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ADDITIONAL PUBLIC OFFER

KINGSTON PROPERTIES LIMITED

Barita Investments Limited
15 St. Lucia Way, Kingston
Tel #: 1-888-429-5333

Company Overview

Kingston Properties Limited (KPREIT), formerly known as Carlton Savannah (REIT) Jamaica Limited, is a real estate company incorporated in Jamaica with a core business strategy of the development and acquisition of real estate. The company holds real estate properties, is diversified geographically, and provides tenancy across varying industries. They provide shareholders with access to real estate opportunities by utilizing various investment strategies. KPREIT is seeking to raise approximately J$2,250,000,000.00 (assuming the Invitation is fully upsized) in an Additional Public Offering of 300,000,000 issued new shares.

Investment Rationale:

Geographic Diversification: KPREIT offers investors the ability to benefit from geographic diversification across real estate assets. The company's current portfolio geographic composition is such that 50% of its assets are situated in Jamaica, 37% in the Cayman Islands, and 13% in the United States of America.

Strategic Repositioning: KPREIT has decided to pivot into value-added real estate investment projects across the United States. This is demonstrated by the divestment of the condo units in the Florida market. This was done to shift to multi-family properties that will provide higher yields and reduced volatility in property values.

Stable and Healthy Tenancy: Across KPREIT's real estate portfolio, the company has been able to position itself to have high occupancy levels across the various properties. At the end of December 2021, all properties except for one had 100% occupancy. Additionally, we note that the tenant composition is not highly concentrated on a single industry or entity. This bodes well for KPREIT's cash generation capabilities.

Strong Management Team: The members of Kingston Properties Limited are known in the real estate market as being capable real estate and investment management professionals who have accumulated several years of experience. Their experience spans local, regional, and international markets. The management team of the company is guided by a corporate governance framework.

Valuation: We conducted a valuation exercise on the shares of KPREIT which yielded an average of $8.39, with a valuation range of $7.54 to $9.24, implying a capital appreciation of 11.81% over the offer price of $7.50.

This investment is best suited for investors looking for consistent and increasing dividend payouts, along with the potential for capital appreciation, over a long-term horizon. The company's gross dividend payouts have cumulatively Increased by 423.26% over the last eight years (2014 to 2021). Over the last 4 years the company has paid on average roughly 63% of Funds from Operations (FFO). The directors of the company have elected for dividend payouts to Increase to up to 90% of FFO, and this could provide elevated dividend yields going forward.

As at April 11, 2022

Action:	**Participate**
Industry Outlook	Positive
General Public Offer Price	J$7.50
Fair Value	J$8.39
Potential Share Price Upside	11.81%
Dividend Yield (Using APO Price)	2.73%
Potential total return	**14.54%**
Current P/E	13.49x
Current P/FFO (Current 12M)	29.95x
P/FFO/Growth	0.25x
Current P/B	1.25x

Financial Summary (US$)

	2018	2019	2020	2021
Rental Income	1.57 Mn	1.69 Mn	2.13 Mn	2.98 Mn
Net Profit	262.38 Th	2.20 Mn	612.73 Th	3.02 Mn
Funds from Operations	520 Th	533 Th	621 Th	1.36 Mn
Total Assets	23.06 Mn	32.93 Mn	45.60 Mn	50.47 Mn
Total Liabilities	8.89 Mn	9.62 Mn	15.08 Mn	17.84 Mn
Total Equity	14.17 Mn	30.31 Mn	30.52 Mn	32.63 Mn

Financial Ratios

	2018	2019	2020	2021
Return on Equity	1.93%	9.89%	2.01%	9.56%
Net Operating Margin	35.39 %	39.87 %	48.35 %	56.97%
Rental Yield	7.63%	7.06%	5.59%	7.14%
Operating expenses as a % of Rental Income	64.61 %	60.13 %	51.65 %	43.03%
Debt to Equity	0.59x	0.31x	0.45x	0.53x

Considering the pros and cons of this investment coupled with the results of the valuation exercise we believe investors should **PARTICIPATE** in this offer.

Offer Summary:

Issuer	**Kingston Properties Limited**
Offer	Additional Public Offer of up to **200,000,000** Ordinary Shares, (300,000,000 if upsized):
Arranger, Lead Broker & Co-Broker	**Lead Arranger & Broker: Victoria Mutual Wealth Management Limited**
Subscription Price	**I.** General Public Applicants: J$7.50 per share **II.** Existing Shareholders: J$7.50 per share and
Minimum Subscription	**I.** Investors applying for shares must request a minimum of 1,000 shares per applicant
Use of Proceeds	The estimated net proceeds of the offer (if upsized) are **J$2,137,500,000** which will be used to fund **real estate construction** and **liquidate** a bridge loan of **$700,000,000.** This would provide net capital available for deployment of **J$1,437,500,000**
Dividend Policy	The New Ordinary Shares will entitle the holders to receive all ordinary dividends and capital distributions declared and paid by the company in respect of its ordinary shares in issue following the close of the Invitation and the issuing and allotment of the New Ordinary Shares for which Applicants have subscribed. In February 2021, the Directors adopted a policy of paying out as dividends up to 90% of Funds from Operations (FFO).

Historical Capital Raises:

Given that the company operates in the real estate market, raising capital is a common feature of its strategy as it allows the company to fund its acquisitions and developments. KPREIT has undergone two capital raises in the form of rights issues since its listing in 2008.

Date	Event	Shares Issued
July 2015	Renounceable Rights Issue	136,271,694 ordinary shares at a subscription price of $7.00
November 2019	Renounceable Rights Issue	355,871,765 ordinary shares at a subscription price of $5.65

Current Share Breakdown:

Description	Number of Shares
Existing Outstanding Shares	677,652,928
General Public and Existing Shareholders Share Applicants	200,000,000
Total	877,652,928
Upsize Amount	100,000,000
Total if upsized	977,652,928

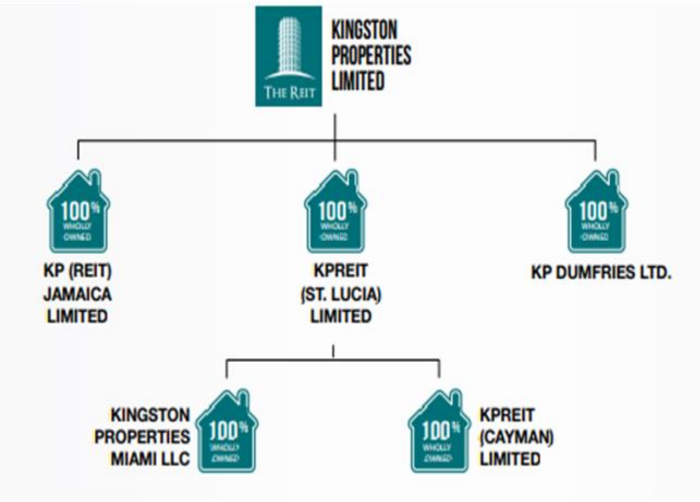
Top 10 Shareholders as of December 31, 2021

Name	Number of Shares	Percentage
VM WEALTH PROPERTY FUND	237,577,806	35.0%
PRIME ASSET MANAGEMENT JPS EMPLOYEE'S SUPERANNUATION FUND	138,584,772	20.5%
PAM - COURTS (JAMAICA) PENSION PLAN	45,475,068	6.7%
PAM - POOLED EQUITY FUND	41,096,639	6.1%
PLATOON LIMITED	31,018,806	4.6%
NATIONAL INSURANCE FUND	27,142,856	4.0%
PAM-POOLED PENSION REAL ESTATE	25,800,861	3.8%
GUARDIAN LIFE SHELTER PLUS FUND	20,680,000	3.1%
SAGICOR LIFE - LASCELLES DEMERCADO DEFINED CONTRIBUTION FUND	17,793,565	2.6%
GUARDIAN LIFE POOLED PENSION FUND	10,000,000	1.5%

Business Economics and Strategy

KPREIT's business model is centered on allowing investors to benefit from capital appreciation from the underlying properties, and consistent dividends via income generated from these properties through a Real Estate Investment Trust. The company offers geographical diversification, allowing shareholders with limited capital to access real estate exposure both locally and internationally with limited funds. The company's two distinct areas of focus are:

1. Investment Management
2. Property Management



Investment Management

The company adopted an agile strategy as it relates to managing risk and return for its portfolio. Diversification of the portfolio is achieved through country and sector divide. Their investment criteria and asset selection are based on identifying properties with strong consistent cash flows, properties in strong markets, and tenants with strong credit history.

The company selects properties by comparing rent among different properties, analyzing capitalization rates for the market and sub-asset classes, as well as possibilities for growth in net operating income and historical sales comparisons. The Company also makes use of various data sources that provide updated trends and forecasts for factors such as market rents, vacancies, closed sales and prices per square foot, and inventory for various property types including apartments, offices, retail and industrial properties. A crucial part of the company's investment process is modeling and valuing potential cash flows, taking into account positive and negative assumptions such as growth in rent, vacancies, operating expenses, property management fees, and finance costs.

The deal structuring process endeavors to establish the optimal financing approach which maximizes the long-term return of target properties. The company has and continues to use a variety of options including issuing common equity as well as debt and quasi-debt facilities. The capacity of each deal's cash flows to service both operating expenses and financing obligations is considered to minimize financing risk. A Total Return Analysis is completed for each property. This evaluates the likely capital appreciation for the property and its future income and is influenced by macroeconomic trends of the surrounding environment. The Investment Committee reviews each deal taking into consideration the impact on the company's financial and prudential ratios and when satisfied, makes recommendations to the Board for final approval.

Property Management

The Property Management process is a key part of the company's mission to create and maintain shareholder wealth. This involves the engagement of a team with overall responsibility for lease administration and oversight as well as day-to-day property management activities of the company's portfolio. The administration of leases involves rental negotiations and collections, common area maintenance and fee collection, and management of rent and maintenance escrow accounts. The company takes an active management strategy to maintain good tenants, ensuring consistent and stable cash flows. The company utilizes a combination of internal and external professionals to ensure properties remain competitive in terms of rental rates and physical condition and that property data is collected and analyzed for trends to maintain tenant satisfaction at an optimal level. For data collection and analysis, the company uses various industry software applications designed for real estate professionals to work more efficiently.

Property Portfolio Breakdown:

Property	Percentage of Portfolio Value	Occupancy Levels
36-38 Red Hills Road	12%	100%
Harbour Center	23%	100%
6 East Ashenheim Road	11%	66%
Rosedale Warehouse	5%	100%
52-60 Grenada Crescent	13%	100%
Tropic Centre One	7%	100%
591 Spanish Town Road	7%	100%
7 Dumfries Road	3%	100%
Polaris @ Camp Creek	5%	N/A
Opera Towers	1%	100%
W Ft Lauderdale condos	4%	100%
Gum Tree	3%	N/A
CGI Fund II	2%	N/A

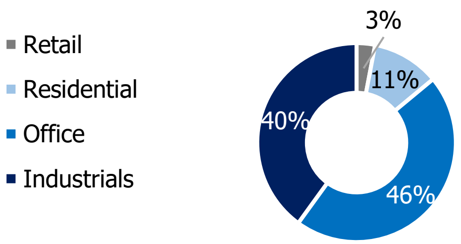
KPREIT INVESTMENT STRATEGY:

KPREIT's business operations are centered around three-tiered core areas which have been used as the guide for their investment rationale and expansionary efforts over the years. The three core areas of the investment strategy are discussed below:

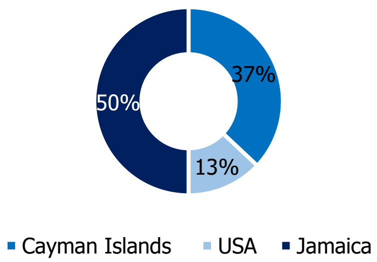
Core/ Stabilized Investment

This aspect of KPREIT's investment or operating framework is embedded in the company acquiring properties that have stable cash flow and are located in ideal locations that can unlock continuous value. This portion of KPREIT's portfolio places significant focus on obtaining properties that are fully tenanted with high-quality tenants. The accretive value of this portfolio positioning is that it enables KPREIT to be able to earn stable cash flow, which can be used to fund its operations. At current levels, the core property investments represent 29% of the investment portfolio while the company aims to have this being 20% of the overall portfolio. Additionally, with a heavy concentration of developed property investments, it bodes well for the risk

Portfolio Construction by Sub-Sector



Portfolio Compostion by Geography

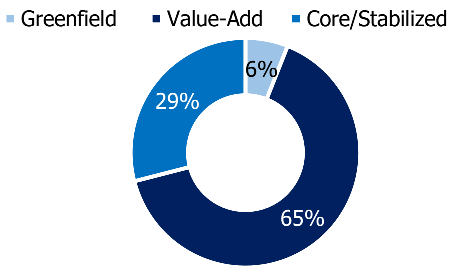


management framework of the REIT as it lowers the downside risk while providing a consistent stable upside.

Value-Add Investment

The second tier of KPREIT's investment approach is the acquisition of poorly managed properties that are currently being rented below market. The strategy that is deployed is to benefit from the rental arbitrage whereby they acquire these properties, carry out an overhaul of the structure, improve the operating efficiency and then rent them at market value. The alpha generated lies in the improved cash flows generated via improved rental yields coupled with increased property value. Value-add investments currently represent 65% of the investment portfolio, which the company seeks to hold fixed for the foreseeable future.

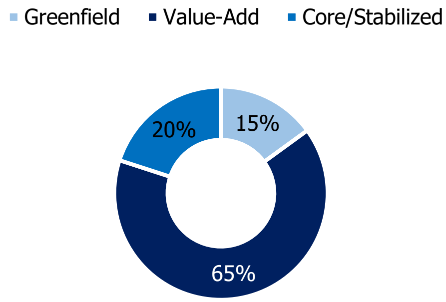
Current Investment Portfolio Composition



Greenfield Investments

The third layer of KPREIT's investment portfolio is that of acquiring properties that have no cash flow or the building of development projects from the ground up. The alpha that is generated from the investments classified as greenfield investments is the ability to create value through the renovation or development process along with the cash flow that is generated if the properties are kept on the books upon completion. This currently represents 6% of KPREIT's investment portfolio, while the aim is to grow this to 15% of the overall investment portfolio.

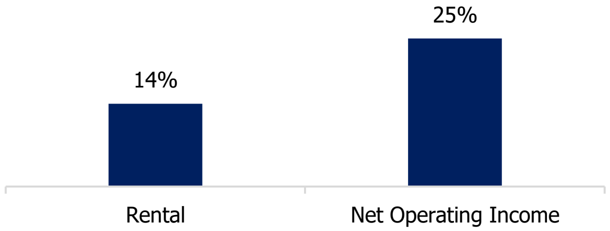
Target Investment Portfolio Composition



Strategic Outlook and Investment Opportunity

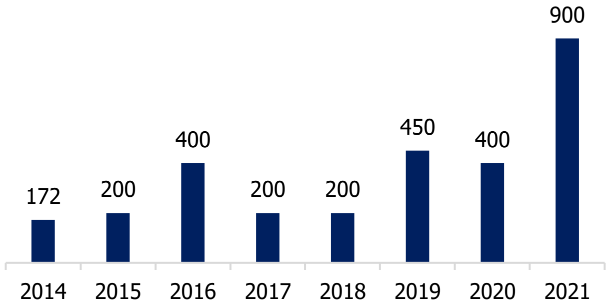
The company has prioritized for the next FY a focus on capital growth and portfolio diversification, leveraging strategic partnerships, and executing a digital strategy. Their approach going forward is to continue to execute on a robust pipeline, while better positioning their balance sheet to increase investment properties under management at an optimal pace. The company has also remained resilient during the covid-19 pandemic, increasing rental income by 26.07% during the 2020 financial year. The company also made its largest acquisition to date during the same period, acquiring a multi-story building in the Cayman Islands at 100% occupancy for a total cost of $US10.7M. In October of the same year, they purchased an 88,000 sq. ft. warehouse located in Kingston's industrial belt. The company is looking to build on this momentum, looking to expand the property portfolio and the ability to better execute on capital improvements to attract and sustain higher rental rates going forward. The focus on digital enhancement is a strategic initiative taken by the company to thrive in a post-pandemic operating environment.

Five Year Compunded Annual Growth Rate (CAGR)



The board and directors of the company agreed to move forward on an environmental sustainability imperative in 2021, an initiative the company began undertaking in 2020. This is to provide better air conditioning and efficient lighting solutions, to reduce energy consumption across all properties. The company's target is to attain green certification for all properties by the year 2024. The board has also approved a larger payout ratio of funds from operation to 90% of the total consideration, allowing for higher cash yields to be returned to shareholders.

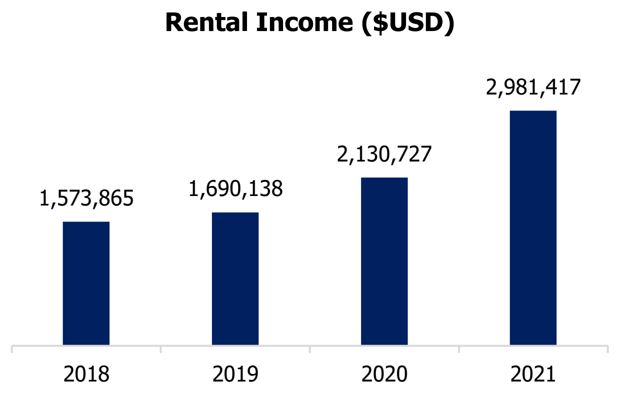
Gross Dividends ($USD '000)

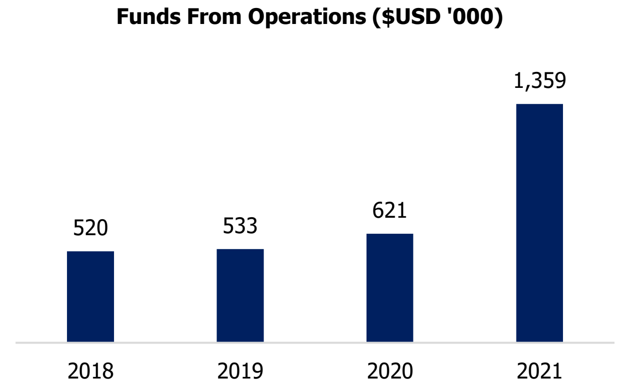


Financial Performance Summary

Revenue & Profitability (December 31, 2021)

Kingston Properties have experienced strong growth in rental income for the FY 2018 – 2021 from investment properties evidenced by the Compound Annual Growth Rate **(CAGR)** of 14% over the last 3 years. The company reported a 39.88% increase in rental income for the period ended December 2021 to $2.981 million. This was due primarily to the impact of investment properties added to the portfolio. Stemming from this, results from operating activities before other income increased by 64.85% to $1.698 million. Operating expenses grew by 16.64%, coming in at $1.283 million for the year. On the back of the relatively modest increase in operating expenses when compared to revenue, operating Profit saw an increase of 149% to $1.698 million, compared to the prior year-end of $1.030 million. This was due to strong revaluations gains and gains on disposal of properties, along with dividend income. Also contributing to the increase in operating income was the revaluation of investments in property funds which saw an increase of 527.27% compared to the 2020 financial year. This is a result of the company's investment in the Polaris at Creek. Profit before taxation increased by 418.76% to $3.097 million. This result is primarily due to robust operating profit, along with a decline in finance charges of 43.79%. Finance charges for the year-end 2021 were $575,000 compared to the prior year-end 2020 of $1.023 million. In 2020, the company suffered from foreign exchange losses that helped to erode earnings before taxation. This was due to translation differences on capital raises that occurred at the end of the prior year. Net income for the year 2021 amounted to $3.018 million, a 392.60% increase year-over-year. Funds from Operations for 2021 grew by 118.84% to $1.359 million driven by a combination of growth in rental income and a decrease in operating expenses, leading to a higher net operating margin.



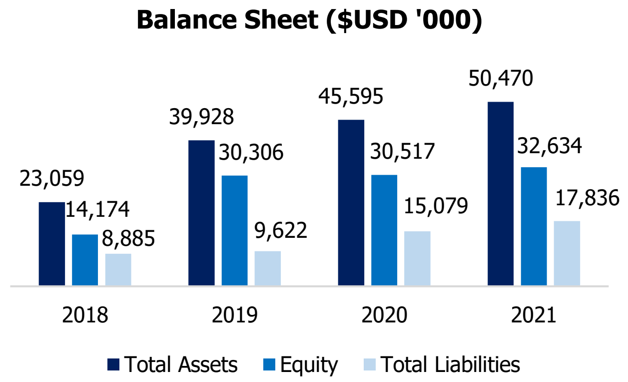


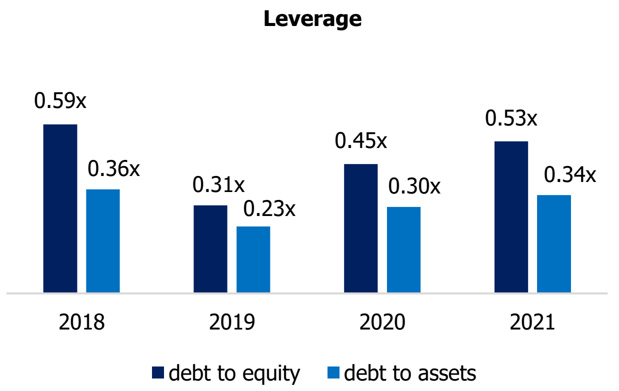
Balance Sheet and Solvency

Total assets stood at US$50.47 million as of December 31, 2021, an increase of 10.69% over the prior year. Investment properties represented 82% of total assets, and amounted to $41.78 million, an increase of 9.57% over the prior year of $38.13 million. Current Assets represent 9.97% of total assets, with the remaining 90.03% being Non-Current Assets. Investments in Real estate funds increased by 218.02% following KPREIT's investment in Polaris at Camp Creek LLC, a Delaware limited liability company, by acquiring 1,831,391 units at fair value.

Total Liabilities amounted to $17.84 million, compared to the prior year's end of $15.08 million, an increase of 18.29%. This increase is due to current liabilities increasing by 158.29%, driven by a bridge loan facility the company utilized for growth purposes. Loan payables decreased by 7.18% YoY, from $12.79 million to $11.78 million.

Shareholders' Equity Attributable to Owners of the company increased by 6.95% to $32.63 million as of December 2021 from $30.52 million as of December 2020. The change is attributed to a significant increase in retained earnings arising from core growth and the net impact of activities associated with Portfolio Assets.





Total Loans amounted to 53% of total equity compared to the prior year of 45%. Retained Earnings increased by 31.67%, amounting to $8.81 million. The company's leverage is low, with a debt-to-equity ratio of 0.53x and debt-to-total assets of 0.34x for FY 2021.

Fair Value and Recommendation:

We performed a valuation exercise on the shares of KPREIT using two (2) valuation methods and both were relative value approaches. The first was based on an applied Price-to-Funds from Operations (P/FFO) multiple, while the second was based on an applied Price-to-Book (P/B) Method.

Valuation	
P/FFO Valaution	J$9.24
P/B Vaaluation	J$7.54
Average Estaimated Fair Value	J$8.39
Implied Price Upside	11.81%

We projected that Funds from Operations for FY 2022 will see a 7% Increase on a per-share basis after accounting for dilution amounting to USD 1,454,130.0. Assuming the additional capital is deployed over the next 1-1.5 years and utilized a forward P/FFO of 27.5x (compared to a trailing P/FFO of ~30.0x) to arrive at a price target of $9.24. We then used the company's trailing Price to Book (P/B) ratio and applied a discount to the trailing multiple of 1.25x, to arrive at a multiple of 1.00x, implying a value of $7.54. The average fair value estimate of both methods Is $8.39, an 11.81% upside to the APO price of $7.5.

Investment Positives & Negatives

Investment Positives	Investment Negatives
Operating Leverage: Due to the structure of KPREIT's operations, they stand to benefit from economies of scale due to the relative stability of operating costs compared to revenue. That being the case, as KPREIT expands its property investment portfolio, we are likely to see an improved return on capital and income margins.	**Market Risk:** Currently, the company's stock price is largely held by institutional funds (87.90%) who generally do not actively trade the stock. As such, historically, the share price may have benefitted from an illiquidity premium. With more liquidity being provided by the current offer, the free float of the stock is likely to increase materially. This could affect share price movement if the supply of shares outweighs the demand for shares.
Strong Track Record: The company has seen Total Assets and Investment Properties grow exponentially over the last five to six years, as it has prudently executed its various strategies.	**Market and Economic Conditions**: A downturn in economic conditions could lead to financial pressures on tenants, which could lead to late or missed payments, due to financial challenges, potentially affecting distribution to shareholders and valuation risk. Rising interest rates could also affect the company due to lower total returns, leading to lower profitability and return on investment.
Portfolio Diversification: KPREIT has increased and diversified its portfolio across geography, sector, and strategy to take advantage of opportunities while managing capital prudently.	**Investment/Real Estate Project Risk:** Factors affecting the real estate market such as demand and supply, among others could impact the value of the portfolio. Other areas as it relates to the property investment risk such as Acquisition risk and Development risk could lead to disruption in portfolio operations.
Management Team: KPREIT has a strong management team with deep expertise in the Real Estate Industry.	**Re-Letting and Tenant Risk:** When tenants don't renew leases or terminate lease contracts prematurely the company may not be able to find a suitable tenant in time. Financial Distress for a major tenant can also adversely affect cash flows and profitability.