



BOARD OF DIRECTORS STATEMENT

The Board of Directors of Kingston Properties Limited takes this opportunity to present the Group's consolidated financial statements for the six months ended June 30, 2010.

The Group ended the six months with revenues of \$12,357,985. This was generated from the Miami Loft II and Hagley Park properties. In the comparative period last year, the Carlton Savannah Hotel, the primary asset of the company remained in construction and so was not revenue generating. Net income for the period was \$436,186 reflecting \$3,974,909 of unrealized foreign exchange loss. In the comparative period last year, net income of \$15,894,295 consisted of \$14,857,876 of unrealized foreign exchange gains.

The six month results for 2010 reflect the negative impact of the approximately 4.5% appreciation in the Jamaican dollar versus the US dollar that occurred from the end of March to the end of June. We believe that the Jamaican dollar revaluation has peaked and, as such, we are not expecting any further erosion of the value of the USD, the currency in which our assets are denominated. Total comprehensive results for the six months were negative \$10,401,383. Unrealized foreign exchange loss of \$10,837,569 was the predominant detractor of profits and resulted from translation into Jamaican dollars of the group's foreign operations.

Update on Operations

During the second quarter ended June 30th, 2010, the company successfully acquired approximately 26,000 square feet of commercial property located on Hagley Park Road in Kingston. This property is a warehouse & office building that fits the distribution/logistics needs of our tenant Diversey Jamaica, a leading US company with operations worldwide. The property is fully occupied.

The levels of rent and occupancy in the condominium units in the Miami Loft II property in downtown Miami, Florida continue to perform well. Recent industry reports from Axiometrics Inc, an apartment-research firm, said that the Miami metro rental market is one of the strongest in the US. Effective rents, the amounts actually received by landlords, rose 4 percent in the first five months of the year after falling 2.9 percent during the same period in 2009, according to the same research firm, whose data track professionally managed rental building. For comparison, nationally in the US, rents increased 2.75 percent from January to May. Additionally, the occupancy rate for Miami climbed to 95.1 percent in May from 93.8 percent a year earlier, according to Axiometrics.

Balance Sheet

Current assets of \$258,787,168 consisted of \$156,235,199 of cash and \$95,504,730 of reverse repurchase agreements. Investment properties totaled \$413,498,623 and are the Hagley Park property and the 19 condominium units in the Miami Loft II building in downtown Miami.

Shareholders' equity at the end of the six months was \$488,142,236.

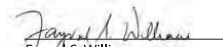
Earnings per stock unit ("EPS") were 0.6 cents versus 23 cents in the comparative period of which 22 cents resulted from unrealized foreign exchange gains.

Looking forward

Kingston Properties Limited continues to evaluate a variety of real estate proposals ranging in size from US\$500,000 to US\$10 million. This has given the company opportunities to identify properties for deployment of the remainder of the cash on its balance sheets. Consistent with the company's objectives, the selected properties meet the company's investment criteria that include growing cash flows in markets that have the potential for capital appreciation.

Once again, thanks to our shareholders for their support as we continue to build a diversified portfolio of real estate properties located in Jamaica, the wider Caribbean and other international markets.


Garfield Sindair
Chairman


Fayval S. Williams
Executive Director

KINGSTON PROPERTIES LIMITED GROUP STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT JUNE 30, 2010			
	Unaudited as at June 30, 2010	Unaudited as at June 30, 2009	Audited as at December 31, 2009
	\$J'000	\$J'000	\$J'000
ASSETS			
Non-current assets			
Investment properties	4	413,499	-
Property under construction		-	350,176 *
Office equipment		231	108
		<u>413,730</u>	<u>350,176</u>
Current assets			
Receivables and prepayments	5	7,047	102
Deposit on property	6	-	26,400
Reverse repurchase agreements		95,505	469,216
Cash and cash equivalents		<u>156,235</u>	<u>35,454</u>
Total current assets		<u>258,787</u>	<u>532,674</u>
Total assets		<u>672,517</u>	<u>532,782</u>
EQUITY & LIABILITIES			
Equity			
Share capital		406,609	406,609
Translation reserve		57,115	67,984 *
Retained earnings		<u>24,418</u>	<u>23,982</u>
		<u>488,142</u>	<u>498,543</u>
Deferred tax liability		4,375	4,262
Current Liabilities			
Notes payable	7	171,655	26,768
Payables and accruals		8,153	897
Income tax payable		192	127
		<u>180,000</u>	<u>29,977</u>
Total equity and liabilities		<u>672,517</u>	<u>532,782</u>

* - Re-stated

**KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR SIX (6) MONTHS ENDED JUNE 30, 2010**

	Notes	Unaudited Quarter ended June 30, 2010	Unaudited Quarter ended June 30, 2009	Unaudited Six (6) months ended June 30, 2010	Unaudited Six (6) months ended June 30, 2009	Audited Year ended December 31, 2009
		\$J'000	\$J'000	\$J'000	\$J'000	\$J'000
Revenues:						
Rental income		10,577	-	12,358	-	-
		<u>10,577</u>	<u>-</u>	<u>12,358</u>	<u>-</u>	<u>-</u>
Expenses:						
Administrative and general expenses		(9,284)	(1,170)	(12,307)	(2,048)	(9,468)
Operating result		<u>1,293</u>	<u>(1,170)</u>	<u>51</u>	<u>(2,048)</u>	<u>(9,468)</u>
Net finance (costs) / income	8	(3,841)	1,136 *	568	17,942 *	35,550
(Loss) / Profit before income tax		<u>(2,548)</u>	<u>(34)</u>	<u>619</u>	<u>15,894</u>	<u>26,082</u>
Income tax		<u>(183)</u>	<u>-</u>	<u>(183)</u>	<u>-</u>	<u>(4,389)</u>
(Loss) / profit for the period/year		<u>(2,731)</u>	<u>(34)</u>	<u>436</u>	<u>15,894 *</u>	<u>21,693</u>
Other comprehensive income:						
Exchange differences on translation of foreign operations		(10,838)	1,006 *	(10,838)	35,813 *	35,782
Total comprehensive (loss) / income for the period/year		<u>(13,569)</u>	<u>972</u>	<u>(10,402)</u>	<u>51,707 *</u>	<u>57,475</u>
			* - Re-stated		* - Re-stated	
Earnings per share for profit attributable to the equity holders of the						
Number of shares		68,800	68,800	68,800	68,800	68,800
Earnings per stock unit		<u>(4 cents)</u>	<u>(.05 cent)</u>	<u>0.6 cent</u>	<u>23 cents</u>	<u>31 cents</u>



**KINGSTON PROPERTIES LIMITED
STATEMENT OF CHANGES IN GROUP EQUITY
(UNAUDITED)
FOR SIX (6) MONTHS ENDED JUNE 30, 2010**

	<u>Share capital</u> JS'000	<u>Cumulative translation adjustments</u> SJ'000	<u>Retained earnings</u> SJ'000	<u>Total</u> SJ'000
Audited balances at				
December 31, 2008, as restated	406,609	32,171	11,818	450,598
Profit for the period	-	-	15,894 *	15,894
Other comprehensive income				
Translation of foreign subsidiary's balances, being total other comprehensive income for the period	-	35,813 *	-	35,813
Total comprehensive income for the period	-	35,813 *	15,894 *	51,707
Contributions by and distributions to owners:				
Dividends paid, being total distribution to owners	-	-	(2,368)	(2,368)
Unaudited balances at June 30, 2009	<u>406,609</u>	<u>67,984 *</u>	<u>25,344 *</u>	<u>499,937</u>
Audited balances at December 31, 2009	406,609	67,953	23,982	498,544
Profit for period	-	-	436	436
Other comprehensive income				
Translation of foreign subsidiaries' balances, being total other comprehensive loss for the period	-	(10,838)	-	(10,838)
Total comprehensive loss for the period	-	(10,838)	436	(10,402)
Unaudited balances at June 30, 2010	<u>406,609</u>	<u>57,115</u>	<u>24,418</u>	<u>488,142</u>

* - Re-stated

**KINGSTON PROPERTIES LIMITED
STATEMENT OF GROUP CASH FLOWS
(UNAUDITED)
FOR SIX (6) MONTHS ENDED JUNE 30, 2010**

	<u>Unaudited Six months ended June 30, 2010</u> SJ'000	<u>Unaudited Six months ended June 30, 2009</u> SJ'000	<u>Audited Year ended December 31, 2009</u> SJ'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period/year	436	15,894 *	21,693
Adjustments to reconcile the profit for the period/ to net cash provided/ (used) by operating activities:			
Translation difference	(10,838)	35,813 *	35,781
Taxation - net	177	-	4,389
Depreciation	19	-	-
Investment interest earned	(9,266)	(2,910)	(20,507)
Unrealized foreign exchange gain	3,975	(15,032) *	(15,043)
Operating profit before changes in working capital and provisions	(15,497)	33,765	26,313
Increase/(decrease) in:			
Other receivables	(5,443)	(23)	(1,476)
Payable and accrued charges	5,071	(939)	1,246
Net cash provided by / (used in) operating activities	(15,869)	32,803	26,083
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investment properties and equipment	(413,499)	-	(108)
Reverse repurchase agreement	373,712	-	(469,216)
Deposit on property	26,400	-	(26,400)
Additions to office equipment	(141)	-	-
Property under construction	-	(35,813)	314,363
Interest received	9,266	2,910	20,457
Net cash used in investing activities	(4,262)	(32,903)	(160,904)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	-	(2,368)	(9,528)
Notes payable	144,887	-	26,768
Net cash provided by / (used in) financing activities	144,887	(2,368)	17,240
Net decrease in cash used and cash equivalents	124,756	(2,468)	(117,581)
Effect of exchange rate fluctuation	(3,975)	15,032	15,043
	120,782	12,564	(102,538)
Cash and cash equivalents at beginning of period/year:	35,454	137,992	137,992
Cash and cash equivalents at end of period/year:	156,235	150,556	35,454

* - Re-stated

**KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR SIX (6) MONTHS ENDED JUNE 30, 2010**

1. IDENTIFICATION

Kingston Properties Limited (formerly Carlton Savannah REIT (Jamaica) Limited), (the "Company"), was incorporated in Jamaica under the Jamaican Companies Act on April 21, 2008. The Company is domiciled in Jamaica, with its registered office at 7 Stanton Terrace, Kingston 6, Jamaica. The Company is listed on the Jamaica Stock Exchange.

The Company has 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.
- (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 "the Group".

The principal activity of the Group is investing in property and making accessible to investors the income earned thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost basis and are expressed in Jamaican Dollars.

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS).

(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 reporting 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.

(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 commences until the date the control ceases. The consolidated financial statements comprise the financial position and results of operations of the Company and its subsidiaries (note 1).

- (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 consolidated 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 party identification

A party is related to the Company if:

- (i) directly or indirectly the party:
 - controls, is controlled by, or is under common control with the Company;
 - has an interest in the Company that gives it significant influence over the Company; or
 - has joint control over the Company.
- (ii) the party is an associate of the Company
- (iii) the party is a joint venture in which the Company is a venturer
- (iv) the party is a member of the key management personnel of the Company



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Related party identification (continued)

- (v) the party is a close member of the family of an individual referred to in (i) or (iv) above
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

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

(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 balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are denominated in foreign currencies are carried at historical cost and are not retranslated.

Exchange differences arising on the settlement and retranslation of monetary assets and liabilities are included in comprehensive income or loss for the period.

Assets and liabilities of foreign subsidiaries are translated into Jamaican dollars at period end rates and items affecting the profit and loss account are translated at average rates. All resulting exchange differences are recognized as a separate component of stockholders' equity.

(f) Investment properties

Investment properties are held for long-term rental yields.

Investment properties are measured initially at cost, including transaction costs, which approximates to fair value at acquisition date.

Subsequent to initial recognition, investment properties are carried at fair value.

(g) Office equipment

All furniture and equipment held for administrative purposes, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

The cost of day-to-day servicing of furniture and equipment is recognized in profit or loss as incurred.

Furniture and equipment are depreciated on the straight line basis over the estimated useful lives of such assets. The rates of depreciation in use are:
Computer and equipment 20%

(h) Cash and cash equivalents

Cash and cash equivalent are carried in the balance sheet 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.

(i) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

- (i) Current income tax
Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustments to income tax payable in respect of previous years.
- (ii) Deferred income tax
Deferred income 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. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Revenue recognition

Interest income

Interest income is recorded in these financial statements on an accrual basis.

Rental income

Rental income is recorded in these financial statements on an accrual basis.

	Unaudited Quarter ended June 30, 2010	Unaudited Quarter ended June 30, 2009	Audited Year ended December 31, 2009
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>

4. Investment Properties

(i) Hagley Park Road property	178,756	-	-
(ii) Miami - Condominium Loft II	234,743	-	-
	<u>413,499</u>	<u>-</u>	<u>-</u>

- (i) This represents 26,000 square feet of commercial property located on Hagley Park Road, Kingston 10. This acquisition was completed during the current quarter.
- (ii) This represents 16,092 square feet (19 units) of residential condominium space in the Loft II building located at 133 NE 2nd Avenue in downtown Miami, Florida. It is management's intent to transfer title to KP Miami LLC.

	Unaudited Six (6) months ended June 30, 2010	Unaudited Six (6) months ended June 30, 2009	Audited Year ended December 31, 2009
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>

5. Receivables and prepayments

Utility deposits	58	4	58
Prepaid insurance and expenses	4,113	-	-
Withholding taxes recoverable	2,841	98	1,497
Interest receivable	35	-	49
	<u>7,047</u>	<u>102</u>	<u>1,604</u>

6. Deposit on investment property

At December 31, 2009 the Company had paid a deposit of US\$300,000 (the Jamaican dollar equivalent being \$26,400,000). During this quarter ended June 30, 2010 the transaction was completed.

	Unaudited Six (6) months ended June 30, 2010	Unaudited Six (6) months ended June 30, 2009	Audited Year ended December 31, 2009
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>

7. Notes payable

(i) Pan Caribbean Bank	145,255	-	-
(ii) Vendor's mortgage	26,400	-	-
	<u>171,655</u>	<u>-</u>	<u>-</u>

- (i) This represents a draw-down under a credit facility of US\$1,700,000 (JMD\$ 145,254,795), evidenced by a promissory note with Pan Caribbean Bank Limited. The loan is secured against a Carlton Savannah REIT (St. Lucia) Limited deposit of US\$1,746,119 and is repayable December 23, 2010.

- (ii) This represents a mortgage from the vendor of the Hagley Park Road property. The loan attracts interest of 6% in the first year and 7% in the second year. Principal is repayable at the end of two (2) years.

	Unaudited Six (6) months ended June 30, 2010	Unaudited Six (6) months ended June 30, 2009	Audited Year ended December 31, 2009
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>

8. Net Finance Income

Interest Income - Escrow account	-	2,819	4,017
Interest Income - Accrued	35	-	151
Interest Income - Reverse Repurchase agreements	1,885	91	1,925
Interest Income - CS REIT St. Lucia	7,381	-	14,414
Loan interest	(4,579)	-	-
Realized (loss)/gains on conversion of foreign exchange	(179)	174	-
Unrealized (loss)/gains on conversion of foreign exchange	(3,975)	14,858	15,043
	<u>568</u>	<u>17,942</u>	<u>35,550</u>

* - Re-stated