UNAUDITED GROUP FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2017

Highlights

- **Group rental income up 48% to $147.7 million for the nine month period**
- **Group total revenue up 37% to $154.6 million for the nine month period**
- **Group net operating income for the first nine month up 56% to $62.7 million**
- **Operating profit margin improved year on year from 36% to 41%**
- **Total Assets have increased from $2.2 billion in 2016 to $2.6 billion in 2017, up 19%**

The Board of Directors is pleased to present the unaudited group financial statements for the nine months ended September 30, 2017.

INCOME STATEMENT

For the nine months ended September 30, 2017, **group rental income** was $147.7 million versus $99.6 million for the corresponding period ended September 30, 2016, an overall increase of 48.3%. This performance continues to be driven by steady growth in income from our property portfolio in the US, Jamaica, and the Cayman Islands. Group rental income for the third quarter amounted to $46.6 million compared with $35.8 million for the third quarter of 2016. This represents an increase of 30.0% year over year. In January of 2017, two new properties were added to the portfolio, thus contributing to higher year over year rental revenue. During the quarter, rental revenue at the W Fort Lauderdale property in the US was lower than planned due to higher than expected vacancy at the property consistent with the seasonal nature of the property as well as the effect of Hurricane Irma on property which was closed for approximately 10 days following the storm. As at September 30, 2017, approximately 49% of the Group's rental revenue was generated in the US, down from 60% last year due largely to our shift in focus to property markets outside of the US.

Group total revenue for the first nine months of the year in 2017 amounted to $154.6 million compared with $111.7 million for the corresponding period to September 30, 2016. This represents a year over year increase of 38.4%. The figure in 2017 includes property management fees $7.0 million while the figure in 2016 includes an early termination fee of $12.2 million which was paid by one of our tenants who opted to terminate their lease prematurely. For the third quarter, group total revenue, amounted to $47.6 million in 2017 versus $35.8 million in 2016, an increase of 32.8% year over year. **Group operating expenses,** which include direct property and administrative expenses, increased from $71.6 million for the nine months ended September 30, 2016 to $91.9 million for the review period in 2017, an increase of 28.3%. Operating expenses for the three months to September 30, 2017 amounted to $29.8 million versus $23.1 million in 2016, an increase of 29.2% year over year. Higher operating expenses relate in part to higher direct property

expenses such as homeowners' association fees, property insurance on the two new acquisitions as well as higher property taxes in the US.

Results of Operating Activities before other income/gains for the nine month period rose by 56.3% moving to $62.7 million from $40.1 million for the same period last year; including the early termination fee of $12.2 million in 2016. For the third quarter, there was a movement from $12.8 million in 2016 to $17.8 million this year or an increase of 39.2%. The Group continues to be strategic in its property acquisitions resulting in the operational efficiency of the Group improving year over year moving from 35.9% in 2016 to 40.6% in 2017.

Group Profit before net finance charges amounted to $63.2 million for the nine months ended September 30, 2017 compared with $158.2 million for the corresponding period in 2016. The figure in 2016 included revaluation gains on some of our properties. For the nine-month review period, Group profit before net finance charges and excluding fair value gains increased by 53.1% year over year. For the quarter, group profit before net finance charges amounted to $18.1 million in 2017 versus $12.9 million in 2016.

Group net finance cost was $30.7 million for the nine months ended September 30, 2017 compared with net finance income of $18.9 million for the same period in 2016. The current year's finance cost includes interest expense and commitment fees of $31.2 million versus $4.8 million in the same prior year period; this is due to higher borrowings in 2017 versus 2016. In addition, the Group recorded net foreign currency translation gains of $190,432 for the nine months ended September 30, 2017 compared to gains of $21.8 million during the same 2016 period. This was due to: (1) significantly higher foreign currency holdings at the 2016 balance sheet date, as well as; (2) the accelerated pace of devaluation during the first nine months of 2016 compared to 2017.

Profit before-tax amounted to $32.5 million for the period to September 30, 2017. This compares with $177.1 million for the same period in 2016. **Total comprehensive income** and **profit for the period** in 2017 amounted to $27.1 million and $23.8 million, respectively compared with $180.0 million and $131.1 million, respectively, reported for the same period in 2016. Profit for the third quarter of 2017 amounted to $3.0 million compared with $14.0 million in 2016.

Income tax charge of $8.6 million in the first nine months of 2017 was primarily deferred tax recorded in the Group's subsidiary in the US and a prior year under-provision of $4.8 million. Group income tax charge however was lower in 2017 than in 2016 when the income tax charge was $46.0 million.

BALANCE SHEET

Investment Properties remain the largest component of Kingston Properties' balance sheet assets. As at September 30, 2017, investment properties amounted to $2,519.3 million versus $1,932.1 million at the end of the first nine months of 2016. The increase is primarily as a result of additions to the portfolio during January 2017 and this represents a year over year increase of 30.4%. In 2017, the portfolio composition by geography is as follows: US (53%), Jamaica (34%) and Cayman (13%). This compares with US (70%) and Jamaica (30%) in 2016.

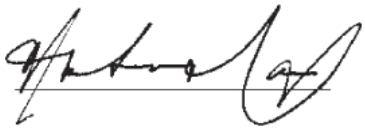
Total loans payable were $728.4 million at September 30, 2017 compared with $274.8 million at September 30, 2016. The loans are part of the Group's strategy to increase leverage within prudent limits secured by properties to bolster the expansion of the property portfolio. These are all bank financed loans in both United States Dollars and Jamaican dollars from financial institutions in the US, Jamaica and the Cayman Islands. Total loans payable represent 27.9% of total assets and 42.2% of total equity, which compares favourably with our peers.

SUMMARY

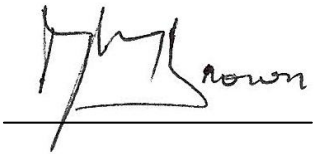
Kingston Properties maintained an average occupancy of 86% on all its properties in the three jurisdictions in which it operates - the US, Jamaica and the Cayman Islands during the third quarter of 2017. Tenant turnover remains low with solid long term tenants with US dollar leases. During the August to September period, there was higher than expected vacancy in our condo-tel units at the W Fort Lauderdale. The period is part of the low season for properties of this type and was also compounded by the passage of Hurricane Irma in September. Our strategy of focusing on higher net leases and geographic diversification continues to reap benefits for the Group as evidenced by improved operating profit margins and efficiency year over year. While we focus on higher yielding assets, we continue to maintain our usual prudent management of overall risk to the portfolio, with debt representing approximately 42% of the Group's total equity.

We remain optimistic in our outlook for both the Jamaican and Caymanian economy and will continue to seek out opportunities in those markets given (1) the higher net yields on assets in those markets and (2)the more favourable tax regimes in those markets vis-à-vis the US.

As always, thanks to our shareholders, employees and other stakeholders for your continued support as we seek to meet or exceed our corporate objectives.



Garfield Sinclair
Chairman



Meghon Miller-Brown
Director

November 9, 2017

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2017

	Notes	**Unaudited**	Unaudited	**Unaudited**	Unaudited	Audited
		Quarter ended September 30, 2017 $'000	Quarter ended September 30, 2016 $'000	**Nine (9) months ended September 30, 2017 $'000**	Nine (9) months ended September 30, 2016 $'000	Year ended December 31, 2016 $'000
Revenues:						
Rental income		**46,578**	35,823	**147,665**	99,550	130,457
Property management fees		**995**	-	**6,963**	-	-
Termination fee		**-**	-	**-**	12,189	12,189
Total revenues		**47,573**	35,823	**154,628**	111,739	142,646
Operating expenses		**(29,822)**	(23,085)	**(91,924)**	(71,637)	(98,264)
Results of operating activities before other income/gains		**17,751**	12,738	**62,704**	40,102	44,382
Other income/gains:						
Fair value gain on investment properties		**-**	-	**-**	116,893	119,941
Miscellaneous income		**318**	138	**463**	1,162	1,229
Profit before net finance costs		**18,069**	12,876	**63,167**	158,157	165,552
Finance income		**134**	6,250*	**531**	23,743*	7,591
Finance cost		**(11,401)**	(2,892)*	**(31,238)**	(4,826)*	(7,537)
Net finance (costs) / income	**3**	**(11,267)**	3,358	**(30,707)**	18,917	54
Impairment loss on land held for development		**-**	-	**-**	-	(1,370)
Profit before income tax		**6,803**	16,235	**32,460**	177,074	164,236
Income tax charge		**(3,763)**	(2,212)	**(8,633)**	(46,006)	(34,317)
Profit for the period / year		**3,040**	14,023	**23,827**	131,068	129,919
Other comprehensive income that may be reclassified to profit or loss:						
Foreign currency translation differences for foreign operations, being total comprehensive income		**6,760**	11,402	**3,268**	48,940	60,949
Total comprehensive income for the period / year		**9,800**	25,424	**27,095**	180,008	190,868
Earnings per stock unit:	**4**	**.94 cents**	4.35 cents	**7.40 cents**	40.71cents	40 cents

*-Reclassified

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT SEPTEMBER 30, 2017

	Notes	**Unaudited as at September 30, 2017**	Unaudited as at September 30, 2016	Audited as at December 31, 2016
		$'000	$'000	$'000
NON-CURRENT ASSETS				
Investment properties	**5**	**2,519,304**	1,932,102	1,930,922
Restricted bank accounts		**25,428**	-	-
Land held for development	**6**	**-**	19,082	-
Furniture, software and equipment		**2,767**	2,820	2,694
Total non-current assets		**2,547,499**	1,954,004	1,933,616
CURRENT ASSETS				
Deposit on investment property		**-**	33,173	151,917
Land held for sale		**17,712**	-	17,712
Receivables and prepayments	**7**	**32,367**	51,725*	30,148
Securities repurchased under agreements to resell		**-**	121,292	-
Income tax recoverable		**30**	-	137
Cash and cash equivalents		**15,301**	32,942	24,079
Total current assets		**65,410**	239,132	223,993
Total assets		**2,612,909**	2,193,136	2,157,609
EQUITY				
Share capital		**1,028,509**	1,028,509	1,028,509
Treasury shares		**(5,049)**	(5,049)	(5,049)
Cumulative translation reserve		**289,500**	274,223	286,232
Retained earnings		**414,499**	443,159	416,493
Total equity		**1,727,459**	1,740,842	1,726,185
NON-CURRENT LIABILITIES				
Loans payable	**8**	**700,299**	258,441	268,480
Deferred tax liabilities		**119,953**	128,323	115,478
Total non-current liabilities		**820,252**	386,764	383,958
CURRENT LIABILITIES				
Loans payable	**8**	**28,141**	16,304	5,498
Accounts payable and accrued charges	**9**	**36,302**	46,371	38,974
Income tax payable		**755**	2,855	2,994
Total current liabilities		**65,198**	65,530	47,466
Total equity and liabilities		**2,612,909**	2,193,136	2,157,609

*-Reclassified

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2017

	Share capital $'000	Treasury shares $'000	Cumulative translation reserve $'000	Retained earnings $'000	Total $'000
Audited, balances at					
December 31, 2015 as previously reported	1,028,509	(5,049)	225,283	336,297	1,585,040
Profit, being comprehensive income for the period	-	-	-	131,068	131,068
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	-	48,940	-	48,940
Dividends paid, being total distribution to owners	-	-	-	(24,206)	-
Unaudited, balances at September 30, 2016	**1,028,509**	**(5,049)**	**274,223**	**443,159**	**1,740,842**
Audited, balances at December 31, 2016	**1,028,509**	**(5,049)**	**286,232**	**416,493**	**1,726,185**
Profit, being comprehensive income for the period	-	-	-	23,827	23,827
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	-	3,268	-	3,268
Dividends paid, being total distribution to owners	-	-	-	(25,821)	(25,821)
Unaudited, balances at September 30, 2017	**1,028,509**	**(5,049)**	**289,500**	**414,499**	**1,727,460**

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2017

	Unaudited Nine (9) months ended September 30, 2017 $'000	Unaudited Nine (9) months ended September 30, 2016 $'000	Audited Year ended December 31, 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period / year	**23,827**	131,068	129,919
Adjustments for:			
Income tax charge	**8,633**	46,006	34,317
Depreciation	**386**	361	487
Interest income	**(341)**	(1,899)	(2,551)
Impairment loss on land held for development	**-**	-	1,370
Interest expense	**31,238**	4,826	7,537
Fair value gain on investment property	**-**	(116,893)	(119,941)
Unrealized foreign exchange losses	**(11,772)**	(21,821)	(2,770)
Operating profit before changes in working capital	**51,971**	41,647	48,368
Changes in:			
Other receivables	**(2,219)**	(29,390)*	(7,812)
Deposit on property	**151,917**	(33,173)	(151,917)
Restricted bank account	**(25,428)**	-	-
Accounts payable and accrued charges	**(2,672)**	(19,964)	(27,361)
Income tax paid	**(2,178)**	(82)	(5,946)
Net cash provided by / (used in) operations	**171,391**	(40,961)*	(144,667)
Cash flows from investing activities			
Interest received	**341**	1,899	2,551
Securities purchased under agreements to resell	**-**	(121,292)	-
Additions to office equipment	**(456)**	(225)	(225)
Additions to investment property	**(577,455)**	(183,315)	(183,195)
Net cash used in investing activities	**(577,570)**	(302,933)*	(180,869)
Cash flows from financing activities			
Interest paid	**(31,238)**	(4,826)	(7,537)
Dividends paid	**(25,821)**	(24,206)	(49,722)
Loan received	**454,462**	274,746	273,978
Net cash provided by financing activities	**397,403**	245,714	216,719
Net decrease in cash and cash equivalents	**(8,778)**	(98,180)	(108,818)
Cash and cash equivalents at beginning of period	**24,079**	132,897	132,897
Effect of exchange rate fluctuations on cash and cash equivalents	**-**	(1,774)	-
Cash and cash equivalents at end of period / year	**15,301**	32,943	24,079
Represented by:			
Bank overdraft	**-**	-	-
Cash and cash equivalents	**15,301**	32,942	24,079
	15,301	32,942	24,079

* - Reclassified

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2017

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Kingston Properties Limited (the "Company ") was incorporated in Jamaica under the Companies Act on April 21, 2008. The Company is domiciled in Jamaica, with its registered office at 7 Stanton Terrace, Kingston 6, Jamaica. 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 of 1999 on May 8, 2008; and its wholly owned subsidiary:

(ii) Kingston Properties Miami LLC, incorporated in Florida under the Florida Limited Liability Company Act on March 12, 2010.

The Company and its subsidiaries are collectively referred to as “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 real estate investment.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of certain fixed and financial assets and are expressed in Jamaican dollars.

These financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting.

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2016.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2016.

(b) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Consolidation:

(i) Subsidiaries

A subsidiary is an enterprise 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 entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date the control ceases.

(ii) Transactions eliminated on consolidation

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

(d) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements, (referred to in IAS 24 *Related Party Disclosures* as the 'reporting entity', in this case the Group).

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

(i) 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).

(ii) 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).

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

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

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

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

(vii) A person identified in (a)(i) 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).

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(f) Investment properties

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

Investment properties are initially recognized at cost, including transaction costs. The carrying amount includes the cost of additions to an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost 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.

(g) Furniture, software and equipment

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

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

The costs of day-to-day servicing of office equipment are recognized in the statement of comprehensive income as incurred.

(ii) Depreciation is recognized in the statement of comprehensive income on the straight-line basis, over the estimated useful life of the asset. The depreciation rate for the furniture, software and equipment are as follows:

Computer and accessories	20%
Furniture and fixtures	10%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Receivables

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

(i) Reverse repurchase agreements

Reverse repurchase agreements are transactions in which the Group makes funds available to institutions by entering into short-term agreements with those institutions. On delivering the funds, the Group receives the securities, or other documents evidencing a claim on the securities, and agrees to resell the securities, or surrender the documents evidencing the claim, on a specified date and at a specified price. Reverse repurchase agreements are accounted for as short-term collateralized lending. The difference between sale and purchase consideration is recognized as interest income on the accrual basis over the term of the agreement.

(j) Cash and cash equivalents

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

(k) Accounts payable and accrued charges

Accounts payable and accrued charges are stated at cost.

(l) Revenue recognition:

Rental income and maintenance expenses are recorded in these financial statements on the accrual basis using the straight-line method.

(m) Income tax

The income tax charge for the year comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current 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 tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognized only to the extent management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current and deferred tax assets and liabilities are offset in the statement of financial position if they apply to the same tax authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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 expenses 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 resources to be allocated to the segment and to assess their 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.

(o) Land held for development

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

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2017

3. Finance costs

	Unaudited Quarter ended September 30, 2017 $'000	Unaudited Quarter ended September 30, 2016 $'000	**Unaudited Nine (9) months ended September 30, 2017 $'000**	Unaudited Nine (9) months ended September 30, 2016 $'000	Audited Year ended December 31, 2016 $'000
Finance income					
Interest income	**4**	990	**341**	1,899	2,551
Foreign exchange gains and losses arising from investing and financing activities:					
Net unrealized gains on translation of foreign currency investments and borrowings	**72**	5,245	**54**	21,821	5,971
Net realized gain / (losses) on conversion of foreign exchange investments and borrowings	**58**	15	**136**	23	(931)
Total finance income	**134**	6,250	**531**	23,743	7,591
Finance costs:					
Interest expense	**(11,328)**	(2,892)	**(31,041)**	(4,826)	(7,537)
Commitment fees	**(73)**	-	**(197)**	-	-
Total finance costs	**(11,401)**	(2,892)	**(31,238)**	(4,826)	(7,537)
Net finance (cost) / income	**(11,267)**	3,358	**(30,707)**	18,917	54

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2017

4. Earnings per stock unit

The Company's shareholders unanimously approved the subdivision of shares in the Company at its annual general meeting held on May 16, 2017. The X-date of the split was on May 19, 2017 and the record date was May 24, 2017. Each of the Company's authorised ordinary shares in the capital of the Company was sub-divided into two (2) ordinary shares each, thereby making a total share capital of 1,000,000 authorised ordinary shares of no par value.

The earnings per stock unit is computed by dividing the profit for the period / year, attributable to the company's stockholders, by weighted average number of stock units in issue during the year, computed as follows:

	Unaudited Three months ended September 30, 2017	Unaudited Three months ended September 30, 2016	**Unaudited Six months ended September 30, 2017**	Unaudited Six months ended September 30, 2016	Audited Year ended December 31, 2016
Ordinary stock units at January 1	160,996	160,996	160,996	160,996	160,996
Weighted average number of ordinary stock units held during the year	321,993	321,993	321,993	321,993	321,993
Earnings per share (cents)	0.94	4.35	7.40	40.71	40

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2017

5. Investment properties

Investment properties held by the Group are as follows:

		Unaudited Nine months ended September 30, 2017 $'000	Unaudited Nine months ended September 30, 2016 $'000	Audited Year ended December 31, 2016 $'000
(i)	Miami condominiums, Loft II	**507,403**	503,851	503,421
(ii)	Midblock Miami condominiums	**300,664**	298,559	298,305
(iii)	W. Ft Lauderdale condominiums	**391,826**	389,083	388,750
(iv)	Opera Tower condominiums	**192,355**	191,009	190,846
(v)	Tropic Centre	**365,113**	-	-
(vi)	Spanish Town Road office and warehouse complex	**212,343**	-	-
(vii)	Red Hills Road commercial complex	**549,600**	549,600	549,600
		2,519,304	1,932,102	1,930,922

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

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

(iv) This represents 3 residential condominiums comprising 2,660 square feet located at 1750 North Bayshore Drive, Miami, Florida. The property was purchased in April 2016.

(v) This represents 10,886 square feet of residential and commercial property, located at Seven Mile Beach, Grand Cayman. The property was purchased January 2017.

(vi) This represents 87,389 square feet of commercial property, located at Spanish Town Road, Kingston, Jamaica. The property was purchased January 2017.

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

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6. Land held for development

	Unaudited September 30, 2017 $'000	Unaudited September 30, 2016 $'000	Audited December 31, 2016 $'000
	-	19,082	-

This represents land in Waterworks, Westmoreland, Jamaica, that was held for development. In August 23, 2016, management committed to a plan to sell the land. Accordingly, the land was reclassified to asset held for sale. The sale is expected to be completed during 2017.

7. Receivables and prepayments

	Unaudited September 30, 2017 $'000	Unaudited September 30, 2016 $'000	Audited December 31, 2016 $'000
Rent receivables	**4,167**	15,455	1,751
Withholding tax recoverable	**2**	2,710	2,873
Security deposits	**2,827**	2,619	2,691
Prepayments	**7,804**	14,381	17,299
Other receivables	**17,567**	16,560*	5,534
	32,367	51,725*	30,148

8. Loans payable

	Unaudited September 30, 2017 $'000	Unaudited September 30, 2016 $'000	Audited December 31, 2016 $'000
Bank loan - No 1 [see (i)]			
Face amount	**278,607**	280,099	279,227
Un-amortized transaction costs	**(4,829)**	(5,354)	(52,489)
Carrying value	**273,778**	274,745	226,738
Bank loan - No 2 [see (ii)]			
Face amount	**272,695**	-	-
Un-amortized transaction costs	**(3,308)**	-	-
Carrying value	**269,387**	-	-
Bank loan - No 3 [see (ii)]			
Face amount	**186,003**	-	-
Un-amortized transaction costs	**(728)**	-	-
Carrying value	**185,275**	-	-
Total loans payable	**728,440**	274,745	226,738

*-Reclassified

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8. Loans payable (cont'd):

	Unaudited September 30, 2017 $'000	Unaudited September 30, 2016 $'000	Audited December 31, 2016 $'000
Classified as follows:			
Non-current			
Bank loan [see (i)]	**268,462**	258,441	268,480
Bank loan [see (ii)]	**260,506**	-	-
Bank loan [see (iii)]	**171,331**	-	-
	700,299	258,441	268,480
Current			
Bank loan [see (i)]	**5,316**	16,304	5,498
Bank loan [see (ii)]	**8,881**	-	-
Bank loan [see (iii)]	**13,944**	-	-
	28,141	16,304	5,498

(i) **Bank loan - No 1 Terrabank**

This represents a loan of US2,200,000 from Terrabank N.A. a financial institution in Florida, payable by Kingston Properties Miami LLC. The loan is for a duration of ten (10) years at an interest rate of 4%.

The loan is secured by a first mortgage on twenty (20) condominium units, being five (5) residential units located at 3250 NE 1st Avenue in Miami, Florida and fifteen (15) residential condominiums at The Loft located at 135 NE 2nd Avenue, Downtown Miami.

The balance at [September 30, 2017: US$2,144,571 (J$278,606,960); September 30, 2016: US$2,183,663 (J$280,099,330); December 31, 2016: US$2,173,979, (J$279,226,737)].

Transaction costs of approximately US$43,785 were incurred in obtaining the loan. These costs were deducted from the loan balance and are being amortised over the life of the loan.

The balance at [September 30, 2017: US$37,582, (J$4,828,879); September 30, 2016: US$41,961, (J$5,353,732); December 31, 2016: US$40,866, (J$5,248,886)].

(ii) **Bank Loan - No 2 National Commercial Bank**

This represents two loans from the National Commercial Bank, a financial institution in Jamaica, payable by Kingston Properties Limited.

Both loans are for 15 years at interest rate of 9.85% per annum, the loan amounts are J$160,034,400 and J$118,265,600 respectively.

One loan was to assist with the purchase of a commercial property at 591 Spanish Town Road, Kingston and the other was used to assist with the purchase of a commercial property in the Cayman Islands.

The loans are secured by promissory notes and loan agreements for senior secured amortising loan for $160,034,400 and 118,265,600, first legal mortgage over commercial property located at 36-38 Red Hills Road, Kingston in the name of Kingston Properties Limited and letter of subordination.

The balance at September 30, 2017 is J$272,694,861.

Transaction costs of approximately J$3,462,063 were incurred in obtaining the loan. These costs were deducted from the loan balance and are being amortised over the life of the loan.

The balance at September 30, 2017 is J$3,308,193

8. Loans payable (cont'd):

(iii) **Bank Loan - No 3 RBC Royal Bank (Cayman) Limited**

This is a credit facility from RBC Royal Bank (Cayman) Limited of US$1,500,000 demand term loan to finance the acquisition of a commercial real estate in Grand Cayman.

The loan is for a duration of 12 years at 90-day Libor plus 2.25% per annum interest rate.

The loan is secured by the legal first charge debenture over the fixed and floating assets located in the Cayman Islands of the Borrower Stamped to secure US$1,500,000, collateral first legal charge stamped to secure US$1,500,000 over the properties legally described as Block 12C, Parcel 198 H1-H12 (inclusive) in the name of Carlton Savannah REIT (St. Lucia) Limited, assignment of comprehensive insurance for the properties, namely Block 12C, Parcel 198 H1-H12 (inclusive), assignment of rental income for the properties, namely Block 12C, Parcel 198 H1-H12 (inclusive) and a term deposit in the amount of US$75,558 shall be held and secured by RBC under this agreement in the event of default.

The balance at September 30, 2017 is US$1,431,757 (J$186,003,354).

Transaction costs of approximately US$6,000 were incurred in obtaining the loan. These costs were deducted from the loan balance and are being amortized over the life of the loan. The balance at September 30, 2017 is US$5,667, (J$728,101).

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9. Accounts payable and accrued charges

	Unaudited	Unaudited	Audited
	September 30, 2017	September 30, 2016	December 31, 2016
	$'000	$'000	$'000
Accounts payable	**1,409**	14,581	5,901
Accounting and audit fees	**2,824**	3,486	4,399
Dividend payable	**281**	330	389
Other payables and accrued charges	**21,922**	17,294	17,616
Security deposits held	**9,866**	10,680	10,669
	36,302	46,371	38,974

10. Segment reporting

The Group has three operating segments, rental of real estate, which includes the earning of income from the ownership of real estate. Internal management reports are reviewed monthly by the Board. Information regarding the reportable segment is included below.

Performance is measured on segment profit before income tax, as included in the internal management reports that are reviewed by the Board. Segment reporting is 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 operated within these industries.

	Unaudited Nine (9) months ended September 30, 2017				
	Jamaica	**United States of America**	**St. Lucia**	**Consolidated adjustments and eliminations**	**Total Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenues	**49,662**	**71,965**	**26,038**	**-**	**147,665**
Profit / (loss) for the period	**10,549**	**4,458**	**10,605**	**(1,785)**	**23,827**

	Unaudited as at September 30, 2017				
	Jamaica	**United States of America**	**St. Lucia**	**Consolidated adjustments and eliminations**	**Total Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Segment assets	**1,515,980**	**1,445,939**	**658,230**	**(1,007,240)**	**2,612,909**
Segment liabilities	**342,527**	**1,082,337**	**185,668**	**(725,082)**	**885,450**

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10. Segment reporting (cont'd):

	Unaudited Nine (9) months ended September 30, 2016				
	Jamaica $'000	United States of America $'000	St. Lucia $'000	Consolidated adjustments and eliminations $'000	Total Group $'000
Revenues	39,231	60,319	-	-	99,550
Profit / (loss) for the period	42,344	91,555	(2,831)	-	131,068

	Unaudited as at September 30, 2016				
	Jamaica $'000	United States of America $'000	St. Lucia $'000	Consolidated adjustments and eliminations $'000	Total Group $'000
Segment assets	1,447,762	1,445,492	464,508	(1,164,626)	2,193,136
Segment liabilities	236,980	1,097,289	493	(882,468)	452,294

	Audited Year ended December 31, 2016				
	Jamaica $'000	United States of America $'000	St. Lucia $'000	Consolidated adjustments and eliminations $'000	Total Group $'000
Revenues	53,089	77,368	-	-	130,457
Profit / (loss) for the year	45,804	104,953	(4,589)	(16,249)	129,919

	Audited as at December 31, 2016				
	Jamaica $'000	United States of America $'000	St. Lucia $'000	Consolidated adjustments and eliminations $'000	Total Group $'000
Segment assets	1,358,067	1,426,158	462,668	(1,089,284)	2,157,609
Segment liabilities	169,342	1,068,559	650	(807,127)	431,424