	Group and Company 2023	
	Stage 1	**Total**
	$'000	$'000
Credit grade:		
Standard monitoring	268,373	268,373

	Group and Company 2022	
	Stage 1	**Total**
	$'000	$'000
Credit grade:		
Standard monitoring	710,860	710,860

(v) Collateral

The Group requires collateral and corporate and personal guarantees when issuing investment notes and reverse repurchase agreements to its counterparties. The Group has not recognised loss allowance on investment notes or reverse repurchase agreements carried at amortised cost, as these balances are adequately collateralised.

The carrying amounts of investments and reverse repurchase agreements carried at amortised cost represent the maximum credit exposure. The total carrying amount of the investments and reverse repurchase agreements carried at amortised cost is $268,373,000 (2022: $747,239,000). The investment notes were issued for real estate development purposes and they all mature within a year. The reverse repurchase agreements also matures within a year of the reporting date.

These financial assets are collateralised by real estate assets. These real estate assets are measured at fair value using the market approach which is a level 2 approach under the IFRS13 fair value hierarchy. There were no significant changes in the quality of these collaterals for the reporting period. The total fair value of collaterals used to secure financial assets with credit exposure is $3,897,569,000(2022: $4,622,673,000).

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) Impairment allowance

No impairment loss was recognised during the year.

(vii) Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, or that proceeds from collateral will not be sufficient to pay back the entire exposure. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

(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 management of the Group and its parent company seek to maintain flexibility in funding by monitoring budgeted commitments in relation to operating cash inflows and by keeping committed lines of credit available as part of Company borrowing arrangements.

25. Financial risk management (continued)

(c) Liquidity risk (continued)

The risk is further monitored and mitigated by (i) obtaining revolving credit lines from reputable banks, (ii) raising additional capital and (iii) frequent liquidity and cash gap measurement and monitoring. As at the reporting date, the Group had investments that can be liquidated in the amount of $2,590 Million and expected inflows from an asset pending sale of $582 Million. Included in the Group's liquid investments are investments maturing within 12 months of the reporting date and certain investment properties with high purchase demand.

Maturity analysis for liabilities

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

	Group 2023			
	0-12 months	Over 1 year	Total contractual cash flows	Total carrying amount
	$'000	$'000	$'000	$'000
Financial liabilities				
Accounts payable and accrued liabilities**	949,179	-	949,179	949,179
Due to related parties	1,204,349	-	1,204,349	1,204,349
Interest payable	140,512	-	140,512	140,512
Notes payable	1,485,062	-	1,485,062	1,383,481
Loans and borrowings	2,029,971	506,420	2,536,391	2,451,300
Preference shares	8,100	548,418	556,518	535,450
Total financial liabilities	5,817,173	1,054,838	6,872,011	6,664,271

	Group 2022			
	0-12 months	Over 1 year	Total contractual cash flows	Total carrying amount
	$'000	$'000	$'000	$'000
Financial liabilities				
Accounts payable and accrued liabilities**	980,230	-	980,230	980,230
Due to related parties	878,268	-	878,268	878,268
Interest payable	43,449	-	43,449	43,449
Notes payable	45,135	424,966	470,101	385,271
Loans and borrowings	1,903,607	891,607	2,795,214	2,610,659
Preference shares	7,919	537,274	545,193	521,107
Total financial liabilities	3,858,608	1,853,847	5,712,455	5,418,984

** excludes non-refundable deposit on property, see note 13.

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25. Financial risk management (continued)

(c) Liquidity risk (continued)

	Company 2023			
	0-12 months $'000	Over 1 year $'000	Total contractual cash flows $'000	Total carrying amount $'000
Financial liabilities				
Accounts payable and accrued liabilities	47,486	-	47,486	47,486
Due to related parties	1,610,556	-	1,610,556	1,610,556
Interest payable	132,019	-	132,019	132,019
Notes payable	638,089	-	638,089	592,343
Loans and borrowings	1,624,769	-	1,624,769	1,595,866
Total financial liabilities	4,052,919	-	4,052,919	3,978,270

	Company 2022			
	0-12 months $'000	Over 1 year $'000	Total contractual cash flows $'000	Total carrying amount $'000
Financial liabilities				
Accounts payable and accrued liabilities	128,748	-	128,748	128,748
Due to related parties	1,299,251	-	1,299,251	1,299,251
Interest payable	35,865	-	35,865	35,865
Notes payable	45,135	424,966	470,101	385,271
Loans and borrowings	1,507,301	-	1,507,301	1,431,796
Total financial liabilities	3,016,300	424,966	3,441,266	3,280,931

(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.

25. Financial risk management (continued)

(d) Market risk (continued)

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.

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

	Group			
	2023		2022	
	US$	J$ equivalent	US$	J$ equivalent
	$'000	$'000	$'000	$'000
Foreign currency assets:				
Cash	242	37,325	1,093	164,923
Reverse repurchase agreements	66	10,220	-	-
Interest receivable	85	13,052	95	14,276
Due from related parties	-	-	-	70
Investments	2,530	390,405	2,499	376,923
	2,923	451,002	3,687	556,192
Foreign currency liabilities:				
Accounts payable and accrued liabilities	3,857	595,010	4,470	674,198
Due to related parties	188	29,032	164	24,677
Interest payable	878	135,533	228	34,326
Notes payable	9,065	1,398,549	2,575	388,383
Loans and borrowings	15,148	2,337,109	14,573	2,198,038
Preference shares	3,500	539,981	3,500	527,904
	32,636	5,035,214	25,510	3,847,526
Net exposure	(29,713)	(4,584,212)	(21,823)	(3,291,334)

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25. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

	Company			
	2023		2022	
	US$	J$ equivalent	US$	J$ equivalent
	$'000	$'000	$'000	$'000
Foreign currency assets:				
Cash	197	30,410	1,019	153,673
Reverse repurchase agreements	66	10,220	-	-
Interest receivable	85	13,052	95	14,276
Investments	2,530	390,405	2,499	376,923
	2,878	444,087	3,613	544,872
Foreign currency liabilities:				
Accounts payable and accrued liabilities	171	26,353	305	45,962
Due to related parties	53	8,161	107	16,193
Interest payable	823	127,040	177	26,742
Note payable	3,885	599,376	2,575	388,383
Loans and borrowings	9,592	1,479,866	6,757	1,019,175
	14,524	2,240,796	9,921	1,496,455
Net exposure	(11,646)	(1,796,709)	(6,308)	(951,583)

Exchange rate for the Jamaica dollar to the US dollar was J$154.2804 to US$1 (2022: J$150.8297 to US$1).

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 United States dollar denominated assets and liabilities as at the period-end.

	Group			
	2023		2022	
	% change in currency rate	Effect on profit	% change in currency rate	Effect on profit
		$'000		$'000
Currency:				
USD	-4	(183,368)	-4	(131,653)
USD	+1	45,842	+1	32,913

25. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

Sensitivity to foreign exchange movements (continued)

	Company			
	2023		2022	
	% change in currency rate	Effect on profit $'000	% change in currency rate	Effect on profit $'000
USD	-4	(71,868)	-4	(38,063)
USD	+1	17,967	+1	9,516

(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:

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Variable rate instruments	61,266	463,365	35,147	161,594
Fixed rate instruments	1,836,986	2,483,919	1,836,986	2,483,919

25. 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 50 (2022:200) 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 25 (2022:50) 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:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Effect on profit				
Increase 50 (2022:200) basis points	306	9,267	176	3,232
Effect on profit				
Decrease 25 (2022:50) basis points	(153)	(2,317)	(88)	(808)

(e) Real estate concentration risk

The investment portfolio of the Company and the Group 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 Group will also include companies that invest in a single real estate asset or project and thus takes on some standalone risk in relation to that asset or project, The business of the Company and the Group is therefore 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.

In general the portfolio of the Company and the Group has its concentration risk mitigated by investing across (i) a wide spectrum of real estate assets – commercial, industrial, residential and hospitality, (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.

25. Financial risk management (continued)

(e) Real estate concentration risk (continued)

The following table summarises real estate risk exposure for investments and investment properties at their carrying amounts as categorised by industry sectors.

	Group 2023		
	Investments	Investment Properties	Total
	$'000	$'000	$'000
Commercial	185,933	2,162,451	2,348,384
Industrial	-	2,564,582	2,564,582
Hospitality	-	5,716,237	5,716,237
Residential	1,640,833	-	1,640,833
	1,826,766	10,443,270	12,270,036

	Group 2022		
	Investments	Investment Properties	Total
	$'000	$'000	$'000
Commercial	150,000	1,719,458	1,869,458
Industrial	-	3,197,590	3,197,590
Hospitality	-	4,513,638	4,513,638
Residential	2,333,919	-	2,333,919
	2,483,919	9,430,686	11,914,605

	Company	
	Investments 2023	Investments 2022
	$'000	$'000
Commercial	185,933	150,000
Residential	1,640,833	2,333,919
	1,826,766	2,483,919

26. Capital management

The objective of the Company and the Group when managing capital is to safeguard its ability to continue as a going concern 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 the relevant policy limit to fund investments in additional transactions and projects. There are no externally imposed capital requirements.

The Company's and the Group's approach to capital management is monitored by the Board of Directors and the Enterprise Risk Committee. This committee monitors the company's investments using an internal rate of return (IRR) which is assessed by management on a project-by-project basis. At the reporting date, the committee was satisfied that the IRR was within expectations.