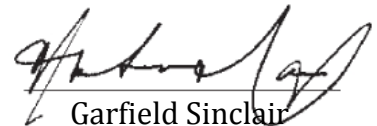


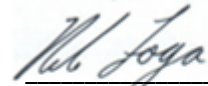
KINGSTON PROPERTIES LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

NINE (9) MONTHS ENDED SEPTEMBER 30, 2015



Garfield Sinclair
Chairman



Nicole Foga
Director

KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

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KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

	<u>Notes</u>	Unaudited Quarter ended September 30, 2015 \$'000	Unaudited Quarter ended September 30, 2014 \$'000	Unaudited Nine (9) months ended September 30, 2015 \$'000	Unaudited Nine (9) months ended September 30, 2014 \$'000	Audited Year ended December 31, 2014 \$'000
Revenues:						
Rental income		26,639	27,026	78,095	77,433	108,049
Operating expenses	4	<u>(20,114)</u>	<u>(14,691)</u>	<u>(67,753)</u>	<u>(41,835)</u>	<u>(56,823)</u>
Results of operating activities before other income/gains		6,526	12,335	10,342	35,598	51,226
Other income/gains:						
Gain/(loss) on disposal of furniture and equipment/investment property		4	3,588	(576)	497	497
Miscellaneous income		<u>(18)</u>	<u>79</u>	<u>179</u>	<u>229</u>	<u>348</u>
Profit before exceptional item		6,512	16,003	9,945	36,324	52,071
Exceptional item	5	-	-	<u>(32,850)</u>	-	-
Profit/(loss) before net finance costs and impairment loss		6,512	16,003	(22,905)	36,324	52,071
Finance income		3,146	1,915	8,566	5,595	7,557
Finance cost		<u>(3,281)</u>	<u>(8,464)</u>	<u>(28,349)</u>	<u>(35,890)</u>	<u>(53,258)</u>
Net finance cost	3	<u>(135)</u>	<u>(6,549)</u>	<u>(19,783)</u>	<u>(30,295)</u>	<u>(45,701)</u>
Impairment loss		-	-	-	-	<u>(4,057)</u>
Profit/(loss) before income tax		6,377	9,454	(42,688)	6,029	2,313
Income tax charge		(10,848)	(5,316)	(8,367)	(1,459)	(3,450)
(Loss)/profit for the period/year		(4,471)	4,138	(51,055)	4,570	(1,137)
Other comprehensive income						
Foreign currency translation gains from foreign operations, being total comprehensive income		10,315	4,556	22,968	32,377	45,058
Total comprehensive income/(loss) for the period / year		5,844	8,694	(28,087)	36,947	43,921
Earnings per share attributable to the equity holders of the Company:						
Number of shares		161,004	68,800	161,004	68,800	68,372
Earnings per stock unit:		<u>(0.03) cents</u>	<u>0.06 cents</u>	<u>(0.32) cents</u>	<u>0.07 cents</u>	<u>(0.02) cents</u>

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT SEPTEMBER 30, 2015

	Unaudited	Unaudited	Audited
	as at	as at	as at
	September 30,	September 30,	December 31,
	2015	2014	2014
Notes	\$'000	\$'000	\$'000
NON-CURRENT ASSETS			
Investment properties	6 1,235,041	1,145,867	953,789
Land held for development	7 19,082	18,497	18,497
Furniture, software and equipment	3,074	2,947	2,850
Total non-current assets	1,257,197	1,167,311	975,136
CURRENT ASSETS			
Investment property held for sale	-	-	196,676
Receivables and prepayments	8 63,038	16,785	13,518
Reverse repurchase agreements	346,419	480	488
Income tax recoverable	98	-	-
Cash and cash equivalents	240,018	227,897	232,660
Total current assets	649,573	245,162	443,342
Total assets	1,906,770	1,412,473	1,418,478
EQUITY			
Share capital	9 1,028,473	406,609	406,609
Treasury shares	(5,049)	-	(3,293)
Cumulative translation reserve	218,073	182,425	195,105
Retained earnings	179,819	259,219	253,512
Total equity	1,421,316	848,253	851,933
NON-CURRENT LIABILITIES			
Loans payable	10 115,656	247,774	247,747
Deferred tax liability	63,986	50,056	52,755
	179,642	297,830	300,502
CURRENT LIABILITIES			
Loans payable	10 226,045	234,454	238,604
Accounts payable and accrued charges	11 79,767	28,259	25,078
Bank overdraft	-	1,752	-
Income tax payable	-	1,925	2,361
Total current liabilities	305,812	266,390	266,043
Total equity and liabilities	1,906,770	1,412,473	1,418,478

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

	Share capital \$'000	Treasury shares \$'000	Cumulative translation reserve \$'000	Retained earnings \$'000	Total \$'000
Audited balances at December 31, 2013	406,609	-	150,048	273,182	829,839
Profit, being comprehensive income for the period	-	-	-	4,570	4,570
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	-	32,377	-	32,377
Contributions by and distributions to owners:					
Dividend paid, being total distributions to owners	-	-	-	(18,533)	(18,533)
Unaudited, balances at September 30, 2014	406,609	-	182,425	259,219	848,253
Audited balances at December 31, 2014	406,609	(3,293)	195,105	253,512	851,933
Transactions with owners of the company:					
Shares repurchased	-	(1,756)	-	-	(1,756)
Issuance of share capital (note 9)	621,864	-	-	-	621,864
Loss, being comprehensive expense for the period	-	-	-	(51,055)	(51,055)
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	-	22,968	-	22,968
Contributions by and distributions to owners:					
Dividend paid, being total distributions to owners	-	-	-	(22,638)	(22,638)
Unaudited, balances at September 30, 2015	1,028,473	(5,049)	218,073	179,819	1,421,316

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

	Unaudited Nine months ended September 30, 2015 <u>\$'000</u>	Unaudited Nine months ended September 30, 2014 <u>\$'000</u>	Audited Year ended December 31, 2014 <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the period / year	(51,055)	4,570	(1,137)
Adjustments to reconcile profit for the period / year to net cash provided by / (used in) operating activities:			
Income tax charge	8,367	1,459	3,450
Depreciation	273	302	408
Interest income	(8,566)	(5,595)	(7,557)
Impairment loss	-	-	4,057
Interest expense and commitment fees	24,294	18,025	25,693
Loss/(gain) on disposal of investment property	580	(497)	(497)
Gain on disposal of office equipment	(4)	-	-
Unrealized foreign exchange losses on loans and cash and cash equivalents	18,645	18,676	30,733
Operating (loss)/profit before changes in working capital	(7,466)	36,940	55,150
Changes in:			
Other receivables	(47,568)	(2,011)	(569)
Accounts payable and accrued charges	54,689	3,907	725
Income tax paid	(1,869)	(17)	(8)
Net cash (used in) / provided by operating activities	(2,214)	38,819	55,298
Cash flows from investing activities			
Interest received	6,614	2,509	6,296
Securities purchased under agreements to resell	(345,931)	14,076	14,069
Additions to office equipment	(830)	(427)	(435)
Land held for development	(585)	-	-
Proceeds from disposal of office equipment	336	-	-
Additions to investment property	(336)	(3,815)	(221,785)
Purchase of investment property	(259,798)	(214,661)	-
Proceeds of disposal of investment property	196,096	109,667	101,488
Net cash used in investing activities	(404,434)	(92,651)	(100,367)

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS (CONT'D)
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

	Unaudited Nine months ended September 30, 2015 <u>\$'000</u>	Unaudited Nine months ended September 30, 2014 <u>\$'000</u>	Audited Year ended December 31, 2014 <u>\$'000</u>
Cash flows from financing activities			
Interest paid	(24,294)	(18,025)	(25,693)
Dividend paid	(22,638)	(18,533)	(18,533)
Loan received	-	111,540	107,672
Loans payable	-	10,402	5,510
Repayment of vendor's mortgage	(39,010)	-	-
Repayment of bank loan	(116,410)	-	-
Share capital issued	621,865	-	-
Treasury shares	(1,757)	-	(3,293)
Net cash provided by financing activities	<u>417,756</u>	<u>85,384</u>	<u>65,663</u>
Net increase in cash and cash equivalents	11,109	31,552	20,593
Cash and cash equivalents at beginning of period	232,660	212,064	212,064
Effect of exchange rate fluctuations on cash and cash equivalents	(3,751)	(17,471)	3
Cash and cash equivalents at end of period / year	<u>240,018</u>	<u>226,145</u>	<u>232,660</u>
Represented by:			
Bank overdraft	-	(1,752)	-
Cash and cash equivalents	<u>240,018</u>	<u>227,897</u>	<u>232,660</u>
	<u>240,018</u>	<u>226,145</u>	<u>232,660</u>

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

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, 2014. 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, 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2014.

(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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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 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 consolidation 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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

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 settlements 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 recognized 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 equipment are as follows:

Computer and accessories	20%
Furniture and fixtures	10%

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

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 equivalent 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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

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, 2015

3. Finance costs

	Unaudited Quarter ended September 30, 2015 \$'000	Unaudited Quarter ended September 30, 2014 \$'000	Unaudited Nine (9) months ended September 30, 2015 \$'000	Unaudited Nine (9) months ended September 30, 2014 \$'000	Audited Year end December 31, 2014 \$'000
Finance income					
Interest income	<u>3,146</u>	<u>1,915</u>	<u>8,566</u>	<u>5,595</u>	<u>7,557</u>
Finance costs:					
Interest expense	(4,640)	(7,028)	(24,294)	(18,562)	(25,693)
Commitment fees	(160)	-	(480)	-	-
Amortization cost	-	1	17	4	-
Foreign exchange gains and losses arising from investing and financing activities:					
Net unrealized losses on translation of foreign currency investment and borrowings	<u>1,233</u>	<u>(1,429)</u>	<u>(3,751)</u>	<u>(17,471)</u>	<u>(27,748)</u>
Net realized (loss)/gain on conversion of foreign currency investments and borrowings	<u>286</u>	<u>(8)</u>	<u>159</u>	<u>139</u>	<u>184</u>
Total finance cost	<u>(3,281)</u>	<u>(8,464)</u>	<u>(28,349)</u>	<u>(35,890)</u>	<u>(53,258)</u>
Net finance cost	<u>(135)</u>	<u>(6,549)</u>	<u>(19,783)</u>	<u>(30,295)</u>	<u>(45,701)</u>

4. Operating expenses

Included in operating expenses is an amount of \$10,067,430 which arose from a new contract retroactive to January 1, 2014 which was agreed with the Executive Director.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

5. Exceptional item

In accordance with a Long Term Incentive Plan (LTIP) designed as of January 1, 2010 the Executive Director was entitled to an allocation of shares based on the achievement of certain profit performance targets. This plan was not implemented. Consequently it was mutually agreed between the Executive Director and the Board that the amount of \$30,000,000 should be paid to the Executive Director in lieu and in full settlement of the non-implementation of the LTIP. The amount of \$32,850,000 which includes employer's statutory contributions has been provided for in the financial statements for the quarter ended September 30, 2015.

6.

	Unaudited September 30, 2015 \$'000	Unaudited September 30, 2014 \$'000	Audited December 31, 2014 \$'000
(i) Hagley Park Road warehouse	-	200,733	-
(ii) Miami condominiums - (downtown)	365,275	346,882	352,229
(iii) Miami apartment complex	226,043	214,661	217,970
(iv) Red Hills Road commercial complex	383,926	383,591	383,590
(v) Miami condominiums - (midtown)	259,797	-	-
	<u>1,235,041</u>	<u>1,145,867</u>	<u>953,789</u>

(i) This represents 26,000 square feet of commercial property located on Hagley Park Road, Kingston, Jamaica, which was disposed in January 2015.

(ii) This represents 12,380 square feet of residential condominium space comprising 15 units in the Loft II building located at 133 NE 2nd Avenue in downtown Miami, Florida

(iii) This represents a 19 unit apartment complex, purchased in 2014, located at 555 NW 4th Street, Miami, Florida.

(iv) This represents 47,865 square feet of commercial property located on Red Hills Road, Kingston, Jamaica.

(v) This represents 5213 square feet of residential condominiums comprising of 5 units located at 3250 NE 1st Avenue in Miami, Florida purchased in September 2015.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

7. Land held for development

Unaudited	Unaudited	Audited
September 30, 2015	September 30, 2014	December 31, 2014
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
19,082	18,497	18,497

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

8. Receivables and prepayments

Unaudited	Unaudited	Audited
September 30, 2015	September 30, 2014	December 31, 2014
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Rent receivables	-	541
Withholding tax recoverable	6,112	6,149
Security deposits	2,380	2,331
Prepayments	5,121	2,508
Interest receivables	3,066	1,261
Other receivables and prepayments *	106	728
63,038	16,785	13,518

*Included in receivables and prepayments is an amount of \$42,615,779 made on the deposit of a purchase of a new property in Miami.

9. Share capital

Unaudited	Unaudited	Audited
September 30, 2015	September 30, 2014	December 31, 2014
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
1,028,473	406,609	406,609

On July 22, 2015, the company made a rights issue for an additional 92,860,487 ordinary shares at \$7 per share, which raised a net amount of \$621,864,515.

10. Loans payable

Unaudited	Unaudited	Audited
September 30, 2015	September 30, 2014	December 31, 2014
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Bank loan [see (i)]		
Face amount	214,066	217,855
Un-amortized transaction costs	-	-
Carrying value	214,066	217,855
Vendor's mortgage [see (ii)]	42,809	39,010
Total bank loans and vendor's mortgage	256,875	256,865
Other mortgage loan - No 1 [see (iii)]		
Face amount	120,328	122,458
Un-amortized transaction costs	(6,514)	(6,047)
	113,814	116,410
Other mortgage loan - No 2 [see (iv)]	111,540	113,076
Total loans payable	482,228	486,352

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

10. Loans payable (Cont'd):

	Unaudited September 30, 2015 <u>\$'000</u>	Unaudited September 30, 2014 <u>\$'000</u>	Audited December 31, 2014 <u>\$'000</u>
Classified as follows:			
Non-current			
Vendor's mortgages [see (ii)]	-	22,421	18,261
Other mortgage loan [see (iii)]	-	113,814	116,410
Other mortgage loan [see (iv)]	115,656	111,540	113,076
	115,656	247,774	247,747
Current			
Bank loan (i)	226,045	214,066	217,855
Vendor's mortgage (ii)	-	20,388	20,749
	226,045	234,454	238,604

(i) Bank loans

Sagicor Bank Jamaica Limited (formerly Pan Caribbean Bank Limited)

This represents a draw down under a credit facility of US\$1,899,988, (J\$226,205,070); [September 30, 2014: US\$1,899,988, (J\$214,065,777); December 31, 2014: US\$1,899,988, (J\$217,855,330)] evidenced by a promissory note. The loan currently attracts interest at a rate of 5% per annum. The loan was renewed on January 14, 2015, and is repayable twelve months from date of disbursement.

It is secured by hypothecation of a deposit of US\$1,952,000, (J\$231,011,392); [September 30, 2014: US\$1,952,000, (J\$219,379,229); December 31, 2014: US\$1,952,000, (J\$222,760,874)] held by a subsidiary with the bank, and a corporate guarantee of that subsidiary limited to the extent of the facility.

(ii) Vendor's mortgage

This represents amounts owing under a mortgage of US\$780,000 from the vendor of the Red Hills Road property. It bears interest rate of 6% per annum and is repayable in sixty (60) monthly installments, which commenced on January 1, 2012. The vendor's mortgage was repaid in July 2015. The balance at [September 30, 2014: US\$ 379,961, (J\$42,808,758); December 31, 2014: US\$340,222, (J\$39,010,132)].

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

This represents a promissory note of US\$1,068,000 payable by Kingston Properties Miami LLC to Best Meridian Insurance Company, a Florida corporation. The note attracted an interest at a rate of 6.5% per annum, with monthly interest payments US\$5,785, which commenced on October 1, 2012. The note was secured by a mortgage over the condominiums, known as Loft II, located in Miami-Dade, Florida. The loan has been fully paid in June 2015.

The balance at [September 30, 2014: US\$1,068,000, (J\$120,327,502); December 31, 2014: US\$1,068,000, (J\$122,457,627)]

Transaction costs of approximately US\$99,000 were incurred in obtaining the loan. These costs were deducted from the loan balance and amortized over the life of the loan. The balance at [September 30, 2014: US\$57,959, (J\$6,513,930); December 31, 2014: US\$52,991, (J\$6,047,388)].

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10. Loans payable (Cont'd):

(iv) **Other mortgage loan - No 2 - InterAmerican Bank**

This represents a loan of US\$990,000 payable by Kingston Properties Miami LLC to the Interamerican Bank, a financial institution in Florida. Interest is charged at 5.25% with effect from October 5, 2014 during the first five years; thereafter, the interest rate shall be adjusted to a fixed rate per annum calculated by adding 1.00% to the then New York Prime rate as published in the Wall Street Journal.

The loan is repayable on September 5, 2024. It is secured by a first mortgage lien and a first lien security interest on the property at 555 SW 4th Street, and on all improvements, furniture, fixtures and personal property (tangible and intangible) thereon or with respect thereto, including a first priority interest in the assignment of rents, leases and profits.

The balance at September 30, 2015 is US\$971,451, (J\$115,656,385); [September 30, 2014: US\$990,000, (J\$111,539,538); December 31, 2014: US\$986,179, (J\$113,076,007)]

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11. Accounts payable and accrued charges

	Unaudited September 30, 2015 \$'000	Unaudited September 30, 2014 \$'000	Audited December 31, 2014 \$'000
Accounts payable	13,472	6,446	1,162
Interest payable	2,899	1,492	1,109
Accounting and audit fees	2,510	2,533	3,256
Dividend payable	203	227	217
Other payables and accrued charges	48,671	4,637	6,280
Security deposits held	12,012	12,923	13,054
	<u>79,767</u>	<u>28,258</u>	<u>25,078</u>

12. Segment reporting

The Group has three operating segments. 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 report is used to measure performance as management believe 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, 2015

	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	<u>35,093</u>	<u>43,002</u>	<u>-</u>	<u>-</u>	<u>78,095</u>
(Loss) / profit for the period	<u>(55,254)</u>	<u>55</u>	<u>4,144</u>	<u>-</u>	<u>(51,055)</u>

Unaudited
as at September 30, 2015

	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	<u>1,304,378</u>	<u>909,284</u>	<u>450,428</u>	<u>(757,321)</u>	<u>1,906,770</u>
Segment liabilities	<u>273,276</u>	<u>683,947</u>	<u>3,395</u>	<u>(475,164)</u>	<u>485,454</u>

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED SEPTEMBER 30, 2015

12. Segment reporting (Cont'd):

	Unaudited Nine (9) months ended September 30, 2014				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	50,951	26,482	-	-	77,433
(Loss) / profit for the period	(6,618)	6,674	4,514	-	4,570
	Unaudited as at September 30, 2014				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	934,141	734,349	480,527	(736,544)	1,412,473
Segment liabilities	429,210	538,578	1,023	(404,591)	564,220
	Audited Year ended December 31, 2014				
	Jamaica \$	United States of America \$	St. Lucia \$	Consolidated adjustments and eliminations \$	Total Group \$
Revenues	68,684	39,364	-	-	108,049
(Loss) / profit for the year	(19,371)	9,027	5,853	3,354	(1,137)
	Audited as at December 31, 2014				
	Jamaica \$	United States of America \$	St. Lucia \$	Consolidated adjustments and eliminations \$	Total Group \$
Segment assets	930,169	751,777	436,082	(699,550)	1,418,478
Segment liabilities	441,283	541,035	1,620	(417,393)	566,545