



**KINGSTON
PROPERTIES
LIMITED**

UNAUDITED GROUP FINANCIAL STATEMENTS

SIX (6) MONTHS ENDED JUNE 30, 2021





**KINGSTON
PROPERTIES
LIMITED**

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UNAUDITED GROUP FINANCIAL STATEMENTS

Six (6) Months Ended June 30, 2021

August 4, 2021

HIGHLIGHTS

- Group rental income increased by 62% YOY in 2Q 2021
- Net operating income (NOI) increased by 179% YOY in 2Q 2021
- EBITDA increased by 196% YOY in 2Q 2021
- Funds from Operations (FFO) increased to \$717,741
- Book Value per share (BVPS) increased to \$0.04574.

We are pleased to present the unaudited consolidated financial statements for the six months ended June 30, 2021 in United States dollars.

OVERVIEW

The Group continues to see improved operating results for the second quarter of financial year 2021, as markets begin on a path towards economic recovery despite the continuing effects of the COVID-19 global pandemic. Favourable vaccine rollout programmes in major global economies have resulted in the reopening of those economies with a push towards a return to offices and increased global travel. The logistics and distribution industry continues to be strong which has helped to bolster our financial performance for the year to date.

INCOME STATEMENT

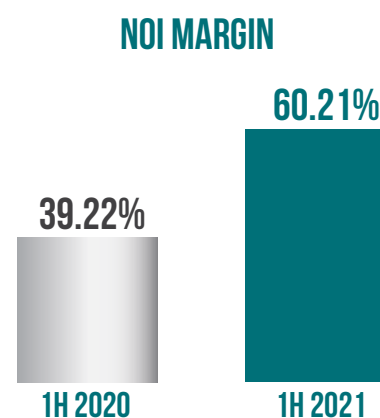
Group rental income increased by 62.0% year on year for the three months ended June 30, 2021 to

\$727,420 compared to \$448,890 for the same period in 2020. The higher year on year figure was mainly due to the acquisition of two properties in the second half of 2020 and one in the first quarter of 2021, as well as the recovery in occupancy at some of our properties in the US and Cayman Islands that were affected in 2020 by early lockdown measures in those jurisdictions. For the first six months of the financial year, group rental income increased by 59.1% to \$1.4 million.

Direct property and administrative expenses which are reflected in **group operating expenses**, increased by a modest 1.5% during the second quarter from \$295,348 in 2020 to \$299,785 in 2021. For the half year, the increase was 4.1% to \$571,820. The increase is mainly due to higher broker fees and staff costs in 2021, however this was offset by lower homeowners association dues and property taxes in the US consequent on the disposal of six (6) condo units in Florida in 2020.

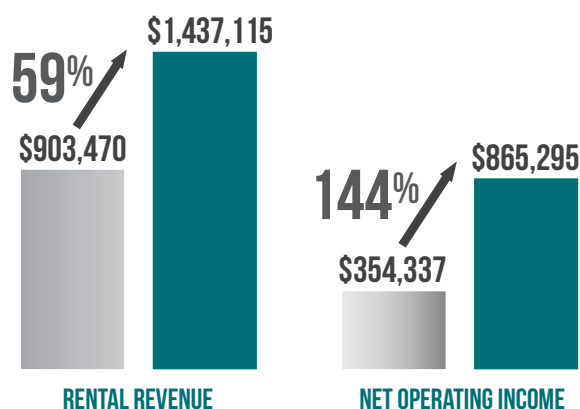
Net operating results saw a 178.5% increase year on year for the second quarter of 2021 moving to \$427,635, while **results of operating activities before gains** (NOI) for the half year increased by 144.2% moving to \$865,295 in 2021 from \$354,337 in 2020. In addition, net operating margin increased from 39.2% in 2020 to 60.2% in 2021 while EBITDA increased from \$395,056 to \$1,168,647 over the same period.

The Group recorded **profit before net finance charges** of \$487,578 in the second quarter of 2021 compared with \$168,855 in the same quarter in 2020, an increase of 189.4%. For the



UNAUDITED GROUP FINANCIAL STATEMENTS

Six (6) Months Ended June 30, 2021



first six months of the year, there was a 198.2% rise in this item to \$1.2 million from \$389,393. The figure in the first half of 2021 included a fair value gain of \$201,038 from the Group's investment in a real estate fund as well as higher fee income earned year to date.

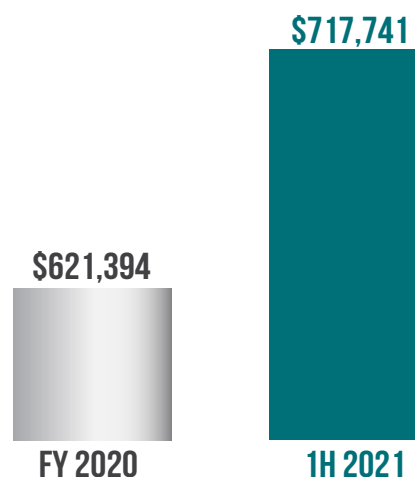
In the first half of 2021, the Group recorded a **profit before income tax** amounting to \$953,023 compared to a loss of \$290,088 for the same period in 2020. The loss in 2020 resulted from higher **net finance costs** amounting to \$679,481 compared to \$207,987 in 2021. The figure in 2020 was primarily comprised of realized and unrealized foreign exchange losses arising from the translation of local currency balances as the Group held higher than normal local cash balances.

Profit after tax in the second quarter of 2021 amounted to \$302,703 compared to a loss of \$132,143 for the second quarter of 2020, while for the six months period, the profit stood at \$927,202 compared to a loss in 2020 amounting to \$343,397.

BALANCE SHEET

Following the acquisition of a warehouse property and an office building in Jamaica as well as a multi-story office building in the Cayman Islands over the last twelve months, and higher fair value on a property in Jamaica,

FUNDS FROM OPERATIONS (FFO)



investment properties increased by 67.3% year on year to \$40.1 million. The year on year increase was however offset by declines in fair values and disposals from our Florida condo portfolio. **Total assets** stood at \$45.0 million as at June 30, 2021 compared to \$39.4 million the previous year, an increase of 14.4%. This included cash and near cash holdings of \$2.7 million.

Total loans payable were approximately \$8.9 million at June 30, 2020 compared with \$13.6 million at June 30, 2021 representing a 52.7% year on year increase in borrowings. These are collateralized bank financing to facilitate the expansion of our property portfolio and are denominated both in US and Jamaican dollars from our financial partners in Jamaica and the Cayman Islands. Our average cost of borrowing remains firmly below 4.0% p.a.

We continue to maintain fairly conservative debt ratios as part of our risk management strategy.

| | JUNE 20 | JUNE 21 |
|---|---------|---------|
| Total Loans as % of Investment Properties | 37.16% | 33.92% |
| Total Loans as % of Total Assets | 22.60% | 30.18% |
| Total Loans as % of Total Equity | 29.69% | 43.83% |

Kingston Properties Limited

UNAUDITED GROUP FINANCIAL STATEMENTS

Six (6) Months Ended June 30, 2021

Total Equity increased marginally by 3.4% year on year to \$31.0 million from \$30.0 million in 2020. Book value per stock unit has improved from US\$0.04421 at June 30, 2020 to US\$0.04574 at June 30, 2021.

Impact of the COVID-19 Pandemic

The board and management continue to assess the impact on our operations of the measures being used to curb the spread of the disease. Being more than a year since the declaration of the global pandemic, we conduct periodic evaluation of the impact containment measures are having on our tenant base and devise mitigation strategies if needed.

Occupancy levels and collections from our properties remain solid with greater than 95% of our tenants being current. With this prolonged period of economic distress the board approved a plan that required the Company to maintain sufficient cash resources to weather any shocks to our income, the need to meet debt service obligations and take advantage of any opportunistic deals that may arise.

SUMMARY AND OUTLOOK

The diverse nature of our tenant base and geographic dispersion continues to offer a level of resilience to our operating income. Further, the deployment of funds raised over the last two years continue to ensure solid results through acquisition of higher yielding assets and improved efficiency in our operations. This is demonstrated by our 5-year compound annual growth rate (CAGR) for rental income and net operating income being 15% and 32% respectively. Our divestment of the Florida condo portfolio will continue and this will result in a shift into multi-family properties to reduce valuation volatility and generate higher yields. We recently acquired an approximately 40% interest in a 155-unit multi-family property in Atlanta, Georgia and we are in various stages of completion on three value-

add and greenfield transactions in the Cayman Islands and Jamaica. The acquisitions to date have adjusted our entire portfolio exposure (including investments in a real estate fund) in the US to 15%, while Jamaica and the Cayman Islands account for 48% and 38% respectively.

The Group continues its fundraising efforts to build a portfolio of solid assets consistent with our required risk-return metrics. The Group secured financing in the form of a 13-month bridge loan from Victoria Mutual Investments Limited and also received approval from its shareholders in February of this year to increase the Company's share capital and to raise funds via an additional public offering. We believe that while the pandemic persists, more distressed assets will become available and the Group expects to be in a position to take advantage of those opportunities. Interest rates are expected to remain fairly low for some time even with inflation pressures in many global economies. While this obtains, we will continue to use leverage prudently to increase our investment property portfolio. A second interim dividend of US\$0.000664 was declared in July to be paid to shareholders on August 23, 2021.

As always, thanks to our Board, shareholders and employees for your continued support.



Kevin G. Richards
Chief Executive Officer

Kingston Properties Limited

GROUP STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Six (6) Months Ended June 30, 2021

| | <u>Notes</u> | Unaudited Quarter ended June 30, 2021 US\$ | Unaudited Quarter ended June 30, 2020 US\$ | Unaudited six (6) months ended June 30, 2021 US\$ | Unaudited six (6) months ended June 30, 2020 US\$ | Audited Year ended December 31, 2020 US\$ |
|---|--------------|--|--|--|--|---|
| Rental income | | 727,420 | 448,890 | 1,437,115 | 903,470 | 2,130,727 |
| Operating expenses | | <u>(299,785)</u> | <u>(295,348)</u> | <u>(571,820)</u> | <u>(549,133)</u> | <u>(1,100,482)</u> |
| Results of operating activities before other income | | 427,635 | 153,542 | 865,295 | 354,337 | 1,030,245 |
| Other income / (losses): | | | | | | |
| Increase in fair value of investments | | - | - | 201,038 | - | 392,758 |
| Loss on disposal of investment properties | | (2,450) | - | (19,257) | (3,320) | (78,392) |
| Impairment credit / (losses) on financial assets | | - | - | - | 5,802 | (2,991) |
| Management fees | | 15,456 | 14,340 | 36,136 | 30,111 | 69,673 |
| Miscellaneous income | | <u>46,937</u> | <u>973</u> | <u>77,799</u> | <u>2,463</u> | <u>3,136</u> |
| Operating profit | | 487,578 | 168,855 | 1,161,011 | 389,393 | 1,414,429 |
| Finance income | | 14,060 | 82,741 | 36,913 | 171,464 | 212,837 |
| Finance cost | | <u>(175,511)</u> | <u>(360,412)</u> | <u>(244,901)</u> | <u>(850,945)</u> | <u>(1,029,919)</u> |
| Net finance costs | 4 | <u>(161,451)</u> | <u>(277,671)</u> | <u>(207,987)</u> | <u>(679,481)</u> | <u>(817,082)</u> |
| Profit / (loss) before income tax | | 326,127 | (108,816) | 953,023 | (290,088) | 597,347 |
| Income tax (charge) / credit | | <u>(23,424)</u> | <u>(23,327)</u> | <u>(25,822)</u> | <u>(53,309)</u> | <u>15,378</u> |
| Total comprehensive income / (loss) for the period / year | | <u>302,703</u> | <u>(132,143)</u> | <u>927,202</u> | <u>(343,397)</u> | <u>612,725</u> |
| Earnings per share for profit attributable to the equity holders of the Company: | | | | | | |
| Earnings per stock unit (\$): | 5 | <u>0.0004</u> | <u>(0.0002)</u> | <u>0.0014</u> | <u>(0.0002)</u> | <u>0.0009</u> |

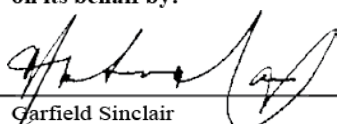
Kingston Properties Limited

GROUP STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Six (6) Months Ended June 30, 2021

| | Notes | Unaudited as at June, 2021 US\$ | Unaudited as at June, 2020 US\$ | Audited as at December 31, 2020 US\$ |
|--------------------------------------|-------|---|---|--|
| NON-CURRENT ASSETS | | | | |
| Investment properties | 6 | 40,057,606 | 23,939,643 | 38,130,420 |
| Investment in Real Estate Fund | 7 | 1,248,035 | - | 1,085,219 |
| Restricted cash | | 482,049 | 122,174 | 482,134 |
| Furniture, software and equipment | | 199,830 | 98,107 | 169,487 |
| Total non-current assets | | 41,987,520 | 24,159,924 | 39,867,260 |
| CURRENT ASSETS | | | | |
| Deposit on investment property | | 201,579 | 998,923 | - |
| Investment properties held for sale | | - | - | 240,000 |
| Receivables and prepayments | | 633,571 | 530,712 | 595,223 |
| Income tax recoverable | | - | 11,168 | 20,848 |
| Cash and cash equivalents | | 2,186,846 | 13,652,145 | 4,871,737 |
| Total current assets | | 3,021,997 | 15,192,948 | 5,727,808 |
| Total assets | | 45,009,516 | 39,352,872 | 45,595,068 |
| EQUITY | | | | |
| Share capital | | 25,316,779 | 25,319,010 | 25,316,779 |
| Treasury shares | 8 | (442) | (2,231) | - |
| Cumulative translation reserve | | (1,488,861) | (1,488,861) | (1,488,861) |
| Retained earnings | | 7,165,872 | 6,132,367 | 6,688,638 |
| Total equity | | 30,993,348 | 29,960,285 | 30,516,556 |
| NON-CURRENT LIABILITIES | | | | |
| Loans payable | 11 | 12,449,138 | 8,221,388 | 12,788,595 |
| Deferred tax liabilities | | - | 59,001 | - |
| Total non-current liabilities | | 12,449,138 | 8,280,389 | 12,788,595 |
| CURRENT LIABILITIES | | | | |
| Loans payable | 11 | 1,136,485 | 673,531 | 935,885 |
| Accounts payable and accrued charges | | 425,923 | 438,668 | 1,354,031 |
| Income tax payable | | 4,623 | - | - |
| Total current liabilities | | 1,567,031 | 1,112,198 | 2,289,916 |
| Total equity and liabilities | | 45,009,516 | 39,352,872 | 45,595,068 |

These financial statements were approved for issue by the Board of Directors on July 29, 2021 and signed on its behalf by:


Garfield Sinclair
Chairman


Nicole Eoga
Director/Company Secretary

GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Six (6) Months Ended June 30, 2021

| | Share capital US\$ | Treasury shares US\$ | Cumulative translation reserve US\$ | Retained earnings US\$ | Total US\$ |
|--|-----------------------|----------------------------|--|------------------------------|-------------------|
| Audited, balances at | | | | | |
| December 31, 2019 as previously reported | 25,319,010 | - | (1,488,861) | 6,475,764 | 30,305,913 |
| Transaction with owners of the company | | | | | |
| Shares repurchased | - | (2,231) | - | - | (2,231) |
| Loss, being comprehensive income for the period | - | - | - | (343,397) | (343,397) |
| Unaudited, balances at June 30, 2020 | 25,319,010 | (2,231) | (1,488,861) | 6,132,367 | 29,960,285 |
| Audited, balances at December 31, 2020 | 25,316,779 | - | (1,488,861) | 6,688,638 | 30,516,556 |
| Transactions with owners of the company: | | | | | |
| Shares repurchased | - | (442) | - | - | (442) |
| Profit, being comprehensive income for the period | - | - | - | 927,202 | 927,202 |
| Dividends paid, being total distribution to owners | - | - | - | (449,968) | (449,968) |
| Unaudited, balances at June 30, 2021 | 25,316,779 | (442) | (1,488,861) | 7,165,872 | 30,993,348 |

Kingston Properties Limited

GROUP STATEMENT OF CASH FLOWS (UNAUDITED)

Six (6) Months Ended June 30, 2021

| | Unaudited Six (6) months ended June, 2021 US\$ | Unaudited Six (6) months ended June, 2020 US\$ | Audited Year ended December 31, 2020 US\$ |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit / (loss) for the period / year | 927,202 | (343,397) | 612,725 |
| Adjustments for: | | | |
| Income tax charge / (credit) | 25,822 | 53,309 | (15,378) |
| Depreciation | 9,233 | 5,674 | 13,119 |
| Interest income | (36,913) | (171,464) | (212,837) |
| Interest expense | 213,390 | 200,111 | 458,444 |
| Increase in fair value revaluation of investment property | (201,038) | - | (392,758) |
| Impairment (credit) / losses on financial assets | - | (5,802) | 2,991 |
| Loss on disposal of investment property | 19,257 | 3,320 | 78,392 |
| Exchange losses | - | 305,047 | - |
| Operating profit before changes in working capital | <u>956,951</u> | <u>46,797</u> | <u>544,698</u> |
| Changes in: | | | |
| Other receivables | (38,348) | 115,963 | 44,350 |
| Deposit on property | (201,579) | (998,923) | - |
| Accounts payable and accrued charges | 22,312 | 140,164 | 39,481 |
| Income tax paid | (315) | (62,735) | (51,209) |
| Net cash provided by / (used in) operations | <u>739,021</u> | <u>(758,734)</u> | <u>577,320</u> |
| Cash flows from investing activities | | | |
| Interest received | 36,913 | 171,464 | 213,167 |
| Additions to office equipment | (39,576) | (38,511) | (130,185) |
| Net investment in Real Estate fund | (961,678) | - | - |
| Additions to investment property | (1,927,186) | - | (15,613,817) |
| Proceeds of disposal of furniture and equipment | - | - | 1,500 |
| Proceeds of disposal of investment property | 240,000 | - | 1,412,187 |
| Net cash (used in) / provided by investing activities | <u>(2,651,527)</u> | <u>132,953</u> | <u>(14,117,148)</u> |
| Cash flows from financing activities | | | |
| Interest paid | (188,854) | (200,111) | (438,608) |
| Dividends paid | (449,968) | - | (405,389) |
| Loan received | 341,178 | - | 5,928,233 |
| Loan repaid | (474,384) | (381,099) | (1,479,771) |
| Restricted cash | 85 | 122 | (359,838) |
| Treasury shares | (442) | (2,231) | (2,231) |
| Net cash (used in) / provided by financing activities | <u>(772,384)</u> | <u>(583,319)</u> | <u>3,242,397</u> |
| Net decrease in cash and cash equivalents | (2,684,890) | (1,209,100) | (10,297,432) |
| Cash and cash equivalents at beginning of period | <u>4,871,736</u> | <u>15,169,168</u> | <u>15,169,168</u> |
| Effect of exchange rate fluctuations on cash and cash equivalents | - | (307,923) | - |
| Cash and cash equivalents at end of period / year | <u><u>2,186,846</u></u> | <u><u>13,652,145</u></u> | <u><u>4,871,736</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Six (6) Months Ended June 30, 2021

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Kingston Properties Limited (the "Company") was incorporated in Jamaica under the Companies Act on April 21, 2008. The Company is domiciled in Jamaica, with its registered office at 7 Stanton Terrace, Kingston 6, Jamaica. The Company is listed on the Jamaica Stock Exchange.

The Company has two wholly owned subsidiaries:

- (i) Kingston Properties (St. Lucia) Limited formerly known as Carlton Savannah REIT (St Lucia) Ltd, incorporated in St. Lucia under the IBC Act of 1999 on May 8, 2008; and its wholly owned subsidiary: Kingston Properties Miami LLC, incorporated in Florida under the Florida Limited Liability Company Act on March 12, 2010.
- (ii) KP (Reita) Jamaica Limited, incorporated on September 14, 2018, in Jamaica under the Companies Act.
- (iii) KP (Reita) Dumfries Jamaica Ltd, incorporated on February 15, 2021, in Jamaica under the Companies Act.

The Company and its subsidiaries are collectively referred to as "Group". In these financial statements 'parent' refers to the Company and intermediate parent refers to its wholly owned subsidiary, 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of certain fixed and financial assets and are expressed in United States dollars.

These financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting.

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2020. The explanatory notes attached to the interim financials statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2020.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2020.

(b) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

3. PANDEMIC-COVID 19

The World Health Organisation in March 2020 declared the coronavirus, COVID-19, as a global pandemic. The Group implemented measures to minimise pandemic's impact on its operations. The Group has not had significant fallout due to the pandemic as there were no changes to existing rent agreements or rent concessions and the Group continued its strategy of increasing its investment property portfolio. The Group continues to experience resilience in its operations with high occupancy and significant growth in revenues. Having assessed the COVID-19 impact and various possible outcomes, Management believes all necessary measures are in place to ensure the continuity of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Six (6) Months Ended June 30, 2021

4. Finance costs

| | Unaudited Quarter ended June 30, 2021 US\$ | Unaudited Quarter ended June 30, 2020 US\$ | Unaudited six (6) months ended June 30, 2021 US\$ | Unaudited six (6) months ended June 30, 2020 US\$ | Audited Year end December 31, 2020 US\$ |
|-------------------------|--|--|---|---|---|
| Finance income | 14,060 | 82,741 | 36,913 | 171,464 | 212,837 |
| Interest income | | | | | |
| Finance costs: | | | | | |
| Foreign exchange losses | (64,656) | (260,123) | (31,511) | (639,705) | (522,753) |
| Interest expense | (105,602) | (94,724) | (188,854) | (200,111) | (458,444) |
| Commitment fees | (5,253) | (5,564) | (24,536) | (11,129) | (48,722) |
| Total finance costs | (175,511) | (360,412) | (244,901) | (850,945) | (1,029,919) |
| Net finance costs | (161,451) | (277,671) | (207,987) | (679,481) | (817,082) |

5. Earnings per stock unit

The earnings per stock unit is computed by dividing the profit for the period / year, attributable to the company's stockholders, by weighted average number of stock units in issue during the year, computed as follows:

| | Unaudited Three months ended June 30, 2021 | Unaudited Three months ended June 30, 2020 | Unaudited Six months ended June 30, 2021 | Unaudited Six months ended June 30, 2020 | Audited Year ended December 31, 2020 |
|--|--|--|--|--|--|
| Weighted average number of ordinary stock units held during the year | 677,656,447 | 677,665,342 | 677,656,447 | 677,665,342 | 677,664,788 |
| Earnings per share (US\$) | 0.0004 | (0.0002) | 0.0014 | (0.0005) | 0.0009 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Six (6) Months Ended June 30, 2021

6. Investment properties

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

| | Unaudited June 30, 2021 US\$ | Unaudited June 30, 2020 US\$ | Audited December 31, 2020 US\$ |
|--------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| (i) Jamaica | 20,954,376 | 13,804,077 | 19,043,565 |
| (ii) Cayman Islands | 16,035,550 | 5,238,886 | 16,019,176 |
| (iii) United States of America | 3,067,679 | 4,896,680 | 3,067,679 |
| | <u>40,057,606</u> | <u>23,939,643</u> | <u>38,130,420</u> |

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

| | Unaudited June 30, 2021 US\$ | Unaudited June 30, 2020 US\$ | Audited December 31, 2020 US\$ |
|---------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| Balance as at beginning of year | 38,130,420 | 23,939,643 | 23,939,643 |
| Additions during the year | 1,927,186 | - | 15,613,817 |
| Disposals during the year | - | - | (1,490,579) |
| Transfers to held-for-sale | - | - | (240,000) |
| Fair value gains | - | - | 307,539 |
| Balance at end of the period | <u>40,057,606</u> | <u>23,939,643</u> | <u>38,130,420</u> |

7. Investment in real estate fund

The Company invested in 1,000,000 units of the CGI Fund I which operates in the United States and is the holder of several Class A investment properties in Miami. This 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 which includes unobservable inputs in the valuation techniques.

8. Treasury shares

The repurchase of the Company's stock units is being conducted on the open market through the Company's stockbroker on the decision of the Board of Directors. During the year, the Company repurchased 9,471 stock units at a cost of US\$442

9. 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.

10. Incorporation of subsidiary

During the period, KP (REIT) Dumfries Limited was incorporated under the Companies Act of Jamaica, being a wholly owned subsidiary of Kingston Properties Limited. The principal activity of KP (REIT) Dumfries Limited is to own investment properties located along Dumfries Road in Jamaica

Kingston Properties Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Six (6) Months Ended June 30, 2021

| 11. Loans payable | Unaudited June 30, 2021 US\$ | Unaudited June 30, 2020 US\$ | Audited December 31, 2020 US\$ |
|----------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| Terrabank Loans | | | |
| Carrying value | - | 1,100,480 | 56,231 |
| RBC Bank Loans | | | |
| Carrying value | 8,860,252 | 3,304,146 | 9,092,222 |
| FCIB Bank Loans | | | |
| Carrying value | 4,384,191 | 4,558,820 | 4,576,027 |
| VMIL Bridge Loan facility*** | | | |
| Carrying value | <u>341,178</u> | <u>-</u> | <u>-</u> |
| Total loans payable | 13,585,622 | 8,963,446 | 13,724,480 |
| Less: Current Portion | <u>1,136,485</u> | <u>670,300</u> | <u>935,885</u> |
| Non-Current Loans Payable | <u>12,449,138</u> | <u>8,293,146</u> | <u>12,788,595</u> |

***VMIL Loan

During the quarter the company signed a J\$700 million 13-month bridge loan with VMBS to continue the expansion of its property portfolio. At the end of the quarter a total of J\$51 million was drawn down which was subsequently invested in a multi-family property in Atlanta, USA

12. Segment reporting

The Group has three operating segments, which are defined geographically in Jamaica, Florida and St. Lucia. 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.

Performance is measured on segment profit before income tax, as included in the internal management reports that are reviewed by the Board. Segment reporting is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segment compared to other entities that operated within these industries.

| | Unaudited Six (6) months ended June 30, 2021 | | | | |
|-----------------------|---|-------------------------------------|-------------------|---|---------------------|
| | Jamaica US\$ | United States of America US\$ | St. Lucia US\$ | Consolidated adjustments and eliminations US\$ | |
| Revenues | <u>656,453</u> | <u>115,415</u> | <u>665,247</u> | <u>-</u> | <u>1,437,115</u> |
| Profit for the period | <u>233,709</u> | <u>208,610</u> | <u>484,883</u> | <u>-</u> | <u>927,202</u> |
| | Unaudited as at June 30, 2021 | | | | |
| | Jamaica US\$ | United States of America US\$ | St. Lucia US\$ | Consolidated adjustments and eliminations US\$ | Total Group US\$ |
| Segment assets | <u>36,571,448</u> | <u>4,535,868</u> | <u>14,685,057</u> | <u>(10,782,857)</u> | <u>45,009,516</u> |
| Segment liabilities | <u>5,309,208</u> | <u>4,702,728</u> | <u>8,635,160</u> | <u>(4,630,927)</u> | <u>14,016,169</u> |

Kingston Properties Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Six (6) Months Ended June 30, 2021

12. Segment reporting (cont'd):

| | Unaudited Six (6) months ended June 30, 2020 | | | | |
|--------------------------------|---|-------------------------------------|-------------------|---|---------------------|
| | Jamaica US\$ | United States of America US\$ | St. Lucia US\$ | Consolidated adjustments and eliminations US\$ | Total Group US\$ |
| Revenues | 467,483 | 202,595 | 233,392 | - | 903,470 |
| (Loss) / profit for the period | (458,310) | (31,059) | 105,049 | 40,923 | (343,397) |
| | Unaudited as at June 30, 2020 | | | | |
| | Jamaica US\$ | United States of America US\$ | St. Lucia US\$ | Consolidated adjustments and eliminations US\$ | Total Group US\$ |
| Segment assets | 34,688,868 | 5,393,462 | 12,847,967 | (13,577,425) | 39,352,872 |
| Segment liabilities | 4,976,362 | 5,632,261 | 7,701,677 | (8,917,712) | 9,392,588 |
| | Audited Year ended December 31, 2020 | | | | |
| | Jamaica US\$ | United States of America US\$ | St. Lucia US\$ | Consolidated adjustments and eliminations US\$ | Total Group US\$ |
| Revenues | 969,710 | 326,038 | 834,979 | - | 2,130,727 |
| Profit / (loss) for the year | 467,626 | (167,622) | 523,273 | (210,552) | 612,725 |
| | Audited as at December 31, 2020 | | | | |
| | Jamaica US\$ | United States of America US\$ | St. Lucia US\$ | Consolidated adjustments and eliminations US\$ | Total Group US\$ |
| 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 |

Kingston Properties Limited

SHAREHOLDING REPORTS AS AT JUNE 30, 2021

Six (6) Months Ended June 30, 2021

| | PRIMARY ACCOUNT HOLDER | # OF UNITS HELD | % |
|----|--|--------------------|-------------|
| 1 | VMWEALTH PROPERTY FUND | 237,623,825 | 35.1 |
| 2 | PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND | 138,584,772 | 20.5 |
| 3 | PAM - COURTS (JAMAICA) PENSION PLAN | 45,530,519 | 6.7 |
| 4 | PAM - POOLED EQUITY FUND | 41,096,639 | 6.1 |
| 5 | PLATOON LIMITED | 31,018,806 | 4.6 |
| 6 | NATIONAL INSURANCE FUND | 27,142,856 | 4.0 |
| 7 | PAM-POOLED PENSION REAL ESTATE | 25,800,681 | 3.8 |
| 8 | GUARDIAN LIFE SHELTER PLUS FUND | 20,680,000 | 3.1 |
| 9 | SAGICOR LIFE - LASCELLES DEMERCADO DEFINED CONTRIBUTION FUND | 17,793,565 | 2.6 |
| 10 | GUARDIAN LIFE POOLED PENSION FUND | 10,000,000 | 1.5 |
| | TOTAL | 595,271,663 | 87.8 |

| DIRECTORS | SHAREHOLDINGS | CONNECTED SHAREHOLDINGS |
|---------------------------|---------------|-------------------------|
| Garfield Sinclair | Nil | |
| - Platoon Limited | | 31,018,806 |
| Nicole Foga | 245,730 | Nil |
| Peter J. Reid & | 4,246,263 | Nil |
| - Margaret Sylvester-Reid | Nil | Nil |
| Lisa Gomes | 459,460 | Nil |
| Gladstone "Tony" Lewars | Nil | Nil |
| Phillip Silvera | Nil | Nil |

| SENIOR MANAGERS | SHAREHOLDINGS | CONNECTED SHAREHOLDINGS |
|-----------------------|---------------|-------------------------|
| Kevin G. Richards | 794,635 | Nil |
| Tatesha Robinson-Rowe | 28,746 | |
| - Fenekie Rowe | | 30,000 |
| Andray Francis | Nil | Nil |
| Roxanne Kelly | 1,200 | Nil |