KINGSTON PROPERTIES LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2023

KPMG
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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Audit of the Financial Statements (Continued)

2. *Fair value of investments*

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

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.

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*)

		Group		Company	
	Notes	2023	2022	2023	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

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*)

	Notes	Group 2023	Group 2022	Company 2023	Company 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.

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.

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.

KINGSTON PROPERTIES LIMITED

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

5. Expense by nature

	Group		Company	
	2023	2022	2023	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		Company	
	2023	2022	2023	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)

(Expressed in United States Dollars unless otherwise stated)

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

(Expressed in United States Dollars unless otherwise stated)

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

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)

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.

(Expressed in United States Dollars unless otherwise stated)

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.

(Expressed in United States Dollars unless otherwise stated)

11. Investment properties (continued)

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

	Group		Company	
	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.

(Expressed in United States Dollars unless otherwise stated)

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.

(Expressed in United States Dollars unless otherwise stated)

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

(Expressed in United States Dollars unless otherwise stated)

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.

(Expressed in United States Dollars unless otherwise stated)

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	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		Company	
	2023	2022	2023	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.

(Expressed in United States Dollars unless otherwise stated)

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).

(Expressed in United States Dollars unless otherwise stated)

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.

	2023	2022
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.

(Expressed in United States Dollars unless otherwise stated)

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.

(Expressed in United States Dollars unless otherwise stated)

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

(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.

(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

(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	2022	2023	2022
	USD	USD	USD	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

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:

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.