



Accountants &
business advisers

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2007



GRENREAL PROPERTY CORPORATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2007**

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COMPANY PROFILE

GRENREAL PROPERTY CORPORATION LIMITED

Directors

Mr. Ambrose Phillip, Chairman, (Grenada)
Mr. Hendrik A. Van Dijk, CEO, (Netherlands)
Mr. Orrie Chandler, (Barbados)
Mr. Sukru Evrengun, (Switzerland)
Mr. Ashton Frame, (Grenada)
Mr. David Lander, (Grenada)
Mr. Carl Felix (Grenada) until 01/10/07
Dr. Linus Spencer Thomas (Grenada) from 01/10/07

Company Secretary

Mr. Ian Evans

Auditors

Messrs. PKF
Accountants and Business Advisers

Solicitors

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

Registered Office

Melville Street
P.O. Box 446
St. George's
Grenada.



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

We have audited the accompanying financial statements of the company which comprise the balance sheet at 31st December, 2007 and the related statement of income, statement of changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the company as of 31st December, 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

3rd March, 2008

A handwritten signature in purple ink that reads 'PKF'.

Accountants & business advisers:



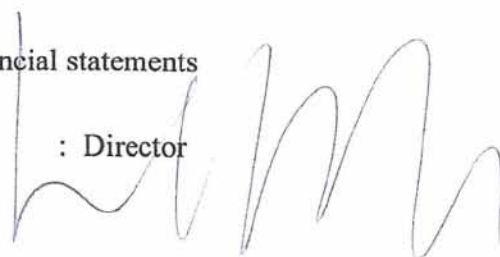
GRENREAL PROPERTY CORPORATION LIMITED

BALANCE SHEET AT 31ST DECEMBER, 2007

	Notes	2007	2006
ASSETS			
Investment property	4	79,350,000	40,500,000
Computers and office furniture	2(c)	<u>80,176</u>	<u>-</u>
		<u>79,430,176</u>	<u>40,500,000</u>
CURRENT ASSETS			
Receivables and prepayments	5	152,380	117,613
Cash and cash equivalents	6	<u>620,117</u>	<u>549,286</u>
		<u>772,497</u>	<u>666,899</u>
TOTAL ASSETS		<u>\$80,202,673</u>	<u>\$41,166,899</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Stated capital	7	25,365,000	13,350,000
Accumulated surplus		<u>16,944,031</u>	<u>10,085,828</u>
Total equity		<u>42,309,031</u>	<u>23,435,828</u>
LIABILITIES			
Long term loan	8	<u>34,690,000</u>	<u>16,200,001</u>
CURRENT LIABILITIES			
Deposits from tenants		989,927	581,529
Amount due to related party	9	1,171,584	238,573
Payables and accrued expenses	10	742,131	710,968
Current portion of long-term loan	8	<u>300,000</u>	<u>-</u>
Total liabilities		<u>3,203,642</u>	<u>1,531,070</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$80,202,673</u>	<u>\$41,166,899</u>

The notes on pages 8 to 12 form part of these financial statements

 : Director

 : Director



GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER, 2007**

	2007	2006
INCOME		
Rental income - retail units	4,697,231	2,428,579
- kiosks	146,735	84,850
Service re-charge	<u>192,398</u>	<u>117,968</u>
	5,036,364	2,631,397
Net gain from fair value on investment property	<u>6,600,525</u>	<u>10,121,993</u>
	<u>11,636,889</u>	<u>12,753,390</u>
EXPENSES		
Operational expenses		
Accounting fees	36,814	28,070
Insurance	273,340	152,978
Security	268,516	126,449
Janitorial services	140,256	107,686
Marketing and public relations	69,678	45,227
Utilities	326,231	249,805
Property management	319,777	235,214
Rental of tents	-	29,479
Maintenance and other costs	77,036	-
Legal fees – new rental contracts	<u>181,078</u>	-
	<u>1,692,726</u>	<u>974,908</u>
General expenses		
Auditor's fees	25,567	11,414
Foreign currencies loss	-	6,069
Banking fees	296	398
Legal fees (corporate)	37,190	18,775
Directors' fees	11,999	7,001
Other fees	55,044	-
Miscellaneous expenses	<u>1,363</u>	-
	<u>131,459</u>	<u>43,657</u>
Total operational and general expenses	<u>1,824,185</u>	<u>1,018,565</u>
Operating income before interest and depreciation	<u>9,812,704</u>	<u>11,734,825</u>
Deduct: Depreciation	3,232	-
Interest	2,873,934	1,319,236
Other interest	<u>77,065</u>	<u>38,742</u>
	<u>2,954,231</u>	<u>1,357,978</u>
Profit for the year	<u>\$6,858,473</u>	<u>\$10,376,847</u>

The notes on pages 8 to 12 form part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2007

	Stated Capital	Retained Earnings/ (Accumulated Deficit)	Total Equity
Balance at January 1 st , 2006	13,350,000	(291,019)	13,058,981
Net Profit for the period	_____ -	<u>10,376,847</u>	<u>10,376,847</u>
Balance at December 31 st , 2006	13,350,000	10,085,828	23,435,828
Issue of shares	12,015,000	-	12,015,000
Transfer of equity	-	(270)	(270)
Net Profit for the year	_____ -	<u>6,858,473</u>	<u>6,858,473</u>
Balance at December 31 st , 2007	<u>\$25,365,000</u>	<u>\$16,944,031</u>	<u>\$42,309,031</u>

The notes on pages 8 to 12 form part of these financial statements



GRENREAL PROPERTY CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2007

	2007	2006
Cash Flows from Operating Activities		
Net profit for the year	6,858,473	10,376,847
Adjustments for:		
Depreciation	3,232	-
Gain on fair value adjustment of investment property	<u>(6,600,525)</u>	<u>(10,121,993)</u>
Operating Loss before working capital changes	261,180	254,854
Net change in non-cash working capital items:		
Accounts receivable and prepayments		
Accounts payable and accrued expenses	(34,767)	(28,059)
	<u>1,372,570</u>	<u>5,284</u>
Net cash from Operating Activities	<u>1,598,983</u>	<u>232,079</u>
Cash flows from Investing Activities		
Additions to investment property	(32,249,475)	(131,650)
Purchase of property, plant and equipment	<u>(83,407)</u>	-
Net cash used in Investing Activities	<u>(32,332,882)</u>	<u>(131,650)</u>
Cash flows from Financing Activities		
Increase in equity	(270)	-
Loan received	18,790,000	-
Issue of shares	<u>12,015,000</u>	-
Net cash from financing activities	<u>30,804,730</u>	-
Net increase in cash and cash equivalents	70,831	100,429
Cash and cash equivalents –beginning of year	<u>549,286</u>	<u>448,856</u>
Cash and cash equivalents – end of year	<u>\$620,117</u>	<u>\$549,285</u>

The notes on pages 8 to 12 form part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2007**

1. REGISTRATION AND PRINCIPAL ACTIVITY

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.

Bruce Street Commercial Corporation Limited (the "Company") was incorporated on March 28, 2006 under the Grenada Companies Act 1994. The Company was established to undertake the construction and operations of a commercial centre adjacent to the new port complex in St. George's, Grenada, W.I. Bruce Street Commercial Corporation was fully operational as of April 1, 2007.

An amalgamation agreement, approved in accordance with Section 219 (225) of the Companies Act 1994 resulted in the amalgamation of the two companies. They now operate as one entity, Grenreal Property Corporation Limited.

2. SUMMARY OF 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).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 3.

(b) *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 4. Changes in fair values are recognized in the profit and loss account.

GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31ST DECEMBER, 2007

(continued)

(c) Computers and office furniture

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

Depreciation is calculated using the straight-line method to allocate the cost over the assets estimated useful life of ten (10) years.

(d) Foreign Currencies

The comparatives have been converted to Eastern Caribbean Currency Dollars (EC\$) at the rate of US\$1.00 to EC\$2.7169 as the financial statements for the prior period was prepared in United States Dollars (US\$). Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date.

Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transaction. Differences arising from fluctuations in exchange rates are included in the statement of income.

(e) Revenue

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 expensed 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, 2007

(continued)

4. INVESTMENT PROPERTY

	2007	2006
Balance at 1 st January, 2007	40,500,000	30,246,357
Additions through amalgamation	<u>32,249,475</u>	<u>131,650</u>
	72,749,475	30,378,007
Net gain from fair value adjustment	<u>6,600,525</u>	<u>10,121,993</u>
Balance at 31 st December, 2007	<u>\$79,350,000</u>	<u>\$40,500,000</u>

The property is located at Melville Street is St. George's. The fair value is based on valuation performed by an independent professional valuator with recent experience in the location and category of the investment property. The last valuation at 31st December was done by Terra Caribbean.

5. RECEIVABLES AND PREPAYMENTS

Receivables	105,403	20,898
Prepayments	<u>46,977</u>	<u>96,715</u>
	<u>\$152,380</u>	<u>\$117,613</u>

6. CASH AND CASH EQUIVALENTS

Petty cash	295	-
FirstCaribbean International Bank - Savings Account	821,213	353,623
- Current Account	<u>(201,391)</u>	<u>195,663</u>
	<u>\$620,117</u>	<u>\$549,286</u>

7. STATED CAPITAL

Authorised:
9,500,000 shares

Issued:
7,662,598 shares of no par value

	<u>\$25,365,000</u>	<u>\$13,350,000</u>
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GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2007**

(continued)

8. LONG-TERM LOANS

	Balance 31/12/07	Instalments due in one year	Long-term debts 2007	2006
FirstCaribbean International Bank (a)	16,090,000	300,000	15,790,000	16,200,001
(b)	<u>18,900,000</u>	-	<u>18,900,000</u>	-
	<u>\$34,990,000</u>	<u>\$300,000</u>	<u>\$34,690,000</u>	<u>\$16,200,001</u>

a) This loan is secured by a mortgage over the company's fixed and floating assets.

Duration: Effective term is not exceeding 20 years from the date of the building's effective completion. This term is however subject to review at the end of five years, following which any subsequent renewals would be agreed based on the borrowers financial position.

Interest rate: This will be a margin of 0.5% below the bank's base rate, which was 8.5% per annum (subject to variations).

Repayment:	Within 12 months	300,000
	Between 1 – 5 years	4,224,000
	More than 5 years	<u>11,566,000</u>
		<u>\$16,090,000</u>

b) This loan is secured by a mortgage over the company's fixed and floating assets.

Duration: Effective term is not exceeding 20 years from the date of the building's effective completion. This term is however subject to an annual review following which any subsequent renewals would be agreed based on the borrowers financial position.

Interest rate: This will be a margin of 0.5% above the bank's base rate which was 8.5% per annum (subject to variations).

Repayment: Interest will be payable monthly up to twenty-four (24) months post construction after which the EC\$18.9 million loan will be amortised at EC\$177k per month inclusive of interest over the remaining period such that the maximum term of the loan (including the moratorium period) does not exceed twenty years.



GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2007

(continued)

9. AMOUNT DUE TO RELATED PARTY

During the year, certain transactions occurred between the Company and other related entities as follows:-

	2007	2006
Operating expenses paid by related party	<u>\$1,171,584</u>	<u>\$238,572</u>

10. PAYABLES AND ACCRUED EXPENSES

	2007	2006
FirstCaribbean International Bank Limited - loan interest	485,000	166,926
Provision – repayment savings account to St. George’s Newport Development Corporation	25,320	353,623
Provision - running costs property	-	115,277
Provisions - legal fees	15,000	-
- audit fees	15,000	13,350
- bookkeeping costs	-	11,348
- Sundry	165,744	6,248
- Directors’ fees	-	7,001
Rental in advance	<u>36,067</u>	<u>37,196</u>
	<u>\$742,131</u>	<u>\$710,969</u>