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INDEPENDENT AUDITORS' REPORT

To the Members of
CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Report on the Financial Statements

We have audited the financial statements of Carlton Savannah REIT (Jamaica) Limited (“the company”), and the consolidated financial statements of the company and its subsidiary (“the group”), set out on pages 3 to 25 which comprise the balance sheets as at December 31, 2008, and the statements of income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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.



To the Members of
CARLTON SAVANNAH REIT (JAMAICA) 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 company as at December 31, 2008, and of its financial performance, changes in equity and cash flows for the period 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 and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act in the manner so required.

A handwritten signature in black ink, appearing to read 'KPMG', is written above a horizontal line.

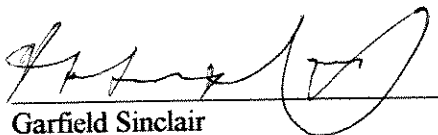
February 28, 2009

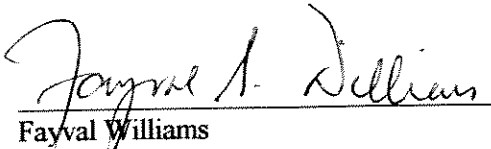
CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Group Balance Sheet
December 31, 2008

	<u>Notes</u>	<u>2008</u>
NON-CURRENT ASSETS		
Property under construction	4	<u>341,788,001</u>
CURRENT ASSETS		
Cash and cash equivalents	5	137,992,276
Other receivables	7	<u>78,786</u>
Total current assets		<u>138,071,062</u>
Total assets		<u>\$479,859,063</u>
EQUITY		
Share capital	8	406,608,605
Translation reserve		36,014,756
Other reserve		23,580,934
Retained earnings		<u>11,817,969</u>
Total equity		<u>478,022,264</u>
CURRENT LIABILITIES		
Accounts payable and accrued charges	9	<u>1,836,799</u>
Total equity and liabilities		<u>\$479,859,063</u>

The financial statements on pages 3 to 25 were approved for issue by the Board of Directors on February 28, 2009 and signed on its behalf by:


 _____ Director
 Garfield Sinclair


 _____ Director
 Fayval Williams

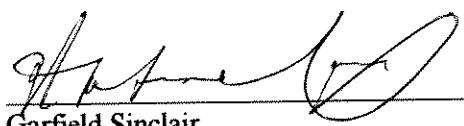
The accompanying notes form an integral part of the financial statements.

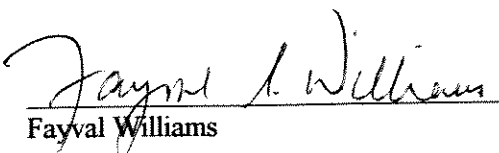
CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Company Balance Sheet
December 31, 2008

	<u>Notes</u>	<u>2008</u>
NON-CURRENT ASSETS		
Investment in subsidiary	6	<u>282,156,561</u>
CURRENT ASSETS		
Cash and cash equivalents	5	137,992,276
Other receivables	7	<u>78,786</u>
Total current assets		<u>138,071,062</u>
Total assets		<u>\$420,227,623</u>
EQUITY		
Share capital	8	406,608,605
Retained earnings		<u>12,238,083</u>
Total equity		<u>418,846,688</u>
CURRENT LIABILITIES		
Payables and accrued charges	9	<u>1,380,935</u>
Total equity and liabilities		<u>\$420,227,623</u>

The financial statements on pages 3 to 25 were approved for issue by the Board of Directors on February 28, 2009 and signed on its behalf by:


 _____ Director
 Garfield Sinclair


 _____ Director
 Fayval Williams

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITEDGroup Income Statement
Period ended December 31, 2008

	<u>Notes</u>	<u>2008</u>
Expenses:		
Company formation, share issue and listing, net	10(a)	(370,375)
Operating	10(b)	<u>(2,670,941)</u>
Loss before finance income		(3,041,316)
Finance income	11	<u>17,052,632</u>
Profit for the period	12	<u>\$14,011,316</u>
Earnings per stock unit	14	<u>20 cents</u>

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITEDCompany Income Statement
Period ended December 31, 2008

	<u>Notes</u>	<u>2008</u>
Expenses:		
Company formation, share issue and listing, net	10(a)	(370,375)
Other operating	10(b)	(<u>2,250,827</u>)
Loss before finance income		(2,621,202)
Finance income	11	<u>17,052,632</u>
Profit for the period	12	<u>\$14,431,430</u>

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITEDStatement of Changes in Group Equity
Period ended December 31, 2008

	<u>Share capital</u> (note 8)	<u>Other reserve</u>	<u>Cumulative translation adjustments</u>	<u>Retained earnings</u>	<u>Total</u>
Paid-in capital	406,608,605	-	-	-	406,608,605
Profit, being total recognised gains for the period	-	-	-	14,011,316	14,011,316
Translation of foreign subsidiary's balances	-	-	36,014,756	-	36,014,756
Reserve on consolidation	-	23,580,934	-	-	23,580,934
Dividend paid (note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,193,347)</u>	<u>(2,193,347)</u>
Balances at December 31, 2008	<u>\$406,608,605</u>	<u>23,580,934</u>	<u>36,014,756</u>	<u>11,817,969</u>	<u>478,022,264</u>

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITEDStatement of Changes in Company Equity
Period ended December 31, 2008

	<u>Share capital</u> (note 8)	<u>Retained earnings</u>	<u>Total</u>
Paid-in capital	406,608,605	-	406,608,605
Profit, being total recognised gains for the period	-	14,431,430	14,431,430
Dividend paid (note 13)	<u>-</u>	(2,193,347)	(2,193,347)
Balances at December 31, 2008	<u>\$406,608,605</u>	<u>12,238,083</u>	<u>418,846,688</u>

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITEDStatement of Group Cash Flows
Period ended December 31, 2008

	<u>Notes</u>	<u>2008</u>
Cash flows from operating activities		
Profit for the period		14,011,316
Adjustments to reconcile profit for the period to net cash used by operating activities:		
Reserve on consolidation		23,580,934
Translation difference		36,014,756
Interest income		(2,713,337)
Unrealised foreign exchange gains		<u>(14,339,295)</u>
Operating profit before changes in working capital and provisions		56,554,374
Increase in:		
Other receivables		(78,786)
Accounts payable and accrued charges		<u>1,836,799</u>
Net cash provided by operations		<u>58,312,387</u>
Cash flows from investing activities		
Property under construction		(341,788,001)
Interest received		<u>2,713,337</u>
Net cash used by investing activities		<u>(339,074,664)</u>
Cash flows from financing activities		
Paid-in capital	8	406,608,605
Dividend paid	13	<u>(2,193,347)</u>
Net cash provided by financing activities		<u>404,415,258</u>
Net increase in cash and cash equivalents		123,652,981
Effect of exchange rate fluctuation on cash held		<u>14,339,295</u>
Cash and cash equivalents at end of period		<u>\$137,992,276</u>

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITEDStatement of Company Cash Flows
Period ended December 31, 2008

	<u>Notes</u>	<u>2008</u>
Cash flows from operating activities		
Profit for the period		14,431,430
Adjustments to reconcile profit for the period to net cash used by operating activities:		
Interest income		(2,713,337)
Unrealised foreign exchange gains		(14,339,295)
Operating loss before changes in working capital and provisions		(2,621,202)
Increase in:		
Other receivables		(78,786)
Accounts payable and accrued charges		1,380,935
Net cash used by operations		(1,319,053)
Cash flows from investing activities		
Interest in subsidiary		(282,156,561)
Interest received		2,713,337
Net cash used by investing activities		(279,443,224)
Cash flows from financing activities		
Paid in capital	8	406,608,605
Dividend paid	13	(2,193,347)
Net cash provided by financing activities		404,415,258
Net increase in cash and cash equivalents		123,652,981
Effect of exchange rate fluctuation on cash held		14,339,295
Cash and cash equivalents at end of period		<u>\$137,992,276</u>

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements December 31, 2008

1. Identification and principal activities

Carlton Savannah REIT (Jamaica) Limited ("company") was incorporated in Jamaica under the Jamaican 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 one subsidiary, which is wholly-owned, Carlton Savannah REIT (St. Lucia) Limited, incorporated in St. Lucia under the International Business Companies Act of 1999 on May 8, 2008. The company and its subsidiary are collectively referred to as "group".

These are the company's first annual financial statements and cover the approximately eight month period from the date of incorporation to December 31, 2008.

The principal activity of the company and its subsidiary 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) and comply with the relevant provisions of the Jamaican Companies Act ("the Act").

New standards and interpretations that became effective during the year:

Certain new standards, amendments to published standards and interpretations, came into effect during the current financial period. No new standard, amendment or interpretation was identified as relevant to these financial statements.

New standards and interpretations not yet effective:

At the date of approval of the financial statements, certain new and revised standards and interpretations were in issue but were not effective. Those which management considers may be relevant to the Group are as follows:

- *IAS 1 (revised 2007) Presentation of Financial Statements* requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement and in a statement of comprehensive income. The standard becomes effective for annual reporting periods beginning on or after January 1, 2009 and is not expected to have any significant impact on the financial statements.
- *IAS 23 (Revised) - Borrowing Costs* removes the option of immediately recognising all borrowing costs as an expense. The revised standard requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. IAS 23 (Revised) becomes effective for annual reporting periods beginning on or after January 1, 2009. It is not expected to have any impact on the financial statements.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements
December 31, 2008

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

(a) Statement of compliance (cont'd):

New standards and interpretations not yet effective (cont'd):

- *IAS 32 Financial instruments: Presentation* and *IAS 1, Presentation of Financial Statements* are effective for annual reporting periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The standard is not expected to have any impact on the financial statements of the group.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis

(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 subsidiary, which has a different functional currency, are translated into the presentation currency in the manner described in note 3(g)(ii).

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS and the Act requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the period then ended. Actual amounts could differ from these estimates. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions 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.

In particular, the assumptions concerning the future and other areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements, or which have a risk of material adjustment in the next year, are as follows:

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

- Fair value of financial instruments

In the absence of quoted market prices, the fair value of the group's financial instruments was determined using a generally accepted alternative method. Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements
December 31, 2008

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

- (i) Key assumptions concerning the future and other sources of estimation uncertainty (cont'd)

It is possible that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amounts reflected in the financial statements.

- (ii) Critical accounting judgements in applying the group's accounting policies

There are no critical accounting judgements in applying the group's accounting policies that have a significant effect on the financial statements.

3. Significant accounting policies

- (a) Consolidation:

- (i) Subsidiaries

A subsidiary is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. The consolidated financial statements comprise the financial position of the company and its subsidiary (note 1), prepared to December 31, 2008.

- (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) Interest in subsidiary:

Interest in the wholly-owned subsidiary (note 1) is accounted for at cost less impairment losses.

- (c) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and an amount held in escrow.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

3. Significant accounting policies (cont'd)

(d) Accounts payable and accrued charges:

Accounts payable and accrued charges are stated at cost.

(e) Other receivables:

Other receivables are stated at amortised cost less impairment losses.

(f) Related parties:

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party:

(a) controls, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);

(b) has an interest in the entity that gives it significant influence over the company;
or

(c) has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

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

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

3. Significant accounting policies (cont'd)

(g) Foreign currencies:

- (i) Transactions in foreign currencies are translated to the respective functional currencies of the group at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance sheet 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.

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 operation, which is a "foreign entity", as defined in IFRS, are translated into Jamaica dollars for the purpose of inclusion in these financial statements as follows:
- (1) all assets and liabilities at the rate ruling at the balance sheet date;
 - (2) all income and expense items at the exchange rate ruling at the dates of the transactions;
 - (3) the resulting exchange differences are included in equity until the disposal of the investment.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

3. Significant accounting policies (cont'd)

(h) Impairment:

The carrying amount of the group's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated at each balance sheet date. 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 the income statement.

(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 recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

3. Significant accounting policies (cont'd)

(i) Financial assets and liabilities:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable and deposits. Financial liabilities comprise payables and accrued charges.

(i) Recognition:

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

(ii) Derecognition:

The company 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.

(j) 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) Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Board of Directors.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

4. Property under construction

2008

Contracted purchase price:
 Seven (7) units in Carlton Savannah Hotel & Health Club and Spa \$341,788,001

On June, 24 2008, Carlton Savannah REIT (St. Lucia) Limited acquired the rights to purchase seven (7) units in the Carlton Savannah Hotel & Health Club and Spa, when completed, from Balton Properties (see note 6) for which the consideration was seven (7) shares in Carlton Savannah REIT (St. Lucia) Limited.

5. Cash and cash equivalents

2008

Amount held in escrow - principal (note 6)	134,727,098
- interest	<u>1,009,296</u>
Total amount held in escrow	135,736,394
Other interest bearing accounts	2,147,955
Demand deposit	<u>107,927</u>
	<u>\$137,992,276</u>

6. Interest in subsidiary

Interest in subsidiary represents the deposit on shares in Carlton Savannah REIT (St. Lucia) Limited, acquired from Balton Properties.

2008

Contracted purchase price of seven (7) shares in:	
Carlton Savannah REIT (St. Lucia) Limited	416,883,659
Payment made to date to acquire shares	<u>(282,156,561)</u>
Balance to be paid – being held in escrow (note 5)	<u>\$134,727,098</u>

US\$1,684,887 or J\$134,727,098, being the balance of the purchase price, is being held in escrow by an agent in Trinidad and Tobago. This amount will be paid over to Balton Properties, the developer of the Carlton Savannah Hotel & Health Club and Spa, upon completion of construction and transfer of the titles to the seven (7) units that Carlton Savannah REIT (St. Lucia) Limited has purchased (see note 4).

7. Other receivables

2008

Withholding tax recoverable	74,586
Utility deposit	<u>4,200</u>
	<u>\$78,786</u>

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

8.	<u>Share capital</u>		<u>2008</u>
	Authorised capital:		
	500,000,000 ordinary shares of no par value		
	Issued and fully-paid:		
	68,800,102 ordinary shares @ \$5.91		<u>\$406,608,605</u>
9.	<u>Accounts payable and accrued charges</u>		
		Group	Company
		<u>2008</u>	<u>2008</u>
	Accounts payable	378,835	172,933
	Short-term loans	279,628	279,628
	Dividend payable (note 13)	28,288	28,288
	Other payables and accrued charges	<u>1,150,048</u>	<u>900,086</u>
		<u>\$1,836,799</u>	<u>1,380,935</u>
10.	<u>Expenses</u>		Group and Company <u>2008</u>
	(a) Company formation, share issue and listing		
	Share issue costs		16,729,706
	Company formation and share listing		
	Bank charges	5,700	
	Consultancy fees	2,971,402	
	Courier	3,208	
	Listing fees	195,615	
	Printing and reproduction	3,182	
	Professional fees	2,867,989	
	Registrar fees	<u>16,000</u>	
	Total company formation and share listing		<u>6,063,096</u>
	Total share issue, company formation and share listing		22,792,802
	Amount reimbursed by Balton Properties Limited		<u>(22,422,427)</u>
	Net company formation, share issue and share listing		<u>\$ 370,375</u>

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
 December 31, 2008

10. Expenses (cont'd)

	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2008</u>
(b) Operating:		
Advertising and promotion	64,221	64,221
Audit and accounting fees	1,418,659	1,188,300
Annual returns	4,000	4,000
Asset tax	35,000	35,000
Bank charges	26,700	26,700
Courier	5,180	5,180
Miscellaneous	58,302	58,302
Professional fees	844,342	654,587
Communication	27,960	27,960
Travel	172,851	172,851
Office supplies	7,996	7,996
Postage and delivery	<u>5,730</u>	<u>5,730</u>
Total operating expenses	<u>\$2,670,941</u>	<u>2,250,827</u>

11. Finance income

	<u>Group and</u> <u>Company</u>
Interest income	<u>2,713,337</u>
Unrealised foreign exchange gain	
- Escrow account	14,050,344
- Other	<u>288,951</u>
	<u>14,339,295</u>
	<u>\$17,052,632</u>

12. Profit for the period

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

	<u>Group</u> <u>2008</u>	<u>Company</u> <u>2008</u>
	\$	
Auditors' remuneration	929,359	699,000
Directors remuneration	<u>Nil</u>	<u>Nil</u>

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

13. Dividend

Group and
Company

Declared and paid/credited, US\$0.0004 per share in respect of the period to December 31, 2008	<u>\$2,193,347</u>
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14. Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing profit for the period of \$14,011,316 by stock units in issue during the year, numbering 68,800,102.

15. Financial instruments and financial risk management

The group has exposure to credit, liquidity, and market risks, which arise in the ordinary course of the group's 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 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.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

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

(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 company's credit risk is concentrated, primarily, in cash and cash equivalents, and other receivables.

Exposure to credit risk

The group is exposed to credit risk as follows:

	Group and Company <u>2008</u>
Cash and cash equivalents	137,992,276
Other receivables	<u>78,786</u>
	<u>\$138,071,062</u>

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

Other receivables comprise the amounts set out in note 7. Management considers the credit risk related to these items is not significant.

The group has no significant concentration of credit risk, except for balances held with escrow agent (see note 6). The maximum credit exposure, the total amount of loss the group and the company would suffer if every counter-party to the company's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the balance sheet.

There has been no change in the company's approach to its credit risk management.

(b) Liquidity risk:

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financials 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 company to maintain sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis and have funding available through an adequate amount of committed facilities.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

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

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 period.

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

Group	2008			Carrying Value
	Within 1 Month	1 to 3 Months	3 to 12 months	
Accounts payable and accrued charges	<u>\$474,238</u>	<u>1,082,933</u>	<u>279,628</u>	<u>1,836,799</u>
Company	2008			
	Within 1 Month	1 to 3 Months	3 to 12 months	Carrying Value
Accounts payable and accrued charges	<u>\$19,376</u>	<u>1,081,931</u>	<u>279,628</u>	<u>1,380,935</u>

(c) Market risk

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

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

(i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rates fluctuations. The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar and the Trinidad and Tobago dollars. 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.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

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

(c) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

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

	Group and Company <u>2008</u>
Foreign currency assets:	
Cash	<u>1,724,335</u>
Foreign currency liabilities:	
Payables and accrued charges	<u>(3,147)</u>
Net foreign currency assets	<u>US\$1,721,188</u>

Sensitivity analysis

A 10% percent weakening of the Jamaica dollar against the United States dollar at December 31 would have increased the group's and company's profit by \$13,763,000. The analysis assumes that all other variables, in particular, interest rates, remain constant.

A 10% percent strengthening of the Jamaica dollar against United States dollar at December 31 would have had the equal but opposite effect, on the basis that all other variables remain constant.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate 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 daily. Even though there is no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the 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. As at the period end, the Group was not subject to significant interest rate risk.

CARLTON SAVANNAH REIT (JAMAICA) LIMITED

Notes to the Financial Statements (Continued)
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18. Fair value

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The fair value of cash and cash equivalents, other receivables and accounts payable are considered to approximate their carrying values due to their relatively short-term nature.

19. Capital management

The company's capital consists of ordinary shares and retained earnings. The company maintains a strong capital base to sustain future developments in the business. The company is not subject to any externally-imposed capital requirements.