
KPREIT
15TH
ANNIVERSARY
ANNUAL REPORT | 2022
" Honouring the Past, Treasuring the Present, Shaping the Future"
KINGSTON PROPERTIES LIMITED
ANNUAL REPORT 2012
ANNUAL REPORT 2013
ANNUAL REPORT 2015
ANNUAL REPORT 2016
KINGSTON PROPERTIES LIMITED ANNUAL REPORT 2011
ANNUAL REPORT 2014
ANNUAL REPORT | 2019
ANNUAL REPORT 2020
The Gateway To Global Real Estate Investing
ANNUAL REPORT 2021
"The Gateway to Global Real Estate Investing"
ANNUAL REPORT 2018
2017 ANNUAL REPORT
ANNUAL REPORT 2009


NATIONAL TRADING CO.
Efficient and
THE CARLTON SAVANNAH

KPREIT

15TH ANNIVERSARY

*"Honouring the Past,
Treasuring the Present,
Shaping the Future"*

Kingston Properties Limited

15 YEARS KEY HISTORICAL HIGHLIGHTS

2008

- Carlton Savannah REIT (Jamaica) Limited raised $400 million in an IPO.
- 7 Condos Units are purchased in the Carlton Savannah Hotel Port of Spain, Trinidad.

2009

- Name changed to Kingston Properties Limited.
- 7 condos in the Carlton Savannah Hotel sold for a profit.

2010

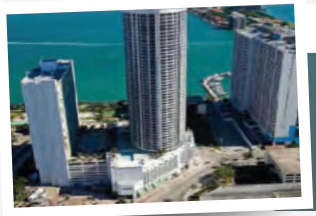
- Kingston Properties Miami (KPM) LLC formed.
- 19 condo units acquired in the Loft II building downtown Miami, Florida.
- Acquired 33,000 square feet property at 83 Hagley Park Road.

2011

- Fully tenanted over 49,000 square feet office and warehouse building on Red Hills Road acquired.

2017

- Acquired first property in the Cayman Islands.
- Completed a 1:1 stock split.
- Sold the 20 acre property in Westmoreland.
- Acquired the 57,000 square feet Spanish Town Road Warehouse property.



2016

- Negotiated USD$5.8 million in loans to acquire additional properties in Jamaica, USA and Cayman.
- Acquired 3 units at Opera Tower in Miami.

2015

- Hagley Park Road property sold
- Raised J$650M in a renounceable rights issue.
- Acquired 5 condo units in Midblock, Miami and 4 units at the W Fort Lauderdale.
- Little Havana property sold.

2014

- Acquired a 19 unit apartment building in Little Havana, Miami.

2013

- 20-acre property in Waterworks, Westmoreland slated for a housing development was acquired.

“ Honouring the Past, Treasuring the Present, Shaping the Future”

2018

- Acquired 32,000 square feet Grenada Crescent office building.

2019

- Raised JMD$2 Billion in renounceable rights issue.
- Second property was acquired in the Cayman Islands.

2020

- Acquired the fully tenanted Harbour Centre multi story office building in Cayman for US$10.7 million.
- Acquired 88,000 square feet East Ashenheim Warehouse property.

2021

- Published Record Profit of US$3 Million.
- Secured J$700 million loan to acquire 5 properties in Jamaica, USA and Cayman.
- Entered the Atlanta multi-family market with partners Apex Developers and acquired Polaris at Camp Creek.

2022

raised in an oversubscribed APO which attracted over 2,500 applications.

- Raised J$1.55B in an additional public offering
- Made second Atlanta multi-family purchase – Polaris at East Point.
- Reported record total revenues and profit

“ Honouring the Past, Treasuring the Present, Shaping the Future”

Kingston Properties Limited

MISSION

Our Mission is to generate extraordinary returns for our shareholders through the acquisition, development, leasing and management of real estate, executed by our talented, committed team, in a socially and environmentally responsible way.

VISION

To be readily recognized as the pioneering REIT in the Caribbean known for creating exceptional and sustainable value for our stakeholders.

CORE VALUES

INTEGRITY: Our word is our bond.

ACCOUNTABILITY: We take responsibility for our actions and results; we place the interests of our stakeholders first.

RESULTS-DRIVEN: We are focused on achieving success; we pursue excellence in everything we do.

INNOVATION: We find new and better ways to solve problems and achieve results; we stretch beyond our perceived abilities to attain success.

NOTICE OF THE 15th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **15th Annual General Meeting** of **KINGSTON PROPERTIES LIMITED** will be held at **Courtleigh Hotel and Suites, 85 Knutsford Boulevard Kingston 5** in the parish of St Andrew in Jamaica on **13th June, 2023** at **10:00 a.m.** for the following purposes:

1. To Receive the Audited Accounts for the year ended December 31, 2022, and the Reports of the Directors and Auditors.

The Company is asked to consider and if thought fit, pass the following Resolution:

Resolution 1: "THAT the Audited Accounts for the Year Ended December 31, 2022, along with the reports of Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted."

2. To Declare Final Dividend

The Company is asked to consider and if thought fit, pass the following Resolution:

Resolution 2: "THAT the interim dividend of US$0.0010 per share paid on November 15, 2022, be and is hereby declared as final for the year ended December 31, 2022".

3. To Re-Elect Directors

(a) The Directors retiring by rotation in accordance with Article 107 of the Company's Article of Incorporation are Mr. Garfield Sinclair and Ms. Nicole Foga who being eligible for re-election offer themselves for re-election.

The Company is asked to consider and if thought fit, pass the following Resolutions:

Resolution3: "THAT Garfield Sinclair retiring by rotation, be and is hereby re-elected."

Resolution 4: "THAT Nicole Foga retiring by rotation, be and is hereby re-elected."

4. To Appoint the Auditors and Fix their Remuneration

The Company is asked to consider and if thought fit, pass the following Resolution:

Resolution 5: "THAT KPMG having signified their willingness to continue in office as Auditors, the Directors be and are hereby authorized to agree to their remuneration in respect of the period ending with the next Annual General Meeting."

5. To transact any other ordinary business of the Company.

By Order of the Board of Directors

Nicole Foga
Company Secretary

Registered Office:
7 Stanton Terrace,
Kingston 6, Jamaica
April 28, 2023

NOTES: Any shareholder entitled to attend the Meeting and vote is entitled to appoint a proxy to attend and vote instead of the shareholder. A Proxy need not be a member of the Company. A Proxy Form is enclosed for your convenience. The Proxy Form must be signed, stamped and deposited at the registered office of the Company situated at 7 Stanton Terrace, Kingston 6 addressed to "The Company Secretary" not less than 48 hours before the time of holding the Meeting. The stamp duty is $100.00 and may be paid by affixing adhesive postage stamps to the Proxy Form which stamps are to be cancelled by the person signing the Proxy.

KPREIT 15TH ANNIVERSARY

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CORPORATE PROFILE

We are pleased to present the annual report of Kingston Properties Limited (KPREIT) as we celebrate our 15th year of operation. Since our inception, we have remained committed to our mission of providing innovative and reliable investment opportunities in the real estate space.

COMPANY OVERVIEW:

Formerly known as Carlton Savannah REIT (Jamaica) Limited, Kingston Properties Limited was founded in 2008 with the goal of becoming a leader in the real estate investment industry. Defying the odds of the Great Recession, KPREIT emerged as the first publicly traded real estate investment company listed on the Jamaica Stock Exchange (JSE), an achievement we take pride in.

Our bold beginnings served as the solid foundation for a path to measurable achievement and impact over the past 15 years. We have steadily grown our portfolio to include a diverse range of properties, including residential, commercial, industrial, and mixed-use developments. Our properties are located in Jamaica, The Cayman Islands, and The United States of America with tenants spanning residential clients to medium to large-sized companies across industries with local, regional, and international operations.

Headquartered in one of the world's best creative cities, Kingston, Jamaica, our team is proudly local with global expertise that we leverage to the benefit of our investors and valued shareholders. Our primary objective is to create and constantly grow shareholder returns through a diversified property portfolio that generates above-average net income yields and higher asset values at disposal and distribute those gains through consistent and stable dividends. This mission unifies our team who relentlessly work to identify and capitalize on unique investment opportunities, using a disciplined and data-driven approach. We work closely with our clients to understand their investment objectives and use our industry expertise to help them achieve their goals.

The Company has five wholly-owned subsidiaries:

- 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.
- KPREIT (St. Lucia) Limited was incorporated in St. Lucia under the International Business Companies Act on December 29, 2021;
- Kingston Properties Miami LLC, incorporated in Florida under the Florida Limited Liability Company Act is the wholly-owned subsidiary of KPREIT (Cayman) Ltd.
- KP (REIT) Jamaica Limited, was incorporated in Jamaica under the Companies Act on September 14, 2018.
- KP Dumfries Limited was incorporated in Jamaica on February 16, 2021, under the Companies Act.

The Group owns properties in Jamaica, the Cayman Islands, and the United States of America as set out in the Property Portfolio on **page 61**.

Our investment philosophy is centered around the belief that real estate is an attractive asset class that offers the potential for long-term growth and income generation. We take a long-term view of our investments, seeking to identify opportunities that will deliver stable cash flows and capital appreciation over time.

We also believe in the importance of active management, and we work closely with our property managers to ensure that our investments are well-maintained and optimized for performance.

Our ***"Buy Local, Own Global"*** motto encapsulates our view that various types of shareholders, even those with limited funds, can access a geographically diversified real estate portfolio that generates sustained cash flows. Shareholders do not have to purchase property directly to receive the financial benefits from that investment in real estate outside the shores of Jamaica.

KPREIT embraces global best practices in the management of the Company, adopting a dividend policy of up to 90% of Funds From Operations (FFO), and continues to be cutting edge in the operations of the company to consistently create shareholder value.

Sustainability

We are deeply committed to being responsible stewards of the environment and promoting sustainable practices. Over the last 3 years, we have taken meaningful action toward improving standards for energy efficiency and sustainability, both for our company and for our properties. For those efforts, we achieved green certification at three of our properties in Jamaica.

Our team continues to lead by example and work closely with our tenants to encourage responsible resource use.

Corporate Objectives

We deliver superior returns to our investors and shareholders while maintaining the highest standards of integrity and professionalism. Our primary focus is on acquiring and managing income-generating properties with strong growth potential in key markets. KPREIT strives to provide exceptional investment opportunities, create value through strategic acquisitions and asset management, and optimize returns through prudent risk management.

Our commitment to building long-term relationships, fostering collaboration, and adhering to sustainable and ethical business practices sets us apart in the real estate investment industry. With a dedicated team of experienced professionals, a diversified portfolio, and a forward-thinking approach, we are driven to exceed expectations and achieve outstanding results for our investors.

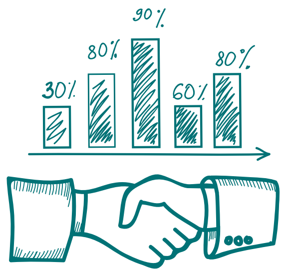
Core Objectives:

A. Investment Management

B. Property Management

C. Business Strategy

INVESTMENT MANAGEMENT



We continue to adopt and implement nimble investment strategies to satisfy our target returns while balancing the overall risk of the portfolio. Diversification of the portfolio of assets to minimize the impact of country and sector risk is a tool used to boost returns and tax efficiency risk.

Various factors determine asset selection and retention, including:

1. Properties with strong, consistent cash flows;
2. Properties located in markets with sound fundamentals; and,
3. Tenants with strong credit histories.

Our process of property selection incorporates rent comparisons among various properties, trends in capitalization rates for the market and the asset sub-class, as well as the potential for net operating income growth and historical sales comparisons. The Company makes use of various data sources that provide updated trends and forecasts for factors such as market rents and rents per square foot ("p.s.f."), vacancies closed sales and prices p.s.f. as well as inventory for different property types including apartments, office, retail and industrial properties.

Part of the process of determining asset retention is valuation modelling, which involves analyzing cash flows of the individual properties with attention to important assumptions such as rent growth, the level of vacancy that could be experienced, operating expenses for items such as insurance, taxes, repair, and maintenance, as well as property management fees and funding costs.

Our deal structuring process involves the analysis of the most efficient and return-enhancing way to finance the acquisition and retention of our respective properties. The Company has and continues to use a variety of options including issuing common equity as well as debt and quasi-debt facilities. The capacity of each deal's cash flows to service both operating expenses and financing obligations is considered to minimize financing risk.

In addition, we conduct a Total Return Analysis in respect of each property. Total Return Analysis takes into consideration the likely capital appreciation prospects for the property and is influenced by the macroeconomic trends of the location of the property. For example, for an apartment building, the important variables include macro trends in the job market.

Finally, Deal Review and Final Approval are important components of the investment management process. The Investment Committee reviews each deal taking into consideration the impact on the Company's financial and prudential ratios. The Committee, only when satisfied, makes recommendations to the Board for final approval.

PROPERTY MANAGEMENT

The Property Management process is a key component in our mission to create and maintain shareholder wealth. This involves the engagement of a team with overall responsibility for lease administration and oversight as well as day-to-day property management activities of the Company's portfolio.

The administration of leases involves rental negotiations and collections, common area maintenance and property management fee collection, and management of rent and maintenance escrow accounts. The team also engages in insurance negotiations and payments, property tax compliance, and liaison with maintenance and service crews to ensure proper upkeep of our properties. This team oversees the marketing function, ensuring that our properties are leased at optimal rents and occupancy levels to meet the financial targets of the portfolio.

Active management of the properties is a hallmark of maintaining good tenant relations to ensure consistent and stable cash flows. The Company utilizes a combination of internal and external professionals to ensure properties remain competitive in terms of rental rates and physical condition and that property data is collected and analyzed for trends to maintain tenant satisfaction at an optimal level. For data collection and analysis, the Company uses industry software ***Rent Manager*** - a residential and commercial property management solution designed specifically to help real estate professionals work more efficiently and effectively. ***Rent Manager*** includes a completely integrated accounting system that offers General Ledger, Accounts Payable, Accounts Receivable, Budgeting, and Financial Reports that integrate seamlessly with a property management software system. For our multi-tenant residential properties in Florida, efficient rent collection and processing are a priority. The ***PayLease*** software allows for electronic rent collection and is a very cost-effective way to ensure timely collection thus avoiding delays in rent payments.

Property Management also involves control of repair and maintenance expenses while ensuring the highest level of tenant relations.

Property Management for our commercial portfolio involves the use of a referral system to do background checks on prospective tenants along with various tools including the presentation of financials, certificates of good standing, and identification of the principals involved in the companies.

BUSINESS STRATEGY

A critical focus of our business strategy is to ensure that we operate at optimal levels of efficiency and profitability. We achieve this by increasing the amount of revenue generated for each dollar of cost. We maintain a relatively low fixed-cost model in our operations which satisfies our mission of increasing shareholder value.

✓Nimble Strategy

We adopt a fairly nimble business strategy that allows us to make portfolio shifts to take advantage of market strengths and opportunities. This allows us to consistently create value for our shareholders.

✓Acquisition Strategy

We pursue a focused acquisition strategy geared at acquiring discounted properties with above-average yields supported by detailed research and analysis of markets, valuation comparables, and cash flow models. In the same vein, we employ prudent capital and risk management strategies for optimal risk-adjusted returns.

✓Efficient Fundraising

We make optimal use of the capital markets to raise debt, quasi-debt, and equity financing to grow the portfolio. This would include but is not limited to bank financing, common and preferred stock, as well as other financing structures.

✓Shared Risk

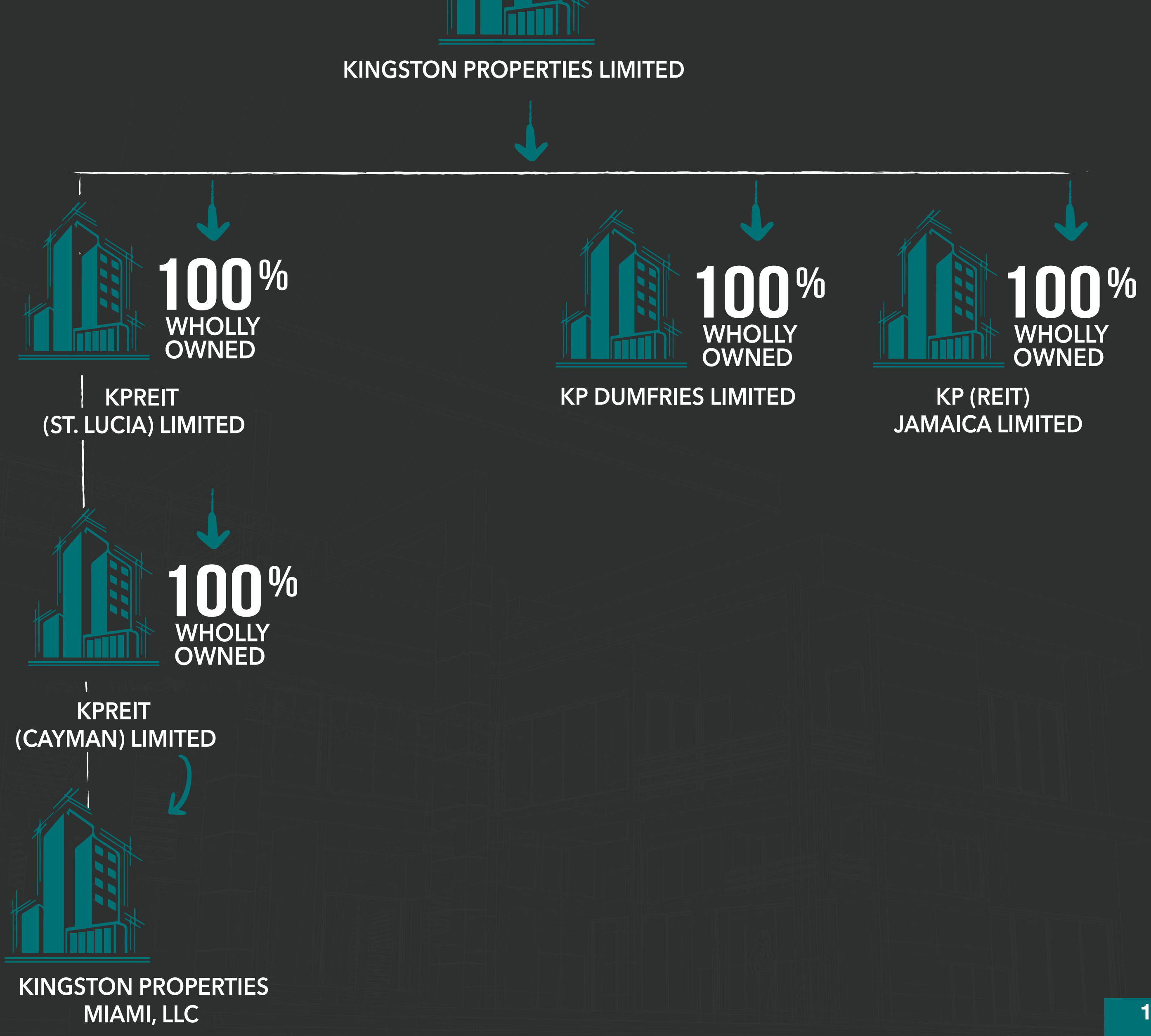
We adopt a model that allows us to share the risk of deals through partnerships and joint-venture opportunities. This facilitates participation in larger-sized deals while minimizing risk.

✓Capacity Building

We maintain a continued focus on building capacity in the organization through developing networks of real estate professionals, not just in sourcing properties, but in their management of them. This also extends to building capacity in the area for the structuring of deals in overseas markets, developing capacity, and identifying training programmes to better equip the team in fulfilling our mission.

We are proud of the achievements we have made over the past 15 years, and we remain committed to providing our investors with innovative and reliable investment opportunities in the real estate industry. We believe that our disciplined approach to investing, combined with our commitment to sustainability and responsible management, positions us well for continued success in the years to come.

GROUP STRUCTURE



GROUP CHAIRMAN & CEO STATEMENT

GARFIELD SINCLAIR

DEAR VALUED SHAREHOLDERS,

We are pleased to present our annual report for the year 2022. As you will no doubt agree, it was a year of significant growth for ***Kingston Properties Limited (KPREIT).*** *Despite the challenges posed by global economic, social, and public health shocks over the last 3 years, we have remained resilient and focused on executing our mission to constantly deliver sustainable value to our shareholders.*

This year, ***KPREIT*** *celebrates 15 years of solid performance. Your loyalty, support, and confidence have guided us on our journey from becoming the first publicly traded real estate investment company in Jamaica, to being one of the most successful to date.*

STRONG PERFORMANCE

As we reflect on the past year, we are proud of our progress. Our portfolio of properties has continued to grow, and we have successfully completed several projects, acquisitions, and disposals. Collectively, these initiatives have delivered high-quality real estate assets that meet the needs of our tenants, contributed to the growth of geographically diverse communities, and also resulted in the strategic exit from lesser-performing assets based in the United States.

The solid appreciation in the value of the assets we acquired during the pandemic enabled us to maintain our tradition of strong profit growth and reliable dividend distributions. We have also very importantly continued to attract and retain some of the best human capital in the areas of investment management, finance, administration, and legal to better serve all our stakeholders. Our focus on debt reduction continued into 2022 based on the rising interest rate environment. We are pleased to report that we ended the year with a loan-to-asset ratio of 22% thanks in part to the J$1.55 Billion raised in an oversubscribed APO, which attracted over 2,500 applications.

raised in an oversubscribed APO which attracted over 2,500 applications.

> *“This all resulted in a new record for group rental income and profits in 2022, which increased by 12% year on year to $3.3M and by 26% to $3.8M respectively.*

2023: GROWING TO NEW HEIGHTS

Looking ahead, we believe we now have a strong and agile team in place, a robust portfolio of properties, and a clear strategy for growth.

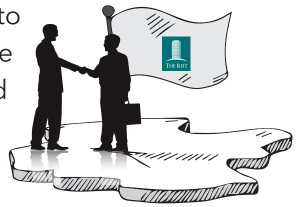
Among our growth plans are initiatives to: enable a more dynamic asset management strategy; increase the focus on immediate cash-generating properties with double-digit cash-on-cash returns; widen geographic diversification with an emphasis on assets outside of the hurricane belt; leverage more strategic partnerships to achieve our 2023 assets under management target of $75M; and deliver consistently higher dividend yields to our shareholders.

GOING GREEN, GIVING BACK

Our increased focus on sustainability has been a key driver of our success, and we are proud to report that we have made significant progress toward achieving our sustainability goals. We have continued to invest in energy-efficient technologies and have implemented a number of initiatives aimed at reducing our carbon footprint. As a result, we received a Certificate of Achievement (Silver) in the Green Business Award from the National Environment and Planning Agency (NEPA) and aim to achieve several more sustainability certifications as a leader in sustainable real estate investment.

Since our inception in 2008, we have remained connected to our communities. In 2022, we delivered just under J$800,000 in support to projects in the areas of youth development and environmental education/preservation. Peaceful, productive, and engaged communities are the solid foundation for our business to continue to build, expand, and thrive.

RESILIENCE CONTINUED



We expect 2023 to be a year of more uncertainty triggered by geo-political challenges and the protracted effects of higher interest rates on the banking and commercial real estate sectors. Despite this, we will continue to be judicious in our approach to deploying our capital and acquiring assets that will deliver above-average returns.

Thanks to fellow Directors for their commitment to our collective vision, our employees for their passion and industry, and our shareholders for your trust in our team as we move forward together toward a brighter, inclusively prosperous, and sustainable future!

Sincerely,

Garfield Sinclair
Group Chairman

Kevin Richards
Group Chief Executive Officer

KEVIN RICHARDS

QUICK FACTS

KPREIT 15TH ANNIVERSARY

$3.3MN
Rental Income

$1.4MN GROSS DIVIDENDS PAID

$1.7MN
Cash Provided by Operations

$1.3MN
Funds From Operations (FFO)

$427K
Square Feet of Buildings Owned

$115K
Square Feet of Land Owned

$3.8MN
Net Profit

3.5%
Dividend Yield

OCCUPANCY
100%

TOP 10 SHAREHOLDERS FOR KINGSTON PROPERTIES LIMITED

AS AT DECEMBER 31, 2022

	PRIMARY ACCOUNT HOLDER	VOLUME	PERCENTAGE
1	VMWEALTH PROPERTY FUND	257,885,079	29.1725
2	PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND	138,584,772	15.6770
3	VICTORIA MUTUAL INVESTMENTS LIMITED	67,895,963	7.6805
4	NATIONAL INSURANCE FUND	67,142,856	7.5953
5	PAM - COURTS (JAMAICA) PENSION PLAN	45,475,068	5.1442
6	PAM - POOLED EQUITY FUND	40,920,815	4.6291
7	PLATOON LIMITED	36,118,806	4.0858
8	PAM-POOLED PENSION REAL ESTATE	25,800,681	2.9186
9	GUARDIAN LIFE SHELTER PLUS FUND	20,680,000	2.3394
10	THE ATL GROUP PENSION FUND TRUSTEES NOMINEE LTD	18,000,000	2.0362
	Total Issued Capital:	*884,609,294*	
	Total Units Owned by Top 10 Shareholders:	*718,504,040*	
	Total Percentage Owned by Top 10 Shareholders:	*81.2786%*	

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS REPORT

as at December 31, 2022

DIRECTORS	SHAREHOLDINGS	CONNECTED SHAREHOLDING
Garfield Sinclair	Nil	
- Platoon Limited		36,118,806
Nicole Foga	432,830	Nil
Peter J. Reid & Margaret Sylvester-Reid	4,246,263	Nil
Lisa Gomes	672,760	Nil
Gladstone " Tony" Lewars	667,000	Nil
Phillip Silvera	186,700	Nil
Rezworth Burchenson	421,146	Nil

SENIOR MANAGERS	SHAREHOLDINGS	CONNECTED SHAREHOLDINGS
Kevin Richards	2,000,035	Nil
Andray Francis	Nil	
- Annetta Francis		100,000
Tatesha Rowe	98,746	
- Fenekie Rowe		73,400
Roxanne Kelly	4,600	Nil

TEN YEAR FINANCIAL STATEMENT

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CONSOLIDATED INCOME STATEMENT	JMD	JMD	JMD	JMD	JMD	USD	USD	USD	USD	USD
Rental Income	91,469,951	108,048,742	108,368,868	130,457,378	196,322,267	1,573,865	1,690,138	2,130,727	2,981,417	3,346,404
Operating Expenses	52,012,921	56,822,625	100,902,850	98,264,169	124,325,694	1,016,865	1,016,341	1,100,482	1,283,008	1,483,534
Results of operating activities before other income	39,457,030	51,226,117	7,466,018	32,193,209	71,996,573	557,000	673,797	1,030,245	1,850,148	1,997,999
Other Income/gains	131,226,251	845,302	169,171,834	133,359,028	20,776,177	(363,008)	1,563,618	384,184	1,672,287	2,367,888
Operating Profit	170,683,281	52,071,419	176,637,852	165,552,237	92,772,750	193,992	2,237,415	1,414,429	3,522,435	4,365,887
Net Finance Cost/Income	(63,625,620)	(45,700,862)	(16,500,658)	53,788	(42,090,982)	(261,150)	(238,862)	(817,082)	(425,557)	481,820
Pre-Tax Profit or Loss	107,057,661	2,313,375	127,287,194	164,236,298	50,681,768	(67,158)	1,998,553	597,347	3,096,878	3,884,067
Income tax charge/credit	(54,561,672)	(3,450,340)	(21,865,656)	(34,317,258)	28,477,048	329,546	200,821	15,378	(78,566)	(84,411)
Net Profit	52,495,989	(1,136,965)	105,421,538	129,919,040	79,158,816	262,388	2,199,374	612,725	3,018,312	3,799,656
Foreign currency translation differences	68,168,732	45,057,651	30,177,442	60,949,209	(40,074,054)	(5,129)	-	-	-	-
Total Comprehensive Income	120,664,721	43,920,686	135,598,980	190,868,249	39,084,762	257,259	2,199,374	612,725	3,018,312	3,799,656
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
Investment Properties and other real estate assets	1,002,318,121	953,788,854	1,552,203,131	1,930,922,213	2,471,466,048	20,620,680	23,939,643	38,130,420	46,960,606	50,716,300
Cash and Cash Equivalents	212,064,416	232,660,434	132,896,744	24,078,908	37,966,958	1,020,954	15,169,168	4,871,737	2,707,039	4,623,317
Total Assets	1,261,946,632	1,430,031,755	1,729,553,372	2,157,608,555	2,555,966,240	23,058,996	39,927,923	45,595,068	50,470,348	56,207,893
Total Equity	829,838,174	851,933,073	1,585,038,775	1,726,184,541	1,739,448,116	14,173,529	30,305,913	30,516,556	32,634,497	44,594,430
Loans Payable	360,285,619	486,351,708	-	273,977,851	704,625,570	8,333,536	9,276,018	13,724,480	17,243,953	11,044,917
Total Liabilities	432,108,458	578,098,682	144,514,597	431,424,014	816,548,124	8,885,467	9,622,010	15,078,512	17,835,851	11,613,463
KEY RATIOS										
Total Comprehensive Income % of Average Equity	15.58%	5.22%	11.13%	11.53%	2.26%	0.03%	31.03%	2.01%	9.56%	9.84%
Loans as % of Total Equity	43.42%	57.09%	0.00%	15.87%	40.51%	58.80%	30.61%	44.97%	52.84%	24.77%
Rental Income % of Total Investment Property	9.13%	11.33%	6.98%	6.76%	7.94%	7.63%	7.06%	5.59%	6.35%	6.60%
Profit before income tax Margin %	48.07%	2.12%	45.86%	62.25%	23.35%	-5.55%	61.42%	23.75%	66.55%	67.97%
Net Operating Margin %	43.14%	47.41%	6.89%	24.68%	36.67%	35.39%	39.87%	48.35%	56.97%	55.67%
Net Profit per share	$0.76	$(0.02)	$1.00	$0.81	$0.25	$0.0008	$0.0062	$0.0009	$0.0045	$0.0049
Operating Expenses as % of Rental Income	56.86%	52.59%	93.11%	75.32%	63.33%	64.61%	60.13%	51.65%	43.03%	44.33%
Effective Tax Rate	50.96%	149.15%	17.18%	20.90%	-56.19%	490.70%	-10.05%	-2.57%	2.54%	2.17%
Total shares outstanding at year end	68,800,102	68,371,602	160,996,334	160,996,334	321,992,668	321,967,682	677,712,399	677,663,643	677,652,928	884,609,294
Weighted Average No. of shares	68,800,102	68,798,669	105,549,310	160,996,334	321,992,668	331,622,071	355,235,387	677,664,788	677,654,648	781,015,068
OTHER DATA										
EBITDA (adj.)	40,768,676	52,479,478	11,372,436	46,463,541	82,153,405	200,914	2,245,866	1,427,548	3,542,513	4,390,653
Net Cash from Operations	40,226,096	55,298,705	974,667	(144,667,060)	85,150,354	420,985	602,886	577,320	2,118,357	1,691,967
Gross Dividends (USD)	103,200	172,000	200,000	400,000	200,000	200,000	450,000	400,000	900,000	1,430,000
Dividend per share (USD)	$0.00150	$0.00250	$0.00124	$0.00248	$0.00062	$0.00062	$0.00140	$0.00059	$0.00133	$0.00183
Dividend yield	3.55%	3.82%	2.12%	3.19%	1.01%	1.32%	2.79%	1.16%	2.29%	3.59%
Dividend Payout Ratio	19.81%	-1682.54%	22.26%	38.53%	32.43%	76.22%	20.46%	65.28%	29.82%	37.63%
Book Value per share (USD)	$12.06	$12.38	$9.85	$10.72	$5.40	$0.04402	$0.04472	$0.04503	$0.04816	$0.05041
Year end closing stock price (JMD)	$4.50	$7.50	$7.05	$10.00	$7.70	$6.00	$6.63	$7.25	$9.00	$7 75
Year end closing stock price (adj.) *	$2.25	$3.75	$3.53	$5.00	$7.70	$6.00	$6.63	$7.25	$9.00	$7.75
Price Earnings Ratio	5.90	N/A	7.06	12.39	31.32	56.76	7.98	55.97	13.33	10.33
Year End Market Capitalization (JMD)	309,600,459	515,990,018	1,135,024,155	1,609,963,340	2,479,343,544	1,931,806,092	4,493,233,205	4,913,061,412	6,098,876,352	6,855,722,029
JSE Index at Year End	80,633.55	76,353.39	130,692.13	192,276.64	288,381.97	379,790.86	509,916.44	395,614.93	396,155.61	355,896.64
Annual Inflation Rate % - Jamaica	9.70%	6.40%	3.70%	1.70%	5.20%	2.50%	6.20%	5.20%	7.30%	9.40%
Annual Inflation Rate % - US	1.50%	0.80%	0.70%	2.10%	2.10%	1.90%	2.30%	1.40%	7.00%	6.50%
Year End Exchange rate USD:JMD	$106.38	$114.66	$120.42	$128.44	125.00	127.72	132.569	142.65	155.09	152.05
Year over Year % Change	14.4%	7.8%	5.0%	6.7%	-2.7%	2.2%	3.8%	7.6%	8.7%	-2.0%
Average annual exchange rate	100.77	111.22	117.31	125.14	128.36	129.72	134.22	143.27	151.62	154.21

* - In May 2017, shareholders approved a stock split of 2:1

Rosedale Warehouse

DIRECTORS' REPORT

*The Directors of **Kingston Properties Limited** are pleased to present their Annual Report and the Audited Financial Statements for the year ended December 31, 2022.*

FINANCIAL RESULTS

Results of Operating Activities	$1,997,999
Profit before Income Tax	$3,884,067
Income Tax Charge	$84,411
Profit for the year	$3,799,656
Dividends declared on ordinary shares	$1,426,732

DIVIDENDS

The company declared dividend payments of US$0.0008 per share paid on April 29, 2022 and US$0.0010 per share paid on November 15, 2022.

THE BOARD

The Directors of the Board comprised:

Mr. Garfield Sinclair	*(Chairman/Independent Director)*
Ms. Nicole Foga	*(Company Secretary/ Independent Director)*
Mrs. Lisa Gomes	*(Independent Director)*
Mr. Peter Reid	*(Independent Director)*
Mr. Gladstone Lewars	*(Independent Director)*
Mr. Phillip Silvera	*(Independent Director)*
Mr. Rezworth Burchenson	*(Independent Director)*

Pursuant to Article 107 of the Schedule to the Articles of Incorporation of **Kingston Properties Limited**, the Directors retiring by rotation are Mr. Garfield Sinclair and Ms. Nicole Foga, who both being eligible for re-election offer themselves for re-election to the Board.

AUDITORS

A resolution authorizing the directors to fix the Auditors' remuneration will be put to the Annual General Meeting.

THANK YOU

The Directors thank the management and staff of the Group for the work they have done during the year under review.

By Order of the Board,

Nicole Foga
Company Secretary
April 25, 2023

BOARD OF DIRECTORS & PROFILES

GARFIELD "GARRY" **SINCLAIR**
CHAIRMAN / INDEPENDENT DIRECTOR
- Since April 2008

Garfield Sinclair is currently retired as of November 2021 but plays an active role in the stewardship of multiple private and publicly held companies. Founding Chairman of Kingston Properties Limited, he is the Chairman of the Jamaica Stock Exchange Pension Fund and serves as the Director of Cable & Wireless Jamaica Limited as well as several other local and foreign-based organizations including publicly listed company Proven Investments Limited. His wealth of experience in business management stems from his years of leadership including serving as the President of CWC, Director of CWJ, Managing Director of FLOW Jamaica, Chief Executive Officer of Bahamas Telecommunications Company (BTC) and an early member of the team which lead Dehring, Bunting & Golding Limited where he worked for more than 13 years and was eventually appointed President and Chief Operating Officer.

Licensed as a CPA since 1993, Mr Sinclair has a B.Sc. in Business Administration from San Diego State University and an Executive Certificate in Strategy and Innovation from the Sloan School of Management at the Massachusetts Institute of Technology (MIT).

NICOLE **FOGA**
COMPANY SECRETARY / INDEPENDENT DIRECTOR
- Since April 2008

Nicole Foga is the Managing Partner of Foga Daley Attorneys-At-Law and heads the firm's Commercial Department. Her practice areas include CyberLaw, Intellectual Property and Commercial Law. Ms. Foga also holds chairmanship positions on the Telecommunications, Broadcasting and Technology Committee of the Jamaica Bar Association and the University of Technology's Pension Fund. She is Vice Chairman of Jamaica's Copyright Tribunal and Director and Company Secretary for the Usain Bolt Foundation. Among her numerous other interests, she is also a prolific author.

Ms. Foga holds a LLM in Commercial Law (Aberdeen University), LLB and a Bachelor of Arts Degree (1st Class Hons.) from the University of the West Indies.

GLADSTONE **LEWARS**
INDEPENDENT DIRECTOR
- Since January 2019

Gladstone Lewars is a Chartered Accountant by profession and a retired partner of PricewaterhouseCoopers where he was the leader of the Advisory Division of the firm. He is a Director of Mayberry Investment Ltd., and Guardian Life Ltd and chairs the Boards of JN Cayman Ltd, JN Cayman Money Services Ltd., and Guardian Group Foundation. He is a past student of Jamaica College and a Trustee for the Jamaica College Trust. He serves on the Board of Governors for The Alpha Academy and is a member of the Police Civilian Oversight Authority (PCOA). Mr Lewars holds two Master's Degrees in Economics and Accounting from the University of the West Indies.

In 2015, he was conferred with the honour of the Order of Distinction in the rank of Commander Class (CD) in recognition of his invaluable service to the Public and Private Sectors.

LISA **GOMES**
INDEPENDENT DIRECTOR
- Since January 2011

Lisa Gomes is an accomplished Financial professional with a career of over 35 years in the fields of finance, insurance and tourism and completed professional designations in accounting and insurance (CGA and FLMI respectively). Miss Gomes formally served as the Country Manager for the Jamaican arm of Chukka Caribbean Adventures Limited (CCA). In addition to being a valued member of the Kingston Properties Limited board with direct responsibility for chairing its Corporate Governance Committee and a member of its Investment Committee, she is also Chairman of Proven Wealth Limited where she also chairs its Audit Committee. She recently joined the Board of Dequity Capital Management Limited.

Ms Gomes' proficiency in Finance, Investment Banking, and Pension Fund Management was honed with some of the Caribbean's largest integrated financial institutions including Guardian Holdings Limited, Guardian Asset Management Jamaica Limited and Sandals Resorts International.

PETER **REID**
INDEPENDENT DIRECTOR
- Since January 2011

Peter Reid is a career Banker with over 30 years' experience in the financial services sector with expertise in sales and management, credit, financial analysis, financial advisory and deal structuring. Mr. Reid who is currently the Deputy CEO at Victoria Mutual Group, joined the Victoria Mutual Family as a Senior Vice President & Chief Operating Officer with direct responsibility for the Building Society Operations. Before joining Victoria Mutual, he was a District Vice President providing sales and service, and strategic leadership for the Bank of Nova Scotia Jamaica Limited.

Mr. Reid holds a Bachelor of Arts Degree with Honours in International Studies from York University (Toronto) and has held a number of directorships on Boards of several enterprises including Grace Kennedy Currency Trading Services Limited, Guardian Life Limited, Guardian Life Asset Management Jamaica Limited, the National Water Commission and West Indies Alliance Insurance Company Limited.

PHILLIP **SILVERA**
INDEPENDENT DIRECTOR
- Since January 2021

Phillip Silvera is a former Executive Vice-President of The Victoria Mutual Building Society (VMBS), where he spent 32 years in various senior positions including Divisional President, Financial Controller and Chief Accountant. A fellow of the Association of Chartered Certified Accountants (FCCA) United Kingdom and the Institute of Chartered Accountants (FCA) Jamaica, Mr Silvera has over four decades of experience in the financial industry. He was also a licenced Security Dealer and served as a registered Public Accountant for many years.

He currently serves on the boards of Victoria Mutual Group, Victoria Mutual Financial Group, VM Building Society, VM Investments and VM Wealth Management. He previously served on the boards of several other companies, including VMBS Money Transfer, Victoria Mutual Insurance Company and Island Victoria Bank. He is also a past Chairman of J.E.T.S. Limited, operators of MultiLink, Jamaica's largest payment system.

REZWORTH **BURCHENSON**
INDEPENDENT DIRECTOR
-Since July 2021

Rezworth Burchenson is a Senior Vice President and member of the Executive Leadership Team of the iconic VM Group, and CEO of VM Investments Limited (VMIL) and its subsidiary, VM Wealth Management (VMWM). He transitioned to the Victoria Mutual Group from his prior role as CEO of Prime Asset Management Ltd, Jamaica's only independent pension provider. Before Prime, he was Vice President and General Manager of Pan Caribbean Asset Management Ltd, with an overarching responsibility for managing Jamaica's largest unit trust (Sigma Unit Trust).

He currently serves on the boards of National Road Operating and Constructing Company, National Education Trust Ltd (NET), Human Resource Management Association of Jamaica, and Pension Funds Association of Jamaica (PFAJ).

In 2012, Mr. Burchenson was named to the PSOJ's exclusive '50 Under Fifty' in the field of investments and finance. A Barclays Bank Scholar while at the University of the West Indies, he received a Bachelor's Degree in Economics (Hons.) and an MBA in Banking and Finance (Hons.). His most recent executive education programme was participation in the Kaplan-Norton Strategy Execution Bootcamp by the Palladium Group.

ENVIRONMENT SOCIAL AND GOVERNANCE REPORT

We are deeply committed to the core principles of ***ESG – environmental, social, and governance*** – and they remain integral to **KPREIT's** business and our relationships with stakeholders including **employees, tenants, communities, and shareholders.** This is the solid foundation on which we have built a successful company for 15 years, demonstrating environmental leadership, corporate social responsibility, and good governance. Our authentic integration of **ESG** principles in our business has positioned companies like ours to tap into emerging opportunities in sustainable and green investments that positively impact people, planet, and profits.

KPREIT recognizes that we have a responsibility to minimize the environmental impact of our operations, promote social well-being, and maintain high ethical standards in our business practices.

Our Environmental, Social, and Governance (ESG) strategy is reflected in every aspect of our operations, as we strive to create long-term value for our shareholders and the environment. In this report, we present our ESG performance for the year 2022 and our goals for the future.

ENVIRONMENTAL PERFORMANCE

We accept that climate change is a pressing global issue and investment in real estate without sustainability consciousness, has a significant impact on the environment. Over the last two years, in particular, we have increased initiatives to measure and reduce our carbon footprint and mitigate our impact on the environment. In 2022, we officially launched our Green Policy to guide our internal actions and external partnerships with the goal of positively contributing to environmental protection, increasing awareness, and promoting sustainability.

Driven by the findings of an energy assessment, we worked diligently to improve our energy efficiency through a series of projects and awareness initiatives.

We installed an energy management system (EMS) at Grenada Crescent and did a company-wide review which led to the introduction of lighting controls, such as occupancy sensors, automatic faucets for restrooms, temperature control fixtures, and new landscaping techniques to incorporate rainwater harvesting. We also increased the use of ceiling fans for air circulation in areas that do not require air conditioning, completed the migration to electronic document storage, and launched our weekly **"Green Tips"** sensitization campaign for stakeholders. We continue to incorporate sustainable design principles in our development projects including the use of energy-saving LED, solar, and wind-powered extractors, natural lighting, eco-friendly materials, water conservation systems, and waste management practices.

For these efforts and more, we received the Green Business Award (Silver Category) from the National Environment and Planning Agency, with a special commendation for our environmental awareness and training, and waste management.

Our strategy is to stay one step ahead of official requirements by implementing an active environmental management system and continuously improving our environmental standards.

SUMMARY OF ENVIRONMENTAL MILESTONES FOR 2022:

- Supported national environmental initiatives to the Jamaica Environment Trust's beach clean-up activity on International Coastal Clean-Up Day and Labour Day 2022 tree planting (Ashenheim Road);
- Launched a recycling program in partnership with Recycling Partners of Jamaica across 3 KPREIT properties;
- Reduced energy consumption by 30% at Grenada Crescent due to the installation of a VRF (Variable refrigerant flow) system;

Visit ***www.kpreit.com*** to read our current Green Policy.

Scan here to read more

SOCIAL PERFORMANCE

At KPREIT, we believe that corporate social responsibility goes beyond the glare of the camera; our core values guide our actions beyond the spotlight.

We are committed to being a force for good in the communities where we operate and strive to make a positive impact on the world. From reducing our carbon footprint and promoting sustainable practices to supporting local charities and investing in our employees' well-being, we take our responsibility seriously. We believe that by creating a culture of social responsibility, we can create a better future for ourselves, our stakeholders, and the world at large.

We understand the importance of creating thriving communities that provide a high quality of life for residents and in a practical way, maximize the return on our investments. Since 2016, we have established meaningful partnerships with local organizations to support education, youth and community development, the environment, and social welfare initiatives in the communities where we operate. In 2022, we donated just under J$800,000 to support these initiatives and volunteered over 50 hours of time to community service projects.

Looking ahead, we plan to match our record performance in profits with record levels of community impact donations in 2023/24. Our success is built on people, whether it is our team or the schools and communities that surround our properties. Giving back and giving more positions us for even greater levels of success.

We continue to prioritize the safety and well-being of our team members and tenants by implementing health and safety protocols, including regular sanitation of common areas and adherence to health regulations despite the relaxation of certain pandemic protocols.

SUMMARY OF SOCIAL IMPACT MILESTONES FOR 2022:

- Supported youth and community development initiatives through total donations of over J$175,000 to the Delacree Park Basketball Competition, and Mustard Seed Communities that directly benefited an estimated 50 community members and 75 residents, respectively;
- Engaged 5 schools through outreach activities to support continued learning (internet access and devices), recycling bin donations, literacy and nutrition programmes, and the general social well-being of students attending Red Hills, Dunrobin, Riverton, Callaloo Mews, and Orange Hill primary schools, directly impacting over 150 students through donations totaling approximately J$600,000.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS 2030

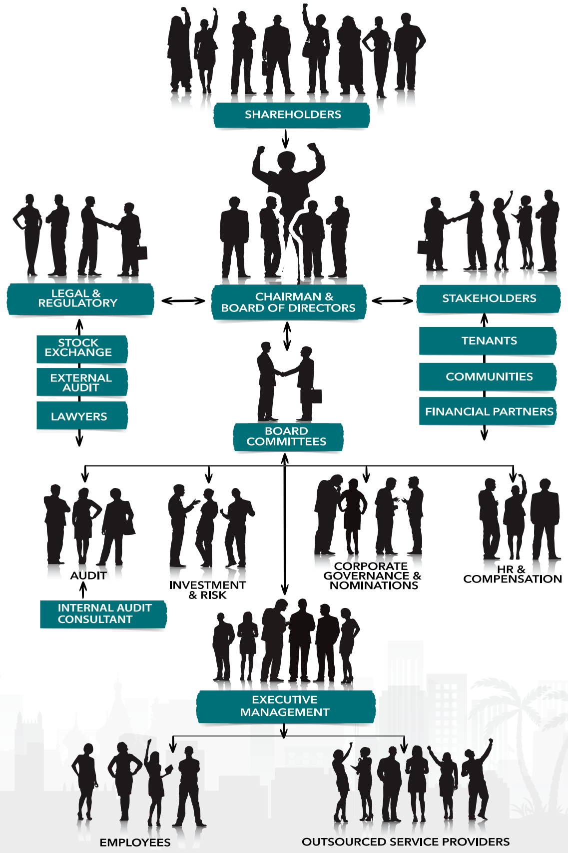
We are committed to playing our part in achieving the UN Sustainable Goals 2030 (SDGs). We continue to make significant progress in a number of these goals (see below) and will dedicate additional time and resources to this end.

GOVERNANCE PERFORMANCE

We are committed to upholding the highest standards of corporate governance and transparency. Our diverse board of directors consists of experienced and qualified professionals who are responsible for overseeing the company's operations and ensuring compliance with legal and ethical standards. We have implemented a robust risk management framework to identify and mitigate potential risks to our business operations, including those related to ESG issues. Additionally, we continue to enhance our policies and procedures to create a safe and enabling environment for whistleblowers, prevent/deter corruption and bribery and ensure that our operations are conducted ethically and with integrity.

KPREIT's corporate governance principles are built on the following core elements:

- Equitable treatment of all shareholders
- Transparent, regular, and relevant communication to shareholders governmental/regulatory bodies, and the public about the Company's activities and its corporate governance commitment.
- Maintain the independence of the Board and the Company's Executive Management team and ensure clarity in the proper documentation of the division of responsibility between the Board and the Executive Management.
- The Board is only comprised of independent members.
- Consistent monitoring of the Company's operations to detect and resolve any potential scenarios which may result in conflicts of interest between the interests of its shareholders, the members of its Board, and its Executive Management.



As customary, the Board conducted its annual review of the Company's governance systems and structures, including internal controls, business continuity, communication policy, risk management policy and framework, and compliance with the Private Sector Organization of Jamaica (PSOJ) Corporate Governance Code. Also, the board reviewed the Company's performance on the Jamaica Stock Exchange (JSE) Corporate Governance Index which saw the Company with an improved rating of A and a rating score of 81.44%.

BOARD OF DIRECTORS

The Company's process for selecting and reviewing directors is done annually and aligns with the JSE regulations and the PSOJ Corporate Governance Code. Directors are selected based on a combination of expertise, judgment, character, and independence.

The Board ensures that the Company's vision and mission are fulfilled in the interest of all stakeholders. Their oversight is critical in supporting the executive management team to meet strategic objectives and consistently monitor policies, laws, and regulations for any potential challenges. The Board also plays a key role in reviewing the Company's internal control processes to guarantee that long-term shareholder value is maintained.

There are three broadly defined categories of directors, namely:

1. **Independent Director (I):-**
   A member of the board who is **(i)** not employed by the Company or has not been a staff member for at least five years prior to their appointment to the board and **(ii)** not related to any employee of the Company.

2. **Non-Executive Director (NE):-**
   A member of the board who receives no remuneration from the Company save and except for board attendance fees or dividends from their personal shareholdings in the Company's stock.

3. **Executive Director (E):-**
   A member of the board who is employed as part of the executive management of the Company.

There were seven (7) directors on the Board, all of whom were Non-executive and Independent.

BOARD RESPONSIBILITIES

The Board continued to discharge its responsibility for the corporate governance of Kingston Properties Limited (KPREIT). It monitored the related areas of risk and financial performance, business operations, and adherence to regulatory and legal requirements to ensure continued growth in shareholder value.

Some main activities included:

STRATEGIC IMPERATIVES

- Review the Company's strategic plans as presented by the Executive
- Apply proper consideration and judgment in arriving at decisions that balance the interests of all stakeholders
- Provide appropriate channels and systems or the report of activities that would not be compliant with the laws of the land or agreed policy
- Adhere to good governance principles and practices to the benefit of all stakeholders

PERFORMANCE AND CONDUCT

- Conduct risk management assessments on the Company's operations
- Monitor related party transactions to ensure that they are undertaken on normal commercial terms and are not prejudicial to the interests of the shareholders

ORGANIZATION AND ACTIVITY

- Review and monitor the policies of the Company periodically
- Review (and update where necessary) internal control mechanisms established to ensure accuracy and transparency in the Company's operations
- Maintain compliance with regulatory requirements
- Review the approval process for new property acquisitions or disposals in line with established guidelines

BOARD OPERATIONS

The Board of Directors meets bi-monthly to provide oversight under the diverse markets within which KPREIT operates. At each meeting of the Board of Directors, each director receives Minutes, Management Accounts, and comprehensive reports detailing the operations of the Company, and the portfolio of assets. Where necessary, the Board has met more frequently to address critical issues.

BOARD COMPOSITION

The rules governing the composition of the Board remain the same and are as follows:

1. The Chairman of the Board should be a non-executive Director;
2. The Board comprises Directors with a range of commercial and financial experience

including expertise in real estate, asset management, law, and financial management; and

3. At least one-third of the Board comprises Independent Directors.

The composition is reviewed annually to ensure that the Board of Directors has the appropriate mix of expertise and experience. The Board is chaired by Mr. Garfield Sinclair.

The CEO, Mr Kevin Richards, is not a member of the Board but is the accountable officer in the management of the Company and is responsible for the execution of the board-approved strategies which are primarily geared at protecting and improving shareholder value.

BOARD MEETING ATTENDANCE

BOARD MEMBERS	BOARD ATTENDANCE	AUDIT COMMITTEE	INVESTMENT COMMITTEE	CORP GOVERNANCE	HR & COMPENSATION
MEETINGS HELD	6	4	6	2	2
GARFIELD SINCLAIR	6	4			2
NICOLE FOGA	6			2	2
LISA GOMES	5		5	2	
PETER REID	6		5		1*
REZWORTH BURCHENSON	3	2**	2		
GLADSTONE LEWARS	6		6	2	
PHILLIP SILVERA	6	4			

*was not a member in January 2022 meeting
**was not a member at February 2022 meeting

BOARD REMUNERATION

The Company maintains a transparent and equitable remuneration policy for its board members. All non-executive directors are eligible to be paid board fees. The Board has seven (7) non-executive directors and all directors (including the Chairman) are paid US$2,550.00 per quarter. There are no fees paid for attending committee meetings and there is no retainer.

Directors do not participate in any share option plan or any incentive schemes. For the financial year, a total of US$71,400 was paid to members as Board fees.

COMMITTEES OF THE BOARD

The Committees comprise directors from the main Board, one co-opted member who sits on the Audit Committee, and the CEO. Each Board committee is constituted under a charter that outlines the roles and responsibilities of each committee and its members.

The committees assist in the governance of the Company.

The committees are:

- Corporate Governance
- Audit
- Human Resources and Compensation
- Investment and Risk

The minutes of each board committee meeting are presented at the main board as well as the subsequent committee meeting.

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS

LISA GOMES(I) (CHAIR)	2/2
NICOLE FOGA(I)	2/2
GLADSTONE LEWARS(I)	2/2

A continuously high standard of corporate governance protects shareholders' interests while enhancing long-term shareholder value. The Board, therefore, has adopted the Corporate Governance Guidelines of the PSOJ's Code of Corporate Governance model along with the JSE's guidelines on Corporate Governance.

Read our Corporate Governance documents at: **www.kpreit.com.**

Scan here to read more

COMMITTEE COMPOSITION

The committee is chaired by Director Lisa Gomes and comprises three members, all of whom are independent non-executive directors. The committee met twice during the year.

COMMITTEE REPORT

During the year the committee reviewed the following:

1. Group's Corporate Governance Policy and Board Charter, terms of reference for the Corporate Governance sub-committee.
2. Policy on Board appointment
3. JSE Corporate Governance Index Report
4. Board Compensation
5. Annual Board evaluation exercise
6. Nomination of a new member to serve on the audit committee
7. Nomination of a new member to serve on the HR and Compensation Committee
8. Corporate Governance training proposals

All recommendations of the committee were approved by the board.

AUDIT COMMITTEE
MEMBERS AND ATTENDANCE AT MEETINGS

GARFIELD SINCLAIR(I)	(CHAIR)	4/4
PHILLIP SILVERA(I)		4/4
JOHN BELL		4/4
REZWORTH BURCHENSON(I)		2/3

The Audit Committee monitors the Company's risk management policies and evaluates the effectiveness of the Company's internal control systems. The Committee also reviews the accuracy of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and checks the adequacy of external audits in respect of cost, scope, and performance.

The Committee is composed of three non-executive directors and a co-opted external member. The committee meets quarterly and is chaired by Mr. Garfield Sinclair.

COMMITTEE REPORT
The Committee met four (4) times during the year. The following represent the activities of the Committee over the year:

1. Reviewed the audited financial statements of the Company and subsidiary companies presented by the external auditors.
2. Reviewed the engagement letter and approved the remuneration of the external auditors.
3. Ensured consistent reporting standards for financial statements presented by both the external auditors and management.
4. Evaluate control deficiencies and identified solutions for improvement.
5. Reviewed the Management Discussion & Analysis statement published at reporting intervals.
6. Assessed the risk management policies of the Company.

HUMAN RESOURES & COMPENSATION COMMITTEE
MEMBERS AND ATTENDANCE AT MEETINGS

GARFIELD SINCLAIR(I)	(CHAIR)	2/2
NICOLE FOGA(I)		2/2
PETER REID(I)		1/2

The Human Resources and Compensation Committee oversees and guides employee and compensation matters of the Company. The Committee is composed of three members, all of whom are independent non-executive directors, and meets at least once per year or as needed.

COMMITTEE REPORT
During the year the Committee met twice and engaged in the following activities:

1. Reviewed the performance of the CEO
2. Reviewed and approved a comprehensive compensation package for all team members
3. Developed new key performance indicators for all team members

INVESTMENT & RISK COMMITTEE
MEMBERS AND ATTENDANCE AT MEETINGS

PETER REID(I)	(CHAIR)	5/6
LISA GOMES(I)		5/6
REZWORTH BURCHENSON(I)		2/6
GLADSTONE LEWARS(I)		6/6

The Investment & Risk Committee provides oversight on the investment and financing strategy for the Company's assets and ensures compliance with agreed policy and targets. The Committee is composed of four (4) directors.

Committee Report

During the year, the committee met six times and engaged in the following activities:

1. **Reviewed the portfolio performance**
2. **Reviewed several prospective acquisitions**
3. **Reviewed several terms for loan re-financing from several financial institutions**

Director Training

The management team provides Directors with various real estate market trends and outlook reports at all board meetings as well as macroeconomic updates on the jurisdictions in which the Company owns properties or is targeting for acquisition. In March 2022, we engaged Mrs. Julie Thompson-James of Cube Corporate for our corporate governance training programme which covered global best practices in corporate governance. Six out of seven directors of the board along with the executive team participated.

Internal Audit

The Company places great emphasis on the monitoring and management of risks primarily through oversight by both the **Audit Committee** and the **Investment and Risk Committee.** The internal audit function is carried out by external consultants that are independent of the organization. The Group in 2022, under took an extensive review of its processes for tenant selection and management, fundraising activities, acquisition and divestment, property and financial management and investor relations.

Conflict of Interest and related party transaction

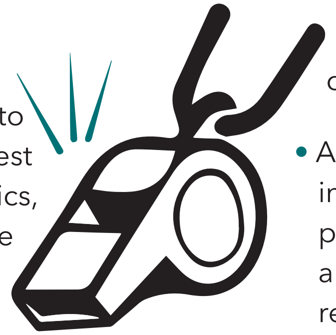
Every Director, in exercising their powers and discharging duties, is expected to act ethically, with integrity, and in good faith for the best interest of the Company and its shareholders. The Board recognizes that private and/or personal interests can impact a Director's ability to make objective decisions in the best interests of the Company.

Directors are therefore required to avoid conflicts of interest and even the appearance of such conflicts. The Company's Conflict of Interest Policy provides a transparent framework to guide individual directors and each year, directors are required to sign a Conflict of Interest Statement. In addition, directors are required to declare any conflict of interest at the start of each meeting of the board.

View our Conflict of Interest policy at ***www.kpreit.com.***

Scan here to read more

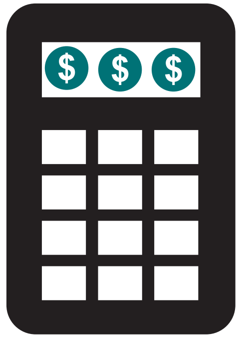
WHISTLEBLOWER POLICY



KPREIT is committed to maintaining the highest standards of integrity, ethics, and transparency. Despite the small size of our team, we are big on maintaining a culture of open communication at all levels, and with our stakeholders. As part of this commitment, we established a whistleblower policy in 2019 to provide employees, contractors, and other stakeholders with a safe and formal means to report any concerns regarding potential violations of laws, regulations, or company policies without fear of retaliation or exposure. The management team, in consultation with the Board of Directors, conducted a review of the policy and completed updates with a special focus on the following areas:

- We encourage all individuals to report concerns through multiple channels, including direct communication with a supervisor, any member of the leadership team, or through an anonymous reporting system.
- We commit to protecting the identity and confidentiality of whistleblowers to the extent possible, and will not tolerate any retaliation or adverse action against individuals who report concerns in good faith.
- All reports will be promptly and thoroughly investigated by the designated company personnel. If a violation is substantiated, appropriate actions will be taken to address and resolve the concern, including but not limited to corrective action, disciplinary measures, and legal remedies.
- We strictly prohibit retaliation against individuals who report concerns in good faith. Any employee found to have engaged in retaliation will be subject to disciplinary action, up to and including termination.
- We commit to ensuring that all employees and contractors have access to and understand this policy. We will also provide training and reminders, as required, to encourage compliance.
- KPREIT will protect the confidentiality of individuals involved in the investigation and resolution process to the extent possible, and will only disclose information on a need-to-know basis.

We remain dedicated to maintaining a culture of integrity and accountability, that encourages all stakeholders to come forward and report any concerns in good faith. Segments of the organization's quarterly staff meeting involve an outline on the organizations core policies and each team member is given a handbook of all policies at the commencement of their employment with the organization.



DIVIDEND POLICY

Our dividend policy is to pay up to 90% of total Funds From Operations (FFO) in dividends to shareholders on record.

The declaration of dividends is at the absolute discretion of the board of directors of the Company and dividends are subject to available cash flow and any need the Company may have, from time to time, to reinvest earnings as part of its growth strategy. The board reviews the level of payout of dividends on an annual basis to increase the payout level in line with the standard for REITs globally.

Dividends therefore may be paid twice annually, with the final dividend being paid once audited financial statements have been submitted to the JSE.

COMMUNICATION WITH SHAREHOLDERS

We maintain a policy of regular communication with our key stakeholders such as shareholders, tenants, the Jamaica Stock Exchange, our financiers and prospective investors to ensure that they are well informed about the activities and performance of the Company. KPREIT looks forward to and values the enthusiastic and timely feedback from all stakeholders.

The main current communication channels are: ***(i)** the Company's website, **(ii)** our annual reports and quarterly financial reports, and **(iii)** the various disclosures and announcements to the Jamaica Stock Exchange that are also distributed via email to shareholders and the media.* We remain very responsive to shareholders' questions and comments and these which we receive via email, telephone and direct social media messages.

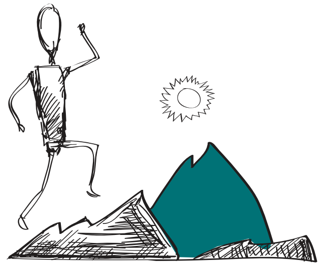
As a leading corporate company, we have embraced digital transformation across the board to include improving our communications strategy. In 2022, we provided regular real estate news to shareholders and held a virtual investor briefing that highlighted KPREIT's record performance, new developments, and updated the general public on the latest market conditions and trends from real estate markets around the world.

We continue to embrace digital transformation and during the year, we deepened our digital presence with the goal of reaching a diverse and global audience. KPREIT's social media channels continue to grow with increased activity and a cohesive content strategy that has resulted in over 3,000 new followers. These activities support our tagline, ***"...gateway to global real estate investing."***

Summary of **KPREIT's** Governance Performance:

- Maintained code of conduct that was communicated to all team members, suppliers, and contractors.
- Received no reports of unethical behaviour through the updated whistleblower policy;
- Hosted virtual investor briefing via YouTube; available on demand after live event;
- Improved communication with shareholders which resulted in a notable increase in website traffic, an increase of over 3,500 new followers (combined) across our social media platforms, and over 4.6 million total impressions.

FUTURE GOALS



As we continue to grow our business, we are committed to improving our ESG performance and reporting. In the coming years, we will focus on the following goals:

- Source 50% of our office supplies from manufacturers that use recycled products by 2024;
- Increase investment in renewable energy by at least 20%;
- Extend recycling project to all adopted schools by 2023/24;
- Purchase energy-efficient equipment and replace outdated systems and equipment;
- Achieve a 5% reduction in waste generated by promoting recycling and composting;
- Increase our social impact by doubling the team's collective number of volunteer hours and increasing donations to support new and ongoing projects and initiatives;
- Enhance our governance framework by continuously implementing best practices, and regularly reviewing our policies and procedures.

CONCLUSION

We are proud of our ESG performance in 2022 and are committed to continuous improvement in the years ahead. Our commitment to responsible and sustainable business practices is reflected in every aspect of our operations, from development to management, and we will continue to prioritize ESG issues as we grow our business.

THE TEAM & PROFILES

KEVIN RICHARDS
GROUP CHIEF EXECUTIVE OFFICER

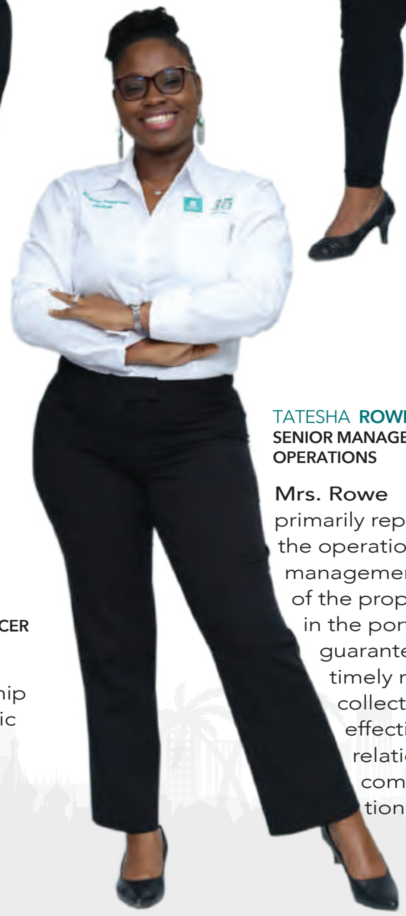
Mr. Richards is tasked with providing leadership and driving the strategic objectives of the company to maximize shareholders' value.

ANDRAY FRANCIS
GROUP CHIEF FINANCIAL OFFICER

Mr. Francis joined the company in May 2020 and leads the Group's financial planning, information technology and risk management strategies, including the optimization of corporate structure and management controls to achieve sustainable growth.

ROXANNE KELLY
FINANCIAL CONTROLLER

Ms. Kelly is responsible for the financial operations of the company, producing periodic financial reports, maintaining an adequate system of accounting records and a comprehensive set of controls to mitigate risk and enhance the accuracy of the company's financial results.



TATESHA ROWE
SENIOR MANAGER OPERATIONS

Mrs. Rowe primarily represents the operations management side of the properties in the portfolio, guaranteeing timely rent collections and effective tenant relations and communications.

JOVAUGHN ROSE
PROPERTY & BUILDING MANAGER

Mr. Rose joined the company in April 2021 and is charged with leading the development and implementation of the company's Sustainable & Safety Policies. A major part of his portfolio is to Manage Capital and Major Maintenance Projects with a clearly defined scope of works and deliverables, to the KP Standards which aligns with our strategy.

TANYA WILLIAMS
OFFICE ATTENDANT

TREVAUGHN MORRIS
SENIOR INVESTMENT ANALYST

JESSICA PERKINS
EXECUTIVE ASSISTANT

NEICHELLE SPENCE LATTIBEAUDIERE
LEGAL OFFICER

RACHEL HARRISON
SENIOR ACCOUNTING OFFICER

NICHELLE JACKSON
ADMINISTRATIVE OFFICER

OUR PEOPLE MATTER

"Great things in business are never done by one person. They're done by a team of people." - Steve Jobs

At KPREIT, we believe that our people are the key to our success. This year we celebrate 15 years of achievement and impact built on the efforts of skilled professionals from diverse backgrounds and expertise, who have worked together to achieve our common goal of delivering exceptional services to our tenants, and business growth results for our shareholders.

Leadership

Our leadership team has extensive experience in business and real estate investments; in fact, they are REIT pioneers in Jamaica and the Caribbean. With a track record of success, they provide strategic direction, manage risk, and ensure the long-term sustainability of our business.

Operations

Our operations team is responsible for the day-to-day management of our real estate investments.

They are experts in property management, asset management, and leasing. They work tirelessly to ensure that our properties are well-maintained, fully leased, and generating maximum returns for our shareholders. This team has successfully led internal innovation projects including our transition to a hybrid work environment; updated human resource operations in line with modern best practices to drive performance and flexibility; and updated training and protocols to enhance cyber safety. There are also periodical talent assessments to ensure **KPREIT** is adequately equipped with the skills needed to grow and comply with local and international compliance and regulatory requirements. A legal officer joined our team in 2022 to round out our total staff complement.

Acquisitions

Our acquisitions team is responsible for sourcing and analyzing potential real estate investment opportunities. They have a deep understanding of the local and international markets and are always on the lookout for new opportunities. They work closely with our operations team to ensure that any potential acquisition meets our strict investment criteria.

Shareholder Engagement

Our investor relations team is dedicated to providing exceptional service to our shareholders. They continue to enhance the way we communicate with shareholders, providing regular updates on the performance of our investments, and addressing any questions or concerns that they may have. Our investor relations officer also offers shareholders one-to-one engagement should our regular communications channels prove insufficient for certain queries or concerns.

Culture

At **KPREIT**, we value diversity, integrity, and collaboration. From CEO to office assistant, everyone counts.

We believe that a strong and authentic company culture is essential to both attracting and retaining top talent. Our team members are encouraged to share their ideas and insights, and we strive to create an environment where everyone feels valued and supported. In 2022, we introduced our annual staff survey, providing team members with a confidential platform to honestly express their views on leadership, the work environment, company culture, co-worker relationships, training, and development programmes. The results indicated that our team members are very satisfied with our current efforts though there are areas for improvement. They feel comfortable, confident, and supported in an enabling and equitable environment that values trust, mutual respect, and collaboration in meeting our strategic objectives as a team.

We're proud to announce that we've joined other companies in corporate Jamaica to take the progressive step to offer paternity leave. This is in addition to existing benefits such as health insurance (including disability and critical illness coverage) and retirement.

KPREIT remains committed to being a safe place to work and continues to update its occupational health and safety protocols for all team members.

Professional Development

We believe that investing in the professional development of our team members is essential to the success of our business. We have ongoing training and development opportunities, including professional certifications and leadership training. In 2022, we hosted our executive strategic planning retreat and celebrated with a team member who achieved certification in supervisory management. Segments of the organization's quarterly staff meeting involve an outline on the organizations core policies and each team member is given a handbook of all policies at the commencement of their employment with the organization.

There are also staff training sessions on mental health awareness, stress management, coping mechanisms, financial management, and health and wellness. A transparent system of performance evaluation continues to serve as a powerful motivational tool for employees to meet and/or exceed their key performance indicators. Annual appraisals facilitate the recognition of our most productive employees who are rewarded with incentives such as performance-based compensation.

KPREIT's leadership team is proud of its efforts to strengthen the resilience of our team members to personal and professional shocks that can present significant challenges. By supporting them with the right tools, preparation, and mindset to overcome, we have built a culture of achievement and professional excellence.

Community Involvement

We believe in giving back to the communities in which we operate. Our team members are encouraged to volunteer their time and expertise to local charities and community organizations.

Giving back allows us to positively impact lives, especially those of the most vulnerable who benefit from funding and programmes that promote positive thinking, productivity, peace, and care for the environment.

Conclusion

KPREIT remains committed to building a team of skilled professionals who are dedicated to delivering exceptional real estate investment services to our clients, and value to our shareholders. We believe that our people are the key to our success, and we are proud to have assembled a dedicated team who share our values and commitment to excellence. We look forward to continuing to grow and succeed together in the years ahead.

MANAGEMENT DISCUSSION & ANALYSIS

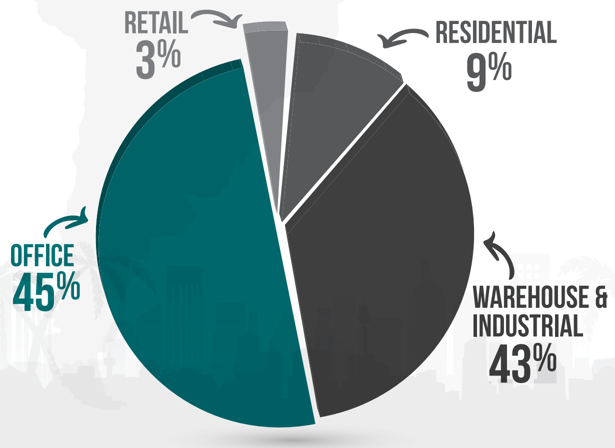
OVERVIEW OF THE GROUP

The Group's operating results continue to see improvement year on year (YOY) as at the end of the financial year 2022. This demonstrated resilience in the face of challenging market conditions and uncertain monetary policy actions while maintaining focus on identifying and acquiring high-quality properties and delivering value to its investors. The Group's financial performance for the year was strong, with the company posting solid revenue growth and a healthy increase in net income. Our strategy of acquiring solid assets during periods of market uncertainty with great value-add potential has yielded significant returns for the Group. The improved financial performance is also attributed to continued economic recovery in the global economy combined with a disciplined approach to capital allocation and effective risk management. In addition, the continued disposal of our condo portfolio in the US contributed to the Group's gains on the disposal during the review period. The Group also made significant progress in optimizing its existing portfolio, by satisfying strong tenant demand for our warehouse properties and maintaining steady tenancies in our office buildings in Jamaica and the Cayman Islands while boosting rental rates leading to higher revenues and profits the year. The performance also allowed us to pay record dividends for the year. A key part of driving solid returns for our stakeholders includes our talent. As such, we increased our staff complement by 50% during the year, making additions to investment management, finance, administration and legal.

The Group successfully raised J$1.552 billion via an Additional Public Offering in the second quarter of the year as it continued to strategically position itself to take advantage of prime investment opportunities. The Group also continued the transition of its property portfolio away from a concentration in condominiums in South Florida into higher yielding properties in the Cayman Islands, Jamaica and the US. As part of the Group's sustainability thrust it achieved green certification at three of its properties in Jamaica.

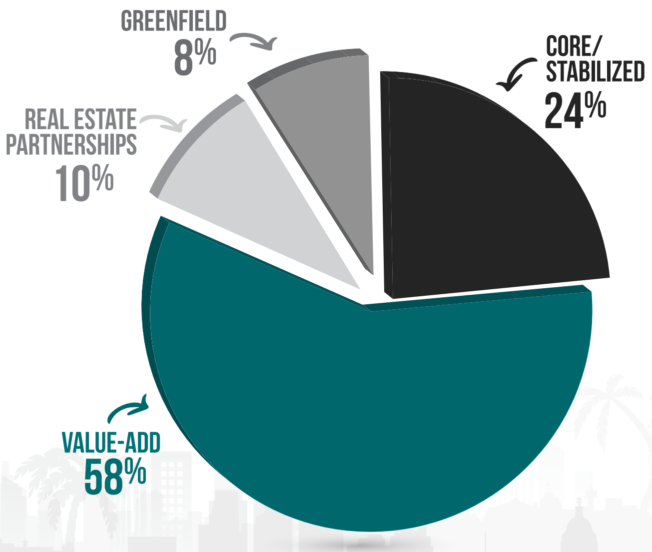
An overview of our current portfolio of assets is shown below and comprises a mix of residential, retail, office and warehouse properties in three jurisdictions.

PORTFOLIO COMPOSITION BY SUB-SECTOR



In 2022, we continued to hit our preliminary milestones geared towards developing a small bay warehouse complex on Rousseau Road, Kingston, Jamaica. This represents our first local greenfield development in joint partnership with Relmac Construction Company Limited. The project is slated to break ground in June 2023. Balancing our portfolio across sub-sectors taking into account our various portfolio activities, our holding in warehouse rental space increased from 40% in 2021 to 43% in 2022 while our office space fell from 46% in 2021 to 45% in 2022. Our investment in Gum Tree 5, a multi-unit multi-use commercial complex being developed in the Cayman Islands is slated to be completed in 2023 and will be leased to a government entity.

PROPERTY PORTFOLIO BY TYPE



Cayman remains a solid market and we remain upbeat in its economic resilience and ability to provide our portfolio with more competitive yields.

We acquired a 118-unit multi-family property located in East Point, Atlanta Georgia, US with partners Apex Development Group. KPREIT owning a stake of 39.5%. We continue to leverage real estate partnerships in the US through acquisitions and access to their pipeline of opportunities as we shift from the condominium market to other sub-classes of commercial real estate.

Average occupancy during the year was approximately 100% and the usual vacancy levels from tenant turnover.

STOCK PRICE & DIVIDENDS

In a year that saw monetary authorities across the globe increasing policy rates to combat the effects of high inflation, the effect of such was also seen on the JSE Main Index which declined 10.2% YoY. KPREIT stock price closed the 2022 year at a price of J$7.75 per share, representing a 13.9% decline compared to year-end 2021. The 2022 year end close price, however, represented a 3.3% increase above the Additional Public Offering (APO) subscription price of J$7.50. We paid out 37.5% of net profits as dividends during the year for a dividend yield of 3.5%, representing one of the highest dividend yields of companies listed on the JSE. We continued our share buyback programme to return value to our shareholders during the year, with the purchase of 609,294 units.

YEAR-END FINANCIAL HIGHLIGHTS

	12 MONTHS TO DECEMBER 31, 2021	12 MONTHS TO DECEMBER 31, 2022
Rental Income (USD)	$3.0M	$3.3M
Net Operating Income	$1.9M	$2.0M
Fair Value Gains on Investment Property	$0.838M	$2.4M
Pre-Tax Profit	$3.1M	$3.9M
Net Profit	$3.0M	$3.8M
Funds From Operations	$1.4M	$1.2M
Total Comprehensive Income	$3.0M	$3.8M
Total Equity	$32.6M	$44.6M
Investment Properties	$43.5M	$45.9M
Investments at Fair Value through Profit or Loss	$3.5M	$4.9M
Net Operating Margin %	59%	57%
Dividends Paid	$0.888M	$1.4M
Closing Stock Price (JMD)	$9.00	$7.75

INCOME STATEMENT

The Group posted a 12% increase in rental income to $3.3 million for the twelve months ending December 31, 2022, compared to $3.0 million for the same period in 2021. Net Operating Income (NOI), being total operating revenue less operating expenses, for 2022 increased by 8%, moving from US$1.9 million for the same period in 2021 to $2.0 million. This was primarily due to increased rental income generated from the property portfolio during the year.

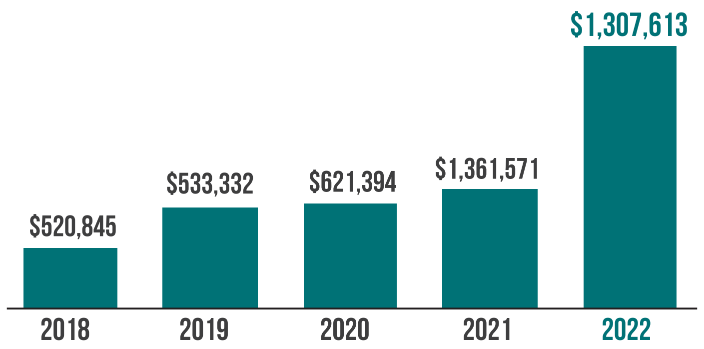
Group operating expenses, including direct property expenses and administrative expenses, increased 16% year on year to $1.5 million. Direct property expenses (property taxes, homeowner's association (HOA) fees, repairs and maintenance, and property insurance) declined year over year by 11% in 2022, moving from $314,628 to $279,103. This was primarily attributed to the reduction in HOA fees and property taxes during the year resulting from the sale of condominium units in South Florida during the year.

The Group's EBITDA increased from $3.5 million in 2021 to $4.4 million in 2022 with EBITDA margin also improving from 113% in 2021 to 126% in 2022. Cash Flow From Operations (CFO) for 2022 amounted to $1.7 million compared to $2.1 for the same period in 2021.

Net Profit for 2022 amounted to $3.8 million compared to $3.0 million for the previous year, representing an increase of 26% YoY. Net profit for 2022 was bolstered by core rental income growth combined with fair value gains of certain properties in our portfolio, as well as gains from the disposal of several condo units during the year.

Funds from Operations for the financial year moved from $1.4 million to $1.3 million due primarily to higher finance and administrative costs when compared to the prior year.

FUNDS FROM OPERATIONS (FFO)



GROUP BALANCE SHEET

Investment Properties (including properties held-for-sale) totalled $43.2 million as at December 31, 2022, versus $42.3 million as at December 31, 2021, a marginal increase of 2%. The net increase results from higher revaluation gains on some of our properties. This was partially offset by the disposal of three condominiums in Florida in 2021. As part of our on-going diversification strategy out of the South Florida condo market, we sold three (3) condominium units during the year, ultimately, reducing our holdings in the residential sub-market category. The disposal of the Florida condo units coupled with lower year-on-year market valuations on our remaining condominium portfolio and additions to the property portfolio with assets in other sub-classes reduced the weighting of residential properties in our entire portfolio from 11% in 2021 to 9% in 2022. Additionally, we leveraged our real estate partnerships in the US and acquired a 39.5% stake in Polaris at East Point, a 118-unit multi-family property. The acquisitions are in line with our strategy of diversifying our holdings into other markets and asset sub-classes.

Total assets as of December 31, 2022, amounted to $56.2 million, an increase of 11% over the $50.5 million balance as at December 31, 2021. This was driven primarily by cash holdings from the proceeds of the APO combined with higher fair values on properties in Jamaica and Cayman Islands. Cash and cash equivalents increased 71% from $2.7 million in 2021 to $4.6 million in 2022. The Group also held, equity interests in real estate partnerships of $4.9 million and deposits on investment properties amounting to $2.6 million. The Group maintained a significant cash balance in 2022 as part of a cash management strategy to ensure the Group could meet all its operating and financing obligations and to take advantage of any property opportunities.

Total loans payable amounted to $11.0 million at December 31, 2022, compared with $17.2 million at December 31, 2021, representing a 36% year-on-year decrease. The decreased loan balance is as a result of a two-pronged approach in the strategic management of the Group's financial position which included the fully repaid senior secured bridge loan obtained from Victoria Mutual Investments Limited and debt restructuring and refinancing in Cayman and Jamaica. Our current loan portfolio are all collateralized bank financing to facilitate the expansion of our property portfolio and are denominated both in US and Jamaican dollars from our financial partners in Jamaica and the Cayman Islands. We continue to maintain fairly conservative debt ratios as part of our risk management strategy.

Total Equity increased by 37% over the twelve months to December 31, 2022, moving from $32.6 million in 2021 to $44.6 million in 2022. The increase in equity was driven by the successful raise of additional equity via an APO during the year.

RATIO ANALYSIS

	2021	2022
Net Operating Margin (NOI)%	59%	57%
EBITDA Margin (%)	113%	126%
Profit Before income Tax Margin %	99%	112%
Rental Income % of Total Investment Property	7%	8%
Operating Expenses as % of Rental Income	43%	44%
Debt to Equity	53%	25%
Debt to Assets	34%	20%
Debt to Investment Properties	37%	22%
Dividend Payout Ratio (% of FFO)	65%	109%
Dividend Yield	2.29%	3.54%

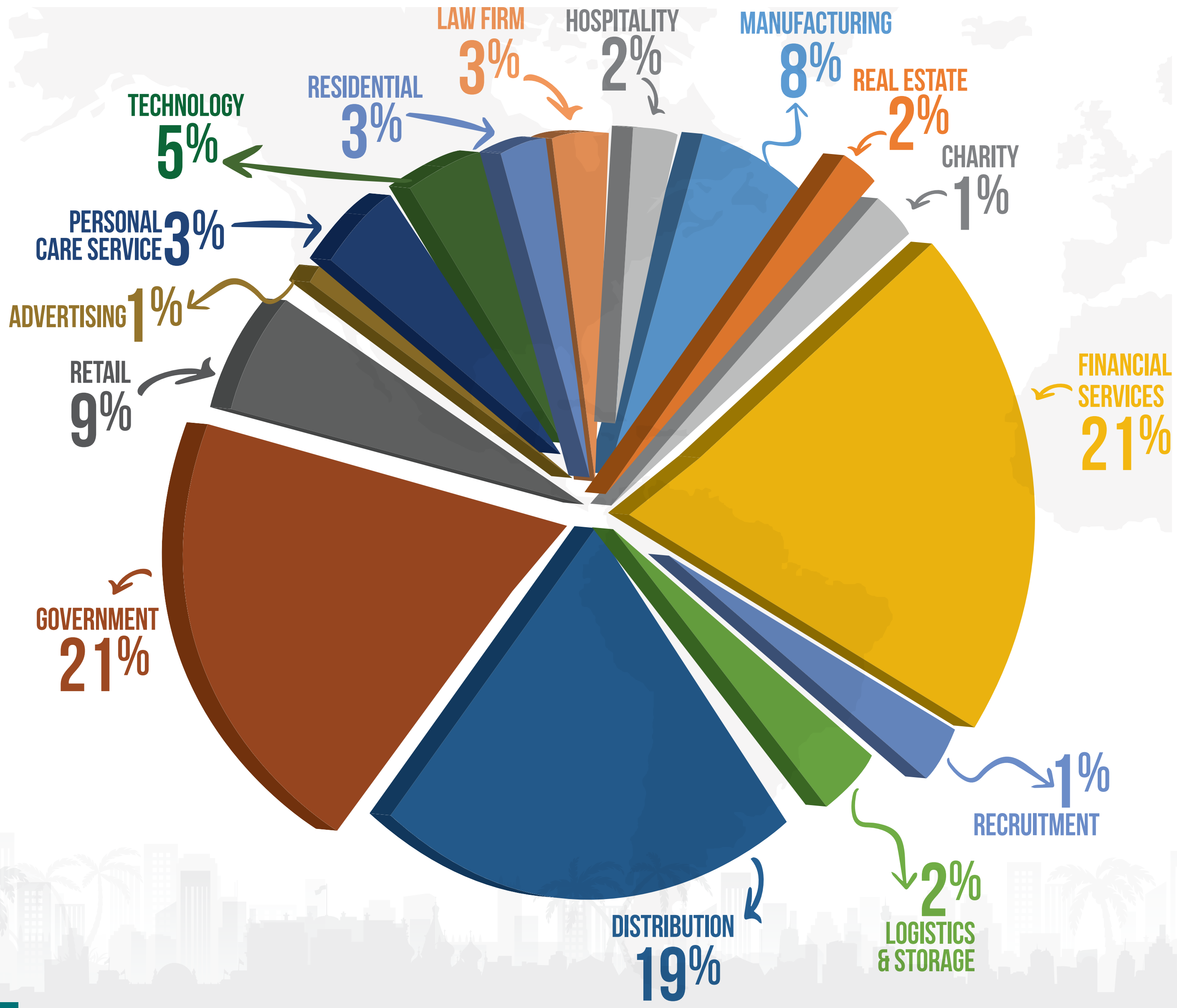
PROPERTY PORTFOLIO

The value of investments properties held and real estate partnerships as at December 31, 2021 and December 31, 2022 respectively were as follows:

PROPERTY	2021	2022
W Ft Lauderdale Condos	$2,070,064	775,057*
591 Spanish Town Rd	$3,200,000	$2,300,000*
36-38 Red Hills Road	$5,596,770	$5,792,118
6 East Ashenheim Rd	$5,314,252	$6,499,505
52-60 Grenada Crescent	$6,300,000	$6,303,982
7 Dumfries Road	$1,246,816	$1,263,600
232A Spanish Town Road	$1,524,909	$1,524,909
Rousseau Road	$525,663	$531,231
Tropic Centre One	$3,163,182	$3,325,509
Rosedale Warehouse	$2,217,000	$2,217,000
Harbour Centre	$10,770,614	$12,679,675
Sub-Total	**$42,276,682**	**$43,212,604**
OTHER PROPERTY INVESTMENTS		
CGI Fund I	$1,206,504	$1,000,000
Polaris at Camp Creek	$2,244,659	$2,244,659
Polaris at East Point	-	$1,620,024
Gum Tree	$1,232,761	$2,639,031
Total	**$46,960,606**	**$50,716,300**

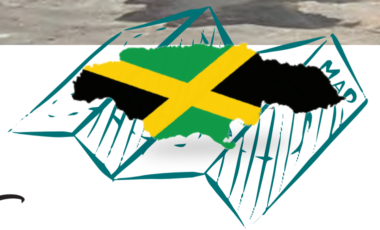
*- These are represented as assets held for sale. See note 11(g) in 2022 Audited Financial Statements

DISTRIBUTION OF TENANTS BY SECTOR AND REVENUE AS AT DECEMBER 31, 2022



KPREIT 15TH ANNIVERSARY

PROPERTY PORTFOLIO



6 EAST ASHENHEIM ROAD

In September of 2020, the Group acquired an approximately 88,000 SF warehouse property on four (4) acres of land in Kingston's Industrial belt. The property was extensively rehabilitated in 2021 and underwent further renovation in 2022 and houses tenants in the manufacturing and distribution sectors.

52 - 60 GRENADA CRESCENT

Located in the heart of New Kingston's business district, this 31,741 square feet multi-story office building has undergone significant upgrades since its acquisition in 2018 and is now fully leased exclusively to Government tenants.

7 DUMFRIES ROAD

Forming part of Kingston Properties Limited's key 2021 investments, the company acquired a small office building located on 20,000 square feet of land which is slated for development into a multi-story office building.

232A SPANISH TOWN ROAD

Marking its second property along the Spanish Town Road Industrial Belt and as its final acquisition of 2021, the company closed on a 2.7-acre property consisting of approximately 23,000 square feet of warehouse and office space.

36 - 38 RED HILLS ROAD

Acquired in December 2011, our flagship Red Hills Road property remains a key piece of our real estate portfolio. This property offers 49,871 square feet of office and warehouse complex on Red Hills Road in Jamaica and is home to eight longstanding tenants who form a diverse base of businesses and sizes. The building's proximity to the Half Way Tree Road corridor in Kingston makes it one of the main drivers of the strong occupancy. This property also houses Kingston Properties Limited's head office.

ROUSSEAU ROAD

This 1.5-acre property in Cross Roads, St Andrew was acquired in November 2021 to be developed to house small-bay warehouse units, a highly sought after property in that area.

591 SPANISH TOWN ROAD

Located in the heart of the manufacturing and distribution district, this 56,897 square feet property has been home to some of Jamaica's largest manufacturing and distribution companies for decades. Acquired in 2017, the warehouse and showroom complex remains leased to operators of manufacturing, distribution and logistics businesses that have operated in Jamaica for decades in the same location. The property is located along a corridor slated for continued infrastructure development.

HARBOUR CENTRE

Represents one of our largest acquisitions to date. In July 2020 we completed the acquisition of Harbour Centre, a 30,639 square feet multi-story office building in the Cayman Islands. The property is 100% leased to firms in the banking and funds administration, law, government and retail industries.

TROPIC CENTRE ONE

This is a 10,172 square feet mixed-use building located in the West Bay Beach South area in the Cayman Islands. The building comprises offices, retail outlets and residences along the famous Seven Mile Beach corridor, an area that has seen significant infrastructure improvements, as well as new luxury resort and condominium developments over the last four years. The property was acquired in December 2016 and is fully tenanted.

ROSEDALE WAREHOUSE

In December 2019 we completed the acquisition of eight fully tenanted units totalling 8,166 square feet in a warehouse complex in the Cayman Islands. The property is leased to operators of development, construction, and fund administration businesses. The property is located along a corridor slated for continued infrastructure development which we believe will continue to improve the property's value in the medium to long term.

GUM TREE 5

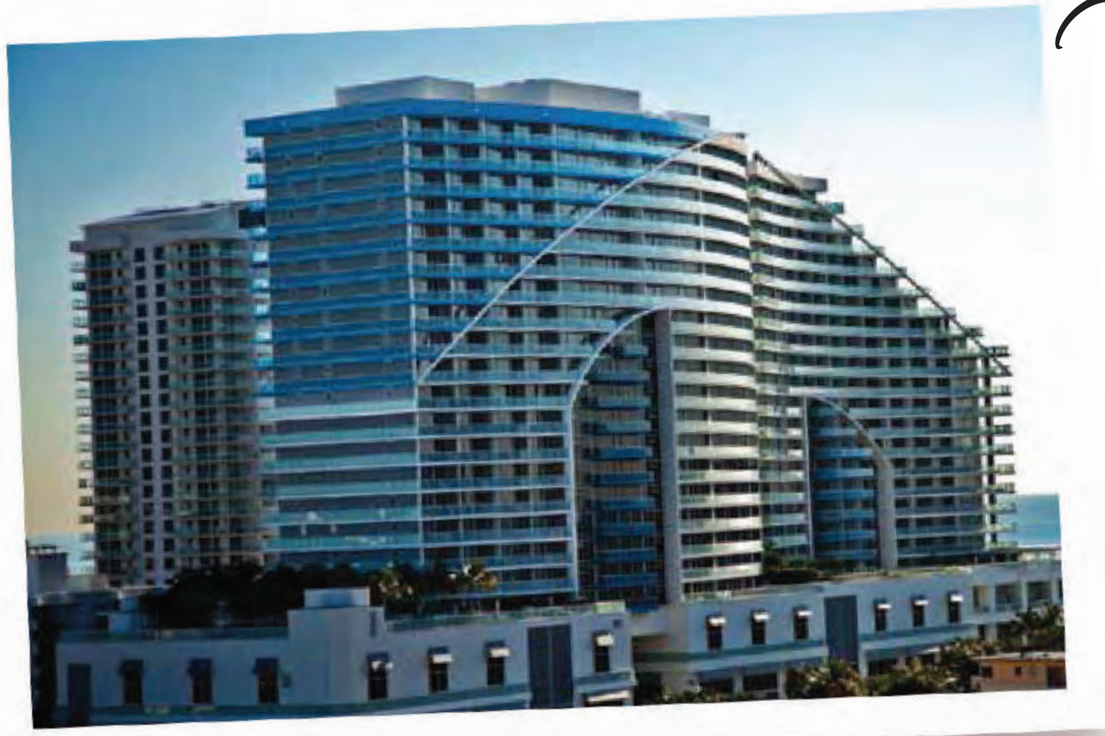
In September 2021, we entered into an agreement to acquire three (3) of four (4) pre-construction units in a mixed-use industrial development in the Cayman Islands called Gum Tree 5. The units are slated for completion in 2023.

POLARIS AT CAMP CREEK, GEORGIA

The property comprises of 155-units with a mix of one, two and three bedrooms. It is approximately 185,000 square feet of space of which the Group owns a stake of approximately 38%.

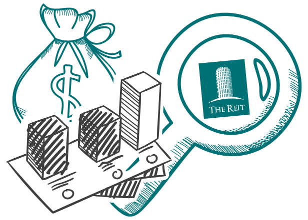
POLARIS AT EAST POINT, GEORGIA

The property comprises of 120-units with a mix of one and two bedrooms. It is approximately 100,200 square feet of space of which the Group owns a stake of approximately 39.5%.



THE W FORT LAUDERDALE

The Group acquired four (4) units in a 171-unit condominium and 517 rooms hotel property in October 2015. The W Fort Lauderdale is a part of the Starwood Hotel Group and offers luxurious amenities to residents and guests and has allowed us to benefit from both short-term and longer stay tenants. The property is located in Las Olas and is a stone's throw from the beach attracting a pool of holidaymakers year-round due to the warm Florida climate.



ECONOMIC OVERVIEW

Over the past year, the global real estate industry experienced unprecedented challenges and opportunities amidst the backdrop of a post-pandemic world. As the global economy slowly recovered from the impacts of the COVID-19 pandemic, the real estate market has been shaped by evolving consumer preferences, shifting trends, and changing market dynamics. This overview is intended to provide important context for the analysis of KPREIT's operations noting key economic indicators, market trends, and emerging patterns that shaped the real estate landscape in 2022. From the impact of remote/hybrid work on commercial properties to the increase in demand for residential properties, we will explore the macroeconomic factors that have influenced the performance of the local real estate market and the countries in which the Group maintains properties. This information and any related data insights have been derived from authoritative public sources, credible media outlets, and cites relevant references in the footnotes.

JAMAICAN ECONOMY

The Jamaican economy experienced growth in the fourth quarter of 2022, with Gross Domestic Product (GDP) expanding by 3.8% when compared to the similar quarter in 2021. This resulted from improvements in both the services and goods-producing sectors showing continued recovery of the economy from the impact of the pandemic.[1] The increase in GDP was most evident in the Hotels and Restaurants, Transport, Storage & Communication, Retail, Agriculture, and Manufacturing sectors. According to the Planning Institute of Jamaica (PIOJ) estimates, the Jamaican economy grew 3.4% in the fourth quarter of 2022 resulting from improved performances in both the services and goods-producing sectors. However, the actual outturn showed that Jamaica's economy performed above expectations. All industries in the Services sector showed signs of growth except the Producers of Government Services, while all industries in the Goods Producing sector grew except the Construction industry. The construction industry was impacted by lower housing starts by National Housing Trust (NHT) combined with lower volume and value of mortgages.[2] For the full calendar year 2022, preliminary estimates indicated that the Jamaican economy grew by 5.2%.

Looking ahead, continued recovery in the economies of Jamaica's major trading partners should auger well for increased external demand. The International Monetary Fund (IMF) posits that real GDP growth

[1] https://statinja.gov.jm/PressReleases.aspx
[2] https://www.pioj.gov.jm/product/review-of-economic-performance-october-december-2022/
[3] https://www.imf.org/en/News/Articles/2023/02/08/pr2337-imf-executive-board-concludes-2022-article-iv-consultation-with-jamaica

is expected to be around 4% for 2022 and projects economic growth for the 2022/2023 fiscal year to be in the region of 3.5%, and 2.0% for fiscal year 2023/24.[3] In 2022, the rebound in Jamaica's tourism sector was a key driver of the country's economic revival. This sector, which is the largest source of foreign exchange earnings, has shown promising signs of recovery. According to Bank of Jamaica (BOJ) Governor, Mr. Richard Byles, *"There has been some buoyancy in the agricultural sector, which is expected to continue as the tourism sector recovers and weather conditions improve."* Notwithstanding, "Growth in tourist arrivals and related activities could be adversely affected by headwinds to global growth. These headwinds include a deepening of geopolitical tensions and the continuation of synchronized tightening of financial conditions among Jamaica's main trading partners." [4]

There was a marginal 1% appreciation of the monthly average USD: JMD exchange rate for the twelve-month period ended December 2022,[5] moving from J$155.15: US$1.00 in December 2021 to J$153.69: US$1.00 in December 2022. As a part of the BOJ's tightening policy action, the Bank has taken strong actions in the foreign exchange market, including selling foreign exchange when necessary[6] to contain the Jamaican dollar liquidity and maintain a relatively stable foreign exchange market. Point-to-point inflation as of December 2022 stood at 9.4%.[7] The increase was largely driven by the Food and Non-Alcoholic Beverages and the Restaurants & Accommodation Services categories reflecting higher prices on some agricultural produce and the pent-up demand for services over the year which has largely been impacted by higher energy costs.

In the Labour Market Survey for July 2022, the unemployment rate stood at 6.6% according to STATIN, this represents 1.9 percentage points lower than the figure recorded 12 months prior.[8] The decline in the unemployment rate occurred as the size of the labour force increased by 2.0% year on year. The 'Construction', 'Real Estate and other Business Services', and 'Accommodation and Food Service Activities' groups recorded the largest increase in persons representing part of the employed labour force.

The economy is expected to continue its post-pandemic recovery, with inflation returning to the central bank's target range by end-2023. The outlook is subject to downside risks from potential new pandemic waves, higher commodity prices, a global slowdown, and tighter-than-expected global financial conditions.[9]

[4] https://jis.gov.jm/boj-provides-growth-outlook/
[5] https://boj.org.jm/market/foreign-exchange/average-exchange-rates/
[6] https://boj.org.jm/summary-of-monetary-policy-discussion-and-decision-18-november-2022/
[7] https://statinja.gov.jm/
[8] https://statinja.gov.jm/PressReleases.aspx

THE CAYMAN ISLANDS ECONOMY

The Cayman Islands has a relatively stable and diversified economy, with a strong financial services sector and a growing tourism industry. The Cayman Islands is one of the leading financial centres of the world, offering a tax neutral environment with no property, income, corporation, or capital gains taxes.

Real GDP growth in the Cayman Islands has been generally positive, averaging 2.1% annually between 2017 and 2021.[10] The latest available data indicate that the Cayman Islands economy expanded by an estimated annualized rate of 3.8% in the first quarter of 2022, as measured by GDP in real terms, this is compared to growth of 0.4% for the similar period in 2021. The economic performance was broad-based, with the acceleration largely reflecting a recovery in tourism and transportation-related sectors. Hotels and restaurants had an estimated growth of 27.8% for the period, while transportation and communication expanded by 14.3%. Other services, including arts, entertainment, and also household activities, rose by 9.1% for the quarter. Key tourism-supporting sectors such as wholesale & retail trade and utilities also expanded with respective growth of 2.8% and 4.4%. The financial services sector, the largest contributor to GDP, had estimated growth of 2.5%, while business activities and administrative services rose by 2.1%. Forecasts by the Cayman Islands Economics and Statistics Office (ESO) show growth of 3.4% in 2022.

In the fourth quarter of 2022, the Consumer Price Index (CPI) was 127.9, higher by 5.9% compared to the fourth quarter of 2021, with all twelve divisions recording higher price indices. However, the average CPI in 2022 was 126.1, an increase of 9.5% over the average CPI in 2021. This represents an increase in the overall index, driven mainly by higher prices of housing and utilities, transport, clothing and footwear, food and non-alcoholic beverages, household furnishings, and restaurants and hotels.[11] This compares to average inflation of 3.3% recorded in 2021. The Fed has continued its tightening monetary policy which is expected to have spill-over effects for Cayman residents. Cayman National Bank in December 2022 advised that its CI$ and US$ prime lending rates were increasing from 7% to 7.5%.

Labour market estimates from the Labour Force Survey (LFS) Fall 2022 Report show the unemployment rate at 2.1%. The total labour force increased by 18.3% to reach 57,582 persons. The employed labour force was estimated at 56,355 persons, an increase of 22.7% compared to the Census 2021. The number of

[9] https://www.imf.org/en/Publications/CR/Issues/2023/02/10/Jamaica-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Staff-Statement-529664
[10] https://www.eso.ky/UserFiles/page_docums/files/uploads/the_cayman_islands_first_quarter_2022_ec.pdf
[11] https://www.eso.ky/UserFiles/page_docums/files/uploads/the_cayman_islands_consumer_price_index_-37.pdf
[12] https://www.bea.gov/data/gdp/gross-domestic-product
[13] https://www.cnbc.com/2021/11/05/house-passes-bipartisan-infrastructure-bill-sends-it-to-biden.html

unemployed persons was estimated at 1,227.

The Cayman Islands is not immune to global economic risks, such as geopolitical tensions and economic uncertainty. However, the country is expected to continue its recovery from the pandemic-induced economic slowdown, with growth in key sectors such as tourism and financial services. Senior officials project real GDP growth in 2023, and this growth momentum is expected to continue into 2024. Additionally, the Cayman Islands' government has implemented measures to support economic growth, including investment in infrastructure and efforts to attract foreign investment. These initiatives are expected to help create new jobs and support economic diversification.

UNITED STATES ECONOMY

The United States (U.S.) economy experienced a mixed year in 2022. While there were some positive indicators, such as robust consumer spending and a rebound in the labour market, there were also several challenges that impacted economic growth. According to the Bureau of Economic Analysis, the U.S. economy, measured by real gross domestic product (GDP), grew at an annual rate of 2.9 percent in the fourth quarter of 2022, following an increase of 3.2 percent in the third quarter. The improvements over 2021 primarily reflected increases in inventory investment and consumer spending that were partly offset by a decrease in housing investment.[12] However, it is important to note that this could be the last quarter of solid growth before lagged effects of the FED's fastest monetary tightening cycle are fully felt.[13]

U.S. inflation declined by 0.1% in December 2021 and 6.5% on an annual basis.[14] Initially, inflationary pressures stemmed from the disruption caused by the pandemic, the accommodative monetary policy, and the FED's distribution of stimulus which increased citizens' disposable income and pent-up demand. This environment has now been compounded by higher energy and commodity prices, supply chain disruptions and shortages, and the current geopolitical events including the Russia-Ukraine conflict. On the other hand, the unemployment rate fell to 3.5% at the end of December 2022, coming down from 3.9% in December 2021[15], suggesting that despite the actions of the FED over 2022 to slow the economy, the job market continues to show signs of strength. However, there remains a supply-demand imbalance in the job market where demand for labour has outpaced supply which has further exacerbated the challenges with inflation as wages are pushed higher, albeit not keeping up with inflation, to attract workers. Primarily, the FED is looking to bridge a gap between supply and demand.

There remain a few headwinds coming into 2023 with a general consensus among economists that the U.S. will fall into a mild recession beginning in late 2023. Labour markets are expected to start to loosen amid a slower growth environment.[17]

REAL ESTATE MARKET OVERVIEW

Jamaican Real Estate Market

Jamaica's real estate market has shown resilience in the face of economic challenges in recent years. The demand for real estate in Jamaica has been driven by several factors, including the country's growing tourism industry, increasing foreign investment, the growing manufacturing industry, the growth of the middle class, and more. As a result, residential real estate has experienced significant growth. In terms of commercial real estate, Jamaica has seen growth in the retail and hospitality sectors, evidenced by several international brands establishing a presence in the country coupled with a vibrant and solid list of locally grown businesses. The industrial real estate sector has also seen growth, with new logistics and warehousing facilities being built. According to the latest data provided by STATIN, for the fourth quarter of 2022, the Real Estate Renting and Other Business sectors grew marginally by 0.6%, while Construction declined year on year by 4.8%.[18] The impact on construction was influenced by the decline in the 'Building Construction' component which saw fewer housing starts by the NHT, a decrease in the number of mortgages, and a decline in the value of mortgages by the NHT.[19] Higher borrowing costs due to the tightening monetary policy by the BOJ has impacted interest rates and borrowing cost which has negatively impacted the demand in the real estate sector.

The Cayman Islands Real Estate Market

The Cayman Islands real estate market continues to remain an attractive market for investments from both local and international investors. The Cayman Islands real estate market, despite the global economic disruptions prompted by the pandemic, has remained buoyant evidenced by another successful year of property sales and activity during 2022. Total sales value of US$972 million was recorded in 2022, 10% below 2021's record year of US$1.08 billion. For context, the total value of properties sold in 2020

[14] https://www.bls.gov/news.release/archives/cpi_01122023.htm
[15] https://www.cnbc.com/2023/01/06/jobs-report-december-2022-nonfarm-payrolls-rose-223000-in-december-as-strong-jobs-market-tops-expectations.html
[16] https://www.cnbc.com/2023/01/06/jobs-report-december-2022-nonfarm-payrolls-rose-223000-in-december-as-strong-jobs-market-tops-expectations.html
[17] https://www.jpmorgan.com/commercial-banking/insights/economic-trends

[18] https://statinja.gov.jm/PressReleases.aspx
[19] https://www.pioj.gov.jm/product/review-of-economic-performance-october-december-2022/
[20] https://www.caymancompass.com/2023/01/05/real-estate-market-reaches-almost-us1-billion-in-sales-in-2022/
[21] https://www.provenanceproperties.com/media/ffykqrvo/ppci_annual_market_report_2022.pdf

and 2019 represents between 60-70% of the value of properties sold in 2022. The average transaction value increased in 2022 to US$1.13 million representing an 11% increase year on year.[20] Additionally, there has been an 18% increase in condo prices over 2021 and a 12% increase in rents over the same period.[21] On the other hand, data from the Cayman Islands Real Estate Brokers Association (CIREBA), shows that total sales volume in 2022 decreased by 18% year on year from 1,068 in 2021 to 872 in 2022.[22] Property Cayman's data showed that 605 residential units were sold in 2022 compared to 676 units in 2021 while 246 parcels of land were sold in 2022 compared to 367 in 2021.

Notwithstanding the buoyant performance in 2022, Cayman's real estate professionals expect the aggressive trend in sales to slow, which is in line with expectations given the seven consecutive interest rate hikes by the US Federal Reserve that are expected to have spill-off effects on investors and buyers looking to purchase.

South Florida Real Estate Market

South Florida's real estate market has been one of the most active and dynamic markets in the country for many years. The region has consistently attracted both domestic and international buyers and investors, which has led to a strong and diverse housing market. According to 2022 year-end and December 2022 statistics released by the MIAMI Association of Realtors (MIAMI) and the Multiple Listing Service (MLS) system, Miami-Dade County real estate recorded its second-best total home sales year ever in 2022, while annual condo sales ranked second-best in Miami's history.

Total home sales in Miami-Dade County registered a 42.7% year-over-year decrease in the 4Q 2022, from 5,747 to 3,291, just lower than the 4,158 total sales recorded in 3Q 2022. For the full year 2022, 19,377 sales were registered, 18.2% lower than in 2021. The lower number of sales for the period has been directly linked to the current economic climate. This has resulted from several rate hikes by the FED over 2022 which has impacted mortgage rates and home prices. Additionally, in 4Q 2022, single-family home transactions declined 36.3% to 2,346.[23]

The lack of inventory at certain price points has also had an impact on sales, particularly for single-family homes. For the full year ended December 31, 2022, existing condo median prices rose 18.7% year-over-year, from $327,500 to $388,659. The median time to contract for existing condos for the full year 2022 was thirty-one (31) days, a 38% drop from fifty (50) days in 2021. The median time to sale for existing condos over the same review period decreased by 22.1%, from 95 to 74.[24] According to Fernando Arencibia Jr., the chairman of the Miami Association of Realtors, South

[22] https://www.miamirealtors.com/wp-content/uploads/bsk-pdf-manager/2023/01/Miami-Dade-County_Townhouses-and-Condos_2022-Q4_Detail.pdf
[23] https://www.miamirealtors.com/wp-content/uploads/bsk-pdf-manager/2023/01/Miami-Dade-County_Single-Family-Homes_2022-Q4_Detail.pdf
[24] https://www.miamirealtors.com/wp-content/uploads/bsk-pdf-manager/2023/01/Miami-Dade-County_Townhouses-and-Condos_2022-Q4_Detail.pdf

Florida real estate is different from many U.S. markets in that their housing demand continues to be fuelled by in-migration, both domestic and international. This influx of people and companies moving into the region, coupled with the ratio of cash buyers which is nearly double the national average should continue to shield Miami from the full impact of high mortgage rates as the Fed continues its mandate to tamper inflationary pressure.

Notwithstanding, with US mortgage rates at record highs, a substantial number of loan-reliant home buyers have been priced out of the market. Despite this, Miami's sales remain relatively robust. Strong median house price growth and a thriving rental market continue to attract investors and with a booming tourism industry, rental market, and strong house price growth, it is expected home sales will rebound, hinged on the relaxation of the FED's tightening monetary policy.

Atlanta Real Estate Market

The Atlanta real estate market had been experiencing steady growth for several years before the pandemic. However, the pandemic caused a brief slowdown in the market, but it has since rebounded and is once again on an upward trajectory. According to the Atlanta Realtors Association, during 2022 average and median sales prices outpaced 2021's performance with positive gains. The median sales price in December 2022 was $389,000, an increase of 3.5% when compared to December 2021, while the average sales price was $462,500, up 4.4% from the previous year. Atlanta area housing inventory totalled 10,547 units in December 2022, an increase of 45.9% from December 2021 while new listings totalled 3,845, down 26.0% from December 2021.[25]

The multi-family market in Atlanta draws its strength through its demographics which is skewed heavily to the younger "prime renters". This trend is expected to continue over the medium term as young workers form households at an above-average rate, generating increased rental housing demand. According to commercial real estate firm, Marcus and Millichap, Atlanta lands among the top five major markets for household creation in 2022, as lower living costs and a growing life science sector attract many young white-collar workers from Northeastern markets.[26]

Overall, the Atlanta real estate market is expected to continue growing, driven by the city's population growth, its growing economy, and strong demand for housing.

[24] https://www.miamirealtors.com/wp-content/uploads/bsk-pdf-manager/2023/01/Miami-Dade-County_Townhouses-and-Condos_2022-Q4_Detail.pdf
[25] https://www.atlantarealtors.com/resources/atlanta-realtors-market-brief/detail/atlanta-realtors-market-brief-december-2022
[26] https://www.marcusmillichap.com/research/market-report/multiple-markets/2023-us-multifamily-investment-forecast

SUMMARY AND SUBSEQUENT EVENTS

The highlight for the year 2022 was the successful execution of the Group's Additional Public Offering (APO) which was executed to continue the company's strategic thrust in acquiring and expanding its property portfolio. Proceeds from the APO allowed us to continue take advantage of the real estate partnerships formed in the US with APEX Development Group by closing our second acquisition in the multi-family space in Atlanta, Polaris at East Point. Additionally, the funds have been used for debt repayment, deployed for capital improvement projects at some of our properties, and the balance set aside for future acquisitions. We will continue to transition our US portfolio away from condos and to multi-family assets and take advantage of the gains we have made by selling units, using the proceeds to further increase shareholder value in other properties. Despite ongoing challenges, we are optimistic that government interventions in the jurisdictions where we operate will contribute to a more rapid economic recovery and a sustained, healthy real estate market.

The company also maintained a disciplined approach to capital allocation and risk management, enabling it to navigate challenging market conditions and deliver solid returns to shareholders. Kingston Properties Limited remains well-positioned for long-term growth and success, with a strong balance sheet, experienced management team, and a proven track record of delivering value to investors.

Looking ahead, Kingston Properties Limited is optimistic about its growth prospects. Our plan is to continue expanding our property portfolio in key markets, while also optimizing our existing properties to maximize rental income and capital appreciation.

As we monitor global conditions, we anticipate elevated inflation levels for the first half of 2023 before trending closer to central bank ranges closer to the year end. As a result, we expect subsequent rate hikes, albeit at a smaller pace, but we believe this will be a transitory phenomenon as the impact of the rate hikes take a significant hold on inflation. Additionally, we expect a positive impact of improved supply chain challenges on the economies in which we operate. Notwithstanding, we are cognisant of the risks to the downside especially with the lingering geopolitical tensions and as such we have developed a robust risk assessment framework by continuing to monitor global developments. We remain optimistic about the prospects for economies such as the Cayman Islands, which were experiencing robust growth prior to the pandemic and are well-positioned to return to their growth trajectory.

RISK EXPOSURES & RISK MANAGEMENT STRATEGIES

The inherent nature of risk in commercial Real Estate investments makes it a critical factor in the operations of our business, as ultimately there is an impact on overall shareholder value.

The Board of Directors, therefore, remains focused on the various types of risks that may directly or indirectly affect the operations of the Group with varying levels of materiality. Diversification of property type and geography remains one of the strategies that the Group pursues to effectively manage risk. Our real estate investments and geographic diversity (also diversified by commercial and residential segments) comprise a diverse mix of tenants.

Risks impact the performance of the Group and the Group's shares. As part of our due diligence process in acquisitions, we focus on the local market, characteristics, the credit quality of the underlying tenant base as well as the capital structure of each transaction, the following risks must be considered.

Economic Risks

Adverse economic conditions and dislocations in the credit markets could have a material effect on our results of operations, financial condition and ability to pay distributions to our shareholders. Our business may be affected by market and economic challenges experienced by the economy or real estate industry, including the impact of high unemployment and by a sudden downturn in international economic conditions. These conditions, or similar conditions existing in the future, may adversely affect our results of operations.

These include, but are not limited to the following.

- The financial condition of our tenants may be adversely affected, which may result in tenant defaults under leases due to bankruptcy, lack of liquidity, operational failures or for other reasons.
- Our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited. This could reduce our ability to pursue acquisition and development opportunities, reducing our returns from our acquisition and development activities, and increasing our future interest expense.
- Reduced values of our properties may limit our ability to dispose of assets at attractive prices, obtain debt financing secured by our properties and may reduce the availability of unsecured loans.

Asset and Industry Risks

The value and financial performance of our real estate assets, and consequently the value of our shares, are subject to the risk that if our properties do not generate sufficient revenues to meet our operating expenses (including debt service and capital expenditures), our cash flow and ability to pay distributions to our shareholders will be adversely affected. The following factors, among others, may adversely affect the income generated by our properties.

- Downturns in the economic conditions of the markets in which we own properties, such as declines in GDP and employment levels;
- Changes in interest rates and availability of financing;
- Competition from other office, retail and residential buildings;
- Real estate market conditions, such as oversupply or reduction in demand for office, retail or residential space in the markets in which we operate or intend to operate;
- Vacancies, changes in market rental rates and the need to periodically repair, renovate and re-let space;
- Changes in space utilization by our tenants due to technology, economic conditions and business culture;
- Increased operating costs, including insurance expenses, utilities, real estate taxes, state and local taxes and heightened security costs;
- Significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property;
- Civil disturbances, earthquakes and other natural disasters or terrorist acts or acts of war which may

result in uninsured or underinsured losses or the decreased desirability to our tenants in impacted locations;

- Declines in the financial condition of our tenants and our ability to collect rents from our tenants;
- Decreases in the underlying value of our real estate.

Acquisition Risks

There are risks associated with property acquisitions. We have acquired in the past and intend to continue to pursue the acquisition of properties and portfolios of properties, including portfolios that could increase our size and result in alterations to our capital structure. Our acquisition activities and our successes are subject to the following risks.

- Even if we enter into an acquisition agreement for a property, we may be unable to complete that acquisition after making a non-refundable deposit and incurring certain other acquisition-related costs.
- We may be unable to obtain or assume financing for acquisitions on favourable terms, or at all.
- Acquired properties may fail to perform as expected.
- The actual costs of repositioning, redeveloping or maintaining acquired properties may be greater than estimated.
- The acquisition agreement will likely contain conditions to closing, including satisfactory completion of due diligence investigations or other conditions that are not within our control, which may not be satisfied.
- Acquired properties may be located in new markets, either within or outside Jamaica, where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures.
- We may acquire real estate through the acquisition of the ownership entity subjecting us to the risks of that entity.
- We may be unable to quickly and efficiently integrate new acquisitions (particularly acquisitions of portfolios of properties) into our existing operations, and this could have an adverse effect on our results of operations and financial condition.
- We may acquire properties subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it, which could adversely affect our results of operations and cash flow. Unknown liabilities to acquire properties might include:
    - Liabilities for clean-up of undisclosed environmental contamination;
    - Claims by tenants, vendors or other persons against the former owners of the properties; and
    - Liabilities incurred in the ordinary course of business.
- We may be unable to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and private REITs, institutional investment funds and other real estate investors; and even if we can acquire the desired property, competition from other real estate investors may significantly increase the purchase price.

Re-Letting and Tenant Risks

We derive most of our income from rent received from our tenants and we face potential difficulties or delays in renewing leases or re-leasing space. If a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Also, when our tenants decide not to renew their leases or terminate early, we may not be able to re-let the space on a timely basis, or at all. Even if tenants decide to renew or lease new space, the terms of renewals or new leases, including the cost of required renovations or concessions to tenants, may be less favourable to us than current lease terms. As a result, our cash flow could decrease and our ability to make dividend payments to our shareholders could be adversely affected.

The bankruptcy or insolvency of a major tenant may adversely affect the income produced by our properties. A bankrupt tenant may reject and terminate its lease with us. In such a case, our claim against the bankrupt tenant for unpaid and future rent might be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and, even so, our claim for unpaid rent would likely not be paid in full. This shortfall could adversely affect our cash flow and the results of operations.

Resale Risks

Possible difficulty selling our properties may limit our flexibility. Properties like the ones that we own may be difficult to sell. This may limit our ability to change our portfolio promptly in response to changes in economic or other conditions. In addition, applicable laws may limit our ability to sell properties and this may affect our ability to sell properties without adversely affecting returns to our shareholders. These restrictions reduce our ability to respond to changes in the performance of our investments and could adversely affect our financial condition and the results of operations.

Contingent or Counterparty Risks

The action or actions of property owners or tenants of adjoining properties may have an impact on the viability of our assets and limit our ability to earn, and ultimately, to make distributions to shareholders. These actions could lead to a decline in the value of the real estate, limiting our ability for re-sale or resulting in reduced market prices.

Currency Exchange Risks

Having changed our functional currency to United States dollars in 2019, we still retain some potential currency exchange risk from transactions or earnings in currencies other than the US dollar. If we hold investments or other assets in currencies other than the US dollar, we will be subject to currency risks from the potential fluctuations in exchange rates between the US dollar and those currencies.

A significant depreciation in the value of the currency of one or more countries where we have significant investments may materially affect our results of operations. We may attempt to mitigate any such effects by borrowing in the currency of the country in which we are investing. We cannot assure our shareholders, however, that our efforts will successfully neutralize all international currency risks.

Debt and Re-financing Risks

There are some typical risks associated with debt financing, such as mortgaging a property to secure payment of indebtedness and not being able to meet the debt service obligations. A lender may take enforcement steps that could adversely affect our cash flow and, consequently, the amount available for dividends to shareholders.

Leverage Risks

Our degree of leverage could affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally.

These could affect the market price of our shares.

Insurance Risks

Insurance costs and policy deductibles expose us to unpredictable expenses which may be material. The Group maintains general liability and property insurance policies with coverage considered prudent by the Group's management. Management also monitors on an ongoing basis the level of coverage in place according to standards of prudence and to guard against significant exposure to liability and loss. The potential exists that insurance cover in place for the benefit of the Group may be inadequate and/or claims may not be paid, and in either such event the Group may suffer loss and/or be exposed to third party claims, affecting the results of the Group's operations and profitability.

Market Risks

Changes in market conditions could adversely affect the market price of our stock units. As with other publicly traded equity securities, the value of the Group's ordinary shares depends on various market conditions that may change from time to time. Among the market conditions that may affect the value of our ordinary shares are the following.

- The extent of investor interest in our ordinary shares;
- The general reputation of **"REIT"-** like entities and the attractiveness of our ordinary shares in comparison to other equity securities, including securities issued by other real estate-based companies;
- Our underlying asset value;
- Investor confidence in the stock and bond markets, generally;
- National economic conditions;
- Changes in tax laws and government policies;
- Our financial performance;
- Given the low level of liquidity of the local stock market in part due to the low-level stock ownership penetration, trading in shares may occur less frequently than desired.

  Additionally, given that the principal owners of shares tend to be institutional investors, the level of trading activity may be diminished; and
- General stock and bond market conditions.

The market value of our ordinary shares is based primarily upon the market's perception of our growth potential, our current and potential future earnings, and cash dividends. Consequently, our ordinary shares may trade at prices that are greater or less than our net asset value per share of common stock. If our future earnings or cash dividends are less than expected, it is likely that the market price of our ordinary shares will decline.

COVID-19 PANDEMIC RISKS

The Covid-19 pandemic or any future pandemic may result in gathering limit restrictions and restrictions on movement, which may result in less demand for office spaces and/or limited foot traffic to spaces in the retail sector. A prolonged pandemic may also have a negative impact on the global economy reducing aggregate demand and the need for specific goods and services offered by our tenants. This may lead to increased tenant delinquency and higher vacancy rates.

Risk Mitigation Strategies

The Group utilizes established best practices in its risk management strategies and reviews various risk factors at both the Investment and Risk committees and the Board of directors meetings.

Consensus in the decision-making process ensures that undertakings are consistent with the Group's risk appetite and that adequate measurement and mitigation strategies are being employed, including being adequately funded to absorb any adverse shifts.

Economic Risks

The Group uses various metrics to measure and monitor financial risks to its operations to ensure it remains a going concern. These include debt service coverage, net operating margin, funds from operations growth, debt to EBITDA, Debt to Equity, and Equity to Asset ratios. Specific benchmarks are set based on a composite of selected global REITs and our performance is measured against this composite. Whereas adverse economic conditions and dislocations in the credit markets could have a material effect on our results of operations, due to a downturn in the economy, our strategy is to diversify across various jurisdictions to mitigate against any economic fallout in another jurisdiction.

As part of our strategy to manage risk with our tenants, we require corporate tenants to provide financial statements for the most recent three years, pay two months' security deposit, and provide bank references and a history of past tenancies. Tenant accounts are constantly reviewed for early signs of difficulty and our tenant relations team remains in continuous communication with tenants to frequently do assessments of their operations.

The Group adopts various funding strategies including raising funds both from the debt and equity markets. We have established liquidity thresholds to ensure we are adequately funded to meet not only operating expenses and/or debt servicing but to take advantage of new opportunities as they come up. Further, we ensure that our credit rating with our financing partners remains intact to allow us to access funding when needed and at favourable rates. Additionally, with excellent working capital management, the Group can fund ongoing working capital and debt service needs while maintaining adequate financial resources to mitigate the risk of missing opportunities during difficult economic periods.

We have built longstanding relationships with our financing partners and have established a high level of creditworthiness with them to allow the Group to access funding even during periods of economic downturn. Additionally, we have established a diversified portfolio of different types of real estate assets, such as commercial, residential and industrial and also in various markets.

Asset and Industry Risks

A diversified portfolio of properties across different sub-classes and in different jurisdictions allows the Group to remain resilient during bad economic periods. Further, the Group maintains an adequate pool of financing options with various institutions in different jurisdictions.

We conduct extensive data gathering and monitor the activities in the markets in terms of inventory levels, comparable market rents and level of new construction. The strategy is to remain competitive while maintaining full occupancy in our properties as the generation of cash flow is paramount.

Real estate market conditions are constantly monitored by the company and the relevant adjustments are made to the portfolio. New investments are pursued in accordance with the current market reading and outlook.

We continually assess tenant needs and explore the possibility of flexi-space.

The Group adopts a policy of applying an above-inflation level increase in rents or common area maintenance (CAM) charges to cover added expenses. We maintain tight budgetary controls to prevent overruns in operating costs and review our operating contracts annually. Through its "green" policy approach, **KPREIT** is also committed to reducing utility consumption at its properties and thereby mitigate on cost increases.

Rent and CAM charges are adjusted appropriately to provide adequate coverage for fixed costs. This type of risk is usually characterised by reduced activities resulting in savings in variable costs such as utilities and building repairs. These savings act as a mitigating factor.

The Group adopts a policy of insuring our properties at full replacement costs. Although circumstances may change over time, property locations are selected carefully through a robust investment analysis process and all properties have a minimum level of security and infrastructural protection to minimize the impact of these risks.

The Group ensures that there is adequate security deposit coverage for each tenant, a three-month delinquency limit is established; penalties on late payments and/or negotiated settlements including deferrals or lease extensions are tools used to limit this risk.

To deal with decreases in the underlying value of our real estate, the Group has dynamic and diversified holdings in various markets where the movement in one market may be adequate to offset the movements in another. Periodic property upgrades are done including preventative maintenance and renovations, which help to maintain the underlying value of our properties.

Acquisition Risks

Rigorous due diligence led by a Board select committee helps to reduce the number of instances where this risk materializes. The financial impact of this risk is also mitigated by negotiating the lowest possible non-refundable deposit in the first place.

All offers to purchase are contingent offers and provide an exit should conditions to close do not materialise. Further, financing arrangements are included as part of the due diligence process.

Alternative uses are always considered with new property acquisitions. Worst-case scenarios are considered in the investment analysis process and investments may not be accepted if this is outside the scope of **KPREIT** investment strategies. The performance of acquired properties is constantly monitored and the decision to dispose may also be considered for underperforming assets if it is the most economically beneficial option.

A premium return is established during the underwriting process to handle contingencies above the minimum target return.

The Group pursues the joint venture or partnership model for acquisitions in new markets. This ensures that the partners share equally in the risk but are also persons familiar with local operations and have had an established track record. The cost of local experts is also factored in the ROI consideration and overall investment analysis where the company must incur such costs.

Effective acquisition planning which considers management, staffing and resources reduce the likelihood of the Group being unable to integrate new acquisitions into the existing portfolio.

Full title searches are performed to confirm ownership of investment properties and ascertain any liens on the property. Professional valuators, surveyors and engineers are used to assess investment properties before acquisition and checks are made with the relevant environmental bodies (such as NEPA in Jamaica) to ensure no environmental issues exist and covenants are adhered to.

The Group is being capitalized to effectively pursue investment opportunities that fall within its risk and return metrics. It may consider joint venture arrangements to achieve those targets. The Group establishes a limit of remaining within the target rate of return and if that is not achievable on a current or proforma basis, the deal is rejected.

Re-Letting and Tenant Risks

Constant assessment of tenants and their business is done to determine if they become a letting risk. Additionally, limits are set and monitored on tenant exposure per jurisdiction or industry within which they operate. Early termination clauses are present in all leases to ensure the landlord recovers sufficient rent to cover the re-letting period.

Resale Risks

The real estate market is assessed frequently and proactive decisions are taken to dispose of properties before adverse market events.

Contingent or Counterparty Risks

Where possible, legal recourse is taken to deal with any contingent or counterparty risks.

Currency Exchange Risks

In respect of currency exchange risks, the Group may attempt to mitigate any such effects by borrowing in the currency of the country in which we are investing. Additionally, periodic monitoring of the movement of the exchange rate is done to optimally time conversion actions. As much as possible, the Group arranges lease agreements in the USD functional currency, and where foreign currency is earned, it is utilized in settling liabilities of the same currency.

Debt and Re-financing Risks

The Group monitors debt covenants frequently and ensures that there is adequate Loan-to-Value (LTV) coverage. Further, aggressive principal reductions are employed to achieve lower LTVs by faster debt repayments.

Leverage Risks

The Group adopts a very conservative approach to debt ratios, with debt to asset of 50% or less and debt to equity below 75%.

Insurance Risks

The Group reviews its insurance coverage annually and ensures that there is adequate coverage on all our properties.

Market Risks

A key focus of management and the Board is to deliver earnings and dividends at or above expectations which is demonstrated by the minimum ROI embedded in the asset acquisition strategy. This drives shareholder value and any misalignment in the share price will be corrected in the long term by the market forces acting on full information. The Group continues to build its corporate profile through significant promotional activities and community involvement which is key to retaining a strong market presence even during periods of bad conditions in the stock market. Additionally, management keeps abreast of the developments within the jurisdictions where it operates and strategically adjusts its business model to deliver the greatest value to its stakeholders.

COVID-19 PANDEMIC RISKS

The Group has developed a ***"future-proofing"*** strategy that involves periodic assessment of the performance of major sub-classes of real estate to detect trends and focus our acquisition strategy towards those sub-classes shown to be most resilient to containment measures typical of a pandemic.

OTHER RISK FACTORS

Regulatory Uncertainties

Changes in existing regulatory requirements or the introduction of new regulations in Jamaica or overseas may affect **KPREIT's** operations and affect its profitability.

Non-compliance with applicable laws and regulations could lead to substantial monetary and or reputational damage and/or fines, public reprimands, increased regulatory scrutiny or other regulatory restrictions.

Share Price Volatility

The New Shares, if listed on the JSE as intended, may experience significant volatility in price, which may extend beyond the short term and which may be dependent on **KPREIT's** performance, the annual dividend yield of **KPREIT's** ordinary shares compared to other investment opportunities, investors' confidence and other factors over which **KPREIT** has no control.

Issue of Additional Shares

The Directors of the Company may hereafter authorize the issue of additional ordinary shares in the Company. Such shares, once issued, may rank pari passu with the existing ordinary shares and may be listed on the JSE or any other stock exchange(s). Additional shares so issued could affect the market price of the New Ordinary Shares currently being offered.

AVAILABILITY OF KPREIT'S ORDINARY SHARES FOR PURCHASE

The market price of **KPREIT's** ordinary shares could decline as a result of sales of a large number of shares in the market or the perception that such sales could occur, or as a result of any sale of shares by any of the Company's existing shareholders from time to time.

Payment of Dividends

The payment of dividends on **KPREIT's** shares will be primarily dependent on **KPREIT's** future profitability and notwithstanding the target level of distributions under our existing policy, ultimately remains at the discretion of the Directors, who will be considering the Company's best interests as a whole.

Macro-Economic Policies

Changes in fiscal and monetary policies by the Government of Jamaica or of any jurisdiction in which any member of the Group has investments may create opportunities as well as challenges for **KPREIT.** Fluctuations in market interest rates may influence the relative attractiveness of the dividend yield. The price of our ordinary shares may be adversely affected by the annual dividend yield relative to the yield on other available financial instruments.

New Accounting Rules or Standards

KPREIT may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require changes in the way **KPREIT** reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgment in applying relevant accounting policies; for example, the calculation of expected credit losses and significant increases in credit risk for financial assets under IFRS 9 or the fair value of financial instruments where observable market prices are not available. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in an adverse impact on **KPREIT's** financial results.

Competitive Environment

Changes in the macro and business environment may lead to intensified levels of competition in the jurisdictions in which **KPREIT** operates. New market entrants and or consolidation in the subsectors in which **KPREIT** operates may also lead to increased competitive pressures which could negatively impact market share and profitability.

Cross Border Operations/Risks Associated with International Conditions

KPREIT currently has investment assets and subsidiaries in several different countries, therefore it is exposed to adverse event risks which may impact its financial results and by extension its share price.

These events include:

- *International political and economic conditions;*
- *Changes in Government regulations in various countries;*
- *Implementation of trade barriers;*
- *Implementation of adverse tax consequences;*
- *Increased regulatory costs*

Risk Mitigation Strategies

The Group utilizes established best practices in its risk management strategies and reviews various risk factors at both the Investment and Risk committees and the Board of directors meetings. Consensus in the decision-making process ensures that undertakings are consistent with the Group's risk appetite and that adequate measurement and mitigation strategies are being employed, including being adequately funded to absorb any adverse shifts.

CORPORATE DATA

BOARD OF DIRECTORS

- Garfield Sinclair *(Chairman)*
- Nicole Foga *(Director/Company Secretary)*
- Lisa Gomes *(Director)*
- Peter Reid *(Director)*
- Gladstone Lewars *(Director)*
- Phillip Silvera *(Director)*
- Rezworth Burchenson *(Director)*

REGISTERED OFFICE

7 Stanton Terrace,
Kingston 6, Jamaica

CORPORATE OFFICE

36-38 Red Hills Road,
Kingston 10, Jamaica

Tel: 876-754-7840 | 620-4920 | 620-4707
International Line: 305-400-1447
Website: www.kpreit.com
Email: info@kpreit.com

REGISTRAR & TRANSFER AGENT

- Jamaica Central Securities Depository

AUDITORS

- KPMG

ACCOUNTANTS

- Crichton Mullings & Associates PA - USA

ATTORNEYS-AT-LAW

- Francis Grey (Cayman Islands)
- Foga Daley (Jamaica)
- Hart, Muirhead, Fatta (Jamaica)
- Nunes, Scholefield, DeLeon & Co. (Jamaica)
- Patterson Mair Hamilton (Jamaica)
- Tripp Scott (USA)
- Buchanan Ingersoll & Rooney PC (USA)
- Arnall Golden Gregory LLP (USA)
- Glitzenhirn Augustin & Co. (St. Lucia)

INVESTMENT BROKERS

- Sterling Asset Management (Jamaica)
- Jamaica Money Market Brokers Limited (Jamaica)
- Barita Investments Limited (Jamaica)
- VM Wealth Management Limited (Jamaica)

BANKERS

- First Caribbean International Bank (Jamaica)
- First Caribbean International Bank (St. Lucia)
- National Commercial Bank Limited (Jamaica)
- Terrabank, N.A. (USA)
- Bank of America Incorporated (USA)
- RBC Royal Bank (Cayman) Limited
- JMMB Bank (Jamaica)

SUBSIDIARY COMPANIES

- KP(REIT) Jamaica Limited
- KPREIT (St. Lucia) Limited
- Kingston Properties Miami LLC
- KPREIT (Cayman) Limited
- KP Dumfries Limited

STOCK SYMBOL

- KPREIT

EXCHANGE

- Jamaica Stock Exchange (Main Market)

INVESTOR RELATIONS OFFICER

Tatesha Rowe
Email: info@kpreit.com
Tel: 876-620-4707

INDEX TO FINANCIAL STATEMENTS

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Chartered Accountants
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firmmail@kpmg.com.jm

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.*

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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*

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.

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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.

KPMG

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

KPMG

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

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)

	Notes	Group 2022	Group 2021	Company 2022	Company 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)

	Notes	Group 2022	Group 2021	Company 2022	Company 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

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

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.

(Expressed in United States Dollars unless otherwise stated)

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.

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%).

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.

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

(Expressed in United States Dollars unless otherwise stated)

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.

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

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.

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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

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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.

Notes to the Financial Statements (Continued)
December 31, 2022
(Expressed in United States Dollars unless otherwise stated)

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.

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

(Expressed in United States Dollars unless otherwise stated)

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	

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

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.

Kingston Properties Limited

KPREIT

15TH ANNIVERSARY

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

" Honouring the Past, Treasuring the Present, Shaping the Future"

Kingston Properties Limited

OPERATING EXPENSES

Year Ended December 31, 2022

(Expressed in United States Dollars unless otherwise stated)

	Group		Company	
	2022	2021	2022	2021
Accounting fees	12,014	5,764		-
Advertising and promotion	13,127	19,407	13,127	19,407
Audit fees- current year	73,376	52,621	43,683	29,013
Audit fees – prior year under accrual	3,779		3,285	
Bank charges	5,070	4,369	2,258	1,319
Broker fees	68,070	78,972	66,320	75,252
Business licenses and permits	16,268	6,195	-	-
Computer and internet expenses	18,626	5,305	18,626	5,305
Courier	5,116	4,079	5,116	4,079
County and state taxes	3,176			
Depreciation	24,766	20,078	19,834	15,171
Development	464	1,497	464	1,497
Directors' fees	71,400	63,750	35,700	31,875
Donations	5,082	9,931	5,082	9,931
Dues and subscription	10,909	5,621	10,129	4,494
General expense	7,921	4,936	5,433	3,724
Homeowners' Association fees	37,874	93,171	-	-
Insurance	116,013	124,476	84,071	82,185
Management fees	22,222	20,707	-	-
Meals and entertainment	6,389	2,428	6,268	2,428
Meeting expenses	2,269	2,322	2,269	2,322
Miscellaneous	-	-	-	-
Office supplies	2,130	1,538	2,130	1,512
Penalties	3,539	108	3,539	108
Postage and delivery	1,037	234	-	-
Printing and reproduction	4,899	4,839	4,899	4,839
Professional fees	117,892	60,559	66,379	22,392
Property taxes	40,484	52,594	10,427	8,199
Regulatory fees and charges	25,646	22,672	25,646	22,672
Repairs and maintenance	52,628	44,387	24,602	7,895
Salaries and related costs	644,646	532,525	563,656	460,104
Security	19,670	3,700	19,670	3,700
Strata fees	32,103	26,339	-	-
Telephone & answering services	3,453	2,708	3,453	2,708
Travel accommodations	4,300	309	2,760	309
Utilities	7,176	4,867	5,934	3,905
	$1,483,534	1,283,008	1,054,760	826,345

NOTES

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" Honouring the Past, Treasuring the Present, Shaping the Future"

KPREIT

15TH ANNIVERSARY

FORM OF PROXY

Scan here to read more

I/We

of ____

Being a member(s) of **Kingston Properties Limited** hereby appoint ____

or failing him or her____

of ____

as my/our proxy to vote on my/our behalf at the Annual General Meeting of **Kingston Properties Limited** to be held at **Courtleigh Hotel and Suites, 85 Knutsford Boulevard, Kingston 5 on Tuesday, June 13, 2023 10:00 a.m** for the following purposes:

RESOLUTIONS	FOR	AGAINST
1. To Receive the Audited Accounts **Resolution 1:** "THAT the Audited Accounts for the Year Ended December 31, 2022 along with the reports of Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted."		
2. To ratify Interim Dividend **Resolution 2:** "THAT the interim dividend of US$0.0010 per share paid on November 15, 2022, be and is hereby declared as final for the year ended December 31, 2022".		
3. To elect Directors **a)** The Directors retiring by rotation in accordance with Article 107 of the Company's Article of Incorporation are Garfield Sinclair and Ms. Nicole Foga who being eligible for re-election offer themselves for re-election. **Resolution 3:** "THAT Garfield Sinclair retiring by rotation, be and is hereby re-elected."		
Resolution 4: "THAT Nicole Foga retiring by rotation, be and is hereby re-elected."		
4. To authorize the Directors to fix the remuneration of the Auditors **Resolution 5:** "THAT KPMG having signified their willingness to continue in office as Auditors, the Directors be and are hereby authorized to agree to their remuneration in respect of the period ending with the next Annual General Meeting."		

Dated this day of 2023

Signature ____________________________ ____________________________ **[J$100 Stamp]**

Signature ____________________________

In the case of a Body corporate, this form should be executed under Seal in accordance with the company's Articles of Association.

To be valid, this proxy must be signed, duly stamped and deposited with the Corporate Secretary of the Company at 7 Stanton Terrace, Kingston 6, not less than 48 hours before the time appointed for holding the meeting. A proxy need not be a member of the Company.


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15TH
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Businessuite
2022 Top Jamaica Main Market CEO
Kevin G Richards
Kingston Properties Limited
kingston.properties
Posts
15 years
Proudly Celebrating
Women's Day
Planted trees
13 likes
Installed recycling bi
ENGEL & VÖLKERS
ROCK
36-38

KPREIT

ANNIVERSARY

36-38 Red Hills Road,
Kingston 10, Jamaica W.I.

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