KPREIT

KINGSTON PROPERTIES LIMITED

ANNUAL REPORT | 2023

KINGSTON PROPERTIES LIMITED

MISSION

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

VISION

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

CORE VALUES

INTEGRITY: Our word is our bond.

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

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

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

NOTICE OF THE 16th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **16th Annual General Meeting** of **KINGSTON PROPERTIES LIMITED** will be held at **Courtleigh Hotel and Suites, 85 Knutsford Boulevard Kingston 5** in the parish of St Andrew in Jamaica on **12 June, 2024** at **10:00 a.m.** for the following purposes:

1. **To Receive the Audited Accounts for the year ended December 31, 2023, and the Reports of the Directors and Auditors.**

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

   Resolution 1: "THAT the Audited Accounts for the Year Ended December 31, 2023, along with the reports of Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted."

2. **To Declare Final Dividend**

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

   Resolution 2: "THAT the interim dividend of US$0.00075 per share paid on May 30, 2023, and US$0.000797 per share paid on November 23, 2023, be and are hereby declared as final for the year ended December 31, 2023".

3. **To Re-Elect Directors**

   (a) The Directors retiring by rotation in accordance with Article 107 of the Company's Article of Incorporation are: Mr. Phillip Silvera and Mr. Rezworth Burchenson who being eligible for re-election offer themselves for re-election.

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

   Resolution 3: "THAT Mr. Phillip Silvera retiring by rotation, be and is hereby re-elected."

   Resolution 4: "THAT Mr. Rezworth Burchenson retiring by rotation, be and is hereby re-elected."

4. **To Appoint the Auditors and Fix their Remuneration**

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

   Resolution 7: "THAT KPMG having signified their willingness to continue in office as Auditors, the Directors be and are hereby authorized to agree to their remuneration in respect of the period ending with the next Annual General Meeting."

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

By Order of the Board of Directors

Nicole Foga
Company Secretary

Registered Office:
7 Stanton Terrace,
Kingston 6, Jamaica

April 22, 2024

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






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CORPORATE PROFILE

Welcome to a new chapter in the Kingston Properties Limited's (KPREIT) journey. We mark over a decade and a half of innovation, resilience, and growth in the real estate investment sector. In our 16th year, we continue to uphold our commitment to deliver to our shareholders the benefits of real estate investment opportunities.

WHO WE ARE

Originally established as Carlton Savannah REIT (Jamaica) Limited in 2008, Kingston Properties Limited was born out of an ambition to become the pioneering REIT in the Caribbean. Navigating through the challenging times of the Great Recession, KPREIT became the first real estate investment company to be publicly listed on the Jamaica Stock Exchange (JSE). Throughout the years, we've built a solid foundation for growth on this pioneering milestone.

Our portfolio has flourished to encompass a wide array of properties, ranging from residential to commercial, industrial, and mixed-use developments across Jamaica, the Cayman Islands, and the United States. This growth has been powered by our Kingston-based team, whose local roots and global expertise drive unparalleled benefits for our investors and stakeholders.

OUR MISSION AND VISION

Our core mission is to enhance shareholder value through a diversified property portfolio that yields significant net income and appreciates in value over time, ensuring the consistent distribution of dividends. This mission motivates our team to relentlessly pursue unique investment opportunities, guided by a disciplined, data-driven strategy and a deep understanding of our clients' investment goals.

Strategic Structure and Global Reach

KPREIT has five wholly-owned subsidiaries, spanning strategic locations in Jamaica, the Cayman Islands, and the United States, enhancing our international footprint and reinforcing our investment philosophy.

Our subsidiaries include:

- Kingston Properties (St Lucia) Limited, was redomiciled to Cayman on January 4, 2022 by way of continuation, and its name changed to KPREIT (Cayman) Limited; it is now a wholly-owned subsidiary of KPREIT (St Lucia) Limited.
- KPREIT (St. Lucia) Limited incorporated in St. Lucia on December 29, 2021 as an International Business Company
- Kingston Properties Miami LLC, incorporated in the USA in the state of Florida is the wholly-owned subsidiary of KPREIT (Cayman) Ltd.
- KP (REIT) Jamaica Limited, incorporated in Jamaica on September 14, 2018.
- KP Dumfries Limited, incorporated in Jamaica on February 16, 2021,

Investment Philosophy

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

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

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

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

Sustainability

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

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

Corporate Objectives

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

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

Core Objectives:

A. Investment Management

B. Property Management

C. Business Strategy

INVESTMENT MANAGEMENT

We continue to adopt and implement nimble investment strategies to satisfy our target returns while balancing the portfolio's overall risk.

Diversification of the portfolio of assets to minimize the impact of country and sector risk is a tool used to boost returns and tax efficiency risk.

Various factors determine asset selection and retention, including:

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

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

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

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

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

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

PROPERTY MANAGEMENT

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

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

Active property management is a hallmark of maintaining good tenant relations to ensure consistent and stable cash flows. The Company utilizes a combination of internal and external professionals to ensure properties remain competitive in terms of rental rates and physical condition and that property data is collected and analyzed for trends to maintain tenant satisfaction at an optimal level.

Logs are utilized to track maintenance issues ensuring timely response and resolution. Preventative maintenance system is in place to maintain our properties and equipment in the optimal condition, reduce system downtime and inconveniences to tenants.

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

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

BUSINESS STRATEGY

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

✓ Nimble Strategy

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

✓ Acquisition Strategy

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

✓ Efficient Fundraising

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

✓ Shared Risk

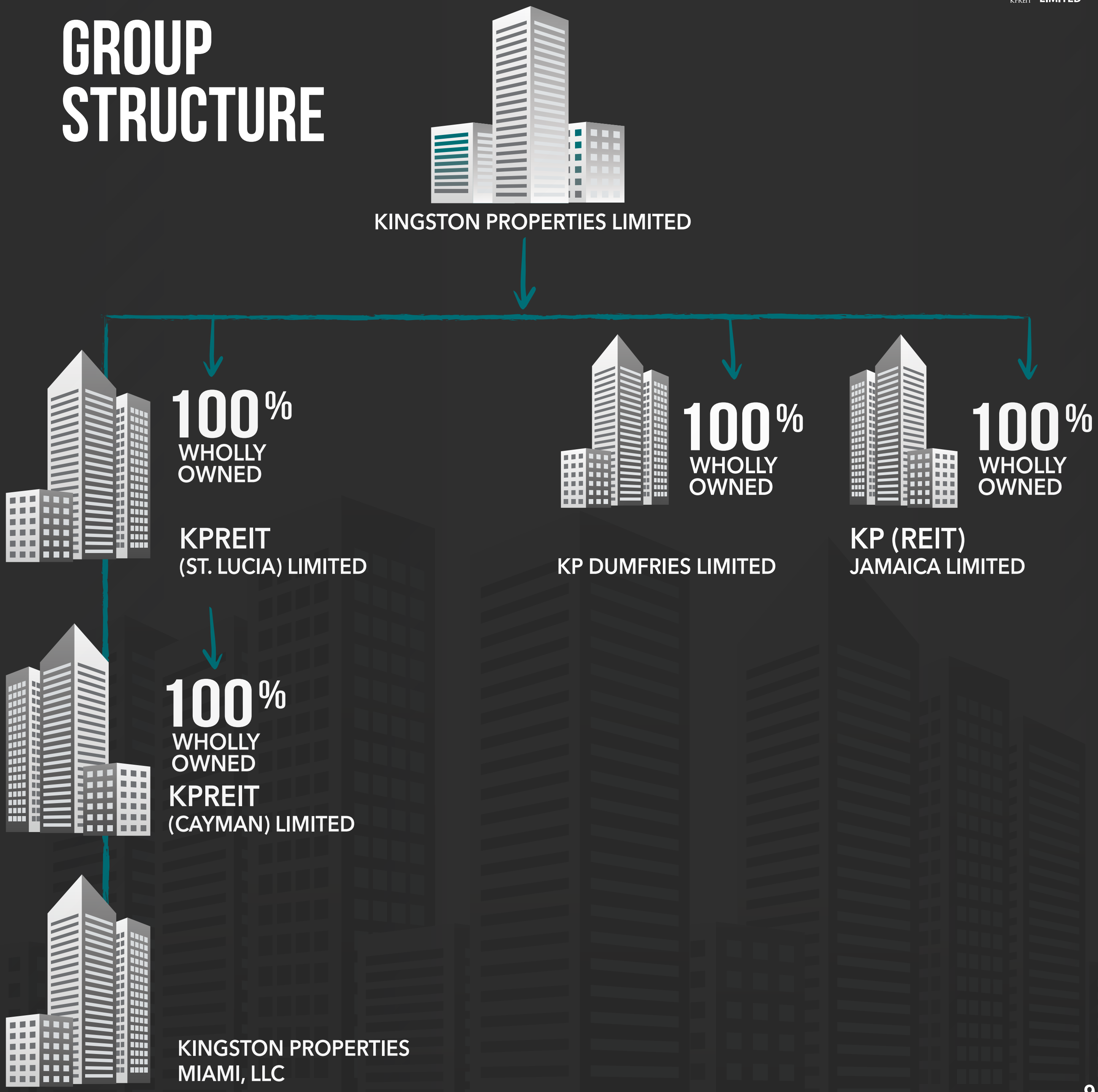
We adopt a model that allows us to share the risk of deals through partnerships and joint-venture opportunities. This facilitates participation in larger-sized deals while minimizing risk.

✓ Capacity Building

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

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

GROUP STRUCTURE



GRAND HARBOUR, CAYMAN ISLANDS

GROUP CHAIRMAN & CEO STATEMENT

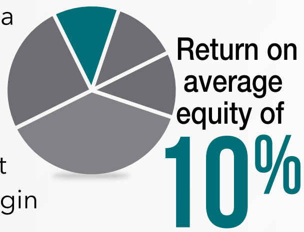
Dear Shareholders, Tenants, Team Members, and Stakeholders,

As we reflect on the journey through 2023, we present this annual report with a profound sense of accomplishment and gratitude. This year, KPREIT continued its growth trajectory by surpassing benchmarks and setting new records that underscore our commitment to excellence, sustainability, and stakeholder value creation. It was also our 15th anniversary of being a trailblazer in the real estate investing space in Jamaica.

UNPRECEDENTED FINANCIAL PERFORMANCE

KPREIT achieved unprecedented financial results in 2023, with net profit soaring to over $4M and our rental revenue eclipsing the previous years. These achievements resulted in a Book Value Per Share (BVPS) of J$8.39, while our total assets reached an impressive $70M.

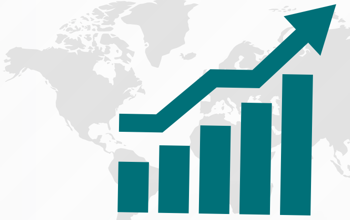
The gains realized from the strategic disposals of our final condo in the US along with the Dumfries Road property also enhanced our financial standing. The acquisition of the majority stake in the Grand Harbour Commercial Centre, our largest investment to date, was pivotal in achieving a targeted return on average equity of 10% and an excellent net operating margin (NOM) of 61%.



OPERATIONAL EXCELLENCE AND STRATEGIC MILESTONES

Our commitment to operational excellence has been unwavering. We maintained near-full occupancy across our properties thanks to our enhanced service delivery and rapid response to tenant queries. This focus on tenant satisfaction and our engagement with key stakeholders has been instrumental in our success.

The acquisition of the Grand Harbour Commercial Centre stands out as a highlight of the year due to its scale and potential to generate significant future cash flows, ensuring the continued growth of our Funds From Operations.



RESILIENCE AND GROWTH IN A DYNAMIC GLOBAL ENVIRONMENT

Despite facing headwinds such as rising insurance costs and higher for longer interest rates, our proactive measures, including refinancing to fixed-rate loans and prudent debt management, have ensured our continued resilience and financial health.

Looking ahead with optimism, we are poised for geographic expansion into the UK/European markets, focusing on geographic diversification and cash flow-generating opportunities. Our goal is to grow our total assets to $100M by 2025 and continue to prioritize immediate cash flow-generating deals and consistent dividend payments to our shareholders, with sound ESG principles at the core of our operations.

ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE

Our adherence to corporate governance and social responsibility standards has been resolute. We are proud to have

achieved an **A** rating in the Jamaica Stock Exchange (JSE) Corporate Governance Index and intensified our community and stakeholder engagement, furthering our commitment to making a positive impact. Notably, this year we also achieved Gold status Green Certification in the National Environment Planning Agency (NEPA) Green Business Awards, underscoring our continued commitment to environmental stewardship, our efforts in conservation, and reducing our carbon footprint.

> ***"As we look to the future, we want to express our heartfelt thanks to our board, team members, shareholders, tenants, and other stakeholders for your unswerving support and dedication. Your trust and collaboration have been the foundation of our success.***

In closing, 2023 has been a year of significant achievement and progress for KPREIT. We believe that our sharp vision and strategic focus has positioned us for sustained growth and value creation. We are excited about the opportunities and confident in our ability to deliver exceptional results for the benefit of all.

Thank you for your continued support.

Sincerely,

Garfield Sinclair
Group Chairman

Kevin Richards
CEO


kingston.properties
KINGSTON PROPERTIES LIMITED
2023 EARNINGS CALL
REVIEWING OUR 2023 PERFORMANCE
KPREIT
WATCH LIVE
@learngrowinvest
YouTube
TUESDAY,
MARCH 5, 20
3:00PM
KPREIT
BECOME A SHAREHOLDER
23%
$2.45M
Audited Financials
NET PROFIT
22%
$4.65M
Tips for Women in Real Estate
HAPPY INTERNATIONAL WOMEN'S DAY
2024
10 likes
Join us LIVE as we revie
the... more
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1/7
UNAUDITED GROUP FINANCIAL STATEMENT
Read our
Q3 UNAUDITED GROUP FINANCIAL STATEMENT
ENDED SEPTEMBER 30, 2023
at kpreit.com
Liked by tatesha_rob and 62 others
kingston.properties Kingston Proper
continues the growth trajectory with i... m
kingston.properties and learngrowinvest
FINANCIALS
$3.3 Mn
$3.8 Mn
15%
$5.9 Mn
$7.0 Mn
19%
$2.0 Mn
$2.5 Mn
25%
Net Operating Income (NOI) Margin %
Liked by
4:57
15%
Posts
kingston.properties
IMPACT OF WOMEN IN
REAL ESTATE
The increased inclusion of women in the real estate business since the mid 20th century has led to technology breakthroughs that have had a positive impact on sustainability and the environment.

QUICK FACTS

RENTAL INCOME
$3,837,090

NET PROFIT
$4,647,516

$1,365,294
Funds From Operations (FFO)

$2,476,398
Cash Provided by Operation

$1,367,553
Gross Dividends Paid

3.1%
Dividend Yield

465K
Square Feet of Buildings Owned

112K
Square Feet of Land Owned

OCCUPANCY
98%

KPREIT

KINGSTON PROPERTIES LIMITED

TOP 10 SHAREHOLDERS

AS AT DECEMBER 31, 2023

	PRIMARY ACCOUNT HOLDER	VOLUME	PERCENTAGE
1	VM INVESTMENTS LIMITED	203,379,834	23.0%
2	PRIME ASSET MANAGEMENT JPS EMPLOYEES SUPERANNUATION FUND	138,584,772	15.7%
3	VMWEALTH PROPERTY FUND	122,401,208	13.8%
4	NATIONAL INSURANCE FUND	67,142,856	7.6%
5	PAM - POOLED EQUITY FUND	45,689,453	5.2%
6	PAM - COURTS (JAMAICA) PENSION PLAN	45,475,068	5.1%
7	PLATOON LIMITED	36,459,155	4.1%
8	PAM-POOLED PENSION REAL ESTATE	25,800,681	2.9%
9	GUARDIAN LIFE SHELTER PLUS FUND	20,680,000	2.3%
10	THE ATL GROUP PENSION FUND TRUSTEES NOMINEE LTD	18,000,000	2.0%
	Total Units Owned by Top 10 Shareholders:	*718,613,027*	*81.9%*

DIRECTORS	SHAREHOLDINGS	CONNECTED SHAREHOLDINGS
Garfield Sinclair	Nil	
-Platoon Limited		36,459,155
Nicole Foga	432,830	
Peter J. Reid &	4,246,263	
-Margaret Sylvester-Reid		
Lisa Gomes	672,760	
Gladstone "Tony" Lewars	667,000	
Phillip Silvera	186,700	
Rezworth Burchenson	421,146	

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

TEN YEAR FINANCIAL STATEMENT

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CONSOLIDATED INCOME STATEMENT	JMD	JMD	JMD	JMD	USD	USD	USD	USD	USD	USD
Rental Income	108,048,742	108,368,868	130,457,378	196,322,267	1,573,865	1,690,138	2,130,727	2,981,417	3,346,404	3,837,090
Operating Expenses	56,822,625	100,902,850	98,264,169	124,325,694	1,016,865	1,016,341	1,100,482	1,283,008	1,483,534	1,533,287
Results of operating activities before other income	51,226,117	7,466,018	32,193,209	71,996,573	557,000	673,797	1,030,245	1,850,148	1,997,999	2,450,477
Other Income/gains	845,302	169,171,834	133,359,028	20,776,177	(363,008)	1,563,618	384,184	1,672,287	2,367,888	2,752,736
Operating Profit	52,071,419	176,637,852	165,552,237	92,772,750	193,992	2,237,415	1,414,429	3,522,435	4,365,887	5,349,887
Net Finance Cost/Income	(45,700,862)	(16,500,658)	53,788	(42,090,982)	(261,150)	(238,862)	(817,082)	(425,557)	(481,820)	(680,824)
Pre-Tax Profit or Loss	2,313,375	127,287,194	164,236,298	50,681,768	(67,158)	1,998,553	597,347	3,096,878	3,884,067	4,669,063
Income tax charge/credit	(3,450,340)	(21,865,656)	(34,317,258)	28,477,048	329,546	200,821	15,378	(78,566)	(84,411)	(21,547)
Net Profit	(1,136,965)	105,421,538	129,919,040	79,158,816	262,388	2,199,374	612,725	3,018,312	3,799,656	4,647,516
Foreign currency translation differences	45,057,651	30,177,442	60,949,209	(40,074,054)	(5,129)	-	-	-	-	
Total Comprehensive Income	43,920,686	135,598,980	190,868,249	39,084,762	257,259	2,199,374	612,725	3,018,312	3,799,656	4,647,516
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
Investment Properties and other real estate assets	953,788,854	1,552,203,131	1,930,922,213	2,471,466,048	20,620,680	23,939,643	38,130,420	46,960,606	50,716,300	66,817,189
Cash and Cash Equivalents	232,660,434	132,896,744	24,078,908	37,966,958	1,020,954	15,169,168	4,871,737	2,707,039	4,623,317	3,170,290
Total Assets	1,430,031,755	1,729,553,372	2,157,608,555	2,555,966,240	23,058,996	39,927,923	45,595,068	50,470,348	56,207,893	70,956,389
Total Equity	851,933,073	1,585,038,775	1,726,184,541	1,739,448,116	14,173,529	30,305,913	30,516,556	32,634,497	44,594,430	47,874,393
Loans Payable	486,351,708	-	273,977,851	704,625,570	8,333,536	9,276,018	13,724,480	17,243,953	11,044,917	22,205,605
Total Liabilities	578,098,682	144,514,597	431,424,014	816,548,124	8,885,467	9,622,010	15,078,512	17,835,851	11,613,463	23,081,996
KEY RATIOS										
Total Comprehensive Income % of Average Equity	5.22%	11.13%	11.53%	2.26%	0.03%	31.03%	2.01%	9.56%	9.84%	10.05%
Loans as % of Total Equity	57.09%	0.00%	15.87%	40.51%	58.80%	30.61%	44.97%	52.84%	24.77%	46.38%
Rental Income % of Total Investment Property	11.33%	6.98%	6.76%	7.94%	7.63%	7.06%	5.59%	6.35%	6.60%	5.74%
Profit before income tax Margin %	2.12%	45.86%	62.25%	23.35%	-5.55%	61.42%	23.75%	66.55%	67.97%	69.31%
Net Operating Margin %	47.41%	6.89%	24.68%	36.67%	35.39%	39.87%	48.35%	56.97%	55.67%	61.51%
Net Profit per share	$ (0.02)	$ 1.00	$ 0.81	$ 0.25	$ 0.00081	$ 0.00619	$ 0.00090	$ 0.00445	$ 0.00487	$ 0.00526
Operating Expenses as % of Rental Income	52.59%	93.11%	75.32%	63.33%	64.61%	60.13%	51.65%	43.03%	44.33%	39.96%
Effective Tax Rate	149.15%	17.18%	20.90%	-56.19%	490.70%	-10.05%	-2.57%	2.54%	2.17%	0.46%
Total shares outstanding at year end	68,371,602	160,996,334	160,996,334	321,992,668	321,967,682	677,712,399	677,663,643	677,652,928	884,609,294	884,000,000
Weighted Average No. of shares	68,798,669	105,549,310	160,996,334	321,992,668	331,622,071	355,235,387	677,664,788	677,654,648	781,015,068	884,000,000
OTHER DATA										
EBITDA (adj.)	52,479,478	11,372,436	46,463,541	82,153,405	200,914	2,245,866	1,427,548	3,542,513	4,390,653	5,375,357
Net Cash from Operations	55,298,705	974,667	(144,667,060)	85,150,354	420,985	602,886	577,320	2,118,357	1,691,967	2,476,398
Gross Dividends (USD)	172,000	200,000	400,000	200,000	200,000	450,000	400,000	900,000	1,430,000	1,367,553
Dividend per share (USD)	$ 0.00250	$ 0.00124	$ 0.00248	$ 0.00062	$ 0.00062	$ 0.00140	$ 0.00059	$ 0.00133	$ 0.00183	$ 0.00155
Dividend yield	3.82%	2.12%	3.19%	1.01%	1.32%	2.79%	1.16%	2.29%	3.59%	3.07%
Dividend Payout Ratio	-1682.54%	22.26%	38.53%	32.43%	76.22%	20.46%	65.28%	29.82%	37.63%	29.43%
Book Value per share (USD)	$ 12.38	$ 9.85	$ 10.72	$ 5.40	$ 0.04402	$ 0.04472	$ 0.04503	$ 0.04816	$ 0.05041	$ 0.05416
Year end closing stock price (JMD)	$ 7.50	$ 7.05	$ 10.00	$ 7.70	$ 6.00	$ 6.63	$ 7.25	$ 9.00	$ 7.75	$ 7.80
Year end closing stock price (adj.) *	$ 3.75	$ 3.53	$ 5.00	$ 7.70	$ 6.00	$ 6.63	$ 7.25	$ 9.00	$ 7.75	$ 7.80
Price Earnings Ratio	N/A	7.06	12.39	31.32	56.76	7.98	55.97	13.33	10.33	9.57
Year End Market Capitalization (JMD)	515,990,018	1,135,024,155	1,609,963,340	2,479,343,544	1,931,806,092	4,493,233,205	4,913,061,412	6,098,876,352	6,855,722,029	6,895,200,000
JSE Index at Year End	76,353.39	130,692.13	192,276.64	288,381.97	379,790.86	509,916.44	395,614.93	396,155.61	355,896.64	325,699.79
Annual Inflation Rate % - Jamaica	6.40%	3.70%	1.70%	5.20%	2.50%	6.20%	5.20%	7.30%	9.40%	6.30%
Annual Inflation Rate % - US	0.80%	0.70%	2.10%	2.10%	1.90%	2.30%	1.40%	7.00%	6.50%	3.80%
Year End Exchange rate USD:JMD	$ 114.66	$ 120.42	$ 128.44	125.00	127.72	132.57	142.65	155.09	152.05	154.95
Year over Year % Change	7.8%	5.0%	6.7%	-2.7%	2.2%	3.8%	7.6%	8.7%	-2.0%	1.9%
Average annual exchange rate	111.22	117.31	125.14	128.36	129.72	134.22	143.27	151.62	154.21	154.99

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

GRENADA CRESCENT, JAMAICA

DIRECTORS' REPORT

*The Directors of **Kingston Properties Limited** are pleased to present their Annual Report and the Audited Financial Statements for the year ended December 31, 2023.*

FINANCIAL RESULTS

Results of Operating Activities	$2,450,477
Profit before Income Tax	$4,669,063
Income Tax Charge	$21,547
Profit for the year	$4,647,516
Dividends declared on ordinary shares	$1,367,553

DIVIDENDS

The company declared dividend payments of US$0.00075 per share paid on May 30, 2023 and US$0.000797 per share paid on November 23, 2023.

THE BOARD

The Directors of the Board comprised:

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

Pursuant to Article 107 of the Schedule to the Articles of Incorporation of **Kingston Properties Limited**, the Directors retiring by rotation are Mr. Phillip Silvera and Mr. Rezworth Burchenson, who both being eligible for re-election offer themselves for re-election to the Board.

AUDITORS

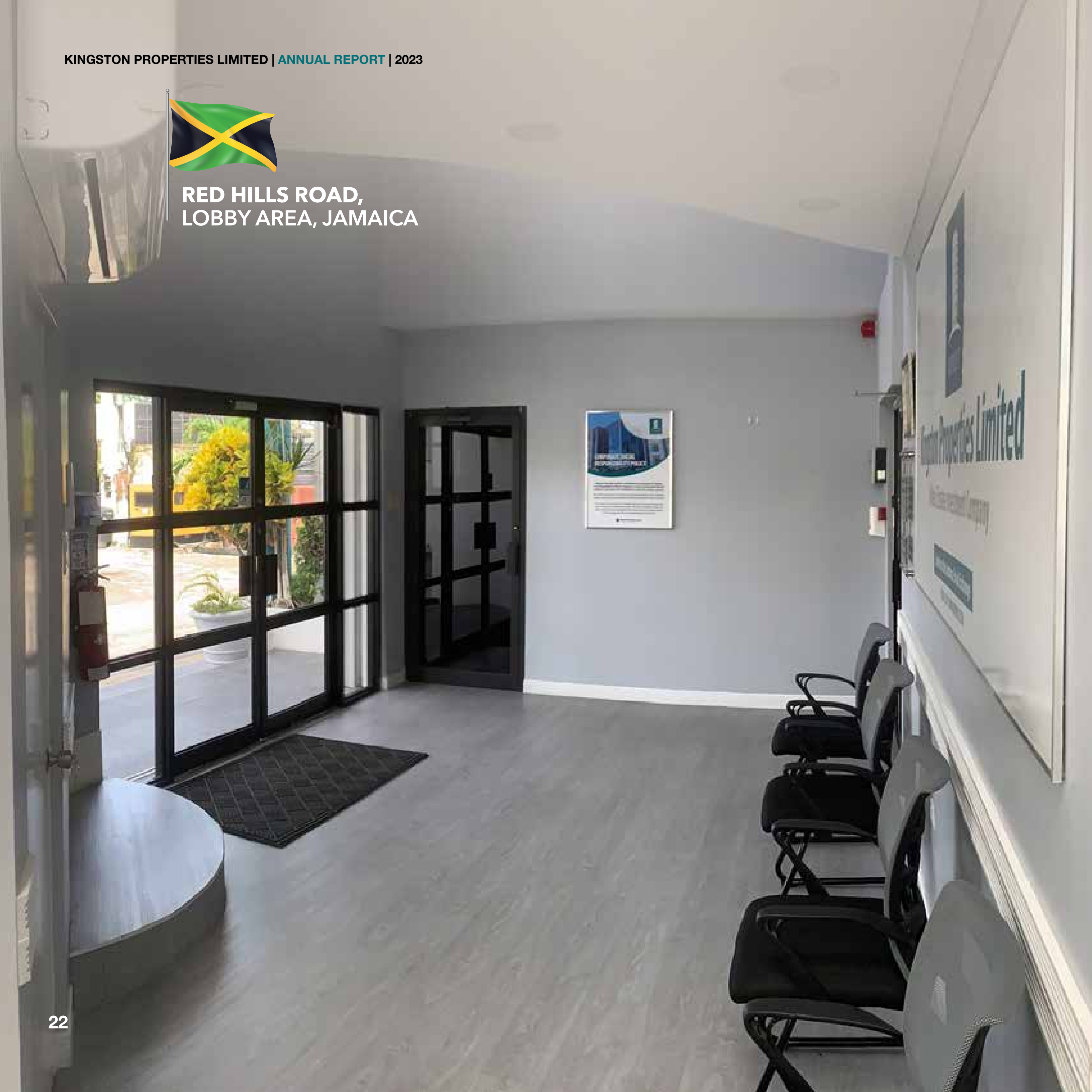
A resolution authorizing the directors to fix the Auditors' remuneration will be put to the Annual General Meeting.

THANK YOU

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

By Order of the Board,

Nicole Foga
Company Secretary
April 9, 2024



RED HILLS ROAD,
LOBBY AREA, JAMAICA

BOARD OF DIRECTORS & PROFILES

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

Garfield Sinclair is currently retired as of November 2021 but plays an active role in the stewardship of multiple private and publicly held companies. Founding Chairman of Kingston Properties Limited, he is the Chairman of the Jamaica Stock Exchange Pension Fund, Proven Bank Cayman and St. Lucia, Proven Wealth Cayman, Bermuda and BVI. He continues to serve as the Director of Cable and Wireless Jamaica Limited as well as several other local and foreign-based organizations including publicly listed company Proven Investments Limited and Proven Wealth Limited. His wealth of experience in business management stems from his years of leadership including serving as the Vice President of the Northern cluster of CWC and President of CWC Caribbean, Director of CWJ, Managing Director of FLOW Jamaica, Chief Executive Officer of Bahamas Telecommunications Company (BTC) and an early member of the team which led Dehring, Bunting; Golding Limited where he worked for more than 13 years and was eventually appointed President and Chief Operating Officer. Licensed as a CPA in 1993, Mr Sinclair has a B.Sc. in Business Administration from San Diego State University and an Executive Certificate in Strategy and Innovation from the Sloan School of Management at the Massachusetts Institute of Technology (MIT).

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

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

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

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

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

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

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

Lisa Gomes is an accomplished Financial professional with a career of over 35 years in the fields of finance, insurance and tourism and completed professional designations in accounting and insurance (CGA and FLMI respectively). Miss Gomes is the Founding Director of Capsol Advisory Limited. She formerly served as the Country Manager for the Jamaican arm of Chukka Caribbean Adventures Group Limited (CCA).

In addition to being a valued member of the Kingston Properties Limited board with direct responsibility for chairing its Corporate Governance Committee and a member of its Investment Committee, she is also Chairman of Proven Wealth Limited where she also chairs its Audit Committee. Ms Gomes' proficiency in Finance, Investment Banking, and Pension Fund Management was honed with some of the Caribbean's largest integrated financial institutions including Guardian Holdings Limited. She served as President of Guardian Asset Management Jamaica Limited and Director of Finance and Planning with Sandals Resorts International.

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

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

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

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

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

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

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

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

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

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

ENVIRONMENT SOCIAL AND GOVERNANCE REPORT

KPREIT is steadfast in its commitment to Environmental, Social, and Governance (ESG) principles, underscoring our dedication to fostering sustainable and responsible business practices. Our efforts throughout 2023 have been directed toward making a positive impact on our stakeholders, including investors, tenants, and the communities within which we operate.

This report provides an overview of our ESG achievements for the year 2023 and our goals for the future.

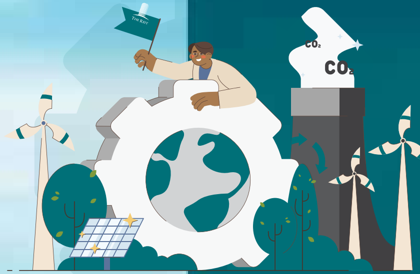
ENVIRONMENTAL PERFORMANCE

KPREIT has been commended on its progress in environmental stewardship during 2023, showcasing our resolve to contribute positively to the planet's well-being.

We achieved a notable milestone by upgrading our NEPA Green Business Award from Silver in 2022 to Gold in 2023, a testament to our continuous efforts in environmental excellence. Our commitment to recycling was further demonstrated through the extension of our programme, including significant contributions like the donation of recycling bins to Red Hills Primary School. We also continued our weekly **"Green Tips"** sensitization campaign providing useful energy conservation information and environmental preservation training with all members of staff, thereby fostering a culture of sustainability among stakeholders.

Currently navigating the procurement process, a pioneering initiative for KPREIT in 2023 was the introduction of a Solar Electricity Project at our Red Hills Road property, signifying a bold step towards embracing renewable energy. This project underscores our dedication to reducing our carbon footprint and promoting sustainable energy use. Additionally, our investment in a VRF AC System at our local Grenada Crescent property

resulted in a remarkable 30% savings in electricity bills, highlighting our efforts towards energy efficiency.



The introduction of eco-friendly cleaning materials as part of our cleaning and sanitation routine and the implementation of a spill management plan further demonstrates our commitment to improving our chemical management system. Water efficiency and conservation measures, including new landscaping techniques, were incorporated into our environmental protection initiatives.

The installation of energy-efficient impact-rated windows at the Cayman Islands-Harbour Centre property has enhanced energy conservation and safety. Our participation in JET's beach cleanup on International Coastal Cleanup Day and the maintenance of recycling projects across our properties affirm our ongoing commitment to environmental preservation and sustainability.

SUMMARY OF ENVIRONMENTAL MILESTONES FOR 2023:

- Achievement of the NEPA Green Business Award (Gold level).
- Extension of recycling programme and donations to promote sustainability programme in communities.
- Continuation of recycling programme on all local properties.
- Launch of a Solar Electricity Project demonstrating a shift towards renewable energy.
- Significant energy savings through efficient systems and infrastructure improvements.
- Use of eco-friendly cleaning materials.
- Incorporation of water efficiency and conservation techniques to increase water retention in soil.
- Active participation in environmental preservation initiatives.

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

SOCIAL PERFORMANCE

KPREIT's social initiatives in 2023 reflect our deep commitment to positively impacting the communities we serve.

Through donations totaling J$1.5 million to various causes, we have supported educational, health, and environmental initiatives. This includes sponsoring community sporting competitions, school lunch programmes, early childhood education, and providing significant support to families in need through housing donations. Our contribution to educational development was highlighted by sponsoring tuition for top-performing students and supporting educational programmes across various levels.

Our engagement in health and well-being initiatives, such as the Pink Fun Run 5K run for Charity and providing care packages for Yadel Girls Home and St. John's Road community, showcases our commitment to enhancing the quality of life within our communities. Our team's dedication of approximately 50 volunteer hours to community projects underscores our belief in hands-on engagement and the positive impact of volunteerism.

SUMMARY OF SOCIAL IMPACT MILESTONES FOR 2023

- In partnership with Food for The Poor, we donated a house to a family in the Callaloo Mews community.
- Substantial donations and support for community and educational programmes, including sponsorship of the Delacree Park Basketball Competition, Riverton Early Childhood Centre summer programme, and Callaloo Mews Basic School feeding programme.
- Initiatives aimed at improving health and social well-being include the Pink Fun Run 5k for charity and care packages for Yadel Girls Home and the St. John's Road community.
- Employee volunteerism, emphasizing our commitment to hands-on community support.

United Nations

SUSTAINABLE DEVELOPMENT GOALS 2030

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

SUSTAINABLE DEVELOPMENT GOALS

GOVERNANCE PERFORMANCE

We take pride in upholding the highest corporate governance and transparency standards. Our board, a diverse group of experienced and skilled professionals, oversees operations and ensures adherence to legal and ethical norms.

Our comprehensive risk management strategy has allowed KPREIT's leadership to identify and mitigate operational risks, including environmental, social, and governance (ESG) concerns. We have also strengthened our policies and procedures to safeguard whistleblowers, combat corruption and bribery, and ensure our operations are ethical and integral.

CORE GOVERNANCE PRINCIPLES

KPREIT's governance framework is grounded in:

- Equitable treatment of all shareholders.
- Transparent and timely communication with shareholders, regulatory bodies, and the public regarding our activities and governance commitment.
- Independence of the Board and Executive Management, with a clear division of responsibilities. The Board comprises solely independent members.
- Continuous monitoring to address and resolve any potential conflicts of interest.

ANNUAL GOVERNANCE REVIEW

In our annual evaluation, the Board examined our governance structures, including internal controls, business continuity plans, communication and risk management policies, and compliance with the Private Sector Organisation of Jamaica (PSOJ) Corporate Governance Code and the Jamaica Stock Exchange (JSE) Corporate Governance Index. This year, we are pleased to report an enhanced rating of A and a score of 87.63%.

BOARD OF DIRECTORS

Our selection and review process for directors is rigorous, aligning with JSE and PSOJ codes. Directors are chosen for their expertise, judgment, character, and independence, ensuring our mission and vision are achieved for all stakeholders. This year, our Board consisted of seven non-executive, independent directors.

There are three broadly defined categories of directors, namely:

1. Independent Director (I):-

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

2. Non-Executive Director (NE):-

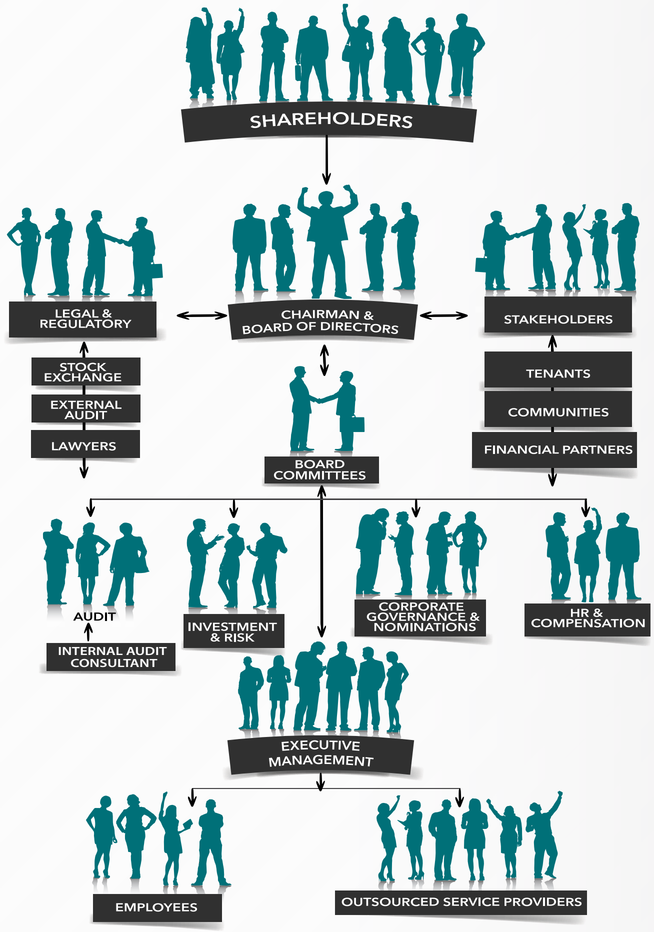
A member of the board who receives no remuneration from the Company save and except for board attendance fees or dividends from their personal shareholdings in the Company's stock.

3. Executive Director (E):-

A member of the board who is employed as part of the Company's executive management.

BOARD RESPONSIBILITIES

The Board has diligently overseen corporate governance, focusing on risk management, financial performance, business operations, and compliance with laws and regulations, thereby driving shareholder value growth.



STRATEGIC IMPERATIVES

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

- Adhere to good governance principles and practices to the benefit of all stakeholders

PERFORMANCE AND CONDUCT

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

ORGANIZATION AND ACTIVITY

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

BOARD COMPOSITION AND OPERATIONS

The Board, led by non-executive Chairman Mr. Garfield Sinclair, meets bi-monthly to provide oversight of the diverse markets within which KPREIT operates. At each meeting, each director receives Minutes, Management Accounts, and comprehensive reports detailing the company's operations and asset portfolio. Where necessary, the Board has met more frequently to address critical issues.

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

1. **The Chairman of the Board should be a non-executive Director;**

2. **The Board comprises Directors with a range of commercial and financial experience, including expertise in real estate, asset management, law, and financial management; and**

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

The composition is reviewed annually to ensure that the Board of Directors has the appropriate mix of expertise and experience.

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

BOARD REMUNERATION AND COMMITTEES

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

Board remuneration is transparent and equitable. All non-executive directors are compensated US$2,550.00 quarterly. For the financial year, a total of US$71,400 was paid to members as Board fees.

There are no fees paid for attending committee meetings, and there is no retainer. Directors do not participate in any share option plan or any incentive schemes.

Our committees–Corporate Governance, Audit, Human Resources and Compensation, and Investment and Risk–play vital roles in our governance framework, assisting in oversight and strategic decision-making. The minutes of each board committee meeting are presented at the main board and subsequent committee meetings.

CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

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

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS

LISA GOMES (CHAIRMAN)	1/2
NICOLE FOGA	2/2
GLADSTONE LEWARS	2/2

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

COMMITTEE COMPOSITION

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

COMMITTEE REPORT

During the year, the committee reviewed the following:

1. Group's Corporate Governance Policy and Board Charter, terms of reference for the Corporate Governance sub-committee.
2. Policy on Board appointment
3. JSE Corporate Governance Index Report
4. Board Compensation
5. Reviewed Conflict of interest policy and Whistleblower Policies
6. Corporate Governance training proposals

The board approved all recommendations of the committee.

AUDIT COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS

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

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

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

COMMITTEE REPORT

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

1. Reviewed the audited financial statements of the Company and subsidiary companies presented by the external auditors.

2. Reviewed the engagement letter and approved the remuneration of the external auditors.

3. Ensured consistent reporting standards for financial statements presented by both the external auditors and management.

4. Evaluate control deficiencies and identified solutions for improvement.

5. Reviewed the Management Discussion & Analysis statement published at reporting intervals.

6. Assessed the risk management policies of the Company

HUMAN RESOURES & COMPENSATION COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS

GARFIELD SINCLAIR
CHAIRMAN

PETER REID
DIRECTOR

NICOLE FOGA
DIRECTOR

GARFIELD SINCLAIR (CHAIRMAN)	2/2
NICOLE FOGA	2/2
PETER REID	2/2

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

COMMITTEE REPORT

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

1. Reviewed the performance of the CEO

2. Reviewed and approved a comprehensive compensation package for all team members

3. Developed new key performance indicators for all team members

4. Reviewed human resource management systems

5. Reviewed health and wellness initiatives

6. Reviewed human resource policies, including paternity leave

INVESTMENT & RISK COMMITTEE

MEMBERS AND ATTENDANCE AT MEETINGS

PETER REID (CHAIRMAN)	5/6
LISA GOMES	6/6
REZWORTH BURCHENSON	3/6
GLADSTONE LEWARS	6/6

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

COMMITTEE REPORT

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

1. Reviewed the portfolio performance

2. Reviewed several prospective acquisitions

3. Reviewed several terms for loan re-financing from several financial institutions

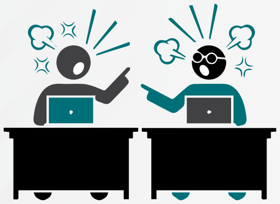
COMMITTEE ACTIVITIES AND DIRECTOR TRAINING

The management team provides Directors with various real estate market trends and outlook reports at all board meetings as well as macroeconomic updates on the jurisdictions in which the Company owns properties or is targeting for acquisition. In July 2023, Mr Axel Kravatzky of Syntegra ESG and JSE eCampus provided ESG training, underscoring our commitment to excellence. Three directors of the board, along with the management team, participated. Additionally, Mrs. Rachael Lodge Corrie of Foga Daley administered a data protection training exercise on October 11, 2023. Six members of the board were in attendance.

Internal Audit

The Company places great emphasis on monitoring and managing risks, primarily through oversight by the Audit Committee and the Investment and Risk Committee. The internal audit function is carried out by external consultants who are independent of the organization. In 2023, the Group undertook an extensive review of its tenant selection and management processes, fundraising activities, acquisition and divestment, property and financial management, and investor relations policies.

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION



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

Directors are therefore required to avoid conflicts of interest and the appearance of such conflicts.

The Company's Conflict of Interest Policy provides a transparent framework to guide individual directors. Each year, directors are required to sign a Conflict of Interest Statement. In addition, directors are required to declare any conflict of interest at the start of each board meeting.

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

WHISTLEBLOWER POLICY

KPREIT is committed to maintaining the highest integrity, ethics, and transparency standards. We are big on maintaining a culture of open communication at all levels and with our stakeholders. As part of this commitment, we established a whistleblower policy in 2019 (and further amendments were made in 2023) to provide employees, contractors, and other stakeholders with a safe and formal means to report any concerns regarding potential violations of laws, regulations, or company policies without fear of retaliation or exposure. The management team, in consultation with the Board of Directors, conducted a review of the policy and completed updates with a special focus on the following areas:

- We encourage all individuals to report concerns through multiple channels, including direct communication with a supervisor, any member of the leadership team, or through an anonymous reporting system.

- We commit to protecting the identity and confidentiality of whistleblowers to the extent possible, and will not tolerate any retaliation or adverse action against individuals who report concerns in good faith.

- The designated company personnel will promptly and thoroughly investigate all reports. If a violation is substantiated, appropriate actions will be taken to address and resolve the concern, including but not limited to corrective action, disciplinary measures, and legal remedies.

- We strictly prohibit retaliation against individuals who report concerns in good faith. Any employee found to have engaged in retaliation will be subject to disciplinary action, up to and including termination.

- We commit to ensuring that all employees and contractors have access to and understand this policy. As required, we will also provide training and reminders to encourage compliance.

- KPREIT will protect the confidentiality of individuals involved in the investigation and resolution process to the extent possible and will only disclose information on a need-to-know basis.

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

DIVIDEND POLICY

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

To boost our investor relations initiatives, we introduced new metrics to measure investor engagement on a monthly basis aimed at promoting KPREIT in the real estate investing space, increasing shareholder base and share price. As a leading corporate company, we have embraced digital transformation across the board to include improving our communications strategy. In 2023, we provided regular real estate news to shareholders. We held two Earnings Calls hosted by Learn Grow Invest that highlighted KPREIT's record performance and new developments and updated the general public on the latest market conditions and trends from real estate markets around the world.

We continue to embrace digital transformation, and during the year, we deepened our digital presence with the goal of reaching a diverse and global audience. KPREIT's social media channels continue to grow with increased activity and a cohesive content strategy that has resulted in over 15,000 new followers. These activities support our tagline, ***"… gateway to global real estate investing."***

SUMMARY OF KPREIT'S GOVERNANCE PERFORMANCE:

- **Maintained code of conduct that was communicated to all team members, suppliers, and contractors.**
- **Received no reports of unethical behaviour through the updated whistleblower policy;**
- **Hosted virtual investor briefing via YouTube; available on demand after live event;**
- **Improved communication with shareholders which resulted in a notable increase in website traffic, an increase of over 15,000 new followers (combined) across our social media platforms, and over 1.6 million total impressions.**

FUTURE GOALS

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

- Source 50% of our office supplies from manufacturers that use recycled products by 2024;
- Increase investment in renewable energy by at least 20%;

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

CONCLUSION

*Looking Forward, **KPREIT** remains committed to maintaining the highest governance standards and ensuring long-term value for our shareholders and stakeholders.*

Our continuous improvement in governance practices and strategic initiatives position us for sustained success in the dynamic global real estate market.

*As **KPREIT** continues to evolve, our dedication to ESG principles remains a cornerstone of our strategy, driving us towards sustainable growth and value creation. We are committed to updating our stakeholders on our governance practices and look forward to furthering our contribution to a sustainable and responsible future.*

Scan here to read more

MEET THE TEAM

KEVIN RICHARDS
GROUP CHIEF EXECUTIVE OFFICER

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

ANDRAY FRANCIS
GROUP CHIEF FINANCIAL OFFICER

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

NEICHELLE SPENCE LATTIBEAUDIERE
GENERAL COUNSEL AND COMPLIANCE MANAGER

Mrs. Lattibeaudiere Spence is tasked with managing the company's legal, compliance and regulatory portfolios in Jamaica, the Cayman Islands, and the USA.

ROXANNE KELLY
FINANCIAL CONTROLLER

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

TATESHA ROWE
SENIOR EXECUTIVE OPERATIONS

Mrs. Rowe leads the Administration and Property Management functions of the company including stakeholder relations, human resources management, culture, training and development with the ultimate responsibility to increase operational efficiency.

JOVAUGHN ROSE
PROPERTY & PROJECT MANAGER

Mr. Rose joined the company in April 2021 and is charged with leading the development and implementation of the company's Sustainable & Safety Policies.

A major part of his portfolio is to Manage Capital and Major Maintenance Projects with a clearly defined scope of works and deliverables, to the KP Standards which aligns with our strategy.

Tanya Williams
Office Attendant

Rachel Harrison
Senior Accounting Officer

Lemar Reid
Junior Real Estate Analyst

Nichelle Jackson
Accounting Officer

Jessica Perkins
Senior Administration Officer

OUR PEOPLE MATTER

At KPREIT, we believe that our people are the key to the company's success. Their performance, well-being, and personal development significantly impact our culture, stakeholder satisfaction, and, ultimately, our financial performance.

We continue to focus on attracting and retaining key talent, building role-model leaders who empower people, creating a workplace of choice for employee experience, instilling a mindset of continuous learning, and recognizing and rewarding individual and team performance.

Our team is currently comprised of 11 dedicated professionals, including a part-time Junior Real Estate Analyst. This report provides an overview of our human resource management activities, staff benefits, engagement and support initiatives, training and development programmes, and policies.

HR SYSTEM ORANGEHRM PLATFORM

Our OrangeHRM software streamlines the management of staff affairs, offering features such as demographics tracking, leave management, disciplinary action tracking, goal setting, document management, and performance appraisal reviews.

The mobile app enhances accessibility, particularly for managing leave schedules and approvals.

STAFF BENEFITS, ENGAGEMENT, AND SUPPORT

KPREIT remains an employer of choice based on our commitment to the well-being and satisfaction of our employees. This commitment is reflected in our comprehensive benefits package and various support initiatives designed to meet the needs of our team members.

COMPREHENSIVE BENEFITS PACKAGE

We provide a wide array of practical benefits, including various types of paid leave—vacation, sick, study, maternity, paternity, and compassionate leave—to ensure our team members can effectively balance their work and personal lives. Our benefits extend to health and life insurance, offering peace of mind and security for our employees and their families. We also provide lunch, uniform, motor vehicle upkeep, and travel allowances to support our team in their daily lives. Additionally, a contributory pension plan is available to help secure their future financial well-being.

MENTAL HEALTH AND FITNESS & WELLNESS SUPPORT

Recognizing the importance of mental health, we have partnered with SilverOak Health to offer 24/7 confidential counselling and peer support. The Tranquil App provides mindfulness coaching and stress management, complemented by an extra 30-minute mental health break each day. Weekly devotion sessions and a designated wellness area for relaxation further emphasize our holistic approach to employee well-being.

For physical health support, our team has access to Burnalong, an online wellness platform featuring a variety of fitness plans. We encourage our staff to stay active with a 30,000-steps-per-week challenge, rewarding those who meet or surpass this goal with prizes such as gift certificates, branded merchandise, and digital rewards.

ENGAGEMENT AND TEAM BUILDING

We hold quarterly staff meetings to enhance team cohesion and provide further support. These meetings offer team members opportunities to engage with non-profit organizations, practice public speaking, and stay informed about company affairs. The Accountability Partner Programme fosters camaraderie and provides additional support among team members.

Throughout the year, we organize a range of activities to foster a sense of community and engagement among our staff. This year, these included team-building exercises, celebrations of internationally recognized days, and our 15th Anniversary celebration with a talent showcase. Additionally, we hosted an art showcase focused on recycling, supported the Jamaica Cancer Society with The Play-Lockdown event, and organized a Rep Your School Uniform and Games Day. The year concluded with our KPL 15th Anniversary Soiree and Awards, a celebration of our achievements and the contributions of our team.

Our approach to staff benefits, engagement, and support is a testament to our dedication to creating a supportive and empowering work environment. We strive to nurture our employees' professional and personal growth, ensuring they feel valued and connected within our company culture.

PROFESSIONAL DEVELOPMENT HIGHLIGHTS

Investing in Our People is Our Competitive Advantage.

> ***"An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage."*** *- Jack Welch*

At the heart of our company's strategy and culture is a deep commitment to nurturing human capital. We recognize that our people are not just employees but the foundation upon which our success is built and maintained. This year, our professional development plan was designed to retain and upskill our talent, ensuring every team member participates in at least one training activity annually. This commitment to continuous learning and improvement underscores our belief in the potential of our people and our dedication to fostering an environment where they can thrive.

COMPREHENSIVE TRAINING PROGRAMMES

Our training calendar was both diverse and inclusive, addressing various aspects of professional growth and organizational needs:

Cybersecurity Awareness: In February, Vertis Technology Solutions engaged all staff in understanding the critical importance of cybersecurity, highlighting our commitment to safeguarding our digital frontiers.

Leadership Development: From March to April, Marguerite Orane guided the Management team through a transformative leadership programme, enhancing their capacity to lead with vision and effectiveness.

Executive Education: In May, Kevin Richards enrolled in an Executive Education programme at The Wharton School, University of Pennsylvania, where he gained insights into cutting-edge business strategies and leadership.

Skill-Specific Workshops: Tanya Williams attended a Janitorial Workshop in June, emphasizing the importance of maintaining excellence in all operational aspects. The same month, the National Environment and Planning Agency (NEPA) conducted an Environmental Awareness programme for all staff, reinforcing our commitment to environmental stewardship.

Regulatory Compliance and Preparedness: Training sessions on Data Protection and Hurricane Preparedness were conducted, ensuring all staff are well-versed in critical regulatory compliance issues and disaster readiness in a dynamic environment.

Financial Expertise: Specialized seminars in IFRS and Taxation, led by KPMG and ICAJ, respectively, were held to keep our financial skills sharp and up-to-date.

FUTURE-FOCUSED LEARNING

We also have several team members poised to enrich our collective knowledge with courses in Office and Administration Management and Human Resource Management through UDEMY, reflecting our forward-looking approach to talent development.

Personal Initiative for Professional Growth Highlighting the individual initiative and strong leadership, several team members have enrolled in advanced courses in their respective fields, ranging from Commercial Real Estate and Data Protection Officer certification to CPA, ACCA, and Project Management. Their dedication exemplifies our culture of self-improvement and lifelong learning.

In embracing the philosophy that our people are our greatest asset, we have woven professional development into the fabric of our organizational culture. Our annual training programmes enhance our capabilities and foster a workplace where innovation, excellence, and growth are part of everyday life. We are proud to invest in our people for professional excellence and personal positive impact.

STAFF SURVEY

Our annual staff survey, completed in October 2023, is our organization's way of gauging our work environment's satisfaction levels. Analyzing the responses, we are pleased to report a generally positive sentiment among our staff, underscoring a commendable appreciation for KPREIT's workplace culture and highlighting our commitment to fostering a supportive and engaging atmosphere. However, the findings also present an opportunity for us to address areas needing improvement, as identified through the survey. Our focus remains steadfast on enhancing our workplace to ensure it meets all staff members' needs and expectations. This will undoubtedly contribute to maintaining our organizational strength, bolstering productivity, and enriching our overall work culture.

HR POLICIES

In our continuous effort to maintain transparency and reinforce the integrity of our work environment, we've dedicated this section of the annual report to outline the key Human Resources policies that have been our focus over the past year. Our commitment to clear company standards and expectations is unwavering, as evidenced by the comprehensive guidance provided in our Employee Handbook and specific policies.

OCCUPATIONAL HEALTH AND SAFETY

Ensuring the well-being of our team members is paramount. Our Occupational Health and Safety policy serves as the cornerstone of this commitment, outlining the standards and practices designed to maintain a safe and healthy work environment for everyone. This policy fosters a culture of safety first, emphasizing the importance of adherence to established safety protocols and procedures.

TECHNOLOGY RESOURCES USE

As our use of digital tools increases, the appropriate use of technology is critical to our operations. Our Technology Resources Use policy balances the benefits of technological advancements with the necessity of maintaining security, efficiency, and respect within our digital interactions. It sets clear guidelines on the proper use of company technology and digital communication tools, safeguarding both our employees and our corporate assets.

SEXUAL HARASSMENT PREVENTION

Our zero-tolerance stance on sexual harassment is central to our ethos. KPREIT's sexual harassment policy outlines comprehensive measures for preventing harassment, facilitating reporting, and ensuring the swift and fair resolution of any reported incidents. Our objective is to sustain an environment where respect, dignity, and safety are the norm for all employees.

REMOTE WORK FLEXIBILITY

Acknowledging the ever-evolving dynamics of the modern workplace, our Remote Work policy is designed to support our team members' pursuit of a balanced and productive work-life integration. This policy provides clear guidelines for remote work, ensuring that employees can perform effectively, regardless of their physical location, while remaining connected and integral to our team.

PATERNITY LEAVE SUPPORT

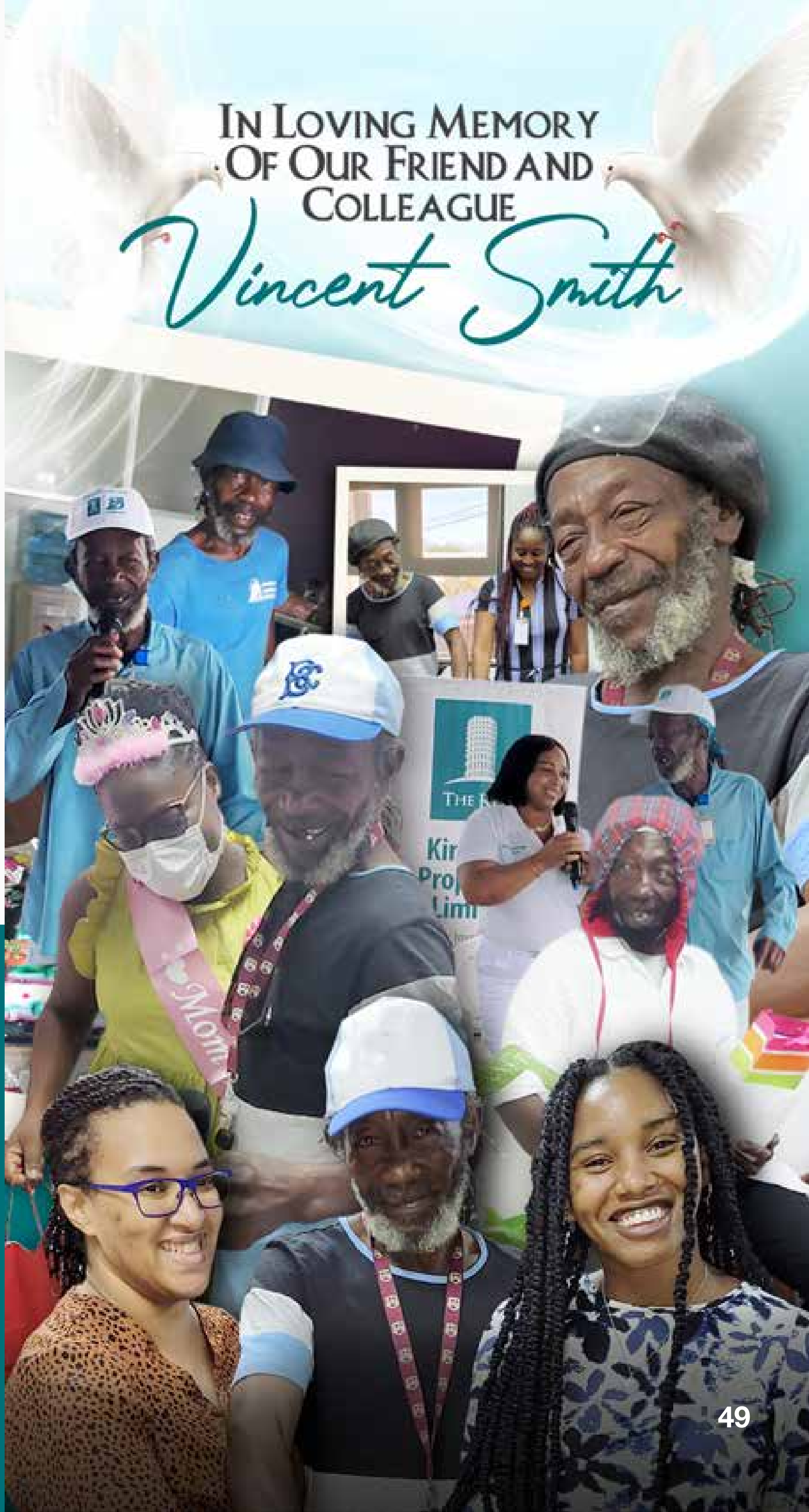
Recognizing the importance of family, we have enhanced our Paternity Leave policy to offer comprehensive support to new fathers. This reflects our broader commitment to gender equality and employee welfare during significant life events. It provides our team members the necessary time and support to focus on their families during these precious moments.

These policies, which have been shared and extensively discussed within our team, were introduced to nurture a respectful, safe, and productive work environment. They reflect our ongoing efforts to adapt and respond to the needs of our workforce and uphold our core values.

As we progress, we remain dedicated to continuously evaluating and improving our HR policies, ensuring they meet the highest standards and support the well-being and success of our entire team.

CONCLUSION

KPREIT's dedication to fostering a supportive, engaging, and rewarding work environment has positively impacted its corporate culture and overall company performance. We remain committed to enhancing our HR initiatives to support our valued team members' growth and success.



"

Investment in REAL ESTATE is SMART because PROPERTY is tangible. PEOPLE and COMPANIES will always have, and always will, need SHELTER.

- Kathy Fettke, Co-Founder Realwealth

AGM MEETING,
COURTLEIGH HOTEL AND SUITES - JAMAICA

KPREIT

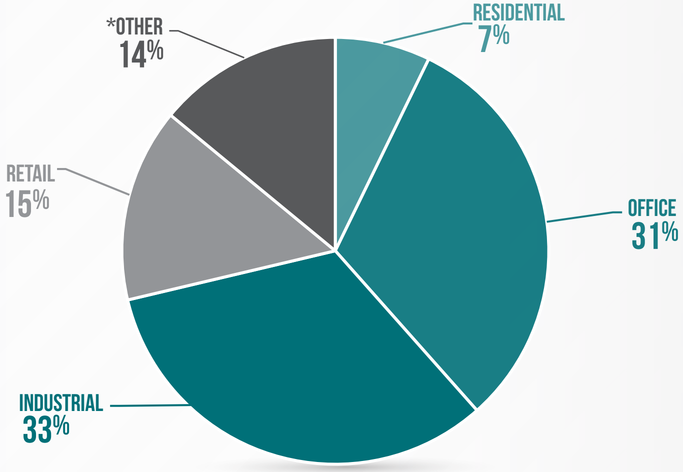
KINGSTON PROPERTIES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP

The Group marked financial year 2023, its 15th anniversary milestone, with a robust financial performance characterised by significant growth over the prior year. Operating results improved year on year (YoY) which coincides with the continued growth in the Group's asset base. Whilst market conditions remained challenging during 2023, particularly due to high interest rates and significant geopolitical tensions, the Group went on to accumulate a record-high level of Assets Under Management (AUM), a record-high level of total revenue and profitability and maintained its policy of consistent dividend payouts. Our financial performance aligned with our main strategic objectives for 2023 which was to bolster portfolio growth while strategically optimising the asset portfolio. Consequently, the Group concluded its largest asset acquisition to date at the Grand Harbour Commercial Centre in the Cayman Islands, while disposing of the last condo unit held in South Florida and sold the undeveloped property held at Dumfries Road in Kingston. The improvements in AUM and operating results were supported by the Group's significant capital expansion during the financial year 2023, as well as the continued resilience in occupancy rates from a diverse tenant base across our geographic portfolios. The Group's average tenant occupancy level during 2023 was approximately 98% amidst the usual vacancy levels from tenant turnover.

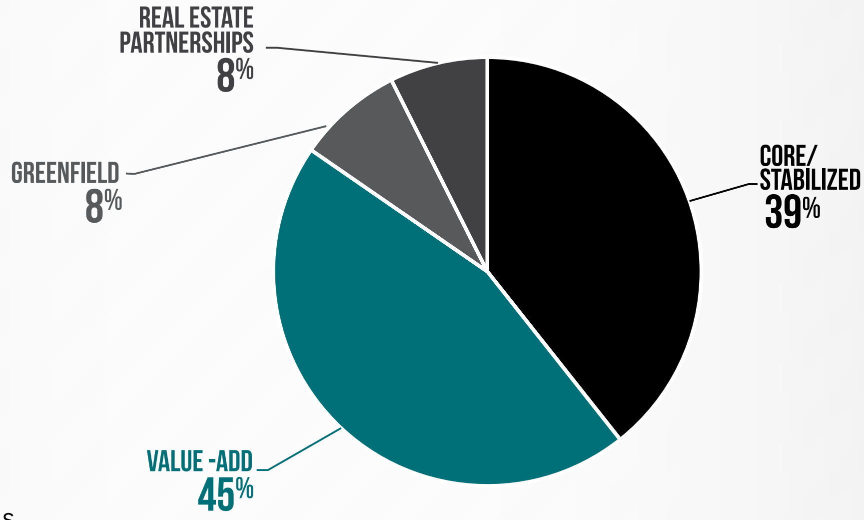
PORTFOLIO COMPOSITION BY SUB-SECTOR



*Other comprises of development land, educational facilities, and charity.

The Group strengthened its disciplined approach to capital allocation and effective risk management by eliminating the remaining variable rate debts during 2023 and secured the necessary financing to take advantage of prime investment opportunities.

PORTFOLIO BY TYPE



We conducted extensive renovations at the Harbour Centre in the Cayman Islands as part of our thrust to position the property as a Class A office building, while hitting the major milestones on our first greenfield development project in Jamaica. All approvals have been received from the local authorities to construct this multi-unit small bay warehouse complex at Rousseau Road in Kingston, for which construction is slated to commence May 2024 with our joint venture partners. Construction of Gum Tree 5, a multi-unit commercial complex in the Cayman Islands is now completed.

With the acquisition of Grand Harbour and completion of construction activities at Gumtree 5, our holdings in Cayman has increased from 41% of the portfolio in 2022 to 51% in 2023. Cayman remains a solid market and we are upbeat in its economic resilience and ability to provide our portfolio with competitive yields.

INCOME STATEMENT

The Group's rental income increased by 15% to reach a record high of $3.8 million for the twelve months ending December 31, 2023, compared to $3.3 million for the same period in 2022. This was primarily due to the expansion of the property portfolio during the year and improved rental rates across the Jamaica and Cayman properties.

Group operating expenses, which includes direct property and administrative expenses, increased 3.4% year on year to $1.5 million in 2023. Direct property expenses (property taxes, homeowner's association (HOA) fees, repairs and maintenance, and property insurance) declined year over year by 11% in 2023, moving from $247,000 to $219,823. This was primarily attributed to the reduction in HOA fees and property taxes during the year resulting from our exit out of the South Florida condominium market.

The Group's EBITDA increased to $5.4 million in 2023 from $4.4 million in 2022 with EBITDA margin also improving from 126% in 2022 to 135% in 2023. Included in this figure was a $2.6 million in fair value gains in 2023 compared to $2.4 million in 2022. Cash Flow from Operations for 2023 amounted to $2.5 million compared to $1.7 for the same period in 2022.

YEAR-END FINANCIAL HIGHLIGHTS

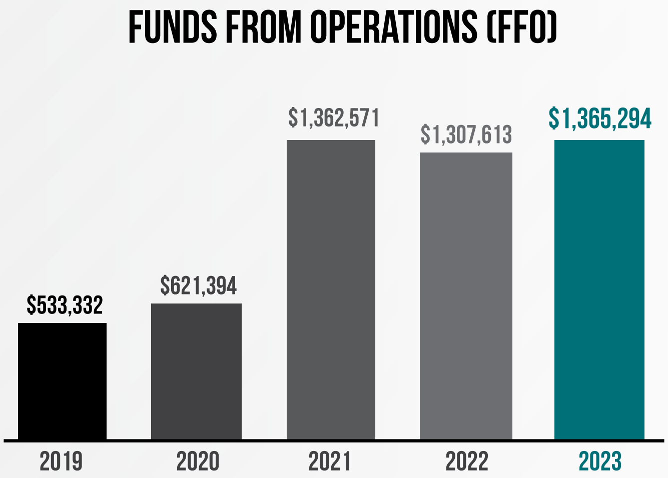
	12 MONTHS TO DECEMBER 31, 2022 USD	12 MONTHS TO DECEMBER 31, 2023 USD
Rental Income (USD)	$3,346,404	$3,837,090
Net Operating Income	$1,997,999	$2,450,477
Fair Value Gains on Investment Property	$2,380,191	$2,619,865
Pre-Tax Profit	$3,884,067	$4,669,063
Net Profit	$3,799,656	$4,647,516
Funds From Operations	$1,307,613	$1,365,294
Total Comprehensive Income	$3,799,656	$4,647,516
Total Equity	$44,594,430	$47,874,393
Investment Properties	$45,851,617	$61,952,506
Investments at Fair Value through Profit or Loss	$4,864,683	$4,864,683
Net Operating Margin %	57.39%	61.51%
Dividends Paid	$1,426,732	$1,367,553
Closing Stock Price (JMD)	$7.75	$7.80

The growth in EBITDA was tempered by the 41% YoY increase in Net Finance Cost (NFC) which amounted to $680,824 in 2023 compared to $481,820 in 2022. This increase in NFC resulted from higher interest rates in the current year in addition to the 101% growth in the Group's debt portfolio. However, NCF was mitigated by a 46% increase in finance income generated primarily from short term investments.

Consequently, Net Operating Income (NOI), being total operating revenue less operating expenses, increased by 23% in 2023, moving from US$2.0 million for the same period in 2022 to $2.45 million in 2023.

Consequently, the Group's Net Profit for 2023 amounted to a record $4.6 million compared to $3.8 million for the previous year, representing an increase of 22% YoY. This improvement in net profit for 2023 was generated by core rental income growth, combined with fair value gains of certain properties in our portfolio, as well as gains realized from the disposals of our certain assets during the year.

Funds From Operations (FFO) for the financial year moved from $1.3 million to $1.4 million due primarily to the growth in rental income outpacing the growth in operating expenses despite higher net financing costs.



STOCK PRICE & DIVIDENDS

The financial year 2023 saw monetary authorities worldwide continuing to increase policy rates to combat high inflation, the effects of which was reflected in the 8.5% YoY decline on the JSE Main Index. By comparison, KPREIT stock price closed the 2023 year at a price of J$7.80 per share, representing a 1% increase over the comparative year-end 2022. We paid out 29% of net profits being 100% of FFO as dividends during the current year, representing a dividend yield of 3.1% compared to 3.6% in 2022. Earnings per share (EPS) for the financial year 2023 amounted to US0.0053/J$0.82 compared to US$0.0049/ J$0.74 in 2022, representing an 8% growth.

GROUP BALANCE SHEET

Total assets under management (AUM) by the Group as at December 31, 2023, grew by 26% YoY to $71.0 million, compared to the $56.2 million held as at December 31, 2022. This aligns with the Group's strategic growth plans and is led by Investment Properties (including assets held for sale) and other real estate related assets totalling $66.8 million as at December 31, 2023, versus $50.7 million as at December 31, 2022, a YoY increase of 32%. The growth in investment assets resulted from the acquisition of units at the Grand Harbour Commercial Centre in the Cayman Islands for $14.9 million as well as the improvement in fair values of some assets in the portfolio. Additionally, we made significant upgrades to the Harbour Centre property in Cayman, continued the Gum Tree 5 development project and advanced the Rousseau Road greenfield project to achieving full local authority approvals as at year end. This was offset by the disposals in 2023 of the remaining condominium in Florida as well as the undeveloped property at Dumfries Road. Cash and cash equivalents decreased YoY by 45% from $4.6 million in 2022 to $3.17 million in 2023. This resulted from cash being deployed into high yielding investment properties and the repayment of high-cost variable rate debt during 2023.

Despite the reduction, the Group maintained a healthy cash balance as at the end of 2023 as part of a cash management strategy to ensure the Group can meet all its operating and financing obligations and to take advantage of any investment opportunities as they arise.

Total loans payable rose to $22.2 million at December 31, 2023, compared with $11.0 million at December 31, 2022. The increased loan balance which is primarily collateralized bank financing, was deployed for the expansion of our operating asset base and property improvements. Our current loan portfolio of collateralized bank financing is denominated both in US and Jamaican dollars from our financial partners in Jamaica and the Cayman Islands. As at December 2023, all our loans have been repriced competitively at fixed interest rates to effectively mitigate the finance risks associated with floating rate instruments in a high interest rate environment. We continue to maintain fairly conservative debt ratios as part of our risk management strategy with options to refinance our debts when the market becomes more favourable.

Total Equity increased by 7% over the twelve months to December 31, 2023, moving from $44.6 million in 2022 to $47.9 million in 2023. The increase in equity was driven by higher profits generated in 2023 resulting in book value per share of 0.0542 (J$8.40) compared to $0.0504 (J$7.66) in 2022.

RATIO ANALYSIS

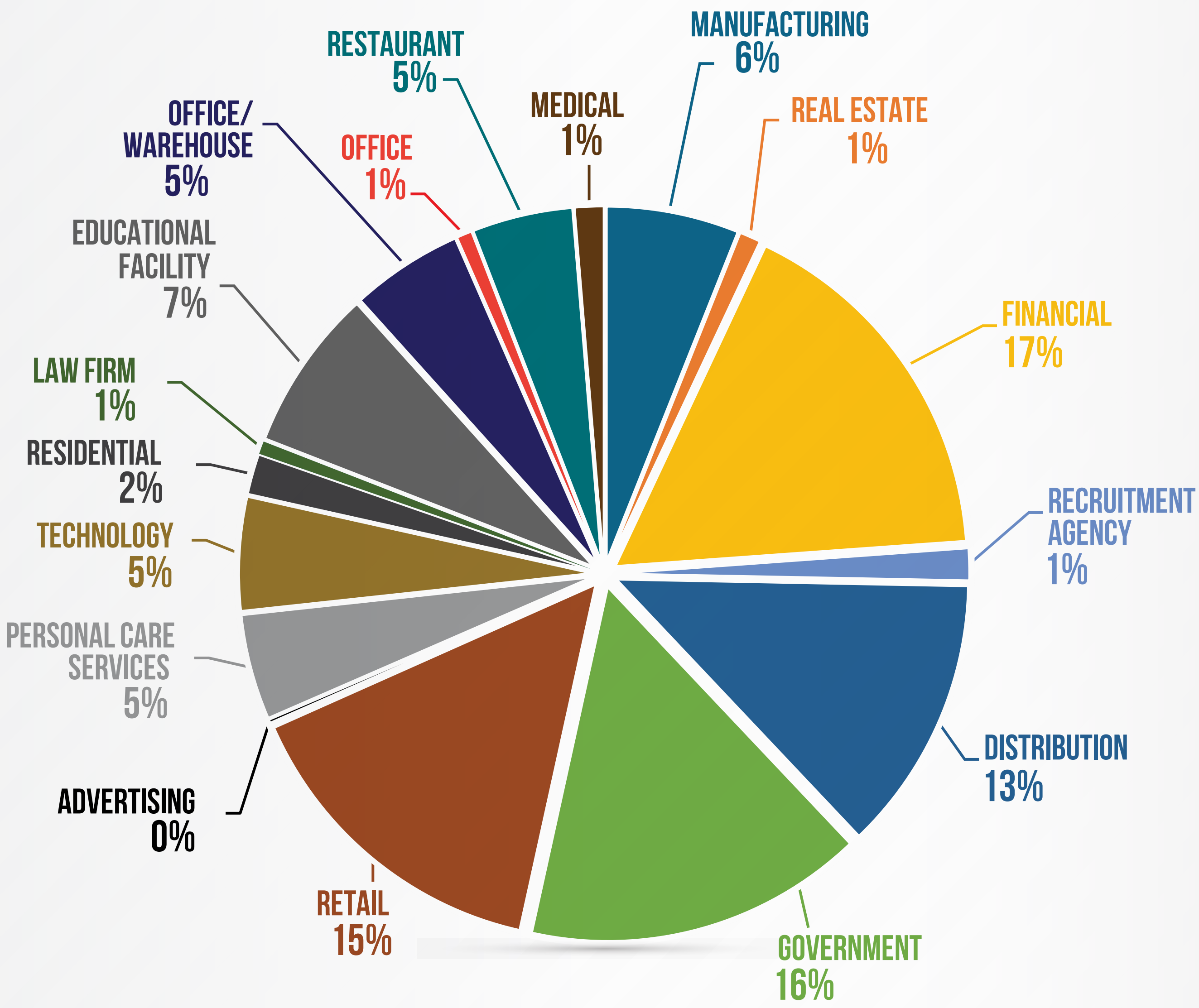
	2022	2023
Net Operating Margin (NOI)%	57%	62%
EBITDA Margin (%)	126%	135%
Profit Before income Tax Margin %	68%	69%
Rental Income % of Total Investment Property	7%	6%
Operating Expenses as % of Rental Income	44%	40%
Debt to Equity	25%	46%
Debt to Assets	20%	31%
Debt to Investment Properties	24%	36%
Dividend Payout Ratio (% of FFO)	109%	100%
Dividend Yield	3.54%	3.07%

PROPERTY PORTFOLIO

The value of investments properties held and real estate partnerships as at December 31, 2022 and December 31, 2023 respectively were as follows:

PROPERTY	2022	2023
W Ft Lauderdale Condos	$775,057	-
591 Spanish Town Road	$2,300,000	$3,360,000
36-38 Red Hills Road	$5,792,118	$5,809,737
6 East Ashenheim Road	$6,499,505	$6,499,504
52-60 Grenada Crescent	$6,303,982	$7,153,982
7 Dumfries Road	$1,263,600	-
232A Spanish Town Road	$1,524,909	$1,889,998
Rousseau Road	$531,231	$664,542
Tropic Centre One	$3,325,509	$3,351,822
Rosedale Warehouse	$2,217,000	$2,575,000
Harbour Centre	$12,679,675	$12,987,757
Grand Harbour	-	$14,886,573
Sub-Total	**$43,212,604**	**$59,178,916**
OTHER PROPERTY INVESTMENTS		
CGI Fund I	$1,000,000	$1,000,000
Polaris at Camp Creek	$2,244,659	$2,244,659
Polaris at East Point	$1,620,024	$1,620,024
Gum Tree	$2,639,031	$2,773,590
Total	**$50,716,300**	**$66,817,189**

DISTRIBUTION OF TENANTS BY INDUSTRY AND REVENUE



KPREIT

KINGSTON PROPERTIES LIMITED

PROPERTY PORTFOLIO

36 - 38 RED HILLS ROAD

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

52 - 60 GRENADA CRESCENT

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

6 EAST ASHENHEIM ROAD

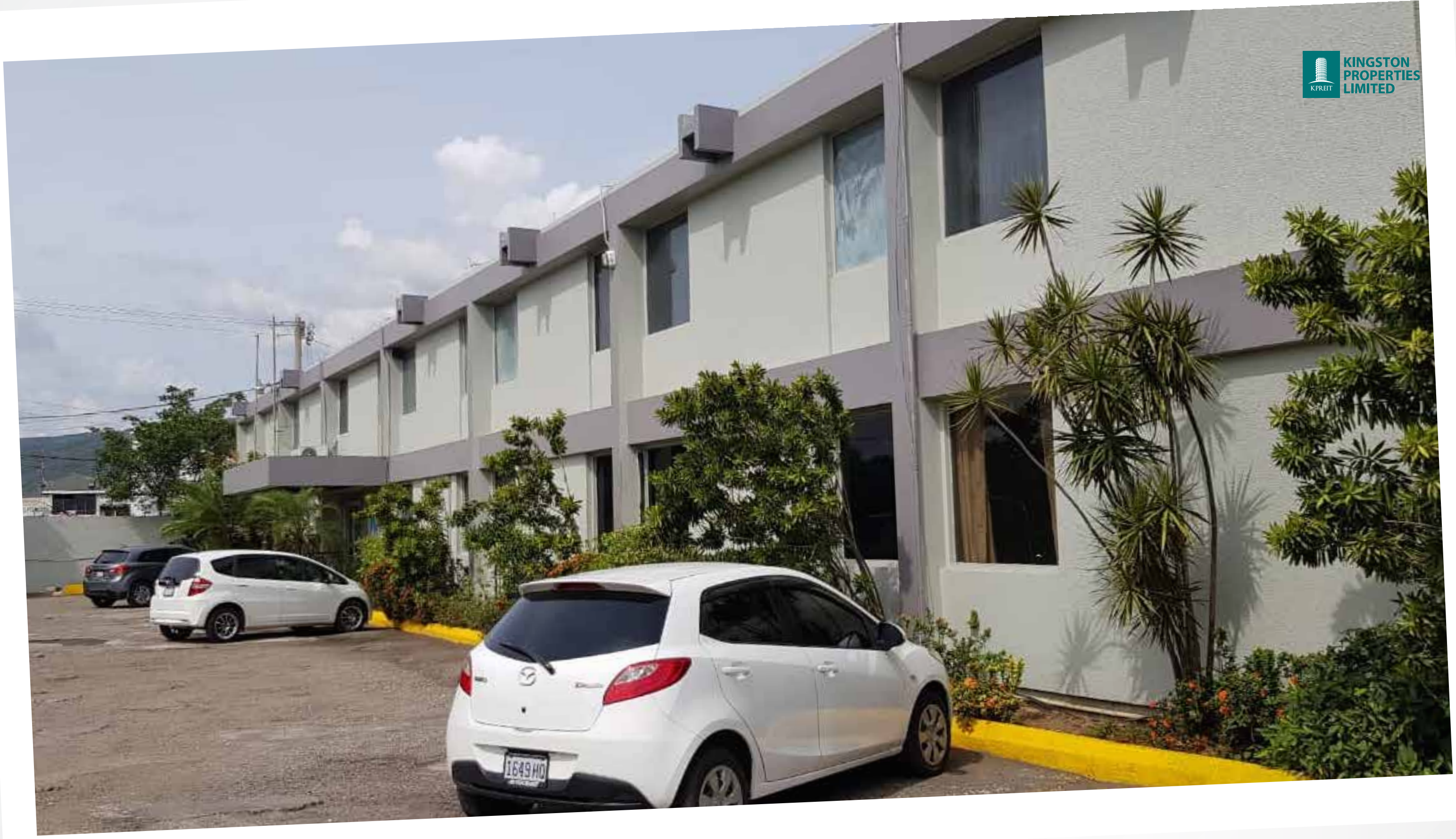
In September 2020, the Group acquired an approximately 88,000 square feet warehouse property on four (4) acres of land in Kingston's Industrial belt. The property was extensively rehabilitated in 2021 and underwent further renovation in 2022 and houses tenants in the manufacturing and distribution sectors.

232A SPANISH TOWN ROAD

Acquired in 2021 marking the second property along the Spanish Town Road Industrial Belt owned. The property is a warehouse and office building comprising 23,000 square feet and located on 2.7-acres of land.

ROUSSEAU ROAD

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



591 SPANISH TOWN ROAD

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

GRAND HARBOUR

In September 2023, the Group acquired the majority of the units in the Grand Harbour Commercial Centre along with an adjoining parking lot. The property is leased to tenants in the leisure, education, medical, insurance and retail space.

ROSEDALE WAREHOUSE

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

TROPIC CENTRE ONE

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

GUM TREE 5

In September 2021, we entered into an agreement to acquire three (3) of four (4) pre-construction units in a mixed-use industrial development in the Cayman Islands called Gum Tree 5. The units were completed in March 2024.

HARBOUR CENTRE

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

POLARIS AT CAMP CREEK, GEORGIA

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

POLARIS AT EAST POINT, GEORGIA

The property comprises of 112-units with a mix of one and two bedrooms. It is approximately 92,000 square feet of space of which the Group owns a stake of approximately 39.5%.

ECONOMIC OVERVIEW

Set out below is a brief overview of the economies in which the Group has properties, and which provides important context for its business operations. This information is derived from public sources and credible media reports, and reference is also made to the footnotes set out below.

JAMAICAN ECONOMY

According to the Planning Institute of Jamaica (PIOJ) estimates, the Jamaican economy grew 1.9% in the fourth quarter of 2023 resulting from improved performances in both the services and good producing sectors. However, actual outturn showed that Jamaica's economy performed above expectations. All industries in the Services sector showed signs of growth except the Producers of Government services while all industries in the Goods Producing sector grew except the Manufacturing industry. The manufacturing industry was impacted by the lowering of output in the sub-industries, namely Food, Beverages and Tobacco and Other Manufacturing. For the full calendar year 2023, estimates indicate that Jamaica's Real Value Added index grew by 2.6%.[1]

Looking ahead, the Jamaican economy is anticipated to grow steadily, with the Bank of Jamaica forecasting average annual growth rates between 1.0% and 2.0% from March 2024 through December 2025. This growth is expected to be driven by sectors such as hotels and restaurants, mining and quarrying, manufacturing, and electricity and water supply, with the strongest expansion predicted in mining and quarrying due to increased capacity utilization. For the fiscal years 2023/24 and 2024/25, economic expansion is projected to be between 2.0% and 4.0%, and 1.0% and 3.0% respectively, highlighting a positive trend above previous forecast. This optimism is partly attributed to higher anticipated growth in key industries, including tourism and its allied services. Moving into the medium term, from FY2026/27 to FY2028/29, the economy is expected to maintain growth rates of 1.0% to 2.0%, supported by sustained expansion in tourism, manufacturing, and electricity and water supply. The potential for even higher growth exists, contingent on the greater than expected impact of climate resilient projects on the economy.[2]

There was a marginal 1% depreciation of the monthly average USD:JMD exchange rate for the twelve-month period ended December 2023, moving from J$153.69: US$1.00 in December 2022 to

[1] https://www.pioj.gov.jm/speaking-notes-review-of-economic-performance-october-december-2023/
[2] https://boj.org.jm/boj-publications/quarterly-reports/

J$155.94: US$1.00 in December 2023.[3] The Bank of Jamaica maintained its firm monetary stance, actively intervening in the foreign exchange market by selling foreign currency as needed to manage the liquidity of the Jamaican dollar and ensure the stability of the exchange rate.[4] Point-to-point inflation as at December 2023 stood at 6.9%.[5] The increase was largely driven by the 'Food and Non-Alcoholic Beverages', 'Transport' and 'Restaurants Accommodation Services' categories reflecting higher prices on some agricultural produce.

As at the latest Labour Market Survey for July 2023, the unemployment rate stood at 4.5% according to STATIN, this represents 2.1 percentage points lower than the figure recorded twelve months prior.[6] The 'Real Estate and Other Business Service' and 'Construction' groups recorded the largest increase in persons representing part of the employed labour force.

Jamaica's economy is projected to experience steady growth, with potential for stronger gains from climate resilience projects. The growth outlook remains cautiously optimistic, balanced in the short term but with a chance for better-than-expected results in the medium term due to the impact of environmental initiatives.[7]

CAYMAN ISLANDS ECONOMY

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

Latest available data indicated that the Cayman Islands' economy measured by GDP in real terms expanded in the first three quarters of 2023 by an estimated annualized rate of 4.0% in comparison to the equivalent period in 2022, with indicators suggesting expansion in all core sectors. This economic upturn was significantly influenced by a 26.4% increase in the hotels and restaurants sector, which helped spur growth across other areas. Specifically, the transport storage and communication sector grew by 6.7%, while the 'other' sector saw a 7.7% increase. A warm summer contributed to a 9.9% rise in the electricity and water supply sector, largely driven by heightened tourism-related activities. The finance and insurance sector, a major contributor to GDP, expanded by 3.1%. Health and social services, along with wholesale and retail trade, also showed notable growth, rising by 3.8% and 2.8%, respectively. These positive trends

[3] https://boj.org.jm/market/foreign-exchange/average-exchange-rates/
[4] https://boj.org.jm/summary-of-decisions-november-2023/
[5] https://statinja.gov.jm/
[6] https://statinja.gov.jm/PressReleases.aspx
[7] https://boj.org.jm/boj-publications/quarterly-reports/

have led to an upward revision of the GDP growth forecast for 2023 to 3.8%. Despite international trends such as falling energy prices and the stabilizing US inflation, the forecasted average inflation rate has been adjusted down to 3.6%. This strong economic performance, particularly in the labour-intensive accommodation sector, has driven unemployment to near-natural rates, with a marginal expected rise to 3.3% by year-end.[8]

The average Consumer Price Index (CPI) in 2023 was 131.0, reflecting an increase by 3.8% compared to the average CPI in 2022, predominantly driven by increased prices for household furnishing and equipment, food and non-alcoholic beverages, housing and utilities, clothing and footwear, alcoholic beverages and tobacco, and restaurants and hotels.[9] Furthermore, the Federal Reserve has continued its tightening of monetary policy which is expected to have spill-over effects for the Cayman residents, announcing an increase by 0.25% in May 2023. Banks including Scotiabank subsequently advised that its CI$ and US$ prime lending rates were to increase from 8% to 8.25%.

Labour market estimates from the Labour Force Survey (LFS) Spring 2023 report showed an unemployment rate of 2.4%. Subsequently, the total number of persons within the labour force has increased to 58,669, and the employed labour force was estimated at 57,266 persons, which is an increase of 22.4% compared to the Census 2021. The number of unemployed persons was however estimated at 1,404.[10]

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

US ECONOMY

The US economy experienced a mixed year in 2023. While there were some positive indicators, such as robust consumer spending, there were also several challenges that impacted economic growth. According to the Bureau of Economic Analysis, the US economy, measured by

[8] https://www.eso.ky/quarterlyandannualeconomicreports.html
[9] https://www.eso.ky/page.html
[10]https://www.eso.ky/labour-force-survey-reports.html

real gross domestic product (GDP), grew at an annual rate of 3.3% in the fourth quarter of 2023, following an increase of 4.9 percent in the third quarter. The improvements in 2023 primarily reflected increases in consumer spending, non-residential fixed investment, state and local government spending, exports, and federal government spending that were partly offset by decreases in residential fixed investment and inventory investment.[11] However, it is important to note that if the effects of tighter rates are stronger than assumed or lead to financial stress, the economic outlook could worsen.[12]

US inflation declined by 0.3% in December 2023 and 3.4% on an annual basis.[13] While initial reports indicated the presence of concern amongst Americans, the macroenvironmental state of the economy showed positive signs. In addition to consumer spending remaining high and the cooling of the FED's battle with inflation, the job market showed continued resilience. Furthermore, the unemployment rate remained at a low of 3.7%, marking the 36th consecutive month of job creation in December 2023.[14], and suggesting strength despite the actions of the FED. A hiring boost in December came as a result of 52,000 gain in government jobs and a 38,000 gain in health care-related fields.[15] There remain a few headwinds coming into 2024 with a general consensus among economists that economic growth in the US will decelerate. Labour markets are expected to remain tight in support of employment and income levels.[16]

REAL ESTATE MARKET OVERVIEW

Jamaican Real Estate Market

Jamaica's real estate market has remained strong despite economic hurdles, with real estate demand fuelled by a booming tourism sector, increased international investments, an expanding manufacturing industry, and the rise of the middle class. This has led to a notable expansion in the residential property sector. On the commercial front, the retail and hospitality industries have flourished, marked by the entrance of global brands into the market alongside a strong base of locally established businesses. Furthermore, the industrial segment of the real estate market has grown, highlighted by the construction of new logistics and warehousing facilities.

[11] https://www.bea.gov/data/gdp/gross-domestic-product
[12] https://www.oecd.org/economy/united-states-economic-snapshot/
[13] https://www.bls.gov/news.release/cpi.htm
[14] https://www.cnbc.com/2024/01/07/the-2023-us-economy-in-charts.html
[15] https://www.cnbc.com/2024/01/05/jobs-report-december-2023-payrolls-increased-by-216000-in-december.html
[16] https://www.jpmorgan.com/commercial-banking/insights/economic-trends

The construction industry expanded year on year by 1.4%, reflected in a growth in supply of asphalt, cement, and increased sales from construction-based firms. Further growth was halted by NHT's 27.8% decline in housing starts, and reduced JPS disbursements.[17]

Higher borrowing costs due to the tightening monetary policy by the BOJ has impacted interest rates and borrowing cost which has negatively impacted the demand in the real estate sector.

Cayman Islands Real Estate Market

The Cayman Islands real estate market continues to remain an attractive market for investments from both local and international investors. The Cayman Islands real estate market, despite the global economic disruptions prompted by the COVID-19 pandemic, has remained buoyant evidenced by another successful year of property sales and activity during 2023. Property sales in 2023 exceeded the US$1 billion mark and also showed sales totals above pre-covid levels. According to the CI Government Lands and Surveys Department, the average transaction value increased in 2023 by 5% over 2022, representing a total sales volume of $1.32 billion.[18] Additionally, there has been a 9% increase in condo prices over 2022 and an over 20% increase in land prices in canal subdivisions over the same period.[19] On the other hand, data shows that the total sales volume in 2023 decreased by 26% year on year from 937 in 2022 to 690 in 2023.

Furthermore, Property Cayman's data highlighted that 478 residential units were sold in 2023 compared to 663 units in 2022 while 184 parcels of land were sold in 2023 compared to 253 in 2022.

These declines reflected hesitancy from buyers, stemming from increased interest rates and global challenges, which mainly affected low to mid-range markets. Buoyant performance in 2023 is further highlighted by a 34% reduction in the average time on market for ultra-high value transactions.

Atlanta Real Estate Market

The Atlanta real estate market had been experiencing steady growth for several years before the COVID-19 pandemic. However, the pandemic caused a brief slowdown in the market, but it has since picked back up and is once again on an upward trajectory. According to the Atlanta Realtors Association, during 2023 average and median sales prices outpaced 2022's performance with positive gains. The median sales price in December 2023 was $400,000, an increase of 3.2% when compared to December 2022, while the average sale price was $499,000, up

[17] https://www.pioj.gov.jm/speaking-notes-review-of-economic-performance-october-december-2023/
[18] https://www.irgcayman.com/cayman-islands-real-estate-market-reports
[19] https://www.provenanceproperties.com/media/spefmhet/ppci_annual_market_report_year2023-1.pdf

8.1% from the previous year. Atlanta area housing inventory totalled 10,273 units in December 2023, a decrease of 7.0% from December 2022 while new listings totalled 3,844, down 2.4% from December 2022.[20]

According to the President of the Atlanta Realtors Association, Michael Fischer, "These market indicators may cause concern, but we are still seeing a competitive marketplace, high traffic on active listings, and strong value being placed on home ownership".[21] Furthermore, the demand for luxury apartments remained robust in the face of 20,000 new units entering the market, keeping vacancy rates below 7%, a trend expected to continue into 2024 despite an influx of new developments. However, Atlanta's lower-income housing faced challenges, with inflation driving up the vacancy rate for affordable apartments as households combined to mitigate costs. The investment landscape experienced fluctuations, with a noticeable slowdown in apartment sales reminiscent of post-pandemic levels, though a resurgence in transactions was observed in lower-priced segments as interest rates began to stabilize. This mixed performance highlights the varying impacts of economic factors on different segments of the housing market.[22]

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

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[20] https://www.atlantarealtors.com/resources/news/detail/atlanta-realtors-market-brief-Dec-2023
[21] https://www.atlantarealtors.com/resources/news/detail/atlanta-realtors-market-brief-april-2023
[22] https://www.marcusmillichap.com/research/market-report/multiple-markets/2024-us-multifamily-investment-forecast

ROUSSEAU ROAD, JAMAICA

HARBOUR CENTRE,
CAYMAN ISLANDS

RISK EXPOSURES & RISK MANAGEMENT STRATEGIES

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

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

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

Economic Risks

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

These include, but are not limited to the following.

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

Asset and Industry Risks

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

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

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

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

Acquisition Risks

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

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

- Liabilities incurred in the ordinary course of business.

- We may be unable to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and private REITs, institutional investment funds and other real estate investors; and even if we can acquire the desired property, competition from other real estate investors may significantly increase the purchase price.

Re-Letting and Tenant Risks

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

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

Resale Risks

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

Contingent or Counterparty Risks

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

Currency Exchange Risks

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

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

Debt and Re-financing Risks

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

Leverage Risks

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

These could affect the market price of our shares.

Insurance Risks

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

Market Risks

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

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

penetration, trading in shares may occur less frequently than desired.

Additionally, given that the principal owners of shares tend to be institutional investors, the level of trading activity may be diminished; and

- General stock and bond market conditions.

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

Pandemic Risks

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

RISK MITIGATION STRATEGIES

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

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

Economic Risks

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

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

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

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

Asset and Industry Risks

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

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

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

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

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

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

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

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

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

Acquisition Risks

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

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

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

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

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

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

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

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

Re-Letting and Tenant Risks

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

Resale Risks

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

Contingent or Counterparty Risks

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

Currency Exchange Risks

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

Debt and Re-financing Risks

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

Leverage Risks

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

Insurance Risks

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

Market Risks

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

Pandemic Risks

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

OTHER RISK FACTORS

Regulatory Uncertainties

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

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

Share Price Volatility

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

Issue of Additional Shares

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

Availability Of Kpreit's Ordinary Shares For Purchase

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

Payment of Dividends

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

Macro-Economic Policies

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

New Accounting Rules or Standards

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

Competitive Environment

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

Cross Border Operations/Risks Associated with International Conditions

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

These events include:

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

CORPORATE DATA

BOARD OF DIRECTORS

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

REGISTERED OFFICE

7 Stanton Terrace, Kingston 6, Jamaica

CORPORATE OFFICE

36-38 Red Hills Road, Kingston 10, Jamaica

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Website: www.kpreit.com
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REGISTRAR & TRANSFER AGENT

- Jamaica Central Securities Depository

AUDITORS

- KPMG

ACCOUNTANTS

- Crichton Mullings & Associates PA - USA

ATTORNEYS-AT-LAW

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

INVESTMENT BROKERS

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

BANKERS

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

SUBSIDIARY COMPANIES

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

STOCK SYMBOL

- **KPREIT**

EXCHANGE

- Jamaica Stock Exchange (Main Market)

INVESTOR RELATIONS OFFICER

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

KPREIT

KINGSTON PROPERTIES LIMITED

INDEX TO FINANCIAL STATEMENTS

KPMG

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Kingston Properties Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 8 to 50, which comprise the Group's and Company's statements of financial position as at December 31, 2023, the Group's and Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2023, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters and how they were addressed in our audit

1. Valuation of investment property

See notes 3(m) and 11 for further disclosures. 'Investment property': Group: $59,178,916 (2022: $40,137,529) and Company: $18,223,782 (2022: $14,347,763).

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

As part of our audit procedures our response to this matter included the following:

- We used our own valuation specialists to assist us in assessing the reasonableness of the valuation methodologies employed by management, including management experts, where applicable, and the fair value conclusions for a sample of properties at the valuation date. We considered the provisions of the applicable financial reporting framework in order to evaluate the adequacy and appropriateness of those disclosures; assessed the sources of data and challenged the underlying assumptions utilised to value the properties; performed a search for similar transactions and listings to assess potential fair value changes that occurred within the period.

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

2. *Fair value of investments*

See notes 3(i), 12 and 27 for further disclosures. 'Investments': Group: $4,864,683 (2022: $4,864,683).

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

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

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

As part of our audit procedures we included the following:

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

2. *Fair value of investments* (continued)

- We assessed the adequacy and appropriateness of the Group's disclosures against the requirements of IFRS 13 *Fair Value Measurement and* IAS 1 *Presentation of Financial Statements* (see notes 12 and 27) to determine if these adequately illustrate the key risks discussed in this key audit matter.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon (including Group chairman and CEO statements, quick facts, director's report, 10 year financial statements, management discussion and analysis, corporate data, environmental, social and governance report). The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibility of Management and the Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 6-7, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Karen Ragoobirsingh.

KPMG

Chartered Accountants
Kingston, Jamaica

February 29, 2024

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Appendix to the Independent Auditors' Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KINGSTON PROPERTIES LIMITED

Statements of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Operating revenues					
Rental income	4	3,837,090	3,346,404	1,490,254	1,404,423
Management fees	6	115,226	91,461	115,226	91,461
Distributions from real estate investment	12(a),(b)	31,448	43,668	-	-
Total operating income		3,983,764	3,481,533	1,605,480	1,495,884
Operating expenses	5	(1,533,287)	(1,483,534)	(1,134,205)	(1,054,760)
Results of operating activities before other income/expenses		2,450,477	1,997,999	471,275	441,124
Other income/(expenses):					
Increase in fair value investment property	11(b)(i)	2,619,865	2,380,191	1,411,865	325,744
Decrease in fair value of FVTPL investments	12(c)	-	(206,504)	-	-
Dividend income		-	-	950,659	-
Gain on disposal of investment property		442,946	276,092	-	-
Loss on disposal of furniture and equipment		-	(98,368)	-	(95,708)
Impairment allowance on financial assets	17	(92,082)	(32,055)	(92,082)	(30,558)
Fees and other (expenses)/income	24	(71,319)	48,532	3,280	24,593
Operating profit		5,349,887	4,365,887	2,744,997	665,195
Finance income	7	282,027	192,512	210,181	105,435
Finance costs	7	(962,851)	(674,332)	(526,531)	(359,688)
Net finance costs	7	(680,824)	(481,820)	(316,350)	(254,253)
Profit before income tax		4,669,063	3,884,067	2,428,647	410,942
Income tax charge	8	(21,547)	(84,411)	-	-
Profit for the year, being total comprehensive income for the year	9	$4,647,516	3,799,656	2,428,647	410,942
Earnings and diluted earnings per stock unit (USD)	10	$ 0.0053	0.0049		
Earnings and diluted earnings per stock unit (JMD)	10	$ 0.8166	0.7450		

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

KINGSTON PROPERTIES LIMITED

Statements of Financial Position
December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

	Notes	Group 2023	Group 2022	Company 2023	Company 2022
NON-CURRENT ASSETS					
Investment property	11	59,178,916	40,137,529	18,223,782	14,347,763
Deposit on investment property	15	2,773,590	2,639,031	-	-
Investments at fair value through profit or loss	12	4,864,683	4,864,683	-	-
Restricted cash	18	-	1,969	-	1,969
Furniture, software and equipment	13	95,568	97,518	57,739	64,590
Investment in subsidiaries	14	-	-	14,585,395	14,585,395
Total non-current assets		66,912,757	47,740,730	32,866,916	28,999,717
CURRENT ASSETS					
Owed by subsidiaries	16	-	-	6,793,588	5,611,488
Investment property held-for-sale	11(g)	-	3,075,057	-	2,300,000
Receivables	17	825,509	720,762	373,736	541,236
Income tax recoverable		47,833	48,027	33,556	14,270
Cash and cash equivalents	18	3,170,290	4,623,317	2,371,070	2,039,254
Total current assets		4,043,632	8,467,163	9,571,950	10,506,248
Total assets		$70,956,389	56,207,893	42,438,866	39,505,965
EQUITY					
Share capital	19	34,903,346	34,931,493	34,903,346	34,931,493
Treasury shares	20	-	(28,147)	-	(28,147)
Currency translation reserve	19	(1,488,861)	(1,488,861)	(4,153,262)	(4,153,262)
Retained earnings		14,459,908	11,179,945	2,508,417	1,447,323
Total equity		47,874,393	44,594,430	33,258,501	32,197,407
NON-CURRENT LIABILITIES					
Deferred tax liability	8	108,473	108,473	-	-
Loans payable	21	20,777,039	10,126,383	7,752,080	5,950,159
Total non-current liabilities		20,885,512	10,234,856	7,752,080	5,950,159
CURRENT LIABILITIES					
Current portion of loans payable	21	1,428,566	918,534	955,110	674,540
Owed to subsidiaries	16	-	-	27,031	371,879
Accounts payable and accrued charges	22	739,154	432,548	446,144	311,980
Income tax payable		28,764	27,525	-	-
Total current liabilities		2,196,484	1,378,607	1,428,285	1,358,399
Total liabilities		23,081,996	11,613,463	9,180,365	7,308,558
Total equity and liabilities		$70,956,389	56,207,893	42,438,866	39,505,965

The financial statements on pages 8 to 50 were approved for issue by the Board of Directors on February 29, 2024 and signed on its behalf by:

Gladstone Lewars
Director

Nicole Foga
Director/Company Secretary

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

KINGSTON PROPERTIES LIMITED

KINGSTON PROPERTIES LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2023
(*Expressed in United States Dollars unless otherwise stated*)

	Share capital (note 19)	Treasury shares (note 20)	Currency translation reserve (note 19)	Retained earnings	Total
Balances at December 31, 2021	25,316,337	-	(1,488,861)	8,807,021	32,634,497
Profit for the year, being total comprehensive income	-	-	-	3,799,656	3,799,656
Transactions with owners of the Company:					
Stock units repurchased	-	(28,147)	-	-	(28,147)
Issue of additional ordinary shares	9,615,156	-	-	-	9,615,156
Dividends declared (note 23)	-	-	-	(1,426,732)	(1,426,732)
Total transactions with owners of the Company	9,615,156	(28,147)	-	(1,426,732)	8,160,277
Balances at December 31, 2022	34,931,493	(28,147)	(1,488,861)	11,179,945	44,594,430
Profit for the year, being total comprehensive income	-	-	-	4,647,516	4,647,516
Transactions with owners of the Company:					
Stock units cancelled	(28,147)	28,147	-	-	-
Dividends declared (note 23)	-	-	-	(1,367,553)	(1,367,553)
Total transactions with owners of the Company	(28,147)	28,147	-	(1,367,553)	(1,367,553)
Balances at December 31, 2023	$34,903,346	-	(1,488,861)	14,459,908	47,874,393

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

KINGSTON PROPERTIES LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2023
(*Expressed in United States Dollars unless otherwise stated*)

	Share capital (note 19)	Treasury shares (note 20)	Retained earnings	Currency translation reserve (note 19)	Total
Balances at December 31, 2021	25,316,337	-	2,463,113	(4,153,262)	23,626,188
Profit for the year, being total comprehensive income	-	-	410,942	-	410,942
Transactions with owners of the Company:					
Stock units repurchased	-	(28,147)	-	-	(28,147)
Issue of additional ordinary shares	9,615,156	-	-	-	9,615,156
Dividends declared (note 23)	-	-	(1,426,732)	-	(1,426,732)
Total transactions with owners of the Company	9,615,156	(28,147)	(1,426,732)	-	8,160,277
Balances at December 31, 2022	34,931,493	(28,147)	1,447,323	(4,153,262)	32,197,407
Profit for the year, being total comprehensive income	-	-	2,428,647	-	2,428,647
Transactions with owners of the Company:					
Stock units cancelled	(28,147)	28,147	-	-	-
Dividends declared (note 23)	-	-	(1,367,553)	-	(1,367,553)
Total transactions with owners of the Company	(28,147)	28,147	(1,367,553)	-	(1,367,553)
Balances at December 31, 2023	$34,903,346	-	2,508,417	(4,153,262)	33,258,501

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

KINGSTON PROPERTIES LIMITED

Statements of Cash Flows
Year ended December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

		Group		Company	
	Notes	2023	2022	2023	2022
Cash flows from operating activities					
Profit for the year		4,647,516	3,799,656	2,428,647	410,942
Adjustments for:					
Income tax charge	8	21,547	84,411	-	-
Depreciation	13	25,470	24,766	20,414	19,834
Exchange gain on foreign currency balances		(57,008)	(28,205)	(43,821)	(28,205)
Interest income	7	(244,881)	(165,398)	(172,970)	(76,867)
Interest expense	7	962,851	605,704	526,531	301,175
Increase in fair value of investment property	11(b)(i)	(2,619,865)	(2,380,191)	(1,411,865)	(325,744)
Decrease in fair value of investments at FVTPL		-	206,504	-	-
Gain on disposal of investment property		(442,946)	(276,092)	-	-
Loss on disposal of furniture and equipment		-	98,368	-	95,708
Impairment loss on financial assets	17	92,082	32,055	92,082	30,558
		2,384,766	2,001,578	1,439,018	427,401
Changes in:					
Receivables		(194,860)	(165,020)	77,387	(84,345)
Accounts payable and accrued charges		306,606	(96,837)	134,163	(14,936)
Income tax paid		(20,114)	(47,754)	-	-
Owed by subsidiaries		-	-	(1,182,100)	(2,807,502)
Owed to subsidiaries		-	-	(344,848)	(7,760,171)
Net cash provided/(used) by operating activities		2,476,398	1,691,967	123,620	(10,239,553)
Cash flows from investing activities					
Invested capital in subsidiary		-	-	-	5,616,365
Interest received		237,993	136,509	166,082	62,688
Additions to property and equipment	13	(23,520)	(12,551)	(13,563)	(7,280)
Investments at FVTPL		-	(1,620,024)	-	-
Additions to investment property	11(b)(i)	(15,385,122)	(186,781)	(164,154)	(160,425)
Deposit on investment property		(134,559)	(1,406,270)	-	-
Proceeds of disposal of investment property		2,463,100	1,907,433	-	-
Net cash (used in)/provided by investing activities		(12,842,108)	(1,181,684)	(11,635)	5,511,348
Cash flows from financing activities					
Interest paid		(806,295)	(583,450)	(449,011)	(292,869)
Dividends paid		(1,367,553)	(1,426,732)	(1,367,553)	(1,426,732)
Loans received		14,115,000	3,000,000	4,615,000	2,831,168
Loans repaid		(3,009,478)	(9,199,037)	(2,575,272)	(4,885,208)
Issuance of additional share capital		-	9,615,156	-	9,615,156
Purchase of treasury shares		-	(28,147)	-	(28,147)
Net cash provided by financing activities		8,931,674	1,377,790	223,164	5,813,368
Net (decrease)/increase in cash and cash equivalents		(1,434,036)	1,888,073	335,149	1,085,163
Effects of exchange rate fluctuations on cash and cash equivalents		(18,991)	28,205	(3,333)	28,205
Cash and cash equivalents at beginning of year		4,623,317	2,707,039	2,039,254	925,886
Cash and cash equivalents at end of year	18	$ 3,170,290	4,623,317	2,371,070	2,039,254

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

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements
December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

1. Identification and principal activities

Kingston Properties Limited ("the Company") is incorporated in Jamaica under the Companies Act. The Company is domiciled in Jamaica, with its registered office at 7 Stanton Terrace, Kingston 6, and the principal place of business at Building B, First Floor, 36-38 Red Hills Road, Kingston 10. The Company is listed on the Jamaica Stock Exchange.

The Company has five wholly owned subsidiaries:

(i) KPREIT (St. Lucia) Limited, incorporated in St. Lucia under the International Business Companies Act; and its wholly-owned subsidiary KPREIT (Cayman) Limited. On January 3, 2022 the Company transferred 100% of its shareholdings in the company formally known as Kingston Properties (St. Lucia) Limited to its subsidiary KPREIT (St Lucia) Limited.

(ii) On January 4, 2022 the company formally known as Kingston Properties (St Lucia) Limited was redomiciled to the Cayman Islands by way of continuation, and its name changed on the said date to KPREIT (Cayman) Limited.

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

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

(v) KP Dumfries Limited, incorporated in Jamaica on February 16, 2021 under the Companies Act.

The Company and its subsidiaries are collectively referred to as "the Group". In these financial statements 'parent' refers to the Company and 'intermediate parent' refers to KPREIT (St. Lucia) Limited.

The principal activity of the Group is to invest in attractive real estate assets in Jamaica and selected international markets.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") and the relevant provisions of the Jamaican Companies Act ("the Act").

New and amended standards and interpretations that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The adoption of those standards and amendments did not have any significant effect on the amounts and disclosures in the financial statements.

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

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

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet effective:

- Classification of Liabilities as Current and Non-current Liabilities with covenants (amendments to IAS 1, effective 1 January 2024)

  The amendments remove the requirement for a right to defer settlement for at least 12 months be "unconditional" and instead requires that a right to defer settlement must exist at the reporting date and have substance. For liabilities with conversion options that involve a transfer of the company's own equity instruments, the IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity.

  The Group is assessing the impact that the amendment will have on its 2024 financial statements.

- *Supplier Finance Arrangements* (Amendments to IAS 27 and IFRS 7, effective 1 January 2024)

  The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 - for a reporting entity to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the entity's liabilities and cash flows, and its exposure to liquidity risk.

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

- *Lease Liability in a Sale and Leaseback* (amendments to IFRS 16, effective 1 January 2024)

  The amendments provide detailed guidance on sale and leaseback accounting, requiring that the seller-lessee applies the subsequent measurement requirements in such a way that it does not recognize a gain or loss associated with the rights retained under the leaseback.

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

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment property and investments in real estate funds which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in United States dollars ($), the Group's functional currency, unless otherwise indicated.

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

(d) Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements that affect the selection of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income, expenses, gains and losses for the period then ended. Actual amounts could differ from those estimates. The estimates and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. The critical judgements made in applying accounting policies and the key areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements, and or that have a significant risk of material adjustment in the next financial period, are as follows:

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

The key relevant judgements are as follows:

(1) Impairment of financial assets

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and the selection and approval of models used to measure ECL requires significant judgement [see notes 3(h) and 26(a)].

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

(1) Valuation of investment property

Investment property is measured at fair value. Given the infrequency of trades in comparable properties in some cases, and therefore the absence of a number of observable recent market prices, fair value is less objective and requires significant estimation, which is impacted by the uncertainty of market factors, pricing assumptions and general business and economic conditions [see note 11(c)].

(2) Taxation

Recognition of current and deferred tax involves judgement and estimates, given that the Group is subject to special tax rules in respect of its investment property operations, particularly in the United States of America.

This includes the application of the Internal Revenue Service (IRS) 1031 Exchange Capital Gains Real Estate Tax Deferment rules, under which the Group is allowed to sell investment property and reinvest the proceeds in ownership of like-kind property, and thereby defer the capital gains taxes.

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

(d) Use of judgements and estimates (continued)

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

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

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

3. Material accounting policies

The Group has consistently applied the accounting policies set out below to all periods presented in these financial statements.

(a) Consolidation

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiaries (note 1), after eliminating intra-group amounts.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Investment in subsidiaries

Investments in subsidiaries (note 1) are accounted for at cost less, impairment losses, if any, in the separate financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less used in the management of short term commitments and subject to an insignificant change in fair value.

KINGSTON PROPERTIES LIMITED

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3. Material accounting policies (continued)

(d) Accounts payable and accrued charges

Accounts payable and accrued charges are measured at amortised cost.

(e) Receivables

Receivables are measured at amortised cost less impairment losses, if any.

(f) Related parties

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person.

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group.

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

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part provides key management services to the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

3. Material accounting policies (continued)

(g) Foreign currencies

(i) Transactions in foreign currencies are translated to the functional currencies at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

(ii) Exchange differences arising on settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or expense in the period in which they arise. Non-monetary assets and liabilities that are denominated in foreign currencies and are measured at historical cost are translated at the foreign exchange rate ruling at the date of the transaction.

Non-monetary assets and liabilities that are denominated in foreign currencies and are carried at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the fair values were determined.

(h) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. A significant increase in credit risk is assumed to have occurred if there is a delinquency for rent received from tenants or failure to repay in a timely manner.

The Group recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security if any is held; or
- the financial asset is more than 365 days past due.

The Group uses judgement when considering the following factors that affect the determination of impairment:

3. Material accounting policies (continued)

(h) Impairment of financial assets (continued)

Macroeconomic factors, forward looking information and multiple scenarios

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward-looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECL at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 365 days past due. For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision matrix.

The lifetime ECL are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise receivables, cash and cash equivalents, investment at FVTPL instruments, restricted cash and owed by subsidiaries. Financial liabilities comprise accounts payable, loan payable and owed to subsidiaries.

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

3. Material accounting policies (continued)

(i) Financial instruments (continued):

Classification and subsequent measurement (continued)

Financial assets (continued)

This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Receivables
- Owed by subsidiaries

Due to their short-term nature, the Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

Subsequent measurement

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

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include accounts payable, loans payable and owed to subsidiaries, which are recognised initially at fair value.

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. Material accounting policies (continued)

(j) Capital

(i) Classification

Ordinary shares are classified as equity. Ordinary share capital is initially measured net of directly attributable issue costs.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

(iii) Repurchase and reissue of ordinary shares (treasury shares)

When the Company repurchases its own stock, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is shown as a deduction from equity. The repurchased shares are classified as treasury shares and are presented in the treasury share reserve.

(iv) Dividends

Dividends are recorded in the financial statements in the period in which they are declared and become irrevocably payable.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets or liabilities. For this purpose the carrying amount of investment property measured at fair value is presumed to be recovered through sale.

A deferred tax asset is recognised only to the extent that management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Current and deferred tax assets and liabilities are offset in the statement of financial position if they apply to the same tax authority.

3. Material accounting policies (continued)

(k) Income tax (continued)

Recognition of current and deferred tax involves judgement and estimates given that the Company's subsidiary, Kingston Properties Miami LLC, is subject to special tax rules in respect of its investment property operations in the United States.

The subsidiary participates in the Internal Revenue Service (IRS) 1031 Exchange Capital Gains Real Estate Tax Deferment on the disposal of investment property, which requires that the subsidiary:

(i) Identify a replacement property within 45 days.

(ii) Exchange the property the earliest of:

(a) 180 days after it sells the relinquished property

(b) The due date of the income tax return that would include the property sale.

(iii) Not receive cash from the sale prior to the exchange. It may use a qualified intermediary to hold such cash prior to the exchange.

(l) Furniture and equipment

(i) Items of office equipment and furniture are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of replacing part of an item is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of office equipment, software and furniture are recognised in profit or loss as incurred.

(ii) Depreciation is recognised in profit or loss on the straight-line basis over the estimated useful life of the asset. The depreciation rates for furniture and equipment are as follows:

Computer and accessories	20%
Furniture and fixtures	10%
Computer software	33.3%

(m) Investment property

Investment property comprises commercial complexes of offices and warehouses, residential condominiums and a commercial manufacturing building held for long-term rental yields and capital gain.

Investment property is initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of investment property. Subsequent to initial recognition, investment property is measured at fair value.

3. Material accounting policies (continued)

(m) Investment property (continued)

Fair value is determined every two years by an independent registered valuer, and in each intervening year by management. Fair value is based on current prices in an active market for similar properties in similar location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

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

The Group leases out investment properties under operating leases [see notes 4 and 11(d)].

(n) Borrowings

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

(o) Revenue recognition

Rental and maintenance income are recognised as the related services are consumed.

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Types of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Management fees	The Group provides maintenance service for its commercial office spaces. Fees are calculated based on a fixed percentage of the rental income and is charged monthly.	Recognised over time as the service is provided.

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expense that relate to transactions with any of the Group's other components. All operating segments for which discrete information is available are reviewed regularly by the Group's Board of Directors to make decisions about resource allocation and to assess performance.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3. Material accounting policies (continued)

(q) Securities purchased under agreements to resell

Securities purchased under agreements to resell are transactions in which the Group makes funds available to institutions by entering into short-term secured agreements with those institutions. They are accounted for as short-term collateralised lending. The difference between purchase and resale considerations is recognised as interest income on the effective interest basis over the term of the agreement.

(r) Employee benefits

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

(s) Leases

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

As a lessor

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

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

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

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

4. Rental income

Rental income represents gross revenues from investment properties owned by the Group in Jamaica, Cayman Islands and United States which are both commercial and residential properties [see note 11(d)]. The lease terms generally runs from three (3) to five (5) years, with options to renew. Some leases may have options for periodic rate adjustments to reflect market rentals. The leases are fixed rate leases in the currency in which they are negotiated.

(Expressed in United States Dollars unless otherwise stated)

5. Expense by nature

	Group 2023	Group 2022	Company 2023	Company 2022
Advertising and promotion	25,092	13,127	25,092	13,127
Accounting fees	5,625	12,014	-	-
Audit fees - current year (note 9)	97,496	73,376	54,181	43,683
Audit fees - prior year under/ (over) accrual (note 9)	3,936	3,779	(763)	3,285
Bank charges	7,109	5,070	3,851	2,258
Brokers fees	-	68,070	-	66,320
County and state taxes	2,042	3,176	-	-
Depreciation (note 13)	25,470	24,766	20,414	19,834
Directors' fees [note 9 and 16(b)]	71,400	71,400	35,700	35,700
Homeowners' association & strata fees	43,968	69,977	-	-
Insurance	162,297	116,013	125,557	84,071
Professional fees	61,214	117,891	43,448	66,379
Property taxes	19,077	40,485	15,073	10,427
Regulatory fees and charges	28,173	25,646	28,173	25,646
Management fees	42,412	22,222	-	-
Repairs and maintenance	51,575	52,628	2,784	24,602
Salaries and related costs	717,591	620,606	626,917	539,616
Contribution and defined contribution plan	28,477	24,041	28,477	24,041
Utilities	10,006	7,176	7,828	5,934
Other operating expenses	58,547	50,622	47,102	32,746
Office expenses	61,975	56,366	60,566	52,009
Donations	9,805	5,082	9,805	5,082
	$1,533,287	1,483,534	1,134,205	1,054,760

6. Management fees

This represents fees charged by the Company against the Common Area Maintenance Accounts of the investment properties located in Jamaica only. These properties located in Jamaica are managed directly by the Company.

7. Net finance costs

	Group 2023	Group 2022	Company 2023	Company 2022
Finance income:				
Interest income	244,881	165,398	172,970	76,867
Foreign exchange gains	37,146	27,114	37,211	28,568
Total finance income	282,027	192,512	210,181	105,435
Finance costs:				
Interest expense	(907,685)	(605,704)	(483,768)	(301,175)
Commitment fees	(55,166)	(68,628)	(42,763)	(58,513)
Total finance costs	(962,851)	(674,332)	(526,531)	(359,688)
Net finance costs	$(680,824)	(481,820)	(316,350)	(254,253)

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8. Income tax charge

(a) Taxation comprises:

	Group 2023	Group 2022	Company 2023	Company 2022
(i) Current income tax expense:				
Income tax at 25%	17,115	7,537	-	-
Income tax at 21%	4,432	19,874	-	-
	21,547	27,411	-	-
(ii) Deferred income tax expense: Origination and reversal of temporary differences [See (d) below]	-	57,000	-	-
Total income tax charge	$21,547	84,411	-	-

(b) Reconciliation of actual tax expense:

The tax rate for the Company and Jamaica subsidiaries 25% (2022: 25%) of profit before income tax, adjusted for tax purposes, while the tax rate for the St. Lucia subsidiary is 30% (2022: 30%) of profits, and that for the Florida subsidiary is 21% (2022: 21%).

The actual tax charge for the year is as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
Profit before income tax	$4,669,063	3,884,067	2,428,647	410,942
Computed "expected" tax expense at Jamaican tax rate of 25%	1,167,266	971,016	607,162	102,735
Effect of different tax rates in foreign jurisdictions	(414,090)	(791,966)	-	-
Fair value gains disallowed	(565,466)	(40,453)	(352,966)	(81,435)
Depreciation and capital allowances	(141,265)	(91,822)	(119,534)	(122,155)
Disallowed (income)/expenses, net	(75,582)	(26,171)	(203,074)	18,838
Utilised tax losses	50,684	63,807	68,412	82,017
Actual tax charge	$ 21,547	84,411	-	-
Effective rate of tax	0.46%	2.17%	-	-

(c) Although tax losses may be carried forward indefinitely in Jamaica, the amount that can be utilised in any one year is restricted to 50% of chargeable income for that year. There was no tax loss utilised in the current year (2022: $Nil)

Income tax losses, available for set-off against future taxable profits, amounted to approximately $1,042,611 for the Company and $1,282,895 for the Group (2022: $768,963 for the Company and $1,009,247 for the Group).

The Company did not disclose any deferred tax asset as this was immaterial based on the temporary differences. The amount of tax losses used to reduce deferred tax expense during the year was $32,837 (2022: $40,565).

(Expressed in United States Dollars unless otherwise stated)

8. Income tax charge (continued)

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

	Group				
	Balance at December 31, 2021	Recognised in profit or loss	Balance at December 31, 2022	Recognised in profit or loss	Balance at December 31, 2023
Investment property	(28,700)	28,700	-	-	-
Investments	130,152	(21,679)	108,473	-	108,473
Tax losses	(49,979)	49,979	-	-	-
	$ 51,473	57,000	108,473	-	108,473

9. Profit for the year

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

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Auditors' remuneration - current year (note 5)	97,496	73,376	54,181	43,683
- prior year (note 5)	3,936	3,779	(763)	3,285
Key management personnel:				
Short-term employee benefits	371,064	384,965	371,064	384,965
Directors' remuneration fees (note 5)	71,400	71,400	35,700	35,700

10. Earnings per stock unit

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

The earnings per stock unit is computed by dividing the profit for the year of $4,647,516 (2022: $3,799,656), attributable to the Company's stockholders, by a weighted average number of stock units issue during the year, determined as follows:

	2023	2022
Ordinary stock units at January 1	884,000,000	677,652,928
Additional Public Offering	-	103,478,183
Effect of repurchasing stock units	-	(116,043)
Weighted average number of ordinary stock units held during the year	884,000,000	781,015,068

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10. Earnings per stock unit (continued)

	2023	2022
Earnings and diluted earnings per stock unit (USD)	$0.0053	0.0049
Earnings and diluted earnings per stock unit (JMD)	$0.8166	0.7450

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

11. Investment property

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

	Group		Company	
	2023	2022	2023	2022
Red Hills Road Commercial Complex	5,809,737	5,792,118	5,809,737	5,792,118
Spanish Town Road Commercial Complex	3,360,000	-	3,360,000	-
East Ashenheim Road	6,499,505	6,499,505	6,499,505	6,499,505
Grand Harbour Shoppes	14,886,573	-	-	-
Tropic Centre	3,351,822	3,325,509	-	-
Grenada Crescent	7,153,982	6,303,982	-	-
Rosedale Warehouses	2,575,000	2,217,000	-	-
Harbour Centre	12,987,757	12,679,675	-	-
Dumfries Road	-	1,263,600	-	-
Rousseau Road	664,542	531,231	664,542	531,231
Spanish Town Road	1,889,998	1,524,909	1,889,998	1,524,909
	$59,178,916	40,137,529	18,223,782	14,347,763

(b) (i) Reconciliation of carrying amount:

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

	Group		Company	
	2023	2022	2023	2022
Balance as at beginning of year	40,137,529	41,779,432	14,347,763	16,161,594
Additions during the year	15,385,122	186,781	164,154	160,425
Disposals during the year	(1,263,600)	(1,133,818)	-	-
Transfers from/(to) held-for-sale [see note 11(g)]	2,300,000	(3,075,057)	2,300,000	(2,300,000)
Fair value gains	2,619,865	2,380,191	1,411,865	325,744
Balance at end of year	$59,178,916	40,137,529	18,223,782	14,347,763

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11. Investment property (continued)

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

Valuation techniques and significant unobservable inputs:

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment approach: The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream. The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.	• Expected market rental growth • Yields (Cap Rate) - 7.5% - 9.0% • Gross Rental rates US$36 - US$50 per sq. ft. • Land values US$65 per sq. ft. • The occupancy rates were higher (lower)	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher (lower). • Occupancy rates were shorter (longer); or • Yields were lower (higher)
Sales comparison approach: The approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered and a meaningful unit of comparison is developed. A comparative analysis of the subject is done, involving consideration for differences in location, time, terms of sales and physical characteristics.	• Sales of similar properties	The estimated fair value would increase/(decrease) if: • Sales prices of similar properties were higher/(lower)

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11. Investment properties (continued)

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

Valuation techniques and significant unobservable inputs (continued):

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income approach: This approach converts anticipated annual net income into an indication of value. This process is called capitalisation, and involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations such as risk, time, and return on investment.	• Annual net income • Capitalization rates 7.25% - 8.0% • Discount factor 9% - 10%	The estimated fair value would increase/(decrease) if: • Annual net income was higher/(lower) • Capitalisation multiple was higher/(lower)

The investment approach is used for investment properties in the Cayman Islands, while sales comparison and income approach is used for all properties located in Jamaica and USA.

(c) (i) The fair value of investment property as at the reporting date is based on estimates of open market value, which may be defined as the best price at which an interest in a property might reasonably be expected to be sold by private treaty at the date of valuation, assuming:

- a willing seller;
- a willing buyer;
- a reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market;
- values are expected to remain stable throughout the period of market exposure and disposal by way of sale;
- the property will be freely exposed to the market;
- that no account has been taken of any possible additional bid(s) reflecting any premium in price which might be forth-coming from a potential purchaser with a special interest in acquiring the premises; and
- that the subject premises, in its current zoned use class, can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its land use class, in the open market.

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11. Investment properties (continued)

(c) (Continued)

(ii) The Spanish Town Road Commercial Complex and the property located at Grenada Crescent were revalued as at January 5, 2024 and December 31, 2023, respectively, by independent valuators, NAI Jamaica: Langford and Brown.

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

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

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

(vi) The Roasedale property was revalued by independent valuators, DDL Studio Limited, of the Cayman Islands as at December 1, 2023.

(vii) The Rousseau Road property was revalued as at January 5, 2024, by independent valuators, NAI Jamaica: Langford and Brown.

(viii) The Spanish Town Road property was revalued as at December 31, 2023 by independent valuators, NAI Jamaica: Langford and Brown

(ix) The Grand Harbour Shoppes property was purchased in the Cayman Island during the year at a cost of $14.89m which is assumed to approximate to its fair value as at December 31, 2023.

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

(e) Property operating expenses (note 5) are as follows::

	Group		Company	
	2023	2022	2023	2022
Homeowners' association fees	5,553	37,874	-	-
Insurance premiums	162,297	116,013	125,557	84,071
Property taxes	19,077	40,485	15,073	10,427
Professional fees	61,214	117,891	43,448	66,379
Repairs and maintenance	32,896	52,628	2,784	24,602
Security	80	19,670	-	19,670
Management fees	42,412	22,222	-	-
	$323,529	406,783	186,862	205,149

(f) A residential condominium located in Fort Lauderdale, Florida was sold during the year (2022: 3 units). This unit was classified as held for sale in 2022. The Group completed the gradual transition of its property portfolio away from a concentration in condominiums (in South Florida) into higher-yielding properties.

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11. Investment properties (continued)

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

	Group		Company	
	2023	2022	2023	2022
W. Ft. Lauderdale condominiums	-	775,057	-	-
Spanish Town Road Industrial Complex	-	2,300,000	-	2,300,000
[see note 11(b)(i)]	$ -	3,075,057	-	2,300,000

The W. Ft. Lauderdale condominium unit held in 2022 was sold in March 2023 and the Spanish Town Road Industrial Complex was reclassified to investment properties during the year as management has decided not to sell the property as it was determined that the higher and better use is to hold the property in the portfolio for higher rental income in the next 12 months.

12. Investments at fair value through profit or loss

	Group	
	2023	2022
CGI Fund (a)	1,000,000	1,000,000
Polaris at Camp Creek LLC (b)	2,244,659	2,244,659
Polaris at East Point Partners (c)	1,620,024	1,620,024
	$4,864,683	4,864,683

Kingston Properties Miami LLC (KPM), a subsidiary of the Company acquired equity interest in unquoted investment Funds during the prior years. However, the Company did not apply the equity method of accounting and recorded these interests as a FVTPL investments since KPM does not have significant influence over the operations of these Funds.

The investments are being managed under subscription agreements which give the General Partner of the Funds full management control over all operational and strategic decisions about the underlying assets. These subscription agreements specifically exclude the Company from participating in the relevant activities which precludes the Company from having significant influence over the investees. The Company earns dividend distributions from the Funds' earnings as determined by the General Partners and the investments are recoverable from the net assets of the Funds on winding up.

(a) During 2020 the Miami subsidiary invested US$1,000,000 in capital (representing a 2.1% interest) in CGI Fund I as a limited partner. This is an equity investment from which the Company earns dividend distributions and the investment is expected to be recovered from net assets upon the Fund's termination. The Fund which is managed by CGI Investment Management LLC, invests in a portfolio of class A investment properties in Miami consisting of office buildings and mixed use properties. The investment is measured at fair value and categorised as Level 3 in the fair value hierarchy.

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

(a) (Continued)

The following table shows the valuation techniques and significant unobservable inputs used. There was no fair value adjustments recognised during the year (2022: $206,504). Further, the Company received dividend of $Nil (2022: $10,000) in respect of this investment.

Valuation technique	Significant unobservable inputs	Range of input	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalisation approach This approach converts anticipated annual net income into an indication of value. This process is called capitalisation and involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations such as risk, time, and return on investment.	• Overall capitalization rate • Discount rate • Term • Terminal capitalisation rate • Growth rate	5.0 -7.75% 7.25 -7.75% up to 10 years 5.25-6.25% 1.0-3.0%	• Reduction in the Capitalization Rates and Discount rate will Increase the investment values • Increase in the growth rate will increase the investment value

(b) Subscription fund units

During 2021 the Company acquired 1,831.364 units (representing a 41% interest) at the cost of US$1,831,364 in Polaris at Camp Creek LLC, a Delaware limited liability company (Polaris). Polaris was formed to acquire and develop a multi-family property in Atlanta, USA thereby providing members with commercial real estate opportunities via subscription for units in the company. This is an equity investment from which the Company earns dividend distributions and the investment is expected to be recovered from net assets upon the Fund's termination. The investment is measured at fair value through profit or loss [see note 2(d)(i)(3)].

The fair value measurement of the units is categorised as Level 3 and the following table shows the valuation techniques and significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Range of input	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalisation approach This approach converts anticipated annual net income into an indication of value. This process is called capitalisation and involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations such as risk, time, and return on investment.	• Overall capitalization rate • Discount rate • Term • Terminal capitalisation rate • Growth rate	5.03% 13.18% up to 5 years 6.07% 2.80%	• Reduction in the capitalization rates and discount rate will Increase the investment values • Increase in the growth rate will increase the investment value

During the year the Company received dividend distribution of $31,448 (2022: $43,668) from the investment.

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

(c) During 2022 the year the Group acquired 1,620 units at a cost of US$1,620,000 (representing a 42% interest) in Polaris at East Point, a Delaware LLC formed to acquire a 120 unit multi-family property in Atlanta, USA. This is an equity investment from which the Company earns dividend distributions and the investment is expected to be recovered from net assets upon the Fund's termination. The investment is measured at fair value through profit and loss [see note 2(d)(i)(3)]. The fair value measurement of the units is categorised as Level 3 and the following table shows the valuation techniques and significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Range of input	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalisation approach This approach converts anticipated annual net income into an indication of value. This process is called capitalisation, and involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations such as risk, time, and return on investment.	• Overall capitalization rate • Discount rate • Term • Terminal capitalisation rate • Growth rate	4.97% 13.18% up to 5 years 5.50% 2.80%	• Reduction in the capitalization rates and discount rate will increase the investment values • Increase in the growth rate will increase the investment value

The following shows movement in fair value of securities:

	Group 2023 $	Group 2022 $
Balance at January 1	4,864,683	3,451,163
Purchases	-	1,620,024
Net fair value movement during the year	-	(206,504)
Balance at December 31	4,864,683	4,864,683

13. Furniture, software and equipment

	Group			Company		
	Office furniture & equipment	Computer software	Total	Office furniture & equipment	Computer software	Total
Cost						
December 31, 2021	155,334	117,026	272,360	110,697	113,826	224,523
Additions	11,532	1,019	12,551	6,261	1,019	7,280
Disposals	(5,500)	-	(5,500)	-	-	-
Write-offs	-	(95,708)	(95,708)	-	(95,708)	(95,708)
December 31, 2022	161,366	22,337	183,703	116,958	19,137	136,095
Additions	23,520	-	23,520	13,563	-	13,563
December 31, 2023	184,886	22,337	207,223	130,521	19,137	149,658

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13. Furniture, software and equipment (continued)

	Group			Company		
	Office furniture & equipment	Computer software	Total	Office furniture & equipment	Computer software	Total
Cost						
Depreciation						
December 31, 2021	57,371	6,890	64,261	47,981	3,690	51,671
Charge for year	19,296	5,470	24,766	14,364	5,470	19,834
Disposals	(2,842)	-	(2,842)	-	-	-
December 31, 2022	73,825	12,360	86,185	62,345	9,160	71,505
Charge for year	19,791	5,679	25,470	14,735	5,679	20,414
December 31, 2023	93,616	18,039	111,655	77,080	14,839	91,919
Net book value						
December 31, 2023	$ 91,270	4,298	95,568	53,441	4,298	57,739
December 31, 2022	$ 87,541	9,977	97,518	54,613	9,977	64,590

14. Investment in subsidiaries

	Company	
	2023	2022
Kingston Properties Miami LLC [see (i) below]	3,102,985	3,102,985
KP (Reit) Jamaica Limited [see (ii) below]	3,616,142	3,616,142
KPREIT (St. Lucia) Limited [see (iii) below]	7,866,268	7,866,268
	$14,585,395	14,585,395

(i) Kingston Properties Miami LLC has no share capital; the parent's sole ownership and control is by virtue of the intermediate parent, KPREIT (St Lucia) Limited being its sole member.

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

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

15. Deposit on investment property

In 2021, the Group entered into an agreement to purchase a warehouse property in Cayman Islands for a value of CI$2,585,000. The initial deposit represented 80% of the purchase price paid and the remaining 20% will be paid overtime until the successful completion of construction of the property.

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16. Related party transactions

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

	Company 2023	Company 2022
Owed by subsidiaries:		
Kingston Properties Miami LLC (i)	3,205,336	3,202,660
Kingston Properties Dumfries Limited (ii)	-	1,223,927
KP (Reit) Jamaica Limited (iii)	31,090	-
KPREIT (Cayman) Limited (iv)	3,557,162	1,184,901
	$6,793,588	5,611,488
Owed to subsidiaries:		
KP (Reit) Jamaica Limited (iii)	-	371,879
Kingston Properties Dumfries Limited (ii)	27,031	-
	$ 27,031	371,879

(i) This represents amounts advanced by the Company to Kingston Properties Miami LLC for investment purposes.

(ii) In 2022, this represents amounts advanced to Kingston Properties Dumfries Limited to assist in the purchase of an investment property. The amount due from Kingston Properties Dumfries Limited in 2022 was recovered from the sale of investment property during the year. The current amount represents operating income collected by the Company on behalf Kingston Properties Dumfries Limited.

(iii) This represents rental income collected by the Company on behalf of KP (Reit) Jamaica Limited, net of reimbursable expenses.

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

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

	Group 2023	Group 2022	Company 2023	Company 2022
	$	$	$	$
Legal fees and other expenses (See note below)	7,366	39,871	7,033	3,600
Directors' fees (note 5)	71,400	71,400	35,700	35,700
Dividend distribution	-	-	950,659	-

The Group used the legal services of one of its directors in relation to the reviewing of contracts, corporate administrative services and on acquisition of certain investments. Acquisition related services have been capitalized under the cost of the respective investment property.

(c) All related party balances are unsecured, interest free with no fixed repayment date and considered low credit risk as these parties have intention and ability to settle these balances. The balances may be settled by cash from operations or disposal of assets. No expected credit loss is recognized on balances due from related companies.

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17. Receivables

	Group		Company	
	2023	2022	2023	2022
Rent receivable	271,411	319,770	180,161	194,454
Impairment loss allowance [note 26(a)]	(134,413)	(42,331)	(134,074)	(41,992)
Net rent receivable	136,998	277,439	46,087	152,462
Withholding tax recoverable	45,156	20,168	44,494	19,731
Security deposits	2,471	2,494	1,172	1,194
Prepayments	33,120	37,626	12,456	18,602
Other receivables (i)	607,764	383,035	269,527	349,247
	$825,509	720,762	373,736	541,236

(i) Other receivables comprise of reimbursable property expenses recoverable from Common Area Maintenance accounts, interest receivables and staff advances.

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

	Group		Company	
	2023	2022	2023	2022
Balance at January 1	42,331	45,381	41,992	11,992
Write off	-	(35,105)	-	(558)
Net remeasurement of allowance for ECL	92,082	32,055	92,082	30,558
Balance at December 31	$134,413	42,331	134,074	41,992

18. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
Current accounts	939,394	631,927	185,689	381,831
Reverse repurchased agreements	2,230,896	3,993,359	2,185,381	1,659,392
	3,170,290	4,625,286	2,371,070	2,041,223
Less: Restricted cash	-	(1,969)	-	(1,969)
	$3,170,290	4,623,317	2,371,070	2,039,254

As at December 31, 2023 and 2022 the fair value of the underlying reverse repurchased agreements approximated the carrying values.

Restricted cash represents funds being held in reserve under conditions of the loan agreements with National Commercial Bank Jamaica Limited which was refinance by First Caribbean International Bank (Jamaica) Limited (note 21).

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19. Share capital and reserves

(a) Share capital

Authorised capital:

2,000,000,000 (2022: 2,000,000,000) ordinary stock units of no-par value.

Issued and fully paid: 884,000,000 (2022: 884,609,294) ordinary stock units	$34,903,346	34,931,493

During the year, 609,294 stock units was cancelled. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

From April 19 - June 10, 2022, the Company executed an additional public offering in which 206,956,366 shares were issued and fully paid.

(b) Currency translation reserve

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

20. Treasury shares

The repurchase of the Company's stock units is conducted on the open market through the Company's stockbrokers, consequent on a decision of the Board of Directors. During the prior year, the Company repurchased 609,294 stock units at a cost of $28,147. On December 31, 2023 the Company held Nil (2022: 609,294) of its stock units.

21. Loans payable

	Group		Company	
	2023	2022	2023	2022
RBC Royal Bank (i)	13,498,415	4,420,221	-	-
First Caribbean International Bank (Jamaica) Limited (FCIB) (ii)	8,707,190	6,624,696	8,707,190	6,624,699
Total bank loans at year end	22,205,605	11,044,917	8,707,190	6,624,699
Less current portion	(1,428,566)	(918,534)	(955,110)	(674,540)
Non-current portion	$20,777,039	10,126,383	7,752,080	5,950,159

(i) This represents four loans of $1,900,000, $1,550,000, $6,000,000 and $9,500,000 from RBC Royal Bank in the Cayman Islands, payable by KPREIT (Cayman) Limited. The loans are for a duration of fifteen (15) years and currently have interest rates of 5.75 %, 5.75%, 5.75% and 5.75% respectively.

21. Loans payable (continued)

(i) (Continued)

The loan of $1,900,000 is for the refinancing of a previous loan and the loans of $6,000,000, $1,550,000 and $9,500,000 are to finance the purchase of commercial properties in Cayman Islands.

The loans are secured by a debenture over the properties of KPREIT (Cayman) Limited located at West Bay Beach South, Block 12C, Parcel 198 H1-H12, Tropic Centre and Strata Plan 755, West Bay Beach South, Block 19A, Parcel 50 H5-H12, Rosedale Warehouses and the Grand Harbour Shoppes.

(ii) This represents for (4) loans payable by Kingston Properties Limited:

(a) The loan of $2,160,000 was for 7 years and was secured by a first legal mortgage over commercial property located at 36-38 Red Hills Road, Kingston. Interest rate was reset to 5.25% fixed for 2 years and thereafter 3-month SOFR plus 4.5%. In November 2023 loan balance was fully repaid.

(b) The loan of $2,900,000 is for 10 years and was acquired specifically for the acquisition of the commercial property located at 52-60 Grenada Crescent. During 2022, the loan balance was converted to a Jamaica dollar facility of J$371,884,116 at an interest rate of 6.98% fixed for 2 years and thereafter 6 month Weighted Average Treasury Bills plus 3.25%.

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

(d) The loan of $4,615,000 is for 8 years secured by mortgage over the commercial property at 6C East Ashenhiem Road. Interest rate is fixed at 6.5% for 2 years and variable thereafter at SOFR plus 3%.

The company was granted a moratorium on principal and interest payments on two loans from April 24, 2020 until September 24, 2020. At the end of the moratorium period, accrued interest was capitalised and added to the outstanding principal balance. The maturity dates on the loan was extended by six months to February 24, 2026 and April 30, 2029 respectively, and the outstanding balance was re-amortized over the remaining term.

(iii) Transaction costs amounting to $514,373 (2022: $83,369) were deducted from the related loan balances and are being amortised over the lives of the loans using the effective interest method.

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21. Loans payable (continued)

(iv) Reconciliation of movements of liabilities to cashflow arising from financing activities:

	Group		Company	
	2023	2022	2023	2022
Balance at January 1, 2023	11,044,917	17,175,326	6,624,699	8,620,226
Cash flows - proceeds	14,115,000	3,000,000	4,615,000	2,831,168
Cashflows - repaid	(3,009,478)	(9,199,037)	(2,575,272)	(4,885,208)
Commitment fees (note 7)	55,166	68,628	42,763	58,513
Balance at December 31, 2023	$22,205,605	11,044,917	8,707,190	6,624,699

22. Accounts payable and accrued charges

	Group		Company	
	2023	2022	2023	2022
Accounts payable	69,792	27,605	15,745	26,285
Accounting and audit fees	80,403	77,662	43,309	43,662
Withholding tax - dividends	83,299	8,894	83,299	8,894
Other payables and accrued charges	230,553	94,499	146,980	77,852
Security deposits held	275,107	223,888	156,811	155,287
	$739,154	432,548	446,144	311,980

23. Dividends

	Group and Company	
	2023	2022
Dividend paid	$1,367,553	1,426,732

The Company paid a dividend of $0.00075 (2022: $0.0008) per share unit on May 30, 2023 as the first interim dividend for 2023 and a second interim dividend for 2023 of $0.000797 on November 23, 2023 (2022: $0.001) per unit.

24. Fees and other (expenses)/income

This represents write-off of costs in relation to a cancelled investment property transaction during the year while the Company earned one-off referral fees in 2022.

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25. Segment reporting

The Group has three operating segments. These segments manages investment properties on a geographic portfolio basis. Internal management reports are reviewed monthly by the Board. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board. Segment reports are used to measure performance, as management believes that such information is the most relevant in evaluating the results of each segment compared to other entities that operate within these industries. Information regarding the reportable segments is as follows:

	2023				
	Jamaica	United States of America	Cayman Islands	Elimination	Group
	$	$	$	$	$
External revenue	2,101,854	38,413	1,843,497	-	3,983,764
Operating expenses	(1,241,619)	(28,677)	(262,991)	-	(1,533,287)
Results of operating activities before other income	860,235	9,736	1,580,506	-	2,450,477
Other income/expenses:					
Fair value gain on revaluation of investment property	2,261,865	-	358,000	-	2,619,865
	3,122,100	9,736	1,938,506	-	5,070,342
Dividend income	950,659	-	-	(950,659)	-
Gain on disposal of investment property	395,140	47,806	-	-	442,946
Fee and other income	3,280	6,088	(80,687)	-	(71,319)
Impairment loss on financial assets	(92,082)	-	-	-	(92,082)
Interest income	173,940	-	70,941	-	244,881
Interest expense and commitment fees	(681,471)	-	(281,380)	-	(962,851)
Net loss on translation of foreign currency balances	38,344	-	(1,198)	-	37,146
Profit before tax	3,909,910	63,630	1,646,182	(950,659)	4,669,063
Income tax charge	(17,115)	(4,432)	-	-	(21,547)
Profit after tax	3,892,795	59,198	1,646,182	(950,659)	4,647,516
Non-current assets	40,020,898	4,864,683	36,612,571	(14,585,395)	66,912,757
Current assets	9,802,896	3,341,348	1,017,883	(10,118,495)	4,043,632
Total assets	49,823,794	8,206,031	37,630,454	(24,703,890)	70,956,389
Non-current liabilities	7,752,080	108,473	13,024,959	-	20,885,512
Current liabilities	1,530,668	7,261,036	3,983,371	(10,578,591)	2,196,484
Total liabilities	9,282,748	7,369,509	17,008,330	(10,578,591)	23,081,996
Other segment items:					
Capital expenditure	177,719	-	15,230,924	-	15,408,643
Depreciation	20,414	18	5,038	-	25,470

Notes to the Financial Statements (Continued)
December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

25. Segment reporting (continued)

	2022				
	Jamaica $	United States of America $	Cayman Islands $	Elimination $	Group $
External revenue	1,943,410	132,384	1,405,739	-	3,481,533
Operating expenses	(1,154,447)	(98,358)	(230,729)	-	(1,483,534)
Results of operating activities before other income	788,963	34,026	1,175,010	-	1,997,999
Other income/expenses:					
Fair value gain on revaluation of investment property	325,744	(11,350)	2,065,797	-	2,380,191
	1,114,707	22,676	3,240,807	-	4,378,190
Gain on disposal of investment property	-	276,092	-	-	276,092
Impairment loss on financial assets	(30,558)	-	(1,497)	-	(32,055)
Fair value loss on investment	-	(206,504)	-	-	(206,504)
Loss on disposal of furniture and equipment	(95,708)	(2,660)	-	-	(98,368)
Fee and other income	24,593	23,821	118	-	48,532
Interest income	77,226	-	88,172	-	165,398
Interest expense and commitment fees	(496,537)	-	(177,795)	-	(674,332)
Net loss on translation of foreign currency balances	27,202	-	(88)	-	27,114
Profit before tax	620,925	113,425	3,149,717		3,884,067
Income tax charge	(7,537)	(76,874)	-	-	(84,411)
Profit after tax	613,388	36,551	3,149,717	-	3,799,656
Non-current assets	36,567,298	4,864,702	20,894,124	(14,585,394)	47,740,730
Current assets	10,992,017	3,279,974	2,664,538	(8,469,366)	8,467,163
Total assets	47,559,315	8,144,676	23,558,662	(23,054,760)	56,207,893
Non-current liabilities	5,950,159	108,473	4,176,224	-	10,234,856
Current liabilities	2,642,687	7,258,879	2,778,768	(11,301,727)	1,378,607
Total liabilities	8,592,846	7,367,352	6,954,992	(11,301,727)	11,613,463
Other segment items:					
Capital expenditure	188,470	-	10,862	-	199,332
Depreciation	19,834	989	3,943	-	24,766

During the year, revenue from two (2022: two) Jamaica customers of the Group represented approximately $882,704 or 23% (2022: $799,000 or 24%) of the Group's total revenue. Of the amount during the year, $514,153 and $368,552 (2022: $510,000 and $289,000, respectively) was attributable to each customer, respectively.

26. Financial instruments and financial risk management

The Group has exposure to credit, liquidity, and market risks, which arise in the ordinary course of its business. This note presents information about the Group's exposure to each of the above-listed risks and the Group's objectives, policies and processes for measuring and managing risk.

The risk management policies are established and implemented by the directors to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

No derivative instruments are presently used by the Group to mitigate, manage or eliminate exposure to financial instrument risks.

(a) Credit risk

Credit risk is the risk of a financial loss arising from a counter party to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily in cash and cash equivalents, receivables and reverse repurchased agreements.

Exposure to credit risks

The maximum credit exposure, the total amount of loss that the Group would suffer if every counterparty to its financial assets were to default at once, is represented by the carrying amount of the financial assets shown on the statement of financial position at the reporting date, as there is no off-balance-sheet exposure to credit risk.

(i) Cash and cash equivalents are held with financial institutions that are appropriately licensed and regulated and have a high credit rating, therefore, management believes that exposure to credit risk is minimal. Also, collateral is not required for such accounts, as management regards the institutions as strong.

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

The Investment and Risk Committee has a credit policy under which new lessee is analysed individually for credit worthiness before the lease contract is agreed. Property management for the commercial portfolio involve the use of a referral system to do background checks on prospective tenants along with various tools including the presentation of financials, certificates of good standing, and identification of principals involved in the companies.

(iii) Reverse repurchased agreements expose the Group to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. These are held with financial institutions that are appropriately licensed and regulated and have a high credit rating, therefore, management believes that exposure to credit risk is minimal. The Group manages this risk by contracting only with counterparties that management considers to be financially sound.

(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

Expected credit loss assessment

Trade receivables:

The Group uses a provision matrix to measure ECLs of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates, determined by a probability weighted approach.

Loss rates are calculated based on the probability of a receivable balance progressing through successive stages of delinquency to write-off, the economic conditions over the expected lives of the receivables and other macro-economic factors such as foreign currency exchange rates, interest rates and Gross Domestic Product (GDP).

The following table provides information about the exposure to credit risk and ECLs for rent receivable as at December 31.

	2023 Group			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $ (note 17)	Credit impaired
Current (not past due)	0.00%	115,129	-	No
31-60 days past due	15.80%	25,974	4,105	No
More than 60 days past due	100%	130,308	130,308	Yes
		271,411	134,413	

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

(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

Expected credit loss assessment (continued)

Trade receivables (continued):

	2023 Company			
	Weighted average loss rate	Gross carrying amount $	Loss allowance $ (note 17)	Credit impaired
Current (not past due)	31.98%	67,761	21,674	No
31-60 days past due	100%	16,248	16,248	Yes
More than 60 days past due	100%	96,152	96,152	Yes
		180,161	134,074	

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

Cash and cash equivalents and reverse repurchase agreements:

Risks relating to cash and bank balances and reverse repurchase agreements are limited because the counterparties are banks and financial institutions with high credit rating. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Impairment on cash and cash equivalents and reverse repurchased agreements has been measured at 12- month expected loss basis and reflects the short maturities of the exposures. The Group considered that cash and reverse agreements have low credit risk.

Allowance for ECL was not recognised as the computed ECL was considered immaterial at the reporting date.

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(a) Credit risk (continued)

Expected credit loss assessment (continued)

Related party balances:

The Group assesses each subsidiary's ability to pay if payment is demanded at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrowers' liquidity over the expected life of the recoverable. Exposure to credit risk on due from subsidiaries are managed by regular analysis of the ability of counterparties to meet repayment obligations, and by vigorous follow-up of amounts due. The expected credit losses are calculated on this basis.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, monitor future cash flows and liquidity on a daily basis and have funding available through an adequate amount of committed facilities.

The Group is not subject to any externally imposed liquidity requirements and there has been no change in the Group's approach to managing its liquidity risk during the year.

The following table presents the contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	Group				
	2023				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	22,205,605	34,476,563	710,000	2,274,118	31,492,445
Accounts payable and accrued charges	739,154	739,154	739,154	-	-
	$22,944,759	35,215,717	1,449,154	2,274,118	31,492,445

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

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(b) Liquidity risk (continued)

	Company 2023				
	Carrying value	Contractual cash flows	Within 3 months	3 to 12 months	Over 12 months
Loans payable	8,707,190	12,142,583	439,420	1,290,965	10,412,198
Owed to subsidiaries	27,031	27,031	27,031	-	-
Accounts payable and accrued charges	446,144	446,144	446,144	-	-
	$9,180,365	12,615,758	912,595	1,290,965	10,412,198

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

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

(c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The elements of market risk that affect the Group are as follows:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currency giving rise to this risk is the Jamaican dollar (JMD). The Group ensures that the risk is kept to an acceptable level by matching Jamaican currency assets with Jamaican currency liabilities, to the extent practicable.

(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(c) Market risk (continued)

(i) Foreign currency risk (continued)

The exposure to foreign currency risk from balance denominated in Jamaica dollar at the reporting date was as follows:

	Group		Company	
	2023 USD	2022 USD	2023 USD	2022 USD
Foreign currency assets:				
Cash	119,875	176,299	60,544	146,556
Receivables	390,448	381,277	308,557	334,121
Reverse repurchased agreements	45,516	454,214	-	454,214
Total financial assets	555,839	1,011,790	369,101	934,891
Foreign currency liabilities:				
Loans	(2,129,739)	(2,347,117)	(2,125,739)	(2,347,117)
Payables and accrued charges	(128,426)	(116,000)	(73,432)	(63,444)
Total financial liabilities	(2,258,165)	(2,463,117)	(2,199,171)	(2,410,561)
Net foreign currency liabilities	$(1,702,326)	(1,451,327)	(1,830,070)	(1,475,670)

Sensitivity to foreign exchange rate movements

A 4% (2022: 4%) weakening of the Jamaica dollar against the United States dollar at December 31, 2023 would have increase the profit of the Group and the Company by $67,916 (2022: $55,039) and $73,184 (2022: $55,962), respectively. The analysis assumes that all other variables, in particular, interest rates, remain constant.

A 1% (2022: 1%) strengthening of the Jamaica dollar against the United States dollar at December 31, 2023 would have decrease the profit of the Group and the Company by $16,979 (2022: $14,455) and $18,296 (2022: $14,697) respectively, on the basis that all other variables remain constant.

The following rates of exchange of JMD for one US$ applied for the year:

	Average rate		Reporting date spot rate			
	2023	2022	2023		2022	
			Buying	Selling	Buying	Selling
	JMD	JMD	JMD	JMD	JMD	JMD
United States Dollar (US$)	154.99	154.21	153.59	154.95	149.96	152.05

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

26. Financial instruments and financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate or that cashflows will vary due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring market interest rates.

Even though there is no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the Group's financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary. The Group was not subject to significant interest rate risk, at the reporting date.

Interest-bearing financial assets mainly comprise securities purchased under reverse repurchased agreements, which have been contracted at fixed interest rates for the duration of their terms. Interest-bearing financial liability comprise loans payable.

Sensitivity to interest rate movements

The Group's exposure to interest rate risk arises from its loan payable with RBC Royal Bank, all other loans are at fixed rates of interest. Any reasonable plausible change in interest rate would not have a material impact on profit or loss.

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

27. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of cash and cash equivalents, reverse repurchased agreements, receivables, owed by subsidiary, accounts payable and owed to subsidiary are considered to approximate their carrying values due to their relatively short-term nature.

The carrying value of non-current loan is assumed to approximate fair value, as the terms of the loan reflects normal commercial considerations.

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

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2023
(Expressed in United States Dollars unless otherwise stated)

27. Fair value (continued)

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

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

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

Accounting classification and fair values:

The Company's and the Group's investments measured at fair value are classified at Level 3 in the fair value hierarchy. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between levels during the year.

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

28. Capital management

The Company's capital consists of total equity and long-term loans. The Board's policy is to maintain capital at a level which balances the need for the Group to be financially strong and be able to sustain future development of the business, with the need for dividend payments. The Board of Directors monitors the return on capital, which it defines as profit after tax divided by total stockholders' equity. The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the security afforded by a sound capital position. The Company is not subject to any externally imposed capital requirements other than the Jamaica Stock Exchange requirement to maintain positive equity.

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KINGSTON PROPERTIES LIMITED

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Kingston Properties Limited

OPERATING EXPENSES

Year Ended December 31, 2023

(Expressed in United States Dollars unless otherwise stated)

	Group		Company	
	2023	2022	2023	2022
Accounting fees	5,625	12,014	-	-
Advertising and promotion	25,092	13,127	25,092	13,127
Audit fees- current year	97,496	73,376	54,181	43,683
Audit fees - prior year under/(over) accrual	3,936	3,779	(763)	3,285
Bank charges	7,109	5,070	3,851	2,258
Broker fees	-	68,070	-	66,320
Business licenses and permits	4,897	16,268	-	-
Computer and internet expenses	19,950	18,626	19,950	18,626
Courier	8,174	5,116	8,174	5,116
County and state taxes	2,042	3,176	-	-
Depreciation	25,470	24,766	20,414	19,834
Development	28,559	464	28,559	464
Directors' fees`	71,400	71,400	35,700	35,700
Donations	9,805	5,082	9,805	5,082
Dues and subscription	12,010	10,909	11,655	10,129
General expense	8,849	7,921	6,502	5,433
Homeowners' Association fees	5,553	37,874	-	-
Insurance	162,297	116,013	125,557	84,071
Management fees	42,412	22,222	-	-
Meals and entertainment	8,710	6,389	8,710	6,268
Meeting expenses	5,662	2,269	5,662	2,269
Office supplies	2,693	2,130	2,693	2,130
Penalties	1,081	3,539	1,081	3,539
Postage and delivery	1,409	1,037	-	-
Printing and reproduction	11,773	4,899	11,773	4,899
Professional fees	61,214	117,892	43,448	66,379
Property taxes	19,077	40,484	15,073	10,427
Regulatory fees and charges	28,173	25,646	28,173	25,646
Repairs and maintenance	51,575	52,628	2,784	24,602
Salaries and related costs	746,068	644,646	655,397	563,656
Security	80	19,670	-	19,670
Strata fees	38,415	32,103	-	-
Telephone & answering services	2,522	3,453	2,522	3,453
Travel accommodations	4,153	4,300	384	2,760
Utilities	10,006	7,176	7,828	5,934
	$1,533,287	1,483,534	1,134,205	1,054,760

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KINGSTON PROPERTIES LIMITED

NOTES

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KINGSTON PROPERTIES LIMITED

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FORM OF PROXY

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I/We ____

of ____

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

or failing him or her ____

of ____

as my/our proxy to vote on my/our behalf at the Annual General Meeting of **Kingston Properties Limited** to be held at **Courtleigh Hotel and Suites, 85 Knutsford Boulevard, Kingston 5 on Wednesday June 12, 2024 10:00 a.m** and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To Receive the Audited Accounts **Resolution 1:** "THAT the Audited Accounts for the Year Ended December 31, 2023 along with the reports of Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted."		
2. To ratify Interim Dividend **Resolution 2:** "THAT the interim dividend of US$0.00075 per share paid on May 30, 2023, and US$0.000797 per share paid on November 23, 2023, be and are hereby declared as final for the year ended December 31, 2023".		
3. To Re-Elect Directors **a)** The Directors retiring by rotation in accordance with Article 107 of the Company's Article of Incorporation are: Mr. Phillip Silvera and Mr. Rezworth Burchenson who being eligible for re-election offer themselves for re-election. **Resolution 3:** "THAT Mr. Phillip Silvera retiring by rotation, be and is hereby re-elected."		
Resolution 4: "THAT Mr. Rezworth Burchenson retiring by rotation, be and is hereby re-elected."		
4. To authorize the Directors to fix the remuneration of the Auditors **Resolution 5:** "THAT KPMG having signified their willingness to continue in office as Auditors, the Directors be and are hereby authorized to agree to their remuneration in respect of the period ending with the next Annual General Meeting."		

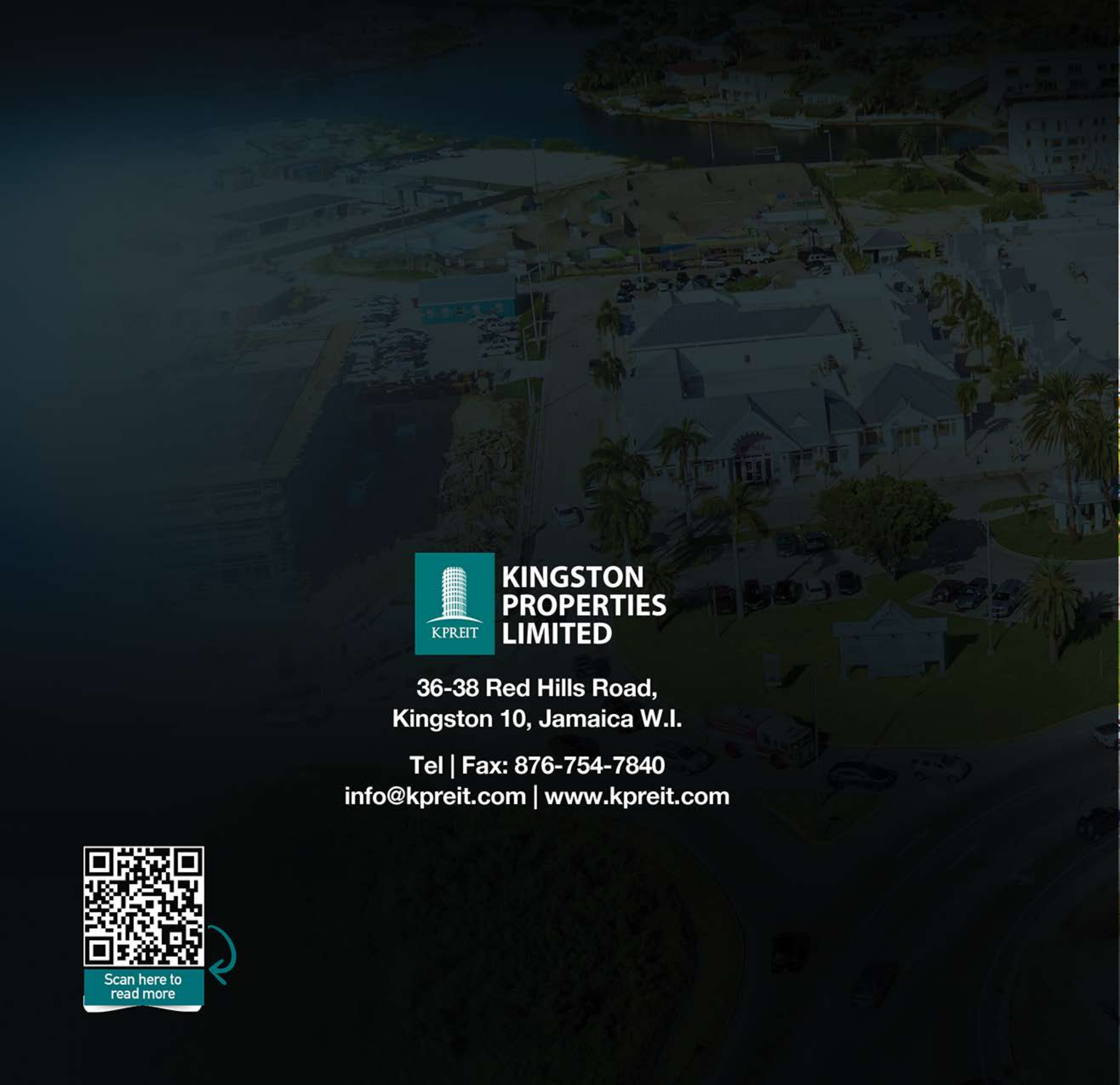
Dated this ____________________ day of ____________________ 2024

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

Signature ____________________

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

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



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