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GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
(Expressed in Eastern Caribbean Dollars)

FOR THE YEAR ENDED

31ST DECEMBER, 2015

PKF

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015
(Expressed in Eastern Caribbean Dollars)

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GRENREAL PROPERTY CORPORATION LIMITED
(Expressed in Eastern Caribbean Dollars)

COMPANY PROFILE

Directors

Mr. Sükrü Evrengün (Netherlands) – Deputy/Acting Chairman
Ms. Fay Roberts (Tortola)
Mr. Ronald Hughes, (Grenada)
Dr. Wayne Sandiford (Grenada)
Mr. Alfred Logie (Grenada)
Mr. Ron Antoine (Grenada)
Dr. Linus Thomas (Grenada)
Mr. Anthony Maughn (Barbados)

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 1950
St. George's
Grenada.

Pannell House | P. O. Box 1798 | Grand Anse | St. George's
Grenada | West Indies
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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 statement of financial position at 31st December, 2015 and the related statements of comprehensive income, changes in 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 statements 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.

Opinion

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the company as of 31st December, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

GRENADA:

June 8th, 2016 Accountants & business advisers:

Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A. CGA (Mrs.)

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2015
(Expressed in Eastern Caribbean Dollars)

ASSETS	Notes	2015	2014
Non-Current Assets			
Plant and equipment	4	2,968	945
Investment property	5	66,952,900	61,790,500
		66,955,868	61,791,445
Current Assets			
Trade and other receivables	6	437,333	548,019
Cash and cash equivalents	7	198,252	60,496
		635,585	608,515
TOTAL ASSETS		$67,591,453	$62,399,960
EQUITY AND LIABILITIES			
STATED CAPITAL	8	25,365,000	25,365,000
RETAINED EARNINGS/(ACCUMULATED LOSSES)		11,999,841	(4,611,153)
TOTAL EQUITY		37,364,841	20,753,847
Non-Current Liabilities			
Long-term borrowings	9	24,400,000	32,531,451
Shareholders' loans	10	2,352,364	1,611,505
		26,752,364	34,142,956
Current Liabilities			
Trade and other payables	11	2,241,173	2,138,243
Short-term borrowings	9	-	4,274,291
Amount due to related parties	12	1,233,075	1,090,623
		3,474,248	7,503,157
TOTAL LIABILITIES		30,226,612	41,646,113
TOTAL EQUITY AND LIABILITIES		$67,591,453	$62,399,960

The notes on pages 8 to 24 form an integral part of these financial statements

: Director

: Director

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2015
(Expressed in Eastern Caribbean Dollars)

	Notes	**2015**	2014
Rental income - rental units		3,572,668	3,483,840
- kiosks		118,128	123,921
Service re-charge		194,124	192,372
Parking		290,064	280,261
		4,174,984	4,080,394
Operational expenses	15	(1,456,355)	(1,442,931)
General expenses	16	(672,513)	(616,001)
Depreciation		(1,977)	(4,012)
Bad debts		(266,584)	(27,066)
Other income		86,282	97,267
		(2,311,147)	(1,992,743)
Operating profit		1,863,837	2,087,651
Finance cost	13	(3,501,959)	(3,335,408)
Net loss for the year		(1,638,122)	(1,247,757)
Rebate on debt restructuring		13,086,716	-
Gain on revaluation of investment property		5,162,400	3,867,500
Total comprehensive income for the year		$16,610,994	$2,619,743

The notes on pages 8 to 24 form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31St DECEMBER, 2015
(Expressed in Eastern Caribbean Dollars)

	Stated Capital	Accumulated Losses	Total Equity
Balance at 1st January, 2014	25,365,000	(7,230,896)	18,134,104
Total comprehensive surplus for the year	-	2,619,743	2,619,743
Balance at 31st December, 2014	25,365,000	(4,611,153)	20,753,847
Total comprehensive surplus for the year	-	16,610,994	16,610,994
Balance at 31st December, 2015	$25,365,000	$11,999,841	$37,364,841

The notes on pages 8 to 24 form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2015
(Expressed in Eastern Caribbean Dollars)

	2015	2014
OPERATING ACTIVITIES		
Total comprehensive income for the year	16,610,994	2,619,743
Adjustments for:		
Depreciation	1,977	4,012
Gain on revaluation of investment property	(5,162,400)	(3,867,500)
Operating (gain)/loss before working capital changes	11,450,571	(1,243,745)
Decrease in trade and other receivables	110,686	89,729
Increase in trade and other payables	102,930	39,924
Increase in amount due to related parties	142,452	502,141
Decrease in inventory	-	3,279
Net cash provided by/(used in) operating activities	11,806,639	(608,672)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,000)	-
Net cash used in investing activities	(4,000)	-
FINANCING ACTIVITIES		
Net (repayments)/proceeds of borrowings	(12,405,742)	265,049
Increase in shareholders' loans	740,859	125,859
Net cash (used in)/provided by financing activities	(11,664,883)	390,908
Net increase/(decrease) in cash and cash equivalents	137,756	(217,764)
Cash and cash equivalents - at beginning of year	60,496	278,260
- at end of year	$198,252	$60,496
REPRESENTED BY:		
Cash on hand and at bank	$198,252	$60,496

The notes on pages 8 to 24 form an integral part of these financial statements

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards, amendments and interpretations

i) There are no new standards, amendments and interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2015 that would be expected to have a material impact on the Company's financial statements.

ii) Amendments and interpretations issued but not effective for the financial year beginning 1st January, 2015 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 1	Presentation of financial statements: Disclosure Initiative (amendments)	1st January, 2016
IAS 16 & 38	Property, Plant and Equipment and Intangible Assets: Classification of acceptable methods of depreciation and amortization (amendments)	1st January 2016
IAS 24	Related Party Disclosures	1st January, 2016
IAS 34	Interim Financial Reporting: Disclosures of information elsewhere in the interim financial report	1st January, 2016
IFRS 5	Non-Current Assets held for sale and discontinued operations (amendments)	1st January, 2016
IFRS 7	Financial Instruments: Disclosures (amendments)	1st January, 2016
IFRS 9	Financial Instruments: Classification and measurement	1st January, 2018
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interest in Joint Regulatory	1st January, 2016
IFRS 14	Regulatory Deferred Accounts	1st January, 2016
IFRS 15	Revenue from Contracts with Customers	1st January, 2017

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.

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.

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.

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.

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, 2015
(Expressed in Eastern Caribbean Dollars)
(continued)

4. PLANT AND EQUIPMENT

	Computers	Office Furniture and Equipment	Total
Balance at 1st January, 2014			
Cost	64,596	57,721	122,317
Accumulated depreciation	(60,596)	(56,764)	(117,360)
NET BOOK VALUE	**$4,000**	**$957**	**$4,957**
For the year ended 31st December, 2014			
Opening book value	4,000	957	4,957
Depreciation charge for the year	(3,618)	(394)	(4,012)
NET BOOK VALUE	**$382**	**$563**	**$945**
Balance at 31st December, 2014			
Cost	64,596	57,743	122,339
Accumulated depreciation	(64,214)	(57,180)	(121,394)
NET BOOK VALUE	**$382**	**$563**	**$945**
For the year ended 31st December, 2015			
Opening book value	382	563	945
Additions for the year	4,000	-	4,000
Depreciation charge for the year	(1,697)	(280)	(1,977)
NET BOOK VALUE	**$2,685**	**$283**	**$2,968**
Balance at 31st December, 2015			
Cost	68,596	57,743	126,339
Accumulated depreciation	(65,911)	(57,460)	(123,371)
NET BOOK VALUE	**$2,685**	**$283**	**$2,968**

5. INVESTMENT PROPERTY

	2015	2014
Balance at 1st January, 2015	61,790,500	57,923,000
Net gain from fair value adjustment	5,162,400	3,867,500
Balance at 31st December, 2015	$66,952,900	$61,790,500

The property is located at Melville Street in St. George's. Fair values are based on valuations performed by independent professional valuators. The last valuation at 31st December, 2015 was performed by Civil Engineer Nigel A. John, B.Sc. in April, 2015.

In the valuation, 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	230,317	368,140
Prepayments	-	22,170
Other receivables	207,016	157,709
	$437,333	$548,019

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

Balance at 1st January, 2015	(76,989)	(352,528)
Increase in provision for impairment	(273,710)	-
Accounts written-off	27,180	275,539
Balance at 31st December, 2015	$(323,519)	$(76,989)

GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015
(Expressed in Eastern Caribbean Dollars)

7. CASH AND CASH EQUIVALENTS

	2015	2014
Cash and cash equivalents in the statement of cash flows	$198,252	$60,496

8. STATED CAPITAL

Authorised:		
9,500,000 shares		
Issued:		
7,670,302 shares of no par value	$25,365,000	$25,365,000

9. LONG-TERM BORROWINGS

Long term		
(a) CIBC First Caribbean International Bank Limited	-	38,805,742
(b) Investment Syndicate loan		
(i) Grenada Co-operative Bank Limited	12,200,000	-
(ii) National Insurance Board	12,200,000	-
	24,400,000	38,805,742
Less: Current portion	-	4,274,292
	24,400,000	32,531,451
Short-term		
Borrowings - Current portion	-	4,274,292
Total borrowings	$24,400,000	$36,540,693

9. LONG-TERM BORROWINGS (continued)

(a) The CIBC First Caribbean International bank Loan was repaid during the year.

(b) 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).

Loan (b) 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

	2015	2014
Deposits due to tenants	524,302	537,831
Trade payables and accruals	1,705,871	1,575,206
Other payables	11,000	25,206
	$2,241,173	$2,138,243

12. AMOUNT DUE TO RELATED PARTIES

	2015	2014
Balance at 31st December, 2015	$1,233,075	$1,090,623

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	30,000	30,000
Interest expense	264,246	326,438
Management fees expense	112,500	150,000

b) Key management

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

Directors' fees	$11,822	$ 53,600

13. FINANCE COST

	2015	2014
Loan restructuring cost	(802,599)	-
Interest on bank overdraft and other charges	(268,064)	(129,519)
Interest on borrowings	(2,286,978)	(2,790,059)
Other finance cost	(144,318)	(415,830)
	$(3,501,959)	$(3,335,408)

14. FINANCIAL RISK MANAGMENT

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.

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:

	2015	2014
Cash and cash equivalents	198,252	60,496
Trade receivables	437,333	548,019
	$635,585	$608,515

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

	Neither past due nor impaired	Past due but not impaired 30-60 days	61-90 days	Over 90 days	Total
2015	$96,933	$53,630	$ -	$79,754	$230,317
2014	$103,996	$39,984	$ -	$224,160	$368,140

Analysis of financial assets individually impaired:

Trade and other receivables:

	2015	2014
Carrying amount	323,519	76,989
Provision for impairment	(323,519)	(76,989)
Net book value	$ -	$ -

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

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 form 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	Over 5 years	Total
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	-	-	1,233,075	-	1,233,075
	$1,705,871	$11,000	$28,509,741	$ -	$30,226,612
Balance at 31st December, 2014					
Long-term borrowings	-	-	5,084,859	27,446,592	32,531,451
Shareholders' loans	-	-	1,611,505	-	1,611,505
Trade and other payables	1,575,206	25,206	537,831	-	2,138,243
Short-term borrowings	-	4,274,291	-	-	4,274,291
Amount due to related parties	-	-	1,090,623	-	1,090,623
	$1,575,206	$ 4,299,497	$ 8,324,818	$27,446,592	$41,646,113

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 and director's liability is in place.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2015
(Expressed in Eastern Caribbean Dollars)
(continued)

15. OPERATIONAL EXPENSES

	2015	2014
Janitorial expenses	152,851	146,299
Insurance	321,106	322,545
Security services	181,360	189,490
General maintenance	115,416	36,589
Office supplies	14,960	13,936
Directors' liability insurance	-	2,500
Parking expenses	24,520	48,009
Salaries and other staff cost	271,694	277,762
Telephone	41,471	38,793
Public relations	24,465	20,854
Electricity	256,698	301,372
Water	50,408	29,675
Interest and fines	1,406	15,107
	$1,456,355	$1,442,931

16. GENERAL EXPENSES

Miscellaneous expenses	3	1,468
General management compensation	112,500	150,000
Directors fees and expenses	11,800	53,600
Legal fees	4,240	43,085
Audit fees	18,000	25,000
Professional fees	505,974	319,848
ECCSR yearly costs	19,996	23,000
	$672,513	$616,001