KINGSTON PROPERTIES LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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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 53, which comprise the Group's and Company's statements of financial position as at December 31, 2022, 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, 2022, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) 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

1. *Valuation of investment property*

   See notes 3(m) and 11 for further disclosures. 'Investment property': Group: $40,137,529 and Company: $14,347,763.

   The valuation of the Group's (including the Company's) investment property requires significant estimation, given the infrequency of trades in comparable properties in some cases, and the absence of a number of observable recent market prices, which is impacted by uncertainty of market factors, pricing assumptions and general business and economic conditions used in valuing these properties.

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

   - We used our own valuation specialists to assist us in assessing 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* and IAS 1 *Presentation of Financial Statements* with respect of specific disclosures; assessed the sources of data and challenged the underlying assumptions utilised to value the properties; performed a search for similar transactions and listings to assess potential fair value changes that occurred within the period.

   - We evaluated 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.

   - We assessed 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.*

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

2. *Fair value of investments*

See notes 3(i), 12 and 27 for further disclosures. 'Investments': Group: $4,864,683.

Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial instruments. The estimates of fair value arrived at may be significantly different from the actual price of the instrument in an actual arm's length transaction.

The valuation of the Group's unquoted investments has been identified as an area of significant risk, given that the measurement of the unquoted investments includes significant assumptions and judgements about expected cashflows and the determination of the discount rate to be applied.

Management has determined the fair value of the unquoted investments using the income capitalisation approach, in the absence of a quoted price for the instrument on a trading market.

Our audit procedures in the area included the following:

- We used our own valuation specialist to assist us to evaluate the application of the valuation methodology and the reasonableness of the assumptions used in determining the discount rate, by comparing the discount rate with published market and industry data and other relevant information.

- We assessed the reasonableness of the cash flow projection by:

  (i) comparing the input data provided by management with independent data sources (discount rate, rates of return), supporting documents (financial statements of investment company) and information; and

  (ii) challenging the Group's assumptions such as, the timing, amounts and future growth of the cash flows by obtaining an understanding of the relevant activities of the investee, evaluating historical performance and financial position, using our knowledge of the industry in which the investee functions and determining whether there may be variations to the contractual cash flows expected based on the knowledge obtained from our evaluation of the investee.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

2. *Fair value of investments* (continued)

- We assessed the adequacy and appropriateness of the Group's disclosures against the requirements of IFRS 13 *Fair Value Measurement and* IAS 1 *Presentation of Financial Statements* (see notes 12 and 27).

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 (including Group chairman and CEO statements, quick facts, director's report, 10 year financial statements, management discussion and analysis, corporate data, environmental, social and governance report). 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 Standards 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.

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

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.

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, 2023

To the Members of
KINGSTON PROPERTIES LIMITED

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, 2022
(*Expressed in United States Dollars unless otherwise stated*)

		Group		Company	
	Notes	2022	2021	2022	2021
Operating revenues					
Rental income	4	3,346,404	2,981,417	1,404,423	1,010,602
Management fees	6	91,461	76,117	91,461	76,117
Distributions from real estate investment	12(a),(b)	43,668	75,622	-	-
Total operating income		3,481,533	3,133,156	1,495,884	1,086,719
Operating expenses	5	(1,483,534)	(1,283,008)	(1,054,760)	(826,345)
Results of operating activities before other income/expenses		1,997,999	1,850,148	441,124	260,374
Other income/(expenses):					
Increase/(decrease) in fair value investment property	11(b)(i)	2,380,191	838,001	325,744	(111,695)
(Decrease)/increase in fair value of FVTPL investments		(206,504)	534,553	-	-
Gain on disposal of investment property		276,092	246,386	-	-
Loss on disposal of furniture and equipment		(98,368)	(2,971)	(95,708)	-
Impairment allowance on financial assets	17	(32,055)	(15,000)	(30,558)	(10,000)
Fees and other income	24	48,532	71,318	24,593	-
Operating profit		4,365,887	3,522,435	665,195	138,679
Finance income	7	192,512	148,986	105,435	116,121
Finance costs	7	(674,332)	(574,543)	(359,688)	(214,737)
Net finance costs	7	(481,820)	(425,557)	(254,253)	(98,616)
Profit before income tax		3,884,067	3,096,878	410,942	40,063
Income tax charge	8	(84,411)	(78,566)	-	-
Profit for the year, being total comprehensive income for the year	9	$3,799,656	3,018,312	410,942	40,063
Earnings and diluted earnings per stock unit (USD)	10	$ 0.0049	0.0045		
Earnings and diluted earnings per stock unit (JMD)	10	$ 0.7450	0.7011		

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

KINGSTON PROPERTIES LIMITED

Statements of Financial Position
December 31, 2022
(Expressed in United States Dollars unless otherwise stated)

		Group		Company	
	Notes	2022	2021	2022	2021
NON-CURRENT ASSETS					
Investment property	11	40,137,529	41,779,432	14,347,763	16,161,594
Deposit on investment property	15	2,639,031	1,232,761	-	-
Investments at fair value through profit or loss	12	4,864,683	3,451,163	-	-
Restricted cash	18	1,969	1,969	1,969	1,969
Furniture, software and equipment	13	97,518	208,099	64,590	172,852
Investment in subsidiaries	14	-	-	14,585,395	20,201,760
Total non-current assets		47,740,730	46,673,424	28,999,717	36,538,175
CURRENT ASSETS					
Owed by subsidiaries	16	-	-	5,611,488	2,803,986
Investment property held-for-sale	11(g)	3,075,057	497,250	2,300,000	-
Receivables	17	720,762	581,436	541,236	456,891
Income tax recoverable		48,027	11,199	14,270	3,605
Cash and cash equivalents	18	4,623,317	2,707,039	2,039,254	925,886
Total current assets		8,467,163	3,796,924	10,506,248	4,190,368
Total assets		$56,207,893	50,470,348	39,505,965	40,728,543
EQUITY					
Share capital	19	34,931,493	25,316,337	34,931,493	25,316,337
Treasury shares	20	(28,147)	-	(28,147)	-
Currency translation reserve	19	(1,488,861)	(1,488,861)	(4,153,262)	(4,153,262)
Retained earnings		11,179,945	8,807,021	1,447,323	2,463,113
Total equity		44,594,430	32,634,497	32,197,407	23,626,188
NON-CURRENT LIABILITIES					
Deferred tax liability	8	108,473	51,473	-	-
Loans payable	21	10,126,383	11,869,797	5,950,159	3,792,979
Total non-current liabilities		10,234,856	11,921,270	5,950,159	3,792,979
CURRENT LIABILITIES					
Current portion of loans payable	21	918,534	5,374,156	674,540	4,850,410
Owed to subsidiaries	16	-	-	371,879	8,132,050
Accounts payable and accrued charges	22	432,548	529,383	311,980	326,916
Income tax payable		27,525	11,042	-	-
Total current liabilities		1,378,607	5,914,581	1,358,399	13,309,376
Total liabilities		11,613,463	17,835,851	7,308,558	17,102,355
Total equity and liabilities		$56,207,893	50,470,348	39,505,965	40,728,543

The financial statements on pages 8 to 53 were approved for issue by the Board of Directors on March 1, 2023 and signed on its behalf by:

Gladstone Lewars
Director

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, 2022
(*Expressed in United States Dollars unless otherwise stated*)

	Share capital (note 19)	Treasury shares (note 20)	Cumulative translation reserve (note 19)	Retained earnings	Total
Balances at December 31, 2020	25,316,779	-	(1,488,861)	6,688,638	30,516,556
Profit for the year, being total comprehensive income	-	-	-	3,018,312	3,018,312
Transactions with owners of the Company:					
Stock units repurchased		(442)	-	-	(442)
Stock units cancelled	(442)	442	-	-	-
Dividends declared (note 23)	-	-	-	(899,929)	(899,929)
Total transactions with owners of the Company	(442)	-	-	(899,929)	(900,371)
Balances at December 31, 2021	25,316,337	-	(1,488,861)	8,807,021	32,634,497
Profit for the year, being total comprehensive income	-	-	-	3,799,656	3,799,656
Transactions with owners of the Company:					
Stock units repurchased	-	(28,147)	-	-	(28,147)
Issue of additional ordinary shares	9,615,156	-	-	-	9,615,156
Dividends declared (note 23)	-	-	-	(1,426,732)	(1,426,732)
Total transactions with owners of the Company	9,615,156	(28,147)	-	(1,426,732)	8,160,277
Balances at December 31, 2022	$34,931,493	(28,147)	(1,488,861)	11,179,945	44,594,430

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

KINGSTON PROPERTIES LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2022
(*Expressed in United States Dollars unless otherwise stated*)

	Share capital (note 19)	Treasury shares (note 20)	Retained earnings	Cumulative translation reserve (note 19)	Total
Balances at December 31, 2020	25,316,779	-	3,322,979	(4,153,262)	24,486,496
Profit for the year, being total comprehensive income	-	-	40,063	-	40,063
Transactions with owners of the Company					
Stock units repurchased	-	(442)	-	-	(442)
Stock units cancelled	(442)	442	-	-	-
Dividends declared (note 23)	-	-	(899,929)	-	(899,929)
Total transactions with owners of the Company	(442)	-	(899,929)	-	(900,371)
Balances at December 31, 2021	25,316,337	-	2,463,113	(4,153,262)	23,626,188
Profit for the year, being total comprehensive income	-	-	410,942	-	410,942
Transactions with owners of the Company:					
Stock units repurchased	-	(28,147)	-	-	(28,147)
Issue of additional ordinary shares	9,615,156	-	-	-	9,615,156
Dividends declared (note 23)	-	-	(1,426,732)	-	(1,426,732)
Total transactions with owners of the Company	9,615,156	(28,147)	(1,426,732)	-	8,160,277
Balances at December 31, 2022	$34,931,493	(28,147)	1,447,323	(4,153,262)	32,197,407

KINGSTON PROPERTIES LIMITED

Statements of Cash Flows
Year ended December 31, 2022
(*Expressed in United States Dollars unless otherwise stated*)

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Cash flows from operating activities					
Profit for the year		3,799,656	3,018,312	410,942	40,063
Adjustments for:					
Income tax charge	8	84,411	78,566	-	-
Depreciation	13	24,766	20,078	19,834	15,171
Exchange gain on foreign currency balances		(28,205)	(9,676)	(28,205)	(9,676)
Interest income	7	(165,398)	(60,850)	(76,867)	(11,285)
Interest expense	7	605,704	497,853	301,175	165,641
Increase in fair value of investment property	11(b)(i)	(2,380,191)	(838,001)	(325,744)	111,695
Decrease/(increase) in fair value of investments at FVTPL		206,504	(534,553)	-	-
Gain on disposal of investment property		(276,092)	(246,386)	-	-
Loss on disposal of furniture and equipment		98,368	2,971	95,708	-
Impairment loss on financial assets	17	32,055	15,000	30,558	10,000
		2,001,578	1,943,314	427,401	321,609
Changes in:					
Receivables		(165,020)	(4,111)	(84,345)	(120,576)
Accounts payable and accrued charges		(96,837)	185,556	(14,936)	196,842
Income tax paid		(47,754)	(6,402)	-	-
Owed by subsidiaries		-	-	(2,807,502)	(2,803,986)
Owed to subsidiaries		-	-	(7,760,171)	7,913,911
Net cash provided/(used) by operating activities		1,691,967	2,118,357	(10,239,553)	5,507,800
Cash flows from investing activities					
Invested capital in subsidiary		-	-	5,616,365	(5,616,365)
Interest received		136,509	63,748	62,688	11,285
Additions to property and equipment	13	(12,551)	(61,661)	(7,280)	(51,024)
Investments at FVTPL		(1,620,024)	(2,831,391)	-	-
Additions to investment property	11(b)(i)	(186,781)	(4,253,348)	(160,425)	(2,632,817)
Deposit on investment property		(1,406,270)	(1,232,761)	-	-
Proceeds of disposal of investment property		1,907,433	1,431,473	-	-
Net cash (used in)/provided by investing activities		(1,181,684)	(6,883,940)	5,511,348	(8,288,921)
Cash flows from financing activities					
Interest paid		(583,450)	(519,835)	(292,869)	(165,641)
Dividends paid		(1,426,732)	(888,152)	(1,426,732)	(888,152)
Loans received		3,000,000	4,470,410	2,831,168	4,470,410
Loans repaid		(9,199,037)	(950,937)	(4,885,208)	(403,048)
Issuance of additional share capital		9,615,156	-	9,615,156	-
Restricted cash		-	480,165	-	165
Purchase of treasury shares		(28,147)	(442)	(28,147)	(442)
Net cash provided by financing activities		1,377,790	2,591,209	5,813,368	3,013,292
Net increase/(decrease) in cash and cash equivalents		1,888,073	(2,174,374)	1,065,163	232,171
Effects of exchange rate fluctuations on cash and cash equivalents		28,205	9,676	28,205	9,676
Cash and cash equivalents at beginning of year		2,707,039	4,871,737	925,886	684,039
Cash and cash equivalents at end of year	18	$4,623,317	2,707,039	2,039,254	925,886

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

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 five wholly owned subsidiaries:

(i) KPREIT (St. Lucia) Limited, incorporated in St. Lucia under the International Business Companies Act; and its wholly-owned subsidiary KPREIT (Cayman) Limited. On January 3, 2022 the Company transferred 100% of its shareholdings in the company formally known as Kingston Properties (St. Lucia) Limited to its subsidiary KPREIT (St Lucia) Limited. On January 4, 2022 the company formally known as Kingston Properties (St Lucia) Limited was redomiciled to the Cayman Islands by way of continuation, and its name changed on the said date to KPREIT (Cayman) Limited.

(ii) Kingston Properties Miami LLC a wholly owned subsidiary of KPREIT (Cayman) Limited was incorporated in Florida under the Florida Limited Liability Company Act.

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

(iv) KP Dumfries Limited, incorporated in Jamaica on February 16, 2021 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 to KPREIT (St. Lucia) Limited.

The principal activity of the Group is to invest in attractive real estate assets 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, none of which resulted in any changes to the amounts recognised in the financial statements.

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:

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:

- 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.

  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.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's 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):

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

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

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

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after 1 January 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and

  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions - e.g. leases and decommissioning provisions.

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 12 *Income Taxes* (continued)

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

  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 investments in real estate funds 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:

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

(d) Use of judgements and estimates (continued)

(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.

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 [see note 3(i)].

(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 [see note 26(a)].

(3) Accounting for investments at fair value through profit or loss (FVTPL)

Kingston Properties Miami LLC (KPM) acquired a 36% interest in an unquoted investment during the prior year. However, the Company did not apply the equity method of accounting and recorded this as a FVTPL investment since KPM does not have significant influence over the operation of this entity [see note 12(b)].

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

(d) Use of judgements and estimates (continued)

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

(2) Impairment of financial assets

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 [see note 26(a)].

(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.

(4) Valuation of investments at fair value through profit or loss (FVTPL)

Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial instruments. The estimates of fair value arrived at may be significantly different from the actual price of the instrument in an actual arm's length transaction (see note 12).

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.

3. Significant accounting policies (continued)

(a) Consolidation (continued)

(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.

(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. Significant accounting policies (continued)

(f) Related parties (continued)

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

(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.

(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.

3. Significant accounting policies (continued)

(g) Foreign currencies (continued)

(ii) (Continued)

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 is a delinquency for rent received from tenants or failure to repay in a timely manner.

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.

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.

3. Significant accounting policies (continued)

(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 at FVTPL instruments, restricted cash and owed by subsidiaries. Financial liabilities comprise accounts payable, loan payable and owed to subsidiaries.

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

Financial assets

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.

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.

Subsequent measurement

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

3. Significant accounting policies (continued)

(i) Financial instruments (continued):

Classification and subsequent measurement (continued)

Financial assets (continued)

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)].

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.

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.

3. Significant accounting policies (continued)

(i) Financial instruments (continued):

Financial liabilities (continued)

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.

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.

3. Significant accounting policies (continued)

(k) Income tax (continued)

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.

(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%
Computer software	33.3%

3. Significant accounting policies (continued)

(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.

Rental income from investment property is recognised as operating revenue on a straight-line basis over the term of the lease.

The Group leases out investment properties under operating leases (see note 11).

(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.

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:

Types of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15.
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.

3. Significant accounting policies (continued)

(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) Employee benefits

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payment is available.

(s) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Expressed in United States Dollars unless otherwise stated)

3. Significant accounting policies (continued)

(s) Leases (continued)

As a lessor (continued)

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term.

4. Rental income

Rental income represents gross revenues from investment properties owned by the Group in Jamaica, Cayman Islands and United States which are both commercial and residential properties. The lease terms generally runs from three (3) to five (5) years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. The leases are fixed rate leases in the currency in which they are negotiated.

5. Expense by nature

	Group		Company	
	2022	2021	2022	2021
Advertising and promotion	13,127	19,467	13,127	19,409
Accounting fees	12,014	5,764	-	-
Audit fees (note 9)	77,156	52,621	46,968	29,013
Bank charges	5,070	4,369	2,258	1,319
Brokers fees	68,070	78,972	66,320	75,252
County and state taxes	3,176	-	-	-
Depreciation (note 13)	24,766	20,078	19,834	15,171
Directors' fees [note 9 and 16(b)]	71,400	63,750	35,700	31,875
Homeowners' association & strata fees	69,977	119,510	-	-
Insurance	116,013	124,476	84,071	82,185
Professional fees	117,891	60,559	66,379	22,392
Property taxes	40,485	52,594	10,427	8,199
Regulatory fees and charges	25,646	22,672	25,646	22,672
Management fees	22,222	20,707	-	-
Repairs and maintenance	52,628	44,387	24,602	7,895
Salaries and related costs	620,606	525,464	539,616	453,043
Contribution and defined contribution plan	24,041	7,061	24,041	7,061
Utilities	7,176	4,867	5,934	3,905
Other operating expenses	50,622	18,316	32,746	7,132
Office expenses	56,366	27,503	52,009	26,883
Donations	5,082	9,931	5,082	9,931
	$1,483,534	1,283,008	1,054,760	826,345

(Expressed in United States Dollars unless otherwise stated)

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	
	2022	2021	2022	2021
Finance income:				
Interest income	165,398	60,850	76,867	11,285
Foreign exchange gains	27,114	88,136	28,568	104,836
	192,512	148,986	105,435	116,121
Finance costs:				
Interest expense	(605,704)	(497,853)	(301,175)	(165,641)
Commitment fees	(68,628)	(76,690)	(58,513)	(49,096)
Total finance costs	(674,332)	(574,543)	(359,688)	(214,737)
Net finance costs	$(481,820)	(425,557)	(254,253)	(98,616)

8. Income tax charge

(a) Taxation comprises:

	Group		Company	
	2022	2021	2022	2021
(i) Current income tax expense:				
Income tax at 25%	7,537	22,213	-	-
Income tax at 21%	19,874	-	-	-
Income tax at 1%	-	4,880	-	-
	27,411	27,093	-	-
(ii) Deferred income tax expense: Origination and reversal of temporary differences [See (d) below]	57,000	51,473	-	-
Total income tax charge	$84,411	78,566	-	-

(b) Reconciliation of actual tax expense:

The tax rate for the Company and Jamaica subsidiaries 25% (2021: 25%) of profit before income tax, adjusted for tax purposes, while the tax rate for the St. Lucia subsidiary ranges from 0-25% (2021: 1%) of profits, and that for the Florida subsidiary is 21% (2021: 21%).

(Expressed in United States Dollars unless otherwise stated)

8. Income tax charge (continued)

(b) Reconciliation of actual tax expense (continued):

The actual tax charge for the year is as follows:

	Group		Company	
	2022	2021	2022	2021
Profit before income tax	$3,884,067	3,096,878	410,942	40,063
Computed "expected" tax expense at Jamaican tax rate of 25%	971,016	774,220	102,735	10,016
Effect of different tax rates in foreign jurisdictions	(791,966)	(299,284)	-	-
Fair value gains disallowed	(40,453)	(282,352)	(81,435)	27,924
Depreciation and capital allowances	(91,822)	(131,072)	(122,155)	(96,845)
Disallowed expenses/(income), net	(26,171)	(38,554)	18,838	(12,224)
Utilised tax losses	63,807	55,608	82,017	71,129
Actual tax charge	$ 84,411	78,566	-	-
Effective rate of tax	2.17%	2.54%	- %	- %

(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 $999,630 for the Company and $1,634,727 for the Group (2021: $671,562 for the Company and $1,219,948 for the Group).

The Company did not disclose any deferred tax asset as this was immaterial based on the temporary differences.

(d) The balances and movements on deferred tax are as follows:

	Group				
	Balance at December 31, 2020	Recognised in profit or loss	Balance at December 31, 2021	Recognised in profit or loss	Balance at December 31, 2022
Investment property	-	(28,700)	(28,700)	28,700	-
Investments	-	130,152	130,152	(21,679)	108,473
Tax losses	-	(49,979)	(49,979)	49,979	-
	$ -	51,473	51,473	57,000	108,473

(Expressed in United States Dollars unless otherwise stated)

9. Profit for the year

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

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Auditors' remuneration (note 5)	77,156	52,621	32,950	29,013
Key management personnel:				
Short-term employee benefits	384,965	295,010	384,965	295,010
Directors' remuneration fees (note 5)	71,400	63,750	35,700	31,875

10. Earnings per stock unit

Diluted EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding the during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares as there are no dilutive instruments outstanding, basic and dilutive earnings per share are identical.

The earnings per stock unit is computed by dividing the profit for the year of $3,799,656 (2021: $3,018,312), attributable to the Company's stockholders, by a weighted average number of stock units issue during the year, determined as follows:

	2022	2021
Ordinary stock units at January 1	677,652,928	677,662,399
Additional Public Offering	103,478,183	-
Effect of repurchasing stock units	(116,043)	(7,751)
Weighted average number of ordinary stock units held during the year	781,015,068	677,654,648

	2022	2021
Earnings and diluted earnings per stock unit (USD)	$0.0049	0.0045
Earnings and diluted earnings per stock unit (JMD)	$0.7450	0.7011

There have been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

(Expressed in United States Dollars unless otherwise stated)

11. Investment property

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

	Group		Company	
	2022	2021	2022	2021
W. Ft. Lauderdale condominiums	-	1,572,814	-	-
Opera Tower Miami condominiums	-	347,412	-	-
Red Hills Road Commercial Complex	5,792,118	5,596,770	5,792,118	5,596,770
Spanish Town Road Commercial Complex	-	3,200,000	-	3,200,000
East Ashenheim Road	6,499,505	5,314,252	6,499,505	5,314,252
Tropic Centre	3,325,509	3,163,182	-	-
Grenada Crescent	6,303,982	6,300,000	-	-
Rosedale Warehouses	2,217,000	2,217,000	-	-
Harbour Centre	12,679,675	10,770,614	-	-
Dumfries Road	1,263,600	1,246,816	-	-
Rousseau Road	531,231	525,663	531,231	525,663
Spanish Town Road	1,524,909	1,524,909	1,524,909	1,524,909
	$40,137,529	41,779,432	14,347,763	16,161,594

(b) (i) Reconciliation of carrying amount

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

	Group		Company	
	2022	2021	2022	2021
Balance as at beginning of year	41,779,432	38,130,420	16,161,594	13,640,472
Additions during the year	186,781	4,253,348	160,425	2,632,817
Disposals during the year	(1,133,818)	(945,087)	-	-
Transfers to held-for-sale [see note 11(g)]	(3,075,057)	(497,250)	(2,300,000)	-
Fair value gains	2,380,191	838,001	325,744	(111,695)
Balance at end of year	$40,137,529	41,779,432	14,347,763	16,161,594

11. Investment property (continued)

(b) (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.	• Expected market rental growth • Yields (Cap Rate) - 7.5% - 9% • Gross Rental rates US$36 - US$50 p.s.f. • Land values US$65 p.s.f • Outgoings 15% – 25%	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher (lower); The occupancy rate were higher (lower)
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.		• 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)

11. Investment properties (continued)

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

Valuation techniques and significant unobservable inputs (continued):

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
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 • Capitalization Rates 8% - 9.5% • Discount factor 9% - 10%	The estimated fair value would increase/(decrease) if: • Annual net income was higher/(lower) • Capitalisation multiple was higher/(lower)

The investment approach is used for investment properties in the Cayman Islands, while Sales Comparison and Income approach is used for all properties located in Jamaica and USA.

(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.

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11. Investment properties (continued)

(c) (Continued)

(ii) The Spanish Town Road Commercial Complex and the property located at Grenada Crescent were revalued as at December 31, 2021, by independent valuators, NAI Jamaica: Langford and Brown.

(iii) The East Ashenheim Road property was revalued by independent valuators, NAI Jamaica: Langford Brown as at October 26, 2022.

(iv) The Red Hills Road Commercial Complex was revalued by independent valuators, NAI Jamaica: Langford Brown as at December 31, 2022.

(v) The condominium located W. Ft. Lauderdale was revalued by management as at December 31, 2022.

(vi) The Harbour Centre and Tropic Centre were revalued by independent valuators, DDL Studio Limited, of the Cayman Islands as at November 10, 2022 and November 29, 2022 respectively.

(vii) The Rousseau Road, Spanish Town Road and Dumfries Road properties were purchased less than two years and their purchase cost is assumed to approximate the fair values as at December 31, 2022.

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

(e) Property operating expenses are as follows:

	Group		Company	
	2022	2021	2022	2021
Homeowners' association fees	37,874	93,171	-	-
Insurance premiums	116,013	124,476	84,071	82,185
Property taxes	40,485	52,594	10,427	8,199
Professional fees	117,891	60,559	66,379	22,392
Repairs and maintenance	52,628	44,387	24,602	7,895
Security	19,670	3,700	19,670	3,700
Management fees	22,222	20,707	-	-
	$406,783	399,594	205,149	124,371

(f) A total of 3 residential condominiums located in Miami and Fort Lauderdale, Florida were sold during the year (2021: 6 units). Of the number of properties sold in 2022, one was classified as held for sale in 2021. The Group continued the transition of its property portfolio away from a concentration in condominiums (in South Florida) into higher-yielding properties.

(Expressed in United States Dollars unless otherwise stated)

11. Investment properties (continued)

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

	Group		Company	
	2022	2021	2022	2021
W. Ft. Lauderdale condominiums	775,057	497,250	-	-
Spanish Town Road Industrial Complex	2,300,000	-	2,300,000	-
[see note 11(b)(i)]	$3,075,057	497,250	2,300,000	-

The W. Ft. Lauderdale condominium unit held in 2021 was subsequently sold in January 2022.

12. Investments at fair value through profit or loss

	Group	
	2022	2021
CGI Fund (a)	1,000,000	1,206,504
Polaris at Camp Creek LLC (b)	2,244,659	2,244,659
Polaris at East Point Partners (c)	1,620,024	-
	$4,864,683	3,451,163

(a) During 2020 the Miami subsidiary invested in 1,000,000 units in CGI Fund I. The fund is managed by CGI Investment Management LLC and the investment is measured at fair value and categorised as Level 3 in the fair value hierarchy.

The following table shows the valuation techniques and significant unobservable inputs used. Fair value loss of $206,504 (2021: gain - $121,288) was recognised during the year. Further, the Company received dividend of $10,000 (2021: $68,622) in respect of this investment.

Valuation technique	**Significant unobservable inputs**	**Range of input**
Income capitalisation approach	• Overall capitalization rate	5-7.75%
	• Discount rate	7.25-7.75%
	• Term	up to 10 years
	• Terminal capitalisation rate	5.25-6.25%
	• Growth rate	1.0-3.0%

(b) Subscription fund units

During the prior year the Company acquired 1,831,391 units (representing a 36% interest) in Polaris at Camp Creek LLC, a Delaware limited liability company (Polaris). Polaris was formed to acquire and develop a multi-family property in Atlanta, USA thereby providing members with commercial real estate opportunities via subscription for units in the company. The investment is measured at fair value through profit or loss [see note 2(d)(i)(3)].

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12. Investments at fair value through profit or loss (continued)

(b) Subscription fund units (continued)

The fair value measurement of the units is categorised as Level 3 and the following table shows 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	5.03% 10.89% up to 5 years 6.07% 2.8%

During the year the Company received dividend distribution of $33,668 (2021: $7,000) from the investment.

The investment is being managed under a subscription agreement which gives the General Partner full management control over all operational and strategic decisions about the underlying asset. The subscription agreement specifically excludes the Company from participating in the relevant activities which precludes the Company from having significant influence over the investee.

(c) During the year the Group acquired 1,620,024 units in Polaris at East Point, a Delaware LLC formed to acquire a 120 unit multi-family property in Atlanta, USA. The investment is valued at fair value. The fair value measurement of the fund is categorized as a level 3 fair value which includes unobservable inputs and as at December 31, 2022, the fair value is assumed to be the acquisition price.

The following shows movement in fair value of securities:

	Group	
	2022	2021
	$	$
Balance at January 1	3,451,163	1,085,219
Purchases	1,620,024	1,831,391
Net fair value movement during the year	(206,504)	534,553
Balance at December 31	4,864,683	3,451,163

(Expressed in United States Dollars unless otherwise stated)

13. Furniture, software and equipment

	Group			Company		
	Office furniture & equipment	Computer software	Total	Office furniture & equipment	Computer software	Total
Cost						
December 31, 2020	135,392	79,357	214,749	97,342	76,157	173,499
Additions	23,992	37,669	61,661	13,355	37,669	51,024
Disposals	(4,050)	-	(4,050)	-	-	-
December 31, 2021	155,334	117,026	272,360	110,697	113,826	224,523
Additions	11,532	1,019	12,551	6,261	1,019	7,280
Disposals	(5,500)	-	(5,500)	-	-	-
Write-offs	-	(95,708)	(95,708)	-	(95,708)	(95,708)
December 31, 2022	161,366	22,337	183,703	116,958	19,137	136,095
Depreciation						
December 31, 2020	40,617	4,645	45,262	35,055	1,445	36,500
Charge for year	17,833	2,245	20,078	12,926	2,245	15,171
Disposals	(1,079)	-	(1,079)	-	-	-
December 31, 2021	57,371	6,890	64,261	47,981	3,690	51,671
Charge for year	19,296	5,470	24,766	14,364	5,470	19,834
Disposals	(2,842)	-	(2,842)	-	-	-
December 31, 2022	73,825	12,360	86,185	62,345	9,160	71,505
Net book value						
December 31, 2022	$ 87,541	9,977	97,518	54,613	9,977	64,590
December 31, 2021	$ 97,963	110,136	208,099	62,716	110,136	172,852

14. Investment in subsidiaries

	Company	
	2022	2021
Kingston Properties (St. Lucia) Limited) [see (iii) below]	-	7,866,268
Kingston Properties Miami LLC [see (i) below]	3,102,985	3,102,985
KP (Reit) Jamaica Limited [see (ii) below]	3,616,142	3,616,142
KPREIT (St. Lucia) Limited [see (iii)(iv) below]	7,866,268	5,616,365
	$14,585,395	20,201,760

(i) Kingston Properties Miami LLC has no share capital; the parent's sole ownership and control is 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.

(iii) KP (Reit) Jamaica Limited was formed in 2018; this represents the amount paid for shares in KP (Reit) Jamaica Limited.

(iii) This represents the value of the Companies 100% interest in its former subsidiary Kingston Properties (St Lucia) Limited, which was transferred to 100% interest in KPREIT (St Lucia) Limited. Kingston Properties (St Lucia) Limited was redomiciled to Cayman by way of continuation and its name changed to KPREIT (Cayman) Limited, it is now a wholly owned subsidiary of KPREIT (St Lucia) Limited.

(Expressed in United States Dollars unless otherwise stated)

14. Investment in subsidiaries (continued)

(iv) On transfer of the interest in Kingston Properties (St. Lucia) Limited to KPREIT (St. Lucia) Limited, the Board of Directors took the decisions to forego the comtemplated capital injection of $5,616,365.

15. Deposit on investment property

In the prior year, the Group's subsidiary, Kingston Properties (St Lucia) Limited entered into an agreement to purchase a warehouse property in Cayman Islands for a value of CI$2,585,000. This deposit represents 80% of the purchase price paid and the remaining 20% will be paid over the next year on the successful completion of the construction of the property.

16. Related party transactions

(a) The statement of financial position includes balances with related parties, arising in the normal course of business as follows:

	Company	
	2022	2021
Owed by subsidiaries:		
Kingston Properties Miami LLC (i)	3,202,660	1,585,658
Kingston Properties Dumfries Limited (ii)	1,223,927	1,218,328
KPREIT (Cayman) Limited (iii)	1,184,901	-
	$5,611,488	2,803,986
Owed to subsidiaries:		
KP (Reit) Jamaica Limited (iv)	371,879	163,706
Kingston Properties (St. Lucia) Limited (v)	-	2,351,979
KPREIT (St. Lucia) Limited (vi)	-	5,616,365
	$ 371,879	8,132,050

(i) This represents amounts advanced by the Company to Kingston Properties Miami LLC for investment purposes. The advance is interest free with no repayment date.

(ii) This represents amounts advanced to Kingston Properties Dumfries Limited to assist in the purchase of an investment property, net of operating income collected by the Company on behalf Kingston Properties Dumfries Limited.

(iii) This balance represents cash advanced to KPREIT (Cayman) Limited for short term investments.

(iv) This represents rental income collected by the Company on behalf KP (Reit) Jamaica Limited.

(v) This represents advances to the Company by Kingston Properties (St. Lucia) Limited, which the Company invested in Jamaican assets. The advance is interest-free with no fixed repayment date.

(vi) This represents invested capital committed to the new subsidiary, KPREIT (St. Lucia) Limited.

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16. Related party transactions (continued)

(b) The statement of profit or loss and other comprehensive income includes expenditures incurred with related parties arising in the normal course of business as follows:

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Legal fees and other expenses (See note below)	39,871	42,502	3,600	33,432
Directors' fees (note 5)	71,400	63,750	35,700	31,875

Legal fees and other expenses were incurred for reviewing contracts, corporate administrative services and on acquisition of certain investments. Acquisition related services have been capitalized under the cost of the respective investment property.

(c) Amount due from the related parties are considered low credit risk as these parties have intention and ability to settle these balances. No allowance for ECL is recognised.

17. Receivables

	Group		Company	
	2022	2021	2022	2021
Rent receivable	319,770	241,606	194,454	132,292
Less impairment loss [note 26(a)]	(42,331)	(45,381)	(41,992)	(11,992)
Net rent receivable	277,439	196,225	152,462	120,300
Withholding tax recoverable	20,168	21,362	19,731	21,014
Security deposits	2,494	3,101	1,194	1,176
Prepayments	37,626	23,417	18,602	7,305
Other receivables	383,035	337,331	349,247	307,096
	$720,762	581,436	541,236	456,891

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

	Group		Company	
	2022	2021	2022	2021
Balance at January 1	45,381	30,381	11,992	1,992
Write off	(35,105)	-	(558)	-
Net remeasurement of allowance for ECL	32,055	15,000	30,558	10,000
Balance at December 31	$42,331	45,381	41,992	11,992

(Expressed in United States Dollars unless otherwise stated)

18. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
Current accounts	631,927	581,866	381,831	283,076
Securities purchased under resale agreements	3,993,359	2,127,142	1,659,392	644,779
	4,625,286	2,709,008	2,041,223	927,855
Less: Restricted cash	(1,969)	(1,969)	(1,969)	(1,969)
	$4,623,317	2,707,039	2,039,254	925,886

As at December 31, 2022 and 2021 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 which was refinance by First Caribbean International Bank (Jamaica) Limited (note 21).

19. Share capital and reserves

A. Share capital

Authorised capital:

2,000,000,000 (2021: 2,000,000,000) ordinary stock units of no-par value.

Issued and fully paid: 884,609,294 (2021: 677,652,928) ordinary stock units	$34,931,493	25,316,337

In the prior year, the capital was reduced to reflect cancellation of 9,471 stock units, which were bought back. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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.

During the year from April 19 – June 10, the Company executed an additional public offering in which 206,956,366 shares were issued and fully paid.

B. Currency translation reserve

The Group and the Company changed its' functional currency effective from December 31, 2019. All resulting exchange differences in this transition were recognised through other comprehensive income and reflected in the currency translation reserve.

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20. 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 609,294 (2021: 9,471) stock units at a cost of $28,147 (2021: $442). On December 31, 2022 the Company held 609,294 (2021: Nil) of its stock units.

21. Loans payable

	Group		Company	
	2022	2021	2022	2021
RBC Royal Bank (i)	4,420,221	8,600,564	-	-
First Caribbean International Bank (Jamaica) Limited (FCIB) (ii)	6,624,696	4,172,979	6,624,699	4,172,979
Victoria Mutual Investments Limited (iii)	-	4,470,410	-	4,470,410
Total bank loans at year end	11,044,917	17,243,953	6,624,699	8,643,389
Less current portion	(918,534)	(5,374,156)	(674,540)	(4,850,410)
Non-current portion	$10,126,383	11,869,797	5,950,159	3,792,979

(i) This represents three loans of $1,900,000, $1,550,000 and $6,000,000 from RBC Royal Bank in the Cayman Islands, payable by KPREIT (Cayman) Limited. The loans are for a duration of fifteen (15) years and currently have interest rates of 6.25 %, 6.25% and 7.25% respectively.

The loan of $1,900,000 is for the refinancing of a previous loan and the loans of $6,000,000 and $1,550,000 are to finance the purchase of commercial properties in Cayman Islands.

The loans are secured by a debenture over the properties of KPREIT (Cayman) 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.

(ii) This represents three (3) loans payable by Kingston Properties Limited:

(a) The loan of $2,160,000 is for 7 years and is secured by a first legal mortgage over commercial property located at 36-38 Red Hills Road, Kingston. Interest rate has been reset to 5.25% fixed for 2 years and thereafter 3 month SOFR plus 4.5%

(b) The loan of $2,900,000 is for 10 years and is secured by commercial property located at 52-60 Grenada Crescent. During the year, the loan balance was converted to a Jamaica dollar facility of J$371,884,116 at an interest rate of 6.98% fixed for 2 years and thereafter 6 month Weighted Average Treasury Bills plus 3.25%.

(c) The loan of $3,000,000 is for of 7 years and is secured by a first legal mortgage over commercial property located at 36-38 Red Hills Road, Kingston and property located at 52-60 Grenada Crescent. Interest rate is 5.25% fixed for 2 years and thereafter 3 month SOFR plus 4.5%.

(Expressed in United States Dollars unless otherwise stated)

21. Loans payable (continued)

(ii) (Continued):

The company 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.

(iii) This represents a senior secured bridge loan obtained from Victoria Mutual Investments Limited in the amount of $700,000,000 at an interest rate of 6.4%. The loan which was for 13 months was used to finance the acquisition of 232A Spanish Town Road and Rousseau Road properties, other capital projects and working capital support during the year. The loan was fully repaid during the year.

(iv) Transaction costs amounting to $83,369 (2021: $224,052) were deducted from the related loan balances and are being amortised over the lives of the loans using the effective interest method.

22. Accounts payable and accrued charges

	Group		Company	
	2022	2021	2022	2021
Accounts payable	27,605	80,338	26,285	80,238
Accounting and audit fees	77,662	41,509	43,662	29,181
Dividends payable	8,894	25,897	8,894	25,897
Other payables and accrued charges	94,499	227,051	77,852	117,384
Security deposits held	223,888	154,588	155,287	74,216
	$432,548	529,383	311,980	326,916

23. Dividends

	Group and Company	
	2022	2021
Dividend paid	$1,426,732	899,929

The Company paid a dividend of $0.0008 (2021: $0.0007) per share unit on April 29, 2022 as the first interim dividend for 2022 and a second interim dividend for 2022 of $0.001 on November 15, 2022 (2021: $0.0007) per unit.

24. Fees and other income

This represents one-off referral fees earned in 2022 and 2021 and reimbursement by a tenant for the purchase of furniture & equipment.

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25. Segment reporting

The Group has three operating segments. These segments manages investment properties on a geographic portfolio basis. 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:

	2022				
	Jamaica	United States of America	Cayman Islands	Elimination	Group
	$	$	$	$	$
External revenue	1,851,949	88,716	1,405,738	-	3,346,403
Operating expenses	(1,154,447)	(98,358)	(230,729)	-	(1,483,534)
Results of operating activities before other income	697,502	(9,642)	1,175,009	-	1,862,869
Other income/expenses:					
Fair value gain on revaluation of investment property	325,744	(11,350)	2,065,797	-	2,380,191
	1,023,246	(20,992)	3,240,806	-	4,243,060
Gain on disposal of investment property	-	276,092	-	-	276,092
Management fees	91,461	-	-	-	91,461
Impairment loss on financial assets	(30,558)	-	(1,497)	-	(32,055)
Fair value loss on investment	-	(206,504)	-	-	(206,504)
Dividend income	-	43,668	-	-	43,668
Loss on disposal of furniture and equipment	(95,708)	(2,660)	-	-	(98,368)
Fee and other income	24,593	23,821	119	-	48,533
Interest income	77,226	-	88,172	-	165,398
Interest expense and commitment fees	(496,537)	-	(177,795)	-	(674,332)
Net loss on translation of foreign currency balances	27,202	-	(88)	-	27,114
Profit before tax	620,925	113,425	3,149,717		3,884,067
Income tax charge	(7,537)	(76,874)	-	-	(84,411)
Profit after tax	613,388	36,551	3,149,717	-	3,799,656
Non-current assets	10,992,017	3,279,974	2,664,538	(8,469,366)	8,467,163
Current assets	36,567,298	4,864,702	20,894,124	(14,585,394)	47,740,730
Total assets	47,559,315	8,144,676	23,558,662	(23,054,760)	56,207,893
Non-current liabilities	5,950,159	108,473	4,176,224	-	10,234,856
Current liabilities	2,642,687	7,258,879	2,778,768	(11,301,727)	1,378,607
Total liabilities	8,592,846	7,367,352	6,954,992	(11,301,727)	11,613,463
Other segment items:					
Capital expenditure	188,470	-	10,862	-	199,332
Depreciation	19,834	989	3,943	-	24,766

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25. Segment reporting (continued)

	2021				
	Jamaica $	United States of America $	Cayman Islands $	Elimination $	Group $
External revenue	1,442,432	201,319	1,337,666	-	2,981,417
Operating expenses	(906,303)	(200,657)	(176,048)	-	(1,283,008)
Results of operating activities before other income	536,129	662	1,161,618	-	1,698,409
Other income/expenses:					
Fair value gain on revaluation of investment property	432,679	294,885	110,437	-	838,001
	968,808	295,547	1,272,055	-	2,536,410
Gain on disposal of investment property	-	246,386	-	-	246,386
Management fees	76,117	-	-	-	76,117
Impairment reversal/(loss) on financial assets	(10,000)	(5,000)	-	-	(15,000)
Fair value gain on investment	-	534,553	-		534,553
Dividend income	-	75,622	-	-	75,622
Loss on disposal of furniture and equipment	-	(2,971)	-	-	(2,971)
Fee and other income	37,559	33,759	-	-	71,318
Interest income	11,585	-	49,265	-	60,850
Interest expense and commitment fees	(312,615)	(10,174)	(251,754)	-	(574,543)
Net loss on translation of foreign currency balances	105,307	-	(17,171)	-	88,136
Profit before tax	876,761	1,167,722	1,052,395	-	3,096,878
Income tax charge	(22,213)	(51,473)	(4,880)	-	(78,566)
Profit after tax	854,548	1,116,249	1,047,515	-	3,018,312
Non-current assets	6,107,287	936,458	2,070,043	(5,818,116)	4,532,433
Current assets	44,084,912	3,999,390	19,880,053	(20,201,680)	45,937,915
Total assets	50,192,199	4,935,848	21,362,096	(26,019,795)	50,470,348
Non-current liabilities	10,590,051	4,143,599	1,016,227	(9,835,296)	5,914,581
Current liabilities	3,792,979	51,473	8,076,818	-	11,921,270
Total liabilities	14,383,030	4,195,072	9,093,045	(9,835,296)	17,835,851
Other segment items:					
Capital expenditure	4,283,190	-	31,819	-	4,315,009
Depreciation	15,171	1,803	3,104	-	20,078

During the year, revenue from two (2021: two) Jamaica customers of the Group represented approximately $799,000 or 24% (2021: 515,838 or 17%) of the Group's total revenue. Of the amount during the year, $510,000 and $289,000 was attributable to each customer respectively.

26. 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 investment in real estate funds, 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.

(ii) The Group exposure to credit risk arising from receivables are managed through regular analysis of the ability of the customers and potential customers to meet repayment obligations.

(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.

(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

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.

	2022			
	Group			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $ (note 17)	Credit impaired
Current (not past due)	0.00%	159,300	-	No
31-60 days past due	0.00%	55,265	-	No
More than 60 days past due	40.23%	105,205	42,331	Yes
		319,770	42,331	

	2021			
	Group			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $ (note 17)	Credit impaired
Current (not past due)	0.00%	89,009	-	No
31-60 days past due	0.00%	27,310	-	No
More than 60 days past due	36.22%	125,287	45,381	Yes
		241,606	45,381	

(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

Expected credit loss assessment (continued)

Trade receivables (continued):

	2022			
	Company			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $ (note 17)	Credit impaired
Current (not past due)	0.00%	86,110	-	No
31-60 days past due	0.00%	35,157	-	No
More than 60 days past due	57.38%	73,187	41,992	Yes
		194,454	41,992	

	2021			
	Company			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $ (note 17)	Credit impaired
Current (not past due)	0.00%	58,907	-	No
31-60 days past due	0.00%	35,318	-	No
More than 60 days past due	31.50%	38,067	11,992	Yes
		132,292	11,992	

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 reporting date.

(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

Expected credit loss assessment (continued)

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				
	2022				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	11,044,917	14,769,356	369,674	1,183,717	13,215,965
Accounts payable and accrued charges	432,548	432,548	432,548	-	-
	$11,477,465	15,201,904	802,222	1,183,717	13,215,965

	2021				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	17,243,953	20,551,094	418,305	1,248,278	18,884,511
Accounts payable and accrued charges	529,383	529,383	529,383	-	-
	$17,773,336	21,080,477	947,688	1,248,278	18,884,511

(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(b) Liquidity risk (continued)

	Company				
	2022				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	6,624,699	8,099,548	235,283	780,541	7,083,724
Owed to subsidiaries	371,879	371,879	371,879	-	-
Accounts payable and accrued charges	311,980	311,980	311,980	-	-
	$7,308,558	8,783,407	919,142	780,541	7,083,724

	2021				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	8,643,389	9,777,422	220,009	5,166,965	4,390,448
Owed to subsidiaries	8,132,050	8,132,050	8,132,050	-	-
Accounts payable and accrued charges	326,916	326,916	326,916	-	-
	$17,102,355	18,236,388	8,678,975	5,166,965	4,390,448

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)

26. 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	
	2022	2021	2022	2021
	JMD	JMD	JMD	JMD
Foreign currency assets:				
Cash	26,806,644	22,751,436	22,284,217	10,743,114
Receivables	57,973,958	57,454,577	50,803,752	46,674,359
Securities purchased under resale agreements	69,064,170	100,000,000	69,064,170	100,000,000
	153,844,772	180,206,013	142,152,139	157,417,473
Foreign currency liabilities:				
Loans	(356,884,116)	(700,000,000)	(356,884,116)	(700,000,000)
Payables and accrued charges	(17,638,143)	(26,732,313)	(9,646,830)	(18,850,751)
Net foreign currency liabilities	$(220,677,487)	(546,526,300)	(224,378,807)	(561,433,278)

Sensitivity to foreign exchange rate movements

A 4% (2021: 8%) weakening of the Jamaica dollar against the United States dollar at December 31, 2022 would have increase the profit of the Group and the Company by $55,039 (2021: $288,366) and $55,962 (2021: $296,232), respectively. The analysis assumes that all other variables, in particular, interest rates, remain constant.

A 1% (2021: 2%) strengthening of the Jamaica dollar against the United States dollar at December 31, 2022 would have decrease the profit of the Group and the Company by $14,455 (2021: $72,092) and $14,697 (2021: $74,058) 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			
	2022	2021	2022		2021	
			Buying	Selling	Buying	Selling
	JMD	JMD	JMD	JMD	JMD	JMD
United States Dollar (US$)	154.21	151.62	149.96	152.05	152.75	155.09

(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.

26. 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' exposure to market risk or the manner in which it measures and manages risk.

27. 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.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

27. Fair value (continued)

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

Accounting classification and fair values:

The Company's and the Group's investments measured at fair value are classified at Level 3 in the fair value hierarchy. There were no transfers between levels during the year.

Valuation techniques used in measuring the fair value, as well as the significant unobservable inputs used are disclosed in note 12.

28. 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.