FirstRock
REAL ESTATE

FIRST ROCK REAL ESTATE INVESTMENTS LIMITED

& ITS SUBSIDIARIES

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

EXPRESSED IN UNITED STATES DOLLAR UNLESS OTHERWISE INDICATED

CHAIRMAN'S REPORT ON THE FINANCIAL RESULTS

First Rock Real Estate Investments Limited recorded a total comprehensive loss attributable to shareholders of US$2.8 million for the 12 months ended December 31, 2023, representing a decline of US$6.9 million over the prior year. This loss was mainly attributable to losses on disposal of investment properties and unrealized fair value losses on financial instruments. However, the company was able to reduce its expenses to US$3.6 million, representing a decline of US$1.5 million over the prior year. Additionally, the company registered a share of profit from its investments in joint venture of US$1.6 million.

These results were attributable to some softening in the property and financial investments markets resulting from the high interest rate environment, and costs associated with the execution of the company's portfolio rebalancing strategy.

High interest rates have somewhat curtailed the buoyancy in demand for real estate, which has in turn impacted values. However, the company remains confident that this negative trend will be reversed once interest rates begin to decline. The company will continue its strategy of rebalancing the portfolio by disposing of variable-income and underperforming residential and commercial properties and acquire fixed-income commercial properties with strong tenants, such as the KFC acquisitions in Costa Rica. The rebalancing will see us being more heavily weighted in the Latin American region.

The company is confident this rebalancing and de-risking strategy will bear fruit through the execution of development projects for sale and or lease, and acquisition of strong commercial income-producing properties throughout the Latin American and wider Caribbean region, several of which are far advanced in negotiations. These factors along with an expected improvement in the macroeconomic environment should bode well for the company and most importantly, its shareholders, in the short to medium term.

Norman Reid
Chairman

First Rock Real Estate Investments Limited
and Its Subsidiaries

Consolidated Financial Statements
Year Ended 31 December 2023
(Expressed in United States dollars unless otherwise indicated)

First Rock Real Estate Investments Limited and Its Subsidiaries

Year ended 31 December 2023
(Expressed in United States dollars unless otherwise indicated)

Index

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of First Rock Real Estate Investments Limited and its subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of First Rock Real Estate Investments Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of comprehensive (loss)/income, changes in equity and cash flows for the year then ended, and notes comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of First Rock Real Estate Investments Limited and its subsidiaries (Continued)

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
As at 31 December 2023, investment properties and investment properties held for sale totalled $23.146 million or 38% of total assets for the Group. The determination of the fair value of investment properties requires significant judgement. The Group's investment properties are stated at fair value based on the valuations carried out by independent qualified valuers (the "Valuers"). The valuations were dependent on certain key estimates which requires significant judgement, including capitalization rates. Details of the valuation methodology and key inputs used in the valuations are disclosed in Note 14 to the consolidated financial statements.	As part of our audit procedures, we have: - placed reliance on the Valuers property valuation reports and evaluated the competence, capabilities and objectivity of the Valuers; - assessed the appropriateness and reasonableness of the valuation methodology, key assumptions and estimates used in the valuations on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry with the assistance of EY specialists in accordance with ISA 620 "Using the Work of an Expert"; and - assessed the completeness and consistency of information provided by the Group to the Valuers; and - assessed the accuracy and completeness of the disclosures presented in the consolidated financial statements.

Building a better working world

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of First Rock Real Estate Investments Limited and its subsidiaries (Continued)

Report on the Audit of the Consolidated Financial Statements (Continued)

Other information included in the Annual Report

Other information consists of the information included in the Group's annual report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated financial statements.

Building a better working world

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of First Rock Real Estate Investments Limited and its subsidiaries (Continued)

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- 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.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of First Rock Real Estate Investments Limited and its subsidiaries (Continued)

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter 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.

The engagment partner on the audit resulting in this independent auditor's report is Rishi Ramkissoon.

Ernst & Young.

Chartered Accountants
St Lucia
29 February 2024

First Rock Real Estate Investments Limited and Its Subsidiaries
Consolidated Statement of Comprehensive (Loss)/Income
Year Ended 31 December 2023
(Expressed in United States dollars unless otherwise indicated)

	Notes	2023 $	2022 $
Income			
Rental income	6	206,341	641,632
Net gain from fair value adjustments on investment properties	14	2,378,635	6,210,855
Loss on disposal of investment property		(2,041,924)	(140,084)
Property income		543,052	6,712,403
Interest income from financial assets at amortised cost	7	442,573	481,714
Dividend income from financial assets at fair value through profit or loss	7	363,565	87,154
Net change in fair value of financial instruments at fair value through profit or loss		(1,417,453)	2,632,063
Gain/(Loss) on sale of financial instruments at fair value through profit or loss		78,828	(7,862)
Foreign exchange (losses)/gains		(695,573)	26,789
Investment (loss)/income		(1,228,060)	3,219,858
Interest expense	7	(779,643)	(589,432)
Net investment (loss)/income		(2,007,703)	2,630,426
Other income	8	87,351	15,777
Net operating (loss)/income		**(1,377,300)**	**9,358,606**
Expenses			
Depreciation and amortisation expense	10	3,103	7,556
Expected credit losses	9,10	11,164	185,418
Other operating expenses	10	3,614,921	4,984,885
Total expenses		**3,629,188**	**5,177,859**
Operating (Loss)/Profit		(5,006,488)	4,180,747
Share of profit from investment in joint venture	13	1,600,000	-
(Loss)/Profit before taxation		(3,406,488)	4,180,747
Taxation charge	11	(4,070)	(130,494)
Net (loss)/profit attributable to shareholders		**(3,410,558)**	**4,050,253**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation gains		553,139	51,705
Total comprehensive (loss)/income for the period attributable to shareholders		(2,857,419)	4,101,958
Basic and diluted earnings per stock unit for profit attributable to the equity holders of First Rock Real Estate Investments Limited	27	**(0.012)**	**0.014**

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

First Rock Real Estate Investments Limited and Its Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2023

(Expressed in United States dollars unless otherwise indicated)

	Note	2023 $	2023 $
Non-current assets			
Investment in associate	12	688,344	702,318
Investment in joint venture	13	3,175,000	-
Investment properties	14	12,820,906	25,639,363
Development in progress	16	644,112	500,794
Property, plant and equipment	17	4,305	37,325
Investments at amortised cost, net of provision for credit losses	18	4,770,976	2,780,571
Investments at fair value through profit or loss	18	2,172,190	4,657,136
		24,275,833	34,317,507
Current assets			
Development in progress	16	20,399,605	18,045,732
Property acquisition deposits	19	196,322	125,000
Current portion of investments at amortised cost	18	1,517,605	1,610,698
Due from related parties	20	729,240	285,268
Other assets	21	1,787,890	380,687
Investment properties held for sale	14	10,324,842	3,500,000
Cash and cash equivalents	22	963,800	1,733,911
		35,919,304	25,681,296
Total assets		**60,195,137**	**59,998,803**
Equity			
Share capital	23	27,337,093	27,404,643
Foreign currency translation reserve		649,094	95,955
Contributed capital in joint venture	13	1,575,000	-
Retained earnings		5,130,230	8,540,788
Total equity		**34,691,417**	**36,041,386**
Non-current liabilities			
Corporate bond payable	24	4,491,745	4,549,721
Long term loan	25	3,582,507	10,072,042
		8,074,252	14,621,763
Current liabilities			
Current tax liabilities		222	-
Current portion of long-term loans	25	13,541,554	4,981,331
Other liabilities	26	3,887,692	4,354,323
		17,429,468	9,335,654
Total liabilities		**25,503,720**	**23,957,417**
Total equity and liabilities		**60,195,137**	**59,998,803**

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

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 February 2024 and are signed on its behalf by:

Michael Banbury

Douglas Halsall

First Rock Real Estate Investments Limited and Its Subsidiaries

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

(Expressed in United States dollars unless otherwise indicated)

		Attributable to Equity Holders of the Parent				
	Notes	Share Capital $	Foreign Currency Translation Reserve $	Contributed Capital in Joint venture $	Retained Earnings $	Total $
Balance at 1 January 2022		**27,738,654**	**44,250**	**-**	**4,603,825**	**32,386,729**
Profit for the year		-	-	-	4,050,253	4,050,253
Other comprehensive income		-	51,705	-	-	51,705
Total comprehensive income		-	51,705	-	4,050,253	4,101,958
Transactions with owners:						
- Repurchase of issued shares	23	(334,011)	-	-	-	(334,011)
- Dividends paid	28	-	-	-	(113,290)	(113,290)
Balance at 31 December 2022		**27,404,643**	**95,955**	**-**	**8,540,788**	**36,041,386**
Loss for the year		-	-	-	(3,410,558)	(3,410,558)
Other comprehensive income		-	553,139	-	-	553,139
Total comprehensive (loss)/income		-	553,139	-	(3,410,558)	(2,857,419)
Transactions with owners:						
- Repurchase of issued shares	23	(67,550)	-	-	-	(67,550)
- Contributed capital in joint venture	13	-	-	1,575,000	-	1,575,000
Balance at 31 December 2023		**27,337,093**	**649,094**	**1,575,000**	**5,130,230**	**34,691,417**

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

First Rock Real Estate Investments Limited and Its Subsidiaries

Consolidated Statement of Cash Flows

Year ended 31 December 2023

(Expressed in United States dollars unless otherwise indicated)

	Notes	2023 $	2022 $
Cash flows from operating activities			
Net (loss)/profit		(3,410,558)	4,050,253
Adjustments for:			
Depreciation of property, plant and equipment	10,17	3,103	7,556
Interest income from financial instruments at amortised cost	7	(442,573)	(481,714)
Dividend income from financial instruments at fair value through profit or loss (“FVTPL”)	7	(363,565)	(87,154)
Interest expense	7	779,643	589,432
Foreign exchange losses		547,016	233,181
Loss on disposal of investment properties		2,041,924	140,084
Net gain from fair value adjustment on investment property	14	(2,378,635)	(6,210,855)
Loss on disposal of property, plant and equipment		13,342	20,248
Net change in fair value of financial instruments at fair value through profit or loss		1,417,453	(2,632,063)
Share of profit of joint venture	13	(1,600,000)	-
(Gain)/Loss on sale of financial instruments at value through profit or loss		(78,828)	7,863
Expected credit losses	9	11,164	185,418
Taxation expense	11	4,070	130,494
Changes in operating assets and liabilities:			
Related party balances		(443,972)	(59,372)
Other assets		(1,407,203)	349,990
Other liabilities		(466,631)	1,331,714
		(5,774,250)	(2,424,925)
Interest paid		(1,277,958)	(844,476)
Taxation paid		(3,848)	(17,600)
Cash used in operating activities		**(7,056,056)**	**(3,287,001)**
Cash flows from investing activities			
Acquisition of associate		-	(702,318)
Dividend received		363,565	87,154
Interest received		426,940	476,624
Proceeds from disposal of property, plant and equipment		16,575	-
Acquisition of investment property	14	(1,201,097)	(5,106,323)
Proceeds from disposals of investment property		7,493,397	4,747,916
Property development costs	16	(1,840,151)	(5,662,173)
Property acquisition deposit		(71,322)	(100,043)
Net (acquisition)/disposal of investments		(749,568)	1,532,176
Net cash provided by/(used in) investing activities		**4,438,339**	**(4,726,987)**
Cash flows from financing activities			
Dividends paid		-	(113,290)
Repurchase of shares, net of transaction costs	23	(67,550)	(334,011)
Loans received	25	3,598,045	12,448,304
Loan principal repaid	25	(1,652,255)	(2,674,189)
Net cash provided by financing activities		**1,878,240**	**9,326,814**
Net (decrease)/increase in cash and cash equivalents		**(739,477)**	**1,312,826**
Exchange differences on cash and cash equivalents		(30,634)	(225,832)
Cash and cash equivalents at beginning of the year		1,733,911	646,917
Cash and cash equivalents at the end of the year	22	**963,800**	**1,733,911**
Non-cash item:			
Amortisation of loan fees	24,25	106,364	77,789

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

First Rock Real Estate Investments Limited and Its Subsidiaries
Notes to the Consolidated Financial Statements
Year ended 31 December 2023
(Expressed in United States dollars unless otherwise indicated)

1. Incorporation and Principal Activities

First Rock Real Estate Investments Limited (the "Company") is an International Business Company ("IBC") duly incorporated under the laws of Saint Lucia on 4 October 2017. The Company commenced operations on 15 March 2019. The registered office of the Company is located at Bourbon House, Bourbon Street, Castries, Saint Lucia. Its main operations, carried out by First Rock Group Limited (the "Management Company"), are located at Suite 6, 14 Canberra Crescent, Kingston 6, Jamaica.

On 26 July 2022, the Company changed its name from First Rock Capital Holdings Limited to First Rock Real Estate Investments Limited.

The main activities of the Company are holding investments and controlling the operations of its subsidiaries. The Company's core focus is real estate acquisition and development for rental or resale and the acquisition of private equity investments for income generation and asset appreciation. The Company's primary aim is to provide its shareholders with a tax-efficient vehicle, offering an enhanced level of income, above average dividend yields and preservation of capital through the diversification of assets.

The Company's subsidiaries, associates and joint ventures, which, together with the Company are referred to as "the Group" are as follows:

Subsidiaries	Principal Activities	Incorporated in	Proportion of Issued Capital held by the Group		Financial Year End
			2023	**2022**	
First Rock USA, LLC	Property Investment	USA	100%	100%	31 December
First Rock Capital LATAM, Sociedad Anónima	Property Investment	Costa Rica	100%	100%	31 December
First Rock Latam One S.R.L.	Property Investment	Costa Rica	100%	100%	31 December
First Rock Capital Cayman Limited	Property Investment	Cayman	100%	100%	31 December
FCH Jamaica Developers Limited	Property Investment	Jamaica	100%	100%	31 December
FCH Jamaica Assets Limited	Property Investment	Jamaica	100%	100%	31 December
Associate					
Caribbean Health Systems	Operation of Medical Health Facilities	St. Lucia	25%	25%	31 December
Joint Venture					
St. Thomas Luxury Limited	Property Investment	Jamaica	50%	-	31 December
Ocean Eyes Ltd	Property Investment	Jamaica	75%	-	31 December

The shareholdings for all subsidiaries are the same this year as they were at the end of the previous financial reporting period.

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss and assets held for sale which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

(c) Judgements

In preparing these consolidated financial statements, management used certain critical accounting estimates. Management also exercised its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed.

Management believes the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(d) Adoption of new and revised International Financial Reporting Standards

(i) ***Standards, interpretations and amendments to existing standards effective during the year***

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. These new standards and amendments applied for the first time in 2023. The nature and the impact of each new standard or amendment is described below.

- **IFRS 17 Insurance Contracts (effective 1 January 2023)**
  In May 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach);
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

2. Statement of Compliance and Basis of Preparation (Continued)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

(i) ***Standards, interpretations and amendments to existing standards effective during the year (continued)***

- **IFRS 17 Insurance Contracts (effective 1 January 2023) (continued)**
  The Group does not have insurance contracts therefore the amendments did not have an impact on the consolidated financial statements.

- ***Amendments to IAS 8 - Definition of Accounting Estimates (effective 1 January 2023)***
  In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amendments had no impact on the consolidated financial statements.

- ***Amendments to IAS 1 and IFRS Practice statement 2 - Disclosure of Accounting Policies (effective 1 January 2023)***
  In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

  The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information', and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments have had an impact on the Group's disclosures of accounting policies in the consolidated financial statements.

- ***Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)***
  In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments had no impact on the consolidated financial statements.

2. Statement of Compliance and Basis of Preparation (Continued)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

(i) ***Standards, interpretations and amendments to existing standards effective during the year (continued)***

- ***Amendments to IAS 12 International Tax Reform- Pillar Two Model Rules (effective 1 January 2023)***
The amendments to IAS 12 have been introduced in response to the OECD's BEPs Pillar Two Rules and includes:

  - a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model rules; and
  - disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

  The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

  The amendments had no impact on the consolidated financial statements as the Group is not in scope of the Pillar Two Model rules.

(ii) ***Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group***

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- ***Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (effective 1 January 2024)***
In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

  The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Statement of Compliance and Basis of Preparation (Continued)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

(ii) ***Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group (continued)***

- ***Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (effective 1 January 2024) (continued)***
  A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

  The Group is currently assessing the impact of adopting these amendments.

- ***Amendments to IAS 1 - Classification of Liabilities as Current and Non-current with Covenants (effective 1 January 2024)***
  In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
  - Disclosures

  The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- ***Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (effective 1 January 2024)***
  In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than on which the finance providers pay the entity's suppliers.

  The Group is currently assessing the impact of adopting these amendments.

2. Statement of Compliance and Basis of Preparation (Continued)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

(ii) ***Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group (continued)***

- ***Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred indefinitely)***
  In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

  The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

  The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interest in the associate or joint venture.

  The amendments must be applied prospectively. The Group will assess the impact of adopting these amendments, once finalised.

- ***Amendments to IAS 21 – Lack of exchangeability (effective 1 January 2025)***
  In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

  If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

  The Group is currently assessing the impact of adopting these amendments.

3. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases. Total comprehensive income of subsidiaries is attributable to the owners of the company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group (Note 3(b)).

(ii) Non-controlling interests
Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive (loss)/income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- fair value of liabilities incurred to the former owners of the acquired business;
- fair value of equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase (negative goodwill).

3. Material Accounting Policies (Continued)

(b) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(c) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, the operating results of which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the First Rock Group Limited.

(d) Revenue recognition

(i) Rental income

Leases in which the Group does not transfer substantially all the risk and rewards incidental to ownership of an asset are classified as operating leases.

Revenue comprises the invoiced value of rental and maintenance charges. Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight line basis as a reduction in rental income.

The Group assesses the individual elements of the lease agreements and assesses whether these individual elements are separate performance obligations.

Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price is allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. These selling prices are predominantly fixed price per the agreements where the tenant pays the fixed amount based on a payment schedule.

Revenue is measured at the transaction price agreed under the contract. The Group currently does not have arrangements that include deferred payment terms. A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3. Material Accounting Policies (Continued)

(d) Revenue recognition (continued)

(i) Rental income (continued)
In certain circumstances, the Group might agree to forgive some amount of payments contractually due for past rent, without changing the scope of the lease or other terms (for example, if a lessee is in financial difficulty). In such cases, the Group has elected to treat the reduction in payments due for past rent as a partial extinguishment of the lease receivable. The amounts forgiven are recognised as a loss (that is, not a reduction in lease income) in profit or loss, with a corresponding reduction to the lease receivable in the period in which the reduction is contractually agreed.

(ii) Land development and resale
The Group develops and sells residential and commercial properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.

(iii) Interest income
Interest income is recognised in the consolidated statement of comprehensive (loss)/income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties that are an integral part of the effective interest rate transaction costs and other premiums or discounts.

Once a financial asset or a group of similar financial assets is credit-impaired, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iv) Dividend income
Dividends are received from financial assets measured at fair value through profit or loss (“FVTPL”). Dividends are recognized in the consolidated statement of financial position when the right to receive payment is established.

(v) Fee and commission income
Fee and commission income are income recognised in profit or loss on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

3. Material Accounting Policies (Continued)

(d) Revenue recognition (continued)

(vi) Financing components
The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(e) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US dollars, which is the Group's functional currency. The Group has determined that the US dollar is its functional currency as its strategy is to contract with multinational entities (mainly US based), at rates consistent with rates charged in the US and therefore considers the US economy to the be primary economy to which it is exposed and the economy that determines the pricing of its goods and services. The largest portion of the Group's revenues, expenses and cash flows are denominated in United States dollars.

(ii) Transactions and balances
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized in other comprehensive (loss)/income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive (loss)/income. When a foreign operation is sold or any internal lending forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. Material Accounting Policies (Continued)

(f) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

The Group capitalises borrowing costs on qualifying developments in progress.

(g) Leases

Group as a lessee
The Group leases various office spaces. The Group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months (short term leases) or leases of low value assets. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Lease payments on short-term and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing; and
- makes adjustments specific to the lease with respect to term, country, currency and security.

3. Material Accounting Policies (Continued)

(g) Leases (continued)

Group as a lessee (continued)
If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of use asset is depreciated over the underlying asset’s useful life. Right of use assets are not revalued.

Group as a lessor
See Note 3(d)(i)).

(h) Management fees

A management fee of 1.8% of the total asset value of the Group based on the Group’s audited financials is paid quarterly to the Group’s management company First Rock Group Limited.

The fee is to be paid in arrears, based on the quarterly unaudited financial statements of the Group, subject to the ‘claw-back’ provision.

Both the management fees and the performance-based dividend (Note 3(i)) are subject to a ‘clawback’ by the Group if the audited annual financial results of the Group demonstrate a negative variance from the quarterly unaudited accounts used to determine the payment of fees/dividends. The claw-back provision requires a re-payment from First Rock Group Limited and, if such re-payment is not made, the Group shall have a right of set-off of such surplus amount against any future cumulative annual preference dividend that may be payable to First Rock Group Limited. If the audited annual financial results demonstrate a positive variance from the quarterly unaudited accounts, such additional amount will be paid to the management company (with no interest) so that it is made whole based on the audited results.

3. Material Accounting Policies (Continued)

(i) Performance based fees

A performance based cumulative annual dividend calculated as twenty-five per cent (25%) of the audited annual total comprehensive income of the Group once the eight and a half per cent (8.5%) (the 'hurdle' rate) of the Group's total shareholder equity is achieved.

Dividends are to be paid quarterly in arrears, based on the quarterly unaudited financial statements of the company, subject to the 'claw-back' provisions.

(j) Operating expenses

Expenses include property operating, legal, marketing, professional and other fees. They are recognised in profit or loss in the period in which they are incurred on an accrual basis.

(k) Income taxes and deferred taxes

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to taxation authorities. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognized deferred tax assets are re-assessed at each reporting period date and are recognized to the extent that it has become probable that future profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Material Accounting Policies (Continued)

(k) Income taxes and deferred taxes (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax is recognised in income, except to the extent that it relates to items recognised directly in other comprehensive (loss)/income or equity - in which case, the tax is also recognised in other comprehensive (loss)/income or equity.

(l) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(m) Fair value measurement

Fair values of financial instruments measured at amortized cost are disclosed in Note 30.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

3. Material Accounting Policies (Continued)

(m) Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(n) Investment in associates and joint ventures

The Group's investment in associates and joint ventures are accounted for under the equity method.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but there is no control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Control is achieved when an entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, an entity controls an investee if the entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When an entity has less than a majority of the voting or similar rights of an investee, the entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The entity's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

3. Material Accounting Policies (Continued)

(n) Investment in Associates, and joint venture (continued)

The consolidated statement of comprehensive (loss)/income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate or joint venture is shown on the face of the consolidated statement of comprehensive (loss)/income outside operating profit.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of comprehensive (loss)/income.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as share of loss of an associate or joint venture in the consolidated statement of comprehensive (loss)/income.

(o) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value.

Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

3. Material Accounting Policies (Continued)

(o) Investment property (continued)

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- the development risk specific to the property;
- past experience with similar construction; and
- status of construction permits.

Fair value is based on active market prices for comparable sales, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections or other cashflow models. These valuation models typically consider rental income from current leases and other assumptions (such as vacancy, delinquency, market yields and capitalisation factors) market participants would make when pricing the property under current market conditions.

Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain/(loss) from fair value adjustment on investment property.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes. Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

3. Material Accounting Policies (Continued)

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. If such subsequent cost relates to a replaced part, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at annual rates, as follows:

Billboards	8% - 10%
Leasehold improvements	25%- 33 1/3%
Furniture, fixtures & equipment	10%
Computer equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the consolidated statement of comprehensive (loss)/income.

(q) Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment at the end of each reporting period whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss (“FVTPL”); and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at FVTPL, gains and losses will be recorded in profit or loss. For investments in equity instruments that are not held for trading, IFRS allows an irrevocable election at the time of recognition, to classify as either FVTPL or fair value through other comprehensive income (“FVOCI”). The Group makes an irrevocable election at the time of initial recognition to account for them at FVTPL. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Business model assessment
Business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Group intends to generate profits from holding a portfolio of assets; and
- The historical and future expectations of asset sales within a portfolio.

Solely payments of principal and interest (“SPPI”)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments’ cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at FVTPL.

(ii) Recognition
Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial assets (continued)

(iii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Financial assets measured at amortized cost
The Group classifies its bank and deposit accounts, investments at amortised cost, due from related parties and other assets. These are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") and are measured at amortised cost. Interest income from these financial assets is recognised in profit or loss as part of interest income from financial assets at amortised cost, using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statement of comprehensive (loss)/income. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

<u>Cash and cash equivalents</u>
Cash and cash equivalents include cash at bank and investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortized cost which is assumed to approximate fair value due to the short-term nature of these items. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition, cash balances, short term deposits and securities purchased under agreements to resell. Cash and cash equivalents exclude all qualifying balances aforementioned, that are hypothecated or otherwise restricted, consequent on loan or other similar arrangements.

Financial assets measured at fair value through profit and loss
Financial instruments are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch; and
- when a group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial assets (continued)

(iii) Measurement (continued)

Financial assets measured at fair value through profit and loss (continued)
The Group subsequently measures all equity investments at fair value. These fair value gains and losses are recognised in net change in fair value of financial instruments at fair value through profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income when the Group's right to receive payments is established.

Interest income and interest earned on assets measured at fair value through profit and loss is earned based on the effective interest rate based on the carrying amount before allowances. For assets that are credit-impaired when purchased or originated (purchased or originated credit impaired ("POCI")), the carrying amount after allowances for expected credit losses ("ECL") is the basis for applying the effective interest rate.

(iv) Impairment

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The ECL in relation to trade receivables is immaterial.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial assets (continued)

(iv) Impairment (continued)

For investment and lending portfolios, the Group applies the general approach. Under the general approach, expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience, but given that IFRS 9 requirements have only just been applied, there has been little time available to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivity analyses are considered in relation factors to which the ECLs are particularly sensitive and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An ECL estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

The measurement of ECLs for each stage and the assessment of SICR must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision for ECLs which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

(Expressed in United States dollars unless otherwise indicated)

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial assets (continued)

(iv) Impairment (continued)

Forward looking information
The estimation and application of forward-looking information require significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the ECL calculation has forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, interest rate and inflation, subsequently reverting to long-run averages. The estimation of ECLs in Stage 1 and Stage 2 are a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario are based on macroeconomic forecasts where available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios that occur on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to management's best estimate of the relative likelihood based on historical frequency and current trends and conditions. The weightings assigned to each economic scenario as at December 31, 2023 and December 31, 2022 were as follows:

	Base	Upside	Downside
31 December 2022:			
Investments portfolios	50%	30%	20%
Lending portfolios	50%	30%	20%
31 December 2023:			
Investments portfolios	50%	30%	20%
Lending portfolios	50%	30%	20%

Financial assets measured at amortized cost recognize impairment gains and losses in profit or loss in the consolidated statement of comprehensive (loss)/income. Interest income, dividend income and gains and losses arising from changes in fair value are included on the face of the consolidated statement of comprehensive (loss)/income.

Debt investments and other instruments are considered to be in low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The impairment charge for debt investments was assessed and is recorded in profit or loss.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial assets (continued)

(iv) Impairment (continued)

Significant increase in credit risk ("SICR")
On initial recognition, the Group assesses the credit risk associated with each exposure as discussed in Note 29(b).

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment, or a change in the borrower's employment arrangements, payment method, industry or personal conditions are considered in determining whether there has been a significant increase in the credit risk of the borrower.

For the Group's debt instruments, a significant increase in credit risk ("SICR") is where the prevailing risk that the issuer of an investment instrument will default is materially greater than the risk at the origination date of the investment instrument.

An investment is deemed to have experienced a significant increase in credit risk under the following circumstances:

- When the credit rating of the instrument has slipped four or more levels on the international/internal credit rating scale since the rating at origination date. Notwithstanding the slippage, the instrument is deemed not to have experienced a SICR where the credit rating remains within the investment grade of Baa3 or higher.
- The issuer of the instrument is experiencing or is very likely to experience one or more adversities including but not limited to the following:

  i. Filing for bankruptcy
  ii. Loss of major asset
  iii. Major decline in industry
  iv. Depressed Debt Restructuring
  v. Unsustainable Debt Burden
  vi. Adverse Legal or Political Events
  vii. Other Major Adversities

For the Group's loans receivable, SICR is determined by observing the extent to which adverse changes in one or more of the credit risk drivers could increase the likelihood of default since the origin of the loan. A change in the borrower's employment arrangements, payment method, industry or personal conditions could be deemed significant enough to trigger a forward migration of loans to Stage 2.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial assets (continued)

(iv) Impairment (continued)

Default
Debt investments and other instruments are in default where the issuer of the instrument has failed to honour part or all of the obligation under the investment agreement. Issuers that are assigned a credit rating of C or Stage 2 are deemed to be in a state of default.

The Group determines that loans are credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether: contractual payments of either principal or interest are past due for 90 days or more; there are other indications that the borrower is impaired, and the maturity date has passed. If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

Write-off
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(v) *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial liabilities

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVTPL.

The Group's financial liabilities comprise bonds payable, long term loans and other liabilities.

All loans and borrowings are initially recognized initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Modification of loans
The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Group will assess if the asset is POCI.

Deposits from tenants
Certain Group companies obtain deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 24 months. The Group has elected to treat such deposits as financial liabilities in accordance with IFRS 9, and they are initially recognised at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease (refer to Note 3(d)) for the recognition of rental income). The deposit is subsequently measured at amortised cost.

3. Material Accounting Policies (Continued)

(r) Investments and other financial assets and liabilities (continued)

Financial liabilities (continued)

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(s) Share capital

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

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs include legal fees, fees for arrangers, brokers, agents and investor events relating to the initial public offering.

(t) Borrowings

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

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(a) Functional currency

The determination of the Company's and its subsidiaries' functional currency is based on management's assessment of the primary economic environments to which the Company and the subsidiaries are exposed. According to IAS 21, The Effects of Changes in Foreign Exchange Rates ("IAS 21"), an entity's functional currency should reflect the underlying transactions, events and conditions that are relevant to the entity. Management considered primary and secondary indicators in determining functional currency including the currency that influences sales and expenses prices and rates. Although the company carries out a sizeable portion of its activities in Jamaica, its revenue strategy is to target expatriates, US affiliated companies and US tourists, and therefore transact in US dollars at rates that are consistent with rates charged in the United States. The Company has also raised financing primarily in US Dollars. From an expense perspective, the indicators are mixed as services are in some instances provided by Jamaican companies, charging Jamaican rates. Based on these factors, management concluded that the Company's functional currency should be measured using United States dollars ("USD").

(b) Investment properties

The fair value of investment properties is determined by independent valuators. The valuators determine fair value by using recent comparable sales or cash flow models. For comparable sales, adjustments are made for the time of the referenced sale, size, location, condition etc. These adjustments involve significant judgement, which could result in actual values being different from those realised from either sale, or the present value of rental income received from the lease of these properties.

For the cash flow models, a direct capitalisation approach is used. This approach involves determining a net rental amount, a capitalisation factor (representing a market participant rate of return) and estimating factors for vacancy and delinquency. The fair values derived may be very sensitive to these variables, in particular, the capitalisation factor. As with the sales comparison approach, values realised through sale or use may differ from the values estimated and recognised in the financial statements.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

In recognising deferred taxation in relation to certain items of investment property, the Group has assumed that there will be no capital gains tax on rental properties held for successive long-term rental periods as well as land for which the use is currently undetermined. It however assumes that for items which are currently investment property that will be developed for resale, and will eventually become inventory, the revaluation gains previously recognised will be subject to taxation at the time of sale. For investment property being developed, management recognises a deferred tax charge on the basis of a ratio of units to be sold, to the total number of units being developed. Any change in management's intention from rental to sale or determination of use for development or resale, would result in a recognition of an additional deferred tax liability.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(d) Measurement of the Expected Credit Losses ("ECL")

The measurement of the ECL for financial assets measured at amortised cost requires the use of models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing appropriateness of forward-looking information.

Internal Credit Rating

Management has utilised an internal rating for their investments. The internal rating is assessed as follows:

- The most recent country's credit rating obtained from an approved external credit rating agency is taken as the Base Credit Rating ("BCR");
- The credit rating for the relevant entity is the sum of the BCR and the Credit Rating Adjustment Factor ("CRAF");
- The CRAF is calculated as the aggregate of the factors such as the size of the institution, significance to national interest, financial diversification and financial outlook; and
- An entity is assigned an adverse factor where enough information is not available to assign a favourable score within the relevant categories.

These internal credit risk ratings are aligned to external credit rating companies, such as Standard and Poor and Moody's.

(e) Climate related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- *Useful life of property, plant and equipment*
  When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. See Note 3(p) for further information.

- *Fair value measurement*
  For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. See Note 14 for further information.

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5. Segment Reporting

Operating segments are reported in accordance with the information analysed by the (the chief operating decision-maker) of the Group, which is responsible for allocating resources to the reportable segments and assesses its performance.

The amounts provided to the Board of Directors in respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment. As all assets and liabilities have been allocated to the operating (reportable) segments, reconciliations of reportable segments' assets to total assets, and of reportable segments' liabilities to total liabilities, are not presented.

The tables below show results and net assets by geographical location.

	2023				
	Jamaica	**Costa Rica**	**Cayman**	**Eliminations**	**Total**
	$	**$**	**$**	**$**	**$**
Rental income					
- Residential property	-	28,046	25,100	-	53,146
- Commercial property	153,195	-	-	-	153,195
	153,195	28,046	25,100	-	206,341
Fair value gain on investment property	2,538,220	-	-	(159,585)	2,378,635
Loss on disposal of investment property	(1,684,826)	(203,535)	(125,000)	(28,563)	(2,041,924)
	1,006,589	(175,489)	(99,900)	(188,148)	543,052
Interest income	473,587	-	1,204	(32,218)	442,573
Dividend income	363,565	-	-	-	363,565
Other finance (expense)/income	(1,583,018)	52,963	116	(504,259)	(2,034,198)
Financial related (expense)/income	(745,866)	52,963	1,320	(536,477)	(1,228,060)
Other income	175,734	91	(10,518)	(77,956)	87,351
Operating (loss)/income	436,457	(122,435)	(109,098)	(802,581)	(597,657)
Depreciation and amortisation	(552)	-	(3,821)	1,270	(3,103)
Interest expense	(771,033)	(32,218)	(8,610)	32,218	(779,643)
Expected credit losses	(14,393)	-	15	3,214	(11,164)
Expenses	(3,546,644)	(112,522)	(33,888)	78,133	(3,614,921)
Operating loss	(3,896,165)	(267,175)	(155,402)	(687,746)	(5,006,488)
Share of profit from joint venture	1,601,447	-	-	(1,447)	1,600,000
Taxation	-	(4,070)	-	-	(4,070)
Net loss	(2,294,718)	(271,245)	(155,402)	(689,193)	(3,410,558)
Total assets	58,765,867	1,340,653	20,418	68,199	60,195,137
Total liabilities	25,264,256	925,096	-	(685,632)	25,503,720
Investment property	12,749,578	-	-	71,328	12,820,906
Assets held for sale	10,200,000	124,842	-	-	10,324,842

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5. Segment Reporting (Continued)

	2022					
	Jamaica	**Costa Rica**	**USA**	**Cayman**	**Eliminations**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Rental income						
- Residential property	-	78,363	-	91,916	-	170,279
- Commercial property	471,353	-	-	-	-	471,353
	471,353	78,363	-	91,916	-	641,632
Fair value gain on investment property	5,901,084	(10,034)	-	200,000	119,805	6,210,855
Profit/(Loss) on disposal of investment property	(64,485)	(124,996)	-	49,397	-	(140,084)
	6,307,952	(56,667)	-	341,313	119,805	6,712,403
Interest income	513,267	-	-	254	(31,807)	481,714
Dividend income	87,154	-	-	-	-	87,154
Other finance income/ (expense)	2,752,792	62,422	-	(1,068)	(163,156)	2,650,990
Financial related income	3,353,213	62,422	-	(814)	(194,963)	3,219,858
Other income	15,777	-	-	-	-	15,777
Operating income	9,676,942	5,755	-	340,499	(75,158)	9,948,038
Depreciation and amortisation	(551)	-	-	(7,005)	-	(7,556)
Interest expense	(555,146)	-	-	(35,580)	1,294	(589,432)
Expected credit losses	(189,095)	-	-	(15)	3,692	(185,418)
Expenses	(4,720,866)	(92,572)	(10,532)	(239,136)	78,221	(4,984,885)
Operating profit/(loss)	4,211,284	(86,817)	(10,532)	58,763	8,049	4,180,747
Taxation	(112,124)	(18,370)	-	-	-	(130,494)
Net profit/(loss)	4,099,160	(105,187)	(10,532)	58,763	8,049	4,050,253
Total assets	62,743,438	1,305,639	-	1,135,509	(5,185,783)	59,998,803
Total liabilities	26,297,014	1,718,798	228,987	850,053	(5,137,435)	23,957,417
Investment property	23,708,725	1,173,990	-	800,000	(43,352)	25,639,363
Assets held for sale	3,500,000	-	-	-	-	3,500,000

(Expressed in United States dollars unless otherwise indicated)

6. Rental Income

	2023	2022
	$	$
Commercial property	153,195	471,353
Residential property	53,146	170,279
	206,341	641,632

The Group's revenue is primarily generated from property assets, which are held by Group companies domiciled in the country in which the relevant asset is located.

Revenues are derived from a large number of tenants and no single tenant or group under common control contributes more than 10% of the Group's revenues. One tenant, located in domiciled in Jamaica, accounts for more than 10% of the Group's rental income.

There are no contract asset or contract liabilities in relation to the lease contracts.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2023	2022
	$	$
No later than 1 year	108,962	315,044
Later than 1 year and no later than 2 years	194,376	231,339

7. Net Interest Income and Dividend Income

	2023	2022
	$	$
Interest income		
Interest income from debt securities	167,540	165,920
Interest income from loans	275,033	315,794
Interest income from financial assets at amortised cost	442,573	481,714
Income from financial assets at FVTPL:		
Dividend income	363,565	87,154
	806,138	568,868
Interest expense		
Financial liabilities at amortised cost	(779,643)	(589,432)
Net interest income/(expense)	26,495	(20,564)

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8. Other Income

	2023 $	2022 $
Other income	100,693	-
(Loss)/Gain on disposal of property, plant and equipment	(13,342)	15,777
	87,351	15,777

9. Expected Credit Losses

	2023 $	2022 $
Investments at amortised cost	6,352	195,270
Loans at amortised cost	4,812	(9,852)
	11,164	185,418

10. Expenses by Nature

	2023 $	2022 $
Other operating expenses:		
Advertising and marketing	177,407	172,700
Agents' commission expense	1,826	34,011
Auditors' remuneration	87,600	90,825
Bank charges	28,863	19,223
Business development and meeting expenses	34,881	37,911
Direct property operating expenses (Note 14)	67,260	97,355
Directors' fees and travel	59,939	105,053
Donations and subscriptions	123,247	150,297
Fee and commission expenses	2,723	11,410
First Rock Foundation expense	-	67,403
Insurance	58,480	40,114
Legal and professional fees	837,542	654,409
Other	463,598	454,004
Management fees	1,109,814	1,075,479
Rates and taxes	12,588	92,049
Registrar and regulatory fees	160,758	86,788
Seminars	20,433	83,132
Software expenses	21,745	21,475
Travel and subsistence	346,217	323,922
Performance based fee	-	1,367,325
Balance c/f	3,614,921	4,984,885

(Expressed in United States dollars unless otherwise indicated)

10. Expenses by Nature (Continued)

	2023 $	2022 $
Balance b/f	3,614,921	4,984,885
Depreciation and amortisation expense (Note 17)	3,103	7,556
Expected credit losses	11,164	185,418
	3,629,188	5,177,859

11. Taxation

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

In recognising deferred taxation in relation to certain items of investment property, the Group has assumed that there will be no capital gains tax on rental properties held for successive long term rental periods. It however assumes, that for items which are currently investment property that will be developed for resale, and will eventually become inventory, the revaluation gains previously recognised will be subject to taxation at the time of sale. For investment property being developed, management recognises a deferred tax charge on the basis of a ratio of units to be sold, to the total number of units being developed. Any change in management's intention from rental to sale, would result in a recognition of an additional deferred tax liability. No deferred tax charge has been recognised in respect of investment properties with undetermined use.

The Group

The tax liability presented represents the liability for First Rock Capital LATAM, Sociedad Anónima, FCH Jamaica Developers Limited and FCH Jamaica Assets Limited as applicable. There were no tax expenses incurred by the other subsidiaries (First Rock Capital Cayman Limited and First Rock USA, LLC) as they do not have taxable income for the period.

(Expressed in United States dollars unless otherwise indicated)

11. Taxation (Continued)

The Company

Effective 1 July 2021, all International Business Companies ("IBCs") are subject to tax on income from sources in St. Lucia at the standard corporate tax rate of 30%. Foreign-source income is not subject to tax in St. Lucia provided that the IBC satisfies the economic substance criteria as set out in St. Lucia's legislation for eligibility to be taxed on a territorial basis in St. Lucia. Expenses incurred in connection with foreign-source income are not tax-deductible. Any such expenses paid to non-residents are not subject to withholding tax in St. Lucia. All domestic companies that are in good standing with the Inland Revenue Department, including branches of non-resident companies, are subject to tax at a basic rate of 30%. Companies that are not in good standing are subject to tax at a rate of 33.3%. Management is currently processing the filings to the tax authorities to meet the various criteria of the legislation to satisfy the economic substance requirement.

First Rock Capital LATAM, Sociedad Anónima

This subsidiary is registered under the "Income from Real Estate" regime, rather than the ordinary regime. Under the "Income from Real Estate" regime, tax is charged at a fixed rate of 15% (2022: 15%) of the gross rental income received, instead of a corporation tax of 30% payable on taxable income under the ordinary tax regime.

FCH Jamaica Developers Limited and FCH Jamaica Assets Limited

Income tax is charged at a rate of 25% for unregulated entities.

(a) Composition of tax charge

The taxation charge for the year is comprised of:

	2023 $	2022 $
Current tax	4,070	18,370
Deferred tax (Note 15)	-	113,623
	4,070	131,993
Other adjustment	-	(1,499)
	4,070	130,494

(b) Reconciliation of applicable tax charges to effective tax charge:

	2023 $	2022 $
The Company:		
St. Lucia tax considerations:		
Loss before tax	(4,208,203)	(920,212)
Tax at Nil% (2022: Nil%)	-	-

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11. Taxation (Continued)

(b) Reconciliation of applicable tax charges to effective tax charge: (continued)

	2023 $	2022 $
The Company:		
Jamaican tax considerations:		
Loss before tax	(4,208,203)	(920,212)
Tax at 25% (2022: 25%)	(1,052,051)	(230,053)
Adjusted for the effects of:		
Expenses not allowable for tax purposes	384,078	99,855
Income not subject to tax	(149,907)	(820,618)
Tax losses not recognised	121,215	-
Other	696,665	1,057,148
	-	106,332
First Rock Capital LATAM, Sociedad Anónima:		
Rental income(net)	27,133	122,467
Tax at 15% (2022:15%)	4,070	18,370
FCH Jamaica Developers Limited:		
Loss before tax	(319,271)	(13,956)
Tax at 25% (2022: 25%)	(79,817)	(3,489)
Adjusted for the effects of:		
Tax losses not recognised	21,085	-
Expenses not allowable for tax purposes	244	2,304
Other	58,488	6,977
	-	5,792
FCH Jamaica Assets Limited:		
Profit before tax	1,807,001	5,258,942
Tax at 25% (2022: 25%)	451,750	1,314,735
Adjusted for the effects of:		
Expenses not allowable for tax purposes	7	-
Tax losses not recognised	112,043	-
Other	13,134	-
Income not subject to tax	(576,934)	(1,314,735)
	-	-
Tax expense	4,070	130,494

First Rock Real Estate Investments Limited and Its Subsidiaries
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11. Taxation (Continued)

(c) Subject to agreement of the Commissioner General, Tax Administration Jamaica, at the reporting date, the following tax losses were available for set-off against future taxable profits for certain entities within the Group. Prior year tax losses that may be deducted in any tax year are capped at 50% of the aggregate taxable income for that year after taking into consideration the appropriate tax deductions and exemptions.

Entity	**Tax losses available for set off against future taxable profits**	**Tax losses for which a deferred tax has been recognised**	**Tax losses for which no deferred tax asset has been recognized due to the uncertainty of sustained taxable profits**
		2023	
	$	**$**	**$**
First Rock Real Estate Investments Limited -Jamaican tax considerations	8,218,065	3,554,370	4,663,695
FCH Jamaica Developers Limited	188,305	-	188,305
FCH Jamaica Assets Limited	483,642	-	483,642
Total	8,890,012	3,554,370	5,335,642
		2022	
	$	**$**	**$**
First Rock Real Estate Investments Limited -Jamaican tax considerations	7,733,207	4,777,955	2,955,252
FCH Jamaica Developers Limited	103,966	75,275	28,691
FCH Jamaica Assets Limited	33,684	-	33,684
Total	7,870,857	4,853,230	3,017,627

12. Investment in Associate

	2023	**2022**
	$	**$**
Carrying amount of interest in associate:		
Caribbean Health Systems	688,344	702,318

This represents the cost of a direct holding of 250,000 shares or 25% shareholding.

This entity was recently incorporated and has not yet commenced trading. Accordingly, no financial information is available.

Foreign currency adjustment on translation amounted to $13,974 (2022: $Nil) for the year.

(Expressed in United States dollars unless otherwise indicated)

13. Investment in Joint Venture

First Rock Real Estate Limited entered into joint venture agreement with effect from 31 March 2023; where it owns a fifty percent (50%) share in St. Thomas Luxury Limited, a company incorporated in Jamaica. The principal activities of St. Thomas Luxury Limited is real estate development.

FCH Jamaica Assets Limited entered into joint venture agreement with effect from 1 June 2023; where it owns a seventy-five percent (75%) share in Ocean Eyes Limited, a company incorporated in Jamaica. The principal activities of Ocean Eyes Limited is real estate development.

	Unaudited			
	St. Thomas Luxury Limited $	**Ocean Eyes Limited $**	**Total 2023 $**	**2022 $**
Capital contribution during the year	600,000	975,000	1,575,000	-
Share of equity for the year	1,300,000	300,000	1,600,000	-
Carrying amount	1,900,000	1,275,000	3,175,000	-

The tables below provide summarised financial information for the joint venture.

	Unaudited			
	St. Thomas Luxury Limited $	**Ocean Eyes Limited $**	**Total 2023 $**	**2022 $**
Assets/Equity	3,800,000	1,700,000	5,500,000	-
Group’s share of equity	1,900,000	1,275,000	3,175,000	-
Revenue and profit for the year	2,600,000	400,000	3,000,000	-
Group’s share of profit for the year	1,300,000	300,000	1,600,000	-

(Expressed in United States dollars unless otherwise indicated)

14. Investment Properties

This comprises:

	Land (Note 14(a))	Commercial Property	Residential Property	2023 $	2022 $
At 1 January	19,800,000	3,879,200	1,960,163	25,639,363	20,572,185
Acquisitions	-	1,201,097	-	1,201,097	5,106,323
Disposals	-	(4,200,000)	(1,835,321)	(6,035,321)	(2,900,000)
Reclassified to investment property held for sale (Note 14(f))	(10,200,000)	-	(124,842)	(10,324,842)	(3,500,000)
	9,600,000	880,297	-	10,480,297	19,278,508
Foreign exchange adjustment	(38,026)	-	-	(38,026)	-
Net gain from fair value adjustment:					
- To income	2,057,835	320,800	-	2,378,635	6,210,855
- To deferred income (Note 26(a))	-	-	-	-	150,000
Fair value as at 31 December	11,619,809	1,201,097	-	12,820,906	25,639,363

(a) Includes a land acquisition by way of transfer by natural love and affection for no consideration. The Group has recognised the asset at its fair value of US$1,750,000 (2022: US$1,750,000) and the corresponding credit as other payable. In accordance with IAS 20, the income associated with the grant of the land will be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. Unrealised fair value gain for the year amounted to US$Nil (2022: US$150,000) (Note 26(a)).

(b) Amounts recognised in income statement for investment properties:

	2023 $	2022 $
Rental income	206,341	641,632
Direct costs (Note 10)	(67,260)	(97,355)
Fair value gains recognised in income	2,378,635	6,210,855
	2,517,716	6,755,132

14. Investment Properties (Continued)

(c) All properties were valued at current market value as at 31 December by independent qualified property appraisers and valuators.

2023

Category	Valuation technique	Observable inputs	Unobservable inputs	Capitalisation factor (%)
Land	Sales Comparison	Sales prices/per acre, comparable address	Appreciation for time and sale of demand for comparables	N/A
Residential property	Sales Comparison	Sales prices per square foot, listings	Area, negotiation, access, location, topography and view	N/A

2022

Category	Valuation technique	Observable inputs	Unobservable inputs	Capitalisation factor (%)
Land	Sales Comparison	Sales prices/per acre, comparable address	Appreciation for time and sale of demand for comparables	N/A
Commercial property	Income Approach	Rental rate, property expenses	Capitalisation rate	6% - 10%
Residential property	Sales Comparison	Sales prices per square foot, listings	Area, negotiation, access, location, topography and view	N/A

A ±10% change in the consideration of current values would result in the carrying value of investment properties and investment properties held for sale and net profit increasing/decreasing by $2.314 million (2022: $2.914 million)

The fair values of the investment property are at level 3 in the fair value hierarchy, as certain of the inputs into the valuation process are deemed to be unobservable, as above.

(Expressed in United States dollars unless otherwise indicated)

14. Investment Properties (Continued)

(c) (continued)

Properties were valued at current market value as at 31 December by the following independent qualified property appraisers and valuators:

2023
A.S James & Associates Limited (Jamaican properties)
NAI Jamaica (Jamaican properties)
Icicor (Costa Rican properties)
JEC Property Consultants (Cayman properties)

2022
A.S James & Associates Limited (Jamaican properties)
Icicor (Costa Rican properties)
JEC Property Consultants (Cayman properties)

(d) Leasing arrangements
Commercial and residential properties are leased to tenants under operating leases with rentals payable monthly. Lease payments do not include variable lease payments that depend on an index or rate.

(e) Pledged as collateral for loans
Investment property has been pledged as collateral for loans as detailed in Note 24 and Note 25.

(f) Investment properties held-for-sale
At year end, property with a carrying value of $10,324,842 (2022: $3,500,000) was transferred to investment properties held-for-sale based on management's decision to dispose of the property. Management believes that sale of the property will be realised within the next 12 months.

15. Deferred Tax Assets/(Liabilities)

Deferred taxes are calculated in full on temporary differences under the liability method.

The movement on the deferred tax account is as follows:

	2023 $	2022 $
At beginning of year	-	113,623
Charged to statement of comprehensive (loss)/income (Note 11)	-	(113,623)
At end of year	-	-

(Expressed in United States dollars unless otherwise indicated)

15. Deferred Tax Assets/(Liabilities)(Continued)

Deferred tax assets and liabilities are attributable to the following items:

	Deferred Tax Assets			
	Tax Losses $	Unrealised Foreign Exchange loss $	Interest Payable $	Total $
At 1 January 2022	1,076,193	8,231	14,187	1,098,611
Credited/(Charged) to profit or loss	137,115	(8,231)	4,165	133,049
At 31 December 2022	1,213,308	-	18,352	1,231,660
(Charged)/Credited to profit or loss	(316,399)	-	1,545	(314,854)
At 31 December 2023	896,909	-	19,897	916,806

	Deferred Tax Liabilities			
	Unrealised exchange gains $	Unrealised gain on fair valuation $	Interest receivable $	Total $
At 1 January 2022	-	956,239	28,749	984,988
Charged to profit or loss	21,717	223,721	1,234	246,672
At 31 December 2022	21,717	1,179,960	29,983	1,231,660
(Credited)/Charged to profit or loss	(15,878)	(303,989)	5,013	(314,854)
At 31 December 2023	5,839	875,971	34,996	916,806

The amounts shown in the statement of financial position include the following:

	2023 $	2022 $
Deferred tax assets to be settled after more than twelve months	896,909	1,213,308
Deferred tax liabilities to be settled after more than twelve months	875,971	1,179,960

(Expressed in United States dollars unless otherwise indicated)

16. Development in Progress

	2023 **$**	**2022** **$**
Land		
- Hambani Estates (Note 16(a))	8,500,000	8,500,000
Development Costs/Preconstruction Costs		
- Hambani Estates (Note 16(a))	11,682,449	9,545,732
- Other (Note 16(b))	861,268	500,794
	12,543,717	10,046,526
	21,043,717	18,546,526
Classified as:		
Non-current	644,112	500,794
Current	20,399,605	18,045,732
	21,043,717	18,546,526

(a) This represents a 3.43-acre parcel of land currently being developed as a luxury residential villa community situated at lots 1, 1B and 3 Bamboo Avenue Kingston 6, St. Andrew. Construction commenced in March 2021 and is expected to be completed within the 3rd quarter of 2024.

Development in progress costs in relation to this property consist of pre-construction costs and hard construction costs.

(b) This represents pre-construction costs related to potential development of land held in investment properties once necessary determination of use is confirmed and necessary approval obtained, as appropriate.

(c) Movement during the year is as follows:

	2023 **$**	**2022** **$**
Balance at beginning of year	18,546,526	12,537,418
Development costs incurred	1,840,151	5,662,173
Interest capitalized during the year	657,040	346,935
Balance at end of year	21,043,717	18,546,526

(Expressed in United States dollars unless otherwise indicated)

17. Property, Plant and Equipment

	Furniture Fixtures & Fittings $	Billboards $	Computer Equipment $	Total $
Cost -				
1 January 2022	55,978	4,190	10,284	70,452
Disposals	(19,105)	-	(3,427)	(22,532)
As at 31 December 2022	36,873	4,190	6,857	47,920
Disposals	(34,399)	-	(5,143)	(39,542)
As at 31 December 2023	2,474	4,190	1,714	8,378
Accumulated Depreciation -				
As at 1 January 2022	(2,894)	(1,571)	(858)	(5,323)
Charge for the year (Note 10)	(5,405)	(551)	(1,600)	(7,556)
Relieved on disposal	1,770	-	514	2,284
As at 31 December 2022	(6,529)	(2,122)	(1,944)	(10,595)
Charge for the year (Note 10)	(1,782)	(552)	(769)	(3,103)
Relieved on disposal	7,683	-	1,942	9,625
As at 31 December 2023	(628)	(2,674)	(771)	(4,073)
Net Book Value -				
As at 31 December 2023	1,846	1,516	943	4,305
As at 31 December 2022	30,344	2,068	4,913	37,325

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18. Investments

	2023 $	2022 $
Financial assets measured at amortised cost:		
(a) Corporate bonds at interest rates of 11.75% and 12.00% (2022: 11.75% - 13.00%) per annum maturing 2024 and 2027 (2022: 2023-2027)	290,722	421,615
Structured note at an interest rate of 5.75% per annum maturing 2025 (Note 18(f))	2,025,890	-
Repurchase agreements at an interest rate of 5.45% (2022: 3.00%) per annum maturing 2024 (2022: 2023)	358,615	350,873
Certificates of deposits at an interest rate of 3.50% (2022: 0.20% and 3.00%) per annum maturing 2024 (2022: 2023)	750,000	762,703
	3,425,227	1,535,191
Interest receivable	31,434	26,970
	3,456,661	1,562,161
Less: ECL (Note 29(b))	(16,153)	(10,243)
	3,440,508	1,551,918
(b) Promissory notes:		
First Rock Group Limited (Note 18(d)(i))	1,169,590	1,119,073
Medical Associates Limited (Note 18(d)(ii))	45,222	125,237
Nationwide News Network (Note 18(d)(iii))	129,206	131,829
First Rock Private Equity Limited (Note 18(d)(iv))	-	250,000
FEP Limited (Note 18(d)(v))	948,465	650,000
Roots Financial Group Limited (Note 18(d)(vi))	516,824	527,315
	2,809,307	2,803,454
Interest receivable	108,551	97,382
	2,917,858	2,900,836
Less: ECL (Note 29(b))	(69,785)	(61,485)
	2,848,073	2,839,351
Total	6,288,581	4,391,269
Classified as:		
Non-current	4,770,976	2,780,571
Current	1,517,605	1,610,698
	6,288,581	4,391,269
Financial assets measured at fair value through profit and loss:		
(c) Quoted and unquoted equities: non-current (Note 18(e))	2,172,190	4,657,136

(Expressed in United States dollars unless otherwise indicated)

18. Investments (Continued)

(d) Promissory notes comprise:

(i) This represents the balances outstanding on loans with nominal amounts totalling approximately $1,169,590 (2022: $1,119,073) at an interest rate of 8% per annum. The maturity dates of these loans range from July 2029 – April 2050.

(ii) This represents the balance outstanding on a loan of JMD7,000,000 (2022: JMD20,000,000) at an interest rate of 11% per annum. The loan is payable in full in May 2024. Amounts were partially settled during the year.

(iii) This represents the balance outstanding on a loan of JMD20,000,000 at an interest rate of 14% per annum. The loan is payable in full in May 2024.

(iv) This represented the balance outstanding on a loan of $250,000 at an interest rate of 8%. The loan was originally payable in full in March 2024. The amounts were settled during the year.

(v) This represents the balance outstanding on loans totalling approximately $650,000 and JMD46,200,000 at interest rates of 8% and 10% per annum respectively. The maturity dates of these loans are June 2025 and January 2028.

(vi) This represents the balance outstanding on a loan of JMD80,000,000 at an interest rate of 9.25% per annum. The loan is payable in full in March 2025.

(e) This comprises:

	2023 $	2022 $
Quoted equities	250,000	250,000
Unquoted equity – First Rock Private Equity Limited	1,922,190	4,407,136
	2,172,190	4,657,136

(f) This Note is used to secure borrowings at Note 25(c)).

19. Property Acquisition Deposits

	2023 $	2022 $
Garelli (Note 19(a))	125,000	-
Brompton Terrace (Note 19(b))	71,322	-
Kailani (Hilton) (Note 19(c))	-	125,000
	196,322	125,000

(a) This represents a deposit on land that will be developed into a 5-story commercial office building located at 6 Garelli Avenue. Groundbreaking is expected to occur in the 2nd quarter of 2024.

(b) This represents a deposit on land located at 9 Brompton Terrace.

(c) This represented a deposit on two (2) units in a mixed use residential/hotel building currently being developed by NCB Group Cayman in Grand Cayman. The deposit was refunded during the period.

(Expressed in United States dollars unless otherwise indicated)

20. Related Party Balances and Transactions

(a) The consolidated statement of financial position includes the following balances with related parties:

	2023 $	**2022 $**
Amounts due from related parties:		
Century 21 Heave-Ho Properties (Company with common directorship)	4,426	-
Dolla Financial Services Limited (Company with common directorship)	3,739	-
Optimum Trading Limited (Company with common directorship)	2,817	-
First Rock Private Equity (Company with common directorship)	4,083	-
First Rock Group Limited (Management company)	714,175	225,046
First Rock Realty (Company with common directorship)	-	60,222
	729,240	285,268
Promissory notes: (Note 18(b))		
First Rock Group Limited	1,221,874	1,154,402
Medical Associates Ltd. (Company with common directorship)	46,258	123,828
FEP Limited (Company with common directorship)	991,497	652,602
First Rock Private Equity	-	247,759
	2,259,629	2,178,591
Long term loan: (Note 25):		
Advanced Integrated Systems Limited (Company with common directorship)	1,500,000	1,500,000
Related party transactions:		
Interest Income:		
First Rock Group Limited	306,776	89,502
Medical Associates Limited	9,475	20,601
FEP Limited	87,397	63,194
First Rock Private Equity	10,603	20,569
	414,251	193,866
Expenses:		
First Rock Group Limited:		
Performance based fee	-	1,367,325
Management fees	1,109,814	1,075,479
	1,109,814	2,442,804
First Rock Realty Limited:		
Brokerage commission	-	38,603
FEP Limited:		
Travel & Business Development fees	372,000	372,000
Advanced Integrated Systems Limited:		
Interest expense	133,750	105,000

(b) Key management compensation

Directors’ fees totalled $59,938 (2022: $105,053) for the period.

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21. Other Assets

	2023 $	2022 $
Rent receivable	84,798	158,801
Prepaid expenses	352,116	85,839
Due from broker	1,850	1,986
Due from attorney	1,211,810	37,137
GCT recoverable	64,423	18,860
Deposit refundable	-	25,069
Insurance investment premium	-	15,155
Other receivables	72,893	37,840
	1,787,890	380,687

22. Cash and Cash Equivalents

	2023 $	2022 $
Cash at bank	963,458	1,733,091
Cash in hand	342	820
	963,800	1,733,911

23. Share Capital

	2023 No. of shares	2023 $	2022 No. of shares	2022 $
Class A Ordinary shares (Note 23(a)):				
Opening balance	281,725,326	27,404,643	286,025,326	27,738,654
Share repurchase	(400,000)	(67,550)	(4,300,000)	(334,011)
Closing balance	281,325,326	27,337,093	281,725,326	27,404,643
Class A Preference shares (Note 23(b)):				
Opening balance and Closing balance	1,000,000	-	1,000,000	-
	282,325,326	27,337,093	282,725,326	27,404,643

(a) Class A Ordinary shares are voting and participating shares of the company. During the year, the Company bought back 400,000 units (2022: 4,300,000 units) on the open market.

23. Share Capital (Continued)

(b) Class A Preference shares rank pari passu as between and among themselves and in priority to any shares by the Company. Each Class A preference shareholder is entitled to a cumulative annual preference dividend equivalent to twenty- five per cent (25%) of the consolidated audited annual total comprehensive income of the Company (calculated in accordance with International Financial Reporting Standards prevailing from time to time, and expressed in US dollars) ("Total Income") in each financial year once the 'Annual Earnings Hurdle' is achieved, divided by the number of Class A Preference Shares in issue when the said cumulative annual preference dividend is paid. The "Annual Earnings Hurdle" shall be the amount which results when the Hurdle Rate of eight and one half per cent (8½ %) is applied to the Total Income of the Company.

Class A preference shareholders have voting rights in general meeting and have no economic rights or entitlements apart from the cumulative dividends, save and except for a return of capital paid or credited to be paid, as well as a right to share in any surplus on winding up on a pari passu basis with the capital paid for the shares. No capital has been paid on the Class A preference shares.

24. Corporate Bond Payable

	2023	**2022**
	$	**$**
Medium term secured bond due 2026 (Note 24(a))	4,522,206	4,614,009
Unamortised borrowing costs (Note 24(b))	(81,337)	(116,196)
	4,440,869	4,497,813
Interest payable	50,876	51,908
	4,491,745	4,549,721

(a) This represents a corporate bond issued through Sygnus Capital in the amount of J$700,000,000 at an interest rate of 7.50% per annum for 5 years maturing May 2026. The bond is secured by:

- First Legal Mortgage stamped to cover residential property situated at Retreat in the parish of Saint Andrew now known as 30 Millsborough Avenue registered at: Volume: 117 Folio: 113 in the name of FCH Jamaica Assets Limited
- First Legal Mortgage stamped to cover residential property situated at Retreat in the parish of Saint Andrew now known as 5 Seaview Avenue, registered at: Volume: 1027 Folio:229 in the name of First Rock Real Estate Investments Limited.
- Hypothecated repo in the name of JCSD Trustee Services c/o First Rock Real Estate Investments Limited representing the initial twelve-months interest.

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24. Corporate Bond Payable (Continued)

(b) Unamortised borrowing costs

	2023 $	2022 $
Opening balance	116,196	151,055
Amortised during the year	(34,859)	(34,859)
Closing balance	81,337	116,196

(c) Changes arising from financing activities:

	2023 $	2022 $
Opening balance	4,549,721	4,450,088
Amortised borrowing costs	34,859	34,859
Change in interest payable	(1,032)	(3,674)
Foreign exchange adjustment	(91,803)	68,448
Closing balance	4,491,745	4,549,721

(d) Compliance with covenants

At 31 December 2023 and 2022, the Group complied with the terms of the bond payable.

25. Long Term Loans

	2023 $	2022 $
Sagicor Bank Jamaica Limited (Note 25(a))	9,974,834	8,448,302
Advanced Integrated Systems Limited (Note 25(b))	1,500,000	1,500,000
Proven Wealth Limited (Note 25(c))	1,900,000	-
BAC Credomatic (Costa Rica) (Note 25(d))	220,000	-
CIBC FirstCaribbean International Bank (Cayman) Limited (Note 25(e))	-	224,104
Other (Note 25(f))	3,500,000	4,928,151
	17,094,834	15,100,557
Unamortised borrowing costs (Note 25(h))	(46,347)	(69,365)
	17,048,487	15,031,192
Interest payable	75,574	22,181
	17,124,061	15,053,373
Classified as:		
Non-current	3,582,507	10,072,042
Current	13,541,554	4,981,331
	17,124,061	15,053,373

25. Long Term Loans (Continued)

(a) At 31 December 2023, this represents term loan facilities taken out by FCH Jamaica Developers Limited to:

(i) Assist with construction of units at Bamboo Avenue, Jamaica. Interest is charged at a rate of 6.75% per annum calculated monthly. The facility will be paid over 24 months with monthly interest only payments of $52,805 and principal paid in full by maturity from the proceeds of unit sales.

(ii) Meet monthly interest payments due on the construction loan at (i) above. Interest is charged at a rate of 6.75% per annum calculated monthly. The facility will be paid over 24 months with monthly interest only payments and principal paid in full by maturity from the proceeds of unit sales.

The above loans are secured by the following:

- Legal Mortgage stamped to cover US$10.557 million over residential development property located at 1, 1B & 3 Bamboo Avenue, Mona, Kingston 6, St. Andrew registered at: Volume: 1546 Folio: 623 in the name of First Rock Real Estate Investments Limited.
- Unlimited Corporate Guarantee from the registered proprietor and parent company, First Rock Real Estate Investments Limited.
- Assignment of contractors all risk insurance over above residential development property for the full construction costs with SBJ's interest noted thereon as first mortgagee
- Letter of undertaking from FCH Jamaica Developers Limited's attorney having carriage of sale to pay over all proceeds of all units to SBJ

(b) This represented a loan from Advanced Integrated Systems Limited for the purchase of property at 7 Oxford Terrace, Jamaica. Interest was charged at a rate of 7% per annum for 5 years with an original maturity of June 2026. The loan was secured by First Legal Mortgage stamped to cover US$1.5 million over property at Volume 231 Folios 132 and 133. During the year, the above loan was discharged by further loan of US$1.5 million for 3 years at an interest rate of 9.5% per annum with interest payments commencing January 2023. Repayment of the principal is due in full on December 31, 2025. The loan is unsecured.

(c) This represents a loan from Proven Wealth Limited ("PWL") for general corporate purposes. Interest is charged at 8.5% per annum for 2 years maturing January 2025. The loan is secured by the following:

- PWL Hypothecated fixed income Note in the name of First Rock Real Estate Investments Limited stamped to cover US$2,000,000.

(d) This represents two term loan facilities of US$110,000 each taken out by First Rock Latam One S.R.L. to:

(i) Assist with construction of a commercial property in El Roble, Alajuela, Costa Rica. Interest is charged at 9% per annum. The facility will be paid over 10 years with monthly interest commencing December 2023 and principal payments commencing December 2024.

(ii) Assist with the construction of a commercial property in San Rafael, Alajuela, Costa Rica. Interest is charged at 9% per annum. The facility will be paid over 10 years with monthly interest commencing January 2024 and principal payments, commencing January 2025.

(Expressed in United States dollars unless otherwise indicated)

25. Long Term Loans (continued)

(e) This represented a loan from CIBC FirstCaribbean International Bank (Cayman) Limited, for the purchase of property at the Grove, Grand Cayman. Interest was charged at a rate of 3 month Libor plus 2.5% per annum with a floor of 3.5% for 5 years maturing November 2026. The loan was repayable in 54 blended monthly principal and interest payments of $11,574. The loan was secured by the following:

- First Legal Mortgage stamped to cover US$1,619,000 over property (residential buildings) situated at West Bay Beach North Grand Cayman, Block 11D, Parcel 105 H10, H11, H24, H27 & H29 in the name of First Rock Capital Cayman Limited.
- Fixed and floating charge debenture granted by First Rock Capital Cayman Limited stamped for US$1,619,000 over all other present and future real property and a first ranking floating charge over all other present and future assets.
- Debt service reserve equivalent to 12 months debt service payment of $138,888. (Note 18(a)).
- Debt service guarantee from First Rock Real Estate Investments Limited (formerly First Rock Capital Holdings Limited) to meet any shortfalls in debt service.
- Guarantee and postponement of claim from First Rock Real Estate Investments Limited (formerly First Rock Capital Holdings Limited) in an amount of US$1,619,000 with supporting resolution
- Evidence of property insurance in the real property and all other property and assets mortgaged and charged by the security.

This loan was repaid in full during the year.

(f) This represents:

- a vendor mortgage from a private individual with balance of US$3,500,000 (2022: US$4,500,000) to FCH Jamaica Assets Limited for the purchase of land at 2 Retreat Avenue Kingston 6. Interest is charged at 2% per annum, however the issuer has granted a twelve-month moratorium where interest shall not accrue. Interest will be waived if the principal sum is repaid within twelve months from the issue date.

  The loan is secured by the following:

  - First legal mortgage stamped to cover US$4,500,000 over property situated at 2 Retreat Avenue Kingston 6 Volume 1188 Folio 827 in the name of FCH Jamaica Assets Limited.

- a private loan from an individual of US$928,150 to FCH Jamaica Developers Limited for the purpose of development in 2021. Interest is charged at a rate of 3% per annum, however the repayment of interest and principal will be put towards the purchase price of a unit at Hambani Estates for which development is expected to be completed within the 1st quarter of 2024. Interest was waived by the lender for 2023 and 2022. This loan was repaid during the year and transferred to an attorney pending certification of development as complete and subsequent finalisation of the sale of the unit.

(g) As at 31 December 2023 and 2022, the Group is in compliance with all loan covenants**.**

(h) Unamortised borrowing cost:

	2023 **$**	**2022** **$**
Opening balance	69,365	-
Incurred for year	48,487	112,295
Amortised during the year	(71,505)	(42,930)
Closing balance	46,347	69,365

(Expressed in United States dollars unless otherwise indicated)

25. Long Term Loans (continued)

(i) ***Reconciliation of loans arising from financing activities***

The table below details changes in the Group's loans arising from financing activities, including both cash and non-cash changes. Loans arising from financing activities are those for which cash flows were, or future cash flows will be classified in the consolidated statement of cash flows as cash flows from financing activities.

	Opening Balance $	Financing cash flows - loan received (net) $	Non-cash changes - interest $	Non-cash changes - foreign exchange Movements $	Amortised borrowing costs $	Closing balance $
2023						
Long term loans	15,053,373	1,945,790	53,393	-	71,505	17,124,061
2022						
Long term loans	5,331,356	9,774,115	17,776	(112,804)	42,930	15,053,373

26. Other Liabilities

	2023 $	2022 $
Trade payable	131,928	79,754
Tenant deposits	-	40,845
Accrued expenses	155,097	309,645
Credit card payable	9,771	3,678
Deposit on sale of units	2,024,299	1,375,621
Withholding tax payable	86,344	51,055
Contractor's levy payable	-	16,373
Dividend payable	135,681	-
Other payables (Note 26(a))	1,344,572	2,477,352
	3,887,692	4,354,323

(a) This includes US$1,750,000 (2022: US$1,750,000) representing the fair value of land transferred by way of natural love and affection for no consideration and which has been upheld as deferred income. During the year, the terms and conditions of the transfer between the vendor, Berlinc Development Limited, and FCH Jamaica Assets Limited were finalised by Memorandum of Understanding ("MOU"). The MOU stipulates that 20% of the developed units on the land transferred should be allocated to the vendor upon completion of development at the cost of FCH Jamaica Assets Limited. (Note 14).

(Expressed in United States dollars unless otherwise indicated)

27. (Loss)/Earnings per Stock Unit

Basic earnings per stock unit are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Net (loss)/profit attributable to shareholders ($)	(3,410,558)	4,050,253
Weighted average number of ordinary shares in issue	281,325,326	285,091,985
Basic (loss)/earnings per stock unit (USD per share)	(0.012)	0.014

The Group has no dilutive potential ordinary shares. The diluted earnings per stock unit are the same as the basic earnings per stock unit.

28. Dividends

	2023 $	2022 $
Final interim dividend for 2022 at $0.0004 per ordinary share – gross	-	113,290
	-	113,290

29. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the First Rock Group Limited, which identifies, evaluates and manages financial risks in close co-operation with the Group's operating business units. The Board of Directors sets guidelines for overall risk management including specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

(a) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates, political risk and economic risk. Market risk is monitored by Management who carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

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

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Jamaican dollar ("JMD") and the Costa Rican Colón ("CRC"). Foreign exchange risk arises from transactions for purchases and recognised assets and liabilities.

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

Concentration of currency risk
The table below summarises the Group's exposure to the JMD as at 31 December. The Group's exposure to the CRC as at 31 December was not material.

	2023 JMD Exposure US$	2022 JMD Exposure US$
Financial assets		
Cash and cash equivalents	267,563	818,770
Financial assets at amortised cost	3,701,805	1,484,182
Other assets	61,086	-
Due from related parties	4,083	8,209
Total financial assets	4,034,537	2,311,161
Financial liabilities		
Corporate bond	4,491,745	4,549,721
Other liabilities	69,094	55,806
Total financial liabilities	4,560,839	4,605,527
Net position	(526,262)	(2,294,366)

Sensitivity analysis
The impact on the Group's profit before taxation, arising from a weakening or strengthening of the USD dollar in relation to the JMD are as follows:

	% Change in Currency Rate 2023	Effect on Loss before Tax 2023 $	% Change in Currency Rate 2022	Effect on Profit before Tax 2022 $
Currency:				
JMD (USD Strengthen)	4%	21,050	4%	91,775
JMD (USD Weaken)	1%	(5,263)	1%	(22,943)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

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29. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The following tables summarise the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2023				
	Within 1 year $	1 to 5 Years $	Over 5 years $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	963,458	-	-	342	963,800
Financial assets at amortised cost	1,379,876	3,734,988	1,119,670	54,047	6,288,581
Financial assets at fair value through profit or loss	-	-	-	2,172,190	2,172,190
Due from related parties	-	-	-	729,240	729,240
Other assets	-	-	-	1,371,351	1,371,351
Total financial assets	2,343,334	3,734,988	1,119,670	4,327,170	11,525,162
Financial liabilities					
Corporate bond payable	-	4,522,206	-	(30,461)	4,491,745
Long term loans	13,474,835	3,620,000	-	29,226	17,124,061
Other liabilities	-	-	-	3,732,595	3,732,595
Total financial liabilities	13,474,835	8,142,206	-	3,731,360	25,348,401
Total interest repricing gap	(11,131,501)	(4,407,218)	1,119,670	595,810	(13,823,239)
Cumulative interest repricing gap	(11,131,501)	(15,538,719)	(14,419,049)	(13,823,239)	-

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29. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	2022			
	Within 1 year $	1 to 5 Years $	Non-interest bearing $	Total $
Financial assets				
Cash and cash equivalents	1,733,091	-	820	1,733,911
Financial assets at amortised cost	1,495,110	2,843,535	52,624	4,391,269
Financial assets at fair value through profit or loss	-	-	4,657,136	4,657,136
Due from related parties	-	-	285,268	285,268
Other assets	-	-	275,988	275,988
Total financial assets	3,228,201	2,843,535	5,271,836	11,343,572
Financial liabilities				
Corporate bond payable	-	4,614,009	(64,288)	4,549,721
Long term loans	4,928,150	10,172,407	(47,184)	15,053,373
Other liabilities	-	-	4,044,678	4,044,678
Total financial liabilities	4,928,150	14,786,416	3,933,206	23,647,772
Total interest repricing gap	(1,699,949)	(11,942,881)	1,338,630	(12,304,200)
Cumulative interest repricing gap	(1,699,949)	(13,642,830)	(12,304,200)	-

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity
The Group's interest rate risk arises from investment securities and long term loans. The sensitivity of the income statement is the effect of the assumed changes in interest rates on net loss (2022: net income) based on floating rate financial assets and floating rate liabilities.

	Change in Basis Points 2023	Effect on Net Loss 2023 $	Change in Basis Points 2022	Effect on Net Profit 2022 $
JMD	+25	-	+100	(2,241)
JMD	-25	-	-50	1,121

There were no variable rate financial instruments as at 31 December 2023.

(iii) Price risk
Price 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 instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of investments held by the Group classified as fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact on net loss of a 6% increase and 3% decrease (2022: net income of 6% increase/decrease) in equity prices is an decrease/increase of $130,331 and $65,166 respectively (2022: increase/decrease of $279,428).

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from cash and cash equivalents (excluding cash on hand), contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The Group has policies in place to ensure that property rentals and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The Group manages its credit risk by screening its customers, establishing credit limits, obtaining bankers' guarantees or collateral for loans where applicable, the rigorous follow-up of receivables and ensuring investments are low-risk or are held with sound financial institutions. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to industry segments.

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Overall exposure to credit risk

The following table analyses the credit rating by internally developed and assessed investment ratings of financial assets bearing credit risk. See Note 3(r).

	2023				
	A to Aaa*	**B to Baa**	**C to Caa**	**Not rated**	**Total**
	$	**$**	**$**	**$**	**$**
Investments at amortised cost	-	5,631,870	656,711	-	6,288,581
Due from related parties	-	-	-	1,371,351	1,371,351
Other assets	-	-	-	729,240	729,240
Cash at bank	963,458	-	-	342	963,800
	963,458	5,631,870	656,711	2,100,933	9,352,972

	2022				
	A to Aaa*	**B to Baa**	**C to Caa**	**Not rated**	**Total**
	$	**$**	**$**	**$**	**$**
Investments at amortised cost	-	3,738,668	652,601	-	4,391,269
Due from related parties	-	-	-	275,988	275,988
Other assets	-	-	-	285,268	285,268
Cash at bank	1,733,091	-	-	820	1,733,911
	1,733,091	3,738,668	652,601	562,076	6,686,436

Credit quality of financial assets and ratings assigned

The credit quality of financial assets and the assigned ratings has been determined by reference to external credit ratings, if available, or to a rating assigned by management's expert using an approach consistent with that used by global rating agencies. All of the ratings assigned above were based on internal ratings.

Aaa

An obligation rated 'Aaa' has the highest rating. Obligations rated Aaa are judged by management to be of the highest quality, minimal risk.

Aa

Obligations rated 'Aa' are judged to be of the high quality and are subject to very low credit risk.

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Investments (continued)

A
An obligation rated 'A' is considered upper-medium-grade and are subject to low credit risk.

Baa
Obligations rated 'Baa' are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics.

Ba
Obligations rated 'Ba' are judged to have speculative elements and are subject to substantial credit risk.

B
Obligations rated 'B' are considered speculative and are subject to high credit risk.

Caa
Obligations rated 'Caa' are judged to be of poor standing and are subject to very high credit risk.

Ca
Obligations rated 'Ca' are highly speculative and are likely in, or very near, default, with some prospect of recovery in principal and interest.

C
Obligations rated 'C' are the lowest-rated class of bonds and are typically in default, with little prospect for recovery of principal and interest.

Not Rated
This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification mainly includes obligations due from related parties, short-term securities and loans net of provisions for credit losses.

(ii) Loans and trade receivables
Loans receivable are balances which have been recognised when cash is advanced to borrowers. Trade receivables relate mainly to tenants of the Group's investment properties. Receivables are monitored and followed up on a regular basis and provisions made as deemed necessary based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

The Group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories.

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Loans and trade receivables (continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Definition of Category	Basis for recognition of ECL
Performing	• Loans for which there is no evidence of a significant increase in credit risk since the origination date. • Loans that are due to mature within 12 months of the reporting date providing that such loans are not in a state of default.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	• Loans past due between 30 to 89 days • Loans that experienced a significant increase in credit risk even if the 30 days past due days threshold is not met	Lifetime expected losses (stage 2).
Non-Performing (credit impaired)	• Loans that are past due 90 days and over • Loans for which the maturity date has elapsed • Loans that show evidence of impairment even if the 90 days past due threshold is not met	Lifetime expected losses (stage 3).
Write-off	See Note 3(r)	Asset is written off.

The Group does not require the customers to pledge collateral as security against the loan in all cases. Over the term of the loans, the Group accounts for its credit risk by appropriately providing for ECLs on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data.

(iii) Cash and cash equivalents

The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings.

(iv) Due from related parties

The directors and management believe that the credit risks associated with this financial asset is minimal. There is no significant increase in credit risk associated with related parties and therefore the probability of default is considered insignificant.

Credit quality of financial assets

The following table sets out the staging of the Group's financial assets, exposed to credit risk, and shows their maximum exposure to credit risk. The amounts shown in the tables reconcile to the carrying values as shown in the financial statements. The tables below exclude other assets, which are in stage 1 and for which there is no ECL. All of the items listed below were in stage 1 (12 month ECL) and loss allowances were recorded only for financial instruments classified at amortised cost. There were no financial assets that were purchased credit impaired.

Financial instruments at amortised costs are considered to have low to moderate credit risk. Management considers 'low credit risk' for listed bonds which have an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

Credit quality of financial assets (continued)

	ECL Staging 2023			
	12-month ECL $	Stage 2 – Lifetime ECL $	Stage 3 – Lifetime ECL $	Total $
As at 31 December				
Financial instruments				
- B to Baa	5,692,019	-	-	5,692,019
- C to Caa	682,500	-	-	682,500
Cash at bank				
- A	963,800	-	-	963,800
Gross carrying amount	7,338,319	-	-	7,338,319
ECL	(85,938)	-	-	(85,938)
Gross carrying amount, net of ECL	7,252,381	-	-	7,252,381

	ECL Staging 2022			
	12-month ECL $	Stage 2 – Lifetime ECL $	Stage 3 – Lifetime ECL $	Total $
As at 31 December				
Financial instruments				
- B to Baa	3,780,497	-	-	3,780,497
- C to Caa	682,500	-	-	682,500
Cash at bank				
- A	1,733,911	-	-	1,733,911
-				
Gross carrying amount	6,196,908	-	-	6,196,908
ECL	(71,728)	-	-	(71,728)
Gross carrying amount, net of ECL	6,125,180	-	-	6,125,180

SICR was experienced for loans receivable based on increases in DPD for certain loans, as well as an investment security going into default, based on missed interest payments and slippage of more than four levels on the rating scale.

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

Loss allowances

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and life-time ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

Debt securities

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	31 December 2023 Total $	31 December 2022 Total $
Debt Securities – Amortised Cost					
Gross carrying amount as at 1 January	4,462,997	-	-	4,662,997	6,890,723
New financial assets originated or purchased	3,529,765	-	-	3,529,765	1,971,429
Financial assets fully derecognised during the period	(1,488,044)	-	-	(1,488,044)	(2,158,298)
Changes in principal and interest	(130,199)	-	-	(130,199)	(2,240,857)
Gross carrying amount as at 31 December	**6,374,519**	**-**	**-**	**6,374,519**	**4,462,997**

	Stage 1 12-month ECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	31 December 2023 Total $	31 December 2022 Total $
Debt Securities – Amortised Cost					
Loss Allowance as at 1 January	71,728	-	-	71,728	977,218
New financial assets originated or purchased	25,749	-	-	25,749	18,936
Financial assets fully derecognised during the period	(7,196)		-	(7,196)	(885,605)
Changes in principal and interest	(4,343)	-	-	(4,343)	-
Changes to inputs used in ECL calculation	-	-	-	-	(38,821)
Loss Allowance as at 31 December	**85,938**	**-**	**-**	**85,938**	**71,728**

The loss allowances for investments as at 31 December reconcile to the opening loss allowances as follows:

	2023 $	2022 $
Opening loss allowance at 1 January	71,728	977,218
Increase in ECL	11,164	185,418
Foreign exchange adjustment	3,046	-
Write off during the year	-	(1,090,908)
Closing loss allowance 31 December	85,938	71,728

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

Loss allowances (continued)

Collateral
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

- Loans – Cash and other near cash securities, mortgages over commercial and residential properties, charges over equipment and motor vehicles. Fair value of properties held as collateral is mainly based on obtained valuations from third parties and management's assessment of comparative sales, where valuations are not available.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral held.

Repossessed collateral
The Group can obtain assets by taking possession of collateral held as security. Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness.

Economic variable assumptions for exposure
The Group has adopted the scorecard approach for forward looking adjustments which is based on qualitative assessment. Macroeconomic variables that affect the performance of the portfolio the most is chosen and its significance (weighting) assigned. Each macroeconomic variable is then given a state, depending on management expectation. Each state is assigned a corresponding multiplier which indicates the impact of the state on the portfolio. The multipliers determine the range of ECL fluctuation. If the range is narrow, it means that the portfolio is less prone to macro-economic conditions. If the range is wide, the portfolio is easier affected by the indicators identified. This exercise is performed for all scenarios which represent different macroeconomic outlook. The set of variables remain the same however the states may vary depending on each specific scenario. The three scenarios are weighted based on the range of macroeconomic scenarios they cover. The score and probability of impact of each scenario are multiplied, and the results are summed for all three scenarios.

The assumptions and the related macroeconomic variables used by the Group for its investment securities are as follows:

- Inflation – Given a weight of 20% (2022: 20%)
- Interest rates – Given a weight of 30% (2022: 30%)
- Gross Domestic Product (GDP) – Given a weight of 40% (2022: 40%)
- Unemployment – Given a weight of 10% (2022: 10%)

The scenarios used and the weight assigned are as follows:

- Base case – 50% (2022: 50%)
- Upside –30% (2022: 30%)
- Downside –20% (2022: 20%)

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(b) Credit risk (continued)

Loss allowances (continued)

The multipliers used for the various outlook forecasts are as follows:
- Positive – Multiplier of 1.10 (2022: 1.10)
- Stable – Multiplier of 1.00 (2022: 1.00)
- Negative – Multiplier of 1.30 (2022: 1.30)

(c) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Asset and Risk Management Committee, includes:

- Monitoring future cash flows and liquidity on a weekly basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding if required;
- Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Maintaining lines of credit;
- Optimizing cash returns on investments; and
- Managing the concentration and profile of debt maturities.

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's liabilities based on the remaining period to maturity.

	At 31 December 2023			
	Within 1 year $	1 to 5 Years $	Over 5 Years $	Total $
Financial liabilities				
Long term loans	5,050,786	3,924,308	772,427	9,747,521
Corporate bond payable	339,165	5,002,804	-	5,341,969
Other liabilities	3,732,595	-	-	3,732,595
Total financial liabilities	9,122,546	8,927,112	772,427	18,822,085

	At 31 December 2022		
	Within 1 year $	1 to 5 Years $	Total $
Financial liabilities			
Long term loans	5,906,358	10,809,386	16,715,744
Corporate bond payable	340,917	5,437,892	5,778,809
Other liabilities	4,044,678	-	4,044,678
Total financial liabilities	10,291,953	16,247,278	26,539,231

(Expressed in United States dollars unless otherwise indicated)

29. Financial Risk Management (Continued)

(d) Capital management

The Group's objectives when managing capital are to provide superior returns for stockholders and benefits for other stakeholders, while maintaining a conservative capital structure. The Board of Directors monitors the return on equity, which the group defines as net profit attributable to equity holders divided by total stockholders' equity. The Board of Directors also monitors and approves the level of dividends to ordinary stockholders.

The consolidated statement of changes in equity depicts the Group's capital and changes therein. There were no changes to the Group's approach to capital management during the year.

The Group has no externally imposed capital requirements. The Group is subject to certain loan covenant requirements, as discussed in Note 24 and Note 25.

30. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the Group, fair values in the financial statements have been computed using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, considerable judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates in these financial statements are not necessarily indicative of the amounts that the Group would realize in a current market exchange.

The following methods and assumptions have been used:

(i) The carrying values of cash and bank equivalents, other assets, due from related parties and other liabilities maturing or payable within twelve months are assumed to approximate their fair values because of the short-term maturity of these instruments.

(ii) Unquoted equities classified as FVTPL securities are measured at historical cost less impairment when their fair values cannot be reliably determined. Quoted equities classified as FVTPL are determined based on quoted bid prices as at the end of the reporting period along with the application of price/earnings market assumptions, as appropriate.

The fair values of investments at amortised cost are determined based on the future cash flows discounted at market interest rates available as at the end of the reporting period.

Fair value of investments at amortised cost which differed from the carrying values on the Consolidated Statement of Financial Position is as follows:

	2023		2022	
	Carrying Value $	**Fair Value $**	**Carrying Value $**	**Fair Value $**
Investments at amortised costs	6,288,581	6,907,169	4,391,269	4,669,912

The fair value is at Level 2 of the fair value hierarchy.

30. Fair Value Estimation (Continued)

The following methods and assumptions have been used: (continued)

(iii) The carrying amount of variable rate loan totaling approximately $Nil (2022: $224,104) is assumed to approximate its fair value.

The fair value of fixed rate loans in the amount of $3,500,000 (2022: $4,928,151) cannot be reasonably assessed, as there are no fixed terms of repayment.

The fair values of other fixed rate loans have been estimated by applying market rates of similar loans at year end to the expected future cash flows.

Fair value of fixed rate loans which differed from the carrying values on the Statement of Financial Position are as follows:

	2023		2022	
	Carrying Value $'000	**Fair Value $'000**	**Carrying Value $'000**	**Fair Value $'000**
Corporate bond (principal)	4,522,206	4,281,548	4,614,009	4,260,676
Long term loans (principal)	13,594,834	14,123,698	9,948,302	9,864,650

The fair value is at Level 2 of the fair value hierarchy.

(iv) The fair values of investment properties are arrived at by reference to the market evidence of transaction prices of similar properties (sales comparison approach) or the application of an income capitalization rate (income capitalization approach) and the discounted cash flow method.

<u>Quantitative disclosures fair value measurement hierarchy</u>

The following tables provide an analysis of financial instruments held as at the statement of financial position date that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

(Expressed in United States dollars unless otherwise indicated)

30. Fair Value Estimation (Continued)

Quantitative disclosures fair value measurement hierarchy (continued)

The Group’s equity instruments as at the end of the reporting period were classified as follows:

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 31 December 2023				
Quoted equity	250,000	-	-	250,000
Unquoted equity	-		1,922,190	1,922,190
Investment properties and Investment properties held for sale	-	-	23,145,748	23,145,748
	250,000	-	25,067,938	25,317,938
As at 31 December 2022				
Quoted equity	250,000	-	-	250,000
Unquoted equity	-	-	4,407,136	4,407,136
Investment properties and Investment properties held for sale	-	-	29,139,363	29,139,363
	250,000	-	33,546,499	33,796,499

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the consolidated statement of financial position. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit.

Reconciliation of Level 3 fair value measurement

	Investment properties and Investment properties held for sale $	Unquoted equity $	Total 2023 $	Total 2022 $
Balance 1 January	29,139,363	4,407,136	33,546,499	22,560,185
Reclassification from Investment in Associate	-	-	-	1,746,429
Fair value (loss)/gain included in:				
- Net change on fair value of instruments at FVTPL)	-	(1,417,453)	(1,417,453)	2,660,707
- Net gain from fair value adjustments on investment properties	2,378,635	-	2,378,635	6,210,855
- Deferred income	-	-	-	150,000
Acquisition	1,201,097	-	1,201,097	5,106,323
Disposals	(9,535,321)	(1,067,493)	(10,602,814)	(4,888,000)
Foreign exchange adjustment	(38,026)	-	(38,026)	-
Balance, 31 December	23,145,748	1,922,190	25,067,938	33,546,499

31. Subsequent Events

- On 11 January 2024, the Group prepaid US$1.24M of its construction loan facility from Sagicor Bank Jamaica Ltd. The prepayment coincided with the closure of the first sale in the Hambani Estates residential development in Jamaica.
- On 31 January 2024, construction of one of the Group's commercial properties in Costa Rica was completed and the building handed over to the tenant.
- On 27 February 2024, the Group completed the divestment of its investment properties in the Torres de Heredia residential development in Costa Rica.