



Kingston Properties Limited

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November 11, 2011

The Board of Directors of Kingston Properties Limited (“KPREIT”) is pleased to present the Group’s unaudited statements of comprehensive results for the Nine Months and the Third Quarter Ended September 30, 2011.

Nine Months Ended September 30, 2011

For the nine months ended September 30, 2011, revenues comprising rental income, increased 43% to J\$32.3 million. This reflects the comparison of nine months of rental revenues in 2011 versus six and a half months in 2010 due to the purchase of the revenue generating properties in March and April of 2010. As a result, when adjusted on a like-for-like basis, revenues increased approximately 11%. Geographically, 57% of revenues were generated from outside Jamaica. This is aligned with the asset base of the company.

Operating expenses were \$23.1 million for the nine months ended September 30, 2011 compared to \$20.9 million for the similar period a year ago. Operating expenses consist of corporate costs and property-related expenses such as condo association fees, property taxes, insurance, broker fees and repair and maintenance costs. Corporate costs declined about 1% year-on-year and property-related expenses improved to 41.8% of revenues compared with 50.4% for the similar nine months period in 2010.

Operating Results

Operating results rose from \$1.7 million to \$9.2 million, an increase of 447%. This was primarily driven by having a full three-months-revenue-generating-first-quarter in 2011 when compared to a half month of revenues in the comparable quarter last year.

Operating results consist of two components:

- 1) Net Operating Income (“NOI”) - the recurring property-related rental revenue received, less property operating expenses such as utilities, insurance, and real estate taxes, but before financing charges such as interest
- 2) Corporate expenses or overhead

For the nine months ended September 30, 2011, NOI, a figure that evaluates the profitability of the properties before financing and corporate expenses, improved to 58.2% of revenues from 49.6% year-on-year.

Corporate expenses remained almost flat in nominal terms versus the comparable period in 2010.

Kingston Properties Limited

Net finance cost was negative \$2.3 million compared with positive \$2.1 million for the comparative nine months last year. Net finance cost is comprised of interest income, interest expense, realized and unrealized gains or losses on conversion of foreign exchange. For the current nine months, the results reflect the general decline in interest income for the various cash balances and a reduction in unrealized foreign exchange gains.

Profits after-taxes were \$7.5 million versus \$7.1 million for the comparative period.

Total comprehensive income which includes exchange differences on translation of foreign operations was \$10.3 million for the nine months in 2011 versus negative \$2.8 million in the comparative period in 2010. This reflects primarily the impact of changes in the Jamaican dollar versus the USD year-on-year on the company's USD assets.

Earnings Per Share ("EPS") were \$0.11 compared with \$0.10 for the 9 months ended Sept 30, 2010, an increase of 10%.

Balance Sheet

Total assets grew to \$695.8 million from \$683 million a year ago. Investment properties were \$420.4 million versus \$418.2 million at the end of the nine months ended September 30, 2010. Deposit on property totaled \$24.4 million and represents the contract entered into to purchase the multi-tenanted commercial buildings located on Red Hills Road in Kingston, Jamaica. This transaction is expected to be completed by the end of December, 2011.

Cash and cash equivalents was \$172.6 million at the end of the nine months in 2011 versus \$154.5 million at the end of the comparable period in 2010. Of this, restricted cash was \$146 million and is being held for a cash-secured facility of similar amount. Reverse repo agreement was \$61.3 million at the end of September 30, 2011 versus \$91.2 million. Total equity at the end of the nine months ended September 30, 2011 was \$511.7 million versus \$501.3 at the end of the comparable period last year.

Funds from Operations ("FFO")

For the nine months ended September 30, 2011, Fund From Operations, a key measure of profitability for real estate companies, improved by approximately 6% from a year earlier.

FFO is calculated as the Net Income a REIT generates, not including losses or gains from property sales, and adding real estate depreciation back in. When compared to normal corporate accounting, it is regarded in the real estate industry as a good approximation of cash flow and a good judge of operations.



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Three Months Ended September 30, 2011

For the three months ended September 30, 2011, revenues were \$11.1 million, an increase of approximately 9% versus the comparable period in 2010. This reflects primarily rental increases on renewal of leases.

Operating expenses for the quarter decline from \$8.5 million to \$7.5 million and was attributed primarily to a reduction in property taxes for the US properties, a decline in consultancy fees and publication costs.

Operating results for the quarter rose to \$3.6 million from \$1.6 million, representing an increase of 121%. This resulted from the growth in revenues concurrent with a decline in operating expenses.

Finance income declined to \$1.1 million from \$4.7 million in the comparable period a year ago, due primarily to reduction in the underlying interest yield on the various cash balances and the placing of a cash deposit of US\$240,000 on the Red Hills Road property.

Net finance costs of negative \$1.1 million include the impact of the decline in finance income, as explained above, and a negative unrealized foreign exchange loss of \$0.5 million versus a positive \$1.0 million gain for the quarter ended September 30, 2010.

Profit for the period was \$2.4 million versus \$3.7 million for the similar quarter a year ago. The decline was attributable to the reduction in finance income.

Total comprehensive income for the quarter was \$4.3 million compared with \$4.7 million for the similar quarter a year ago.

Earnings Per Share ("EPS") were \$0.04 versus \$0.05 cents for the comparable quarter last year.

On the balance sheet, **current assets** were \$269.2 million, an increase of \$9.5 million. The primary component of current assets was cash and cash equivalent of \$172.6 million. Of this, restricted cash was \$146 million which is being held for a cash-secured facility of similar amount. Reverse repo of \$61.3 million compares with \$91.2 million at the end of the

Kingston Properties Limited

comparable period and reflects primarily the amount of \$24.4 million that was paid as a deposit on the property at Red Hills Road.

Loan payable of \$171.9 million is a cash-secured facility.

Total equity capital was \$511.7 million, an increase of \$10.5 million.

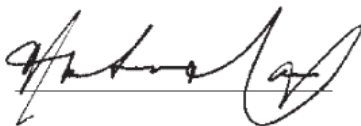
Summary and Outlook

Our property investments in the US continue to perform well. Based on the Miami Association of Realtors, sales of existing condominiums increased 33% in July 2011 versus July 2010. The median sales price of condominiums also increased 8%. The association said that July marked “the first month since the boom that the median sales price has increased for condominiums.” In Jamaica, our property investments continue to perform as budgeted. Overall, all rents were collected on-time and tenant relations continue to be a focus.

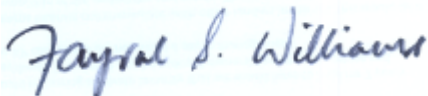
Our next milestone is the completion of the purchase agreement for the multi-tenanted commercial property at Red Hills Road. This should accelerate revenues and profits. We continue to screen a variety of property deals for value. The US market continues to be a focus for selected properties to be added to the company’s portfolio.

Once again, thanks to all our stakeholders for your continued support.

Respectfully,



Garfield Sinclair
Chairman of the Board of Directors



Fayval Williams
Executive Director

KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

**KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011**

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KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

	Notes	Unaudited Quarter ended September 30, 2011 <u>J\$'000</u>	Unaudited Quarter ended September 30, 2010 <u>J\$'000</u>	Unaudited Nine (9) months September 30, 2011 <u>J\$'000</u>	Unaudited Nine (9) months September 30, 2010 <u>J\$'000</u>	Audited Year ended December 31, 2010 <u>J\$'000</u>
Revenues:						
Rental income		11,076	10,181	32,275	22,539	33,120
Operating expenses	10	(7,479)	(8,551)	(23,090)	(20,859)	(28,742)
Operating result		3,597	1,630	9,185	1,680	4,378
Finance income		1,163	4,750	4,291	9,897	18,219
Finance costs		(2,294)	(3,258)	(6,592)	(7,837)	(11,085)
Net finance (costs) / income	3	(1,131)	1,492	(2,301)	2,060	7,134
Profit before taxation		2,466	3,122	6,884	3,740	11,512
Taxation (charge) / credit		(26)	615 *	629	3,350 *	3,594
Profit for the period / year		2,440	3,737 *	7,513	7,090 *	15,106
Other comprehensive income:						
Exchange differences on translation of foreign operations		1,867	964	2,789	(9,872)	(17,765)
Total comprehensive income / (expense)		4,307	4,701	10,302	(2,782) *	(2,659)
Earnings per share for profit attributable to the equity holders of the company:						
Number of shares		68,800	68,800	68,800	68,800	68,800
Earnings per stock unit		4 cents	5 cents *	11 cents	10 cents *	22 cents

*-Restated, for comparative purposes

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT SEPTEMBER 30, 2011

	Notes	Unaudited as at September 30, 2011 J\$'000	Unaudited as at September 30, 2010 J\$'000	Audited as at December 31, 2010 J\$'000
ASSETS				
Non-current assets				
Investment properties	4	420,418	418,180	419,943
Furniture, software and equipment		504	311	561
Deferred tax asset		5,641	4,715	4,969
		<u>426,563</u>	<u>423,206</u>	<u>425,473</u>
Current assets				
Receivables and prepayments	5	10,817	14,000	6,690
Deposit on property	6	24,447	-	-
Reverse repurchase agreements	7	61,348	91,249	87,323
Cash and cash equivalents		172,620	154,524	162,411
		<u>269,232</u>	<u>259,773</u>	<u>256,424</u>
Total current assets		<u>269,232</u>	<u>259,773</u>	<u>256,424</u>
Total assets		<u>695,795</u>	<u>682,979</u>	<u>681,897</u>
EQUITY & LIABILITIES				
Equity				
Share capital		406,609	406,609	406,609
Translation reserve		52,976	58,081	50,187
Retained earnings		52,124	36,595	44,611
		<u>511,709</u>	<u>501,285</u>	<u>501,407</u>
Non-Current liabilities				
Loan payable	8	-	-	25,602
Total non-current liabilities		<u>-</u>	<u>-</u>	<u>25,602</u>
Current Liabilities				
Loans payable	8	171,892	171,590	145,078
Accounts payable and accruals		12,192	9,877	9,569
Income tax payable		2	227	241
Total current liabilities		<u>184,086</u>	<u>181,694</u>	<u>154,888</u>
Total equity and liabilities		<u>695,795</u>	<u>682,979</u>	<u>681,897</u>

*-Restated, for comparative purposes

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

	<u>Share capital</u> J\$'000	<u>Cumulative translation adjustments</u> J\$'000	<u>Retained earnings</u> J\$'000	<u>Total</u> J\$'000
Audited balances at December 31, 2009, as previously reported	<u>406,609</u>	<u>67,953</u>	<u>23,982</u>	<u>498,544</u>
Audited balances at December 31, 2009, as restated	<u>406,609</u>	<u>67,953</u>	<u>29,505</u>	<u>504,067</u>
Translation of foreign subsidiary's balances, being being total other comprehensive income for the period	-	(9,872)	-	(9,872)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>7,090</u> *	<u>7,090</u>
Unaudited, balances at September 30, 2010, restated	<u>406,609</u>	<u>58,081</u>	<u>36,595</u> *	<u>501,285</u>
Audited balances at December 31, 2010	<u>406,609</u>	<u>50,187</u>	<u>44,611</u>	<u>501,407</u>
Translation of foreign subsidiary's balances, being total other comprehensive income for the period		2,789		2,789
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>7,513</u>	<u>7,513</u>
Unaudited, balances at September 30, 2011	<u>406,609</u>	<u>52,976</u>	<u>52,124</u>	<u>511,709</u>

*-Restated, for comparative purposes

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS
UNAUDITED

FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

	Unaudited Nine (9) months ended September 30, 2011 <u>J\$'000</u>	Unaudited Nine (9) months ended September 30, 2010 <u>J\$'000</u>	Audited Year ended December 31, 2010 <u>J\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period/year	7,513	7,090 *	15,106
Adjustments to reconcile for non cash items:			
Translation difference	2,789	(9,872)	(17,765)
Income tax net	(669)	(3,355) *	(3,594)
Depreciation	122	33	56
Interest expense	6,592	7,837	11,085
Interest income	(5,360)	(13,048)	(15,162)
Unrealized foreign exchange loss / (gain)	1,076	2,973	(3,236)
Operating profit before changes in working capital and provisions	12,063	(8,342)	(13,510)
Changes in:			
Deposit on investment property	(24,447)	26,400	26,400
Other receivables	(4,126)	(12,394)	(4,984)
Accounts payable and accrued charges	2,623	6,794	6,485
Taxation paid	(242)	-	-
Net cash (used in) / provided by operations	(14,129)	12,458	14,391
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to investment properties	(475)	(418,180)	(419,943)
Reverse repurchase agreements	25,975	377,968	381,894
Additions to office equipment	(65)	(236)	(509)
Interest received	5,360	13,048	15,060
Net cash provided by /(used in) investing activities	30,795	(27,400)	(23,498)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest payable	(6,592)	(7,837)	(11,085)
Loan payable	1,211	144,822	143,913
Net cash (used in) / provided by financing activities	(5,381)	136,985	132,828
Net increase in cash and cash equivalents	11,285	122,043	123,721
Effect of exchange rate fluctuation	(1,076)	(2,973)	3,236
	10,209	119,070	126,957
Cash and cash equivalents at beginning of period:	162,411	35,454	35,454
Cash and cash equivalents at end of period:	172,620	154,524	162,411

*-Restated, for comparative purposes

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

1. IDENTIFICATION

Kingston Property 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 ; and
- (ii) Kingston Properties Miami LLC, incorporated in Florida under the Florida Limited Liability Company Act on March 12, 2010, a wholly -owned subsidiary of Carlton Savannah REIT (St. Lucia) Limited.

The Company and its subsidiaries are collectively referred to as "Group". In these financial statements parent refers to the company and intermediate parent refer to its wholly owned subsidiary, Carlton Savannah REIT (St. Lucia) Limited.

The principal activity of the Group is to make accessible to investors, the income earned from the ownership of real estate properties.

SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim 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).

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2010. These 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, 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2010.

(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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Consolidation

The consolidated financial statements comprise the financial position, results of operations and cash flows of the company and its subsidiaries (note 1), after eliminating intra -group amounts.

(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 are presently 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.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidation financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(d) Related parties:

A party is related to the Company if:

(i) directly, or indirectly, the party:

- (a) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);**
- (b) has an interest in the entity that gives it significant influence over the company; or**
- (c) has joint control over the Company;**

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

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

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

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

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

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

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

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 profit or loss for the period.

(f) Investment properties:

Investment properties, comprising, warehouse building and residential apartments, is 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 replacing part of 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.

(g) Furniture, software and equipment:

- (i) Items of office equipment are stated at cost less accumulated depreciation and, if any, impairment losses.

Cost includes expenditure that is 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 profit or loss 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:

Software	33 $\frac{1}{3}$
Computer and accessories	20%
Furniture and fixtures	10%

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Reverse repurchase agreements:

Reverse repurchase agreements are transactions whereby the Group makes funds available to institutions by entering into short-term agreements with those institutions. On delivering the funds, the company 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.

(i) Cash and cash equivalents:

Cash and cash equivalents are carried at cost. For the purposes of the cash flow statement and cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(j) Revenue recognition:

Rental income:

Rental income is recorded in these financial statements on the accrual basis using the straight line method.

(k) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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 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
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

(I) 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 expense 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.

3. Net finance income / (cost)

	Unaudited Quarter ended September 30, 2011 J\$'000	Unaudited Quarter ended September 30, 2010 J\$'000	Unaudited Nine (9) months September 30, 2011 J\$'000	Unaudited Nine (9) months ended September 30, 2010 J\$'000	Audited Year ended December 31, 2010 J\$'000
Finance income:					
Interest income	1,657	3,748	5,360	13,049	15,162
Unrealized (loss) / gain on conversion of foreign exchange	(501)	1,002	(1,076)	(2,973)	3,236
Realized gain / (loss) on conversion of foreign exchange	7	-	7	(179)	(179)
	<u>1,163</u>	<u>4,750</u>	<u>4,291</u>	<u>9,897</u>	<u>18,219</u>
Finance costs:					
Interest expense	(2,294)	(3,258)	(6,592)	(7,837)	(11,085)
Net finance income / (cost)	<u>(1,131)</u>	<u>1,492</u>	<u>(2,301)</u>	<u>2,060</u>	<u>7,134</u>

4. Investment Properties

Investment properties held by the Group are as follows:

	Unaudited September 30, 2011 J\$'000	Unaudited September 30, 2010 J\$'000	Audited December 31, 2010 J\$'000
(i) Hagley park property	183,438	181,616	184,632
(ii) Miami - Condominium Loft II	236,980	236,564	235,311
	<u>420,418</u>	<u>418,180</u>	<u>419,943</u>

(i) This represents 26,000 square feet of commercial property located on Hagley Park Road, Kingston, Jamaica.

(ii) This represents 16,092 square feet of residential condominium space (19 units) in the Loft II building located at 133 NE 2nd Avenue in downtown Miami Florida.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

5. Receivables

	Unaudited September 30, 2011 J\$'000	Unaudited September 30, 2010 J\$'000	Audited December 31, 2010 J\$'000
Withholding taxes-recoverable	3,341	3,034	3,183
Security deposit	2,444	58	2,068
Prepayments	1,107	3,954	1,337
Other receivable	3,925	6,954	102
	<u>10,817</u>	<u>14,000</u>	<u>6,690</u>

6. Deposit on investment property

The Company paid a deposit of US\$240,000 (the Jamaican dollar equivalent being \$20,477) on May 16, 2011, on a property it intends to purchase. During this quarter, the Company paid transaction costs of J\$3,970 in relation to the property.

7. Reverse repurchase agreements

The Group entered into reverse repurchase agreements with major financial institutions, collateralized by Government of Jamaica securities.

The fair value of the underlying securities used to collateralize the reverse repurchase agreements was **\$14,312** (2010: **\$96,921**) at the reporting date

8. Loans payable

	Unaudited September 30, 2011 J\$'000	Unaudited September 30, 2010 J\$'000	Audited December 31, 2010 J\$'000
Non-current			
Vendor's mortgage (ii)	-	-	25,602
Current			
Bank loan (i)	146,108	145,851	145,078
Vendor's mortgage (ii)	25,784	25,739	-
	<u>171,892</u>	<u>171,590</u>	<u>145,078</u>

- (i) This represents a draw-down under a credit facility of US\$1,699,988 (J\$146,108) [2010: US\$1,699,988 (J\$145,851)], evidenced by a promissory note. During the year ended December 31, 2009, the initial loan of \$299,988 bore interest of 9% and was settled during 2010. The second loan which bears interest at 7.5% originally matured twelve (12) months after the date of drawdown, but was renewed and is now repayable December 23, 2011.

It is secured by hypothecation of a deposit of US\$1,699,988 (2010: US\$1,699,988) held by a subsidiary with the bank.

- (ii) This represents a mortgage of US\$300,000 (2010: US\$ 300,000) from the vendor of the Hagley Park Road property. The loan attracts interest of 6% per annum in the first year and 7% per annum in the second year. Principal is repayable on April 22, 2012.

KINGSTON PROPERTIES LIMITED
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FOR NINE (9) MONTHS ENDED SEPTEMBER 30, 2011

9. Segment reporting

The group has one operating segment, 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 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.

(a) Geographical information

	Unaudited Nine (9) months ended September 30, 2011			Total Group J\$'000
	Jamaica J\$'000	United States of America J\$'000	Consolidation adjustments and eliminations J\$'000	
Revenue	<u>13,689</u>	<u>18,586</u>	<u>-</u>	<u>32,275</u>
Net profit	<u>1,665</u>	<u>5,848</u>	<u>-</u>	<u>7,513</u>

	Unaudited As at September 30, 2011			Total Group J\$'000
	Jamaica J\$'000	United States of America J\$'000	Consolidation adjustments and eliminations J\$'000	
Non-current assets	<u>706,692</u>	<u>237,178</u>	<u>(517,307)</u>	<u>426,563</u>

	Unaudited Nine (9) months ended September 30, 2010			Total Group J\$'000
	Jamaica J\$'000	United States of America J\$'000	Consolidation adjustments and eliminations J\$'000	
Revenue	<u>8,947</u>	<u>13,592</u>	<u>-</u>	<u>22,539</u>
Net (loss) / profit	<u>(5,623)</u>	<u>12,714</u>	<u>-</u>	<u>7,091</u>

	Unaudited As at September 30, 2010			Total Group J\$'000
	Jamaica J\$'000	United States of America J\$'000	Consolidation adjustments and eliminations J\$'000	
Non-current assets	<u>912,284</u>	<u>236,564</u>	<u>(725,643)</u>	<u>423,205</u>