

SYGNUS

**REAL ESTATE
FINANCE**



**AUDITED
FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
AUGUST 31, 2025**



KPMG in Barbados and the Eastern Caribbean
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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 9 to 78, which comprise the Group's and Company's statement of financial position as at August 31, 2025, 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 material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and Company as at August 31, 2025, 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 Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Group and 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

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 level 3 investments

The key audit matter	How the matter was addressed in our audit
The Group and the Company hold significant debt investments of \$765,483,000 (2024: \$1,574,579,000) that are measured at fair value. These instruments also contain embedded equity features in the form of a profit share in the relevant development. There is no active market for these instruments. Therefore, the valuation of these investments uses unobservable inputs which involve significant estimation uncertainties. These measurements are classified as level 3 measurements in the financial statements. <i>[see notes 2(d), 6 and 25(b) of the financial statements]</i>	Our procedures in this area included, among others: • Assessing the Group's and the Company's investment valuation model and obtaining contracts and term sheets to understand the terms of the investment and repayment structure. • Involving our own valuation specialists to assist us in assessing the reasonableness and suitability of all the valuation models employed, the assumptions around the discount rate applied to the cashflows and the fair value conclusions. • We considered the requirements of the financial reporting framework and tested the sources of data and underlying assumptions utilised to value the investments, including evaluating the impact of any variation of the assumptions on the fair value.



Page 3

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

Key Audit Matters (Continued)

1. Valuation of level 3 investments (continued)

The key audit matter	How the matter was addressed in our audit
	Our procedures in this area included, among others (continued): • In evaluating the equity feature, we determined the net cashflows associated with the asset development. Income was assessed by comparing the projected income against sales observed from market comparable properties considering location, size and characteristics of the properties. The cost to complete and sell the development was determined by assessing the reasonableness of estimated costs by reference to supporting evidence such as external quotations and invoices to arrive at net profit or loss on the development. • Assessing the adequacy of the disclosures, particularly in relation to the key judgements and estimation uncertainties for these instruments, by reference to the requirements of the financial reporting framework.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

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 \$10,731,397,000 (2024: \$9,257,435,000). The fair values of these properties are appraised by a qualified independent property valuator hired by the Group, using the market comparable approach, the income approach or the residual 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, availability of appropriate discount and capitalisation rates used in valuing these properties. These judgements and assumptions could result in estimated fair values that are materially different from the carrying values. <i>[see notes 2(d), 3(g) and 12 of the financial statements]</i>	Our procedures in this area included among others: • Involving our own valuation specialists, we assessed the methodologies, assumptions and data 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 independent property valuator. 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. We also evaluated the reasonableness of the estimated net cashflows with reference to terms of existing lease agreements, market rent and market growth rates in performing 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,



Page 5

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

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 included among others (continued): • In order to derive our range (continued): (iii) for fair values determined using the residual approach, we determined the net cashflows associated with the property development. In developing our range, income was assessed by looking at comparable property sales considering location, size and characteristics of the property. The cost to complete and sell the development was determined by assessing the reasonableness of estimated costs by reference to supporting evidence such as contracts and invoices to arrive at net profit on the development. • Evaluated the competence, independence, and experience of the Group's independent property valuator with reference to their qualification and industry experience. • Assessing the adequacy of the disclosures, particularly in relation to the key judgements and estimation uncertainties for these investment properties, by reference to the requirements of the financial reporting framework.



Page 6

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

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, 2025, 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 Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of the financial statements in accordance with IFRS Accounting 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.



Page 7

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

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

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 Group's and Company's internal control.
- 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.



Page 8

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of
SYGNUS REAL ESTATE FINANCE LIMITED

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 Damion D. Reid.

A handwritten signature of the KPMG firm, written in blue ink. The letters 'KPMG' are stylized and slanted to the right.

Chartered Accountants
Gros Islet, Saint Lucia

November 10, 2025

SYGNUS REAL ESTATE FINANCE LIMITED

Statement of Financial Position

August 31, 2025

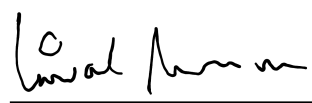
(expressed in Jamaica dollars unless otherwise indicated)

	Notes	Group		Company	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and cash equivalents	4	63,302	900,973	61,188	764,544
Due from related parties	5	2,321	-	4,535,700	4,224,721
Investments	6	1,891,674	1,860,162	1,891,674	1,860,162
Interest in joint venture	7	4,010,331	2,033,730	1,717,425	629,010
Investment in subsidiaries	8	-	-	1,150,754	1,884,605
Other assets and prepayments	9	339,306	254,183	334,807	244,672
Deferred tax assets	10	2,587	1,477	-	-
Assets held for sale	11	-	1,546,230	-	-
Investment properties	12	<u>10,731,397</u>	<u>9,257,435</u>	<u>-</u>	<u>-</u>
Total assets		<u>17,040,918</u>	<u>15,854,190</u>	<u>9,691,548</u>	<u>9,607,714</u>
LIABILITIES					
Accounts payable and accrued liabilities	13	383,593	479,304	88,871	26,114
Due to related parties	5	680,994	1,299,911	636,953	1,697,015
Interest payable	14	67,520	85,012	67,520	79,498
Income tax payable		26,467	10,770	-	-
Notes payable	15	5,037,445	3,864,524	5,037,445	3,864,524
Loans and borrowings	16	1,158,399	1,320,151	1,054,576	822,771
Deferred tax liabilities	10	-	130,109	-	-
Preference shares	17	<u>472,170</u>	<u>549,115</u>	<u>472,170</u>	<u>-</u>
Total liabilities		<u>7,826,588</u>	<u>7,738,896</u>	<u>7,357,535</u>	<u>6,489,922</u>
EQUITY					
Share capital	18	5,095,975	4,718,066	5,095,975	4,718,066
Translation reserve	19	(374)	(196)	-	-
Retained earnings/ (accumulated deficit)		<u>4,118,729</u>	<u>3,397,424</u>	<u>(2,761,962)</u>	<u>(1,600,274)</u>
Total equity		<u>9,214,330</u>	<u>8,115,294</u>	<u>2,334,013</u>	<u>3,117,792</u>
Total liabilities and equity		<u>17,040,918</u>	<u>15,854,190</u>	<u>9,691,548</u>	<u>9,607,714</u>

The financial statements on pages 9 to 78 were approved for issue by the Board of Directors on November 10, 2025 and signed on its behalf by:



Dr. Ike Johnson Director



Linval Freeman Director

SYGNUS REAL ESTATE FINANCE LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended August 31, 2025
(expressed in Jamaica dollars unless otherwise indicated)

	Notes	Group		Company	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Net interest income/(expense) and other gains/(loss)					
Interest income, calculated using the effective interest method	20(a)	262,781	180,073	257,063	180,030
Interest expense	20(a)	(604,336)	(382,849)	(530,023)	(277,271)
		(341,555)	(202,776)	(272,960)	(97,241)
Fair value loss from financial instruments at fair value through profit or loss (FVTPL)	25(b)	(431,654)	(52,340)	(431,654)	(52,340)
Foreign exchange loss		(66,524)	(93,553)	(64,984)	(54,927)
Fair value gain on investment properties	12	1,079,760	524,133	-	-
Gain on disposal of investment properties	12(iii)	-	34,203	-	-
Loss on disposal of asset held for sale	11(i)	(84,939)	(77,277)	-	-
Gain/(loss) on acquisition of shares in joint venture		137,257	-	(58,671)	-
Other income	20(b)	<u>73,505</u>	<u>67,466</u>	<u>88,417</u>	<u>47</u>
		<u>365,850</u>	<u>199,856</u>	<u>(739,852)</u>	<u>(204,461)</u>
Operating expenses					
Management fees	5(b)(i)	(165,989)	(128,789)	(165,989)	(128,789)
Corporate service fees	5(b)(ii)	(45,180)	(43,885)	(45,180)	(43,885)
Performance fees	5(b)(iii)	(30,781)	-	(30,781)	-
Other expenses	21	<u>(190,573)</u>	<u>(158,065)</u>	<u>(114,185)</u>	<u>(77,988)</u>
		<u>(432,523)</u>	<u>(330,739)</u>	<u>(356,135)</u>	<u>(250,662)</u>
Operating losses		<u>(66,673)</u>	<u>(130,883)</u>	<u>(1,095,987)</u>	<u>(455,123)</u>
Share of profit of joint venture	7	<u>748,682</u>	<u>493,491</u>	<u>-</u>	<u>-</u>
Profit/(loss) before taxation		<u>682,009</u>	<u>362,608</u>	<u>(1,095,987)</u>	<u>(455,123)</u>
Taxation	22	<u>104,997</u>	<u>(47,524)</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>787,006</u>	<u>315,084</u>	<u>(1,095,987)</u>	<u>(455,123)</u>
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Translation adjustment on consolidation of overseas subsidiary, being total other comprehensive income		(178)	(162)	-	-
Total comprehensive income for the year		<u>786,828</u>	<u>314,922</u>	<u>(1,095,987)</u>	<u>(455,123)</u>
Basic earnings per stock unit (\$)	23	<u>2.34</u>	<u>0.96</u>		
Diluted earnings per stock unit (\$)	23	<u>2.34</u>	<u>0.90</u>		

SYGNUS REAL ESTATE FINANCE LIMITED

Group Statement of Changes in Equity

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

	Group			
	Share capital	Translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
	(note 18)	(note 19)		
Balances at August 31, 2023	4,718,066	(34)	3,082,340	7,800,372
Total comprehensive income				
Profit for the year	-	-	315,084	315,084
Other comprehensive income	<u>-</u>	<u>(162)</u>	<u>-</u>	<u>(162)</u>
Balances at August 31, 2024	4,718,066	(196)	3,397,424	8,115,294
Total comprehensive income				
Profit for the year	-	-	787,006	787,006
Other comprehensive income	<u>-</u>	<u>(178)</u>	<u>-</u>	<u>(178)</u>
	<u>-</u>	<u>(178)</u>	<u>787,006</u>	<u>786,828</u>
Transactions with owners				
Issue of ordinary shares [(note 18(a)]	377,909	-	-	377,909
Dividends paid (note 24)	<u>-</u>	<u>-</u>	<u>(65,701)</u>	<u>(65,701)</u>
	<u>377,909</u>	<u>-</u>	<u>(65,701)</u>	<u>312,208</u>
Balances at August 31, 2025	<u>5,095,975</u>	<u>(374)</u>	<u>4,118,729</u>	<u>9,214,330</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Company Statement of Changes in Equity

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

	Share capital \$'000 (note 18)	Company Accumulated deficit \$'000	Total \$'000
Balances at August 31, 2023	4,718,066	(1,145,151)	3,572,915
Total comprehensive income			
Loss for the year, being total comprehensive income	<u>-</u>	(<u>455,123</u>)	(<u>455,123</u>)
Balances at August 31, 2024	4,718,066	(1,600,274)	3,117,792
Total comprehensive income			
Loss for the year, being total comprehensive income	-	(1,095,987)	(1,095,987)
Transactions with owners			
Issue of ordinary shares [(note 18(a)]	377,909	-	377,909
Dividends paid (note 24)	<u>-</u>	(<u>65,701</u>)	(<u>65,701</u>)
	<u>377,909</u>	(<u>65,701</u>)	<u>312,208</u>
Balances at August 31, 2025	<u>5,095,975</u>	(<u>2,761,962</u>)	<u>2,334,013</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Statement of Cash Flows

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

	Notes	Group		Company	
		2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Profit/(loss) for the year		787,006	315,084	(1,095,987)	(455,123)
Adjustments for:					
Interest income	20(a)	(262,781)	(180,073)	(257,063)	(180,030)
Interest expense	20(a)	604,336	382,849	530,023	277,271
Interest capitalised on investments		-	(27,429)	-	(27,429)
Dividend capitalised on preference share	17(iv)	-	2,266	-	-
Share of profit of joint venture	7	(748,682)	(493,491)	-	-
Unrealised foreign exchange loss		63,762	92,438	57,862	54,709
(Gain)/loss on acquisition of shares		(137,257)	-	58,671	-
Gain on dissolution of joint venture (MRL)	20(b)	(31,875)	-	(88,300)	-
Gain on disposal of investment properties	12(iii)	-	(34,203)	-	-
Loss on disposal of asset held for sale	11(i)	84,939	77,277	-	-
Fair value loss on investments	25(b)	431,654	52,340	431,654	52,340
Fair value gain on investment properties	12	(1,079,760)	(524,133)	-	-
Taxation	22	(104,997)	47,524	-	-
		(393,655)	(289,551)	(363,140)	(278,262)
Changes in operating assets and liabilities:					
Other assets and prepayments		5,192	5,625	180	4,295
Due from related parties		(2,711)	4,514	(310,978)	(1,187,857)
Accounts payable and accrued liabilities		(14,215)	(1,058,275)	47,048	(25,609)
Due to related parties		(53,712)	97,189	(32,924)	869,356
		(459,101)	(1,240,498)	(659,814)	(618,077)
Interest received		69,864	59,678	64,146	59,635
Interest paid		(582,484)	(414,445)	(505,758)	(315,157)
Taxation paid		(10,525)	-	-	-
Net cash used in operating activities		(982,246)	(1,595,265)	(1,101,426)	(873,599)
Cash flows from investing activities					
Acquisition of investments		(1,315,276)	(64,721)	(1,205,306)	(64,721)
Proceeds from investments		702,786	24,607	592,819	24,607
Investment in subsidiary		-	-	616,579	-
Investment in joint ventures		(839,141)	-	(839,141)	-
Acquisition of interest of joint venture partners		(487,778)	-	(487,778)	-
Additions to investment properties	12	(49,537)	(68,083)	-	-
Proceeds from disposal of assets held for sale	11	1,364,061	650,542	-	-
Proceeds from disposal of investment properties	12	-	651,725	-	-
Net cash (used in)/provided by investing activities		(624,885)	1,194,070	(1,322,827)	(40,114)
Carried forward to page 14		(1,607,131)	(401,195)	(2,424,253)	(913,713)

SYGNUS REAL ESTATE FINANCE LIMITED

Statement of Cash Flows (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

		<u>Group</u>		<u>Company</u>	
	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Brought forward from page 13		(1,607,131)	(401,195)	(2,424,253)	(913,713)
Cash flows from financing activities					
Dividends paid		(65,701)	-	(65,701)	
Proceeds from notes payable	15(vi)	1,338,647	2,640,842	1,338,647	2,640,842
Repayment of notes payable	15(vi)	(175,341)	(153,009)	(175,341)	(124,861)
Transaction cost related to notes payable	15(vi)	(79,108)	(66,263)	(79,108)	(65,863)
Proceeds from loans and borrowings	16(iv)	908,066	1,042,351	908,066	1,042,351
Repayment of loans and borrowings	16(iv)	(1,081,117)	(2,213,848)	(682,610)	(1,840,444)
Proceeds from preference shares	17(iv)	478,232	-	478,232	-
Repayment of preference shares	17(iv)	(555,688)	-	-	-
Net cash provided by financing activities		<u>767,990</u>	<u>1,250,073</u>	<u>1,722,185</u>	<u>1,652,025</u>
Effect of foreign exchange movements on cash and cash equivalents		<u>1,470</u>	(9,171)	(1,288)	(8,915)
Net (decrease)/increase in cash and cash equivalents		(837,671)	839,707	(703,356)	729,397
Cash and cash equivalents at beginning of year	4	<u>900,973</u>	<u>61,266</u>	<u>764,544</u>	<u>35,147</u>
Cash and cash equivalents at end of year	4	<u>63,302</u>	<u>900,973</u>	<u>61,188</u>	<u>764,544</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

1. Identification and principal activities

Sygnus Real Estate Finance Limited ("the Company") is incorporated in Saint Lucia as an International Business Company ("IBC"). The Company's registered office is located at McNamara Corporate Services Inc., 20 Micoud Street, Castries, 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. In respect of its general administration and investment activities, Sygnus Capital SL Limited ("SCSL" or "the Asset Manager") incorporated in Saint Lucia provides oversight and gives direction to Sygnus Capital Limited ("SCL" or "the Investment Manager") incorporated in Jamaica. SCL is licensed and regulated by the Financial Services Commission.

The Company has interests in several subsidiaries and joint ventures, which are listed below. The Company, its subsidiaries and joint venture interests are collectively referred to as "the Group" in these consolidated financial statements.

	<u>Country of Incorporation</u>	<u>Principal Activities</u>	<u>Percentage Ownership</u>
<u>Subsidiaries</u>			
Costa Mara Limited	Jamaica	Holding real estate	100%
Sygnus REF Jamaica Limited	Jamaica	Holding real estate	100%
Sepheus Holdings Limited	Jamaica	Holding real estate	100%
Charlemagne Holdings Limited	Jamaica	Holding real estate	100%
Lakespen Holdings Limited (i)	Saint Lucia	Holding real estate	100%
<u>Joint Ventures</u>			
5658 LMR Limited	Jamaica	Property development	71%
Audere Holdings Limited	Jamaica	Property development	86%
Delphin Holdings Limited	Jamaica	Property development	86%
Monadh Rois Limited (ii)	Jamaica	Property development	51%

(i) Lakespen Holdings Limited has a wholly owned subsidiary, Lakespen Industrial Park Limited, which is incorporated in Jamaica.

(ii) The Company dissolved this joint venture arrangement on December 12, 2024. Effective this date the company became a subsidiary.

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 Accounting Standards") and their interpretations issued by the International Accounting Standards Board (IASB) as at August 31, 2025 (the reporting date). They were authorised for issue by the Company's Board of Directors.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

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

(a) Statement of compliance (continued)

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.

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 the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The amendments apply for reporting periods beginning on or after January 1, 2026.

The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system. Companies can choose to apply the exception for electronic payments on a system-by-system basis. Given the widespread use of electronic payment systems, determining whether the exception criteria would be met for each one may require significant time and effort. If the derecognition exception criteria are not met, determining the settlement date may also present challenges and companies may be required to change their existing systems and processes.

The exception allows Companies to derecognise its financial liabilities before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- (i) no practical ability to withdraw, stop or cancel the payment instruction;
- (ii) no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- (iii) the settlement risk associated with the electronic payment system is insignificant.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

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

(a) Statement of compliance (continued)

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

- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027. Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies.

IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company’s main business activities.

All companies are required to report the newly defined ‘operating profit’ subtotal – an important measure for investors’ understanding of a company’s operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the ‘investing’ category.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a ‘useful structured summary’ of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

IFRS 18 requires some ‘non-GAAP’ measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management’s view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Companies are discouraged from labelling items as ‘other’ and will now be required to disclose more information if they continue to do so.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

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

(a) Statement of compliance (continued)

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

- *IFRS Subsidiaries without Public Accountability: Disclosures* is effective for annual reporting periods beginning on or after January 1, 2027.

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements of IFRS 19.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS accounting Standards that IFRS 19 has been adopted.

- Annual Improvements to IFRS Accounting Standards is effective for annual reporting periods beginning on or after January 1, 2026

These amendments, published in a single document Annual Improvements to IFRS Accounting Standards—Volume 11, include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.

The amended Standards are, IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 7 *Financial Instruments: Disclosures* and its accompanying Guidance on implementing IFRS 7; IFRS 9 *Financial Instruments*; IFRS 10 *Consolidated Financial Statements*; and IAS 7 *Statement of Cash Flows*.

The amendments provide an exception for the derecognition of financial liabilities. The exception allows a company to derecognise its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

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

(b) Basis of preparation

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

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to discharge its liabilities including the repayment of facilities as disclosed in note 26(c). The Group has net current liabilities of \$1,289,579,000 (2024: net current assets \$168,378,000), and the Company has net current liabilities of \$853,606,000 (2024: \$1,219,184,000) at the reporting date.

Management has disclosed in note 26(c) the strategies being employed by the Group and Company to appropriately manage its liquidity risks. Having regard to these facts and circumstances, the Directors of the Company are of the opinion that the going concern basis continues to be appropriate in the preparation of the financial statements.

(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 Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the year then ended. Actual results could differ from those estimates.

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

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

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).

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

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

(d) Use of estimates and judgement (continued)

Key sources of estimation uncertainty (continued)

(1) Impairment of financial assets (continued)

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 26(b).

(2) Fair value of financial instruments (Level 3)

There are no quoted market prices for a material portion of the Group and Company's financial assets. Accordingly, fair values of several financial assets are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The fair values determined in this way are classified as Level 3 in the fair value hierarchy [see note 25(b)].

(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, the income approach or the residual approach.

The market comparable approach is used due to the level of transactions involving comparable properties in relevant locations 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

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 (continued)

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 capitalisation rates.

The residual approach involves estimating the value of a property by calculating the potential gross development value that could be achieved upon completion of a development project and then deducting all associated development costs, resulting in the residual land value. The estimate of fair values is therefore dependent on the availability of external sales data for comparable properties to determine the estimated income to be generated and the availability of benchmarking external development costs.

See further disclosures on the valuation approaches used at [see note 12(vi)].

3. Material 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.

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued):

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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material 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 on behalf of the joint venture. If the joint venture subsequently reports gains, the Group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

(v) Transactions eliminated on consolidation:

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

(b) Cash and cash equivalents

Cash and cash equivalent comprises cash at banks and cash equivalents which are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are classified and measured at amortised cost.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(c) Financial instruments

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

(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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(c) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Business model assessment (continued):

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 (continued):

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Solely payments of principal and interest (SPPI):

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

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

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

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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(c) Financial instruments (continued)

(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.

(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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(c) Financial instruments (continued)

(vii) Impairment of financial assets (continued)

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

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

Credit-impaired financial assets

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

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

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

Measurement of ECL

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

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(c) Financial instruments (continued)

(vii) Impairment of financial assets (continued)

Measurement of ECL (continued)

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

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

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

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

(d) Fair value measurement

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

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

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(d) Fair value measurement (continued)

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.

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

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

(e) Investment in subsidiary

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

(f) Asset held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are 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(d) or where a sale is probable, at the agreed price.

(g) 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 or income approach. Any gain or loss arising from a change in fair value is recognised in profit or loss.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(g) 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.

(h) Interest income

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

(i) Foreign currency transactions and balances

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.

(j) Other assets and amounts due from related parties

Other assets (excluding prepayments) and amounts due from related parties are measured at amortised cost less any impairment loss.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(k) Taxation

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

(i) Current taxation

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

(ii) Deferred tax

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

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

Deferred tax 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(l) Interest expense

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

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

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

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

(n) Share capital and redeemable preference shares

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.

(o) Interest-bearing borrowings

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(p) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures*, as the “reporting 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.

(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.

(q) 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

3. Material accounting policies (continued)

(q) Leases (continued)

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.

To classify each lease, the Group 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 Group 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.

(r) 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 manager (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.

(s) 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 taxation.

SYGNUS REAL ESTATE FINANCE LIMITED**Notes to the Financial Statements (Continued)****Year ended August 31, 2025***(expressed in Jamaica dollars unless otherwise indicated)***4. Cash and cash equivalents**

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and bank	63,302	646,245	61,188	509,816
Reverse repurchase agreements (i)	-	<u>254,728</u>	-	<u>254,728</u>
	<u>63,302</u>	<u>900,973</u>	<u>61,188</u>	<u>764,544</u>

- (i) In the prior year, the Group and the Company held reverse repurchase agreements totaling \$254,728,000). The fair value of the underlying collateral of the resale agreements was \$295,938,000.

5. Related party balances and transactions

- (a) The statement of financial position includes balances with related parties with common directors and/or shareholder(s) and/or significant influence, arising in the normal course of business as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Due from related parties:				
Due from subsidiaries (i):				
Sygnus REF Jamaica Limited	-	-	166,979	373,770
Sepheus Holdings Limited	-	-	4,261,976	3,812,836
Charlemagne Holdings Limited	-	-	3,380	-
Lakespen Holdings Limited	-	-	9,830	5,353
Lakespen Industrial Park Limited	-	-	91,222	32,762
Due from joint venture:				
Delphin Holdings Limited	1,221	-	1,221	-
5658 LMR Limited	<u>1,100</u>	<u>-</u>	<u>1,092</u>	<u>-</u>
	<u>2,321</u>	<u>-</u>	<u>4,535,700</u>	<u>4,224,721</u>
Due to related parties:				
Due to subsidiary (i):				
Charlemagne Holdings Limited	-	-	-	461,936
Due to related parties with common directors:				
Sygnus Capital Limited	677,127	1,095,887	633,086	1,031,055
Sygnus Capital St. Lucia Limited	3,867	3,287	3,867	3,287
Due to joint venture:				
Monadh Rois Limited	<u>-</u>	<u>200,737</u>	<u>-</u>	<u>200,737</u>
	<u>680,994</u>	<u>1,299,911</u>	<u>636,953</u>	<u>1,697,015</u>
Interest payable to related parties with common directors (note 14)				
Audere Holdings Limited	5,655	2,811	5,655	2,811
Sygnus Capital Limited	-	29,090	-	29,090
Sygnus Deneb Investments Limited	1,843	336	1,843	336
Sygnus Credit Investments Jamaica Limited	<u>1,066</u>	<u>-</u>	<u>1,066</u>	<u>-</u>
	<u>8,564</u>	<u>32,237</u>	<u>8,564</u>	<u>32,237</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

5. Related party balances and transactions (continued)

- (a) The statement of financial position includes balances with related parties with common directors and/or shareholder(s) and/or significant influence, arising in the normal course of business as follows (continued):

	Group		Company	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Loan payable to related parties (note 16):				
Audere Holdings Limited	163,743	-	163,743	-
Sygnus Capital Limited	-	110,276	-	110,276
Sygnus Deneb Investments Limited	78,410	115,949	78,410	115,949
Sygnus Credit Investments Jamaica Limited	<u>195,580</u>	<u>-</u>	<u>195,580</u>	<u>-</u>
	<u>437,733</u>	<u>226,225</u>	<u>437,733</u>	<u>226,225</u>
Project management fees payable (note 13):				
Sygnus Capital Limited	<u>249,077</u>	<u>249,077</u>	<u>-</u>	<u>-</u>
Investment [note 6 (ii) and 6(iii)]:				
5658 LMR Limited	230,610	-	230,610	-
Audere Holdings Limited	<u>237,346</u>	<u>213,363</u>	<u>237,346</u>	<u>213,363</u>
Interest receivable [note 9 (i)]:				
5658 LMR Limited	6,726	-	6,726	-
Audere Holdings Limited	<u>3,758</u>	<u>4,978</u>	<u>3,758</u>	<u>4,978</u>

- (i) These balances due to and from related parties represent reimbursable business expenses. The 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 in the current or prior period.

- (b) 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	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Related parties with common shareholders having significant influence:				
Sygnus Capital Limited:				
Interest expense	(296)	(27,077)	(296)	(27,077)
Management fees (i)	(132,641)	(128,789)	(132,641)	(128,789)
Corporate service fees (ii)	(45,180)	(43,885)	(45,180)	(43,885)
Performance fees (iii)	<u>(30,781)</u>	<u>-</u>	<u>(30,781)</u>	<u>-</u>
5658 LMR Limited:				
Interest income [note 6(ii) and 6(iii)]	<u>30,456</u>	<u>-</u>	<u>30,456</u>	<u>-</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

5. Related party balances and transactions (continued)

- (b) 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):

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Related parties with common shareholders having significant influence (continued):				
Sygnus Capital SL Limited:				
Management fees (i)	(33,349)	-	(33,349)	-
Sygnus Credit Investments Jamaica Limited:				
Interest expense	(1,066)	(68,322)	(1,066)	(68,322)
Interest income	<u>18,357</u>	<u>-</u>	<u>18,357</u>	<u>-</u>
Sygnus Deneb Investments Limited:				
Interest expense	(9,392)	(24,758)	(9,392)	(24,758)
Audere Holdings Limited:				
Interest expense	(3,523)	-	(3,523)	-
Interest income	<u>22,763</u>	<u>28,069</u>	<u>22,763</u>	<u>28,069</u>
Directors' fees and related expenses (note 21):				
Short-term benefits	(24,428)	(23,750)	(24,428)	(23,750)

- (i) The Group has engaged related parties Sygnus Capital SL Limited and Sygnus Capital Limited, to provide asset management and investment management services, respectively. Under the governing agreements, a combined fee is charged at 2.00% of the assets under management as at the end of each month. The investment manager temporarily reduced the annual fee charge to 1.25% for the current financial year and 1.00% for the prior period.
- (ii) The Group has engaged a related party, Sygnus Capital Limited, to provide corporate services in relation to the operations of the Group. Corporate service fees are charged at tiered rates on the monthly assets under management as follows:
- 0.45% up to and including US\$25,000,000 plus;
 - 0.35% between US\$25,000,000 and US\$50,000,000 plus;
 - 0.25% between US\$50,000,000 and US\$100,000,000 plus;
 - 0.15% greater than US\$100,000,000;
- (iii) Performance fees are computed at 20% of the return on average equity above a hurdle rate of 6.50% and payable to Sygnus Capital Limited.

(c) Transaction with Directors

Directors, key management of the company and their immediate relatives hold 802,579 (2024: 772,100) ordinary shares of the company.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***6. Investments**

	<u>Group and Company</u>	
	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Fair value through profit or loss (FVTPL)		
Investment notes (i) and [note 25(b)]	<u>765,483</u>	<u>1,574,579</u>
Amortised cost [note 26(b)]		
Short-term notes (ii)	524,421	285,583
Medium-term notes (iii)	<u>601,770</u>	<u>-</u>
	<u>1,126,191</u>	<u>285,583</u>
	<u>1,891,674</u>	<u>1,860,162</u>

- (i) This represents three (3) construction notes maturing within the next year. These investments are with companies in the construction industry. The terms and conditions of each construction notes are as follows:
- (a) The Group is entitled to receive payment calculated as a percentage of reported gross/net profits and losses of the issuers.
- (b) The issuers have a redemption option whereby the construction notes can be redeemed prior to the maturity date by paying a premium to the Group.
- (c) The instruments bear interest at rates ranging from 5.5% to 10.0%.
- (ii) The short-term notes will mature within one year. They bear interest at rates ranging from 9.50% to 18.00% per annum. Included in this balance is an amount with a related party for \$237 Million (2024: \$213 Million).
- (iii) These medium-term notes mature within two to five years and bear an interest rate of 15.00% per annum. Included in this balance is an amount with a related party for \$231 Million (2024: Nil). Of the outstanding balance, \$61million is due for repayment within one year.

Information about the Group's exposure to credit risk, market risks and fair value measurements are included in notes 25 and 26.

7. Interest in joint ventures

The Company has joint control and ownership interests in several joint ventures as detailed under Note 1. These joint ventures are principally engaged in property development and are structured as separate vehicles with the Company having a residual interest in their net assets.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*7. Interest in joint venture (continued)

Effective December 12, 2024, the joint venture arrangement in Monadh Rois Limited (Monadh) was dissolved under a scheme of reconstruction. This involved the transfer of all assets in Monadh to a subsidiary of the Company. The subsidiary also assumed all the liabilities of Monadh. A gain of \$31,875,000 and \$88,300,000 was recognised for the Group and Company respectively. See note 20(b).

Effective February 28, 2025, the Company purchased additional shares in Audere Holdings Limited increasing its ownership interest from 70% to 86%. A gain of \$162 Million was recognised from the share acquisition.

During the year, the Group repurposed its subsidiary, 5658 LMR Limited, into a joint venture entity in which it now holds a 71% interest. This joint venture was established through a debt-to-equity transaction, whereby an investment note previously measured at fair value through profit or loss (FVTPL), was exchanged for shares in the joint venture. The investment was recognised at cost in the Company and resulted in a gain of \$33 Million for the Group based on the fair value of the net assets acquired.

Effective November 8, 2024, the Company finalised a joint venture agreement, acquiring an 86% ownership stake in Delphin Holdings Limited.

Management exercises judgement in determining the classification of the Group's joint venture arrangements. Considerations made in determining the appropriate classification of its interest in the joint ventures include the representation on 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.

The Group's and Company's investment in its joint ventures, which is accounted for using the equity method and at cost, respectively, is set out below:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Capital invested	1,717,425	629,010	1,717,425	629,010
Cumulative share of profit	<u>2,292,906</u>	<u>1,404,720</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>4,010,331</u>	<u>2,033,730</u>	<u>1,717,425</u>	<u>629,010</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

7. Interest in joint venture (continued)

The following table summarises the financial information for all joint venture arrangements as included in the Group's financial statements as at and for the year ended August 31, 2025:

	2025				
	Audere Holdings <u>Limited</u> \$'000	Monadh Rois <u>Limited</u> \$'000	5658 LMR <u>Limited</u> \$'000	Delphin Holdings <u>Limited</u> \$'000	<u>Total</u> \$'000
Percentage ownership interest	<u>86%</u>	<u>51%*</u>	<u>71%*</u>	<u>86%</u>	
Cash and cash equivalents	257,694	-	-	-	
Investment properties	6,086,464	-	656,697	1,569,667	
Other assets -current	256,969	-	-	-	
Other assets -non-current	1,734	-	-	-	
Current liabilities	(3,595,418)	-	-	(3,136)	
Non-current liabilities	(255,623)	-	(240,843)	-	
Net assets attributable to equity holders (100%)	<u>2,751,820</u>	<u>-</u>	<u>415,854</u>	<u>1,566,531</u>	
Group's share of net assets	2,366,565	-	295,101	1,347,217	4,008,883
Other adjustment	<u>1,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,448</u>
Carrying amount of investment	<u>2,368,013</u>	<u>-</u>	<u>295,101</u>	<u>1,347,217</u>	<u>4,010,331</u>
Income	344,906	-	14,705	667,006	
Operating expenses	(98,183)	(1,025)	(5,898)	(3,136)	
Finance income/(charge)	(145,141)	<u>2,505</u>	(34,811)	-	
Profit from continuing operations	101,582	1,480	(26,004)	663,870	
Taxation	<u>138,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Profit after tax, being total comprehensive income	<u>239,971</u>	<u>1,480</u>	<u>(26,004)</u>	<u>663,870</u>	
Share of profit from operation	195,464	752	(18,463)	570,929	748,682
Group's gain on acquisition of shares	<u>162,196</u>	<u>-</u>	<u>33,732</u>	<u>-</u>	<u>195,928</u>
Share of profit for the year	<u>357,660</u>	<u>752</u>	<u>15,269</u>	<u>570,929</u>	<u>944,610</u>
Share of total comprehensive income since date of investment:					
Profit from continuing operations	<u>1,706,708</u>	<u>-</u>	<u>15,269</u>	<u>570,929</u>	<u>2,292,906</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

7. Interest in joint venture (continued)

The following table summarises the financial information for Audere Holdings Limited and Monadh Rois Limited as included in the Group's financial statements as at and for the year ended August 31, 2024:

	2024		
	Audere Holding Company Limited	Monadh Rois Limited	Total
	\$'000	\$'000	\$'000
Percentage ownership interest	<u>70%</u>	<u>51%*</u>	
Cash and cash equivalents	317,823	-	-
Investment properties	5,800,424	346,582	-
Other assets -current	41,253	200,737	-
Other assets -non-current	303,352	-	-
Current liabilities	(415,441)	(2,060)	-
Non-Current liabilities	(3,535,563)	-	-
Net assets attributable to equity holders (100%)	<u>2,511,848</u>	<u>545,259</u>	<u>-</u>
Group's share of net assets	1,758,294	278,082	2,036,376
Other adjustment	1,448	-	1,448
Foreign exchange adjustments	<u>-</u>	(4,094)	(4,094)
Carrying amount of investment	<u>1,759,742</u>	<u>273,988</u>	<u>2,033,730</u>
Income	711,490	30,403	
Operating expenses	(30,629)	(2,809)	-
Finance income/(charge)	<u>6,946</u>	(4,195)	<u>-</u>
Profit from continuing operations	687,807	23,399	-
Taxation	<u>134</u>	<u>-</u>	<u>-</u>
Profit after tax, being total comprehensive income	<u>687,941</u>	<u>23,399</u>	<u>-</u>
Share of profit for the year	<u>481,558</u>	<u>11,933</u>	<u>493,491</u>
Share of total comprehensive income since date of investment:			
Profit from continuing operations	<u>1,349,048</u>	<u>55,672</u>	<u>1,404,720</u>

*Percentages are rounded.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*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:

	<u>Company</u>	
	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Costa Mara Limited (i)	-	-
Sygnus REF Jamaica Limited	10	10
Sepheus Holdings Limited	10	10
Charlemagne Holdings Limited (ii)	275,689	1,009,540
Lakespen Holdings Limited	<u>875,045</u>	<u>875,045</u>
	<u>1,150,754</u>	<u>1,884,605</u>

(i) As a result of the amounts in these financial statements being rounded to the nearest thousand, the share capital of \$100 is not shown in the statement of financial position.

(ii) During the year, the Company contributed \$344,665,000 in capital to Charlemagne Holdings Limited by transferring investment property under a scheme of reconstruction. Charlemagne Holdings Limited also settled capital totaling \$1,078,517,000 during the year, of which \$461,936,000 was offset against outstanding balances due by the Company.

9. Other assets and prepayments

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Prepaid expenses	2,246	2,195	2,015	2,195
Interest receivable (i)	332,792	242,477	332,792	242,477
Other receivables	<u>4,268</u>	<u>9,511</u>	<u>-</u>	<u>-</u>
	<u>339,306</u>	<u>254,183</u>	<u>334,807</u>	<u>244,672</u>

(i) Included in this balance is \$10.5 Million (2024: \$4.9 Million) which relates to investments held with related parties [See note 5(a)]. These balances are due for settlement within one year.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*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:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Deferred income tax assets	2,587	1,477
Deferred income tax liabilities	<u>-</u>	<u>(130,109)</u>
Net deferred income tax assets/(liabilities)	<u>2,587</u>	<u>(128,632)</u>

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

	<u>2025</u>		
	Balance at beginning of year	Recognised in profit or loss	Balance at end of year
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
		(note 22)	
Accrued interest expense	(1,766)	1,766	-
Unrealised foreign exchange gain	(1,459)	1,459	-
Interest receivable	1,765	(1,765)	-
Investment properties	(128,033)	128,033	-
Tax loss	<u>861</u>	<u>1,726</u>	<u>2,587</u>
Net deferred income tax (liabilities)/assets	<u>(128,632)</u>	<u>131,219</u>	<u>2,587</u>

	<u>2024</u>		
	Balance at beginning of year	Recognised in profit or loss	Balance at end of year
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
		(note 22)	
Accrued interest expense	357	(2,123)	(1,766)
Unrealised foreign exchange loss/(gain)	7,438	(8,897)	(1,459)
Interest receivable	1,765	-	1,765
Investment properties	(108,397)	(19,636)	(128,033)
Tax loss	<u>6,959</u>	<u>(6,098)</u>	<u>861</u>
Net deferred income tax liabilities	<u>(91,878)</u>	<u>(36,754)</u>	<u>(128,632)</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*11. Assets held for sale

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
At beginning of the year	1,546,230	1,113,520
Transferred from investment properties	-	1,546,230
Disposed of during the year (i)	(1,546,230)	(1,113,520)
At end of the year	<u>-</u>	<u>1,546,230</u>

- (i) In the prior period, Management started the process to dispose of properties located at 13 Hillcrest Avenue and 26 Seaview Avenue. The sale of these properties was completed during the year. Total net cash consideration amounted \$1,461,291,000 of which a portion was included in the deposits in the prior year and a loss on these sales of \$84,939,000 was recognised separately in the statement of profit or loss. In the previous year, sale of the property located at 443-445 Spanish Town Road was completed. Total net cash consideration amounted to \$650,541,000 and a loss on sale of \$77,277,000 was recognised separately in the statement of profit or loss.

12. Investment properties

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
At beginning of the year	9,257,435	10,443,270
Transfer during the year (i):		
16 Montrose Road	344,665	-
Interest in investment property acquired (ii)	-	385,701
Disposals (iii):		
Lady Musgrave Road	-	(617,522)
Additions and improvements during the year (i)	49,537	68,083
Change in fair value (vi)	1,079,760	524,133
Reclassified to asset held for sale (see note 11)	<u>-</u>	<u>(1,546,230)</u>
	<u>10,731,397</u>	<u>9,257,435</u>

- (i) Transfer of investment property represents property held by a joint venture in the prior year. The joint venture was dissolved and a subsidiary in the group assumed the assets and liabilities of that entity. See note 7. Additions during the year represented capital expenditure incurred in relation to the development of existing properties held.
- (ii) On May 1, 2024, a subsidiary acquired beneficial interest in a commercial property located at 443-445 Spanish Town Road, Kingston. The acquisition represented a participation agreement by the subsidiary under a trust deed arrangement. The title to the property is held by JCSD Trustee Services Limited.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*12 Investment properties (continued)

(iii) There was no sale of property during the financial year. In the prior period, properties held at Lady Musgrave Road were sold for a net cash consideration of \$651,725,000 and a gain on sale of \$34,203,000 was recognised separately in the statement of profit or loss after deducting the costs associated with the sale.

(iv) The following are included in investment property:

- land held at Cowpark, Caymanas Estate by a subsidiary, with a fair value of \$4.0 Billion. This property is being used as collateral for an index note issued to external parties and a revolving credit facility held with a commercial bank. See note 16(iii) and note 15(iii), respectively.
- land held at Mammee Bay by a subsidiary, with a fair value of \$5.9 billion. This property is being used as collateral for notes issued to external parties. See note 15 (ii) - (iv) and note 16(i).

(v) Amounts recognised in profit or loss

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Operating expenses leased properties	(7,765)	(18,563)
Operating expenses-vacant properties	(28,074)	(25,243)
Lease rental income [note 20(b)]	33,550	67,416
Gain on disposal	-	34,203
Fair value gain	<u>1,079,760</u>	<u>524,133</u>

(vi) 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 property are generally valued under the market comparable approach, income approach or residual value approach and are categorised as level 3 in the fair value hierarchy based on the inputs to the valuation technique used. [see note 12(vii)].

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

12 **Investment properties (continued)**

(vi) **Measurement of fair values (continued)**

The valuation technique and unobservable inputs used are shown in the following table:

Valuation techniques	Range of estimates for unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Income approach</i> This is an approach 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. Valuation tables derived for professional valuation purposes are applied.	- Discount rate: 7.50% - 8.50% - Capitalisation rate: 7.00% - 8.00%	The estimated fair value would increase/(decrease) if: - Discount rate is lower/(higher) - Capitalisation rate is lower/(higher)
<i>Market comparable approach</i> This valuation technique takes into account a comparison of similar properties for which the size, terms and conditions of sale are known. The unit of comparison applied by the Group is the price per acre. Adjustments are also made based on time of the sale or relative location.	- Adjustment for time of sale - Adjustment for location - Adjustment for price per acre	The estimated fair value would increase/(decrease) if: - Adjustment rates are higher/(lower) - Sales price per acre is higher/(lower)
<i>Residual approach</i> This approach involves estimating the value of a property by calculating the potential gross development value that could be achieved upon completion of a development project and then deducting all associated development costs. The result is the residual land value.	- Cost to complete development - Cost to sell - Adjustment for time of sale - Adjustment for location - Adjustment for price per acre	The estimated fair value would increase/(decrease) if: - Development costs are lower/(higher) - Sales price per acre is higher/(lower) - Adjustment rates are higher/(lower)

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*12 Investment properties (continued)

(vii) Fair value hierarchy by fair value measurement used

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Level 3	<u>10,731,397</u>	<u>9,257,435</u>

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

	<u>Group</u>
	\$'000
Balance at August 31, 2024	9,257,435
Additions and transfer of investment properties	394,202
Change in fair value recognised in profit or loss	<u>1,079,760</u>
Balance at August 31, 2025	<u>10,731,397</u>

(viii) 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.

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Less than one year	30,680	29,558
One to five years	162,852	156,896
Over five years	<u>66,806</u>	<u>98,937</u>
	<u>260,338</u>	<u>285,391</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*13. Accounts payable and accrued liabilities

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Audit fees	28,411	24,818	15,700	11,770
Directors' fees and related expenses	1,026	988	1,026	988
Security deposits (i)	67,933	9,959	67,333	9,486
Deposits on properties (ii)	-	153,185	-	-
Project management fees (iii)	249,077	249,077	-	-
Advance payment from lease tenant	-	2,838	-	-
Other payables and accrued expenses (iv)	<u>37,146</u>	<u>38,439</u>	<u>4,812</u>	<u>3,870</u>
	<u>383,593</u>	<u>479,304</u>	<u>88,871</u>	<u>26,114</u>

- (i) As part of the investment arrangements disclosed at note 6(i), these balances were withheld by the Group in separate unrestricted bank accounts in the event of a default in payments by the counterparties.
- (ii) This represented deposits received on the purchase price of assets held for sale within the Group. The amount was cleared during the financial year from the completion of the sale of properties. (See note 11).
- (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(a)]
- (iv) This represents costs associated with operational expenses and ongoing development activities in the ordinary course of business.

14. Interest payable

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Preference shares	8,599	5,514	8,599	-
Notes payable	44,697	40,259	44,697	40,259
Revolving line of credit	5,660	7,002	5,660	7,002
Loans from related parties [note 5(a)]	<u>8,564</u>	<u>32,237</u>	<u>8,564</u>	<u>32,237</u>
	<u>67,520</u>	<u>85,012</u>	<u>67,520</u>	<u>79,498</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*15. Notes payable

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
8.25% Senior secured indexed note (i)	-	480,503	-	480,503
11.00% JMD Senior secured note (ii)	1,724,963	1,232,766	1,724,963	1,232,766
8.50% USD Senior secured note (iii)	1,571,117	1,365,703	1,571,117	1,365,703
7.25% Senior secured note (iv)	239,598	236,306	239,598	236,306
8.50% Senior secured indexed note (iii)	547,072	549,246	547,072	549,246
7.50% Senior secured indexed note (iii)	563,703	-	563,703	-
8.00% Unsecured indexed note (v)	<u>390,992</u>	<u>-</u>	<u>390,992</u>	<u>-</u>
	<u>5,037,445</u>	<u>3,864,524</u>	<u>5,037,445</u>	<u>3,864,524</u>

- (i) This was a secured fixed rate note with interest payable on a quarterly basis. The note matured on June 30, 2025.
- (ii) This represents a secured fixed to variable rate note at an initial rate of 11%, with interest payable on a quarterly basis. After year one, the interest rate changed to 3-month WATBY plus 350bps with a floor of 8% and a ceiling of 11.25%. The note matures on April 29, 2028 and is secured by investment property located at Mammee Bay and owned by a subsidiary. See note 12(iv).
- (iii) These represent secured fixed rate notes with interest payable on a quarterly basis. The notes mature between April 29, 2028 and June 30, 2028 and are secured by investment properties located at Mammee Bay and Cowpark Caymanas Estate and owned by subsidiaries. See note 12(iv).
- (iv) This represents a secured fixed rate note with interest payable on a quarterly basis and is secured by investment property located at Mammee Bay and owned by a subsidiary. During the financial year, under the prevailing terms and conditions of this note issue, the tenor was extended from 29 April 2025 to 29 April 2026 and the interest rate moved from 8.00% to 7.25%. See note 12(iv).
- (v) This represents an unsecured fixed rate note with interest payable on a quarterly basis. The note matures on October 4, 2026.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

15. Notes payable (continued)

- (vi) Reconciliation of movements of notes payable to cash flows arising from financing activities:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at September 1	<u>3,864,524</u>	<u>1,383,481</u>	<u>3,864,524</u>	<u>592,343</u>
Changes from financing cash flows:				
Proceeds received	1,338,647	2,640,842	1,338,647	2,640,842
Transaction costs incurred	(79,108)	(66,263)	(79,108)	(65,863)
Loan transferred from subsidiary	-	-	-	780,705
Repayments made	(175,341)	(153,009)	(175,341)	(124,861)
	<u>1,084,198</u>	<u>2,421,570</u>	<u>1,084,198</u>	<u>3,230,823</u>
The effect of changes in foreign exchange rate	<u>53,277</u>	<u>36,405</u>	<u>53,277</u>	<u>26,724</u>
Other change:				
Amortisation of borrowing costs	<u>35,446</u>	<u>23,068</u>	<u>35,446</u>	<u>14,634</u>
Balance at August 31	<u>5,037,445</u>	<u>3,864,524</u>	<u>5,037,445</u>	<u>3,864,524</u>

16. Loans and borrowings

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
US\$ vendor mortgage (i)	103,823	497,380	-	-
Revolving line of credit (ii)	616,843	596,546	616,843	596,546
Loans from related parties:				
[see (iii) below, note 5(a)]	<u>437,733</u>	<u>226,225</u>	<u>437,733</u>	<u>226,225</u>
	<u>1,158,399</u>	<u>1,320,151</u>	<u>1,054,576</u>	<u>822,771</u>

- (i) This represents a facility for \$104 Million (US\$0.6 Million), [2024: \$497 Million (US\$3.2 Million)] which was 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(iv).
- (ii) This represents a secured 2-year revolving facility of up to \$625 Million (US\$3.9 Million), funded in either USD or JMD. Interest is payable quarterly at a rate of 7.50% on USD loans and rate of 7.75% on JMD loans. The drawdown on the facility has maturity date ranging from September 28, 2025 to November 27, 2026. The facility is secured by a collateral mortgage by way of guarantee on property owned by a subsidiary. See note 12(iv).

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*16. Loans and borrowings (continued)

(iii) This represents:

- (a) An unsecured loan of \$78.4 Million (US\$489,000) with Sygnus Deneb Investments Limited at an interest rate of 9.00%. The maturity date of the loan is October 24, 2025.
- (b) Unsecured loans totaling \$195.6 Million (US\$1,220,000) with Sygnus Credit Investments Jamaica Limited at interest rates between 13.50% and 13.75%. The maturity date of the loans range between October 28, 2025 and February 28, 2026.
- (c) Unsecured loans of \$90 Million and \$73.7 Million (US\$460,000) with Audere Holdings Limited at interest rates of 7.00% and 5.7% respectively. The maturity date of the loans range between September 25, 2025 and September 28, 2025.

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

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at September 1	<u>1,320,151</u>	<u>2,451,300</u>	<u>822,771</u>	<u>1,595,866</u>
Changes from financing cash flows:				
Proceeds received	908,066	1,042,351	908,066	1,042,351
Repayment made	(1,081,117)	(2,213,848)	(682,610)	(1,840,444)
	(173,051)	(1,171,497)	225,456	(798,093)
The effect of changes in foreign exchange rate	<u>10,464</u>	<u>39,513</u>	<u>6,349</u>	<u>24,998</u>
Other change:				
Amortisation of borrowing costs	<u>835</u>	<u>835</u>	<u>-</u>	<u>-</u>
Balance at August 31	<u>1,158,399</u>	<u>1,320,151</u>	<u>1,054,576</u>	<u>822,771</u>

17. Preference shares

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1.5% convertible cumulative redeemable preference shares (i)	-	549,115	-	-
7.0% USD indexed cumulative redeemable preference shares (ii)	<u>472,170</u>	<u>-</u>	<u>472,170</u>	<u>-</u>
	<u>472,170</u>	<u>549,115</u>	<u>472,170</u>	<u>-</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*17. Preference shares (continued)

- (i) The convertible cumulative redeemable preference shares held by the Group through a subsidiary in the prior period were repaid during the year.
- (ii) During the financial year, the Company executed a private subscription for the issue of fixed rate Class A USD indexed cumulative redeemable preference shares at a price of US\$100 per share. The shares are redeemable on May 28, 2028. At maturity, the Company has the option to extend the tenor by an additional twelve months (first extension period), and at the end of the first extension period by a further twelve months (second extension period).
- (iii) The significant terms and conditions of the preference shares are as follows:
- The right at maturity to a bonus dividend on each share of 15% of any balance due that is repaid in cash. The Company has the option to settle the bonus dividend in cash or by an ownership interest in property held by the Group.
 - The right to a cumulative preferential dividend payable at the rate agreed quarterly and in JMD.
 - 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 with notice in writing on or before the mandatory redemption date.
 - The cumulative redeemable preference shares do not carry the right to vote at any general meeting of the subsidiary.
- (iv) Reconciliation of movements of preference shares to cash flows arising from financing activities:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at September 1	<u>549,115</u>	<u>535,450</u>	<u>-</u>	<u>-</u>
Changes from financing cash flows:				
Proceeds received	478,232	-	478,232	-
Repayments made	(555,688)	-	-	-
	<u>(77,456)</u>	<u>-</u>	<u>478,232</u>	<u>-</u>
The effect of changes in foreign exchange rate	<u>7,009</u>	<u>11,399</u>	<u>2,702</u>	<u>-</u>
Other change:				
Dividends capitalised	2,266	2,266	-	-
Transaction costs incurred	(9,561)	-	(9,561)	-
Amortisation of borrowing costs	<u>797</u>	<u>-</u>	<u>797</u>	<u>-</u>
	<u>(6,498)</u>	<u>2,266</u>	<u>(8,764)</u>	<u>-</u>
Balance at August 31	<u>472,170</u>	<u>549,115</u>	<u>472,170</u>	<u>-</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*18. Share capital

Authorised capital:

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

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Issued and fully paid:		
347,233,574 (2024: 326,526,232) ordinary shares and one (1) special share	5,262,039	4,884,130
Less: transaction costs of share issue	(166,064)	(166,064)
	<u>5,095,975</u>	<u>4,718,066</u>

- (a) On March 19, 2025, the Company issued 20,707,342 “payment-in-kind” (PIK) shares in settlement of performance fees of \$377,909,000 due to its investment manager, Sygnus Capital Limited. These PIK shares were listed on the main market of the Jamaica Stock Exchange and carry the same rights as existing ordinary shares. The PIK shares increased the Company’s total JMD class ordinary shares in issue to 208,099,874 shares. The USD class ordinary shares in issue remained at 139,133,700 shares.

To minimise the dilutive impact on existing shareholders, warrants for an equivalent number of PIK shares were granted to shareholders on record as of the issue date of March 19, 2025. The warrants allow eligible shareholders to subscribe for additional shares at a fixed exercise price of J\$18.25 per J\$ share and US\$0.12 per US\$ share. The warrants are exercisable within the two years up to March 19, 2027.

- (b) 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.
- (c) At the reporting date, Sygnus Capital Group Limited (“SCG”), a related company, holds 25,980,742 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.
- (d) 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***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, 2025 was (\$374,000) [2024: (\$196,000)].

20. Net interest income/(expense) and other income**(a) Net interest income/(expense):**

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Interest income, calculated using the effective interest method				
Cash	468	82	461	39
Investments at amortised cost	161,210	38,231	155,499	38,231
Investments at FVTPL	<u>101,103</u>	<u>141,760</u>	<u>101,103</u>	<u>141,760</u>
	<u>262,781</u>	<u>180,073</u>	<u>257,063</u>	<u>180,030</u>
Interest expense				
Notes payable	(461,864)	(175,671)	(461,864)	(117,611)
Loans and borrowings	(77,206)	(196,753)	(58,778)	(159,660)
Preference shares	(65,266)	(10,425)	(9,381)	-
	<u>(604,336)</u>	<u>(382,849)</u>	<u>(530,023)</u>	<u>(277,271)</u>
Net interest expense	<u>(341,555)</u>	<u>(202,776)</u>	<u>(272,960)</u>	<u>(97,241)</u>

(b) Other income:

Lease rental	33,550	67,416	-	-
Dissolution of joint venture (note 7)	31,875	-	88,300	-
Miscellaneous	<u>8,080</u>	<u>50</u>	<u>117</u>	<u>47</u>
	<u>73,505</u>	<u>67,466</u>	<u>88,417</u>	<u>47</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*21. Other expenses

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Advertising	4,456	4,143	4,456	4,143
Audit fees and expenses	29,943	26,257	16,294	12,474
Bank charges	1,519	3,023	1,236	2,500
Directors' fees and related expenses [note 5(b)]	24,428	23,750	24,428	23,750
Insurance	4,209	4,498	4,209	4,498
Irrecoverable tax	16,872	9,876	8,390	3,148
Professional fees	62,746	27,344	45,662	15,130
Property expenses	35,839	43,806	-	-
Registrar fees	9,282	15,112	9,000	12,230
Office expenses	<u>1,279</u>	<u>256</u>	<u>510</u>	<u>115</u>
	<u>190,573</u>	<u>158,065</u>	<u>114,185</u>	<u>77,988</u>

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% or 30% of the profit before tax for the year, adjusted for taxation purposes and comprises:

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Current income tax:		
Provision for charge on current year's profits	<u>26,222</u>	<u>10,770</u>
Origination and reversal of temporary differences (note 10)	(129,493)	30,656
Tax losses (note 10)	(<u>1,726</u>)	<u>6,098</u>
	<u>(131,219)</u>	<u>36,754</u>
Total income tax (credit)/charge	<u>(104,997)</u>	<u>47,524</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*22. Taxation (continued)

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

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit/(loss) before taxation	<u>682,009</u>	<u>362,608</u>	<u>(1,095,987)</u>	<u>(455,123)</u>
Computed “expected” tax charge of 30%	(62,986)	(137,117)	(328,796)	(136,537)
Computed “expected” tax credit of 25%	<u>222,991</u>	<u>107,911</u>	<u>-</u>	<u>-</u>
	160,005	(29,206)	(328,796)	(136,537)
Tax effect of treating items differently for financial statements and tax a reporting purposes -				
Net foreign exchange loss	(273)	16,332	-	-
Tax exempt income	(337,554)	(54,023)	(70,928)	(54,023)
Non-deductible expenses	70,868	108,323	399,724	190,560
Tax loss	<u>1,957</u>	<u>6,098</u>	<u>-</u>	<u>-</u>
Actual tax (credit)/charge recognised	<u>(104,997)</u>	<u>47,524</u>	<u>-</u>	<u>-</u>
Effective tax rate	<u>(15.4%)</u>	<u>13.11%</u>	<u>-</u>	<u>-</u>

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.

	<u>2025</u>	<u>2024</u>
Net profit attributable to stockholders of the parent (\$'000)	787,006	315,084
Weighted average number of ordinary stock units in issue ('000)	335,944	326,526
Basic earnings per stock unit (\$)	<u>2.34</u>	<u>0.96</u>

The group did not have any instruments that had a dilutive effect on its basic earnings per share at the end of the reporting period. In the prior period, diluted earnings per stock unit reflected the impact of convertible preference shares plus dividend capitalised. [See note 17(i)]

	<u>2025</u>	<u>2024</u>
Net profit attributable to stockholders of the parent (\$'000)	787,006	315,084
Weighted average number of ordinary stock units in issue ('000)	335,944	348,712
Diluted earnings per stock unit (\$)	<u>2.34</u>	<u>0.90</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

24. Dividends

On November 6, 2024 the Board of Directors approved the Company's first dividend payment of J\$0.2012 per share amounting to \$65,701,000. This was paid on December 30, 2024 to shareholders on record as at December 13, 2024 .

25. Fair value of financial instruments

The amounts included in the financial statements for cash and cash equivalents, due from related parties, other assets (excluding prepayments), accounts payable and accrued liabilities, interest payable and due to related parties reflect the approximate fair values because of the short-term maturity of these instruments and are classified as level 2.

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

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

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

Accounting classification and fair values:

The Company's and the Group's investments that are 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 current year.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

25. Fair value of financial instruments (continued)

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

Valuation techniques	Significant unobservable inputs	Range of estimates for unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	- Adjusted profit of the issuer(s) based on probability of achievement - Risk-adjusted discount rates	Fixed income discount rate of 9.71% and equity discount rates of 40.68% to 41.49%	The estimated fair value would increase/(decrease) if: - Adjusted profit was higher/(lower) - The cost of debt was (higher)/lower - Interest rates changed
Equity Component - Residual approach	Adjusted profit of the issuer(s) based on probability of achievement	- Cost to complete development - Cost to sell - Adjustment for location - Adjustment for price per acre	The estimated fair value would increase/(decrease) if: - Development costs are lower/(higher) - Sales price per acre is higher/(lower) - Adjustment rates are higher/(lower)

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*25. Fair value of financial instruments (continued)

(b) The following shows a reconciliation of the Level 3 fair value measurements:

	<u>Group and Company</u>	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
At beginning of the year	1,574,579	1,568,613
Acquisition during the year	16,240	54,292
Derecognition during the year (i)	(392,813)	(3,958)
Fair value loss recognised in profit or loss (ii)	(431,654)	(52,340)
Foreign exchange adjustments	(869)	7,972
	<u>765,483</u>	<u>1,574,579</u>

(i) During the period, an investment note with a carrying fair value of \$392 Million, was derecognised. Of this amount, \$158 Million was refinanced as an investment note held at amortised cost with the joint venture, 5658 LMR Limited. The remaining \$234 Million was converted into equity shares in the joint venture, 5658 LMR Limited through a debt-to-equity transaction.

(ii) The fair value losses were mainly attributed to an increase in estimated development costs.

(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:

	<u>Group</u>		<u>Company</u>	
	<u>effect on profit</u>		<u>effect on loss</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Movement of 5%:				
Increase cashflow movement	28,432	8,747	(28,432)	(8,747)
Increase cashflow movement	<u>(28,432)</u>	<u>(8,747)</u>	<u>28,432</u>	<u>8,747</u>
Effect of 100 basis points:				
Increase cashflow movement	(3,299)	(9,127)	3,299	9,127
Increase cashflow movement	<u>3,345</u>	<u>9,293</u>	<u>(3,345)</u>	<u>(9,293)</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***25. Fair value of financial instruments (continued)**

- (d) Fair value of financial assets and liabilities maturing within one year is assumed to approximate their carrying amounts. For notes 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.

		2025					
		Group			Company		
	Carrying amount	Fair value Level 2	Fair value Level 3	Carrying amount	Fair value Level 2	Fair value Level 3	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets							
measured at fair value:							
Investments at FVTPL	<u>765,483</u>	<u>-</u>	<u>765,483</u>	<u>765,483</u>	<u>-</u>	<u>765,483</u>	
	<u>765,483</u>	<u>-</u>	<u>765,483</u>	<u>765,483</u>	<u>-</u>	<u>765,483</u>	
Financial assets							
not measured at fair value:							
Cash and cash equivalents	63,302	63,302	-	61,188	61,188	-	
Due from related parties	2,321	2,321	-	4,535,700	4,535,700	-	
Other investments	1,126,191	1,126,191	-	1,126,191	1,126,191	-	
Other assets, excluding prepayments	<u>337,060</u>	<u>337,060</u>	<u>-</u>	<u>332,792</u>	<u>332,792</u>	<u>-</u>	
	<u>1,528,874</u>	<u>1,528,874</u>	<u>-</u>	<u>6,055,871</u>	<u>6,055,871</u>	<u>-</u>	
Financial liabilities not							
measured at fair value:							
Accounts payable and accrued liabilities	383,593	383,593	-	88,871	88,871	-	
Due to related parties	680,994	680,994	-	636,953	636,953	-	
Interest payable	67,520	67,520	-	67,520	67,520	-	
Notes payable	5,037,445	5,133,545	-	5,037,445	5,133,545	-	
Loans and borrowings	1,158,399	1,158,560	-	1,054,576	1,054,576	-	
Preference shares	<u>472,170</u>	<u>483,706</u>	<u>-</u>	<u>4,72,170</u>	<u>483,706</u>	<u>-</u>	
	<u>7,800,121</u>	<u>7,907,918</u>	<u>-</u>	<u>7,357,535</u>	<u>7,465,171</u>	<u>-</u>	

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

25. Fair value of financial instruments (continued)

(d) (Continued)

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy (continued).

	2024					
	Group			Company		
	Carrying amount \$'000	Fair value Level 2 \$'000	Fair value Level 3 \$'000	Carrying amount \$'000	Fair value Level 2 \$'000	Fair value Level 3 \$'000
Financial assets						
measured at fair value:						
Investments at FVTPL	<u>1,574,579</u>	<u>-</u>	<u>1,574,579</u>	<u>1,574,579</u>	<u>-</u>	<u>1,574,579</u>
	<u>1,574,579</u>	<u>-</u>	<u>1,574,579</u>	<u>1,574,579</u>	<u>-</u>	<u>1,574,579</u>
Financial assets						
not measured at fair value:						
Cash and cash equivalents	900,973	900,973	-	764,544	764,544	-
Due from related parties	-	-	-	4,224,721	4,224,721	-
Other investments	285,583	285,583	-	285,583	285,583	-
Other assets, excluding prepayments	<u>251,988</u>	<u>251,988</u>	<u>-</u>	<u>242,477</u>	<u>242,477</u>	<u>-</u>
	<u>1,438,544</u>	<u>1,438,544</u>	<u>-</u>	<u>5,517,325</u>	<u>5,517,325</u>	<u>-</u>
Financial liabilities not						
measured at fair value:						
Accounts payable and accrued liabilities	479,304	479,304	-	26,114	26,114	-
Due to related parties	1,299,911	1,299,911	-	1,697,015	1,697,015	-
Interest payable	85,012	85,012	-	79,498	79,498	-
Notes payable	3,864,524	4,057,974	-	3,864,524	4,057,974	-
Loans and borrowings	1,320,151	1,357,948	-	822,771	859,234	-
Preference shares	<u>549,115</u>	<u>552,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7,598,017</u>	<u>7,832,940</u>	<u>-</u>	<u>6,489,922</u>	<u>6,719,835</u>	<u>-</u>

26. 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

26. Financial risk management (continued)

(a) Overview (continued)

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 Asset Manager, Sygnus Capital St. Lucia Limited. The Committee is responsible for the overall risk management function of the Company and the Group, and is responsible for all credit and investment decisions relating to the Company and the Group's investment portfolio.

This committee consists of up to seven members with a minimum of three members, the majority of whom are independent of the Company, including the Chairman, appointed by the Asset Manager's Board of Directors.

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

(iii) Enterprise Risk Committee

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

26. Financial risk management (continued)

(a) Overview (continued)

(iii) Enterprise Risk Committee (continued)

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. 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 consists of a minimum of four members, including up to two external real estate experts and a senior representative of the Investment Management Unit of the Investment Manager.

(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 (excluding prepayments) and investments.

Exposure to credit risk:

The maximum credit exposure, the total amount of loss the Company and the Group would suffer if every counterparty 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 assets (excluding prepayments) by limiting exposure to specific counterparties and by monitoring settlements.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*26. Financial risk management (continued)**(b) Credit risk (continued)***Exposure to 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.

<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>
Initial recognition	Significant increase in credit risk since the 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).

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

26. 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 unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty.

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***26. 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 scorecard model to estimate the potential of future economic conditions.

External information considered includes economic data such as interest rates, real GDP growth rate, 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 exceptionally	Standard Monitoring (Stage 1)
2	Very Good	Portfolio company is performing very well	
3	Good	Portfolio company is performing well	
4	Average	Portfolio company is performing on 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)

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***26. Financial risk management (continued)****(b) Credit risk (continued)***Expected credit loss measurement (continued):**(iv) Credit risk grading (continued)*

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.

(v) Credit quality analysis

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

**Investments and repurchase agreements
at amortised cost**

	<u>Group and Company</u>	
	<u>2025</u>	
	Stage 1	Total
	\$'000	\$'000
Credit grade:		
Standard monitoring	<u>1,126,191</u>	<u>1,126,191</u>

	<u>Group and Company</u>	
	<u>2024</u>	
	Stage 1	Total
	\$'000	\$'000
Credit grade:		
Standard monitoring	<u>285,583</u>	<u>285,583</u>

(vi) 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***26. Financial risk management (continued)****(b) Credit risk (continued)***Expected credit loss measurement (continued):**(vi) Collateral (continued)*

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 \$1,126,191,000 (2024: \$285,583,000). The investment notes were issued for real estate development purposes, and they all mature within a year. The reverse repurchase agreements also mature 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, income approach and residual approach which are level 3 approaches under the IFRS 13 fair value hierarchy. There were no significant changes in the quality of these collaterals for the reporting period. The total fair value of collateral used to secure financial assets with credit exposure is \$3,550,104,000 (2024: \$3,147,813,000).

(vii) Impairment allowance

No impairment loss was recognised during the year.

(viii) 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*26. Financial risk management (continued)**(c) Liquidity risk (continued)**

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.

The Group has net current liabilities of \$1,289,579,000 (2024: net current assets \$168,378,000), and the Company has net current liabilities of \$853,606,000 (2024: \$1,219,184,000), which may raise concern over its ability to manage its liquidity position. As disclosed in note 2(b) of the financial statements, through several funding arrangements, the Group and Company will be able to manage its liquidity risk and mitigate against any uncertainty that may cast significant doubt upon its ability to continue as a going concern.

The Group's and Company's liquidity risk is monitored and mitigated by (i) obtaining revolving credit lines from regulated financial institution, (ii) raising additional capital, and (iii) frequent liquidity and cash gap measurement and monitoring. As at the reporting date, the Group and Company had assets that can be liquidated in the short-term amounting to \$1,082 million. Included in the Group's liquid assets are cash and cash equivalents, interest receivable and investments maturing within 12 months of the reporting date. The Group and Company also has the ability to delay repayment of related party liabilities disclosed in note 5(a).

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*26. Financial risk management (continued)**(c) Liquidity risk (continued)***Maturity analysis for liabilities*

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

	Group 2025			
	0-12	1-3	Total	Total
	<u>months</u>	<u>years</u>	<u>contractual</u>	<u>carrying</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>cash flows</u>	<u>amount</u>
			<u>\$'000</u>	<u>\$'000</u>
<u>Financial liabilities</u>				
Accounts payable and accrued liabilities	383,593	-	383,593	383,593
Due to related parties	680,944	-	680,944	680,994
Interest payable	67,520	-	67,520	67,520
Notes payable	664,971	5,509,650	6,174,621	5,037,445
Loans and borrowings	1,022,828	169,057	1,191,885	1,158,399
Preference shares	<u>33,478</u>	<u>531,085</u>	<u>564,563</u>	<u>472,170</u>
Total financial liabilities	<u>2,853,334</u>	<u>6,209,792</u>	<u>9,063,126</u>	<u>7,800,121</u>
	Group 2024			
	0-12	1-3	Total	Total
	<u>months</u>	<u>years</u>	<u>contractual</u>	<u>carrying</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>cash flows</u>	<u>amount</u>
			<u>\$'000</u>	<u>\$'000</u>
<u>Financial liabilities</u>				
Accounts payable and accrued liabilities**	326,119	-	326,119	326,119
Due to related parties	1,299,911	-	1,299,911	1,299,911
Guarantee bond (note 28)	251,719	-	251,719	-
Interest payable	85,012	-	85,012	85,012
Notes payable	1,072,681	4,016,955	5,089,636	3,864,524
Loans and borrowings	688,102	706,291	1,394,393	1,320,151
Preference shares	<u>8,271</u>	<u>551,727</u>	<u>559,998</u>	<u>549,115</u>
Total financial liabilities	<u>3,731,815</u>	<u>5,274,973</u>	<u>9,006,788</u>	<u>7,444,832</u>

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

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*26. Financial risk management (continued)**(c) Liquidity risk (continued)***Maturity analysis for liabilities (continued)*

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

	Company 2025			
	0-12	1-3	Total	Total
	months	years	contractual	carrying
	<u>\$'000</u>	<u>\$'000</u>	<u>cash flows</u>	<u>amount</u>
<u>Financial liabilities</u>				
Accounts payable and accrued liabilities	88,871	-	88,871	88,871
Due to related parties	636,953	-	636,953	636,953
Interest payable	67,520	-	67,520	67,520
Notes payable	664,971	5,509,650	6,174,621	5,037,445
Loans and borrowings	917,653	169,057	1,086,710	1,054,576
Preference shares	<u>33,478</u>	<u>531,085</u>	<u>564,563</u>	<u>472,170</u>
Total financial liabilities	<u>2,409,446</u>	<u>6,209,792</u>	<u>8,619,238</u>	<u>7,357,535</u>

	Company 2024			
	0-12	1-3	Total	Total
	months	years	contractual	carrying
	<u>\$'000</u>	<u>\$'000</u>	<u>cash flows</u>	<u>amount</u>
<u>Financial liabilities</u>				
Accounts payable and accrued liabilities	26,114	-	26,114	26,114
Due to related parties	1,697,015	-	1,697,015	1,697,015
Guarantee bond (note 28)	251,719	-	251,719	-
Interest payable	79,498	-	79,498	79,498
Notes payable	1,072,681	4,016,955	5,089,636	3,864,524
Loans and borrowings	<u>274,344</u>	<u>602,937</u>	<u>877,281</u>	<u>822,771</u>
Total financial liabilities	<u>3,401,371</u>	<u>4,619,892</u>	<u>8,021,263</u>	<u>6,489,922</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***26. Financial risk management (continued)****(d) Market risk**

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

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

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

(i) Foreign currency risk

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

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

	Group			
	2025		2024	
	<u>US\$</u> \$'000	<u>J\$ equivalent</u> \$'000	<u>US\$</u> \$'000	<u>J\$ equivalent</u> \$'000
Foreign currency assets:				
Cash	141	22,627	4,015	632,545
Interest receivable	114	18,346	239	37,672
Investments	3,278	525,561	2,486	391,705
Other assets	-	-	1	115
	<u>3,533</u>	<u>566,534</u>	<u>6,741</u>	<u>1,062,037</u>
Foreign currency liabilities:				
Accounts payable and accrued liabilities	246	39,511	95	14,987
Due to related parties	232	37,231	454	71,445
Interest payable	390	62,539	415	65,453
Notes payable	21,080	3,379,369	16,947	2,669,786
Loans and borrowings	4,383	702,581	6,164	971,125
Preference shares	<u>3,000</u>	<u>480,935</u>	<u>3,500</u>	<u>551,381</u>
	<u>29,331</u>	<u>4,702,166</u>	<u>27,575</u>	<u>4,344,177</u>
Net exposure	<u>(25,798)</u>	<u>(4,135,632)</u>	<u>(20,834)</u>	<u>(3,282,140)</u>

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***26. Financial risk management (continued)****(d) Market risk (continued)**

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

(i) Foreign currency risk (continued)

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

	Company			
	2025		2024	
	US\$ \$'000	J\$ equivalent \$'000	US\$ \$'000	J\$ equivalent \$'000
Foreign currency assets:				
Cash	133	21,271	3,194	503,253
Interest receivable	114	18,346	239	37,672
Investments	<u>3,278</u>	<u>525,561</u>	<u>2,486</u>	<u>391,705</u>
	<u>3,525</u>	<u>565,178</u>	<u>5,919</u>	<u>932,630</u>
	Company			
	2025		2024	
	US\$ \$'000	J\$ equivalent \$'000	US\$ \$'000	J\$ equivalent \$'000
Foreign currency liabilities:				
Accounts payable and accrued liabilities	146	23,398	15	2,318
Due to related parties	44	7,015	217	34,262
Interest payable	390	62,539	380	59,939
Note payable	21,080	3,379,369	16,947	2,669,786
Loans and borrowings	3,734	598,620	3,001	472,771
Preference shares	<u>3,000</u>	<u>480,935</u>	<u>-</u>	<u>-</u>
	<u>28,394</u>	<u>4,551,876</u>	<u>20,560</u>	<u>3,239,076</u>
Net exposure	<u>(24,869)</u>	<u>(3,986,698)</u>	<u>(14,641)</u>	<u>(2,306,446)</u>

Exchange rate for the Jamaica dollar to the US dollar was J\$160.3115 to US\$1 (2024: J\$157.5374 to US\$1).

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*26. Financial risk management (continued)**(d) Market risk (continued)**

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

(i) Foreign currency risk (continued)

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

Sensitivity to foreign exchange movements

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

	Group			
	2025		2024	
	<u>% change in currency rate</u>	<u>Effect on profit \$'000</u>	<u>% change in currency rate</u>	<u>Effect on profit \$'000</u>
Currency:				
USD	-3.5	(144,750)	-4.0	(131,285)
USD	+1.0	<u>41,357</u>	+1.0	<u>32,821</u>
	Company			
	2025		2024	
	<u>% change in currency rate</u>	<u>Effect on loss \$'000</u>	<u>% change in currency rate</u>	<u>Effect on loss \$'000</u>
USD	-3.5	(139,537)	-4.0	<u>92,258</u>
USD	+1.0	<u>39,868</u>	+1.0	(23,065)

(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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*26. Financial risk management (continued)**(d) Market risk (continued)**

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

(ii) Interest rate risk (continued)

Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary.

Management of interest rate risk

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

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

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments	<u>63,302</u>	<u>646,245</u>	<u>61,188</u>	<u>509,815</u>
Fixed rate instruments	<u>1,891,674</u>	<u>2,547,593</u>	<u>1,891,674</u>	<u>2,114,890</u>

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.

For instruments denominated in Jamaica dollars, a 25 (2024: 25) basis point increase or a 100 (2024: 25) basis points 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.

For instruments denominated in United States dollars, a 25 (2024: 25) basis point increase or a 75 (2024: 50) basis points 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)***26. Financial risk management (continued)****(d) Market risk (continued)**

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

(ii) Interest rate risk (continued)*Interest rate sensitivity analysis (continued)*

If all other variables were held constant, the effect on the Company's and the Group's profit would have been as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	\$'000	\$'000	\$'000	\$'000
<i>Denominated in JMD</i>				
Effect on profit				
Increase 25 (2024: 25) basis points	<u>102</u>	<u>334</u>	<u>100</u>	<u>316</u>
Effect on profit				
Decrease 100 (2024: 25) basis points	<u>(407)</u>	<u>(334)</u>	<u>(399)</u>	<u>(316)</u>
<i>Denominated in USD</i>				
Effect on profit				
Increase 25 (2024: 25) basis points	<u>57</u>	<u>1,282</u>	<u>53</u>	<u>959</u>
Effect on profit				
Decrease 75 (2024: 50) basis points	<u>(170)</u>	<u>(2,564)</u>	<u>(160)</u>	<u>(1,918)</u>

(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 take 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.

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025*(expressed in Jamaica dollars unless otherwise indicated)*26. 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 2025		
	Investments	Investment properties	Total
	\$'000	\$'000	\$'000
Commercial	609,835	-	609,835
Industrial	-	4,452,729	4,452,729
Hospitality	-	5,926,294	5,926,294
Residential	<u>1,281,839</u>	<u>352,374</u>	<u>1,643,213</u>
	<u>1,891,674</u>	<u>10,731,397</u>	<u>12,632,071</u>
	Group 2024		
	Investments	Investment properties	Total
	\$'000	\$'000	\$'000
Commercial	213,363	429,899	643,262
Industrial	-	3,036,422	3,036,422
Hospitality	-	5,791,114	5,791,114
Residential	<u>1,646,799</u>	<u>-</u>	<u>1,646,799</u>
	<u>1,860,162</u>	<u>9,257,435</u>	<u>11,117,597</u>
	Company		
	Investments <u>2025</u>	Investments <u>2024</u>	
	\$'000	\$'000	
Commercial	609,835	213,363	
Residential	<u>1,281,839</u>	<u>1,646,799</u>	
	<u>1,891,674</u>	<u>1,860,162</u>	

SYGNUS REAL ESTATE FINANCE LIMITED

Notes to the Financial Statements (Continued)

Year ended August 31, 2025

(expressed in Jamaica dollars unless otherwise indicated)

27. 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.

28. Guarantee bond

The Company and Group had no capital expenditure commitments at year end. At the end of the prior period, the Company had issued a guarantee bond on behalf of its joint venture Audere Holdings Limited, to cover a mobilisation payment of \$251,719,000 (US\$1.6 Million) advanced by an external party for build-out work in relation to leased space. The bond expired during the current financial year. See note 26(c).

29. Subsequent event

On October 28, 2025, Category 5 Hurricane Melissa impacted Jamaica, with severe effects in certain parishes, causing extensive damage to national infrastructure, displacing residents, and disrupting business operations. In accordance with the Disaster Risk Management Act, Jamaica was officially declared a disaster area effective October 28, 2025.

Based on management's assessment as of the reporting date, the Group's assets were not materially affected by the hurricane. In response to the disaster, management will implement several financial risk management initiatives, including a comprehensive evaluation of any potential impact on stakeholders. Despite the challenging economic environment resulting from the hurricane, management expects continued strong demand for flexible capital within the real estate sector.

Management will continue to closely monitor developments and remain committed to executing its existing strategies while pursuing new opportunities consistent with the Group's risk and return objectives.