

**Schedule 2  
FORM ECSRC – OR**

(Select One)

**QUARTERLY FINANCIAL REPORT** for the period ended June 30th, 2016  
Pursuant to Section 98(2) of the Securities Act, 2001

**OR**

**TRANSITION REPORT**  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Pursuant to Section 98(2) of the Securities Act, 2001  
*(Applicable where there is a change in reporting issuer's financial year)*

Issuer Registration Number: 345640

Grenreal Property Corporation Limited  
(Exact name of reporting issuer as specified in its charter)

Grenada, W.I.  
(Territory or jurisdiction of incorporation)

Melville Street, P.O. Box 1950, St. George's, Grenada, W.I  
(Address of principal executive Offices)

(Reporting issuer's:

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

Fax number: + 1 473 435 8373

Email address: info@grenreal.com

**Not applicable**

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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 Officer and Chief Financial Officer of the company shall sign this Annual Report 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.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

**Linus Spencer Thomas**

Signature

14-09-16

Date

Name of Director:

**Ronald Hughes**

Signature

14-09-16

Date

Name of Chief Financial Officer:

**Sukru Evrengun**

Signature

14-09-16

Date

## INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

### 1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

### 2. 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 reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

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*

Rental income for the first half of the year EC\$1.94 million is on par with income for the first half of 2015 (EC\$1.91 million). Total income including service recharge, parking and other income showed growth to EC\$ 2.21 million from 2015 (EC\$2.19 million). The company continues to grant subsidized rental rates and maintains the occupancy level despite changes in the tenant mix due to economic constraints.

Operational expenses EC\$0.89 million from 2015 EC\$0.73 million, a 23% increase. The costs were expected to be higher in particular maintenance which is reflective of the general upkeep for an aging property. General expenses showed a small increase to 4% at EC\$0.19 million compared to 2015 EC\$0.18 million.

Interest costs totaling EC\$ 0.92 million were lower than 2015 (EC\$ 1.4 million) signaling lower financing burden on the company due to the recent debt restructuring. A gain of EC \$0.2 million was achieved compared to the loss of EC\$0.17 million. Management has a steady focus on cost minimization and sustaining the occupancy level to ensure results achieved meet current expectations given the present economic constraints.

#### 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 main source of revenue is derived from rental income approximately 90% while 10% from other indirect services. There is a dependence on the cruise sector during the peak season and the retail sector all year round.

To improve and sustain the cash flow position the company in the interim does not intend to increase rental rates. From 2013 to present Grenreal has gradually improved the tenancy base to ensure the retail shopping outlets are not monopolised by product based businesses and include more service based operations. The rental arrears are more manageable in comparison to the prior years EC\$0.44 million (EC\$0.45 million in 2015) as we continue to manage receivable balances. Increased operating costs have created a decrease in cash flow from EC\$0.24 million to EC\$0.19 million however there is a positive cash balance at the end of the second quarter.

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 arrangements.

## 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*

The balance sheet shows improvement due to a higher fair market valuation of its properties. The Company's Loan to Value ratio at 36% has improved due to debt restructuring in 2015.

Trade receivables decreased to EC\$0.44 million from EC\$ 0.45 million in 2015, trade and other payables decreased to EC\$2 million from EC\$2.3 million and interest costs are lower.

The overall financial position gives a positive out look for the company as management continues to implement strong controls to meet the working capital needs of the company.



### 3. 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.

Risk factors that may impact on Grenreal's operations:

Nature of the real estate industry

There is disparity in the availability of rental units in Grenada mainly due to location. There are existing shopping malls in Grenada that can be viewed as competitors of Grenreal. In terms of pricing they can have lower rates. However, Grenreal as the sole cruise passenger mall on the island retains a competitive edge.

Dependency on economic conditions

Limited economic activity has an adverse impact on revenue collections. In particular Grenada has experienced declined GDP in 2015 and sluggish economic growth. At the end of the cruise season tenants may have difficulty keeping afloat. To curtail this Grenreal offers slow season discounts for duty free tenants and general discounts for non duty free tenants.

Development of the tourism industry

The Grenada Tourism Authority (GTA) has earmarked 2016/2017 cruise season to have increased cruise passenger arrivals. This is expected to continue provided there is consistency in the approach of the GTA to actively engage cruise liners and the cruise liners continue to agree to include Grenada in their destination package.

Liquidity risk

Grenreal can face difficulty in meeting its financial obligations in particular loan payments. The company as far as possible continues to mitigate same by ensuring sufficient resources are available when due, under both stressed and normal conditions. As part of receivables management tenants are actively engaged to comply with lease terms and conditions and granted discounts.

Changes in legislations

Grenada has implemented a structural adjustment program with increased taxation which has reduced the availability of disposal income, impacting negatively on the business owner and consumer. Grenreal is expected to continue with a depressed pricing strategy to sustain occupancy and attract potential tenants.

Operational risks

The possibility of deficiencies in company information and control systems, human error and disasters are assessed regularly and measures implemented to reduce same. In particular continuous upgrades to systems, supervisory control to minimize human error, insurance coverage for natural disasters and other policies where applicable.

**4. Legal Proceedings.**

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

The Company is not involved in any ongoing legal proceedings other than using its legal rights to enforce compliance with the terms and conditions of the lease against a few tenants.

**5. 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.

There have been no changes to the number and type of securities since listing in July 2008.

(a) 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)

\_\_\_\_\_

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

\_\_\_\_\_

- Name and address of underwriter(s)

\_\_\_\_\_

\_\_\_\_\_

- 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

**6. 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.

The Company had no event of default before and since listing in July 2008.

- (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

**7. 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.

Annual Shareholders Meeting held the 14th day of June 2016

- (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.

Appointment of new Directors (1)  
George Bain

Term of Office continues for:  
Sukru Evrengun, Linus Spencer Thomas, Fay Roberts, Ronald Hughes, Anthony Maughn, Wayne Sandiford, Alfred Logie, Ron Antoine, Fitzroy O'Neale, Richard Duncan

- (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.

Matters unanimously agreed upon total of seven (7) shareholders in attendance:  
i. Confirmation of minutes of the previous meeting held 9th July 2015.  
ii. Adoption of the audited statements and reappointment of PKF as the Auditors for the company.  
iii. Appointment of new directors and directors whose term of offices continued after the meeting.

- (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

**8. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR 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 or in a subsequent Form ECSRC – OR report.

Material changes during the second quarter are as follows:

**Appointment of a New Director - Mr. George Bain**

Grenada Port Authority appointed Mr. George Bain as a representative on Grenreal's board at the Annual General Meeting held 14th June 2016 for which Mr. Bain was in attendance. The ECSRC Directors biographical data form is attached.

**Change in Executive Officers - Resignation**

The Secretary, Mr. Ian Evans resignation took effect at end of June 2016.