

HOTELS & RESORTS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED MARCH 31 2025

*“It is not the end. It is not even the beginning
of the end. But it is, perhaps, the end of the
beginning.”*

— Winston Churchill

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1.0 The Company Overview

Hotels & Resorts Limited (HRL) was established in December 1995 as a strategic initiative to consolidate and revitalize a group of small, debt-burdened hotels along Barbados' South Coast. These properties were previously indebted to the now-defunct Barbados Development Bank (BDB). The vision was to pool these assets under a single corporate umbrella, enabling centralized management and marketing to drive profitability and sustainability.

The Government of Barbados became the principal shareholder, contributing an initial equity investment of \$18.5 million—comprising \$10 million in cash and \$8.5 million through the conversion of BDB debt to equity. Minority shareholdings were also established:

- Sintjon Limited received shares valued at \$975,906 (4.10%)
- Worthing Court Apartment Hotel Limited received shares valued at \$356,681 (1.50%)

These investments transferred ownership of the Silver Rock and Worthing Court hotels to HRL. Despite initial expectations, the project did not attract additional private hotel investors, and these two remained the only minority shareholders.

To achieve operational scale, HRL acquired three additional properties: - The Savannah, Time Out at the Gap, and Blue Horizon

Over the years, the Government of Barbados made further capital injections—\$4 million in 2001 and \$3.5 million in 2009—bringing its total shareholding to \$25,958,567 out of \$27,291,154 issued shares. This resulted in a revised ownership structure:

- Government of Barbados: 95.1%
- Sintjon Limited: 3.58%
- Worthing Court: 1.31%

Despite these efforts, the company faced persistent financial challenges, including undercapitalization and high interest costs from debt financing. In 2005, the shareholders resolved to divest the hotel assets. That year, Worthing Court and Silver Rock were sold. The remaining properties—The Savannah, Time Out, and Blue Horizon—continued under HRL's management.

In 2011, due to limited buyer interest, The Savannah and Time Out were leased. Time Out was eventually sold in 2019.

The final phase of divestment was completed in the 2024–2025 fiscal year:

- Blue Horizon was sold on December 22, 2024
- The Savannah and adjacent lands were sold on March 28, 2025

These transactions marked the successful conclusion of HRL's strategic divestment plan.

2.0

Chairman's Report

For fiscal year ended March 31, 2025

The fiscal year ending March 31, 2025, marks a defining moment in the history of Hotels & Resorts Limited (HRL). With the successful divestment of our final two hotel assets—Blue Horizon and The Savannah—we have ended a nearly three-decade journey that began with a bold vision to revitalize Barbados' South Coast hospitality sector.

From its inception in 1995, HRL was tasked with consolidating and stabilizing distressed hotel properties. Over the years, we navigated varied market dynamics, financial constraints, and evolving tourism trends.

The year under review saw a decline in operating performance due to the early closure of Blue Horizon ahead of the winter season. However, the company recorded a net profit of \$6.6 million, primarily driven by gains on asset disposals totaling \$8.1 million. These results speak to the effectiveness of our 2023 revamped divestment strategy, the careful planning that supported its execution and market dynamics that presented an opportune environment for hotel asset divestment.

Looking ahead, our focus shifts to fulfilling the remaining obligations under the Sales Purchase Agreement for The Savannah, including the realignment of Drill Hall Road. We are also preparing for the orderly winding up of the company and the distribution of remaining funds to our shareholders.

On behalf of the Board of Directors, I extend sincere gratitude to the Government of Barbados—our principal shareholder—for its unwavering support, as well as to our minority shareholders, business partners, and the many guests who have passed through our doors. Special thanks are due to the present and former management and staff of HRL, whose dedication and professionalism have been instrumental in reaching this milestone.

As we close this chapter, we do so with pride in the knowledge of our contribution to Barbados' tourism development and optimism for what lies ahead for future public private sector partnerships in the tourism sector. We remain committed to ensuring a seamless and successful conclusion to our journey.



Peter V. Harris
Chairman

3.0 Financial and Operational Review

The completion of the sale of the remaining hotel properties – The Savannah and Blue Horizon in FY 2025, lead to a significant transformation in the company’s asset base, paving the way for its wind-up. Included in the Savannah sale is land adjacent to the hotel which was also acquired in FY 2025 from the Principal Shareholder. This acquisition was part of an exchange for the HRL-owned Hastings (Flamboyant) properties.

While operating performance declined – primarily due to the early closure of Blue Horizon before the peak season and related severance obligations – the company recorded a net profit of \$6.61 million driven by substantial gains from property disposals.

Key Performance Metrics:

Metric	FY 2025	FY 2024	Variance
Occupancy	50.74%	61.46%	↓ 10.72 pp
ADR	\$274.27	\$264.28	↑ \$9.99
RevPAR	\$139.15	162.44	↓ \$23.29
EBITDA*	(\$713,807)	\$339,842	↓ \$1,053,649
Net Profit	\$6,615,054	\$5,294,206	↑ \$1,320,848

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) represents adjusted EBITDA which has been adjusted to exclude gains/(losses) on disposal, impairment losses and asset write offs.

Highlights:

- Net profit rose due to \$8.13 million in gains from hotel sales:
 - \$5.89 million from The Savannah
 - \$2.25 million from Blue Horizon
- EBITDA was impacted by Blue Horizon’s early closure ahead of the peak season and severance costs of \$1.06 million

EBITDA by property:

Property/Cost Centre	March 31 2025	March 31 2024	Variance
<i>Blue Horizon</i>	(703,596)	777,767	(1,481,363)
<i>Investment Property – The Savannah</i>	188,139	182,787	5,352
<i>Unallocated Expenses</i>	(198,350)	(620,712)	422,362
EBITDA	(713,807)	339,842	(1,053,649)

Summary of Financial Position:

	FY 2025	FY 2024	Variance
Working Capital	\$26,525,741	\$3,528,146	▲ \$22,997,595
Non-current Assets	\$180,729	\$27,801,036	▼ \$27,620,307
Equity	\$26,706,470	\$31,329,182	▼ \$4,622,712

- The liquidity position remained strong at end of FY 2025, supported by proceeds from the sale of The Savannah
 - Working capital Surplus totalled \$26.52 million, with a receivable balance of \$24.37 million; \$23.75 million of which, pending from the sale of The Savannah and adjacent property.
 - The cash position at year end was \$2.63 million

4.0 Major Capital Projects

No major capital projects were undertaken due to the planned divestments.

5.0 Capital Distributions and Land Transactions

Dividends

No dividends were paid during the year.

Hotel Sales

The net disposal proceeds of \$12.4 million from the sale of Blue Horizon were distributed to the primary shareholder. Proceeds from The Savannah sale remained in transit at year-end.

Non-monetary exchange of lands

During the year, the Company exchanged lands it owned at Hastings (the Flamboyant Properties) with the lands of the former Hastings Police Station and a small parcel occupied by the Barbados Defence Force (BDF) belonging to the Principal Shareholder. The lands were acquired at a value of \$3.21 million and those exchanged were transferred at the net book value of \$2.0 million.

6.0 Key Fiscal Risks and Mitigation

Construction Risk

As part of the sale agreement for The Savannah Hotel, completed on March 28, 2025, the Company is obligated to realign the Drill Hall Road westward, adjacent to lands occupied by the Barbados Defence Force. There is a risk that unforeseen terrain conditions or engineering complexities may lead to construction costs exceeding initial estimates. To mitigate this, funds held in escrow by the Company's attorneys exceed the projected costs based on preliminary site assessments. Furthermore, the Company has requested a deferral of the full transfer of sale proceeds to the Principal Shareholder until the road relocation is satisfactorily completed.

Litigation Risk

As at the end of the reporting period, the Company was implicated in an arbitration and a few pending litigation matters. Although legal counsel has assessed the risk of significant financial exposure as low, the Company has taken a prudent approach by reserving funds to address any potential liabilities, particularly those related to the pending arbitration matter.

Asset Realisation Risk

There is the risk that remaining receivables and other assets may not be realized at their book value or within the expected time. This risk was mitigated through a comprehensive review of all balances and an assessment of subsequent collections, based on this management determined that the balances were realisable.

Employee Settlement Risk

Risk of disputes or additional liabilities related to severance or other benefits, should claims arise post-termination. Employees were provided with detailed calculations and meetings were held with them and the union on the termination payments.

Regulatory Compliance Risk

Risk of non-compliance with statutory requirements for winding up, including filings with corporate affairs, and the tax authorities. The company will seek professional counsel in the wind-up matters to ensure compliance with all regulatory requirements.

Escrow and Payment Timing Risk

Delays in the release of escrowed funds held by our Attorneys, or legal disputes over payment terms could affect the timing and certainty of distributions.

7.0 Compliance with Statement of Social Responsibility

HRL maintained robust governance practices throughout the year. The board oversaw the divestment process and ensured compliance with regulatory requirements. The company remains committed to ethical business conduct.

8.0 Remuneration paid to each Board Director

Number of Directors		Fees
1	Chairman	20,760
1	Deputy Chairman	7,200
6	Directors	4,860

9.0 Remuneration paid to Senior/Middle Management

Number of Employees	Salary range	Benefits
1	156,000 – 215,000	4,428
1	72,000 – 96,000	2,628
1	54,000 – 78,000	1,025

Executive management salary is disclosed in Note 11 - Related Party Transactions in the Financial Statements. Benefits include pension payments to employees' plans and contribution to employer's medical plan through the Barbados Hotel and Tourism Authority Group Plan.

10.0 Conclusion and Outlook

As HRL approaches the final stages of its operational lifecycle, the company remains focused on executing the remaining elements of its strategic divestment process and ensuring a responsible and seamless wind-down.

Key Priorities for Closure:

- Completion of the realignment of the Drill Hall Road as stipulated under The Savannah sale agreement
- Settlement of outstanding receivables and escrow conditions
- Fulfilment of all regulatory wind-up procedures, including filings with tax and corporate agencies
- Final distribution of assets to shareholders, subject to legal and contractual obligations

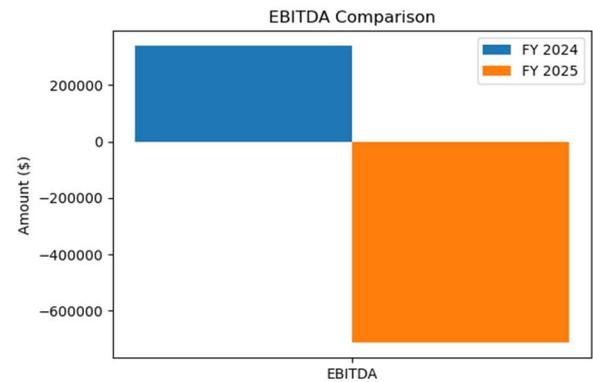
HRL concludes its journey with pride in its contributions to the tourism sector and confidence that the properties it once managed will thrive under new stewardship.

Appendix I

Financial Charts:

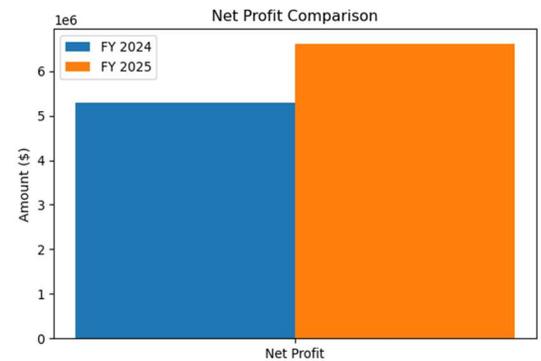
EBITDA Comparison:

- FY 2024: positive \$339,842
- FY 2025: Negative \$713,807 (due to severance costs of \$1.06 million and early closure of Blue Horizon)



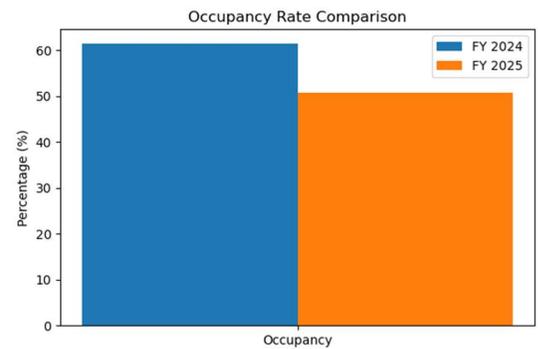
Net Profit Comparison:

- FY 2024: \$5.29 million
- FY 2025: \$6.62 million (boosted by gains on hotel disposals)



Occupancy Rate Comparison:

- FY 2024: 61.46%
- FY 2025: 50.74% (impacted by missing winter season)



SECTION B

Hotels & Resorts Limited

Financial Statements

For the year ended March 31, 2025