

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended DECEMBER 31, 2016

Issuer Registration number
345640

GRENREAL PROPERTY CORPORATION LIMITED

(Exact name of reporting issuer as specified in its charter)

GRENADA, W.I.

(Territory of incorporation)

P.O.BOX 1950, MELVILLE STREET, ST. GEORGE'S, GRENADA W.I.

(Address of principal office)

REPORTING ISSUER'S:

Telephone number (including area code): 1 473 435 8372

Fax number: 1 473 435 8373

Email address: info@grenreal.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
ORDINARY SHARES	7,662,598

SIGNATURES

A Director, the Chief Executive and Corporate Secretary shall sign this Registration Statement on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

Name of Chief Executive Officer:

Dennis S. M. Cornwall

Name of Director:

Ronald Hughes

SIGNED AND CERTIFIED

SIGNED AND CERTIFIED

Signature

Signature

27/6/2017

27/06/2017

Date

Date

Name of Corporate Secretary:

Dennis S. M. Cornwall

SIGNED AND CERTIFIED

Signature

27/6/2017

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

Grenreal Property Corporation Limited ("the Company") has been specifically set up to enable local and regional private professionals and institutional investors to benefit from the positive effects on the real estate market of the successful development of the cruise tourism in Grenada in particular and the development of Grenada as a tourist destination.

Grenreal is in the business of leasing commercial units to duty free/ duty paid tenants that conduct retail business in the Bruce Street and Esplanade mall in the town of St. George's. With the cash flow derived for its leases, the company is able to meet its commitment to its customers, stakeholders and shareholders.

In 2017, with signs that the economy and the tourism industry are showing sign of a turn around, Grenreal is geared towards increasing the level of occupancy in the Mall.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

The Grenreal Property Corporation Limited (Grenreal) leases the following properties:

- The Esplanade Mall
- Dr. Jan Bosch Building (Bruce Street Mall)

The both properties are structurally connected and therefore are seen as one Facility.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

Currently there are no Legal Proceedings against Grenreal

4. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

Not Applicable

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

Not Applicable

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

Not Applicable

- (d) A description of the terms of any settlement between the registrant and any other participant.

Not Applicable

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

Not Applicable

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

Not Applicable

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The risk of the company has not changed in comparison to previous reporting period. Some of the main risk associated to Grenreal business include: Credit risk, Market risk, Liquidity risk, operational risk among others. During the period under review the company has been able to minimize or manage these risks on an ongoing basis.

8. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

Not Applicable

- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

Not Applicable

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

Not Applicable

- Name and address of underwriter(s)

Not Applicable

- Amount of expenses incurred in connection with the offer
-

- Net proceeds of the issue and a schedule of its use
-
-

- Payments to associated persons and the purpose for such payments
-
-

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

Not Applicable

9. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

There has not been any default on the company's debt.

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

Not Applicable

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

Total revenue of the company as at December 31, 2016 was EC\$4,182, 919 compare to EC\$4,314,510 for the similar period in 2015.

The value of the property has decreased from December 2015 assessment by EC\$996,800 or 1.5% mainly due to the lower occupancy level in the Dr. Jan Bosh Building. The expected strong performance of the tourism sector and the stabilization of the economy should see sustained property values going forward.

Operating expenses for the year 2016 was EC\$1,938,134 compared to EC\$1,599,091 in 2015. Maintenance and other cost doubled during the period under review. However, the maintenance was necessary to deal with repairs to roof and other issues related to the Dr. Jan Bosh Building.

General expense for 2016 also declined compared to the 2015 outturn. In 2015, the company restructured its debt, and most of the increase cost was related to loan restructuring cost and professional fees.

Interest cost in 2016 was much lower than in 2015 as a result of the restructuring of the company's debt in 2015.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

The company main source of revenue is derived from rental income approximately 90%, while 10 % from other indirect services. There is a dependence on the cruise ship sector during the peak season and the retail sector all year round. There is signs of economic turnaround in the economy, although not at the level prior to the Financial crises which began in 2008.

Grenada has recently completed its Home Grown Structural Adjustment Program and has received positive feedback from the International Monetary Fund. It is anticipated that the tourism sector as well as the overall economic performance of the country will improve in the medium term.

To improve and sustain the cash flow position apart from the benefits derived from the debt restructuring in 2015, the company in the interim does not intend to increase rental rates to keep the steady stream of cash flow inflows.

The company has gradually improved the tenancy base to ensure the retail shopping outlet are not monopolised by product base businesses and includes more service based operations. The rental arrears are more manageable in comparison to previous years as we have improved management of the the receivable and payables.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

The Company does not have any off-balance sheet transactions.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls,

Overview of Results of Operations

Grenreal Property Corporation Limited depends on the rental of its commercial units to tenants involved in retail duty free/duty paid trade. Other revenues are derived from the use of the car park and the public toilet facilities.

As at the of the Financial year 2016, the vacancy rate in the Mall amounted to approximately 19 per cent. Effort is made currently to increase the occupancy level in the mall. It is expected that there will be a turnaround in the fortunes of the company with the projected growth in the economy and the tourism sector in particular.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

- Audited Financial Statements for the Period Ended December 31, 2016;
- Biographic Data of Directors

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Dennis S. M. Cornwall Position: Chief Executive Officer

Mailing Address: c/o Melville Street, P.O.Box 1950
c/o Melville Street, P.O.Box 1950
info@grenreal.com

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Ronald Hughes Position: Director/ Deputy Chairman

Mailing Address: c/o Melville Street, P.O. Box 1950, St. George's , Grenada

c/o Melville Street, P.O.Box 1950

info@grenreal.com

Telephone No.: +1 473 435 8372

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Ronald L. Hughes entered the Insurance Industry in 1984 when he joined Caribbean Insurance Company Ltd. which was subsequently rebranded Trans Nemwil Insurance Ltd. Grenada. Mr. Hughes worked in most Departments of the Company and held the positions of Marketing Manager and Claims Manager before being appointed General Manager on March 1, 1997 and then Managing Director on July 1, 1998.

Much of his training was received through the Trinidad and Tobago Insurance Academy, The Insurance Institute of America and The National Leadership Institute/CPCU Society. Mr. Hughes is a past President of the Association of Grenada Insurance Companies.

Mr. Hughes continues at the helm as the Managing Director of Trans-Newil Insurance Ltd. Grenada, which was recently rebranded in 2015 to Guardian Group Grenada. Presently he is a Director of Grenada Transport Board and Insurance Association of the Caribbean.

Education (degrees or other academic qualifications, schools attended, and dates):

Professional Development Courses:

1992 The Academy of Insurance of Trinidad and Tobago – Motor Insurance Practice.

1992 The Academy of Insurance of Trinidad and Tobago and the London School of Insurance - Strategic Planning / Management.

1993 The Academy of Insurance of Trinidad and Tobago – Reinsurance.

1999 The Academy of Insurance of Trinidad and Tobago – Contractors' All Risks insurance

2006 CPCU Society National Leadership Institute- Strategic Planning, Strategic Thinking, Persuasive Communication for Leaders.

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.



Accountants &
business advisers

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
(Expressed in Eastern Caribbean Dollars)

FOR THE YEAR ENDED

31ST DECEMBER, 2016



GRENREAL PROPERTY CORPORATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016
(Expressed in Eastern Caribbean Dollars)**

CONTENTS

	Page
COMPANY PROFILE	2
INDEPENDENT AUDITORS' REPORT	3 - 5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 26



GRENREAL PROPERTY CORPORATION LIMITED
(Expressed in Eastern Caribbean Dollars)

COMPANY PROFILE

Directors

Mr. Sükrü Evrengün (Zublin Grenada Limited) - Chairman
Mr. Ronald Hughes, (Guardian General Insurance (OECS) Limited) - Deputy Chairman
Ms. Fay Roberts (Zublin Grenada Limited)
Dr. Wayne Sandiford (Grenada Ports Authority)
Mr. Alfred Logie (National Insurance Scheme)
Mr. Ron Antoine (National Insurance Scheme)
Dr. Linus Thomas (St. George's Newport Property Development Company Limited)
Mr. Anthony Maughn (Caribbean Financial Services Limited)
Mr. George Bain (Grenada Ports Authority)
Mr. Richard W. Duncan (Grenada Co-operative Bank Limited)
Mr. Fitzroy O'Neale (Grenada Co-operative Bank Limited/National Insurance Scheme) - Consortium

Company Secretary

Mr. Dennis Cornwall

Auditors

Messrs. PKF
Accountants and Business Advisers

Solicitors

Messrs. Renwick & Payne.
Attorneys-at-law, Conveyancers & Notary Public

Registered Office

Melville Street
P.O. Box 1950
St. George's
Grenada.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GRENREAL PROPERTY CORPORATION LIMITED**

Opinion

We have audited the financial statements of Grenreal Property Corporation Limited, which comprise the statement of financial position at December 31st, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31st, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GRENREAL PROPERTY CORPORATION LIMITED
(continued)**

In preparing the financial statements, management is responsible for assessing the Corporation ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GRENREAL PROPERTY CORPORATION LIMITED
(continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GRENADA

June 1st, 2017



Accountants & Business Advisers:

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

ASSETS	Notes	2016	2015
Non-Current Assets			
Plant and equipment	4	38,060	2,968
Investment property	5	<u>65,956,100</u>	<u>66,952,900</u>
		<u>65,994,160</u>	<u>66,955,868</u>
Current Assets			
Trade and other receivables	6	226,280	437,333
Cash and cash equivalents	7	<u>643,319</u>	<u>198,252</u>
		<u>869,599</u>	<u>635,585</u>
TOTAL ASSETS		<u>\$66,863,759</u>	<u>\$67,591,453</u>
EQUITY AND LIABILITIES			
STATED CAPITAL	8	25,365,000	25,365,000
RETAINED EARNINGS		<u>10,496,606</u>	<u>11,999,841</u>
TOTAL EQUITY		<u>35,861,606</u>	<u>37,364,841</u>
Non-Current Liabilities			
Long-term borrowings	9	24,400,000	24,400,000
Shareholders' loans	10	<u>2,538,224</u>	<u>2,352,364</u>
		<u>26,938,224</u>	<u>26,752,364</u>
Current Liabilities			
Trade and other payables	11	2,858,440	2,241,173
Amount due to related parties	12	<u>1,205,489</u>	<u>1,233,075</u>
		<u>4,063,929</u>	<u>3,474,248</u>
TOTAL LIABILITIES		<u>31,002,153</u>	<u>30,226,612</u>
TOTAL EQUITY AND LIABILITIES		<u>\$66,863,759</u>	<u>\$67,591,453</u>

The notes on pages 10 to 26 form an integral part of these financial statements



: Director



: Director



GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2016
(Expressed in Eastern Caribbean Dollars)**

	Notes	2016	2015
Rental income - rental units		3,543,667	3,572,668
- kiosks		124,114	118,128
Service re-charge		190,962	194,124
Parking		<u>158,857</u>	<u>290,064</u>
		<u>4,017,600</u>	<u>4,174,984</u>
Operational expenses	15	(1,999,885)	(1,456,355)
General expenses	16	(378,007)	(672,513)
Depreciation		(12,948)	(1,977)
Bad debts		(20,286)	(266,584)
Other income		<u>112,075</u>	<u>86,282</u>
		<u>(2,299,051)</u>	<u>(2,311,147)</u>
Operating profit		1,718,549	1,863,837
Finance cost	13	<u>(2,224,984)</u>	<u>(3,501,959)</u>
Net loss for the year		(506,435)	(1,638,122)
Rebate on debt restructuring		-	13,086,716
(Loss)/gain on revaluation of investment property		<u>(996,800)</u>	<u>5,162,400</u>
Total comprehensive (loss)/income for the year		<u>\$(1,503,235)</u>	<u>\$16,610,994</u>

The notes on pages 10 to 26 form an integral part of these financial statements



GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER, 2016
(Expressed in Eastern Caribbean Dollars)**

	Stated Capital	Accumulated Losses	Total Equity
Balance at 1 st January, 2015	25,365,000	(4,611,153)	20,753,847
Total comprehensive income for the year	<u>-</u>	<u>16,610,994</u>	<u>16,610,994</u>
Balance at 31 st December, 2015	25,365,000	11,999,841	37,364,841
Total comprehensive loss for the year	<u>-</u>	<u>(1,503,235)</u>	<u>(1,503,235)</u>
Balance at 31 st December, 2016	<u>\$25,365,000</u>	<u>\$10,496,606</u>	<u>\$35,861,606</u>

The notes on pages 10 to 26 form an integral part of these financial statements



GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2016
(Expressed in Eastern Caribbean Dollars)**

	2016	2015
OPERATING ACTIVITIES		
Total comprehensive (loss)/income for the year	(1,503,235)	16,610,994
Adjustments for:		
Depreciation	12,949	1,977
Loss/(gain) on revaluation of investment property	<u>996,800</u>	<u>(5,162,400)</u>
Operating (loss)/gain before working capital changes	(493,486)	11,450,571
Decrease in trade and other receivables	211,053	110,686
Increase in trade and other payables	617,267	102,930
(Decrease)/increase in amount due to related parties	<u>(27,587)</u>	<u>142,452</u>
Net cash provided by/(used in) operating activities	<u>307,247</u>	<u>11,806,639</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(48,040)</u>	<u>(4,000)</u>
Net cash used in investing activities	<u>(48,040)</u>	<u>(4,000)</u>
FINANCING ACTIVITIES		
Net repayments of borrowings	-	(12,405,742)
Increase in shareholders' loans	<u>185,860</u>	<u>740,859</u>
Net cash provided by/(used in) financing activities	<u>185,860</u>	<u>(11,664,883)</u>
Net increase in cash and cash equivalents	445,067	137,756
Cash and cash equivalents - at beginning of year	<u>198,252</u>	<u>60,496</u>
- at end of year	<u>\$643,319</u>	<u>\$198,252</u>
REPRESENTED BY:		
Cash on hand and at bank	<u>\$643,319</u>	<u>\$198,252</u>

The notes on pages 10 to 26 form an integral part of these financial statements



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

1. CORPORATE INFORMATION

Grenreal Property Corporation Limited (the “Company”) formerly St. George’s Cruise Terminal Limited was incorporated on August 27, 2004 under the Grenada Companies Act 1994 and commenced operations on April 14, 2005. The Company was established to undertake the realization and operations of a Shopping Centre with duty free facilities adjacent to the new port complex in St. George’s, Grenada W.I. In 2007 the company in accordance with Section 219 (225) of the Companies Act 1994, entered into an amalgamation agreement with Bruce Street Commercial Corporation Limited, the owners of the Jan Bosch building, a commercial center, located adjacent to the port complex in St. George’s.

Following the amalgamation the company continued to operate under the name of Grenreal Property Corporation Limited and listed on the Eastern Caribbean Securities Exchange on 21st July, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS’s requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 4.

GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards, amendments and interpretations

- i) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January, 2016 and not early adopted. These either do not apply to the activities of the Company or have no material impact on its financial statements.

Standard	Description	Effective for annual periods beginning on or after
IAS 7	Statement of Cash Flows: Disclosure Initiative (amendments)	1 st January, 2017
IAS 12	Income taxes recognition of Deferred Tax Assets for Unrealized Losses (amendments)	1 st January 2017
IAS 40	Investment property: Transfer of Investment Property (amendments)	1 st January, 2018
IFRS2	Share-based payment: Classification and Measurement of Share-based payment transactions (amendments)	1 st January, 2018
IFRS 9	Financial Instruments: Classification and measurement	1 st January, 2018
IFRS 15	Revenue from Contracts with Customers	1 st January, 2018
IFRS 16	Leases	1 st January, 2019



GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and Equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Furniture and equipment	10%
Computers	33%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(d) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company, is classified as investment property.

Investment property comprises freehold building and land held under a finance lease. The lease term is ninety-nine (99) years with an option to extend for an additional sixty-six (66) years. The lease payments were made at the commencement of the lease term.

Investment property is carried at fair value based on active market price as disclosed in Note 3. Changes in fair values are recognized in the statement of comprehensive income.



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Trade Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not they are presented as non-current assets.

Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payment are considered indicators that the trade receivable is impaired.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprises of cash on hand and at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the cash flow statement. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

(g) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised at fair value.

(h) Stated Capital

Ordinary shares are classified as equity.

(i) Borrowings

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve (12) months after the date of the statement of financial position.



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Financial Instruments*

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, amount due to related parties, shareholders' loan and borrowings. Financial assets and liabilities are carried at amounts which approximate their fair values at the statement of financial position. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm length transaction.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

Financial liabilities are derecognised when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the statement of comprehensive income.

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment losses are the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment losses are recognised in the statement of comprehensive income.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Financial Instruments (continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

(k) *Taxation*

The company continues to enjoy a tax holiday on corporate and other taxes as a consequence of a tax waiver granted to the developers of the land site. The tax holiday is expected to continue to 2020.

(l) *Revenue*

Rental income is accounted for on an accruals basis, in accordance with the substance of the relevant agreement.

(m) *Related parties*

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

(n) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. The resulting profits and losses are dealt with in the statement of comprehensive income.



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The expenses and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Estimate of Fair Value of Investment Property

The best estimate of fair value is current prices in an active market for similar assets. The Company considers information relating to tenants and assumptions relating to tenancy, rents and expenses over a ten (10) year period.

(b) Principal assumptions for Management's Estimation of Fair Value

The principal assumptions underlying management's estimates of fair value are those related to; the receipts of contractual rental; expected future market rentals; maintenance requirements; and appropriate discount rates.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

4. PLANT AND EQUIPMENT

	Computers	Office Furniture and Equipment	Total
Balance at 1st January, 2015	64,596	57,743	122,339
Cost	<u>(64,214)</u>	<u>(57,180)</u>	<u>(121,394)</u>
Accumulated depreciation			
	<u>\$382</u>	<u>\$563</u>	<u>\$945</u>
NET BOOK VALUE			
For the year ended 31st December, 2015	382	563	945
Opening book value	4,000	-	4,000
Depreciation charge for the year	<u>(1,697)</u>	<u>(280)</u>	<u>(1,977)</u>
NET BOOK VALUE	<u>\$2,685</u>	<u>\$283</u>	<u>\$2,968</u>
Balance at 31st December, 2015			
Cost	68,596	57,743	126,339
Accumulated depreciation	<u>(65,911)</u>	<u>(57,460)</u>	<u>(123,371)</u>
NET BOOK VALUE	<u>\$2,685</u>	<u>\$283</u>	<u>\$2,968</u>
For the year ended 31st December, 2016			
Opening book value	2,685	283	2,968
Additions for the year	13,393	34,648	48,041
Depreciation charge for the year	<u>(5,740)</u>	<u>(7,209)</u>	<u>(12,949)</u>
NET BOOK VALUE	<u>\$(10,338)</u>	<u>\$27,722</u>	<u>\$38,060</u>
Balance at 31st December, 2016			
Cost	81,989	92,391	174,380
Accumulated depreciation	<u>(71,651)</u>	<u>(64,669)</u>	<u>(136,320)</u>
NET BOOK VALUE	<u>\$10,338</u>	<u>\$27,722</u>	<u>\$38,060</u>



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

5. INVESTMENT PROPERTY

	2016	2015
Balance at 1 st January, 2016	61,790,500	57,923,000
Net (loss)/gain from fair value adjustment	<u>5,162,400</u>	<u>3,867,500</u>
Balance at 31 st December, 2016	<u>\$66,952,900</u>	<u>\$61,790,500</u>

The property is located at Melville Street in St. George's. Fair values are based on valuations performed by independent professional valuers. The last valuation at 31st December, 2016 was performed by Civil Engineer Nigel A. John, B.Sc. in March, 2017.

The valuations, included an additional lot of land (331.8 square meters) donated to the company by one of its shareholders, St. George's Development Company Limited, and utilized as the parking area. No consideration was given for the additional lot.

6. TRADE AND OTHER RECEIVABLES

Trade receivables - net	196,605	230,317
Prepayments	4,625	-
Other receivables	<u>25,050</u>	<u>207,016</u>
	<u>\$226,280</u>	<u>\$437,333</u>

The movement in provision for impairment of trade receivables was as follows:

Balance at 1 st January, 2016	(323,519)	(76,989)
Increase in provision for impairment	(17,073)	(273,710)
Accounts written-off	<u>-</u>	<u>27,180</u>
Balance at 31 st December, 2016	<u>\$(340,592)</u>	<u>\$(323,519)</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

(Expressed in Eastern Caribbean Dollars)

7. CASH AND CASH EQUIVALENTS

	2016	2015
Cash and cash equivalents in the statement of cash flows	<u>\$643,319</u>	<u>\$198,252</u>

8. STATED CAPITAL

Authorised: 9,500,000 shares		
Issued: 7,670,302 shares of no par value	<u>\$25,365,000</u>	<u>\$25,365,000</u>

9. LONG-TERM BORROWINGS

Long term

Investment Syndicate loan		
(i) Grenada Co-operative Bank Limited	12,200,000	12,200,000
(ii) National Insurance Board	<u>12,200,000</u>	<u>12,200,000</u>
Total borrowings	<u>\$24,400,000</u>	<u>\$24,400,000</u>



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

9. LONG-TERM BORROWINGS (continued)

The investment syndicate loan of \$24,400,000 for which the Caribbean Financial Services Corporation is the trustee bears interest at the rate of 7% per annum for five (5) years. Interest is to be paid quarterly. This is a non-amortizing loan bond and is subject to refinancing after five (5) years. The bond holders' first call is eighteen (18) months on every six (6) months thereafter until year five (5).

The loan is secured as follows:

- i) Mortgage debenture over the building and land of the Duty Free Centre/Cruise Terminal building, registered and stamped to cover \$18.9 Million.
- ii) A registered first charge demand debenture stamped up to EC\$24.4 Million over the fixed and floating assets of the company.
- iii) Mortgage debenture over the land and building of the Jan Bosch Building, registered and stamped to cover EC\$22.95 Million.
- iv) Insurance over the Cruise Terminal and Jan Bosch building.

10. SHAREHOLDERS' LOANS

Shareholders' loans are unsecured and bear interest at the rate of 10% per annum. There are no fixed repayment dates for the loans.

11. TRADE AND OTHER PAYABLES

	2016	2015
Deposits due to tenants	510,897	524,302
Trade payables and accruals	2,333,918	1,705,871
Other payables	<u>13,625</u>	<u>11,000</u>
	<u>\$2,858,440</u>	<u>\$2,241,173</u>

GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

12. AMOUNT DUE TO RELATED PARTIES

	2016	2015
Balance at 31 st December, 2016	<u>\$1,205,489</u>	<u>\$1,233,075</u>

This amount is due to Zublin Grenada Limited, Melville Street Property Management Company Limited and St. George's Newport Development Company Limited.

Related Party transactions

- a) During the year, the following transactions occurred between the company and other related entities as follows:

Property management income	15,000	30,000
Interest expense	280,466	264,246
Management fees expense	160,000	112,500

- b) Key management

Key management comprises directors, divisional management and senior management of the company. Compensation to these individual were as follows:

Directors' fees	<u>\$42,300</u>	<u>\$11,822</u>
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GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

(Expressed in Eastern Caribbean Dollars)

(continued)

13. FINANCE COST

	2016	2015
Loan restructuring cost	-	(802,599)
Interest on bank overdraft and other charges	(284,413)	(268,064)
Interest on borrowings	(1,712,679)	(2,286,978)
Other finance cost	(227,892)	(144,318)
	<u>\$(2,224,984)</u>	<u>\$(3,501,959)</u>

14. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: interest rate risk, credit risk, operational risk and liquidity risk. The risk management policies employed by the company to manage these risks are discussed below.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities.

i) Trade and other receivables

The company trades only with recognized, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

14. FINANCIAL RISK MANAGEMENT (continued)

ii) Other financial assets

With respect to credit risk arising from the other financial assets of the company, which are cash and cash equivalents, the company's exposure to credit risk arises from default of the counter-party, with the maximum exposure equal to the carrying amounts of the financial assets.

Maximum exposure of credit risk:

	2016	2015
Cash and cash equivalents	643,319	198,252
Trade receivables	<u>226,280</u>	<u>437,333</u>
	<u>\$869,599</u>	<u>\$635,585</u>

Analysis of trade receivables past due but not impaired are as follows:

	Past due but not impaired				Total
	Neither past due nor impaired	30-60 days	61-90 days	Over 90 days	
2016	<u>\$90,448</u>	<u>\$52,838</u>	<u>\$ -</u>	<u>\$53,319</u>	<u>\$196,605</u>
2015	<u>\$96,933</u>	<u>\$53,630</u>	<u>\$ -</u>	<u>\$79,754</u>	<u>\$230,317</u>

Analysis of financial assets individually impaired:

Trade and other receivables:

Carrying amount	(340,592)	323,519
Provision for impairment	<u>(340,592)</u>	<u>(323,519)</u>
Net book value	<u>\$ -</u>	<u>\$ -</u>

Trade receivables are provided for on a specific basis. Receivables are generally written-off when there is no expectation of recovering amounts due.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

**(Expressed in Eastern Caribbean Dollars)
(continued)**

14. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Company actively pursues the receivables process by ensuring that tenants comply with the terms and conditions of the lease. In addition, the Company negotiates favorable credit terms from suppliers. As a final measure of controlling liquidity the Company tries not to pay earlier than cash is collected from rents.

Maturity analysis for liquidity risk:

	On Demand	Up to 1 year	1 to 5 years	Total
Balance at 31st December, 2016				
Long-term borrowings	-	-	24,400,000	24,400,000
Shareholders' loans	-	-	2,358,224	2,352,224
Trade and other payables	2,333,918	13,625	510,897	2,858,440
Amount due to related parties	-	-	<u>1,205,489</u>	<u>1,205,489</u>
	<u>\$2,333,918</u>	<u>\$13,625</u>	<u>\$28,474,610</u>	<u>\$30,822,153</u>
Balance at 31st December, 2015				
Long-term borrowings	-	-	24,400,000	24,400,000
Shareholders' loans	-	-	2,352,364	2,352,364
Trade and other payables	1,705,871	11,000	524,302	2,241,173
Amount due to related parties	-	-	<u>1,233,075</u>	<u>1,233,075</u>
	<u>\$1,705,871</u>	<u>\$11,000</u>	<u>\$28,509,741</u>	<u>\$30,226,612</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2016**

**(Expressed in Eastern Caribbean Dollars)
(continued)**

14. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

Substantially all of the company's transactions, assets and liabilities are denominated in Eastern Caribbean Dollars. Therefore, the company has no significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans. The Company holds primarily fixed rate financial instruments and is therefore not significantly exposed to interest rate risk. The Company also holds no material interest bearing financial assets.

Operational risk

Operational risk is the risk derived from deficiencies relating to the company's information technology and control systems, as well as the human error and natural disasters. The company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimize human error.

The Company has secured the properties against fire and perils including natural disaster. In addition appropriate insurance for third party liability is in place.



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Dollars)

(continued)

15. OPERATIONAL EXPENSES

	2016	2015
Janitorial expenses	144,350	152,851
Insurance	321,106	321,106
Security services	226,205	181,360
General maintenance	387,809	115,416
Office supplies	24,886	14,960
Service charge	292,320	-
Parking expenses	28,003	24,520
Salaries and other staff cost	291,851	271,694
Telephone	27,533	41,471
Public relations	21,643	24,465
Electricity	174,726	256,698
Water	59,453	50,408
Interest and fines	<u>-</u>	<u>1,406</u>
	<u>\$1,999,885</u>	<u>\$1,456,355</u>

16. GENERAL EXPENSES

Miscellaneous expenses	-	3
General management compensation	160,000	112,500
Directors fees and expenses	42,300	11,800
Legal fees	102,207	4,240
Audit fees	18,000	18,000
Professional fees	37,000	505,974
ECCSR yearly costs	<u>18,500</u>	<u>19,996</u>
	<u>\$378,007</u>	<u>\$672,513</u>