KINGSTON PROPERTIES LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Kingston Properties Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 8 to 47, which comprise the Group's and Company's statements of financial position as at December 31, 2020, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2020, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

Key audit matters and how they were addressed in our audit

Valuation of investment property

The valuation of the Group's investment property requires significant estimation, which is impacted by uncertainty of market factors, pricing assumptions and general business and economic conditions.

Our audit procedures in response to this matter included the following:

- Using our own valuation specialists to assess the reasonableness of the valuation methodologies employed by management, including management experts, where applicable, and the fair value conclusions for a sample of properties at the valuation date. We considered the provisions of IFRS 13, *Fair Value Measurement;* reviewed the sources of data and underlying assumptions utilised to value the properties; performed a search for similar transactions and listings; and performed market participant interviews to assess potential fair value changes that occurred within the period.

- Evaluating the independence and qualification of management's valuation experts, where applicable, to determine that the valuations were done with appropriate independence and free of management bias.

- Assessing the adequacy and appropriateness of the Group's investment property disclosures, including the valuation techniques and significant unobservable inputs in accordance with IFRS 13, *Fair Value Measurement.*

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

Other information

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to The Board of Directors.

Responsibility of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6-7, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Karen Ragoobirsingh.

KPMG

Chartered Accountants
Kingston, Jamaica

March 1, 2021

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

To the Members of
KINGSTON PROPERTIES LIMITED

Appendix to the Independent Auditors' Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

KINGSTON PROPERTIES LIMITED

Statements of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2020
(*Expressed in United States Dollars unless otherwise stated*)

		Group		Company	
	Notes	2020	2019	2020	2019
Revenue - rental income	4	2,130,727	1,690,138	651,372	608,007
Operating expenses	5	(1,100,482)	(1,016,341)	(508,151)	(452,383)
Results of operating activities before other income		1,030,245	673,797	143,221	155,624
Other income/(expenses):					
Increase in fair value of investment property	11(b)(i)	307,539	1,605,192	415,923	644,512
Increase in fair value of other investments		85,219	-	-	-
Loss on disposal of investment property		(78,392)	(107,565)	-	-
Management fees	6	69,673	62,994	69,673	62,994
Impairment (allowance)/reversal on financial assets	15,16	(2,991)	(9,481)	211,931	(86,071)
Miscellaneous income		3,136	12,478	155	882
Operating profit		1,414,429	2,237,415	840,903	777,941
Finance income	7	212,837	176,867	189,468	179,874
Finance costs	7	(1,029,919)	(415,729)	(619,677)	(266,751)
Net finance costs	7	(817,082)	(238,862)	(430,209)	(86,877)
Profit before income tax		597,347	1,998,553	410,694	691,064
Income tax credit/(charge)	8	15,378	200,821	(15,522)	-
Profit for the year, being total comprehensive income for the year	9	$ 612,725	2,199,374	395,172	691,064
Earnings per stock unit (USD)	10	$ 0.0009	0.0062		
Earnings per stock unit (JMD)	10	$ 0.1300	0.8310		

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

KINGSTON PROPERTIES LIMITED

Statements of Financial Position
December 31, 2020
(Expressed in United States Dollars unless otherwise stated)

		Group		Company	
	Notes	2020	2019	2020	2019
NON-CURRENT ASSETS					
Investment property	11	38,130,420	23,939,643	13,640,472	8,404,077
Investment in real estate fund	12	1,085,219	-	-	-
Restricted cash	17	482,134	122,296	2,134	2,296
Furniture and equipment	13	169,487	53,922	136,999	43,601
Investment in subsidiaries	14	-	-	14,585,395	5,222,543
Total non-current assets		39,867,260	24,115,861	28,365,000	13,672,517
CURRENT ASSETS					
Owed by subsidiaries	15	-	-	-	1,296,121
Investment property held-for-sale	11(g)	240,000	-	-	-
Receivables	16	595,223	642,894	346,316	139,900
Income tax recoverable		20,848	-	3,605	1,728
Cash and cash equivalents	17	4,871,737	15,169,168	684,039	14,393,240
Total current assets		5,727,808	15,812,062	1,033,960	15,830,989
Total assets		$45,595,068	39,927,923	29,398,960	29,503,506
EQUITY					
Share capital	18	25,316,779	25,319,010	25,316,779	25,319,010
Currency translation reserve		(1,488,861)	(1,488,861)	(4,153,262)	(4,153,262)
Retained earnings		6,688,638	6,475,764	3,322,979	3,327,658
Total equity		30,516,556	30,305,913	24,486,496	24,493,406
NON-CURRENT LIABILITIES					
Loans payable	20	12,788,595	8,615,999	4,202,695	4,262,282
Deferred tax liabilities	21	-	35,976	-	-
Total non-current liabilities		12,788,595	8,651,975	4,202,695	4,262,282
CURRENT LIABILITIES					
Current portion of loans payable	20	935,885	660,019	373,332	373,332
Owed to subsidiaries	15	-	-	218,139	241,449
Accounts payable and accrued charges	22	1,354,032	300,253	118,298	133,037
Income tax payable		-	9,763	-	-
Total current liabilities		2,289,917	970,035	709,769	747,818
Total liabilities		15,078,512	9,622,010	4,912,464	5,010,100
Total equity and liabilities		$45,595,068	39,927,923	29,398,960	29,503,506

The financial statements on pages 7 to 47 were approved for issue by the Board of Directors on March 1, 2021 and signed on its behalf by:

Garfield Sinclair
Chairman

Nicole Foga
Director/ Company secretary

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

KINGSTON PROPERTIES LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2020
(*Expressed in United States Dollars unless otherwise stated*)

	Share capital (note 18)	Treasury shares (note 19)	Cumulative translation reserve	Retained earnings	Total
Balances at December 31, 2018	10,939,563	(4,172)	(1,488,861)	4,726,999	14,173,529
Total comprehensive income 2019:					
Profit for the year, being total comprehensive income	-	-	-	2,199,374	2,199,374
Transactions with owners of the Company:					
Stock units repurchased	-	(1,988)	-	-	(1,988)
Stock units cancelled	(6,160)	6,160	-	-	-
Issue of ordinary shares	14,385,607	-	-	-	14,385,607
Dividends declared (note 23)	-	-	-	(450,609)	(450,609)
Total transactions with owners of the Company	14,379,447	4,172	-	(450,609)	13,933,010
Balances at December 31, 2019	25,319,010	-	(1,488,861)	6,475,764	30,305,913
Total comprehensive income 2020:					
Profit for the year, being total comprehensive income	-	-	-	612,725	612,725
Transactions with owners of the Company:					
Stock units repurchased	-	(2,231)	-	-	(2,231)
Stock units cancelled	(2,231)	2,231	-	-	-
Dividends declared (note 23)	-	-	-	(399,851)	(399,851)
Total transactions with owners of the Company	(2,231)	-	-	(399,851)	(402,082)
Balances at December 31, 2020	$25,316,779	-	(1,488,861)	6,688,638	30,516,556

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

KINGSTON PROPERTIES LIMITED

Separate Statement of Changes in Equity
Year ended December 31, 2020
(*Expressed in United States Dollars unless otherwise stated*)

	Share capital (note 18)	Treasury shares (note 19)	Retained earnings	Cumulative translation reserve	Total
Balances at December 31, 2018	10,939,563	(4,172)	3,087,203	(4,153,262)	9,869,332
Profit for the year, being total comprehensive income	-	-	691,064	-	691,064
Transactions with owners of the Company					
Stock units repurchased	-	(1,988)	-	-	(1,988)
Stock units cancelled	(6,160)	6,160	-	-	-
Dividends declared (note 23)	-	-	(450,609)	-	(450,609)
Issue of ordinary shares	14,385,607	-	-	-	14,385,607
Total transactions with owners of the Company	14,379,447	4,172	(450,609)	-	13,933,010
Balances at December 31, 2019	25,319,010	-	3,327,658	(4,153,262)	24,493,406
Profit for the year, being total comprehensive income	-	-	395,172	-	395,172
Transactions with owners of the Company:					
Stock units repurchased	-	(2,231)	-	-	(2,231)
Stock units cancelled	(2,231)	2,231	-	-	-
Dividends declared (note 23)	-	-	(399,851)	-	(399,851)
Total transactions with owners of the Company	(2,231)	-	(399,851)	-	(402,082)
Balances at December 31, 2020	$25,316,779	-	3,322,979	(4,153,262)	24,486,496

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

KINGSTON PROPERTIES LIMITED

Statements of Cash Flows
Year ended December 31, 2020
(*Expressed in United States Dollars unless otherwise stated*)

	Notes	Group 2020	Group 2019	Company 2020	Company 2019
Cash flows from operating activities					
Profit for the year		612,725	2,199,374	395,172	691,064
Adjustments for:					
Income tax (credit)/charge	8	(15,378)	(200,821)	15,522	-
Depreciation	13	13,119	8,452	9,337	6,875
Interest income	7	(212,837)	(23,265)	(189,468)	(23,265)
Interest expense	7	458,444	400,305	105,676	262,207
Increase in fair value of investments	11(b)(i)	(307,539)	(1,605,192)	(415,923)	(644,512)
Increase in fair value of investments in real estate fund		(85,219)	-	-	-
Loss on disposal of investment property		78,392	107,565	-	-
Impairment loss/(reversal) on financial assets	15,16	2,991	9,481	(211,931)	86,071
		544,698	895,899	(291,615)	378,440
Changes in:					
Receivables		44,350	(276,278)	(209,593)	(104,554)
Accounts payable and accrued charges		39,481	33,781	(9,043)	(4,942)
Income tax paid		(51,209)	(50,516)	(17,399)	(43,018)
Owed by subsidiaries		-	-	244,940	187,676
Owed to subsidiaries		-	-	(23,310)	(219,293)
Net cash provided/(used) by operating activities		577,320	602,886	(306,020)	194,309
Cash flows from investing activities					
Additional invested capital in subsidiary	14	-	-	(8,101,065)	-
Interest received		213,167	20,603	193,970	20,603
Additions to property and equipment	13	(130,185)	(16,643)	(102,735)	(15,554)
Additions to investment property	11(b)(i)	(15,613,817)	(2,188,694)	(4,820,472)	(98,220)
Proceeds of disposal of furniture and equipment		1,501	3,265	-	-
Proceeds of disposal of investment property		1,412,187	1,164,359	-	-
Net cash used in investing activities		(14,117,147)	(1,017,110)	(12,830,302)	(93,171)
Cash flows from financing activities					
Interest paid		(438,608)	(402,451)	(105,834)	(262,207)
Dividends paid		(405,389)	(436,848)	(405,389)	(436,848)
Loans received		5,928,233	3,161,126	-	-
Loans repaid		(1,479,771)	(2,218,643)	(59,587)	(337,950)
Restricted cash		(359,838)	75,635	162	77
Treasury shares		(2,231)	(1,988)	(2,231)	(1,988)
Issuance of share capital		-	14,385,607	-	14,385,607
Net cash provided/(used) by financing activities		3,242,396	14,562,438	(572,879)	13,346,691
Net (decrease)/increase in cash and cash equivalents		(10,297,431)	14,148,214	(13,709,201)	13,447,829
Cash and cash equivalents at beginning of year		15,169,168	1,020,954	14,393,240	945,411
Cash and cash equivalents at end of year	17	$ 4,871,737	15,169,168	684,039	14,393,240

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

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements
December 31, 2020
(*Expressed in United States Dollars unless otherwise stated*)

1. Identification and principal activities

Kingston Properties Limited ("the Company") is incorporated in Jamaica under the Companies Act. The Company is domiciled in Jamaica, with its registered office at 7 Stanton Terrace, Kingston 6, and the principal place of business at Building B, First Floor, 36-38 Red Hills Road, Kingston 10. The Company is listed on the Jamaica Stock Exchange.

The Company has three wholly-owned subsidiaries:

(i) Carlton Savannah Reit (St. Lucia) Limited, incorporated in St. Lucia under the International Business Companies Act; and its wholly-owned subsidiary Kingston Properties Miami LLC, incorporated in Florida under the Florida Limited Liability Company Act

(ii) KP (Reit) Jamaica Limited, incorporated in Jamaica under the Companies Act.

The Company and its subsidiaries are collectively referred to as “the Group”. In these financial statements ‘parent’ refers to the Company and ‘intermediate parent’ refers Carlton Savannah Reit (St. Lucia) Limited.

The principal activity of the Group is to make accessible to investors, the income earned from the ownership of real estate properties in Jamaica and selected international markets.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the relevant provisions of the Jamaican Companies Act (“the Act”).

New and amended standards and interpretations that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to *References to Conceptual Framework in IFRS Standards* covers all aspects of standard setting including the objective of financial reporting.

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  - New ‘bundle of rights’ approach to assets means that an entity may recognise a right to use an asset rather than the asset itself;

  - A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than previously.

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

(a) Statement of compliance (continued)

New and amended standards and interpretations that became effective during the year (continued):

- Amendments to *References to Conceptual Framework in IFRS Standards (continued)*

  - A new control-based approach to de-recognition allows an entity to derecognise an asset when it loses control over all or part of it; the focus is no longer be on the transfer of risks and rewards.

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

  “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the ‘incremental cost’ approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The Group does not expect the amendment to have a significant impact on its financial statements.

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

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective (continued):

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendments removes the illustration of payments from the lessor relating to leasehold improvements.

  (iii) The amendments to IAS 41 *Agriculture* remove the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.

  The Group does not expect the amendments to have a significant impact on its financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

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

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements*, (continued)

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.
  The Group does not expect the amendment to have a significant impact on its financial statements.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment property and investment in real estate fund which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in United States dollars ($), the Group's functional currency, unless otherwise indicated.

(d) Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements that affect the selection of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the period then ended. Actual amounts could differ from those estimates. The estimates and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

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

(d) Use of judgements and estimates (continued):

(i) Judgements (continued):

The key relevant judgements are as follows:

(1) Classification of financial assets

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and the selection and approval of models used to measure ECL requires significant judgement.

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

(1) Valuation of investment property

Investment property is measured at fair value. Given the infrequency of trades in comparable properties in some cases, and therefore the absence of a number of observable recent market prices, fair value is less objective and requires significant estimation, which is impacted by the uncertainty of market factors, pricing assumptions and general business and economic conditions [see note 11(c)].

(2) In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default.

(3) Taxation

Recognition of current and deferred tax involves judgement and estimates, given that the Group is subject to special tax rules in respect of its investment property operations, particularly in the United States of America.

This includes the application of the Internal Revenue Service (IRS) 1031 Exchange Capital Gains Real Estate Tax Deferment rules, under which the Group is allowed to sell investment property and reinvest the proceeds in ownership of like-kind property, and thereby defer the capital gains taxes.

3. Significant accounting policies

The Group has consistently applied the accounting policies set out below to all periods presented in these financial statements.

(a) Consolidation

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiaries (note 1), after eliminating intra-group amounts.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Investment in subsidiaries

Investments in subsidiaries (note 1) are accounted for at cost less, impairment losses, if any, in the separate financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(d) Accounts payable and accrued charges

Accounts payable and accrued charges are measured at amortised cost.

(e) Receivables

Receivables are measured at amortised cost less impairment losses, if any.

(f) Related parties

A related party is a person or entity that is related to the Group.

3. Significant accounting policies (continued)

(f) Related parties (continued)

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

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group.

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

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part provides key management services to the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(g) Foreign currencies

(i) Transactions in foreign currencies are translated to the functional currencies at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

3. Significant accounting policies (continued)

(g) Foreign currencies (continued)

(ii) Exchange differences arising on settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or expense in the period in which they arise. Non-monetary assets and liabilities that are denominated in foreign currencies and are measured at historical cost are translated at the foreign exchange rate ruling at the date of the transaction.

Non-monetary assets and liabilities that are denominated in foreign currencies and are carried at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the fair values were determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

Exchange differences arising on a monetary item that, in substance, forms a part of the Company's net investment in a foreign entity is included in equity in these financial statements until the disposal of the net investment, at which time they are recognised as income or expense.

(h) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. A significant increase in credit risk is assumed to have occurred if there has been deterioration in the counterparty's performance and ability to pay.

The Group uses judgement when considering the following factors that affect the determination of impairment:

Macroeconomic factors, forward looking information and multiple scenarios

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECL at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. Significant accounting policies (continued)

(h) Impairment of financial assets (continued)

For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision matrix.

The lifetime ECL are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise receivables, cash and cash equivalents, investment in real estate fund, restricted cash and owed by subsidiaries. Financial liabilities comprise accounts payable, loan payable and owed to subsidiaries.

Financial assets

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Receivables
- Related party receivables

Due to their short-term nature, the Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

3. Significant accounting policies (continued)

(i) Financial instruments (continued):

Financial assets (continued)

Classification and subsequent measurement (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in their individual policy notes.

Impairment of financial assets

For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

The Group recognises a loss allowance for expected credit losses on other financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses [see note 3(h)].

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include accounts payable, loans payable and owed to subsidiaries, which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in their individual policy notes.

3. Significant accounting policies (continued)

(i) Financial instruments (continued):

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(j) Capital

(i) Classification

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

(iii) Repurchase and reissue of ordinary shares (treasury shares)

When the Company repurchases its own stock, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is shown as a deduction from equity. The repurchased shares are classified as treasury shares and are presented in the treasury share reserve.

(iv) Dividends

Dividends are recorded in the financial statements in the period in which they are declared and become irrevocably payable.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

3. Significant accounting policies (continued)

(k) Income tax (continued)

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets or liabilities. For this purpose the carrying amount of investment property measured at fair value is presumed to be recovered through sale.

A deferred tax asset is recognised only to the extent that management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred tax assets and liabilities are offset in the statement of financial position if they apply to the same tax authority.

Recognition of current and deferred tax involves judgement and estimates given that the Company's subsidiary, Kingston Properties Miami LLC, is subject to special tax rules in respect of its investment property operations in the United States.

The subsidiary participates in the Internal Revenue Service (IRS) 1031 Exchange Capital Gains Real Estate Tax Deferment on the disposal of investment property, which requires that the subsidiary:

(i) Identify a replacement property within 45 days.

(ii) Exchange the property the earliest of:

(a) 180 days after it sells the relinquished property

(b) The due date of the income tax return that would include the property sale.

(iii) Not receive cash from the sale prior to the exchange. It may use a qualified intermediary to hold such cash prior to the exchange.

(l) Furniture and equipment

(i) Items of office equipment and furniture are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of replacing part of an item is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of office equipment, software and furniture are recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

(l) Furniture and equipment (continued)

(ii) Depreciation is recognised in profit or loss on the straight-line basis over the estimated useful life of the asset. The depreciation rates for furniture and equipment are as follows:

Computer and accessories	20%
Furniture and fixtures	10%

(m) Investment property

Investment property comprises commercial complexes of offices and warehouses, residential condominiums and a commercial manufacturing building held for long-term rental yields and capital gain.

Investment property is initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment property. Subsequent to initial recognition, investment property is measured at fair value.

Fair value is determined every two years by an independent registered valuer, and in each intervening year by management. Fair value is based on current prices in an active market for similar properties in similar location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

(n) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(o) Revenue recognition

Rental and maintenance income are recognised as the related services are consumed.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

3. Significant accounting policies (continued)

(o) Revenue recognition (continued)

Types of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15.
Rental income	The Group rents property. Rentals are charged on a monthly basis and are based on fixed rates agreed.	Revenue from rental is recognised over time as the services are provided.
Management fees	The Group provides maintenance service for its commercial office spaces. Fees are calculated based on a fixed percentage of the rental income and is charged monthly.	Recognised over time as the service is provided.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expense that relate to transactions with any of the Group's other components. All operating segments for which discrete information is available are reviewed regularly by the Group's Board of Directors to make decisions about resource allocation and to assess performance.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

(q) Securities purchased under agreements to resell

Securities purchased under agreements to resell are transactions in which the Group makes funds available to institutions by entering into short-term secured agreements with those institutions. They are accounted for as short-term collateralised lending. The difference between purchase and resale considerations is recognised as interest income on the effective interest basis over the term of the agreement.

(r) Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale, rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

(Expressed in United States Dollars unless otherwise stated)

4. Rental income

Rental income represents gross revenues from investment properties owned by the Group in Jamaica, Cayman Islands and United States.

5. Expense by nature

	Group		Company	
	2020	2019	2020	2019
Accounting fees	4,400	4,350	-	-
Audit fees (note 9)	60,521	67,350	33,688	35,868
Bank charges	3,779	2,371	741	872
Brokers fees	66,705	30,251	-	10,360
County and state taxes	93	1,820	-	-
Depreciation (note 9)	13,119	8,452	9,337	6,875
Directors' fees	47,450	35,850	23,725	17,925
Employers' taxes	29,100	20,142	29,100	20,142
Homeowners' Association fees	177,702	200,210	-	-
Insurance	86,179	73,466	42,889	33,184
Professional fees	34,358	99,719	19,547	40,281
Property taxes	108,302	122,343	6,074	6,343
Regulatory fees and charges	17,833	20,531	17,833	20,531
Management fees	19,276	20,871	-	-
Repairs and maintenance	28,352	22,928	-	143
Salaries and related costs	308,741	210,511	274,957	210,511
Utilities	5,069	3,817	1,399	1,489
Other operating expenses	89,503	71,359	48,861	47,859
	$1,100,482	1,016,341	508,151	452,383

6. Management fees

This represents fees charged by the Company against the Common Area Maintenance Accounts of the investment properties located in Jamaica only. These properties located in Jamaica are managed directly by the Company.

7. Net finance costs

	Group		Company	
	2020	2019	2020	2019
Finance income:				
Interest income	212,837	23,265	189,468	23,265
Foreign exchange gains	-	153,602	-	156,609
Total finance income carried forward	$212,837	176,867	189,468	179,874

(Expressed in United States Dollars unless otherwise stated)

7. Net finance costs (continued)

	Group		Company	
	2020	2019	2020	2019
Total finance income brought forward	$ 212,837	176,867	189,468	179,874
Finance costs:				
Foreign exchange losses	(522,753)	-	(507,837)	-
Interest expense	(458,444)	(400,305)	(105,676)	(262,207)
Commitment fees	(48,722)	(15,424)	(6,164)	(4,544)
Total finance costs	(1,029,919)	(415,729)	(619,677)	(266,751)
Net finance costs	$(817,082)	(238,862)	(430,209)	(86,877)

8. Income tax (credit)/charge

(a) Taxation comprises:

	Group		Company	
	2020	2019	2020	2019
(i) Current income tax expense:				
Income tax at 25%	-	14,099	-	-
Income tax at 1%	5,076	1,040	-	-
Under-provision of income tax	15,522	-	15,522	-
	20,598	15,139	15,522	-
(ii) Deferred income tax expense: Origination and reversal of temporary differences (note 21)	(35,976)	(215,960)	-	-
Total income tax (credit)/charge	$(15,378)	(200,821)	15,522	-

(b) Reconciliation of actual tax expense:

The tax rate for the Company is 25% (2019: 25%) of profit before income tax, adjusted for tax purposes, while the tax rate for the St. Lucia subsidiary is 1% of profits, and that for the Florida subsidiary is 21% (2019: 21%).

The actual tax charge for the year is as follows:

	Group		Company	
	2020	2019	2020	2019
Profit before income tax	$597,347	1,998,553	410,694	691,064
Computed "expected" tax expense at Jamaican tax rate of 25%	149,338	499,638	102,674	172,766
Effect of different tax rates in foreign jurisdictions	(118,660)	199	-	-
Fair value gains disallowed	(84,766)	(434,510)	(103,981)	(161,128)
Balance carried forward	(54,088)	65,327	(1,307)	11,638

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in United States Dollars unless otherwise stated*)

8. Income tax (credit)/charge (continued)

(b) Reconciliation of actual tax expense (continued)

	Group		Company	
	2020	2019	2020	2019
Balance brought forward	(54,088)	65,327	(1,307)	11,638
Depreciation and capital allowances	(149,654)	(281,395)	(71,618)	(27,965)
Prior year under accrual	15,522	-	15,522	-
Disallowed expenses/(income), net	102,412	(25,186)	36,335	(22,276)
Utilised tax losses	70,430	40,433	36,590	38,603
Actual tax (credit)/charge	$(15,378)	(200,821)	15,522	-
Effective rate of tax	(2.57%)	(10.05%)	3.78%	0%

(c) Although tax losses may be carried forward indefinitely in Jamaica, the amount that can be utilised in any one year is restricted to 50% of chargeable income for that year.

Income tax losses, available for set-off against future taxable profits, amounted to approximately $387,099 for the Company and $1,025,427 for the Group (2019: $240,741 for the Company and $728,408 for the Group).

9. Profit for the year

The following are among the items charged in arriving at the profit for the year:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Auditors' remuneration (note 5)	60,521	67,350	33,688	35,868
Key management personnel				
Compensation	227,617	147,066	227,617	147,066
Directors' remuneration:				
fees (note 5)	47,450	35,850	23,725	17,925

Key management personnel comprise the Board of Directors, Chief Executive Officer, Chief Financial Officer and the Property and Administration Manager.

10. Earnings per stock unit

The earnings per stock unit is computed by dividing the profit for the year of $612,725 (2019: $2,199,374), attributable to the Company's stockholders, by a weighted average number of stock units issue during the year, determined as follows:

KINGSTON PROPERTIES LIMITED

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December 31, 2020
(*Expressed in United States Dollars unless otherwise stated*)

10. Earnings per stock unit (continued)

	2020	2019
Ordinary stock units at January 1	677,713,643	321,992,668
Effect of repurchasing stock units	(48,855)	(125,057)
Effect of rights issue - bonus element	-	9,654,349
Effect of rights issue - effect without bonus element	-	23,713,427
	677,664,788	355,235,387
Weighted average number of ordinary stock units held during the year	677,664,788	355,235,387
Earnings per stock unit (USD)$	$ 0.0009	0.0062
Earnings per stock unit (JMD)	$ 0.1300	0.8310

11. Investment property

(a) Investment properties held by the Group are as follows:

	Group		Company	
	2020	2019	2020	2019
Loft II, Miami condominiums	945,087	1,829,803	-	-
Midblock Miami condominiums	-	368,000	-	-
W. Ft. Lauderdale condominiums	1,785,000	1,876,500	-	-
Opera Tower Miami condominiums	337,592	822,377	-	-
Red Hills Road Commercial Complex	5,520,000	5,104,077	5,520,000	5,104,077
Spanish Road Commercial Complex	3,300,000	3,300,000	3,300,000	3,300,000
East Ashenheim Road	4,820,472	-	4,820,472	-
Tropic Centre	3,142,000	3,152,000	-	-
Grenada Crescent	5,403,093	5,400,000	-	-
Rosedale Warehouses	2,106,562	2,086,886	-	-
Harbour Centre	10,770,614	-	-	-
	$38,130,420	23,939,643	13,640,472	8,404,077

(b) (i) The carrying amounts of investment property have been determined as follows:

	Group		Company	
	2020	2019	2020	2019
Balance as at beginning of year	23,939,643	20,620,680	8,404,077	7,661,345
Additions during the year	15,613,817	2,188,694	4,820,472	98,220
Disposals during the year	(1,490,579)	(474,923)	-	-
Transfers to held-for-sale [see note 11(g)]	(240,000)	-	-	-
Fair value gains	307,539	1,605,192	415,923	644,512
Balance at end of year	$38,130,420	23,939,643	13,640,472	8,404,077

11. Investment property(continued)

(b) (Continued)

(ii) The fair value measurement for investment properties is classified as Level 3.

Valuation techniques and significant unobservable inputs:

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Investment approach: The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream. The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.	• Expected market rental growth • Yields • Rental rates	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher (lower); The occupancy rate were higher (lower) • Rent-free periods were shorter (longer); or • Yields were lower (higher)
Sales comparison approach: The approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered and a meaningful unit of comparison is developed. A comparative analysis of the subject is done, involving consideration for differences in location, time, terms of sales and physical characteristics.	• Sales of similar properties	The estimated fair value would increase/(decrease) if: • Sales prices of similar properties were higher/(lower)
Income approach: This approach converts anticipated annual net income into an indication of value. This process is called capitalisation, and involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations such as risk, time, and return on investment.	• Annual net income	The estimated fair value would increase/(decrease) if: • Annual net income was higher/(lower) • Capitalisation multiple was higher/(lower)

(Expressed in United States Dollars unless otherwise stated)

11. Investment properties (continued)

(c) (i) The fair value of investment property as at the reporting date is based on estimates of open market value, which may be defined as the best price at which an interest in a property might reasonably be expected to be sold by private treaty at the date of valuation, assuming:

- a willing seller;
- a willing buyer;
- a reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market;
- values are expected to remain stable throughout the period of market exposure and disposal by way of sale;
- the property will be freely exposed to the market;
- that no account has been taken of any possible additional bid(s) reflecting any premium in price which might be forth-coming from a potential purchaser with a special interest in acquiring the premises; and
- that the subject premises, in its current zoned use class, can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its land use class, in the open market.

(ii) The Spanish Town Road Commercial Complex was revalued as at December 31, 2019, by independent valuators, NAI Jamaica Langford and Brown.

(iii) The Red Hills Road Commercial Complex was revalued as at November 30, 2018, by independent valuators, NAI Jamaica: Langford and Brown, of Kingston, Jamaica.

(iv) The condominiums located at Loft II and Opera Tower Miami were revalued by Laroucca Appraisals Inc. between December 12-28, 2018. W. Ft. Lauderdale was revalued by Laroucca Appraisals Inc. on December 30, 2020.

(v) Tropic Centre was revalued by independent valuators, DDL Studio Limited, of the Cayman Islands as at December 15, 2020.

(vi) The property at Grenada Crescent was revalued by independent valuators, NAI Jamaica Langford and Brown as at December 31, 2019.

(d) Gross rental income from investment property is as disclosed in note 4.

(e) Property operating expenses are as follows:

	Group		Company	
	2020	2019	2020	2019
Homeowners' association fees	177,702	200,210	-	-
Insurance premiums	86,179	73,465	42,889	33,184
Property taxes	108,302	122,343	6,074	6,343
Professional fees	34,358	99,719	19,547	40,281
Repairs and maintenance	28,352	22,928	-	143
Management fees	19,276	20,871	-	-
	$454,169	539,536	68,510	79,951

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11. Investment properties (continued)

(f) A total of 6 residential condominiums located in Miami and Fort Lauderdale, Florida were sold during the year (2019: 5). Of the number of properties sold in 2019, three were classified as held for sale in 2018.

(g) At the end of the year the following properties were held-for-sale:

	Group	
	2020	2019
Opera Tower Miami condominium	$240,000	-

This represents one residential condominium comprising 821 square feet in the Opera Tower building located at 1750 N Bayshore Dr, Miami, Florida. This was subsequently sold in January 2021.

12. Investment in real estate fund

During the year the company invested in 1,000,000 units in the CGI Fund I. The fund is managed by CGI Investment Management LLC and is measured at fair value.

The fair value measurement of the fund has been categorised as a level 3 fair value and The following table summarises the valuation techniques and significant unobservable inputs used.

Valuation technique	**Significant unobservable inputs**	**Range of input**
Income capitalisation approach	• Overall capitalization rate • Discount rate • Term • Terminal capitalisation rate • Growth rate	5.25-8.0% 7.5-7.75% up to 10 years 5.5-6.5% 2.0-3.0%

13. Furniture, software and equipment

	Group			Company		
	Office furniture & equipment	Computer software	Total	Office furniture & equipment	Computer software	Total
Cost						
December 31, 2018	71,421	4,557	75,978	53,853	1,357	55,210
Additions	16,223	420	16,643	15,134	420	15,554
Disposals	(6,405)	-	(6,405)	-	-	-
December 31, 2019	81,239	4,977	86,216	68,987	1,777	70,764
Additions	55,805	74,380	130,185	28,355	74,380	102,735
Disposals	(1,652)	-	(1,652)	-	-	-
December 31, 2020	135,392	79,357	214,749	97,342	76,157	173,499

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13. Furniture, software and equipment (continued)

	Group			Company		
	Office furniture & equipment	Computer software	Total	Office furniture & equipment	Computer software	Total
Depreciation						
December 31, 2018	23,563	3,419	26,982	20,069	219	20,288
Charge for year	7,906	546	8,452	6,329	546	6,875
Disposals	(3,140)	-	(3,140)	-	-	-
December 31, 2019	28,329	3,965	32,294	26,398	765	27,163
Charge for year	12,439	680	13,119	8,657	680	9,337
Disposals	(151)	-	(151)	-	-	-
December 31, 2020	40,617	4,645	45,262	35,055	1,445	36,500
Net book value						
December 31, 2020	$94,775	74,712	169,487	62,287	74,712	136,999
December 31, 2019	$52,910	1,012	53,922	42,589	1,012	43,601
December 31, 2018	$47,858	1,138	48,996	33,784	1,138	34,922

14. Investment in subsidiaries

	Company	
	2020	2019
Carlton Savannah Reit (St. Lucia) Limited		
Amount paid for shares	2,209,246	2,209,246
Additional investment capital [see (i) below]	8,101,065	-
Funds borrowed [see (ii) below]	(2,444,043)	(2,444,043)
	7,866,268	(234,797)
Kingston Properties Miami LLC [see (iii) below]		
Loan	3,102,985	1,841,198
KP (Reit) Jamaica Limited [see (iv) below]	3,616,142	3,616,142
	$14,585,395	5,222,543

(i) During the year, the Company invested an additional $8,101,065 in Carlton Savannah Reit (St. Lucia) Limited for the purpose of acquiring investment propertis in the region.

(ii) The funds borrowed is the portion of an amount that the Company borrowed from Carlton Savannah Reit (St. Lucia) Limited, which it on-lent to Kingston Properties Miami LLC for the purpose of acquiring condominiums in Miami in 2010.

(iii) Kingston Properties Miami LLC has no share capital; the parent's sole ownership and control of it are by virtue of the intermediate parent (note 1) being its sole member. The loan to this subsidiary constitutes the parent's investment in this subsidiary.

(iv) KP (Reit) Jamaica Limited was formed in 2018. This represents the amount paid on shares in KP (Reit) Jamaica Limited.

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15. Owed by/(to) subsidiaries

	Company 2020	Company 2019
Owed by subsidiaries:		
Kingston Properties Miami LLC [see note (i)]	-	1,453,940
Less: allowance for ECL [see note (iv)]	-	(205,414)
	-	1,248,526
Carlton Savannah Reit (St.Lucia) [see note (ii)]	-	52,787
Less: allowance for ECL [see note (iv)]	-	(5,192)
	-	47,595
	$ -	1,296,121
Owed to subsidiaries:		
KP (Reit) Jamaica Limited [see note (iii)]	$ 218,139	241,449

(i) This represented an amount of US$5,283,565 advanced by the Company to Kingston Properties Miami LLC for the purchase of two investment properties in 2015. The loan is interest free and no repayment date. During the year the outstanding balance was converted to investment in subsidiary.

(ii) This represented an amount advance to Carlton Savannah Reit (St. Lucia) Limited to assist in the purchase of an investment property. During the year the outstanding balance was converted to investment in subsidiary.

(iii) This represents amounts owing to KP (Reit) Jamaica Limited for amounts collected on behalf the subsidiary. The advance is interest free and no repayment terms.

(iv) The movement in the allowance for ECL during the year is as follows.

	Company 2020	Company 2019
Balance at January 1	210,606	126,954
Net remeasurement of allowance for ECL	(210,606)	83,652
Balance at December 31	$ -	210,606

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16. Receivables

	Group 2020	Group 2019	Company 2020	Company 2019
Rent receivable	104,844	46,680	69,826	10,783
Less impairment loss	(30,381)	(27,390)	(1,992)	(3,317)
Net rent receivable	74,463	19,290	67,834	7,466
Withholding tax recoverable	58,248	36,177	21,954	113
Security deposits	11,747	20,109	565	608
Proceeds due on sale of investment property	-	325,891	-	-
Prepayments	29,264	23,555	3,636	2,104
Other receivables	421,501	217,872	252,327	129,609
	$595,223	642,894	346,316	139,900

The movement in the allowance for ECL during the year is as follows:

	Group 2020	Group 2019	Company 2020	Company 2019
Balance at January 1	27,390	17,909	3,317	898
Net remeasurement of allowance for ECL	2,991	9,481	(1,325)	2,419
Balance at December 31	$30,381	27,390	1,992	3,317

17. Cash and cash equivalents

	Group 2020	Group 2019	Company 2020	Company 2019
Current accounts	1,785,665	7,762,384	686,173	6,866,456
Securities purchased under resale agreements	3,568,206	7,529,080	-	7,529,080
	5,353,871	15,291,464	686,173	14,395,536
Less: Restricted cash	(482,134)	(122,296)	(2,134)	(2,296)
	$4,871,737	15,169,168	684,039	14,393,240

As at December 31, 2020 and 2019 the fair value of the underlying securities purchased under resale agreements approximated the carrying values.

Restricted cash represents funds being held in reserve under conditions of the loan agreements with National Commercial Bank Jamaica Limited, Terra Bank N.A. and RBC Royal Bank (note 20).

(Expressed in United States Dollars unless otherwise stated)

18. Share capital

	2020	2019
Authorised capital:		
1,000,000,000 (2019: 1,000,000,000) ordinary stock units of no par value		
Issued and fully paid:		
677,662,399 (2019: 677,713,643) ordinary stock units	$25,316,779	25,319,010

During the year, the capital was reduced to reflect cancellation of 51,244 stock units, which were bought back. In November 2019, the Company issued and offered a subscription to stockholders of 355,871,765 additional ordinary shares at JM$5.62 each, by way of rights issue to holders of ordinary stock units. This was concluded on November 29, 2019 and an amount of JM$1,933,847,140 (US$14,385,607) was raised, net of transaction cost of US$492,038.

19. Treasury shares

The repurchase of the Company's stock units is conducted on the open market through the Company's stockbrokers, consequent on a decision of the Board of Directors. During the year, the Company repurchased 50,000 (2019: 47,537) stock units at a cost of $2,231 (2019: $1,988). At December 31, 2020 the Company held Nil (2019: Nil) of its stock units.

20. Loans payable

	Group		Company	
	2020	2019	2020	2019
Terrabank N.A. (i)	56,231	1,293,497	-	-
RBC Royal Bank (ii)	9,092,222	3,346,907	-	-
First Caribbean International Bank (Jamaica) Limited (FCIB) (iii)	4,576,027	4,635,614	4,576,027	4,635,614
Total bank loans at year end	13,724,480	9,276,018	4,576,027	4,635,614
Less current portion	(935,885)	(660,019)	(373,332)	(373,332)
Non-current portion	$12,788,595	8,615,999	4,202,695	4,262,282

(i) This represents two loans of $2,200,000 and $796,350 from Terrabank N.A., a financial institution in Florida, payable by Kingston Properties Miami LLC. The loan of $2,200,000 is for a duration of ten (10) years at an interest rate of 4%.

The loans are secured by a first mortgage on ten (10) condominium units, being one (1) residential unit located at 3250 NE 1st Avenue in Miami, Florida and nine (9) residential condominiums at The Loft located at 135 NE 2nd Avenue, Miami, Florida. During the year, $1,270,509 was a repaid and the remaining balance fully paid in January 2021.

(ii) This represents three loans of $6,000,000, $1,900,000 and $1,550,000 from RBC Royal Bank in the Cayman Islands, payable by Carlton Savannah Reit (St. Lucia) Limited.

The loan of $1,900,000 is for the refinancing of the previous loan of $1,500,000 and the loans of $6,000,000 and $1,550,000 is to finance the purchase of a new commercial property.

(Expressed in United States Dollars unless otherwise stated)

20. Loans payable (continued)

(ii) (Continued)

The loans are for a duration of fifteen (15) years at interest rates of 3 % and 3.5%.

The loans are secured by a debenture over the properties of Carlton Savannah Reit (St. Lucia) Limited located at West Bay Beach South, Block 12C, Parcel 198 H1-H12, Tropic Centre and Strata Plan 755, West Bay Beach South, Block 19A, Parcel 50 H5-H12, Rosedale Warehouses.

(iii) This represents loans of $2,160,000 and $2,900,000 payable by Kingston Properties Limited. Interest rates are 5.5% and 5.25% respectively, fixed for two years and thereafter at 3 month LIBOR plus 3.75%.

The loan of $2,160,000 was used to refinance the National Commercial Bank Jamaica Limited loan. The loan is for a duration of 7 years and is secured by a first legal mortgage over commercial property located at 36-38 Red Hills Road, Kingston.

The loan of $2,900,000 was used to purchase commercial property at 52-60 Grenada Crescent, Kingston 5. Jamaica. The loan is for a duration of 10 years and is secured by commercial property located at 52-60 Grenada Crescent.

The company requested and was granted a moratorium on principal and interest payments on two loans from April 24, 2020 until September 24, 2020. At the end of the moratorium period, accrued interest was capitalised and added to the outstanding principal balance. The maturity dates on the loan was extended by six months to February 24, 2026 and April 30, 2029 respectively, and the outstanding balance was re-amortized over the remaining term.

Transaction costs of approximately $73,794 and $84,188 were incurred in obtaining loans (i) and (ii) respectively, while transactions costs of approximately $12,582 and $16,893 were incurred in obtaining the FCIB loans.

These costs are deducted from the loan balances and are being amortised over the lives of the loans using the effective interest method.

21. Deferred tax liabilities

The balances and movements on deferred tax are as follows:

	Group				
	Balance at December 31, 2018	Recognised in profit or loss (note 8)	Balance at December 31, 2019	Recognised in profit or loss (note 8)	Balance at December 31, 2020
Investment property	$(251,936)	215,960	(35,976)	35,976	-

(Expressed in United States Dollars unless otherwise stated)

22. Accounts payable and accrued charges

	Group		Company	
	2020	2019	2020	2019
Accounts payable	4,103	19,430	2,679	18,878
Accounting and audit fees	60,931	62,093	31,983	36,270
Dividends payable	14,120	19,658	14,120	19,658
Subscription [see (i)]	1,000,000	-	-	-
Other payables and accrued charges	121,358	91,947	34,867	34,163
Security deposits held	153,520	107,125	34,649	24,068
	$1,354,032	300,253	118,298	133,037

(i) The Group subscribed for units in a real estate fund operating in the USA during the year. As at December 31, 2020, the subscription amount was unpaid. The obligation was settled in January 2021.

23. Dividends

	Group and Company	
	2020	2019
$0.00059 (2019: $0.0014) per share	$399,851	450,609

The Company paid a dividend of $0.00059 (2019: $0.00062) per share unit on August 10, 2020 as the first interim dividend for 2020 and a second interim dividend for 2020 of $Nil (2019: $0.00078) per unit.

24. Segment reporting

The Group has three operating segments. Internal management reports are reviewed monthly by the Board. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board. Segment reports are used to measure performance, as management believes that such information is the most relevant in evaluating the results of each segment compared to other entities that operate within these industries. Information regarding the reportable segments is as follows:

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24. Segment reporting (continued)

	2020				
	Jamaica	United States of America	Cayman Islands	Elimination	Group
	$	$	$	$	$
External revenue	969,710	326,038	834,979	-	2,130,727
Operating expenses	(600,402)	(351,692)	(148,388)	-	(1,100,482)
Results of operating activities before other income	369,308	(25,654)	686,591	-	1,030,245
Other income/expenses:					
Fair value gain/(loss) on revaluation of investment property	415,923	(98,384)	(10,000)	-	307,539
Loss on disposal of investment property	-	(78,392)	-	-	(78,392)
Fair value gain on investment	-	85,219	-	-	85,219
Management fees	69,673	-	-	-	69,673
Impairment reversal/(loss) on financial assets	213,802	(6,241)	-	(210,552)	(2,991)
Miscellaneous income	2,573	563		-	3,136
Interest income	190,402	-	22,435	-	212,837
Interest expense and commitment fees	(255,780)	(80,709)	(170,677)	-	(507,166)
Net loss on translation of foreign currency balances	(522,753)	-	-	-	(522,753)
Profit/(loss) before tax	483,148	(203,598)	528,349	(210,552)	597,347
Income tax (credit)/charge	(15,522)	35,976	(5,076)	-	15,378
Profit/(loss) after tax	467,626	(167,622)	523,273	(210,552)	612,725
Segment assets	35,206,375	4,841,159	23,795,111	(18,247,577)	45,595,068
Segment liabilities	(4,967,745)	(5,216,631)	(18,230,627)	13,336,491	15,078,512
Other segment items:					
Capital expenditure	4,719,855	11,201	10,786,863	-	15,517,919
Depreciation	9,337	1,771	2,011	-	13,119

	2019				
	Jamaica	United States of America	Cayman Islands	Elimination	Group
	$	$	$	$	$
External revenue	875,641	533,052	281,445	-	1,690,138
Operating expenses	(471,402)	(431,239)	(113,700)	-	(1,016,341)
Results of operating activities before other income	404,239	101,813	167,745	-	673,797
Other income/expenses:					
Fair value gain/(loss) on revaluation of investment property	2,435,488	(830,296)	-	-	1,605,192
Loss on disposal of investment property	-	(107,565)	-	-	(107,565)
Management fees	62,994	-	-	-	62,994
Impairment (loss)/reversal on financial assets	(89,625)	(10,473)	-	90,617	(9,481)
Miscellaneous income	9,432	2,748	298	-	12,478
Interest income	23,265	-	-	-	23,265
Interest expense and commitment fees	(266,751)	(83,102)	(65,876)	-	(415,729)
Net gain/(loss) on translation of foreign currency balances	161,487	-	-	(7,885)	153,602

(Expressed in United States Dollars unless otherwise stated)

24. Segment reporting (continued)

	2019				
	Jamaica $	United States of America $	Cayman Islands $	Elimination $	Group $
Profit/(loss) before tax	2,740,529	(926,875)	102,167	82,732	1,998,553
Income tax (credit)/charge	(14,099)	215,960	(1,040)	-	200,821
Profit after tax	2,726,430	(710,915)	101,127	82,732	2,199,374
Segment assets	36,009,096	5,136,590	8,849,410	(10,067,173)	39,927,923
Segment liabilities	5,025,106	5,744,439	3,408,166	(4,555,701)	9,622,010
Other segment items:					
Capital expenditure	101,768	-	2,088,015	-	2,189,783
Depreciation	6,875	430	1,147	-	8,452

During the year, revenue from two (2019: two) customers of the Group represented approximately $401,517 or 18% (2019: $428,846 or 25%) of the Group's total revenue.

25. Financial instruments and financial risk management

The Group has exposure to credit, liquidity, and market risks, which arise in the ordinary course of its business. This note presents information about the Group's exposure to each of the above-listed risks and the Group's objectives, policies and processes for measuring and managing risk.

The risk management policies are established and implemented by the directors to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

No derivative instruments are presently used by the Group to mitigate, manage or eliminate exposure to financial instrument risks.

(a) Credit risk

Credit risk is the risk of a financial loss arising from a counter-party to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily in cash and cash equivalents, receivables and reverse repurchase agreements.

Exposure to credit risks

The maximum credit exposure, the total amount of loss that the Group would suffer if every counterparty to its financial assets were to default at once, is represented by the carrying amount of the financial assets shown on the statement of financial position at the reporting date, as there is no off-balance-sheet exposure to credit risk.

(i) Cash and cash equivalents are held with financial institutions and collateral is not required for such accounts, as management regards the institutions as strong.

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25. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

Exposure to credit risks (continued)

(ii) The Group manages credit risk related to receivables by limiting exposure to specific counterparties and by monitoring settlements.

(iii) Securities purchased under resale agreements expose the Group to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. The Group manages this risk by contracting only with counterparties that management considers to be financially sound.

(iv) Investment in real estate fund expose the Group to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. The Group manages this risk by contracting only with counterparty that management considers to be financially sound.

Expected credit loss assessment

Trade receivables:

The Group uses a provision matrix to measure ECLs of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates, determined by a probability weighted approach.

Loss rates are calculated based on the probability of a receivable balance progressing through successive stages of delinquency to write-off, the economic conditions over the expected lives of the receivables and other macro-economic factors such as foreign currency exchange rates, interest rates and Gross Domestic Product (GDP).

The following table provides information about the exposure to credit risk and ECLs for rent receivable as at December 31, 2020.

	2020			
	Group			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	00.00%	73,145	-	No
31-60 days past due	24.25%	1,740	422	No
More than 60 days past due	100.00%	29,959	29,959	Yes
		104,844	30,381	

(Expressed in United States Dollars unless otherwise stated)

25. Financial instruments and financial risk management

(a) Credit risk (continued)

Expected credit loss assessment (continued)

Trade receivables (continued):

	2019			
	Group			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	29.59%	22,254	6,716	No
1-30 days past due	41.40%	6,134	2,541	No
31-60 days past due	57.03%	370	211	No
More than 150 days past due	100.00%	17,922	17,922	Yes
		46,680	27,390	

	2020			
	Company			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	0.00%	67,834	-	No
More than 60 days past due	100.00%	1,992	1,992	Yes
		69,826	1,992	

	2019			
	Company			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
Current (not past due)	26.73%	9,459	2,561	No
1-30 days past due	33.95%	860	292	No
More than 150 days past due	100.00%	464	464	Yes
		10,783	3,317	

(Expressed in United States Dollars unless otherwise stated)

25. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

Expected credit loss assessment (continued)

Cash and cash equivalents and securities purchased under resale agreements:

Risks relating to cash and bank balances and securities purchased under resale agreements are limited because the counterparties are banks and financial institutions with high credit rating. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Impairment on cash and cash equivalents and securities purchased under resale agreements has been measured at 12- month expected loss basis and reflects the short maturities of the exposures. The Group considered that cash and resale agreements have low credit risk.

Allowance for ECL was not recognised as the computed ECL was considered immaterial, at the transition date and the reporting date.

Related party balances:

The Group assesses each subsidiary's ability to pay if payment is demanded at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrowers' liquidity over the expected life of the recoverable. The expected credit losses are calculated on this basis.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, monitor future cash flows and liquidity on a daily basis and have funding available through an adequate amount of committed facilities.

The Group is not subject to any externally imposed liquidity requirements and there has been no change in the Group's approach to managing its liquidity risk during the year.

The following table presents the contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	Group 2020				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	13,724,480	15,357,371	435,832	1,042,032	13,879,507
Accounts payable and accrued charges	1,354,032	1,354,032	1,354,032	-	-
	$15,078,512	16,711,403	1,789,864	1,042,032	13,879,507

(Expressed in United States Dollars unless otherwise stated)

25. Financial instruments and financial risk management (continued)

(b) Liquidity risk (continued)

	Group				
	2019				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over12 months
Loans payable	9,276,018	11,387,291	274,681	817,524	10,295,086
Accounts payable and accrued charges	300,253	300,253	92,225	208,028	-
	$9,576,271	11,687,544	366,906	1,025,552	10,295,086

	Company				
	2020				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	4,576,027	3,704,198	151,208	447,148	3,105,836
Owed to subsidiaries	218,139	218,139	218,139	-	-
Accounts payable and accrued charges	118,298	118,298	118,298	-	-
	$4,912,464	4,040,635	487,645	447,148	3,105,836

	2019				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over12 months
Loans payable	4,635,614	5,869,443	156,276	462,309	5,250,858
Owed to subsidiary	241,449	241,449	241,449	-	-
Accounts payable and accrued charges	133,037	133,037	64,212	68,825	-
	$5,010,100	6,243,929	461,937	531,134	5,250,858

There has been no change in the Group's exposure to liquidity risk or the manner in which it measures and manages risk.

(c) Market risk

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

Such risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currency giving rise to this risk is the Jamaican dollar (JMD). The Group ensures that the risk is kept to an acceptable level by matching Jamaican currency assets with Jamaican currency liabilities, to the extent practicable.

(Expressed in United States Dollars unless otherwise stated)

25. Financial instruments and financial risk management (continued)

(c) Market risk (continued)

(i) Foreign currency risk (continued)

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

	Group		Company	
	2020	2019	2020	2019
	JMD	JMD	JMD	JMD
Foreign currency assets:				
Cash	27,290,419	901,567,696	24,458,451	898,919,201
Receivables	45,328,929	17,970,677	42,250,673	14,448,833
Securities purchased under resale agreements	-	800,000,000	-	800,000,000
	72,619,348	1,719,538,373	66,709,124	1,713,368,034
Foreign currency liabilities:				
Payables and accrued charges	(17,046,110)	(7,593,098)	(9,164,547)	(6,792,691)
Net foreign currency assets	$55,573,238	1,711,945,275	57,544,577	1,706,575,343

Sensitivity to foreign exchange rate movements

A 6% (2019: 6%) weakening of the Jamaica dollar against the United States dollar at December 31, 2020 would have decrease the profit of the Group and the Company by $22,199 (2019: $510,191) and $22,986 (2019: $508,590), respectively. The analysis assumes that all other variables, in particular, interest rates, remain constant.

A 4% (2019: 4%) strengthening of the Jamaica dollar against the United States dollar at December 31, 2020 would have increase the profit of the Group and the Company by $16,341 (2019: $765,286) and $16,920 (2019: $762,886) respectively, on the basis that all other variables remain constant.

The following rates of exchange of JMD for one US$ applied for the year:

	Average rate		Reporting date spot rate			
	2020	2019	2020		2019	
			Buying	Selling	Buying	Selling
	JMD	JMD	JMD	JMD	JMD	JMD
United States Dollar (US$)	143.27	134.22	140.77	142.65	129.79	132.57

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate or that cashflows will vary due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring market interest rates.

25. Financial instruments and financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Even though there is no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the Group's financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary. The Group was not subject to significant interest rate risk, at the reporting date.

Interest-bearing financial assets mainly comprise securities purchased under resale agreements, which have been contracted at fixed interest rates for the duration of their terms. Interest-bearing financial liability comprise loans payable.

Sensitivity to interest rate movements

The Group's exposure to interest rate risk arises from its loan payable with RBC Royal Bank, all other loans are at fixed rates of interest. Any change in interest rate would not have a material impact on profit or loss.

There has been no change in the Groups's exposure to market risk or the manner in which it measures and manages risk.

26. Fair value

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

The fair value of cash and cash equivalents, reverse repurchase agreements, receivables, owed by subsidiary, accounts payable and owed to subsidiary are considered to approximate their carrying values due to their relatively short-term nature.

The carrying value of non-current loan is assumed to approximate fair value, as the terms of the loan reflects normal commercial considerations.

27. Capital management

The Company's capital consists of total equity and long-term loans. The Board's policy is to maintain capital at a level which balances the need for the Group to be financially strong, and be able to sustain future development of the business, with the need for dividend payments. The Board of Directors monitors the return on capital, which it defines as profit after tax divided by total stockholders' equity. The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position. The Company is not subject to any externally-imposed capital requirements other than the Jamaica Stock Exchange requirement to maintain positive equity.

28. Impact of Covid-19

The World Health Organisation in March 2020 declared the novel coronavirus, COVID-19, as a global pandemic. A number of measures to reduce the spread of the virus have been implemented in the countries where the Group operates, and these measures have had adverse economic effects on the financial operations of some stakeholders. The Group has therefore implemented measures to minimise the impact of the pandemic on its operations.

Based on management's assessment the Group has not been significantly impacted as there were no changes to existing rent agreements due to the global pandemic, no significant revenue fallout or rent concessions and the Group continued its expansion strategy by increasing its investment property portfolio during the year. The Group continues to experience great resilience in its operations with higher than expected occupancy and significant growth in Group revenues.

Management believes that although it may take a while to return to full normalcy, having assessed the COVID-19 impact and various possible outcomes, all necessary measures are in place to ensure the continuity of the Group.

29. Subsequent events

Increase in authorised share capital

At an Extra-ordinary General Meeting held on February 23, 2021, the Company's ordinary shareholders approved a resolution to increase the number of authorised ordinary shares from 1,000,000,000 to 2,000,000,000. None of the additional shares were issued as at the date of these financial statements, however at the said meeting, the shareholders approved the raising of additional capital by way of an Additional Public Offer.

Declaration of dividends

At the Board of Directors meeting held January 26, 2021, the Company declared a final dividend for 2020 of US$0.000664 per share amounting to US$450,000. The dividend is payable on March 11, 2021 to shareholders on record as at February 10, 2021 and the ex-dividend date is February 9, 2021.