



Kingston Properties Limited

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Aug 17, 2015

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED JUNE 30, 2015

The Board of Directors presents, for the shareholders and the investing public at large, the unaudited consolidated financial statements for the six months ended June 30, 2015.

Income Statement

For the six months ended June 30, 2015, **group rental income** was \$51.5 million versus \$50.4 million for the six months a year ago, an overall increase of 2.1%. As per the table below, revenues reflect a shift in the composition of the investment portfolio as a result of the sale of the Hagley Park Road building in Jamaica and the four (4) condo units in the Miami Loft II building coupled with the purchase of the nineteen (19) unit apartment building.

Revenues	Six Months Ended June 30,		
	2015	2014	% growth
Jamaica	23,602,624	33,406,716	-29.3%
US	27,852,953	16,999,807	63.8%
Total	51,455,577	50,406,523	2.1%

Revenues in the US increased 63.8% primarily as a result of addition of the residential apartment building. The 29.3% decline in revenues in Jamaica is due to the disposition of the Hagley Park Road building.

Operating expenses, which include direct property expenses and administrative expenses, increased from \$27.1 million for the six months ended June 30, 2014 to \$47.6 million for the current period.

Direct property expenses were \$18.9 million for the current period versus \$15.9 million for the similar period last year and reflect higher property taxes in the US, repairs for releasing of apartment units and utility costs.

Administrative expenses were \$28.9 million for the six months ended June 30, 2015 compared with \$11.4 million for the prior period. This primarily reflects administrative expenses of \$10.1 million, which arose from a new contract with the Executive Director that was retroactive to Jan 1, 2014.

Received August 17, 2015

Kingston Properties Limited

Results of Operating Activities before other income/gains for the six months were \$3.8 million compared with \$23.3 million for the similar period last year.

Exceptional item of \$32.9 million reflects a Long Term Incentive Plan (LTIP) that was designed in 2009 to award shares as part of the Executive Director's compensation but it was not implemented. As a result, the Board and the Executive Director reached an agreement in lieu and in full settlement of the non-implementation.

Group net finance costs were \$19.6 million for the six months ended June 30, 2015 compared with \$23.7 million for the similar period in 2014. These amounts include net unrealized foreign currency translation losses of \$5.0 million and \$16.0 million respectively.

Total group comprehensive (loss)/income for the period was negative \$33.9 million, versus \$28.3 million reported for the six months ended June 30, 2014. Group comprehensive income consists of foreign currency translation differences for foreign operations of \$12.6 million for the current period and \$27.8 for the six months ended June 30, 2014.

Balance Sheet

Kingston Properties' significant balance sheet assets are **Investment Properties** of \$964.9 million at June 30, 2015 versus \$983.4 billion at June 30, 2014. The decrease is primarily as a result of portfolio shifts, which include sale of four (4) units in the Miami Loft II building, sale of the Hagley Park Road office/warehouse and purchase of a nineteen (19) unit-apartment building in the US.

Cash & cash equivalent plus reverse repurchase agreements totaled \$286.5 million compared with \$257.9 million for the similar period last year. Included in cash & cash equivalent are restricted amounts of \$222.3 million.

Total loans payable were \$366.5 million at June 30, 2015 versus \$372.9 million at June 30, 2014. The liabilities are primarily mortgage loans collateralized by the properties and a cash-secured bank loan. The year-over-year decline reflects net pay-down of the loans.

Earnings Per Stock Unit (EPS) for the six months was negative \$0.68 compared with \$0.01 for the similar period last year.

Renounceable Right Offer

There was a renounceable 2:1 rights offer that opened on July 22, 2015 and closed on August 7, 2015. The company raised \$650 million. Over 100 subscribers, including pension funds and other



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large institutions, have given Kingston Properties a stamp of approval despite strong competition from other offerings in the capital market. This gives the company the green light to pursue expansion plans in various real estate markets in the United States and Caribbean countries where rental income and occupancy levels are strong.

The Board of Directors is pleased with this vote of confidence from investors, which strengthens Kingston Properties' capital base and provides it with the means to acquire additional properties. The Rights Issue also met the objective of widening the shareholder base. The Board and management would like to thank all of the participating shareholders for their vote of confidence and promises to continue our diligent stewardship of the company.

Summary

For the six months, the operations and property management results reflect the investment property portfolio changes in terms of sales and purchases. Occupancy rates remained high. Rent collection was steady.

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

Garfield Sinclair
Chairman

Fayval Williams
Executive Director

KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2015

KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2015

TABLE OF CONTENTS

CONTENTS

	PAGE (S)
GROUP STATEMENT OF COMPREHENSIVE INCOME	1
GROUP STATEMENT OF FINANCIAL POSITION	2
GROUP STATEMENT OF CHANGES IN EQUITY	3
GROUP STATEMENT OF CASH FLOWS	4
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	5 - 15

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

SIX (6) MONTHS ENDED JUNE 30, 2015

	<u>Notes</u>	<u>Unaudited</u> Quarter ended June 30, 2015 \$'000	<u>Unaudited</u> Quarter ended June 30, 2014 \$'000	<u>Unaudited</u> Six (6) months ended June 30, 2015 \$'000	<u>Unaudited</u> Six (6) months ended June 30, 2014 \$'000	<u>Audited</u> Year ended December 31, 2014 \$'000
Revenues:						
Rental income		25,862	25,412	51,456	50,407	108,049
Operating expenses		(31,528)	(13,370)	(47,640)	(27,144)	(56,823)
Results of operating activities before other income/gains	4					
Other income/gains:		(5,666)	12,042	3,816	23,263	51,226
(Loss)/gain on disposal of investment property		-	(3,091)	(580)	(3,091)	497
Miscellaneous income		116	65	197	149	348
Profit before exceptional item		(5,550)	9,016	3,433	20,321	52,071
Exceptional item	5	(32,850)	-	(32,850)	-	-
Profit before net finance costs and impairment loss		(38,400)	9,016	(29,417)	20,321	52,071
Finance income		2,761	1,861	5,419	3,692	7,557
Finance cost		(16,343)	(14,851)	(25,067)	(27,426)	(53,258)
Net finance cost		(13,582)	(12,990)	(19,648)	(23,734)	(45,701)
Impairment loss	3	-	-	-	-	(4,057)
(Loss)/profit before income tax		(51,982)	(3,974)	(49,065)	(3,413)	2,313
Income tax (charge)/credit		(5,149)	805	2,480	3,857	(3,450)
(Loss)/profit for the period/year		(57,131)	(3,169)	(46,585)	444	(1,137)
Other comprehensive income						
Foreign currency translation gains from foreign operations, being total comprehensive income		10,946	11,858	12,653	27,825	45,058
Total comprehensive (loss)/income for the period / year		(46,185)	8,689	(33,932)	28,269	43,921
Earnings per share attributable to the equity holders of the Company:						
Number of shares		68,143	68,800	68,143	68,800	68,372
Earnings per stock unit:		(0.84) cents	(0.05) cents	(0.68) cents	.01 cent	(0.02) cents

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

		Unaudited as at June 30, 2015	Unaudited as at June 30, 2014	Audited as at December 31, 2014
	<u>Notes</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
NON-CURRENT ASSETS				
Investment properties	6	964,923	983,415	953,789
Land held for development	7	19,082	18,817	18,497
Furniture, software and equipment		2,755	2,978	2,850
Total non-current assets		986,760	1,005,210	975,136
CURRENT ASSETS				
Investment property held for sale		-	-	196,676
Receivables and prepayments	8	15,392	25,791	13,518
Reverse repurchase agreements		52,896	476	488
Income tax recoverable		109	-	-
Cash and cash equivalents		233,640	257,436	232,660
Total current assets		302,037	283,703	443,342
Total assets		1,288,797	1,288,913	1,418,478
EQUITY				
Share capital		406,609	406,609	406,609
Treasury shares		(5,050)	-	(3,293)
Cumulative translation reserve		207,758	177,873	195,105
Retained earnings		184,290	255,093	253,512
Total equity		793,607	839,575	851,933
NON-CURRENT LIABILITIES				
Loans payable	9	123,337	139,535	247,747
Deferred tax liability		51,665	46,311	52,755
		175,002	185,846	300,502
CURRENT LIABILITIES				
Loans payable	9	243,117	233,384	238,604
Accounts payable and accrued charges	10	77,071	27,293	25,078
Bank overdraft		-	2,676	-
Income tax payable		-	139	2,361
Total current liabilities		320,188	263,492	266,043
Total equity and liabilities		1,288,797	1,288,913	1,418,478

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 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	-		-	444	444
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-		27,825	-	27,825
Contributions by and distributions to owners:					
Dividend paid, being total distributions to owners	-		-	(18,533)	(18,533)
Unaudited, balances at June 30, 2014	<u>406,609</u>	<u>-</u>	<u>177,873</u>	<u>255,093</u>	<u>839,575</u>
Audited balances at December 31, 2014	406,609	(3,293)	195,105	253,512	851,933
Transactions with owners of the company					
Shares repurchased		(1,757)			(1,757)
Loss, being comprehensive expense for the period	-		-	(46,585)	(46,585)
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-		12,653	-	12,653
Contributions by and distributions to owners:					
Dividend paid, being total distributions to owners	-		-	(22,637)	(22,637)
Unaudited, balances at June 30, 2015	<u>406,609</u>	<u>(5,050)</u>	<u>207,758</u>	<u>184,290</u>	<u>793,607</u>

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2015

	Unaudited Six (6) months ended June 30, 2015 \$'000	Unaudited Six (6) months ended June 30, 2014 \$'000	Audited Year ended December 31, 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the period / year	(46,585)	444	(1,137)
Adjustments to reconcile profit for the period / year to net cash provided by / (used in) operating activities:			
Income tax (credit)/charge	(2,480)	(3,857)	3,450
Depreciation	193	199	408
Interest income	(5,419)	(3,692)	(7,557)
Impairment loss	-	-	4,057
Interest expense and commitment fees	19,654	11,535	25,693
Loss/(gain) on disposal of investment property	580	3,091	(497)
Unrealized foreign exchange loss	8,040	20,502	30,733
Operating (loss)/profit before changes in working capital	(26,017)	28,222	55,150
Changes in:			
Other receivables	2,078	(10,434)	(569)
Accounts payable and accrued charges	51,993	2,941	723
Income tax paid	(2,528)	-	(7)
Net cash provided by operating activities	25,526	20,729	55,297
Cash flows from investing activities			
Interest received	1,467	23	6,296
Securities purchased under agreements to resell	(52,408)	14,080	14,069
Additions to office equipment	(98)	(355)	(435)
Land held for development	(585)	(320)	-
Additions to investment property	-	44,847	(221,785)
Proceeds of disposal of investment property	196,096	(2,832)	101,488
Net cash provided by / (used in) investing activities	144,472	55,443	(100,367)
Cash flows from financing activities			
Interest paid	(19,654)	(11,535)	(25,693)
Dividend paid	(22,637)	(18,533)	(18,533)
Loan received	-	-	107,672
Loans payable	(3,576)	12,634	5,510
Repayment of bank loan	(116,410)	-	-
Treasury shares	(1,757)	-	(3,293)
Net cash (used in) / provided by financing activities	(164,034)	(17,434)	65,663
Net increase in cash and cash equivalents	5,964	58,738	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	(4,984)	(16,042)	3
Cash and cash equivalents at end of period / year	233,640	254,760	232,660
Represented by:			
Bank overdraft	-	(2,676)	-
Cash and cash equivalents	233,640	257,436	232,660
	233,640	254,760	232,660

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 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)
SIX (6) MONTHS ENDED JUNE 30, 2015

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)
SIX (6) MONTHS ENDED JUNE 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)
SIX (6) MONTHS ENDED JUNE 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)
SIX (6) MONTHS ENDED JUNE 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)

SIX (6) MONTHS ENDED JUNE 30, 2015

3. Finance costs

	Unaudited Quarter ended June 30, 2015 \$'000	Unaudited Quarter ended June 30, 2014 \$'000	Unaudited Six (6) months ended June 30, 2015 \$'000	Unaudited Six (6) months ended June 30, 2014 \$'000	Audited Year end December 31, 2014 \$'000
Finance income					
Interest income	2,761	1,861	5,419	3,692	7,557
Finance costs:					
Interest expense	(12,532)	(5,904)	(19,654)	(11,431)	(25,693)
Commitment fees	(160)	(104)	(320)	(104)	-
Amortisation cost	16	1	17	3	-
Foreign exchange gains and losses arising from investing and financing activities:					
Net unrealized losses on translation of foreign currency investment and borrowings	(3,639)	(9,046)	(4,984)	(16,042)	(27,748)
Net realized (loss)/gain on conversion of foreign currency investments and borrowings	(28)	202	(126)	148	183
Total finance cost	(16,343)	(14,851)	(25,067)	(27,426)	(53,258)
Net finance cost	(13,582)	(12,990)	(19,648)	(23,734)	(45,701)

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)
SIX (6) MONTHS ENDED JUNE 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 June 30, 2015.

6. Investment properties

	Unaudited June 30, 2015 \$'000	Unaudited June 30, 2014 \$'000	Audited December 31, 2014 \$'000
(i) Hagley Park Road Warehouse	-	200,733	-
(ii) Miami condominiums	359,107	400,074	352,229
(iii) Miami apartment complex	222,226	-	217,970
(iv) Red Hills Road commercial complex	<u>383,590</u>	<u>382,608</u>	<u>383,590</u>
	<u>964,923</u>	<u>983,415</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 [(June 30, 2014: 14,543; December 31, 2014: 12,380)] square feet of residential condominium space comprising 15 [(June 30, 2014: 17; December 31, 2014: 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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2015

7. Land held for development

	Unaudited June 30, 2015 \$'000	Unaudited June 30, 2014 \$'000	Audited December 31, 2014 \$'000
	<u>19,082</u>	<u>18,817</u>	<u>18,497</u>
This represents land held for development in Waterworks, Westmoreland, Jamaica.			

8. Receivables and prepayments

	Unaudited June 30, 2015 \$'000	Unaudited June 30, 2014 \$'000	Audited December 31, 2014 \$'000
Rent receivables	874	-	541
Withholding tax recoverable	4,363	6,095	6,149
Security deposits	2,301	2,665	2,331
Prepayments	3,323	4,638	2,508
Interest receivables	1,286	1,150	1,261
Other prepayments	3,245	11,243	728
	<u>15,392</u>	<u>25,791</u>	<u>13,518</u>

9. Loans payable

	Unaudited June 30, 2015 \$'000	Unaudited June 30, 2014 \$'000	Audited December 31, 2014 \$'000
Bank loan [see (i)]			
Face amount	222,268	213,184	217,855
Un-amortized transaction costs	(320)	(104)	-
Carrying value	221,948	213,080	217,855
Vendor's mortgage [see (ii)]	30,292	47,025	39,010
Total bank loans and vendor's mortgage	<u>252,240</u>	<u>260,105</u>	<u>256,865</u>
Other mortgage loan - No 1 [see (iii)]			
Face amount	-	119,832	122,457
Un-amortized transaction costs	-	(7,018)	(6,047)
	-	112,814	116,410
Other mortgage loan - No 2 [see (iv)]	114,214	-	113,076
Total loans payable	<u>366,454</u>	<u>372,919</u>	<u>486,351</u>

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

SIX (6) MONTHS ENDED JUNE 30, 2015

9. Loans payable (Cont'd):

	Unaudited June 30, 2015 \$'000	Unaudited June 30, 2014 \$'000	Audited December 31, 2014 \$'000
Classified as follows:			
Non-current			
Vendor's mortgages [see (ii)]	9,123	26,721	18,261
Other mortgage loan [see (iii)]	-	112,814	116,410
Other mortgage loan [see (iv)]	114,214	-	113,076
	<u>123,337</u>	<u>139,535</u>	<u>247,747</u>
Current			
Bank loan (i)	221,948	213,080	217,855
Vendor's mortgage (ii)	21,169	20,304	20,749
	<u>243,117</u>	<u>233,384</u>	<u>238,604</u>

(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\$222,268,079); [June 30, 2014: US\$1,899,988, (J\$213,184,180); 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, [June 30, 2014: J\$1,952,000; December 31, 2014: 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.

(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 balance at June 30, 2015 is US\$258,939 (J\$30,291,758); [June 30, 2014: US\$ 419,109, (J\$47,024,998); 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 (2014: US\$1,068,000) payable by Kingston Properties Miami LLC to Best Meridian Insurance Company, a Florida corporation. The note attracts interest at a rate of 6.5% per annum, with monthly interest payments US\$5,785, which commenced on October 1, 2012. The loan has been fully paid in June 2015. The note was secured by a mortgage over the condominiums, known as Loft II, located in Miami-Dade, Florida. The balance at [June 30, 2014: US\$1,068,000, (J\$119,831,948); 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 are being amortized over the life of the loan. The balance at [June 30, 2014: US\$62,928, (J\$7,017,683); December 31, 2014: US\$52,991, (J\$6,047,388)].

(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% 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 June 30, 2015 is US\$976,332, (J\$114,214,378); [December 31, 2014: US\$986,179, (J\$113,076,007)]

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2015

10. Accounts payable and accrued charges

	Unaudited June 30, 2015 \$'000	Unaudited June 30, 2014 \$'000	Audited December 31, 2014 \$'000
Accounts payable	5,717	4,853	1,162
Interest payable	433	888	1,109
Accounting and audit fees	1,771	896	3,256
Dividend payable	2,200	125	217
Other payables and accrued charges	57,164	8,487	6,280
Security deposits held	9,786	12,044	13,054
	<u>77,071</u>	<u>27,293</u>	<u>25,078</u>

11. 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					
Six (6) months ended June 30, 2015					
	Jamaica	United States of America	St. Lucia	Consolidated adjustments and eliminations	Total Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	23,603	27,853	-	-	51,456
(Loss) / profit for the period	(54,574)	5,170	2,819	-	(46,585)
Unaudited as at June 30, 2015					
	Jamaica	United States of America	St. Lucia	Consolidated adjustments and eliminations	Total Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	788,677	654,730	444,318	(598,928)	1,288,797
Segment liabilities	378,760	430,584	2,616	(316,770)	495,190

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

SIX (6) MONTHS ENDED JUNE 30, 2015

11. Segment reporting (Cont'd):

Unaudited Six (6) months ended June 30, 2014					
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	<u>33,407</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>50,407</u>
(Loss) / profit for the period	<u>(3,642)</u>	<u>1,084</u>	<u>3,002</u>	<u>-</u>	<u>444</u>
Unaudited as at June 30, 2014					
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	<u>938,423</u>	<u>609,796</u>	<u>476,971</u>	<u>(736,277)</u>	<u>1,288,913</u>
Segment liabilities	<u>430,513</u>	<u>422,485</u>	<u>662</u>	<u>(404,322)</u>	<u>449,338</u>
Audited Year ended December 31, 2014					
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	<u>68,685</u>	<u>39,364</u>	<u>-</u>	<u>-</u>	<u>108,049</u>
(Loss) / profit for the year	<u>(19,371)</u>	<u>9,027</u>	<u>5,853</u>	<u>3,354</u>	<u>(1,137)</u>
Audited as at December 31, 2014					
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	<u>930,169</u>	<u>751,777</u>	<u>436,082</u>	<u>(699,550)</u>	<u>1,418,478</u>
Segment liabilities	<u>441,284</u>	<u>541,035</u>	<u>1,619</u>	<u>(417,393)</u>	<u>566,545</u>

KINGSTON PROPERTIES LIMITED

TOP TEN (10) SHAREHOLDERS

As at June 30, 2015

NAME	SHARES
NCB Capital Markets Limited. a/c 2231	16,317,840
Prime Asset Management Limited. - JPS	12,182,700
Guardian Life Shelter Plus Fund	5,280,000
NCB Insurance Co. Limited a/c WT109	4,200,000
Guardian Life Limited/ Blue Chip	3,874,700
Guardian Life Pooled Pension Fund	3,250,000
Platoon Limited	2,495,160
Guardian Life Limited/Celgf	1,608,000
Guardian Life Limited. a/c-Mutual Growth Fund	1,574,000
MF&G Trust & Finance Limited - a/c 57	1,550,000

SENIOR MANAGERS AND CONNECTED PARTIES INTERESTS

The interests of the Senior Managers and Connected Parties, holding office at the end of the second quarter, along with their connected persons, in the ordinary stock units of the Company were as follows:

Name/Account #	Position/Primary Holder/Joint Holder	Relationship	Shares
Fayval Williams	Senior Manager		
	Dorothy Vassell	Connected Party	20,000
	Fayval Williams	Self	150,020
	Fayval S. Williams	Self	132,000
	Leo Williams	Connected Party	11,000
Total Key Members - 282,020			
Total Connected Parties - 31,000			
Total Combined Holdings - 313,020			

DIRECTORS' AND CONNECTED PARTIES INTERESTS

The interests of the Directors and Connected Parties, holding office at the end of the second quarter, along with their connected persons, in the ordinary stock units of the Company were as follows:

Name/Account#	Position/Primary Holder/Joint Holder	Relationship	Shares
Nicole Foga	Director	Self	50,865
Fayval Williams	Director		
	Dorothy Vassell	Connected Party	20,000
	Fayval Williams	Self	150,020
	Fayval S Williams	Self	132,000
	Leo Williams	Connected Party	11,000
Garfiled Sinclair	Chairman		
	Platoon Limited	Connected Party	2,495,160
Peter J. Reid	Director		
	Peter Reid	Self	1,100,000
Total Key Members - 1,432,885			
Total Connected Parties - 2,526,160			
Total Combined Holdings - 2,859,045			