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INDEPENDENT AUDITORS' REPORT

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Financial Statements

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 3 to 43, which comprise the statements of financial position as at December 31, 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS REPORT (Cont'd)

To the Members of
KINGSTON PROPERTIES LIMITED

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2015, and of the Group's and Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

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.

KPMG

Chartered Accountants
Kingston, Jamaica

February 25, 2016

KINGSTON PROPERTIES LIMITED

Group Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2015

	Notes	2015	2014
Revenue - rental income	4, 10(d)	108,368,868	108,048,742
Operating expenses		(100,902,850)	(56,822,625)
Results of operating activities before other income/gains		7,466,018	51,226,117
Other income/gains:			
Fair value gain on investment properties	10(b)(i)	165,674,495	-
Gain on disposal of investment properties		3,212,757	497,357
Miscellaneous income		284,582	347,945
Operating profit		176,637,852	52,071,419
Executive settlement	8(b)	(32,850,000)	-
Profit before net finance costs and impairment loss		143,787,852	52,071,419
Finance income	5	10,352,306	7,556,896
Finance costs	5	(26,852,964)	(53,257,758)
Net finance costs	5	(16,500,658)	(45,700,862)
Impairment loss	10(b)(i)	-	(4,057,182)
Profit before income tax		127,287,194	2,313,375
Income tax charge	6	(21,865,656)	(3,450,340)
Profit/(loss) for the year	8(a)	105,421,538	(1,136,965)
Other comprehensive income that will never be reclassified to profit or loss:			
Foreign currency translation differences for foreign operations, being total other comprehensive income		30,177,442	45,057,651
Total comprehensive income for the year		$135,598,980	43,920,686
Earnings per stock unit (cents)	9	99.87¢	(1.66)¢

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

KINGSTON PROPERTIES LIMITED

Group Statement of Financial Position
December 31, 2015

	Notes	2015	2014
NON-CURRENT ASSETS			
Investment properties	10(a)	1,552,203,131	953,788,854
Land held for development	11	19,082,177	18,497,177
Furniture, software and equipment	12	2,928,225	2,850,197
Deferred tax asset	13	-	11,553,179
Total non-current assets		1,574,213,533	986,689,407
CURRENT ASSETS			
Non-current asset held for sale	10(b)(i)	-	196,676,076
Receivables	16	22,335,537	13,517,985
Securities repurchased under agreements to resell	17	-	487,853
Income tax recoverable		107,558	-
Cash and cash equivalents	18	132,896,744	232,660,434
Total current assets		155,339,839	443,342,348
Total assets		$1,729,553,372	1,430,031,755
EQUITY			
Share capital	19	1,028,508,717	406,608,605
Treasury shares	20	(5,049,311)	(3,292,635)
Cumulative translation reserve		225,282,810	195,105,368
Retained earnings		336,296,559	253,511,735
Total equity		1,585,038,775	851,933,073
NON CURRENT LIABILITIES			
Loans payable	22	-	247,747,377
Deferred tax liabilities	13	78,179,077	64,308,027
Total non-current liabilities		78,179,077	312,055,404
CURRENT LIABILITIES			
Loans payable	22	-	238,604,331
Accounts payable and accrued charges	23	66,335,520	25,077,775
Income tax payable		-	2,361,172
Total current liabilities		66,335,520	266,043,278
Total equity and liabilities		$1,729,553,372	1,430,031,755

The financial statements on pages 3 to 43 were approved for issue by the Board of Directors on February 25, 2016 and signed on its behalf by:

_____________________________ Chairman
Garfield Sinclair

_____________________________ Director
Nicole Foga

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

KINGSTON PROPERTIES LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2015

	Share capital (note 19)	Treasury shares (note 20)	Cumulative translation reserve	Retained earnings	Total
Balances at December 31, 2013	406,608,605	-	150,047,717	273,181,852	829,838,174
Total comprehensive income:					
Loss for the year	-	-	-	(1,136,965)	(1,136,965)
Other comprehensive income:					
Exchange difference on translation of foreign subsidiaries' balances, being total other comprehensive income for the year	-	-	45,057,651	-	45,057,651
Total comprehensive income for the year	-	-	45,057,651	(1,136,965)	43,920,686
Transactions with owners of the company					
Shares repurchased (note 20)	-	(3,292,635)	-	-	(3,292,635)
Dividends paid (note 24), being total distribution to owners	-	-	-	(18,533,152)	(18,533,152)
Total transactions with owners of the company	-	(3,292,635)	-	(18,533,152)	(21,825,787)
Balances at December 31, 2014	406,608,605	(3,292,635)	195,105,368	253,511,735	851,933,073
Total comprehensive income:					
Profit for the year	-	-	-	105,421,538	105,421,538
Other comprehensive income:					
Exchange difference on translation of foreign subsidiaries, being total other comprehensive income for the year	-	-	30,177,442	-	30,177,442
Total comprehensive income for the year	-	-	30,177,442	105,421,538	135,598,980
Transactions with owners of the company					
Shares repurchased (note 20)	-	(1,756,676)	-	-	(1,756,676)
Issuance of share capital	621,900,112	-	-	-	621,900,112
Dividends paid (note 24), being total distribution to owners	-	-	-	(22,636,714)	(22,636,714)
Total transactions with owners of the company	621,900,112	(1,756,676)	-	(22,636,714)	597,506,722
Balances at December 31, 2015	$1,028,508,717	(5,049,311)	225,282,810	336,296,559	1,585,038,775

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

KINGSTON PROPERTIES LIMITED

Group Statement of Cash Flows
Year ended December 31, 2015

	Notes	2015	2014
Cash flows from operating activities			
Profit/(loss) for the year		105,421,538	(1,136,965)
Adjustments for:			
Income tax charge		21,865,656	3,450,340
Depreciation	12	409,079	408,059
Interest income	5	(10,352,306)	(7,556,896)
Impairment loss	10(b)(i)	-	4,057,182
Interest expense	5	22,127,339	25,693,415
Fair value gain on investment property	10(b)(i)	(165,674,495)	-
Gain on disposal of investment property		(3,095,437)	(497,357)
Gain on disposal of office furniture		(3,729)	-
Unrealised foreign exchange losses on loans and cash and cash equivalents		(1,365,732)	30,732,737
Operating profit before changes in working capital		(30,668,087)	55,150,515
Changes in:			
Other receivables		(8,817,552)	(569,061)
Accounts payable and accrued charges		41,020,909	724,915
Income tax paid		(560,603)	(7,664)
Net cash provided by operating activities		974,667	55,298,705
Cash flows from investing activities			
Interest received		10,352,306	6,295,511
Securities purchased under agreements to resell		487,853	14,068,630
Additions to office equipment	12	(808,029)	(435,360)
Disposal of equipment		335,625	-
Land held for development		(585,000)	-
Additions to investment property	10(b)	(623,233,019)	(221,784,586)
Proceeds of disposal of investment property		417,741,088	101,487,547
Net cash used in investing activities		(195,709,176)	(100,368,258)
Cash flows from financing activities			
Interest paid		(22,127,339)	(25,693,415)
Dividends paid		(22,519,878)	(18,533,152)
Loan received		-	107,671,651
Loans payable		-	5,509,800
Repayment of vendor's mortgage		(39,010,132)	-
Repayment of bank loan		(441,582,699)	-
Issuance of share capital	19	621,900,112	-
Stock units repurchased	20	(1,756,676)	(3,292,635)
Net cash provided by financing activities		94,903,388	65,662,249
Net (decrease)/increase in cash and cash equivalents		(99,831,121)	20,592,696
Cash and cash equivalents at beginning of year		232,660,434	212,064,416
Effect of exchange rate fluctuations on cash and cash equivalents		67,431	3,322
Cash and cash equivalents at end of year	18	$132,896,744	232,660,434

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

KINGSTON PROPERTIES LIMITED

Separate Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2015

	Notes	2015	2014
Revenue – rental income	4, 10(d)	46,954,077	68,684,349
Operating expenses		(46,232,080)	(26,230,576)
Results of operating activities before other income/gains		721,997	42,453,773
Fair value gain on investment properties	10(b)(i)	165,674,495	-
Loss on disposal of investment properties		(580,081)	-
Miscellaneous income		93,189	253,337
Operating profit		165,909,600	42,707,110
Executive settlement	8(b)	(29,465,342)	-
Profit before net finance costs and impairment loss		136,444,258	42,707,110
Finance income	5	2,552,899	26,696
Finance costs	5	(21,132,399)	(56,310,016)
Net finance costs	5	(18,579,500)	(56,283,320)
Impairment loss		-	(4,057,182)
Profit/(loss) before income tax		117,864,758	(17,633,392)
Income tax charge	6	(11,613,179)	(1,737,988)
Profit/(loss) for the year, being total comprehensive income/(loss)	8(a)	$106,251,579	(19,371,380)

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

KINGSTON PROPERTIES LIMITED

Separate Statement of Financial Position
December 31, 2015

	Notes	2015	2014
NON-CURRENT ASSETS			
Investment properties	10(a)	549,600,180	383,590,060
Land held for development	11	19,082,177	18,497,177
Furniture, software and equipment	12	2,483,037	2,850,197
Deferred tax asset	13	-	11,553,179
Investment in subsidiaries	14	308,730,729	308,730,729
Total non-current assets		879,896,123	725,221,342
CURRENT ASSETS			
Non-current asset held for sale	10(b)(ii)	-	196,676,076
Owed by subsidiaries	15	571,272,866	869,384
Receivables	16	2,593,786	4,844,512
Securities purchased under agreements to resell	17	-	487,853
Cash and cash equivalents	18	6,010,168	2,069,359
Total current assets		579,876,820	204,947,184
Total assets		$1,459,772,943	930,168,526
EQUITY			
Share capital	19	1,028,508,717	406,608,605
Treasury shares	20	(5,049,311)	(3,292,635)
Retained earnings		169,183,808	85,568,943
Total equity		1,192,643,214	488,884,913
NON CURRENT LIABILITIES			
Note payable	21	-	114,660,700
Loans payable	22	-	18,261,132
Total non current liabilities		-	132,921,832
CURRENT LIABILITIES			
Loans payable	22	-	238,604,330
Owed to subsidiary	15	233,981,834	52,323,348
Accounts payable and accrued charges	23	33,147,895	15,236,232
Income tax payable		-	2,197,871
Total current liabilities		267,129,729	308,361,781
Total equity and liabilities		$1,459,772,943	930,168,526

The financial statements on pages 3 to 43 were approved for issue by the Board of Directors on February 25, 2016 and signed on its behalf by:

________________________ Chairman
Garfield Sinclair

________________________ Director
Nicole Foga

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

KINGSTON PROPERTIES LIMITED

Separate Statement of Changes in Equity
Year ended December 31, 2015

	Share capital (note 19)	Treasury shares (note 20)	Retained earnings	Total
Balances at December 31, 2013	406,608,605	-	123,473,475	530,082,080
Loss for the year, being total comprehensive loss	-	-	(19,371,380)	(19,371,380)
Transactions with owners of the company				
Stock units repurchased (note 20)	-	(3,292,635)	-	(3,292,635)
Dividends paid (note 24), being total distribution to owners	-	-	(18,533,152)	(18,533,152)
Total transactions with owners of the company	-	(3,292,635)	(18,533,152)	(21,825,787)
Balances at December 31, 2014	406,608,605	(3,292,635)	85,568,943	488,884,913
Profit for the year, being total comprehensive income	-	-	106,251,579	106,251,579
Transactions with owners of the company				
Stock units repurchased (note 20)	-	(1,756,676)	-	(1,756,676)
Issuance of share capital	621,900,112	-	-	621,900,112
Dividends paid (note 24), being total distribution to owners	-	-	(22,636,714)	(22,636,714)
Total transactions with owners of the company	621,900,112	(1,756,676)	(22,636,714)	597,506,722
Balances at December 31, 2015	$1,028,508,717	(5,049,311)	169,183,808	1,192,643,214

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

KINGSTON PROPERTIES LIMITED

Separate Statement of Cash Flows
Year ended December 31, 2015

	Notes	2015	2014
Cash flows from operating activities			
Profit/(loss) for the year		106,251,579	(19,371,380)
Adjustments for:			
Depreciation	12	369,395	408,059
Income tax charge		11,613,179	1,737,988
Interest income	5	(2,552,899)	(26,696)
Impairment loss		-	4,057,182
Interest expense	5	16,488,497	23,176,515
Loss on disposal of investment property		580,081	-
Gain on disposal of office furniture		(3,729)	-
Increase in fair value of investment property	10(b)	(165,674,495)	-
Unrealised foreign exchange losses on note and loans payable		-	31,098,400
Operating profit before changes in working capital		(32,928,392)	41,080,068
Changes in:			
Other receivables		2,250,726	589,396
Accounts payable and accrued charges		17,674,827	(1,219,714)
Income tax paid		(2,137,871)	-
Owed by subsidiaries		(570,403,482)	4,394,027
Owed to subsidiary		181,658,486	12,717,669
Net cash (used)/provided by operating activities		(403,885,706)	57,561,446
Cash flows from investing activities			
Interest received		2,552,899	26,696
Securities purchased under agreements to resell		487,853	14,068,630
Land held for development		(585,000)	-
Additions to office equipment	12	(334,131)	(435,360)
Additions to investment property		(335,625)	(3,814,060)
Proceeds from disposal of office furniture		335,625	-
Proceeds from disposal of investment property		196,095,995	-
Net cash provided by investing activities		198,217,616	9,845,906
Cash flows from financing activities			
Interest paid		(16,488,497)	(23,176,514)
Dividends paid		(22,519,878)	(18,576,375)
Repayment of parent company loan		(114,660,700)	(1,047,516)
Repayment of vendor's mortgage		(39,010,132)	(19,396,028)
Issuance of share capital	19	621,900,112	-
Repayment of loan payable		(217,922,761)	-
Stock units repurchased	20	(1,756,676)	(3,292,635)
Net cash provided by/(used in) financing activities		209,541,468	(65,489,068)
Net increase in cash and cash equivalents		3,873,378	1,918,284
Cash and cash equivalents at beginning of year		2,069,359	147,753
Effect of exchange rate fluctuations on cash and cash equivalents		67,431	3,322
Cash and cash equivalents at end of year	18	$ 6,010,168	2,069,359

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 two wholly-owned subsidiaries:

(i) Carlton Savannah REIT (St. Lucia) Limited, incorporated in St. Lucia under the International Business Companies Act; and its wholly owned subsidiary:

(ii) Kingston Properties Miami LLC, incorporated in Florida under the Florida Limited Liability Company 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 its wholly owned subsidiary, Carlton Savannah REIT (St. Lucia) Limited.

The principal activity of the Group is to make accessible to investors, the income earned from the ownership of real estate properties.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act (“the Act”).

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the financial year under review. The Group has assessed them and has adopted those which are relevant to the financial statements. However, none of them had any effect on the amounts or disclosures in these financial statements.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New, revised and amended standards and interpretations that are not yet effective

At the date of approval of these financial statements, certain new, revised and amended standards and interpretations were in issue but had not yet come into effect. They were not adopted early and therefore have not been taken into account in preparing these financial statements. Those which are relevant to the Company are set out below:

- IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement categories are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

- IFRS 15, *Revenue from Contracts with Customers*, is effective for annual reporting periods beginning on or after January 1, 2017. It replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- IAS 1, *Presentation of Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2016. It has been amended to clarify or state the following:

  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard.
  - the order of notes to the financial statements is not prescribed.
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Lines items can be aggregated if they are not material.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

New, revised and amended standards and interpretations that are not yet effective (cont'd)

- *IAS 1, Presentation of Financial Statements (cont'd)*
  - specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never be, reclassified to profit or loss.

Improvements to IFRS, 2012-2014 cycle, contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

- IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*, were amended by the issue of "Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation",* which is effective for annual reporting periods beginning on or after January 1, 2016, as follows:
  - The amendment to IAS 16 explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38 introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

The Group is assessing the impact that these new and amended standards will, when they become effective, have on its financial statements.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment property and available-for-sale investments carried at fair value.

(c) Functional and presentation currency

The financial statements are presented in Jamaica dollars ($), unless otherwise indicated, which is the functional currency of the Company. The financial statements of the subsidiaries, which have a different functional currency, are translated into the presentation currency in the manner described in note 3(g)(ii).

2. Statement of compliance and basis of preparation (cont'd)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS and the Act requires management to make estimates, based on assumptions. It also requires management to make judgements. These estimates and judgements affect the application of accounting policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates. The estimates, and the assumptions underlying them, are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances.

The estimates, including the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Main source of estimation uncertainty

Investment property is carried 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 10(c)].

Therefore, there is a significant risk of material adjustment in the next year because of a change in estimate, or significant judgements made in applying the Group accounting policy.

3. Significant accounting policies

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

3. Significant accounting policies (cont'd)

(a) Consolidation (cont'd)

(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 subsidiary

Investment in the wholly-owned subsidiary (note 1) is accounted for at cost less, if any, impairment losses in the separate financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(d) Accounts payable and accrued charges

Accounts payable and accrued charges are stated at amortised cost.

(e) Receivables

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

(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 or of a parent of the Group.

3. Significant accounting policies (cont'd)

(f) Related parties (cont'd)

(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.

(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. 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 carried 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. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available-for-sale equity instruments.

3. Significant accounting policies (cont'd)

(g) Foreign currencies (cont'd)

(i) (Cont'd)

Exchange differences arising on a monetary item that, in substance, forms a part of the Company's net investment in a foreign entity is included in equity in these financial statements until the disposal of the net investment, at which time they are recognised as income or expense.

(ii) The assets and liabilities of the foreign operations, which are "foreign entities", as defined in IFRS, are translated into Jamaica dollars for the purpose of inclusion in these financial statements as follows:

(1) Assets and liabilities are translated at the closing rate at the reporting date;

(2) Share capital and retained earnings are converted at historical rates;

(3) Income and expenses are translated at average exchange rates; and

(4) All resulting exchange differences are recognised through other comprehensive income and reflected in the currency translation reserve, a component of shareholders' equity.

(h) Impairment

The carrying amount of the Group's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for any asset, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

3. Significant accounting policies (cont'd)

(h) Impairment (cont'd)

(ii) Reversals of impairment (cont'd)

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(i) 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 accrual basis over the term of the agreement.

(j) Financial assets and liabilities

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. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, resale agreements, receivables, and owed by subsidiaries. Financial liabilities comprise loans payable, note payable, owed to subsidiary, accounts payable and accrued charges. Financial liabilities are recognised initially at fair value less any directly attributable transactions costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(i) Recognition

The Group initially recognises financial assets on the trade date – the date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or have expired.

3. Significant accounting policies (cont'd)

(k) Capital

(i) Classification

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

(ii) Share issue costs

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

(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.

(l) 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 directly 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 by 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.

3. Significant accounting policies (cont'd)

(l) Income tax (cont'd)

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.

(m) Furniture, software and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the 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 equipmen,t 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, software and equipment are as follows:

Software	33⅓
Computer and accessories	20%
Furniture and fixtures	10%

(n) Investment properties

Investment properties, comprising a commercial complex, a warehouse building and residential condominiums, are held for long-term rental yields and capital gain.

Investment properties are 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 an investment property. Subsequent to initial recognition, investment properties are carried at fair value.

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

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

3. Significant accounting policies (cont'd)

(o) Land held for development

Land held for development is carried at the lower of cost and net realisable value. Cost includes acquisition costs and transaction costs.

(p) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, property, plant and equipment are no longer amortised or depreciated.

(q) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated 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.

(r) Revenue recognition

Rental income

Rental income is recorded in these financial statements on the accrual basis using the straight line method.

(s) 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.

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

4. Rental income

	Group		Company	
	2015	2014	2015	2014
Hagley Park Road warehouse	-	24,656,750	-	24,656,750
Red Hills Road commercial complex	46,954,077	44,027,599	46,954,077	44,027,599
Miami apartment units	20,404,707	6,224,596	-	-
Miami condominiums	34,696,401	33,139,797	-	-
Miami midblock condominiums	4,795,562	-	-	-
WFT condominiums	1,518,121	-	-	-
	$108,368,868	108,048,742	46,954,077	68,684,349

5. Net finance costs

	Group		Company	
	2015	2014	2015	2014
Finance income:				
Interest income	10,352,306	7,556,896	2,552,899	26,696
Finance costs:				
Interest expense	(22,127,339)	(25,693,415)	(16,488,497)	(23,176,515)
Commitment fees	(6,857,272)	-	(6,821,328)	(2,215,453)
Foreign exchange gains and losses arising from investing and financing activities:				
Net unrealised gains/(losses) on translation of foreign currency investments and borrowings	2,023,311	(27,748,017)	2,069,090	(31,101,722)
Net realised losses on conversion of foreign currency investments and borrowings	108,336	183,674	108,336	183,674
	2,131,647	(27,564,343)	2,177,426	(30,918,048)
Total finance costs	(26,852,964)	(53,257,758)	(21,132,399)	(56,310,016)
Net finance costs	$(16,500,658)	(45,700,862)	(18,579,500)	(56,283,320)

6. Taxation (credit)/charge

(a) Taxation comprises:

	Group		Company	
	2015	2014	2015	2014
(i) Current income tax expense:				
Income tax at 1%	-	59,517	-	-
Income tax at 25%	-	2,257,871	-	2,257,871
Carried forward	-	2,317,388	-	2,257,871

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

6. Taxation charge/(credit) (cont'd)

(a) Taxation comprises (cont'd):

	Group		Company	
	2015	2014	2015	2014
(i) Current income tax expense:				
Brough forward	-	2,317,388	-	2,257,871
Income tax credit	117,672	-	-	-
Minimum business tax	60,000	-	60,000	-
(ii) Deferred income tax expense/(credit):				
Origination and reversal of temporary differences (note 13)	21,687,984	1,132,952	11,553,179	(519,883)
Total income tax (credit)/charge	21,865,656	3,450,340	11,613,179	1,737,988

(b) Reconciliation of effective tax rate

The tax rate for the Company is 25% (2014: 25%) of profit before income tax, adjusted for tax purposes, while the tax rate for the St. Lucia subsidiary is 1% of profits, and that for the Florida subsidiary is 15%. The actual tax charge for the year is as follows:

	Group		Company	
	2015	2014	2015	2014
Profit/(loss) before income tax	$127,287,194	2,313,375	117,864,758	(17,633,392)
Computed "expected" tax expense/(credit) at Jamaican tax rate of 25%	31,821,799	578,343	29,466,190	(4,408,348)
Effect of different tax rates in foreign jurisdictions	(2,300,271)	(1,797,643)	-	-
Tax effect of treating certain items differently for financial statement purposes than for tax purposes :				
Untaxed credits	-	(116,568)	-	-
Accrued interest expense	-	1,997,546	-	1,997,546
Revaluation gain on investment property	(41,450,678)	-	(41,450,678)	
Disallowed exchange losses, net of gains	(11,284,595)	5,927,048	(11,284,595)	5,927,048
Depreciation and capital allowance	52,765,552	(3,439,363)	42,568,413	(2,107,351)
Other disallowed expenses	-	6,404,571	-	6,432,687
Unutilised/(utilised) tax losses	(7,686,151)	(6,103,594)	(7,686,151)	(6,103,594)
Actual tax charge	$ 21,865,656	3,450,340	11,613,179	1,737,988
Effective rate of tax	17.18%	149.15%	9.90%	9.86%

(c) Although tax losses may still be carried forward indefinitely, the amount that can be utilised in any one year is restricted to 50% of chargeable income for that year. Income tax losses, available for set-off against future taxable profits, amounted to approximately $71,994,433 (2014: $20,600,000).

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

7. Expense by nature

	Group		Company	
	2015	2014	2015	2014
Accounting fees	2,323,688	2,010,718	1,408,450	1,355,415
Asset tax	200,000	100,000	200,000	100,000
Bank charges	1,038,213	866,486	647,040	723,026
Employers' taxes	2,490,963	789,818	2,490,963	789,817
Homeowners' Association fees	13,052,716	11,082,819	-	-
Insurance	7,565,811	7,816,084	4,436,274	6,221,520
Professional fees	3,951,704	2,968,753	3,394,943	2,319,164
Property taxes	14,250,298	9,196,317	615,750	1,147,532
Regulatory fees and charges	512,718	469,006	512,718	469,006
Repairs	13,687,336	3,782,793	13,150	27,013
Salaries and related costs	24,408,753	7,349,621	24,408,753	7,349,620
Tenants accomodations	1,542,087	-	-	-
Utilities	2,576,587	748,300	199,620	202,619
Other operating expenses	13,301,976	9,641,910	7,904,419	5,525,844
	$100,902,850	56,822,625	46,232,080	26,230,576

8. Profit (loss)/ for the year

(a) The following are among the items charged in arriving at the profit/(loss) for the year:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Auditors' remuneration	3,787,000	2,827,700	2,500,000	1,605,000
Key management personnel compensation				
Directors' remuneration:				
- salaries and incentives	22,967,150	5,313,910	22,967,150	5,313,910
- fees	3,226,795	1,453,089	1,613,645	726,543

Key management personnel comprise the Board of Directors, a member of which is the executive director.

(b) Executive settlement:

The company designed a Long Term Incentive Plan (LTIP) in 2010 by which the Executive Director was entitled to an allocation of shares based on the achievement of certain profit performance targets. However, the plan was not formally approved and effected until 2015. The Board of Directors agreed that an amount of $30,000,000 be paid to the former Executive Director in lieu of the amount determined in accordance with the terms of the plan. The amount of $32,850,000, which includes employer's statutory contributions has been recognised in the financial statements.

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

9. Earnings per stock unit

The earnings per stock unit is computed by dividing the profit/(loss) for the year of $105,421,538 (2014: loss of $1,136,965), attributable to the company's stockholders, by a weighted average number of stock units in issue during the year, computed as follows:

	2015	2014
Ordinary stock units at January 1	68,371,602	68,800,102
Effect of repurchasing stock units	(220,899)	(428,500)
Effect of rights issue on August 7, 2015	37,398,607	-
Weighted average number of ordinary stock units held during the year	105,549,310	68,371,602
Earning per share (cents)	99.87¢	(1.66)¢

10. Investment properties

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

	Group		Company	
	2015	2014	2015	2014
Miami condominiums (i)	369,274,724	352,229,219	-	-
Miami apartment complex (ii)	-	217,969,575	-	-
Miami condominiums [midblock (iii)]	268,481,808	-	-	-
Miami condominium WFT (iv)	364,846,419	-	-	-
Red Hills Road commercial complex (v)	549,600,180	383,590,060	549,600,180	383,590,060
	$1,552,203,131	953,788,854	549,600,180	383,590,060

(i) This represents 15 residential condominiums comprising 12,380 square feet in the Loft II building located at 133 NE 2nd Avenue in downtown Miami, Florida.

(ii) This represents a 19-unit apartment complex, purchased on August 26, 2014, located at 555 NW 4th Street, Miami, Florida. The property was sold during the year.

(iii) This represents 5 residential condominiums comprising 5,213 square feet located at 3250 NE 1st Avenue in Miami Florida. The property was purchased in September 2015.

(iv) This represents 4 residential condominiums comprising of 4,174 square feet purchased in October 2015, located at 3101 Bayshore, Fort Lauderdale.

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

10. Investment properties (cont'd)

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

(v) This represents a commercial property of 52,012 square feet on Red Hills Road, Kingston, Jamaica.

(b) (i) The carrying amounts of investment properties have been determined as follows:

	Group		Company	
	2015	2014	2015	2014
Balance as at beginning of year	953,788,854	1,002,318,121	383,590,060	580,509,258
Additions during the year	623,233,019	221,784,586	335,625	3,814,060
Disposals during the year	(217,969,575)	(100,990,189)	-	-
Fair value gain [see (c)(ii)]	165,674,495	-	165,674,495	-
Impairment loss [see (b)(ii)]	-	(4,057,182)	-	(4,057,182)
Reclassified to asset held for sale [see (b)(ii)]	-	(196,676,076)	-	(196,676,076)
Foreign currency translation adjustments	27,476,338	31,409,594	-	-
Balance at end of year	$1,552,203,131	953,788,854	549,600,180	383,590,060

The fair value measurement for investment properties is classified as Level 3.

Valuation techniques and significant unobservable inputs:

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

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Investment approach: The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream.	• Expected market rental growth • Yields • Rental rates	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher (lower);The occupancy rate were higher (lower)

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

10. Investment properties (cont'd)

(b) (i) The carrying amounts of investment properties have been determined as follows (cont'd):

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.		• Rent-free periods were shorter (longer); or • Yields were lower (higher)
Sales comparison approach: The approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered and a meaningful unit of comparison is developed. Then 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)

10. Investment properties (cont'd)

(b) (i) The carrying amounts of investment properties have been determined as follows (cont'd):

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	The estimated fair value would increase/(decrease) if: Annual net income was higher/(lower)

(ii) In July 2014, management committed to a plan to sell the Hagley Park Road warehouse. Accordingly, the property was reclassified to asset held for sale. The sale of the property was completed in January 2015.

(c) (i) The fair value of investment properties 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.

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

10. Investment properties (cont'd)

(c) (Cont'd)

(ii) The Red Hills Road property was revalued as at December 31, 2015, by independent valuers, NAI Jamaica Langford and Brown, of Kingston, Jamaica.

(d) Gross rental income from investment properties:

	Group		Company	
	2015	2014	2014	2013
Gross rental income (note 4)	$108,368,868	108,048,742	46,954,077	68,684,349

(e) Property operating expenses are as follows:

	Group		Company	
	2015	2014	2015	2014
Homeowners' association fees	13,052,716	11,082,818	-	-
Insurance premium	7,565,811	7,816,084	4,436,274	6,221,520
Property taxes	14,250,298	9,196,317	615,750	1,147,532
Professional fees	3,951,704	2,394,028	3,394,943	2,319,164
Maintenance	13,687,336	3,783,038	13,150	27,013
Management fees	330,203	-	-	-
	$52,838,068	34,272,285	8,460,117	9,715,229

11. Land held for development

This represents land in Waterworks, Westmoreland, Jamaica, held for development.

12. Furniture, software and equipment

	Group			Company
	Office furniture & equipment	Computer software	Total	Office furniture& equipment
Cost:				
December 31, 2013	3,384,957	338,293	3,723,250	3,384,957
Additions	435,360	-	435,360	435,360
December 31, 2014	3,820,317	338,293	4,158,610	3,820,317
Foreign currency translation	11,728	-	11,728	-
Additions	808,029	-	808,029	334,131
Disposals	(447,400)	-	(447,400)	(447,400)
December 31, 2015	4,192,674	338,293	4,530,967	3,707,048

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

12. Furniture, software and equipment (cont'd)

	Group			Company
	Office Furniture & equipment	Computer software	Total	Office furniture& equipment
Depreciation:				
December 31, 2013	562,061	338,293	900,354	562,061
Charge for year	408,059	-	408,059	408,059
December 31, 2014	970,120	338,293	1,308,413	970,120
Foreign currency translation	754	-	754	-
Charge for year	409,079	-	409,079	369,395
Disposals	(115,504)	-	(115,504)	(115,504)
December 31, 2015	1,264,449	338,293	1,602,742	1,224,011
Net book value:				
December 31, 2015	$2,928,225	-	2,928,225	2,483,037
December 31, 2014	$2,850,197	-	2,850,197	2,850,197
December 31, 2013	$2,822,896	-	2,822,896	2,822,896

13. Deferred tax asset and liability

Deferred taxation is calculated on temporary differences using a principal tax rate of 25% (2014: 25%) for the company and a range of rates for Kingston Properties Miami, LLC. The balances and movements are as follows:

(a) Deferred tax asset

	Group and Company				
	Balance at December 31, 2013	Recognised in profit or loss	Balance at December 31, 2014	Recognised in profit or loss	Balance at December 31, 2015
Property, furniture, software and equipment	(7,783,838)	(636,123)	(8,419,961)	8,419,961	-
Tax losses	7,811,053	(2,654,824)	5,156,229	(5,156,229)	-
Unrealised foreign exchange losses	11,006,081	3,810,830	14,816,911	(14,816,911)	-
	$11,033,296	519,883	11,553,179	(11,553,179)	-

(b) Deferred tax liability

	Group						
	Balance at December 31, 2013	Recognised in profit or loss	Recognised in equity	Balance at December 31, 2014	Recognised in profit or loss	Recognised in equity	Balance at December 31, 2015
Investment property	(58,175,180)	(1,728,802)	(4,572,350)	(64,476,332)	(9,966,500)	(3,736,245)	(78,179,077)
Payable	92,338	75,967	-	168,305	(168,305)	-	-
	$(58,082,842)	(1,652,835)	(4,572,350)	(64,308,027)	(10,134,805))	(3,736,245)	(78,179,077)

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

14. Investment in subsidiaries

The parent's investment in subsidiaries comprises the amount paid for shares in, and the amount of funds borrowed from, Carlton Savannah REIT (St. Lucia) Limited and funds loaned to Kingston Properties Miami LLC.

	Company	
	2015	2014
Carlton Savannah REIT (St. Lucia) Limited		
Amount paid for shares	282,156,561	282,156,561
Funds borrowed [see (i) below]	(208,576,584)	(208,576,584)
	73,579,977	73,579,977
Kingston Properties Miami LLC [see (ii) below]		
Loan	235,150,752	235,150,752
	$308,730,729	308,730,729

(i) The sum of $208,576,584 is the portion of an amount that the Company borrowed from Carlton Savannah REIT (St. Lucia) Limited which it on-lent to Kingston Properties Miami LLC for the purpose of acquiring condominiums in Miami in 2010.

(ii) Kingston Properties Miami LLC

Kingston Properties Miami LLC has no share capital; the parent's sole ownership and control of it are by virtue of the intermediate parent (note 1) being its sole member. The loan to this subsidiary constitutes the parent's investment in this subsidiary.

15. Owed by/(to) subsidiaries

	Company	
	2015	2014
Owed by subsidiaries:		
Carlton Savannah REIT (St. Lucia) US$7,582 [see i below]	-	869,383
Kingston Properties Miami LLC US$4,744,200 * [see ii below]	$571,272,866	-
Owed to subsidiaries:		
Kingston Properties Miami LLC US$458,497)* [see iii below]	-	(52,323,348)
(2015: Carlton Savannah REIT (St. Lucia) US$1,943,129	$(233,981,834)	-

Owed by subsidiaries:

(i) This represented advances and charges paid by the Company on behalf of its subsidiary.

(ii) This represents an amount of US$5,283,565 advanced by the Company to Kingston Properties Miami LLC for the purpose of purchasing two investment properties. The loan amount is interest free and has no fixed repayment date.

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

15. Owed by/(to) subsidiaries (cont'd)

Owed by subsidiaries (cont'd):

(iii) Owed to subsidiary comprises (1) interest at 8.5% accrued on loan (note 21) plus (2) related loan transaction costs, totaling US$99,361, paid by the subsidiary, Kingston Properties Miami LLC. The amount was settled against an advance received from the parent to purchase additional investment properties.

The balance is interest free, unsecured and, with respect to the accrued interest, has no fixed repayment date, while the portion owing for the transaction costs is payable over five years, the final payment being due on September 28, 2017.

(iv) During the year, Carlton Savannah REIT (St. Lucia) repaid a Sagicor loan on behalf of Kingston Properties Limited. The advance is interest free and has no fixed repayment date.

16. Receivables

	Group		Company	
	2015	2014	2015	2014
Rent receivable	92,900	1,376,923	92,900	835,541
Less: Allowance for impairment	-	(835,541)	-	(835,541)
	92,900	541,382	92,900	-
Withholding tax recoverable	2,250,227	6,148,769	2,250,227	3,810,465
Security deposits	2,530,182	2,331,245	74,650	74,650
Prepayments	16,943,305	2,507,668	73,293	959,397
Interest receivable	-	1,261,386	-	-
Other prepayments	-	727,535	-	-
Other receivables	518,923	-	102,716	-
	$22,335,537	13,517,985	2,593,786	4,844,512

17. Securities purchased under agreements to resell

Reverse repurchase agreements that were previously entered into were disposed of as at December 31, 2015.

The fair value of the securities used to collateralise the reverse repurchase agreements was $Nil (2014: $487,853).

18. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
Interest bearing accounts [see note 22 (i)]	3,992,509	223,488,863	13,074	80,326
Current accounts	128,904,235	9,171,571	5,997,094	1,989,033
	$132,896,744	232,660,434	6,010,168	2,069,359

19. Share capital

	2015	2014
Authorised capital:		
500,000,000 ordinary shares of no par value		
Issued and fully paid:		
160,996,334 (2014: 68,371,602) ordinary shares	$1,028,508,717	406,608,605

On July 2015, the company issued and offered a subscription to stock holders of 92,860,487 additional ordinary shares of $7 each, by way of rights issue to holders of ordinary stock units. This was concluded on August 7th, 2015 and an amount of $621,900,112, was raised, net of transaction cost of $28,123,296.

20. Treasury shares

The repurchase of the company's stock units is conducted on the open market through the Company's stockbrokers consequent on the decision of the Board of Directors. During the year, the Company repurchased 235,755 (2014: 428,500) stock units.

21. Note payable

	Company	
	2015	2014
Kingston Properties Miami LLC	$ -	114,660,700

During the year, the Company repaid US$1 million which was borrowed in September 2012, from Kingston Properties Miami LLC. The note was unsecured for a duration of twenty five (25) years, and attracted interest at a rate of 8.5% per annum.

KINGSTON PROPERTIES LIMITED

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December 31, 2015

22. Loans payable

	Group	
	2015	2014
Bank loan [see (i)]	-	217,855,330
Vendor's mortgage [see (ii)]	-	39,010,132
Total bank loan and vendor's mortgage	$ -	256,865,462

	Group	
	2015	2014
Other mortgage loan – No 1[see (iii)]:		
Face amount	-	122,457,627
Unamortised transaction costs	-	(6,047,388)
	-	116,410,239
Other mortgage loan – No 2 [see (iv)]	-	113,076,007
Total loans payable	$ -	486,351,708
Classified as follows:		
Non-current		
Vendor's mortgage [see (ii)]	-	18,261,132
Other mortgage loan – No 1 [see (iii)]	-	116,410,239
Other mortgage loan – No 2 [see (iv)]	-	113,076,006
	-	247,747,377
Current		
Bank loan [see (i)]	-	217,855,331
Vendor's mortgage [see (ii)]	-	20,749,000
	-	238,604,331
Total loans payable	$ -	486,351,708

	Company	
	2015	2014
Bank loan [see (i)]	-	217,855,330
Vendor's mortgage [see (ii)]	-	39,010,132
Total bank loans and vendor's mortgage	$ -	256,865,462

22. Loans payable (cont'd)

	Company	
	2015	2014
Classified as follows:		
Non-current		
Vendor's mortgage [see (ii)]	-	18,261,132
Current		
Bank loans [see (i)]	-	217,855,330
Vendor's mortgage [see (ii)]	-	20,749,000
	-	238,604,330
Total loans payable	$ -	256,865,462

(i) Bank loan

This represented a draw-down under a credit facility of US1,899,988, (J$217,855,329) evidenced by a promissory note. The loan attracted interest at a rate of 5% per annum. The loan was repaid in 2015 [see note 15(iv)].

It was secured by hypothecation of a deposit of US$1,952,000 held by a subsidiary with the bank [see note 18], and a corporate guarantee by that subsidiary limited to the extent of the facility.

(ii) Vendor's mortgage

These amounts represented balances owing under a mortgage of US780,000 from the vendor of the Red Hills Road property [see note 10(a)]. It bore interest at a rate of 6% per annum and was repayable in sixty (60) monthly installments, which commenced on January 1, 2012. The vendor's mortgage was repaid in July 2015.

(iii) Other mortgage loan – No 1 – Best Meridian Insurance Company

The loan of USD1,068,000 owed by Kingston Properties Miami LLC attracted interest at a rate of 6.5% per annum, with monthly interest payments of USD5,785,which commenced on October 1, 2012. The loan was secured by a mortgage over the condominiums, known as Loft II, located in Miami-Dade County, Florida, owned by the Group [see note 10(a)]. The loan was repaid in June 2015.

(iv) Other mortgage loan No 2 – InterAmerican Bank

This represented a loan of USD990,000 payable by Kingston Properties Miami LLC to a financial institution in Florida. Interest was charged at 5.25% with effect from October 5, 2014.

The loan was paid in December 2015, upon disposal of property at 555 SW 4th Street.

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

23. Accounts payable and accrued charges

	Group		Company	
	2015	2014	2015	2014
Accounts payable	8,420,263	1,162,100	471,581	920,073
Interest payable	-	1,108,544	-	-
Accounting and audit fees	3,880,174	3,256,449	2,500,000	1,819,989
Dividends payable	333,992	217,156	333,992	217,156
Other payables and accrued charges	43,679,663	6,279,816	27,316,487	5,983,750
Security deposits held	10,021,428	13,053,710	2,525,835	6,295,264
	$66,335,520	25,077,775	33,147,895	15,236,232

24. Dividends

	Group and Company	
	2015	2014
US$0.0029 (2014: US$0.0025) per share	$22,636,714	18,533,152

25. Segment reporting

The Group has three operating segments. 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 the segment compared to other entities that operate within these industries. Information regarding the reportable segments is included below:

	2015				
	Jamaica $	United States of America $	St. Lucia $	Elimination $	Group $
External revenue	46,954,077	61,414,791	-	-	108,368,868
Operating expenses	(46,232,080)	(52,150,734)	(2,520,036)	-	(100,902,850)
Results of operating activities before other income/gains	721,997	9,264,057	(2,520,036)	-	7,466,018
Executive settlement	(29,465,342)	(3,384,658)	-	-	(32,850,000)

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

25. Segment reporting (cont'd)

	2015				
	Jamaica $	United States of America $	St. Lucia $	Elimination $	Group $
Other income gains:					
Fair value gain on revaluation of investment property	165,674,495	-	-	-	165,674,495
(Loss)/gain on disposal of investment property	(580,081)	3,792,838	-	-	3,212,757
Miscellaneous income	93,189	6,372,470	-	(6,181,077)	284,582
Interest income	2,552,899	4,155,122	7,734,908	(4,090,623)	10,352,306
Interest expense and commitment fees	(23,309,825)	(15,946,486)	-	10,271,700	(28,984,611)
Net gain/(losses) on translation of foreign currency balances	2,177,426	(45,779)	-	-	2,131,647
Profit before tax	117,644,758	4,207,564	5,214,872	-	127,287,194
Income tax expense	(11,613,179)	(10,370,149)	117,672	-	(21,865,656)
Profit after tax	106,251,579	(6,162,585)	5,332,544	-	105,421,538
Segment assets	1,459,772,943	1,145,696,143	452,950,114	(1,328,865,828)	1,729,553,372
Segment liabilities	267,129,729	610,179,170	585,217	(811,558,596)	66,335,520
Other segment items:					
Capital expenditure	669,756	633,813,906	-	-	634,483,662
Depreciation	369,395	39,684	-	-	409,079

	2014				
	Jamaica $	United States of America $	St. Lucia $	Elimination $	Group $
External revenue	68,684,349	39,364,393	-	-	108,048,742
Operating expenses	(26,230,576)	(28,975,686)	(1,616,363)	-	(56,822,625)
Results of operating activities before other income/gains	42,453,773	10,388,707	(1,616,363)	-	51,226,117
Other income gains:					
Gain on disposal of investment property	-	497,357	-	-	497,357
Miscellaneous income	253,337	2,310,061	-	(2,215,453)	347,945
Interest income	26,696	9,454,534	7,529,149	(9,453,483)	7,556,896
Interest expense and commitment fees	(25,391,967)	(11,970,384)	-	11,668,936	(25,693,415)
Impaiment loss	(4,057,182)	-	-	-	(4,057,182)
Net losses on translation of foreign currency balances	(30,918,049)	-	-	3,353,706	(27,564,343)
(Loss)/profit before tax	(17,633,392)	10,680,275	5,912,786	3,353,706	2,313,375
Income tax expense	(1,737,988)	(1,652,839)	(59,513)	-	(3,450,340)
(Loss)/ profit after tax	(19,371,380)	9,027,436	5,853,273	3,353,706	(1,136,965)

25. Segment reporting (cont'd)

	2014				
	Jamaica $	United States of America $	St. Lucia $	Elimination $	Group $
Segment assets	930,168,526	751,777,467	436,082,119	(669,549,536)	1,418,478,576
Segment liabilities	441,283,613	541,035,341	1,619,523	(417,392,974)	566,545,503
Other segment items:					
Capital expenditure	4,249,420	217,969,575	-	-	222,218,995
Depreciation	408,059	-	-	-	408,059

During 2015, revenue from one customer of the Group represented approximately $22,213,033 or 20% (2014: $24,656,750 or 23%) of the Group's total revenue.

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 Board of Directors of the Company has overall responsibility for the establishment and oversight of the Group's risk management framework.

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.

The Board of Directors is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group.

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 repurchase agreements.

26. Financial instruments and financial risk management (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risks

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

(i) Cash and cash equivalents are held with financial institutions and collateral is not required for such accounts, as management regards the institutions as strong.

(ii) The Group manages credit risk related to receivables by limiting exposure to specific counterparties and by monitoring settlements.

(iii) Reverse repurchase agreements expose the Group to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. The Group manages this risk by contracting only with counterparties that management considers to be financially sound.

The Group has no significant concentration of credit risk, except for balances held with an investment broker.

There was no change in the nature of the Group's approach to its credit risk management during the year.

(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.

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Notes to the Financial Statements (Continued)
December 31, 2015

26. Financial instruments and financial risk management (cont'd)

(b) Liquidity risk (cont'd)

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

	Group				
	2015				
	Carrying value	Contractual cash flows	Within 3 month	3 to 12 months	Over 12 months
Accounts payable and accrued charges	$66,335,520	66,335,520	12,300,437	54,035,083	-
	2014				
	Carrying value	Contractual cash flows	Within 3 month	3 to 12 months	Over12 months
Loans payable	486,351,708	601,980,109	15,805,460	249,571,452	336,603,197
Accounts payable and accrued charges	25,077,775	25,077,775	14,176,895	10,900,880	-
	$511,429,483	627,057,884	29,982,355	260,472,332	336,603,197

	Company				
	2015				
	Carrying value	Contractual cash flows	Within 3 month	3 to 12 months	Over 12 months
Owed to subsidiary	233,981,834	233,981,834	-	-	233,981,834
Accounts payable and accrued charges	33,147,895	33,147,895	2,971,581	30,176,314	-
	$267,129,729	267,129,729	2,971,581	30,176,314	233,981,834
	2014				
	Carrying value	Contractual cash flows	Within 3 month	3 to 12 months	Over12 months
Loans payable	256,865,462	266,520,892	6,979,970	238,795,240	20,745,681
Accounts payable and accrued charges	15,236,232	15,236,232	7,024,285	8,211,947	-
Note payable	114,660,700	124,114,183	-	-	124,114,183
Owed to subsidiary	52,323,348	52,323,348	-	-	52,323,348
	$439,085,742	458,194,655	14,004,255	247,007,187	197,183,212

(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.

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Notes to the Financial Statements (Continued)
December 31, 2015

26. Financial instruments and financial risk management (cont'd)

(c) Market risk (cont'd)

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 market 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 United States dollar. The Group ensures that the risk is kept to an acceptable level by matching foreign currency assets with foreign currency liabilities, to the extent practicable.

The exposure to foreign currency risk at the reporting date was as follows:

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Foreign currency assets:				
Cash	1,098,620	2,050,366	40,229	29,914
Receivables	203,872	76,103	38,865	100
Reverse repurchase agreements	2,163	4,441	-	4,277
	1,304,655	2,130,910	79,094	34,291
Foreign currency liabilities:				
Payables and accrued charges	(486,774)	(165,255)	211,164	(77,209)
Loans payable	-	(4,241,397)	-	(2,240,210)
Notes payable	-	-	-	(1,000,000)
	(486,774)	(4,406,652)	211,164	(3,317,419)
Net foreign currency assets/ (liabilities)	817,881	(2,275,742)	290,258	(3,283,128)

KINGSTON PROPERTIES LIMITED

Notes to the Financial Statements (Continued)
December 31, 2015

26. Financial instruments and financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Sensitivity to foreign exchange rate movements

An 8% (2014: 10%) weakening of the Jamaica dollar against the United States dollar at December 31, 2015 would have decreased the profit of the Group and the Company by $2,724,249 (2014: $25,310,805) and $2,724,249 (2014: $34,797,513), respectively. The analysis assumes that all other variables, in particular, interest rates, remain constant.

A 1% (2014: 1%) strengthening of the Jamaica dollar against the United States dollar at December 31, 2015 would have increased the profit (2014: decreased the loss) of the Group and the Company by $959,359 (2014: $2,531,801) and $340,531 (2014: $3,479,751), respectively, on the basis that all other variables remain constant.

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

	Average rate		Reporting date spot rate			
	2015	2014	2015		2014	
			Buying	Selling	Buying	Selling
United States Dollar (US$)	117.32	111.22	119.64	120.42	114.12	114.66

(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 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's was not subject to significant interest rate risk, at the reporting date.

Sensitivity to interest rate movements

The Group does not have variable rate instruments nor does it account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

27. Fair value

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

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

28. Capital management

The Company's capital consists of ordinary shares and retained earnings. 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 shareholders' equity. The Board also seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position. The Company is not subject to any externally-imposed capital requirements other than the Jamaica Stock Exchange requirement to maintain positive equity.