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THE REIT

Kingston Properties Limited

August 13, 2012

Unaudited Financial Statements
Second Quarter and Six Months Ended June 30, 2012

The Board of Directors of Kingston Properties Limited ("KPREIT") is pleased to present the Group's unaudited statements of comprehensive results for the Three and Six Months ended June 30, 2012.

Three Months Ended June 30, 2012

For the three months ended June 30, 2012, revenues comprising rental and maintenance income grew by 109.3% to $22.6 million. This increase reflects primarily the addition of the Red Hills Road property, the purchase of which was completed in December, 2011.

Operating expenses were $14.2 million for the three months ended June 30, 2012 compared to $8.2 million for the similar period a year ago. Operating expenses consist of two primary components:

1) Direct property expenses such as condo association fees, property taxes, insurance, broker fees and repair and maintenance costs.
2) Corporate expenses

Direct property expenses were approximately $8.8 million or 39.2% of revenues in the June 2012 quarter. This compares favorably with direct property expenses of 43.7% of revenues or $4.7 million in the June 2011 quarter of last year.

Corporate expenses were roughly $5.3 million or 23.7% of revenues, 8 percentage points decline from the 32.1% of revenues in the comparable quarter last year.

Operating Profits

Overall operating profits were $13.1 million, up 404% from the approximately $2.6 million generated in the comparable June, 2011 quarter. The primary contributor was the addition of the new investment property to the portfolio.

Net Operating Income

A measure that evaluates the profitability of a real estate company is Net Operating Income or NOI. This is calculated as the recurring property-related rental and maintenance revenues received, less property operating expenses such as utilities, insurance, home owners association fees and real estate taxes, but before financing charges such as interest and corporate overhead.

For the three months ended June 30, 2012, NOI improved to 61% of revenues from 56% year-on-year, continuing the upward trend.

Net finance cost was $8.3 million compared with $0.9 million in the June 2011 quarter. Net finance cost primarily comprised of interest income ($1.3 million), interest expense ($4.7 million) and unrealized loss on conversion of foreign exchange ($4.9 million).

Interest expense of approximately $4.7 million versus $2.2 in the comparable quarter last year reflects the interest costs associated with an additional debt used for the purchase of the Red Hills Road property.

Unrealized loss on conversion of foreign exchange for the quarter was negative $4.9 million versus negative $0.5 million last year. This arose primarily from the depreciation of approximately 1.6% or $1.42 in the Jamaican dollar vis a vis the USD during the quarter on the conversion of Kingston Properties' USD financial liabilities.

Profits after-taxes were $4.5 million versus $2.1 million for the comparative period, an increase of roughly 110.7%.

Total comprehensive income which includes foreign currency translation differences for foreign operations was $10.5 million for the three months ended June 2012 versus $2.8 million in the comparative period in 2011. This reflects primarily the translation impact of the depreciation in the Jamaican dollar versus the USD on the company's non-financial USD assets.

Earnings Per Share ("EPS") for the quarter were 7 cents compared with 3 cents for the comparable quarter.

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Six Months Ended June 30, 2012

For the six months ended June 30, 2012, rental and maintenance revenues increased to $44.6 million from $21.2 million a year ago. This was an increase of 110.3% and represents primarily the addition of the Red Hills Road investment property to the portfolio.

Operating Profits

Overall operating profits for the six months were $23.7 million compared with $5.6 million for the year ago six month period ended June, 2011. The primary contributor was the addition of the new investment property to the portfolio.

Net Operation Income or NOI, a measure that evaluates the profitability of a real estate company, was $28.6 million for the six months ended June 30, 2012 compared with $12.3 million for the similar period a year ago. This represents 64.3% of rental and maintenance revenues for the current period versus 58% for the comparable period last year, an improvement of 6 percentage points.

Corporate expenses were $9.7 million for the current six months compared with $6.7 million for the similar period a year ago. As a percentage of rental and maintenance revenues, this represents 21.7% for the six months ended June 30, 2012 and 31.7% in the prior period, a 10 percentage point improvement.

Finance cost was $13.9 million compared with $1.2 million for the similar period last year and comprised interest expense of $9.6 million, interest income of $3.0 million and unrealized loss on conversion of foreign exchange of $7.4 million. For the comparable period, interest expense was $4.3 million, interest income was $3.7 million and unrealized loss on conversion of foreign exchange was $0.6 million.

Profit after taxes was $8.1 million compared with $5.1 million a year ago.

Comprehensive income for the period was $17.9 million compared with $6 million for the similar six months period a year ago. Approximately $9.8 million represent foreign currency translation differences for foreign operations for the six months ended June 30, 2012.

Earnings Per Share for the six months were 12 cents versus 7 cents for the comparable period last year.

Balance Sheet

Total Assets at the end of the six months ended June 30, 2012 were $854.8 million. This was an increase of $162.9 million from a year ago and reflects primarily the purchase of the Red Hills Road property.

Cash and cash equivalents were $183.7 million an increase of $14.0 million

Non-Current Liabilities were $124.8 million at the end of June 2012 versus nil at the end of June 2011. The increase is attributable to the vendor's mortgage and bank loan taken on to fund the purchase of the Red Hills Road property.

Total equity at the end of the six months ended June 30, 2012 was $530.1 million versus $507.4 million at the end of the comparable period last year and reflects $10.2 million improvement in retained earnings and $12.5 million gain in translation reserves.

Cashflow Statement

Net cash provided by operations was $27.3 million for the six months ended June 30, 2012 versus a negative position for the six months ended June 30, 2011 and reflects the growth and revenue generating capability in the real estate investment properties.

Summary and Outlook

Our property investments overall continue to do well. In the US, occupancy in the Miami condominium units remains high within a range of 95 to 100%, thus contributing to rental increases. Property valuation has shown gains as well as measured by a recent report from the Miami Association of Realtors that revealed that the median sales price of condominiums in Miami Dade County increased a by 34% to US$160,000 compared to a year earlier.

In Jamaica, our investment properties continue to perform as budgeted. Overall, rental collections remain on-time, the tenant base continues to be stable and tenant relations are strong.

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

Respectfully,

Garfield Sinclair
Chairman of the Board

Fayval Williams
Executive Director

KINGSTON PROPERTIES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

SIX (6) MONTHS ENDED JUNE 30, 2012

KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2012

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KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2012

	Notes	**Unaudited Quarter ended June 30, 2012 J$'000**	Unaudited Quarter ended June 30, 2011 J$'000	**Unaudited Six (6) months ended June 30, 2012 J$'000**	Unaudited Six (6) months ended June 30, 2011 J$'000	Audited Year ended December 31, 2011 J$'000
Revenues:						
Rental and maintenance income		**22,568**	10,782	**44,586**	21,198	44,224
Fair value gain on investment properties		**4,761**	-	**4,761**	-	4,562
Total revenues		**27,329**	10,782	**49,347**	21,198	48,786
Operating expenses		**(14,199)**	(8,177)	**(25,619)**	(15,610)	(31,907)
Operating result before finance income		**13,130**	2,605	**23,728**	5,588	16,879
Finance cost	**3**	**(8,272)**	(875)	**(13,946)**	(1,170)	(4,608)
Profit before income tax		**4,857**	1,730	**9,782**	4,418	12,271
Taxation (charge) / credit		**(378)**	396	**(1,683)**	655	865
Profit, being comprehensive income for the period / year		**4,479**	2,126	**8,099**	5,073	13,136
Other comprehensive income						
Foreign currency translation differences for foreign operations being total other comprehensive income		**6,064**	683	**9,843**	922	3,613
Total comprehensive income for the period / year		**10,543**	2,809	**17,942**	5,995	16,749
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:		**7 cents**	3 cents	**12 cents**	7 cents	19 cents

KINGSTON PROPERTIES LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

AS AT JUNE 30, 2012

	Notes	**Unaudited as at June 30, 2012**	Unaudited as at June 30, 2011	Audited as at December 31, 2011
		J$'000	J$'000	J$'000
NON-CURRENT ASSETS				
Investment properties	4	**649,614**	419,309	639,159
Furniture, software and equipment		**1,234**	544	475
Deferred tax asset		**4,224**	5,655	5,882
Total non-current assets		**655,072**	425,508	645,516
CURRENT ASSETS				
Receivables and prepayments	5	**15,592**	10,059	15,431
Deposit on property		**-**	20,851	-
Reverse repurchase agreements	6	**423**	65,810	3,169
Cash and cash equivalents		**183,678**	169,648	179,191
Total current assets		**199,693**	266,368	197,791
Total assets		**854,765**	691,876	843,307
EQUITY				
Share capital		**406,609**	406,609	406,609
Translation reserve		**63,644**	51,109	53,801
Retained earnings		**59,863**	49,684	57,746
Total equity		**530,116**	507,402	518,156
NON-CURRENT LIABILITIES				
Loans payable	7	**124,783**	-	142,361
CURRENT LIABILITIES				
Loans payable	7	**180,751**	171,087	165,357
Accounts payable and accrued charges	8	**19,096**	13,361	17,424
Income tax payable		**19**	26	9
Total current liabilities		**199,866**	184,474	182,790
Total equity and liabilities		**854,765**	691,876	843,307

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2012

	Share capital J$'000	Cumulative translation adjustments J$'000	Retained earnings J$'000	Total J$'000
Audited balances at December 31, 2010 as previously reported	406,609	50,187	44,611	501,407
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	922	-	922
Total comprehensive income for the period ended June 30, 2011	-	-	5,073	5,073
Unaudited, balances at June 30, 2011	**406,609**	**51,109**	**49,684**	**507,402**
Audited balances at December 31, 2011	**406,609**	**53,801**	**57,746**	**518,156**
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	9,843	-	9,843
Total comprehensive income for the period ended June 30, 2012	-	-	8,099	8,099
Contributions by and distributions to owners:				
Dividend declared , being total distributions to owners	-	-	(5,982)	(5,982)
Unaudited, balances at June 30, 2012	**406,609**	**63,644**	**59,863**	**530,116**

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2012

	Unaudited Six months ended June 30, 2012 J$'000	Unaudited Six months ended June 30, 2011 J$'000	Audited Year ended December 31, 2011 J$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period / year	**8,099**	5,073	13,135
Adjustments to reconcile profit for the year to net cash provided by / (used in) operating activities:			
Translation difference	**9,843**	922	3,613
Income tax	**1,683**	(659)	(865)
Depreciation	**87**	81	163
Interest income	**(3,040)**	(3,703)	(7,230)
Interest expense	**9,640**	4,298	9,099
Increase in investment property due to foreign currency translation	**(5,695)**	634	(2,190)
(Decrease) / increase in office equipment due to foreign currency translation	**4**	-	3
Increase in fair value of investment property	**(4,761)**	-	(4,562)
Unrealized foreign exchange loss	**7,370**	575	2,695
Operating profit before changes in working capital	**23,230**	7,221	13,861
Changes in:			
Deposit on investment property	-	(20,851)	-
Other receivables	**2,443**	(3,369)	(8,680)
Accounts payable and accrued charges	**1,672**	3,793	7,856
Income tax paid	**(15)**	(242)	(283)
Net cash provided by operations	**27,330**	(13,448)	12,754
Cash flows from investing activities			
Interest received	**436**	3,703	7,168
Reverse repurchase agreements	**2,746**	21,513	84,153
Additions to office equipment	**(850)**	(64)	(74)
Additions to investment property	**-**	-	(212,464)
Net cash provided by / (used in) investing activities	**2,332**	25,152	(121,217)
Cash flows from financing activities			
Interest paid	**(9,640)**	(4,298)	(9,099)
Dividend declared	**(5,981)**	-	-
Loans payable	**(2,184)**	406	137,037
Net cash (used in) / provided by financing activities	**(17,805)**	(3,892)	127,938
Net increase in cash and cash equivalents	**11,857**	7,812	19,475
Cash and cash equivalents at beginning of period:	**179,191**	162,411	162,411
Effect of exchange rate fluctuations on cash and cash equivalents	**(7,370)**	(575)	(2,695)
Cash and cash equivalents at end of period / year	**183,678**	169,648	179,191

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2012

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.

(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 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.

2. 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, 2011. 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, 2011.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2011.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Consolidation:

(i) Subsidiaries

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date the control ceases.

(ii) Transactions eliminated on consolidation

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

(d) Related parties

A party is a person or entity that is related to the Company, also referred to as reporting entity.

(1) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(2) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company 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 Company or an entity related to the Company.
- (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.

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, is 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, offices, warehouse building and residential apartments, 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 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.

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, if any, impairment losses.

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:

Software	33⅓%
Computer and accessories	20%
Furniture and fixtures	10%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Receivables

Receivables are stated at amortized cost less, if any, impairment losses.

(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 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.

(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 income are recorded in these financial statements on the accrual basis using the straight line method.

(m) Income tax

Income tax on the profit or loss 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 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. Deferred tax movement for the quarter ended June 30, 2012 is computed at 33 1/3%.

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.

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.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2012

3. Finance cost

	Unaudited Quarter ended June 30, 2012 J$'000	Unaudited Quarter ended June 30, 2011 J$'000	**Unaudited Six (6) months ended June 30, 2012 J$'000**	Unaudited Six (6) months ended June 30, 2011 J$'000	Audited Year end December 31, 2011 J$'000
Interest income	**1,321**	1,809	**3,040**	3,703	7,231
Unrealized (loss) on conversion of foreign exchange	**(4,912)**	(485)	**(7,370)**	(575)	(2,695)
Realized gain / (loss) on conversion of foreign exchange	**5**	(1)	**24**	-	(45)
	(3,586)	1,323	**(4,306)**	3,128	4,491
Finance costs:					
Interest expense	**(4,686)**	(2,198)	**(9,640)**	(4,298)	(9,099)
	(8,272)	(875)	**(13,946)**	(1,170)	(4,608)

4. Investment properties

Investment properties held by the group are as follows:

		Unaudited Quarter ended June 30, 2012 J$'000	Unaudited Quarter ended June 30, 2011 J$'000	Audited Year ended December 31, 2011 J$'000
(i)	Hagley Park Road warehouse	**190,199**	183,438	188,000
(ii)	Miami residential condominium	**243,195**	235,871	237,501
(iii)	Red Hills Road commercial complex	**216,220**	-	213,658
		649,614	419,309	639,159

(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.

(iii) 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, 2012

5. Receivables and prepayments

	Unaudited June 30, 2012 J$'000	Unaudited June 30, 2011 J$'000	Audited December 31, 2011 J$'000
Rent receivables	**1,621**	-	1,322
Withholding tax recoverable	**3,714**	3,196	3,698
Security deposits	**2,077**	2,015	4,907
Prepayments	**4,597**	2,091	5,033
Other receivables	**3,583**	2,757	471
	15,592	10,059	15,431

6. 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 $421 (2011:$122,939) at the reporting date.

7. Loans payable

	Unaudited June 30, 2012 J$'000	Unaudited June 30, 2011 J$'000	Audited December 31, 2011 J$'000
Bank loan - First Global Bank [see (i)]			
Face amount	**93,758**	-	95,261
Un-amortized transaction costs	**(2,167)**	-	(2,312)
Carrying value	**91,591**	-	92,949
Bank loan - Pan Caribbean Bank [see (i)]	**150,784**	145,424	147,220
Vendors' mortgages	**63,159**	25,663	67,549
Total loans	**305,534**	171,087	307,718
Classified as follows:			
Non-current			
Bank loans [see (i)]	**77,675**	-	86,755
Vendors' mortgages [see (ii)]	**47,108**	-	55,606
	124,783	-	142,361
Current			
Bank loan (i)	**164,701**	145,424	153,414
Vendor's mortgage (ii)	**16,050**	25,663	11,943
	180,751	171,087	165,357
Total loan payable	**305,534**	171,087	307,718

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

SIX (6) MONTHS ENDED JUNE 30, 2012

7. Loans payable (Cont'd):

(i) Bank loans

Pan Caribbean Bank Limited
This represents a draw-down under a credit facility of US$1,700,000 (J$150,785) [2011: US$1,700,000 (J$145,424)], evidenced by a promissory note. The loan currently attracts interest at a rate of 4.8% per annum. The loan was renewed at maturity on December 23, 2011, and is now repayable December 2012.

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.

First Global Bank Limited
This represents a credit facility of US$1,100,000, equivalent to approximately J$95 million. The loan attracts an interest rate of 8% in the first year; thereafter it becomes variable and is subject to change at the bank's discretion. It is repayable in ninety-six (96) consecutive blended monthly payments plus a final lump sum payment at maturity.

It is secured by a demand mortgage over commercial property registered in the Company's name, and the facility expires in October 2019. Transaction costs of approximately JMD $2.3 million were incurred in obtaining the credit facility. These costs were off set against the loan balance and are amortized over the useful life of the loan.

(ii) Vendor's mortgages

This represents a mortgage of US$780,000 (2011: Nil) from the vendor of the Red Hills Road property. The loan attracts an interest rate of 6% per annum and is repayable in sixty (60) monthly installments.

During the prior year ended December 31, 2011, mortgage of US$300,00 from the vendor of the Hagley Park property was settled.

8. Accounts payable and accrued charges

	Unaudited	Unaudited	Audited
	June 30, 2012	June 30, 2011	December 31, 2011
	J$'000	J$'000	J$'000
Accounts payable	5,323	2,966	574
Short-term loans	15	18	15
Dividend payable	185	183	183
Other payables and accrued charges	4,105	3,951	7,403
Security deposits held	9,468	6,243	9,249
	19,096	13,361	17,424

KINGSTON PROPERTIES LIMITED
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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)

	Unaudited Six (6) months ended June 30, 2012				
	Jamaica J$'000	**United States of America J$'000**	**St. Lucia J$'000**	**Consolidated adjustments and eliminations J$'000**	**Total Group J$'000**
Revenues	**36,269**	**13,078**	**-**	**-**	**49,347**
Net profit for the period	**1,172**	**4,462**	**2,465**	**-**	**8,099**

	Unaudited as at June 30, 2012				
	Jamaica J$'000	**United States of America J$'000**	**St. Lucia J$'000**	**Consolidated adjustments and eliminations J$'000**	**Total Group J$'000**
Segment assets	**738,342**	**269,376**	**375,092**	**(528,045)**	**854,765**
Segment liabilities	**324,824**	**242,022**	**3,691**	**(245,888)**	**324,649**

KINGSTON PROPERTIES LIMITED
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SIX (6) MONTHS ENDED JUNE 30, 2012

9. Segment reporting (Cont'd):

	Unaudited Six (6) months ended June 30, 2011				
	Jamaica J$'000	United States of America J$'000	St. Lucia J$'000	Consolidated adjustments and eliminations J$'000	Total Group J$'000
Revenues	9,074	12,124	-	-	21,198
Net (loss) / profit for the period	(1,774)	3,844	3,003	-	5,073

	Unaudited as at June 30, 2011				
	Jamaica J$'000	United States of America J$'000	St. Lucia J$'000	Consolidated adjustments and eliminations J$'000	Total Group J$'000
Segment assets	595,170	251,662	365,022	(519,978)	691,876
Segment liabilities	178,137	241,464	2,694	(237,821)	184,474

	Audited Year ended December 31, 2011				
	Jamaica J$'000	United States of America J$'000	St. Lucia J$'000	Consolidated adjustments and eliminations J$'000	Total Group J$'000
Revenues	23,746	25,040	-	-	48,786
Net (loss) / profit for the year	(480)	8,815	4,800	-	13,135

	Audited as at December 31, 2011				
	Jamaica J$'000	United States of America J$'000	St. Lucia J$'000	Consolidated adjustments and eliminations J$'000	Total Group J$'000
Segment assets	738,560	256,671	368,603	(520,527)	843,307
Segment liabilities	320,233	239,846	3,443	(238,371)	325,151