
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K/A

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 31, 2018

PLAYA HOTELS & RESORTS N.V.
(Exact Name of Registrant as Specified in Charter)

The Netherlands
(State or Other Jurisdiction
of Incorporation)

1-38012
(Commission
File Number)

98-1346104
(I.R.S. Employer
Identification No.)

Prins Bernhardplein 200
1097 JB Amsterdam, the Netherlands
(Address of Principal Executive Offices)

Not Applicable
(Zip Code)

Registrant's telephone number, including area code: Tel: +31 20 808108

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Introductory Note

On June 4, 2018, Playa Hotels & Resorts N.V., a Dutch public limited liability company (*naamloze vennootschap*) (the “**Company**”), filed with the U.S. Securities and Exchange Commission (the “**Commission**”) a Current Report on Form 8-K (the “**Initial 8-K**”) to disclose that it had completed the previously announced transactions contemplated by that certain definitive Share Exchange Implementation Agreement, dated as of February 26, 2018, by and among the Company and JCSD Trustees Services Limited, X Fund Properties Limited, Sagicor Pooled Investment Funds Limited, and Sagicor Real Estate X Fund Limited (collectively, the “**Sagicor Parties**”), as amended by that certain First Amendment to Share Exchange Implementation Agreement (as amended, the “**Contribution Agreement**”), pursuant to which the Sagicor Parties contributed to a subsidiary of the Company a portfolio of all-inclusive resorts in Jamaica, two adjacent developable land sites and a management contract for an all-inclusive resort (the “**Jamaica Assets**”). This Form 8-K/A amends the Initial 8-K to provide the historical audited financial statements of the Jamaica Assets and the pro forma financial information required by Items 9.01(a) and 9.01(b) of Form 8-K and should be read in conjunction with the Initial 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited combined balance sheet of the Jamaica Assets as of December 31, 2017, the audited combined statement of comprehensive income, cash flows and changes in investor’s equity of the Jamaica Assets for the year ended December 31, 2017, and the independent auditor’s report relating to the combined financial statements of the Jamaica Assets are filed as Exhibit 99.1 hereto and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet of the Company reflecting the contribution of the Jamaica Assets as of December 31, 2017 and the unaudited pro forma condensed combined statement of operations of the Company reflecting the contribution of the Jamaica Assets for the year ended December 31, 2017 are filed as Exhibit 99.2 hereto and incorporated herein by reference.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
23.1	<u>Consent of PricewaterhouseCoopers, Independent Registered Public Accounting Firm</u>
99.1	<u>Audited Combined Balance Sheet of the Jamaica Assets as of December 31, 2017, Audited Combined Statement of Comprehensive Income, Cash Flows and Changes in Investor’s Equity of the Jamaica Assets for the year ended December 31, 2017 and the Report of PricewaterhouseCoopers relating to the combined financial statements of the Jamaica Assets.</u>
99.2	<u>Unaudited Pro Forma Condensed Combined Balance Sheet of Playa Hotels & Resorts N.V. as of December 31, 2017 and Unaudited Pro Forma Condensed Combined Statement of Operations of Playa Hotels & Resorts N.V. for the year ended December 31, 2017.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 8, 2018

PLAYA HOTELS & RESORTS N.V.

By: /s/ Ryan Hymel
Ryan Hymel
Chief Financial Officer

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-218017) and Form S-3 (Nos. 333-223888 and 333-225756) of Playa Hotels & Resorts N.V. of our report dated 1 June 2018, relating to the combined financial statements of Sagicor Hotel Properties, which appears in this Current Report on Form 8-K/A.

/s/ PricewaterhouseCoopers
Kingston, Jamaica
8 August 2018

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Report of Independent Auditors

To the board of directors of Sagicor Group Jamaica Limited

We have audited the accompanying combined financial statements of Sagicor Hotel Properties, which are a carve-out of certain operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited, and comprise the combined balance sheet as of 31 December 2017 and the combined statement of comprehensive income, the combined statement of changes in investors' equity and the combined statement of cash flows for the year then ended.

Management's responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Combined Statement of Comprehensive Income**For the Year Ended 31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2017 \$'000
Revenue:		
Rooms, food and beverage		11,773,242
Other operating departments		881,660
Meetings and conferences		443,621
Rental and space		81,603
Other		55,148
		<u>13,235,274</u>
Expenses:		
Food and beverage		3,800,804
General and administrative		2,134,149
Rooms		1,301,568
Utilities		1,006,615
Depreciation		773,195
Other operating departments		842,305
Promotion and advertising		432,332
Franchisor fees		334,028
Management fees to operator of hotel properties		263,636
Insurance		211,590
Strata maintenance fees		134,094
Operating lease expenses		72,996
Other		25,964
		<u>11,333,276</u>
Income from operations		1,901,998
Other operating income:		
Foreign exchange gains		22,903
		<u>1,924,901</u>
Other expense:		
Interest expense		630,603
		<u>1,294,298</u>
Income before income taxes		1,294,298
Income tax expense	8	92,102
		<u>1,202,196</u>
Net income		1,202,196
Other comprehensive income		
Other comprehensive income		—
Net income and comprehensive income		<u>1,202,196</u>

The accompanying notes are an integral part to these combined financial statements.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Combined Balance Sheet**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2017 \$'000
Assets		
Hotel Properties		
Land and buildings		24,450,371
Leasehold improvements		112,413
Furniture and equipment		4,030,792
Construction work in progress		536,028
		<u>29,129,604</u>
Less: Accumulated depreciation		<u>(2,826,652)</u>
Net hotel properties	9	26,302,952
Inventories	10	585,149
Due from related parties	11	241,086
Receivables, net	12	1,111,387
Prepayments		462,414
Restricted cash	13	136,306
Cash and cash equivalents	13	777,221
Total Assets		<u>29,616,515</u>
Liabilities		
Payables	14	2,135,227
Due to related parties	11	328,466
Borrowings, net:		
Bank overdraft with related party		79,333
Related parties	15	8,350,720
Third parties	15	3,343,850
Deferred income taxes	16	290,095
Commitments and Contingencies	17	
Total Liabilities		<u>14,527,691</u>
Equity:		
Invested equity	18	<u>15,088,824</u>
Total Liabilities and Equity		<u>29,616,515</u>

The accompanying notes are an integral part to these combined financial statements.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Combined Statement of Changes in Investors' Equity**For the Year Ended 31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

	Total \$'000
Balance, January 1, 2017	12,455,789
Investment by owners	1,430,839
Net income and comprehensive income	1,202,196
Balance at 31 December 2017	<u>15,088,824</u>

The accompanying notes are an integral part to these combined financial statements.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Combined Statement of Cash Flows**For the Year Ended 31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2017 \$'000
Cash Flows from Operating Activities		
Net income		1,202,196
Adjustments for:		
Amortisation of borrowing expense		20,199
Foreign exchange gains		(209,294)
Depreciation	9	773,195
		1,786,296
Changes in operating assets and liabilities:		
Receivables		(229,513)
Prepayments		(272,022)
Inventories		(159,583)
Payables		262,275
Due from Related parties		(142,583)
Due to related parties		39,218
Net cash provided by operating activities		1,284,088
Cash Flows from Investing Activity		
Purchase of property, plant and equipment		(3,049,394)
Net cash used in investing activity		(3,049,394)
Cash Flows from Financing Activities		
Proceeds from borrowings with related parties		2,686,283
Repayments of borrowings with third parties		(2,320,407)
Investment by owners	18	1,430,839
Net cash provided by financing activities		1,796,715
Net increase in cash and cash equivalents and restricted cash		31,409
Cash and cash equivalents and restricted cash at beginning of year		882,118
Cash and Cash Equivalents and Restricted Cash at end of year	13	913,527
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest		778,863

The accompanying notes are an integral part to these combined financial statements.

Sagikor Hotel Properties

Carve-Out of Certain Operations of Sagikor Sigma Global Funds and Sagikor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

1. Background and Nature of Operations

Sagikor Group Jamaica Limited (SGJL) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. SGJL is the holding company for several subsidiaries and associates (affiliated companies) that operate mainly in the financial services sector, real estate and hospitality.

SGJL through its affiliated companies operate five hotels in Jamaica and one in the United States of America.

In February 2018, SGJL and its affiliated companies, Sagikor Sigma Global Funds (trustee JCSD Trustee Services Limited), X Fund Properties Limited, Sagikor Pooled Investment Funds Limited and Sagikor Real Estate X Fund Limited (referred to as "Sagikor Parties") entered into a Share Exchange Implementation Agreement ("Agreement") with Playa Hotels & Resorts, N.V. and its permitted assignees ("Playa") to dispose of the majority of its hotel operations and lands in Jamaica, (Sagikor Hotel Properties), as described below.

The Sagikor Parties and Playa in pursuant to the Agreement have established newly formed companies, Sagikor Newco Limited and Playa Newco Limited, respectively.

Pursuant to the Agreement noted above Sagikor Parties have transferred the Sagikor Hotel Properties into Sagikor Newco Limited effective 31 May 2018. Playa Newco Limited will acquire all the ordinary shares in Sagikor Newco Limited in exchange for cash and ordinary shares in Playa.

As the result of the Agreement between Sagikor Parties and Playa, these combined set of financial statements have been prepared.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

1. Background and Nature of Operations (Continued)

The accompanying combined financial statements has been derived from the historical accounts of the Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited. The Sagicor Hotel Properties consist of five hotel properties and two parcels of lands as follows:

- 1) The Jewel Dunn's River Beach Resort & Spa (JDR);
- 2) The Jewel Runaway Bay Beach & Golf Resort (JRB);
- 3) The Jewel Paradise Cove Resort & Spa (JPC);
- 4) X Fund Properties Limited (operators of Hilton Rose Hall Resort and Spa (HRH));
- 5) Jewel Grande Montego Bay Resort & Spa (Sentry Palm, Spa, Power Plant and Land);
- 6) 50% of Northern Estate (otherwise known as Hilton Land); and
- 7) Palm Beach (property adjoining Jewel Paradise Cove Resort & Spa)

Sagicor Sigma Real Estate Portfolio is one of eighteen portfolios in Sagicor Sigma Global Funds.

The following hotel operations are owned by the Sagicor Sigma Real Estate Portfolio:

The Jewel Dunn's River Beach Resort & Spa
The Jewel Runaway Bay Beach & Golf Resort
The Jewel Paradise Cove Resort & Spa
Northern Estate lands
Palm Beach

Sagicor Sigma Global Funds was created by a Trust deed and is registered in Jamaica under the Unit Trusts Act. The income of the Sagicor Sigma Global Funds are exempt from income tax under Section 12(t) of the Jamaica Income Tax Act.

The following hotel operation is owned by X Fund Properties Limited (XFP), a wholly owned subsidiary of Sagicor Real Estate X Fund Limited that commenced operations in 2014.

Hilton Rose Hall Resort and Spa

The following hotel operation is owned by Sagicor Sigma Real Estate Portfolio, X Fund Properties Limited and Sagicor Pooled Investment Funds Limited.

The Jewel Grande Montego Bay Resort and Spa

Hilton Rose Hall Resort and Spa and Jewel Grande Montego Bay Resort & Spa are subject to corporation tax under the Income Tax Act of Jamaica at 25%.

A management agreement is in place with a third party, Aimbridge Jamaica Limited, to manage the operations of the Sagicor Hotel Properties.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of Preparation and Principles of Combination

The accompanying combined financial statements of Sagicor Hotel Properties do not represent the financial position and results of operations of one legal entity, but rather a combination of entities under common management control that have been “carved out” from the historical financial records of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited.

These combined financial statements reflect the revenues, expenses and assets and liabilities of Sagicor Hotel Properties.

The preparation of these combined financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

These financial statements have been prepared solely to present Sagicor Hotel Properties historical results of operations, financial position, and cash flows. All intercompany balances and transactions within the Sagicor Hotel Properties have been eliminated. Transactions and balances between the Sagicor Hotel Properties and Sagicor Group Jamaica Limited and its related parties are reflected as related party transactions within these combined financial statements.

These combined financial statements include an allocation of general and administrative expenses to Sagicor Hotel Properties. General and administrative expenses include certain Sagicor Group Jamaica Limited centralized corporate functions, including legal costs, board of director’s fees and financial reporting.

Indirect costs have been allocated using the most meaningful respective allocation methodologies which were primarily based on proportionate net asset value or revenue as applicable.

Audit fees - Audit fees relevant to Sagicor Sigma Global Funds owned properties were allocated based on net asset value of the properties. Audit fees for Hilton Rose Hall Resort and Spa and Jewel Grande Montego Bay Resort & Spa were based on amounts charged directly to X Fund Properties Limited.

Board of Directors Fees - These fees are allocated based on the net assets value for the properties owned by Sagicor Sigma Global Funds. The Sagicor Real Estate X Fund Limited provides oversight to X Fund Properties Limited and Jewel Grande Montego Bay Resort & Spa through its Board of Directors and fees are charged directly to the entities.

Interest on loans - The purchase of Hilton Rose Hall Resort and Spa was facilitated by loans obtained by Sagicor Real Estate X Fund Limited and X Fund Properties Limited. These loans are being serviced by each company and are specific to the operations of Hilton Rose Hall Resort & Spa. The impact of these loans has been included in the combined financial statements.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of Preparation and Principles of Combination (Continued)

Legal costs - The Sagicor Group Jamaica Limited Corporate and Legal Services Team currently provides services to the hotel properties. The allocation is based on the estimated time spent multiplied by the salary rate per hour required to conduct the affairs of the combined entity. This amount is in addition to existing legal fees included at the entity level.

Management believes the assumptions and allocations underlying the combined financial statements are reasonable and appropriate under the circumstances.

3. New Accounting Standards

Leases: In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”), which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. For operating leases, a lessee will be required to: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its statement of financial position; (ii) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis and (iii) classify all cash payments within operating activities in its statement of cash flows. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. However, in certain instances a long-term lease of land could be classified as a sales-type lease, resulting in the lessor derecognizing the underlying asset from its books and recording a profit or loss on the sale and a net investment in the lease. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. Management is evaluating the impact of the guidance on the Company’s combined financial statements.

Revenue Recognition: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”) which supersedes existing industry-specific guidance, including ASC 360-20, *Real Estate Sales*. The new standard is principles-based and requires more estimates and judgment than current guidance. Certain contracts with customers, including lease contracts and financial instruments and other contractual rights, are not within the scope of the new guidance. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers—Deferral of the Effective Date*, to defer the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted beginning January 1, 2017. Management is evaluating the impact of the guidance on the Company’s combined financial statements.

Cash Flows: In November 2016 the FASB issued ASU 2016-18, *Restricted Cash* (“ASU 2016-18”) regarding the presentation of restricted cash in the statement of cash flows. Specifically, this update requires that restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. At 31 December 2017, we had \$136,306,000 of restricted cash. This update is effective for us beginning January 1, 2018. This update was early adopted by management for the year ended 31 December 2017 and did not have a significant impact on combined financial statements.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies**a) Foreign currency translation****(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sagicor Hotel Properties operates ("the functional currency"). The financial statements are presented in Jamaican dollars, which is the Sagicor Hotel Properties' functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, assets and liabilities denominated in the foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in income or expenditure.

b) Revenue recognition

Hotel revenues are recognized when services are provided or items are sold. Revenue consists of room sales, food and beverage sales and other operating department revenues such as gift shop, golf, health club, water sports. Sales and occupancy taxes collected from customers submitted to taxing authorities are not recorded in revenue.

c) Pension and Health Plan

The entities participate in a defined contribution pension plan whereby it pays fixed contributions into a fund administered by trustees. The individual Sagicor hotel entities has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all benefits relating to the employees' service in current and prior periods. Contributions to the plan are charged to profit or loss in the year in which they are incurred.

The individual Sagicor hotel entities contracted a third party to provide health benefits to its employees. Both the employer and employee contribute a fixed amount to this plan.

d) Deferred financing costs: Brokers fees and certain other costs incurred in connection with obtaining the loans are capitalized and amortized on a straight-line basis over the term of the loan. Amortization expense incurred during the year ended December 31, 2017 was \$20,199,000.**e) Other Operating Departments Expense**

Other operating departments' expenses include costs incurred with respect to gift shop, golf, health club, water sports.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)**f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

g) Trade receivables

Accounts receivable are comprised of (a) amounts billed but uncollected for room rental and food and beverage sales and (b) amounts earned but unbilled for the aforementioned services until guests check out of the hotel. Receivables are recorded at management's estimate of the amounts that will ultimately be collected.

An allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the existing accounts receivable portfolio and it is recorded as a bad debt expense. The allowance for doubtful accounts is calculated as a percentage of the aged accounts receivable. The reserve for bad debt provided for at December 31, 2017 was \$3,446,000.

h) Prepayments

Prepaid expenses consist primarily of prepaid insurance, property taxes, licences and permits which are expensed over the period on a straight line basis. Included in prepayments is also advance payments deposits.

i) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Any cash received prior to a guest's arrival is recorded as an advance deposit from the guest and recognized as revenue at the time of the guest's occupancy at the hotel property.

j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash on hand.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)**k) Property, plant and equipment**

Property, plant and equipment (PPE) are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the hotel operation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Estimated useful lives are as follows:

Buildings	40 years
Computer equipment	3-5 years
Furniture & equipment	7-10 years
Motor vehicles	5 years

Management of the hotel reviews the property and equipment for impairment when events or changes in circumstances indicate the carrying amount of the hotel may not be recoverable. If such conditions exist, management will estimate the future cash flows from operations and disposition of the hotel. If the estimated undiscounted future cash flows are less than the carrying amount of the assets and the carrying amount of the assets is in excess of the fair value, an adjustment to reduce the carrying amount to the hotel's estimated fair value would be recorded and an impairment loss would be recognized. No impairment of the carrying value of long-lived assets was recognized for the year ended December 31, 2017.

Upon the sale or retirement of the fixed asset, the cost and related accumulated depreciation will be removed from the hotel's accounts and any resulting gain or loss will be included in the statement of operations.

l) Income Tax

The Sagicor Hotel Properties is subject to the statutory requirements of Jamaica Income Tax Act in which it conducts business. The income tax returns are filed on an annual basis by the individual hotel properties.

Management of the hotel identifies tax positions taken or expected to be taken in the course of preparing the hotel's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. Management has determined that there are no material uncertain tax positions.

m) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. As of the Combined Balance Sheet date the significant estimates include income taxes.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)**n) Fair value Measurements**

The Company is required to disclose fair value information with regard to its financial instruments, whether or not recognized in the combined balance sheets, for which it is practical to estimate fair value. The Financial Accounting Standards Board ("FASB") guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

The Company determines the estimated fair values of financial assets and liabilities based on a hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the Company and the Company's own assumptions about market participant assumptions. The Company determined the carrying values of its financial instruments including cash and cash equivalents; operating lease income receivable and other assets, net; and accounts payable, accrued expenses, and other liabilities approximated their the fair values of the instruments as these due or paid within 90 days.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

5. Management Agreement

The Sagicor Hotel Properties entered into a property management agreement with Ambridge Hospitality Jamaica Limited to manage the Sagicor Hotel Properties. The property management agreement has an initial term of five years and may be extended or shortened in accordance with the property management agreement. The management agreement may be terminated prior to the expiration of the initial term upon the sale of the hotels to a bona fide third party purchaser, an event of default as defined in the property management agreement, or if a predetermined performance standard is not satisfied. Ambridge Hospitality Jamaica Limited is entitled to receive a base management fee equal to 2% of total operating revenues. For the year ended 31 December 2017 the Sagicor Hotel Properties recognized property management fees of \$263,636,000.

The Sagicor Hotel Properties reimburses Ambridge for staff costs and insurance expenses incurred relating to hotel operations. For the year ended 31 December 2017, the Sagicor Hotel Properties incurred reimbursable expenses of \$82,553,000.

6. Franchise Agreement

i) Effective 13 February, 2015, the hotels, Jewel Beach Resort and Spa Dunn's River and Jewel Paradise Cove Resort and Spa, are operated under franchise agreements with Hilton Worldwide and its affiliates ("Hilton") and are both licensed as Curio (that is, use of Curio Collection by Hilton franchise name). In conjunction with the franchise agreement, the hotels (Jewel Dunn's River Beach Resort & Spa and Jewel Paradise Cove Resort & Spa) are obligated to pay Hilton an annual royalty fees of 5% of gross room revenue, and monthly marketing fees of 4% of gross room revenue. The franchise agreement terminates on 28 February 2025.

ii) Hilton Rose Hall Resort & Spa

In conjunction with the franchise agreement, Hilton is obligated to pay monthly royalty fees of US\$100,000 and monthly program fees of US\$50,000. The franchise agreement terminates on January 21, 2033.

7. Strata Maintenance Fees

This represents the maintenance fees incurred for Jewel Grande Montego Bay Resort & Spa.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

8. Taxation

Income tax expense for the Sagicor Hotel Properties that operates five hotels has been calculated on a separate stand-alone basis. For the period ended December 31, 2017, three of the five hotels Jewel Dunn's River Beach Resort and Spa, Jewel Paradise Cove Resort & Spa, Jewel Runaway Bay Beach & Golf Resort were not subject to corporation tax under the Income Tax Act.

Tax losses for these combined financial statements amounting to \$521,267,000 existed at year end..

Reconciliation of applicable tax charge to effective tax charge:

	2017
	\$'000
Income before income taxes	<u>1,294,298</u>
Tax calculated at statutory rate of 25%	323,574
Adjusted for the effects of:	
Income not subject to taxes	(212,598)
Expenses not deductible for tax purposes	5,928
Irrecoverable foreign exchange gains recognised on loans used for capital projects	(41,190)
Net effect of other charges and allowances	<u>16,388</u>
	<u>92,102</u>

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

9. Property, Plant and Equipment

	<u>Land and Buildings</u> \$'000	<u>Leasehold Improvement</u> \$'000	<u>Motor Vehicles, Furniture and Equipment</u> \$'000	<u>Construction Work In Progress</u> \$'000	<u>Total</u> \$'000
Cost:					
At 1 January 2017	22,514,309	109,718	3,136,265	319,918	26,080,210
Additions	<u>1,936,062</u>	<u>2,695</u>	<u>894,527</u>	<u>216,110</u>	<u>3,049,394</u>
At 31 December 2017	<u>24,450,371</u>	<u>112,413</u>	<u>4,030,792</u>	<u>536,028</u>	<u>29,129,604</u>
Accumulated Depreciation:					
At 1 January 2017	659,450	3,516	1,390,491	—	2,053,457
Charge for the year	<u>244,892</u>	<u>17,708</u>	<u>510,595</u>	<u>—</u>	<u>773,195</u>
At 31 December 2017	<u>904,342</u>	<u>21,224</u>	<u>1,901,086</u>	<u>—</u>	<u>2,826,652</u>
Net Book Value					
31 December 2017	<u>23,546,029</u>	<u>91,189</u>	<u>2,129,706</u>	<u>536,028</u>	<u>26,302,952</u>

10. Inventories

	2017 \$'000
Food	120,231
Beverage	36,664
Gift shop	33,990
Guest supplies	195,105
Spares, chemicals and other supplies	<u>199,159</u>
	<u>585,149</u>

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

31 December 2017

(expressed in Jamaican dollars unless otherwise indicated)

11. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

Related companies include the Sagicor Group Jamaica Limited, its subsidiaries and associated entities. Related parties include directors and key management for the Sagicor Hotel Properties.

(a) Related party transactions

The following transactions were carried out with related parties:

<i>(i) Revenue -</i>	
	2017
	\$'000
Revenue -	
Rooms -	
Sagicor Life Jamaica Limited	26,006
Employer Benefits Administrators Limited	6,393
Sagicor Sigma Global Funds	1,539
	<u>33,938</u>
	2017
	\$'000
<i>(ii) Administration and other operating expenses and interest expense</i>	
Administration and other operating expenses -	
Insurance expense -	
Sagicor Re Insurance Ltd	175,654
Operating lease expense -	
Hilton Rose Hall Resort and Spa	42,188
Interest expense -	
Sagicor Life Jamaica Limited	4,112
Sagicor Pooled Investment Funds Limited	271,016
Sagicor Sigma Global Funds	227,656
	<u>720,626</u>

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

11. Related Party Transactions and Balances (Continued)**(a) Related party transactions (continued)****(ii) Administration and other operating expenses and interest expense**

In the normal course of the Sagicor Hotel Properties operations, inventories are transferred at cost between properties.

(b) Year-end balances arising from operations

Year-end balances arising from transactions in the normal course of hotel business (including: inventory transfers, shared allocated expenses and payments made on behalf of the Sagicor Hotel Properties) are as follows:

	2017 S'000
(i) Cash and cash equivalents and restricted cash -	
Sagicor Bank Jamaica Limited (cash held at related party bank)	<u>607,957</u>
(ii) Payables -	
Sagicor Life Jamaica Limited	<u>20,000</u>
(iii) Receivables -	
Sagicor Sigma Global Funds	6,598
X Fund Properties Llc	5,471
	<u>12,069</u>

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

11. Related Party Transactions and Balances (Continued)**(b) Year-end balances arising from operations (continued)**

	2017 \$'000
(iv) Due from related parties	
Jewel Grand Montego Resort & Spa	88,642
Sagicor Real Estate X Fund Limited	147,178
Sagicor Sigma Global Funds	5,266
	<u>241,086</u>
(v) Due to related parties	
Sagicor Life Jamaica Limited	35,876
Sagicor Sigma Global Funds	292,590
	<u>328,466</u>
(vi) Loans from related parties:	
Sagicor Bank Jamaica Limited	192,265
Sagicor Life Jamaica Limited	112,543
Sagicor Pooled Investment Funds Limited	4,298,130
Sagicor Sigma Global Funds	3,827,115
	<u>8,430,053</u>

i) See note 14, Note 1, where loan is secured by a debenture over units in the Sigma Real Estate Portfolio.

ii) See note 14, Notes 2 and 3, loans are secured as follows:

- A registered legal mortgage over the Hilton Rose Hall Resort and Spa;
- A debenture collateral to the mortgage creating fixed and floating charge over the X Fund Properties Limited assets and undertakings

Sagicor Hotel Properties

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Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

12. Receivables

	2017 \$'000
Trade receivables (gross)	813,013
Opening reserve for bad debts 1 January	(9,553)
Amounts recovered	<u>6,107</u>
Less: reserve for bad debts 31 December	<u>(3,446)</u>
Trade receivables (net)	809,567
General Consumption Tax Recoverable	248,139
Other assets	<u>53,681</u>
	<u>1,111,387</u>

13. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances original terms to maturity not exceeding 90 days.

	2017 \$'000
Restricted cash	136,306
Cash and cash equivalents	<u>777,221</u>
	<u>913,527</u>

Amounts included in restricted cash represents the debt service reserve amount containing three months of interest payments obligations on borrowings as contractually required. The restriction will lapse when the related borrowing are paid off.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

14. Payables

	2017
	\$'000
Trade payables	934,131
General Consumption Tax	49,443
Guest deposits	733,248
Accruals	216,369
Directors fees payable	24,290
Due to operator of the hotel	42,504
Legal fees payable	20,000
Audit fees payable	38,833
Other	76,409
	<u>2,135,227</u>

15. Borrowings

	Total	Related	Third
	\$'000	party	party
		(Note 10b(v))	portion
		\$'000	\$'000
(a) Senior secured investment note			
Note 1	3,172,241	2,411,500	760,741
Unamortised upfront fees on loan	(12,117)	—	(12,117)
Interest payable	18,525	14,436	4,089
	<u>3,178,649</u>	<u>2,425,936</u>	<u>752,713</u>
(b) Mortgage notes			
Note 2 (Tranche B)	1,560,016	1,560,016	—
Note 3 (Tranche C)	3,927,145	3,927,145	—
Note 4 (Tranche A)	177,708	59,778	117,930
Note 5 (Tranche A-D)	2,552,856	57,926	2,494,930
Unamortised upfront fees on loan	(75,200)	(50,682)	(24,518)
Interest payable	260,464	257,669	2,795
	<u>8,402,989</u>	<u>5,811,852</u>	<u>2,591,137</u>
(c) Other Loans			
Corporate credit card	112,932	112,932	—
Bank overdraft	79,333	79,333	—
	<u>192,265</u>	<u>192,265</u>	<u>—</u>
Total borrowings, net	<u>11,773,903</u>	<u>8,430,053</u>	<u>3,343,850</u>

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

15. Borrowings (Continued)

- a) **Note 1** was issued under three tranches (A, B, C). The tranches attract interest at 3.5%, 3.75% and 4.75% with maturity May 2018, May 2019 and May 2021 respectively, with option for further extension. Loan is secured by a debenture over units in the Sigma Real Estate Portfolio.
- b) **Note 2** attracts interest at a rate of 6% per annum, payable quarterly, and matures January 2025. The Note carries the option for early encashment by investors at certain anniversaries. There are no early encashments as of the combined balance sheet date.
- c) **Note 3** attracts interest at a rate of 8% per annum for the first two years with step up to 11.5% thereafter to maturity in January 2055. Interest is paid semi-annually and the Note has no option to early encash.

Both Notes 2 and 3 above are secured as follows:

- A registered legal mortgage over the Hilton Rose Hall Resort and Spa;
 - A debenture collateral to the mortgage creating fixed and floating charge over the X Fund Properties Limited assets and undertakings and;
 - Debt Service Reserve Account containing three months of interest payment obligations.
- d) **Note 4** is issued in Jamaican Dollar at interest rate of 7% and matures in February 2018. The loan is secured by a mortgage over the Hilton Rose Hall Resort and Spa.
- e) **Note 5** has the following Tranches:
- Tranche A issued in United States Dollar at interest rate of 4.25% matures in September 2018.
 - Tranche B in United States Dollar at an interest rate of 5% and matures in September 2020.
 - Tranche C issued in Jamaican Dollar at interest rate of 7.5% and matures in September 2018.
 - Tranche D in Jamaican Dollar at an interest rate of 8.75% and matures in September 2020.

The loan is secured by a mortgage over the Hilton Rose Hall Resort and Spa

- f) **Corporate credit card** is a facility with a limit of \$220,000,000 and interest rate of 21.95%.
- g) **Bank overdraft** represent short term borrowings with an average interest rate of 28%.

Sagicor Hotel Properties

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Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

15. Borrowings (Continued)**Financial Covenants on Borrowings**

The table below summarises the financial covenants applicable to each borrowings. There were no breaches reported for the Sagicor Hotel Properties for the year ended 31 December 2017. The covenants are applied on individual hotel properties.

<u>Financial Debt Covenants</u>	<u>Requirements</u>	<u>Borrowings Note</u>
Minimum interest cover	1.5x	Senior Secured Investment Note (Note 1) and Mortgage Notes (Note 2, 3, 4 and 5)
Maximum total debt / equity	1.8x	Senior Secured Investment Note (Note 1) and Mortgage Notes (Note 2, 3, 4 and 5)
Maximum total debt / EBITDA	4.5x	Senior Secured Investment Note (Note 1) and Mortgage Notes (Note 2 and 3)
Maximum loan to value ratio	70%	Senior Secured Investment Note (Note 1)

Fair value of borrowings

The table below summaries the carrying amounts and fair value of borrowings not presented on the balance sheet at their fair value:

	Carrying Value	Fair Value
	2017	2017
	\$'000	\$'000
Senior Secured Investment Note	3,178,649	3,112,482
Mortgage notes	8,402,989	8,179,064
Other loans	192,265	192,265
	<u>11,773,903</u>	<u>11,483,811</u>

Sagicor Hotel Properties

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Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

15. Borrowings (Continued)**Disclosure of Debt Payment**

The debt repayment represents principal and interest repayments over the life of the loans. The debt repayment period does not include the early encashment option has no investors have indicated their intention to exercise the option.

	Year 1	Year 2	Year 3	Year 4	Over 5	Total
	\$'000	\$'000	\$'000	\$'000	Years	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Senior Secured Investment Note						
Note 1	296,815	338,926	134,739	2,886,824	—	3,657,304
Mortgage notes						
Note 2 (Tranche B)	115,142	93,601	93,601	93,601	1,843,127	2,239,072
Note 3 (Tranche C)	687,271	451,622	451,622	451,622	18,841,796	20,883,933
Note 4 (Tranche A)	181,048	—	—	—	—	181,048
Note 5 (Tranche A-D)	663,606	154,777	2,178,126	—	—	2,996,509
	<u>1,647,067</u>	<u>700,000</u>	<u>2,723,349</u>	<u>545,223</u>	<u>20,684,923</u>	<u>26,300,562</u>
Other loans						
Corporate credit card	112,932	—	—	—	—	112,932
Bank overdraft	79,333	—	—	—	—	79,333
	<u>192,265</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>192,265</u>
	<u>2,136,147</u>	<u>1,039,926</u>	<u>2,858,088</u>	<u>3,432,047</u>	<u>20,684,923</u>	<u>30,150,131</u>

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements**31 December 2017**

(expressed in Jamaican dollars unless otherwise indicated)

16. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using the statutory tax rate of 25%.

	2017 \$'000
Deferred income taxes	<u>290,095</u>

The movement on the deferred income tax account is as follows:

	2017 \$'000
Balance at start of year	197,993
Deferred taxation expense	<u>92,102</u>
Balance at end of year	<u>290,095</u>

Deferred income tax assets and liabilities are attributable to the following items:

	2017 \$'000
Deferred tax assets -	
Interest payable	69,747
Net operating loss carried forward	130,317
Accrued vacation leave	4,376
Deferred tax liabilities -	
Hotel properties, building, furniture and equipment	<u>(494,535)</u>
Net Deferred tax liability	<u>(290,095)</u>

Deferred income tax asset in the combined balance sheet to be settled after more than 12 months total \$130,317,000.

Deferred income tax liabilities in the combined balance sheet to be settled after more than 12 months total \$494,535,000.

Net operating losses can be carried forward indefinitely.

Sagicor Hotel Properties

Carve-Out of Certain Operations of Sagicor Sigma Global Funds and Sagicor Real Estate X Fund Limited

Notes to Combined Financial Statements

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17. Commitments and Contingencies

- i. The company is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the company, and the amount can be reasonably estimated.

In respect of claims asserted against the company which, according to the principles outlined above, has not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the company which is immaterial to both the financial position and results of operations.

- ii. In conjunction with the execution of a Loan Agreement on September 10, 2014, the loan holders executed an agreement with the Lender guaranteeing environmental liabilities, and timely completion of the property improvement plan required by the franchisor.

18. Invested Equity

This represents capital invested by the owners of the combined operation.

19. Operating Leases

During the year, the Sagicor Hotel Properties received tenant rental income from rental of office space to third party per rental lease agreements. The lease agreements have remaining terms ranging from three to fifteen months. The tenant rental income is recognised on a straight line basis over the lives of the respective leases. The Sagicor Hotel Properties recognised rental income of \$2,994,000.

20. Subsequent Events

We evaluated subsequent events occurring after 31 December 2017 to 1 June 2018. Based on this evaluation, there were no subsequent events noted other than the execution of the Agreement described in Note 1.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On February 26, 2018, Playa Hotels & Resorts N.V. (“Playa,” “we,” “our,” or “us”) entered into a Share Exchange Implementation Agreement with JCSD Trustee Services Limited, X Fund Properties Limited, Sagicor Pooled Investment Funds Limited, and Sagicor Real Estate X Fund Limited (collectively, the “Sagicor Parties”). On May 31, 2018, Playa and the Sagicor Parties entered into the First Amendment to the Share Exchange Implementation Agreement (the “Contribution Agreement”) to effect certain amendments to the Share Exchange Implementation Agreement (as amended, the “Contribution Agreement”). Pursuant to the Contribution Agreement, on June 1, 2018 (the “Acquisition Date”) the Sagicor Parties contributed to a subsidiary of Playa a portfolio of all-inclusive resorts in Jamaica, two adjacent developable land sites and a management contract for an all-inclusive resort (the “Sagicor Hotel Properties”) in exchange for a total consideration of \$308.5 million, which consisted of \$93.1 million in net cash and 20,000,000 shares of our ordinary shares, after preliminary working capital adjustments.

The following unaudited pro forma condensed combined financial information present historical condensed combined financial statements of Playa and the Sagicor Parties after giving effect to Playa’s acquisition of the Sagicor Hotel Properties on the Acquisition Date. The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the acquisition of the Sagicor Hotel Properties and the related financing transaction. It has been prepared for informational purposes only and is subject to a number of uncertainties and assumptions as described in the accompanying notes and does not necessarily reflect the results of operations or the financial position of Playa that actually would have resulted had the acquisition of the Sagicor Hotel Properties occurred at the date indicated, nor project the results of operations or financial position of Playa for any future date or period. The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable and (3) with respect to the statement of operations, expected to have a continuing impact on the results of the combined company.

The unaudited pro forma condensed combined balance sheet as of December 31, 2017 is presented as if the acquisition of the Sagicor Hotel Properties had occurred on December 31, 2017. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017 is presented as if the acquisition had occurred on January 1, 2017.

The unaudited pro forma condensed combined financial information should be read in conjunction with our historical consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2017 and the historical combined financial statements of the Sagicor Hotel Properties for the year ended December 31, 2017 contained at exhibit 99.1 of this Form 8-K/A.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting as outlined in Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 805, *Business Combinations*, with Playa considered the acquiring company. The determination and preliminary allocation of the purchase consideration used in the unaudited pro forma condensed combined financial information is based upon preliminary estimates, which are subject to change during the measurement period (up to one year from the Acquisition Date) as we finalize the valuations of the net tangible and intangible assets acquired.

Unaudited Pro Forma Condensed Combined Balance Sheet
As of December 31, 2017
(\$ in thousands, except share data)

	Playa Hotels & Resorts N.V. Historical	Sagicor Hotel Properties Historical	Pro Forma Adjustments (Note 5)	Pro Forma Combined
ASSETS				
Cash and cash equivalents	\$ 117,229	\$ 6,207	\$ (93,128) (a)	\$ 121,134
			97,033 (b)	
			(6,207) (c)	
Restricted cash	—	1,089	(1,089) (c)	—
Trade and other receivables, net	51,527	8,875	(8,854) (c)	51,548
Accounts receivable from related parties	1,495	1,925	(1,925) (c)	1,495
Inventories	11,309	4,673	(1,048) (c)	14,934
Prepayments and other assets	34,066	3,693	(3,243) (c)	37,147
			2,631 (e)	
Property, plant and equipment, net	1,466,326	210,054	99,398 (d)	1,775,778
Investments	990	—	—	990
Goodwill	51,731	—	27,297 (e)	79,028
Other intangible assets	2,087	—	1,900 (e)	3,987
Deferred tax assets	1,063	—	—	1,063
Total assets	\$ 1,737,823	\$236,516	\$ 112,765	\$2,087,104
LIABILITIES AND SHAREHOLDERS' EQUITY				
Trade and other payables	\$ 139,528	\$ 17,685	\$ (11,924) (c)	\$ 147,312
			2,023 (f)	
Accounts payable to related parties	2,966	2,623	(2,623) (c)	2,966
Income tax payable	1,090	—	—	1,090
Debt	898,215	26,704	72,795 (b)	997,714
Debt to related party	—	66,688	(66,688) (c)	—
Other liabilities	19,394	—	2,334 (e)	21,728
Deferred tax liabilities	77,081	2,317	26,436 (c)	105,834
Total liabilities	1,138,274	116,017	22,353	1,276,644
Commitments and contingencies				
Shareholders' equity				
Ordinary shares	11,803	—	2,336 (a)	14,139
Treasury shares	(80)	—	—	(80)
Paid-in capital	773,194	79,152	213,064 (a)	986,258
			(79,152) (a)	
Accumulated other comprehensive loss	(3,826)	—	—	(3,826)
Accumulated (deficit) earnings	(181,542)	41,347	(41,347) (a)	(186,031)
			(2,466) (b)	
			(2,023) (f)	
Total shareholders' equity	599,549	120,499	90,412	810,460
Total liabilities and shareholders' equity	\$ 1,737,823	\$236,516	\$ 112,765	\$2,087,104

See accompanying notes to unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2017
(\$ in thousands, except share data)

	Playa Hotels & Resorts N.V. Historical	Sagicor Hotel Properties Historical	Pro Forma Adjustments (Note 5)	Pro Forma Combined
Revenue:				
Package	\$ 481,175	\$ 91,635	\$ —	\$ 572,810
Non-package	78,230	11,380	106 (i)	89,716
Management fees	140	—	—	140
Total revenue	559,545	103,015	106	662,666
Direct and selling, general and administrative expenses:				
Direct	310,048	65,582	(2,052) (g)	373,698
			120 (i)	
Selling, general and administrative	108,176	16,611	—	124,787
Depreciation and amortization	53,131	6,018	2,344 (h)	61,493
Gain on insurance proceeds	(479)	—	—	(479)
Direct and selling, general and administrative expenses	470,876	88,211	412	559,499
Operating income	88,669	14,804	(306)	103,167
Interest expense	(53,661)	(4,908)	188 (j)	(58,381)
Loss on extinguishment of debt	(25,120)	—	—	(25,120)
Other (expense) income, net	(1,078)	178	—	(900)
Net income before tax	8,810	10,074	(118)	18,766
Income tax provision	(9,051)	(717)	26 (k)	(9,742)
Net (loss) income	(241)	9,357	(92)	9,024
Other comprehensive income, net of taxes:				
Benefit obligation loss	(107)	—	—	(107)
Other comprehensive income	(107)	—	—	(107)
Total comprehensive (loss) income	\$ (348)	\$ 9,357	\$ (92)	\$ 8,917
Dividends of cumulative redeemable preferred shares	(7,922)	—	—	(7,922)
Non-cash dividend to warrant holders	(879)	—	—	(879)
Net (loss) income available to ordinary shareholders	\$ (9,042)	\$ 9,357	\$ (92)	\$ 223
Losses per share - Basic	\$ (0.09)	\$ —	\$ 0.09 (l)	\$ 0.00
Losses per share - Diluted	\$ (0.09)	\$ —	\$ 0.09 (l)	\$ 0.00
Weighted average number of shares outstanding during the period -				
Basic	96,896,498	—	20,000,000 (l)	116,896,498
Weighted average number of shares outstanding during the period -				
Diluted	96,896,498	—	20,099,639 (l)	116,996,137

See accompanying notes to unaudited pro forma condensed combined financial information.

Notes to the Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Basis of presentation

The unaudited pro forma condensed combined balance sheet as of December 31, 2017 combines our historical consolidated balance sheet with the historical combined balance sheet of the Sagicor Hotel Properties and has been prepared as if the acquisition of the Sagicor Hotel Properties occurred on December 31, 2017. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017 combines our historical consolidated statement of operations with the Sagicor Hotel Properties historical combined statement of operations and has been prepared as if the acquisition of the Sagicor Hotel Properties occurred on January 1, 2017. The historical financial statements are adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable and (3) with respect to the statement of operations, expected to have a continuing impact on the results of the combined company.

The unaudited pro forma condensed combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial conditions and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

We have accounted for the acquisition in these unaudited pro forma condensed combined financial statements using the acquisition method of accounting under existing U.S. GAAP, with Playa as the acquirer in the acquisition for accounting purposes. Under the acquisition method, we use our best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the Acquisition Date. The allocation of the purchase consideration may differ from that reflected in the unaudited pro forma condensed combined financial information after final valuation procedures are performed and amounts are finalized following the completion of the acquisition of the Sagicor Hotel Properties.

The unaudited pro forma condensed combined financial information does not reflect any integration activities or cost savings from operating efficiencies, synergies, asset dispositions or other restructurings that could result from the acquisition.

Note 2. Foreign currency adjustments

The historical financial information of the Sagicor Hotel Properties was prepared in accordance with U.S. GAAP and presented in Jamaican dollars ("JMD"). The historical financial information was converted from Jamaica dollars to US dollars ("USD") using the following historical exchange rates:

	<u>USD / JMD</u>
Average exchange rate for the year ended December 31, 2017 (unaudited pro forma condensed combined statement of operations)	128.48
Period end exchange rate as of December 31, 2017 (unaudited pro forma condensed combined balance sheet)	125.22

These exchange rates may differ from future exchange rates which would have an impact on the unaudited pro forma condensed combined financial information.

Note 3. Preliminary purchase consideration and related allocation

Pursuant to the Contribution Agreement, we issued 20,000,000 shares of our ordinary shares and paid \$93.1 million in net cash on the Acquisition Date to the Sagicor Parties.

The following table summarizes the components of the purchase consideration transferred (*\$ in thousands, except share data*):

Cash consideration, net of cash acquired of \$0.1 million	\$ 93,128
Ordinary shares (20,000,000 shares at the Acquisition Date closing price of \$10.77 per share, €0.10 par value)	<u>215,400</u>
Total purchase consideration	<u>\$308,528</u>

The following table summarizes the preliminary allocation of the estimated purchase consideration to the net assets acquired based on their fair values on the Acquisition Date (\$ in thousands):

Total purchase consideration	\$308,528
Net assets acquired	
Working capital	(1,665)
Property, plant, and equipment	309,452
Identifiable intangible assets and liabilities	2,197
Deferred tax liability	(28,753)
Goodwill	<u>27,297</u>
Total net assets acquired	<u>\$308,528</u>

This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma balance sheet and statement of operations. The final purchase price allocation will be determined when we have completed the detailed valuations and necessary calculations. Upon completion of the fair value assessment, the final purchase price allocation may differ from the preliminary assessment outlined above. Any changes to the preliminary estimates of the fair value of the assets acquired and liabilities assumed will be recorded as adjustments to those assets and liabilities.

Note 4. Borrowings

On June 7, 2018, we amended our existing credit agreement and exercised our option to request an incremental term loan of \$100.0 million. The interest rate decreased from LIBOR plus 3.25% to LIBOR plus 2.75% for all outstanding term loan borrowings. We used the proceeds of the new \$100.0 million term loan to replenish the cash spent for the acquisition of the Sagicor Hotel Properties.

Note 5. Pro forma adjustments

The following adjustments have been reflected in the unaudited pro forma condensed combined financial information. The pro forma adjustments are based on preliminary estimates and assumptions that are subject to change.

Balance sheet

- (a) Reflects the purchase consideration (see Note 3) that we paid to the Sagicor Parties on the Acquisition Date and the elimination of the Sagicor Hotel Properties' historical equity.
- (b) Reflects the new term debt issued to replenish the cash used in the acquisition. The Sagicor Parties' outstanding debt was eliminated and not assumed upon completion of the acquisition. The net increase to debt includes (*\$ in thousands*):

Issuance of new term debt, net of discounts	\$ 99,499
Decrease for existing Sagicor Hotel Properties debt not assumed	<u>(26,704)</u>
Pro forma adjustment to debt	<u>\$ 72,795</u>

The cash proceeds from the new term debt were received net of approximately \$2.5 million in deferred financing costs and interest accrued through the date of issuance, which has been included as an adjusting entry to retained earnings on the balance sheet.

- (c) Represents adjustments to record the fair value of acquired working capital and the elimination of historical Sagicor Hotel Properties' balances that were not acquired. The impact on deferred income taxes primarily relates to the fair value of non-current assets and liabilities and other. We provisionally estimated deferred income taxes based on the statutory rate in the jurisdiction of the legal entities where the acquired non-current assets and liabilities are recorded.

- (d) Reflects the adjustment to the Sagicor Hotel Properties historical property, plant and equipment based on their estimated fair values. The following table summarizes the estimated fair values of the acquired property, plant and equipment and their estimated useful lives (*\$ in thousands*):

	<u>Estimated Fair Value</u>	<u>Estimated Useful Life in Years</u>	<u>Annual Depreciation</u>
Land	\$ 70,010	—	\$ —
Land improvements	6,860	13	528
Building and building improvements	206,924	40	5,173
Furniture, fixtures and equipment	25,658	10	2,566
	<u>\$ 309,452</u>		<u>\$ 8,267</u>
Less: Sagicor Hotel Properties historical net book value	<u>(210,054)</u>		
Adjustment to property, plant, and equipment	<u>\$ 99,398</u>		

The fair value of the acquired property, plant and equipment was determined primarily using the income and market approaches, which require significant estimates and assumptions.

- (e) Reflects adjustments for \$27.3 million of goodwill and \$2.2 million of net intangible assets acquired. The following table summarizes the estimated fair values of the acquired identifiable intangible assets and liabilities and their estimated useful lives (*\$ in thousands*):

	<u>Balance Sheet Classification</u>	<u>Estimated Fair Value</u>	<u>Estimated Useful Life in Years</u>	<u>Annual Amortization</u>
Management agreement	Other intangible assets	\$ 1,900	20	\$ 95
Favorable ground lease asset	Prepayments and other assets	2,631	22	120
Unfavorable ground lease liability	Other liabilities	<u>(2,334)</u>	22	106
Total identifiable intangible assets acquired		<u>\$ 2,197</u>		

The fair value of the identifiable intangible assets were determined primarily using the income approach which requires significant estimates and assumptions.

- (f) Represents the \$2.0 million of estimated transaction costs incurred from January 1, 2018 to the Acquisition Date, which have been included as an adjusting entry to retained earnings and accrued liabilities on the balance sheet. The pro forma statement of operations does not reflect any adjustments for transaction costs as no material costs were incurred prior to December 31, 2017.

Statement of operations

- (g) Reflects the elimination of third party management fees. The existing third party management agreements were terminated prior to the Acquisition Date and we subsequently assumed management of the Sagicor Hotel Properties.
- (h) Reflects the net increase to depreciation and amortization resulting from the estimated fair values of identifiable definite lived intangible assets and property, plant and equipment (*\$ in thousands*):

	<u>Year Ended December 31, 2017</u>
Depreciation of property, plant and equipment	\$ 8,267
Amortization of identifiable definite lived intangible assets	<u>95</u>
Total calculated depreciation and amortization	8,362
Less: Sagicor Hotel Properties historical depreciation and amortization	<u>6,018</u>
Pro forma adjustments to depreciation and amortization	<u>\$ 2,344</u>

- (i) Reflects the annual amortization resulting from the estimated fair values of the favorable ground lease intangible asset and unfavorable ground lease intangible liability.
- (j) Reflects the net increase to interest expense resulting from interest on the new term debt to finance the acquisition and the amortization of related debt issuance costs (*\$ in thousands*):

	Year Ended
	December 31, 2017
Interest expense on new \$100.0 million term loan(1)	\$ (4,720)
Less: Sagicor Hotel Properties historical interest expense	(4,908)
Pro forma adjustments to interest expense	<u>\$ 188</u>

- (1) The interest rate for the purposes of these pro forma combined financial statements is based on current interest rate paid for the borrowings under our amended credit agreement at a rate of LIBOR plus 2.75% (See Note 4). New debt issuance costs are not considered material for purposes of these unaudited pro forma condensed financial statements.

- (k) Reflects the income tax effect of the pro forma adjustments based on the current statutory rate in Jamaica of 25%.
- (l) The following table shows our calculation of pro forma combined basic and diluted earnings per share for the year ended December 31, 2017:

	Year Ended
	December 31, 2017
Numerator:	
Pro forma net income	\$ 9,024
Dividends of cumulative redeemable preferred shares	(7,922)
Non-cash dividend to warrant holders	(879)
Allocation of undistributed earnings to cumulative redeemable preferred shareholders	<u>(14)</u>
Numerator for basic EPS - income available to ordinary shareholders	209
Add back dividends of cumulative redeemable preferred shares(1)	—
Add back of undistributed earnings to cumulative redeemable preferred shareholders(1)	<u>—</u>
Numerator for diluted EPS - income available to ordinary shareholders after assumed conversions	209
Denominator:	
Denominator for basic EPS-weighted shares	116,896,498
Effect of dilutive securities:	
Unvested restricted share awards	99,639
Cumulative redeemable preferred shares	<u>—</u>
Denominator for diluted EPS - adjusted weighted-average shares	116,996,137
EPS - Basic	\$ 0.00
EPS - Diluted	\$ 0.00

- (1) For the year ended December 31, 2017, cumulative redeemable preferred shareholder dividends of our predecessor of 7.9 million and the allocation of undistributed earnings of our predecessor of less than \$0.1 million were not added back for purposes of calculating diluted EPS because the effect of treating our predecessor's cumulative redeemable preferred shares as if they had been converted to their 7,898,432 ordinary share equivalents as of January 1, 2017, was anti-dilutive.