



May 6, 2016

UNAUDITED GROUP FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2016

The Board of Directors presents the unaudited group financial statements for the nine months ended March 31, 2016.

Income Statement

For the three months ended March 31, 2016, **group rental income** was \$30.7 million versus \$25.6 million for the three months to March 31, 2015, an increase of 19.9%. Rental revenues reflected the acquisition of additional overseas properties with the addition of five (5) condo units at Midblock in Midtown Miami and four (4) units at the W Fort Lauderdale, all concluded in the second half of 2015. **Total operating profit** amounted to \$124.2 million at the end of the March 2016 quarter versus \$8.9 million for the same period in the previous year, primarily reflecting \$116.9 million in fair value gains on the Midblock and Loft II properties located in South Miami.

Operating expenses, which include direct property expenses and administrative expenses, increased from \$16.1 million for the three months ended March 31, 2015 to \$24.3 million for the review period in 2016. Operating expenses for the three months period to March 31, 2016 reflects higher homeowners' association fees, professional fees, and property taxes year over year, due to the addition of more condos in the portfolio. There was also higher year over year salary and related expenses when compared with the first quarter of 2015 following the adjustment to a more market based executive compensation scheme in the first quarter of 2015. Direct property expenses include insurance, property taxes, homeowners' association (HOA) fees, broker fees and repairs & maintenance. These represented 55.6% of operating expenses for the March 2015 quarter versus 48.7% for the three months to the end of March 2016.

Results of Operating Activities before other income/gains for the three months under review were \$6.4 million compared with \$9.5 million for the similar period last year. This represents a decrease of 32.9% year over year. However, the company's current debt to equity ratio of 12% is well below the current target as well as the prior year ratio of 60% which suggests the existence of excess capacity to prudently accommodate additional income property acquisitions during the 2nd quarter of this financial year.

Group net finance income was \$6.2 million for the three months ended March 31, 2016 compared with net finance costs of \$6.1 million for the first three months of 2015, reflecting the company's reduced debt position and net unrealized foreign currency translation gains at the end of the period under review.



Total group comprehensive (loss)/income was \$98.9 million in the March 2016 review period, versus \$12.3 million for the three months ended March 31, 2015. This result primarily consisted of foreign currency translation gains from foreign operations that will never be reclassified to profit and loss of \$8.6 million for the current period compared to \$1.7 million for the three months ended March 31 2015; Finance income of \$6.1 million for the current quarter compared to Finance costs of \$8.7 million for the same prior year quarter; and the fair value gain on investment properties of \$116.9 million in the current quarter compared to none in the prior year first quarter.

Balance Sheet

Kingston Properties' significant balance sheet assets remain **Investment Properties** of \$1,683.0 million at March 31, 2016 versus \$955.6 million at March 31, 2015. The increase is primarily as a result of additions to the portfolio following the renounceable rights issue held in July 2015, when approximately \$650.0 million was raised. The funds were used in the acquisition of condo units at Midblock and at the W Fort Lauderdale. **Total assets** stood at \$1,844.8 million as at March 31, 2016 compared to \$1,422.6 million the previous year, an increase of 29.7%.

Cash & cash equivalents plus reverse repurchase agreements totaled \$83.8 million compared with \$428.0 million for the similar period last year. Included in the cash & cash equivalent figure for 2015 were restricted amounts of \$208.2 million and sales proceeds from the disposal of the Hagley Park Road building.

Total group liabilities were \$197.5 million at March 31, 2016 versus \$559.7 million at March 31, 2015. The liabilities in 2015 were primarily mortgage loans collateralized by the properties plus a cash-secured bank loan, which has now been extinguished. The year-over-year decline reflects net pay-down of the loans funded primarily from the proceeds of asset sales.

Dividends

Dividend declared in the March 2016 quarter was US\$0.0012 per share for a total of US\$200,000. This is equivalent to the sum that was paid in 2015.

Subsequent Events

In April, Kingston Properties Limited acquired three condo units at Opera Tower in the downtown Miami area. The purchase was done as part of the 1031 Exchange program in the US, which allows the deferral of capital gains tax on disposal of property as long as the funds from the disposal are re-invested within a prescribed amount of time. Also in April, we received approval for two loans at excellent interest rates with two separate institutions to facilitate our property expansion plans.



The board of directors also approved a share buy-back program of up to 1% of the issued shares of the Company in an effort to continue to boost shareholder value.

Summary

For the three months under review, the operations and property management results reflect the investment property portfolio adjustments during the last quarter of the previous and first quarter of the current financial year. Additional leverage will result in more property acquisitions during the second quarter and accordingly additional net revenue. Occupancy rates remain high and the credit quality of our tenants continues to result in rental collections occurring as agreed.

As always, thanks to our shareholders, employees and other stakeholders for your continued support as we seek to continue executing the strategic objectives of our company.

Garfield Sinclair
Chairman

Meghon Miller-Brown
Director

KINGSTON PROPERTIES LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

THREE (3) MONTHS ENDED MARCH 31, 2016

**KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

THREE (3) MONTHS ENDED MARCH 31, 2016

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KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

	<u>Notes</u>	Unaudited Three (3) months ended March 31, 2016 \$'000	Unaudited Three (3) months ended March 31, 2015 \$'000	Audited Year ended December 31, 2015 \$'000
Revenues:				
Rental income		30,698	25,593	108,369
Operating expenses		<u>(24,331)</u>	<u>(16,111)</u>	<u>(100,903)</u>
Results of operating activities before other income/gains		6,367	9,482	7,466
Other income/gains:				
Fair value gain on investment properties		116,893	-	165,674
(Loss)/gain on disposal of investment properties		-	(580)	3,213
Miscellaneous income		<u>990</u>	<u>81</u>	<u>285</u>
Operating profit		124,250	8,983	176,638
Executive settlement		<u>-</u>	<u>-</u>	<u>(32,850)</u>
Profit before net finance costs		124,250	8,983	143,788
Finance income - interest income		59	2,658	10,352
Finance income/(cost)		<u>6,155</u>	<u>(8,724)</u>	<u>(26,853)</u>
Net finance income/(costs)	3	<u>6,214</u>	<u>(6,066)</u>	<u>(16,501)</u>
Profit before income tax		130,464	2,917	127,287
Income tax (charge)/credit		<u>(40,163)</u>	<u>7,629</u>	<u>(21,866)</u>
Profit for the period/year		<u>90,301</u>	<u>10,546</u>	<u>105,421</u>
Other comprehensive income that will never be reclassified to profit or loss:				
Foreign currency translation differences for foreign operations, being total comprehensive income		<u>8,637</u>	<u>1,704</u>	<u>30,177</u>
Total comprehensive income for the period / year		<u>98,938</u>	<u>12,250</u>	<u>135,598</u>
Earnings per share for profit attributable to the equity holders of the Company:				
Number of shares		160,996	68,232	160,996
Earnings per stock unit:		<u>85.55 cents</u>	<u>15 cents</u>	<u>99.87 cents</u>

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT MARCH 31, 2016

	<u>Notes</u>	<u>Unaudited as at March 31, 2016</u>	<u>Unaudited as at March 31, 2015</u>	<u>Audited as at December 31, 2015</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
NON-CURRENT ASSETS				
Investment properties	4	1,682,945	955,633	1,552,203
Land held for development	5	19,082	19,082	19,082
Furniture, software and equipment		2,840	2,752	2,928
Total non-current assets		<u>1,704,867</u>	<u>977,467</u>	<u>1,574,213</u>
CURRENT ASSETS				
Receivables and prepayments	6	55,974	17,062	22,336
Securities repurchased under agreements to resell		-	198,334	-
Income tax recoverable		-	-	108
Cash and cash equivalents		96,496	229,703	132,897
Total current assets		<u>152,470</u>	<u>445,099</u>	<u>155,341</u>
Total assets		<u>1,857,337</u>	<u>1,422,566</u>	<u>1,729,554</u>
EQUITY				
Share capital		1,028,509	406,609	1,028,509
Treasury shares		(5,049)	(4,586)	(5,049)
Cumulative translation reserve		233,920	196,809	225,283
Retained earnings		402,392	264,058	336,297
Total equity		<u>1,659,772</u>	<u>862,890</u>	<u>1,585,040</u>
NON-CURRENT LIABILITIES				
Loans payable	7	-	243,924	-
Deferred tax liabilities		119,038	42,657	78,179
Total non-current liabilities		<u>119,038</u>	<u>286,581</u>	<u>78,179</u>
CURRENT LIABILITIES				
Loans payable	7	-	238,921	-
Accounts payable and accrued charges	8	69,006	25,175	66,335
Bank overdraft		9,244	6,152	-
Income tax payable		277	2,847	-
Total current liabilities		<u>78,527</u>	<u>273,095</u>	<u>66,335</u>
Total equity and liabilities		<u>1,857,337</u>	<u>1,422,566</u>	<u>1,729,554</u>

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

	Share capital	Treasury	Cumulative	Retained	Total
	<u>\$'000</u>	<u>shares</u>	<u>translation</u>	<u>earnings</u>	<u>\$'000</u>
		<u>\$'000</u>	<u>reserve</u>	<u>\$'000</u>	<u>\$'000</u>
			<u>\$'000</u>		
Audited, balances at					
December 31, 2014 as previously reported	406,609	(3,293)	195,105	253,512	851,933
Transaction with owners of the company:					
Shares repurchased	-	(1,293)	-	-	(1,293)
Profit, being comprehensive income for the period	-	-	-	10,546	10,546
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	-	1,704	-	1,704
Unaudited, balances at March 31, 2015	<u>406,609</u>	<u>(4,586)</u>	<u>196,809</u>	<u>264,058</u>	<u>862,890</u>
Audited, balances at December 31, 2015	1,028,509	(5,049)	225,283	336,297	1,585,040
Profit, being comprehensive income for the period	-	-	-	90,301	90,301
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	-	8,637	-	8,637
Dividends paid, being total distribution to owners	-	-	-	(24,206)	(24,206)
Unaudited, balances at March 31, 2016	<u>1,028,509</u>	<u>(5,049)</u>	<u>233,920</u>	<u>402,392</u>	<u>1,659,772</u>

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

	Unaudited Three (3) months ended March 31, 2016 \$'000	Unaudited Three (3) months ended March 31, 2015 \$'000	Audited Year ended December 31, 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period / year	90,301	10,546	105,421
Adjustments to reconcile profit for the period / year to net cash provided by / (used in) operating activities:			
Income tax charge	40,163	(7,629)	21,866
Depreciation	118	98	409
Interest income	(59)	(2,658)	(10,352)
Interest expense	38	7,281	22,127
Fair value gain on investment property	(116,893)	-	(165,674)
Gain on disposal of investment property	-	580	(3,095)
Gain on disposal of office furniture	-	-	(4)
Unrealized foreign exchange losses	(4,137)	1,420	(1,366)
Operating profit/(loss) before changes in working capital	9,531	9,638	(30,668)
Changes in:			
Other receivables	(33,638)	(3,544)	(8,817)
Accounts payable and accrued charges	2,671	98	41,021
Income tax paid	-	(2,198)	(561)
Net cash (used in)/provided by operations	(21,436)	3,994	975
Cash flows from investing activities			
Interest received	59	2,658	10,352
Securities purchased under agreements to resell	-	(197,846)	488
Additions to office equipment	(24)	-	(808)
Disposal of equipment	-	-	336
Land held for development	-	(585)	(585)
Additions to investment property	-	-	(623,233)
Proceeds of disposal of investment property	-	196,096	417,741
Net cash provided by / (used in) investing activities	35	323	(195,709)
Cash flows from financing activities			
Interest paid	(38)	(7,281)	(22,127)
Dividends paid	(24,206)	-	(22,520)
Loans payable	-	(3,507)	-
Repayment of vendor's mortgage	-	-	(39,010)
Repayment of bank loan	-	-	(441,582)
Issuance of share capital	-	-	621,900
Stock units repurchased	-	(1,293)	(1,757)
Net cash (used in) / provided by financing activities	(24,244)	(12,081)	94,904
Net decrease in cash and cash equivalents	(45,645)	(7,764)	(99,830)
Cash and cash equivalents at beginning of period:	132,897	232,660	232,660
Effect of exchange rate fluctuations on cash and cash equivalents	-	(1,345)	67
Cash and cash equivalents at end of period / year	87,252	223,551	132,897
Represented by:			
Bank overdraft	(9,244)	(6,152)	-
Cash and cash equivalents	96,496	229,703	132,897
	87,252	223,551	132,897

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

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, 2015. 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, 2015.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2015.

(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)
THREE (3) MONTHS ENDED MARCH 31, 2016

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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

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 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 and equipment are as follows:

Computer and accessories	20%
Furniture and fixtures	10%

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

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)
THREE (3) MONTHS ENDED MARCH 31, 2016

3. Finance costs

	Unaudited Quarter ended March 31, 2016 \$'000	Unaudited Quarter ended March 31, 2015 \$'000	Audited Year end December 31, 2015 \$'000
Finance income			
Interest income	59	2,658	10,352
Finance costs:			
Interest expense	(38)	(7,122)	(22,127)
Commitment fees-bank loan	-	(160)	(6,857)
Amortization cost	-	1	-
Foreign exchange gains and losses arising from investing and financing activities:			
Net unrealized gain/(losses) on translation of foreign currency investments and borrowings	6,198	(1,345)	2,023
Net realized (losses)/gain on conversion of foreign exchange investments and borrowings	(5)	(98)	108
Total finance income/(cost)	6,155	(8,724)	(26,853)
Net finance income/(cost)	6,214	(6,066)	(16,501)

4. Investment properties

Investment properties held by the Group are as follows:

	Unaudited Quarter ended March 31, 2016 \$'000	Unaudited Quarter ended March 31, 2015 \$'000	Audited Year ended December 31, 2015 \$'000
(i) Miami condominiums	479,262	353,368	369,275
(ii) Miami apartment complex	-	218,675	-
(iii) Miami condominiums [midblock (iii)]	283,989	-	268,482
(iv) Miami condominium WFT	370,094	-	364,846
(v) Red Hills Road commercial complex	549,600	383,590	549,600
	1,682,945	955,633	1,552,203

- (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 represented a 19-unit apartment complex, purchased in 2014, located at 555 NW 4th Street, Miami, Florida. The property was sold at the end of the prior year.
- (iii) This represents 5 residential condominiums comprising 5,213 square feet located at 3250 NE 1st Avenue in Miami, Florida. The property was purchased in September 2015.
- (iv) This represents 4 residential condominiums comprising of 4,174 square feet purchased in October 2015, located at 3101 Bayshore, Fort Lauderdale.
- (v) This represents 52,012 square feet of commercial property located on Red Hills Road, Kingston, Jamaica.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED MARCH 31, 2016

5. Land held for development

Unaudited March 31, 2016 \$'000	Unaudited March 31, 2015 \$'000	Audited December 31, 2015 \$'000
<u>19,082</u>	<u>19,082</u>	<u>19,082</u>

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

6. Receivables and prepayments

	Unaudited March 31, 2016 \$'000	Unaudited March 31, 2015 \$'000	Audited December 31, 2015 \$'000
Rent receivables	56	997	93
Withholding tax recoverable	2,251	4,135	2,250
Security deposits	2,491	2,264	2,530
Prepayments	16,854	6,466	16,944
Interest receivables	-	3,200	-
Deposit on property	33,744	-	-
Other receivables	578	-	519
	<u>55,974</u>	<u>17,062</u>	<u>22,336</u>

7. Loans payable

	Unaudited March 31, 2016 \$'000	Unaudited March 31, 2015 \$'000	Audited December 31, 2015 \$'000
Bank loan - [see (i)]			
Face amount	-	218,583	-
Un-amortized transaction costs	-	(480)	-
Carrying value	-	218,103	-
Vendor's mortgage [see (ii)]	-	34,500	-
Total bank loans and vendor's mortgage	-	252,603	-
Other mortgage loan - No 1 [see (iii)]			
Face amount	-	122,866	-
Un-amortized transaction costs	-	(5,498)	-
	-	117,368	-
Other mortgage loan - No 2 [see (iv)]	-	112,874	-
Total loans payable	-	482,845	-

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Loans payable (cont'd):

	Unaudited March 31, 2016 \$'000	Unaudited March 31, 2015 \$'000	Audited December 31, 2015 \$'000
Classified as follows:			
Non-current			
Vendor's mortgage [see (ii)]	-	13,682	-
Other mortgage loan [see (iii)]	-	117,368	-
Other mortgage loan [see (iv)]	-	112,874	-
	<u>-</u>	<u>243,924</u>	<u>-</u>
Current			
Bank loan (i)	-	218,103	-
Vendor's mortgage (ii)	-	20,818	-
	<u>-</u>	<u>238,921</u>	<u>-</u>

(i) Bank loans

Sagicor Bank Jamaica Limited (formerly Pan Caribbean Bank Limited):

This represented a draw down under a credit facility of US\$1,899,988 (J\$218,582,650) at March 31, 2015 which was evidenced by a promissory note.

The loan attracted interest at a rate of 5% per annum. The loan was renewed on January 14, 2015, and was repayable twelve months from date of disbursement.

It was secured by hypothecation of a deposit of US\$1,952,000, held by a subsidiary with the bank, and a corporate guarantee of that subsidiary limited to the extent of the facility. This loan was subsequently repaid in December 2015.

(ii) Vendor's mortgage

This represented amounts owing under a mortgage of US\$780,000 from the vendor of the Red Hills Road property. Interest was at a rate of 6% per annum and was repayable in sixty (60) monthly instalments, which commenced on January 1, 2012. The balance at March 31, 2015 was US\$299,885 (J\$34,499,781). The vendor's mortgage was repaid in July 2015.

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

This represented 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 interest at a rate of 6.5% per annum, with monthly interest payments US\$5,785, which commenced on October 1, 2012. These monthly payments continued on the first day of each month thereafter until June 2015, at which time the remaining unpaid principal balance and accrued interest became due and payable. The note was secured by a mortgage over the condominiums, known as Loft II, located in Miami-Dade County, Florida, owned by the Group. The balance at March 31, 2015 was US\$1,068,000, (J\$122,868,458).

Transaction costs of approximately US\$99,000 were incurred in obtaining the loan. These costs were deducted from the loan balance and was amortized over the life of the loan. The balance at March 31, 2015 was US\$48,024, (J\$5,498,232).

(iv) Other mortgage loan - No 2 - Anti-American Bank

This represented a loan of US\$990,000 payable by Kingston Properties Miami LLC to the InterAmerican Bank, a financial institution in Florida. Interest was charged at 5.25% effective October 5, 2014.

The loan was 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 loan was repaid in full in the prior financial year.

The balance at March 31, 2015 was US\$981,146, (J\$112,874,496).

KINGSTON PROPERTIES LIMITED
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8. Accounts payable and accrued charges

	Unaudited March 31, 2016 \$'000	Unaudited March 31, 2015 \$'000	Audited December 31, 2015 \$'000
Accounts payable	7,375	4,033	8,420
Interest payable	-	2,372	-
Accounting and audit fees	2,166	941	3,880
Dividend payable	15,667	217	334
Other payables and accrued charges	33,116	8,344	43,680
Security deposits held	10,682	9,268	10,021
	<u>69,006</u>	<u>25,175</u>	<u>66,335</u>

9. 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
Three (3) months ended March 31, 2016

	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	<u>12,357</u>	<u>18,341</u>	<u>-</u>	<u>-</u>	<u>30,698</u>
Profit/(loss) for the period	<u>9,723</u>	<u>81,390</u>	<u>(812)</u>	<u>-</u>	<u>90,301</u>

Unaudited
as at March 31, 2016

	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	<u>1,474,095</u>	<u>1,267,821</u>	<u>454,237</u>	<u>(1,338,816)</u>	<u>1,857,337</u>
Segment liabilities	<u>295,935</u>	<u>957,549</u>	<u>741</u>	<u>(1,056,660)</u>	<u>197,565</u>

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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THREE (3) MONTHS ENDED MARCH 31, 2016

9. Segment reporting (cont'd):

	Unaudited Three (3) months ended March 31, 2015				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	11,821	13,772	-	-	25,593
Profit for the period	4,836	4,391	1,319	-	10,546
	Unaudited as at March 31, 2015				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	943,223	760,367	438,745	(719,769)	1,422,566
Segment liabilities	450,796	544,246	2,247	(437,613)	559,676
	Audited Year ended December 31, 2015				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	46,954	61,415	-	-	108,369
Profit/(loss) for the year	106,252	(6,163)	5,332	-	105,421
	Audited as at December 31, 2015				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	1,459,773	1,145,696	452,950	(1,328,865)	1,729,554
Segment liabilities	267,129	923,509	585	(1,046,709)	144,514