

# SYGNUS

## REAL ESTATE FINANCE

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PRESS RELEASE

### **SYGNUS REAL ESTATE FINANCE BOOK VALUE SURGES 41% IN Q1 2022 AFTER FYE AUG 2021 RECORD J\$1.8B NET PROFITS**

(Kingston, Jamaica) Sygnus Real Estate Finance (“SRF” or the “Company”), a specialty real estate investment company, which uses flexible capital (debt and equity) to unlock value in real estate assets across the industrial, residential, commercial, hospitality and infrastructure segments, simultaneously released its audited financial statements for the year ended August 31, 2021 (FYE Aug 2021) and the quarterly results for the three months ended November 2021 (Q1 2022). The simultaneous release reflected the firm’s first set of financial statements since it formally became a publicly listed company on the main market of the Jamaica Stock Exchange in October 2021.

The Company reported a 159.0% or J\$4.17 billion increase in total shareholders’ equity to a record J\$6.80 billion for Q1 2022 vs Q1 2021, and a 41.3% growth in book value per share to J\$20.81 for Q1 2022 vs J\$14.73 in Q1 2021. Q1 2022 book value per share took into account the newly issued shares from its initial public offering during the quarter. For FYE Aug 2021 shareholder’s equity grew 81.3% or J\$2.11 billion to J\$4.71 billion vs the prior financial year, and book value per share grew 42.9% to J\$23.78 vs J\$15.46 in the previous financial year.

SRF, which has been operating for a little over 2 years, reported a net loss of J\$99.95 million for Q1 2022 vs a net profit of J\$25.24 million for Q1 2021 and a record J\$1.81 billion in net profits for FYE Aug 2021 vs J\$366.3 million for FYE Aug 2020. The return on equity for FYE Aug 2021 was 49.6%. For Q1 2022, basic and diluted loss per share was J\$0.36 and J\$0.30 respectively, vs basic and diluted earnings per share of J\$0.15 and J\$0.14 for Q1 2021, while for FYE Aug 2021, basic and diluted earnings per share was a record J\$9.93 and J\$9.93 vs J\$2.18 and J\$1.98 for FYE Aug 2020, respectively.

The net loss in Q1 2022 was driven primarily by timing differences in the unlocking of value from real estate investment assets versus the interim carrying costs deployed in unlocking that value. The net profits for FYE Aug 2021 reflected the unlocking of value in some of SRF’s major real estate investment assets, which generated a record J\$2.36 billion in total investment income or core revenues, driven by valuation gains on investment property, the majority of which was due to its beachfront property in Mammee Bay St Ann (purchased for US\$24.0 million) and other investment properties, the 100% US\$6.0 million acquisition of the shares of the holding company that owns 55 acres of industrial property in Lakespen, St Catherine, and the sale of a portion of the beachfront property in Mammee Bay.

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The Q1 2022 results were underpinned by a 50.6% growth in the fair value of real estate investment assets to a record J\$9.26 billion vs J\$6.15 billion in Q1 2021, while the FYE Aug 2021 results were underpinned by a 46.0% increase to J\$8.69 billion vs J\$5.96 billion for FYE Aug 2021.

During Q1 2022, SRF secured financing for and began construction of the J\$3.70 billion 9-storey One Belmont commercial tower on Belmont Road, which was 8% completed and on track for completion in April 2023. Despite the global COVID-19 pandemic, SRF is seeing very strong demand from marquee corporate clients for long term lease of floors and is currently negotiating letters of intent with a number of these prospective tenants.

The 32,553 sq ft Spanish Penwood industrial warehouse project, which will be the new headquarters for IMCA Jamaica, the agents for the Caterpillar dealership, was 17% completed and on track for a July 2022 completion. SRF is currently at the schematic design and detailed design phase of the value creation process for the Mammee Bay investment property, being led by a world-renowned international consortium of architects, engineers and professionals in the hospitality industry, with the next key decision date set for May 2022. The master plan and feasibility study for the Lakespen industrial properties was completed, and SRF is about to embark on the detailed design phase led by a world-renowned international consortium of architects, engineers and professionals in the industrial industry. The Company completed the US\$6.5 million purchase of the 3.2-acre former French Embassy on Hilcrest avenue during Q1 2022 and is working with its partners to optimize the strategy to unlock the optimum value from this real estate asset.

As at Q1 2022, SRF's investments were allocated across 9 sub-categories of real estate, with the largest allocation to hospitality – investment property with 32.0% (Mammee Bay), industrial-investment property with 24.0% (Lakespen Holdings) and commercial-investment property with 16.0% (includes Former French Embassy).

SRF's capital was allocated across four investment categories, namely property investments at 72.0%, real estate investment notes (REINs) at 17.0%, development at 6.0% and investment in joint venture at 5.0%

*“SRF has established itself as a value added real estate investor in the alternative investment space, applying flexible capital to unlock value in all forms of real estate assets. In only 2 and a quarter years, the company, which started out with J\$2.08 billion in share capital, has grown shareholder's equity to J\$6.80 billion, and grown book value to J\$20.81 per share versus J\$13.40 per share at the time of its 2019 private placement, a 55.3% increase. SRF is still in the early stages of its investment life cycle, which averages 3 to 5 years. Thus, given the diversification and quality of its real estate investments, spread across hospitality, industrial, commercial and residential assets, there is substantial additional value to be realized from these assets over the next 2 to 3 years. Despite the COVID-19 pandemic and disruptions in the logistics supply chain, SRF has significantly advanced its various real estate investment projects such as the Spanish Penwood warehouse project, the One Belmont commercial office project and residential investments such as Ocean's Edge, Norbrook Wasser and Surreal at the Sugar Mill. The residential investment projects are*

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*substantially completed and are either sold out / under contract or seeing substantial demand. In the short to medium term, SRF will continue to explore new opportunities to add further diversification to its investment portfolio, including regional opportunities outside of Jamaica. SRF continues to monitor and mitigate emerging risks in the real estate sector to protect shareholder value, and remain optimistic about its current diversified real estate portfolio as a medium for shareholder value creation.”* stated Jason Morris, Executive Vice President and Chief Investment Officer at Sygnus Group.

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