

**AUDITED GROUP FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2021**



March 1, 2022

We are pleased to present the results of the audited financial statements for the twelve (12) months ended December 31, 2021. The Group reported record revenue and profit for the period, as well as improvements in some key ratios as highlighted below, in United States dollars, unless otherwise stated.

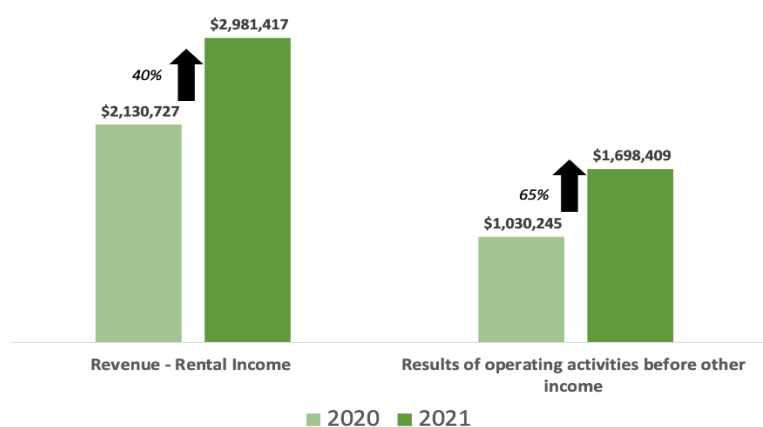
- **Group rental income increased by 40% YOY to \$3.0 million**
- **Net operating income (NOI) rose by 65% YOY to \$1.7 million**
- **EBITDA improved by 148% YOY to \$3.5 million**
- **Funds from Operations (FFO) grew by 119% to \$1.4 million**
- **Net Operating Margin (NOM) improved to 57%**
- **Book Value per share (BVPS) was up by 7% to \$0.04816.**
- **Return On Average Equity (ROAE) increased to 10%**

Kingston Properties Limited continued building a more resilient business to position itself for a solid post pandemic recovery. The Group demonstrated strong performance for the 2021 financial year evidenced by improved year on year (YOY) operating results in virtually every area of the business. This performance is also attributed to the economic recovery spurred by increased vaccination levels and reductions in many of the containment measures associated with the COVID-19 global pandemic. In addition, our geographic diversification combined with a tenant base comprised primarily of entities that offer financial and government services, as well as companies operating in the manufacturing and distribution space, has augured well for the Group's underlying performance.

INCOME STATEMENT

The Group reported a 40% year on year increase in **rental income** to just under \$3 million primarily due to the expansion of the property portfolio. **Operating expenses** for the year rose 17% year over year to \$1.3 million in 2021 from \$1.1 million in 2020 largely attributable to higher broker fees, insurance and staff costs. These expenses were however partially offset by lower homeowners' association dues and property taxes in the US related to the disposal of six (6) condo units in Florida during the year.

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Results of operating activities before gains for the year grew by 65% moving to \$1.7 million in 2021 from \$1.0 million in 2020. Our net operating margin improved from 48% in 2020 to 57% in 2021, while EBITDA increased 148% year on year from \$1.4 million to \$3.5 million over the same period.

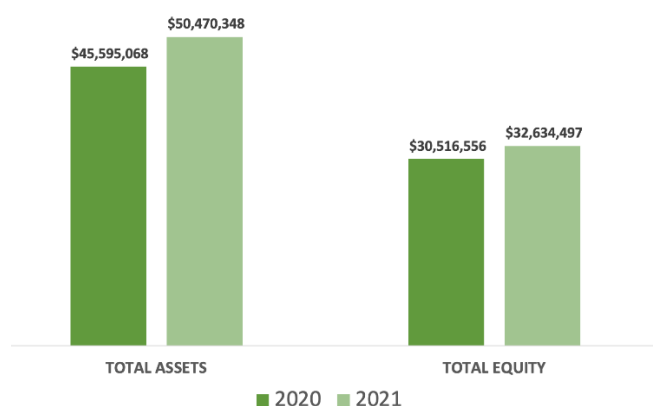
The Group recorded **Operating Profit** of \$3.5 million for the financial year 2021 compared with \$1.4 million for the same period in 2020, an improvement of 149%. Operating profit was bolstered by the growth in (1) rental income; (2) fair value gains from the Group's investments in real estate partnerships; (3) an appreciation in the fair value of certain properties in our portfolio, as well as gains from the disposal of several condo units during the year; and (4) higher fee income earned.

For the full year to December 31, 2021, the Group recorded a **profit before income tax** of \$3.1 million compared to \$597,347 for the same period in 2020. The improved profit before income tax partially resulted from lower **net finance costs** of \$425,557 compared to \$817,082 in 2020. 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 being total comprehensive income** for the full year 2021 amounted to \$3.0 million compared to \$612,725 for 2020, with earnings per share moving from \$0.0009 in 2020 to \$0.0045 in 2021.

BALANCE SHEET

Total assets increased by 11% to \$50.5 million as at December 31, 2021 compared to \$45.6 million at the end of the previous year. This was driven primarily by additions to the portfolio of properties over the year combined with fair value improvements on properties in Jamaica, Cayman Islands and Florida. Investment properties increased 10% year on year to \$41.8 million following the acquisition of several properties in Jamaica. Other assets held by the Group included cash and near cash holdings of \$2.7 million, equity interests in real estate partnerships of \$3.5 million and deposits on investment properties amounting to \$1.2 million.

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Total loans payable were approximately \$17.2 million at December 31, 2021 compared with \$13.7 million at December 31, 2020 representing a 26% year on year increase in borrowings. The YOY rise in the figure resulted from the addition of a J\$700 million 13-month loan facility which was secured during the third quarter of 2021. Total loans payable represent collateralized bank financing that have facilitated 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.

We continue to judiciously implement a levered equity approach to our balance sheet growth and accordingly maintained fairly conservative debt ratios as shown in the table below.

	FY2020	FY2021
Total Loans as % of Investment Properties	36%	40%
Total loans as % of Total Assets	30%	34%
Total Loans as % of Total Equity	45%	53%

Total Equity rose by 7% year on year to \$32.6 million from \$30.5 million in 2020. Book value per stock unit has improved from \$0.04503 at December 30, 2020 to \$0.04816 at December 30, 2021.

Funds from operations (FFO) for the year ending December 31, 2021 increased by 119% year on year moving from \$621,394 to approximately \$1.4 million. The board of directors will meet on March 3, 2022 to consider the payment of a dividend to shareholders. As always, thanks to our Board, shareholders and employees for your continued support.

Kevin G. Richards
Chief Executive Officer