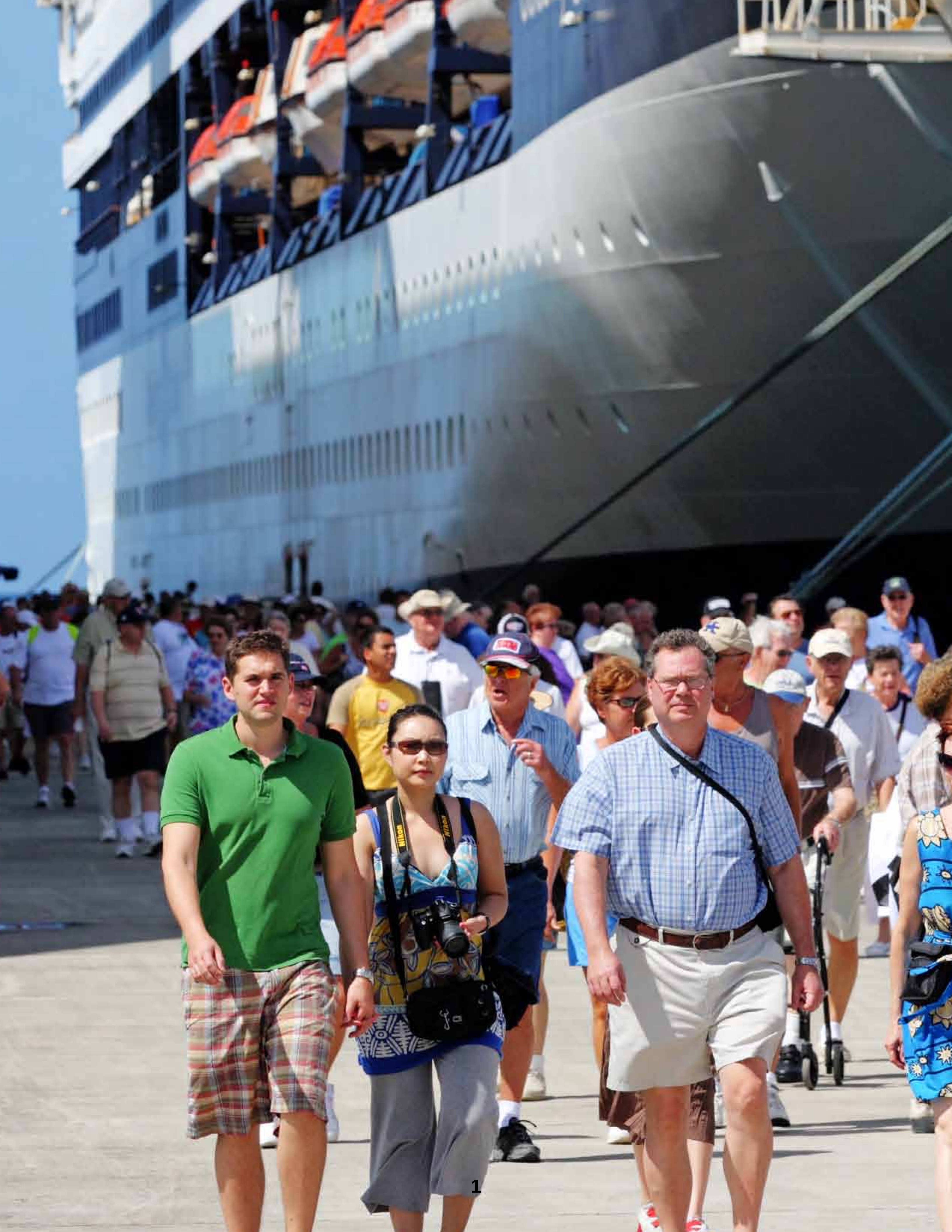
Grenreal

Property Corporation Limited

ANNUAL REPORT 2009 -2010



RESPONSIBLE DEVELOPMENT

Grenreal
Property Corporation Limited

ANNUAL REPORT 2009 - 2010

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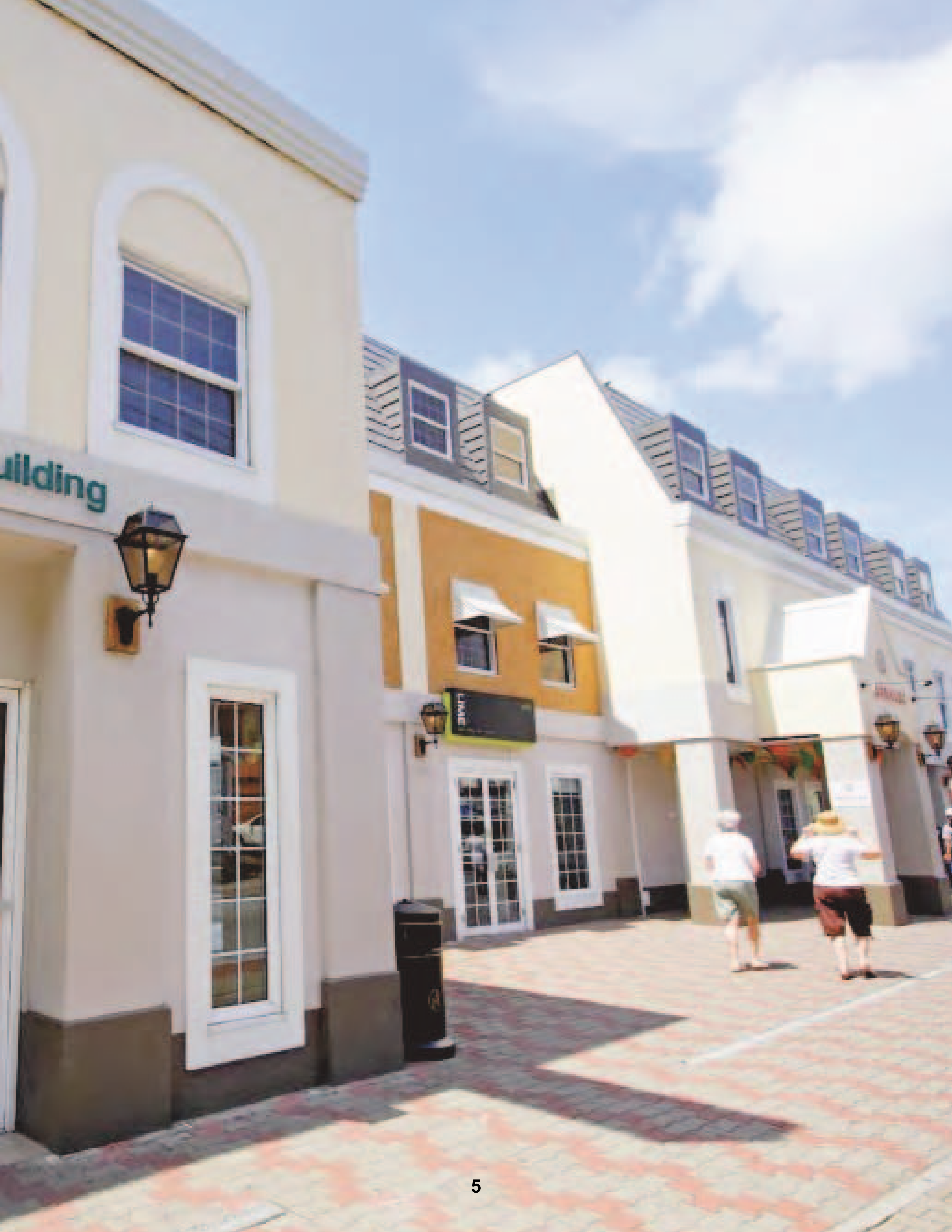
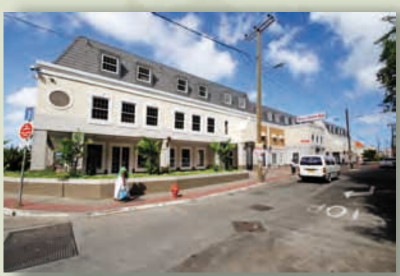
TABLE OF CONTENTS


uilding
LIME

TO OUR SHAREHOLDERS

PERFORMANCE REVIEW 2009

The worldwide economic crisis as it emerged in 2008 has affected business conditions significantly in the year 2009. A dramatic loss of wealth as well as a sharp increase internationally of the unemployment rate resulted in adverse effects on the tourist industry. In the Caribbean region the economies are highly dependent on the tourist industry. Stay-over tourism has shown a sharp decline in 2009. Although cruise tourism remained strong, and even showed growth in terms of numbers of passengers, individual spending of those passengers showed a sharp decline. For Grenada in particular the global developments have resulted in an unprecedented level of the unemployment and as a consequence of this, a sharp decline of domestic spending.



Creating the right conditions for investment

The Esplanade shopping and commercial complex, owned and operated by Grenreal Property Corporation Ltd., which is an integral part of the Melville Street Cruise Ships Facilities, has been set up as a shopping facility catering both the market of cruise- and stay-over tourists, as well as the domestic market.

A major asset of the shopping complex is its direct and exclusive connection to the cruise terminal complex in St.George's. The calendar year showed a further increase to 324,000 passengers in cruise tourists (2008: 292,500) or an increase of 10.8 % (2008: 8.29%). A combination of a flexible cruise industry and a good appreciation of the quality of the facilities is responsible for the relative good performance of Grenada as a cruise destination. Unfortunately, the growth did not compensate the consequences of the decline in spending of cruise passengers, the negative development in stay-over tourism and the sharp decline in domestic spending, as a result whereof during the course of the year the complex incurred unexpected termination of some leases among (mostly domestic) tenants. Although the Company was able to replace these by new tenants, mostly from abroad in the region, a loss of rental income during the period of transition to the new tenants starting their businesses could not be avoided.

All rents are adjusted with a Consumer Price Index (CPI) as per 1st April of the running year as well as in applicable cases with a Passengers Flow Index (PFI). In order to share the burden of the worsening economic conditions in the beginning of the year the Company's Board of Directors decided to waive the adjustment of the rents with the CPI for 2009 (9%), as well as to postpone the application of the PFI until October. This has of course resulted in a decline of rental income compared with budget.

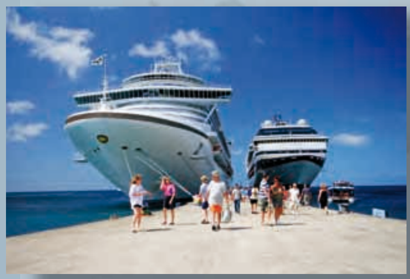
The expansion of the facilities by connecting the two buildings and the rearrangements of the floor plans close to the cruise ship terminal of which the construction process started in the last quarter of 2008 has been completed successfully at the beginning of the season 2009-2010 within budget. In order to execute the works, the Company was forced to accept temporary "technical" vacancies, The newly created units were rented out by more than 80% by the end of the financial year and the technical vacancies were also taken up by new tenants, resulting in total vacancy of less than 5% by the end of the year compared with 7.9% the year before. The re-arranged retail area and the newly created floor area has added 2,698 sq.ft to the portfolio and has been rented out on levels between 55US$ and 65US$.

PORTFOLIO AND OPERATIONS

Furthermore, the economic conditions also caused some pressure on the rental collection during the course of the year. With the start of the cruise season, the Company has actively started to reduce the outstanding debts and the total rents receivable from tenants in the administration accounts to EC$ 218,684 per 31 December 2009, representing 3.7% (2008:EC$ 131,054 or 2.0%) of the Company's total rent roll.

BALANCE SHEET AND FINANCING

At 31 December Grenreal's property portfolio was valued at EC$79 million (2008: EC$87 million). This substantial decrease was due to the structural effects of the waiver of the CPI in 2009, a change of investors appreciation due to the worldwide economic conditions, an expected increase of vacancies due to the same and a lower valuation of the rents of the commercial area (offices, which area is responsible for the majority of the vacancies).Furthermore a rental guarantee on the office floors provided by Zublin in 2007 will expire in April 2010. The Company's borrowing increased to EC$37.1 million as a result of amortization of EC$ 0.9 million and an additional financing of EC$3 million for the above mentioned extension and rearrangement of floor area. The loan to value ratio at 46.9 % (2008: 40.2 %) remains within the agreed financial covenants with the bank.



World Class Cruise Ship Facilities

The loan facility has been granted on a long term basis and expires in 2028, providing the Company with security with regard to its financing in continuing turbulent times. Nevertheless the Company's financial strategy is focused on reorganizing its financing to achieve an amortization free financing in order to realize a structural improvement of the cash flows and the opportunity to pay dividends to its shareholders.

RESULTS AND DIVIDENDS

The tenant activity as mentioned before and the effects of the measures in regard to the CPI and PFI have resulted in a lower rental income. Operational costs were slightly higher than budgeted due to higher marketing costs. The corporate cost show an increase of EC$150,000 due to the introduction of a corporate management fee to compensate for the CEO and CFO positions and a further increase due to the fact the cost for the property valuation over 2008 and 2009 have been taken in 2009. These are bottom line effects and have resulted in a still positive but lower than budgeted operational income of EC$ 539,138 compared with EC$ 1,840,700 in 2008.

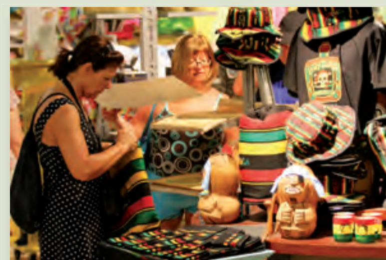
The effects of the valuation of the property which is executed on an annual basis in accordance with IRFS resulted in a total comprehensive *deficit* of the Company of EC$ 7,641,830 (2008: a comprehensive *income* of EC$ 5,990,700) and has resulted in a decrease of the shareholders equity to EC$39,7 million at the year end (2008: EC$48.3 million). The net asset value per share decreased from EC$6.30 to EC$5.17.

Under the circumstances the Board of Directors is proposing to pass the Dividend over 2009.

PROSPECTS

Although the economic conditions have affected the financial position of the Company, its position remains strong. The present economic conditions however, require extreme alertness. Particularly due the fact that the domestic economy has stagnated it is extremely difficult to maintain a mixed portfolio of tenants from abroad and domestic with an optimal mix of branding. If conditions remain bad, this will result in pressure on rental levels in order to minimize vacancy. The Company has taken measures to improve the cash flow significantly and to keep costs stable.

Directors take this opportunity to thank our staff for their dedication and their professionalism. We are conscious of the interest of our shareholders and the concerns of our customers. We thank them for their confidence and their business. More than ever we have to provide an appropriate business environment in our premises that ensures a balance between the interests of the Company and our tenants so as to successfully run their individual businesses.



Continuing to provide that special shopping experience

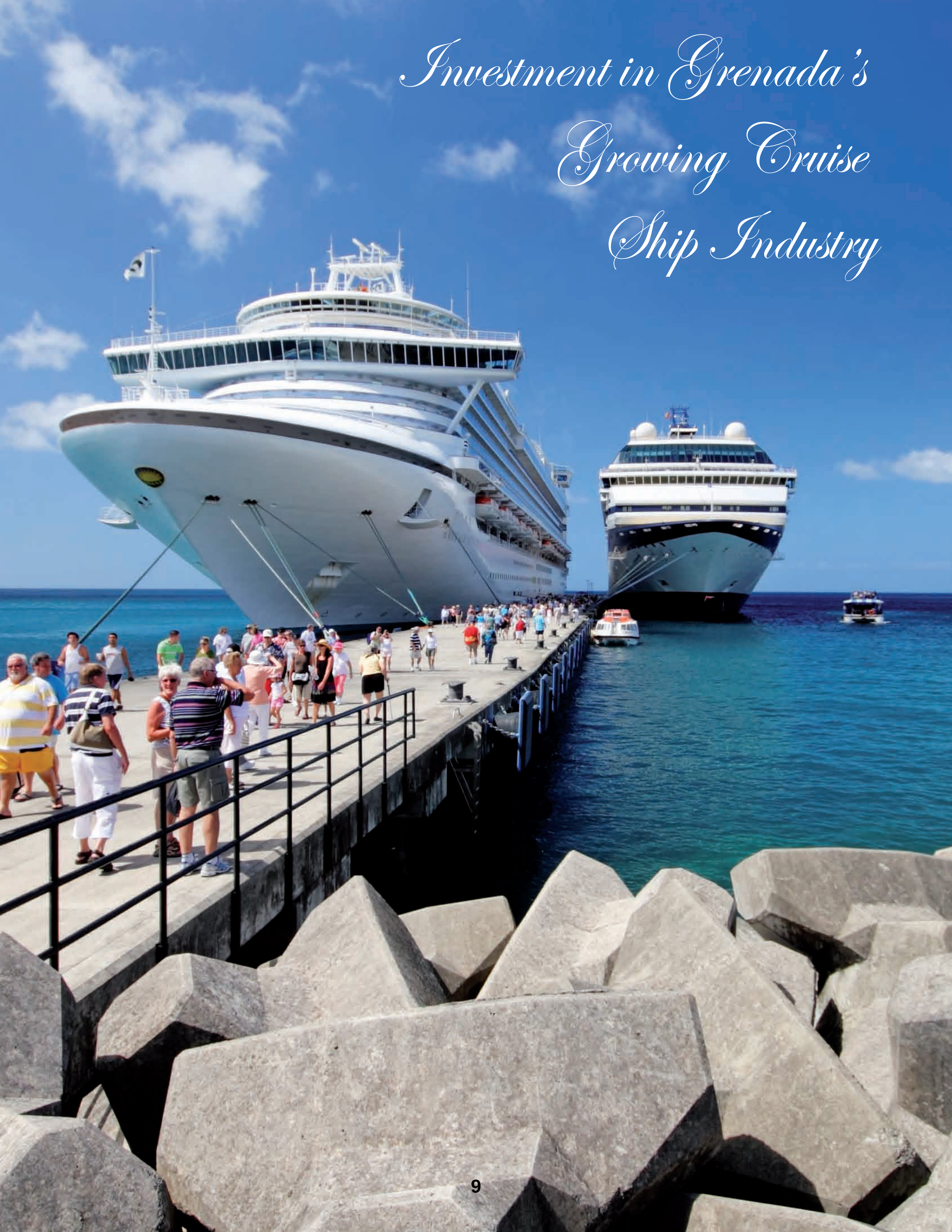
Sincerely,

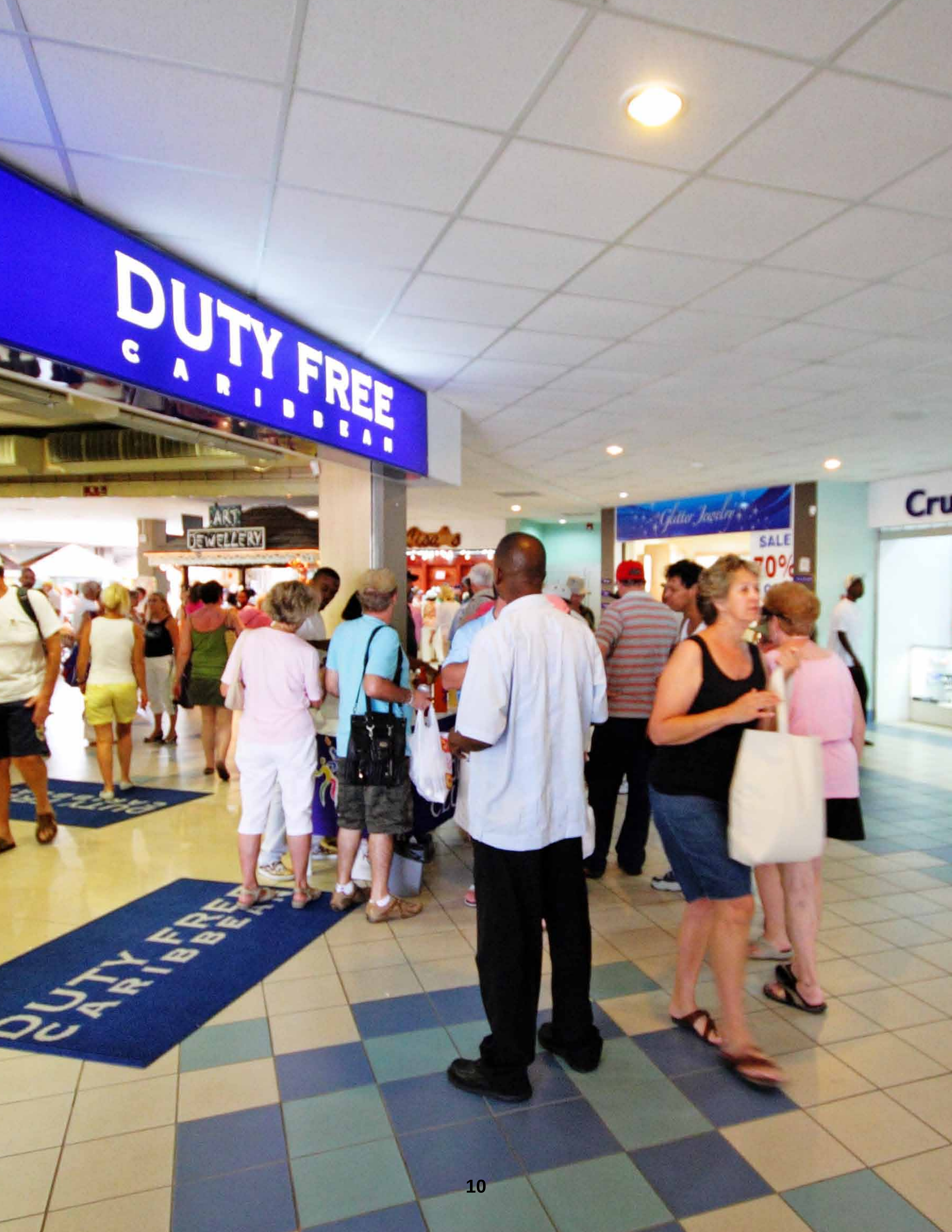
On behalf of the Board of Directors,

Ambrose Phillip, Chairman

Hendrik A. van Dijk. Chief Executive Officer

Investment in Grenada's Growing Cruise Ship Industry




DUTY FREE
CARIBBEAN
ART
JEWELLERY
SALE
70%

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2009

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2009

CONTENTS

GRENREAL PROPERTY CORPORATION LIMITED

COMPANY PROFILE

Directors

Mr. Ambrose Phillip, Chairman, (Grenada)
Mr. Hendrik A. Van Dijk, CEO, (Netherlands)
Mr. Sükrü Errenngün (Netherlands)
Mr. Orrie Chandler, (Barbados)
Mr. Winston Whyte, (Grenada)
Mr. Ronald Hughes, (Grenada)
Mr. Nigel John, (from 21/01/09)
Mr. Alfred Logie, (from 21/01/09)
Mr. Philbert Lewis, (from 21/01/09)

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
Tel (473) 440-2562/3014
Fax (473) 440-6750 | Email pkf@spiceisle.com

PKF
Accountants & business advisers

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, 2009 and the related statement of comprehensive income, changes in equity and statement of 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.

Opinion

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the company as of 31st December, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

PKF

16th March, 2010

Accountants & business advisers:

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

PKF

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2009

ASSETS	Notes	2009	2008
Non-Current Assets			
Plant and equipment	4	46,116	67,948
Investment property	5	79,000,000	87,000,000
Public listing	6	151,532	170,473
		79,197,648	87,238,421
Current Assets			
Trade and other receivables	7	390,104	312,303
Cash and cash equivalents	8	516,035	451,608
		906,139	763,911
TOTAL ASSETS		$80,103,787	$88,002,332
EQUITY AND LIABILITIES			
Stated Capital	9	25,365,000	25,365,000
Retained earnings		14,296,764	22,934,731
TOTAL EQUITY		39,661,764	48,299,731
Non-Current Liabilities			
Long-term borrowings	10	36,173,052	34,990,000
Shareholders' loan	11	683,307	-
		36,856,359	34,990,000
Current Liabilities			
Trade and other payables	12	1,527,832	1,158,274
Short-term borrowings	10	1,462,048	-
Amount due to related parties	13	116,524	493,781
Proposed building improvement	14	479,260	3,060,546
		3,585,664	4,712,601
TOTAL LIABILITIES		40,442,023	39,702,601
TOTAL EQUITY AND LIABILITIES		$80,103,787	$88,002,332

: Director   : Director

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2009

	Notes	**2009**	2008
Rental income – rental units		5,392,118	6,104,352
- kiosks		160,875	159,517
Service re-charge		258,616	272,233
Parking		169,575	111,019
		5,981,184	6,647,121
Operational expenses	18	(2,164,711)	(1,903,301)
General expenses	19	(465,765)	(229,676)
Depreciation		(43,432)	(41,277)
Bad debt		(31,437)	-
Other income		13,560	-
		(2,691,785)	(2,174,254)
Operating profit		3,289,399	4,472,867
Finance income	15	18,527	-
Finance cost	16	(2,768,788)	(2,632,167)
Profit for the year		539,138	1,840,700
Other comprehensive income:			
Loss/(gain) in fair value on investment property		(8,180,968)	4,150,000
Total comprehensive (deficit) /income for the year		$(7,641,830)	$5,990,700

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31St DECEMBER, 2009

	Stated Capital	Retained Earnings	Total Equity
Balance at 1st January, 2008	25,365,000	16,944,031	42,309,031
Total comprehensive income for the year	-	5,990,700	5,990,700
Balance at 31st December, 2008	25,365,000	22,934,731	48,299,731
Dividends paid	-	(996,137)	(996,137)
Total comprehensive deficit for the year	-	(7,641,830)	(7,641,830)
Balance at 31st December, 2009	$25,365,000	$14,296,794	$39,661,764

GRENREAL PROPERTY CORPORATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2009

	2009	2008
OPERATING ACTIVITIES		
(Loss)/profit for the year	(7,641,830)	5,990,700
Adjustments for:		
Depreciation	43,432	41,277
Loss/(gain) on fair value adjustment of investment property	8,180,968	(4,150,000)
Operating profit before working capital changes	582,570	1,881,977
Increase in trade and other receivables	(77,801)	(159,923)
Increase/(decrease) in trade and other payables	369,558	(573,784)
Decrease in amount due to related parties	(377,257)	(677,803)
(Decrease)/increase in proposed building development	(2,581,286)	3,060,546
Net cash (used in)/provided by operating activities	(2,084,216)	3,531,013
INVESTING ACTIVITIES		
Purchase of plant and equipment	(2,659)	(10,108)
Purchase of investment property	(180,968)	(3,500,000)
Listing on Eastern Caribbean Securities Exchange	-	(189,414)
Net cash used in investing activities	(183,627)	(3,699,522)
FINANCING ACTIVITIES		
Net proceeds from borrowings	2,142,799	-
Increase in shareholders' loan	683,307	-
Dividends paid	(996,137)	-
Net cash provided by financing activities	1,829,969	-
Net decrease in cash and cash equivalents	(437,874)	(168,509)
Cash and cash equivalents - at beginning of year	451,608	620,117
- at the end of the year	$13,734	$451,608
Represented By:		
Cash and cash equivalents	516,035	451,608
Bank overdraft	(502,301)	-
	$13,734	$451,608

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).

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 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) New Accounting Standards and Interpretations

(i) Certain new standards have been adopted in the current year that is relevant to the Company. These are as follows:

IFRS 7(amended) Financial instruments disclosures

IAS 1 (revised) Presentation of financial statements

(ii) The Company has not applied the following International Financial Reporting interpretations Committee (IFRIC) interpretations that became effective during the current year as they do not apply to the activities of the Company or have no material impact on its financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New Accounting Standards and Interpretations (continued)

IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first time adoption (effective for accounting periods beginning on or after January 1, 2009).
IFRS 2	Share-based Payment – Amendment relating to vesting conditions and cancellations (effective for accounting periods beginning on or after January 1, 2009).
IFRS3	Business combinations – comprehensive revision on applying the acquisition method (effective for accounting periods beginning on or after January 1, 2009).
IFRS 8	Operating segments (effective for accounting periods beginning on or after January 1, 2009).
IAS 16	Property, plant and equipment – amendments resulting from May 2008 annual improvements to IFRS's (effective for accounting periods beginning on January 1, 2009).
IAS 19	Employee Benefits - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).
IAS 20	Government Grants and Disclosure of Government Assistance - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).
IAS 23	Borrowing Costs - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).
IAS 27	Consolidated and Separate Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).
IAS 28	Investment in Associates - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).
IAS 29	Financial Reporting in Hyperinflationary Economies - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New Accounting Standards and Interpretations (continued)

IAS 31 Interest in Joint Ventures - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).

IAS 32 Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation (effective for accounting periods beginning on or after 1 January 2009).

IAS 36 Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).

IAS 38 Intangible Assets - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).

IAS 40 Investment Property - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 January 2009).

IAS 41 Agriculture - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2009).

IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009).

(iii) The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements.

IAS 39 Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRS's (effective for accounting periods beginning on or after 1 July 2009).

IFRS 5 Non-current Assets Held-for-sale and discontinued operations-amendments resulting from May 2008 annual improvements to IFRS's (effective for accounting periods beginning on or after July 1, 2009).

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction effective for accounting periods beginning on or after 1 January 2011).

IFRIC 18 Transfer of Assets from Customers (effective for accounting periods beginning on or after 1 July 2009).

IFRIC 17 Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 July 2009).

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.

Land is not depreciated. Depreciation on other assets 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
Computers	33%
Office furniture and equipment	20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at balance sheet 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 4. 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 and subsequently measured at amortised cost using the effective interest method, 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 a 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) Stated capital

Ordinary shares are classified as equity.

(h) 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.

(i) 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 expires not before 2013.

(j) Revenue

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

(l) 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS
AT 31ST DECEMBER, 2009
(continued)

4. PLANT AND EQUIPMENT

	Computers	Office Furniture and Equipment	Total
Cost			
Balance at 1st January, 2009	37,770	55,746	93,516
Additions for the year	2,659	-	2,659
Balance at 31st December, 2009	40,429	55,746	96,175
Accumulated Depreciation			
Balance at 1st January, 2009	13,489	12,079	25,568
Charge for the year	13,342	11,149	24,491
Balance at 31st December, 2009	26,831	23,228	50,059
NET BOOK VALUE - 2009	$13,598	$32,518	$46,116
NET BOOK VALUE - 2008	$24,281	$ 43,667	$67,948

5. INVESTMENT PROPERTY

	2009	2008
Balance at 1st January, 2009	87,000,000	79,350,000
Additions during the year	180,968	-
Other additions	-	3,500,000
	87,180,968	82,850,000
Net (loss)/gain from fair value adjustment	(8,180,968)	4,150,000
Balance at 31st December, 2009	$79,000,000	$87,000,000

The property is located at Melville Street is St . George's. The fair value is based on valuation performed by an independent professional valuat or with recent experience in the location and category of the investment property. The last valuation at 31 st December, 2009 was done by Terra Caribbean.

Included in the valuation is an additional lot of land (331.8 square m eters) donated to the company by one of its shareholders, St. George's Developm ent Company Limited, and u tilized a s the parking area. No consideration was given for the additional lot.

6. PUBLIC LISTING

	2009	2008
Balance at 31st December, 2009	170,473	189,414
Less: Amortisation	(18,941)	(18,941)
Balance at 31st December, 2009	$151,532	$170,473

This amount relates to costs for establishing the public listing of the company on the Eastern Caribbean Stock Exchange which have been capitalized. The original cost is being amortised over a ten (10) year period.

7. TRADE AND OTHER RECEIVABLES

Trade receivables	218,684	131,054
Prepaym ents	105,272	138,896
Other receivables	66,148	42,353
	$390,104	$312,303

As at 31st December, 2009 the ageing analysis of tenant' accounts is as follows:

	30 days	**30-60 days**	**60-90 days**	**90-120 days**	**Over 120 days**	**Total**
2009	$112,824	$58,769	$4,845	$18,874	$23,372	$218,684
2008	$54,626	$76,428	$ -	$ -	$ -	$131,054

8. CASH AND CASH EQUIVALENTS

Cash on hand and at bank	516,035	451,608
Bank overdraft (note 10)	(502,301)	-
Cash and cash equivalents in the statement of cash flow	$13,734	$451,608

The cash at bank includes an amount of $504,489 which is held in a savings account and is reserved for payment towards the loan facility at First Caribbean International Bank Limited.

9. STATED CAPITAL

	2009	2008
Authorised:		
9,500,000 shares		
Issued:		
7,662,598 shares of no par value	$25,365,000	$25,365,000

10. LONG-TERM BORROWINGS

	2009	2008
Long term		
FirstCaribbean International Bank (a)	-	15,790,000
(b)	-	18,900,000
(c)	37,132,799	-
	37,132,799	34,690,000
Less: Current portion	(959,747)	-
	36,173,052	34,690,000
Short-term		
Bank overdraft	502,301	-
Borrowings current portion	959,747	-
	1,462,048	-
Total borrowings	$37,635,100	$34,690,000

Loans (a) and (b) were consolidated into loan (c) during the year.

The loan is repayable over nineteen (19) years in monthly instalments of $310,678 inclusive of interest. Interest is at the rate of 7.5% per annum.

The bank overdraft bears interest at the bank's prime rate of 8.5% plus 1.5% per annum. The overdraft limit is $500,000 and operates as a fluctuating facility.

The overdraft is secured by a mortgage over the company's fixed and floating assets.

11. SHAREHOLDERS LOAN

The loan is unsecured and bears an interest rate of 10% per annum.

12. TRADE AND OTHER PAYABLES

	2009	2008
Deposits due to tenants	1,045,704	910,549
Trade payables	388,517	207,061
Other payables	93,611	40,664
	$1,527,832	$1,528,274

13. DUE TO RELATED PARTY

Balance outstanding	$116,524	$493,781

Related Party transactions

a) During t he y ear, t he f ollowing t ransactions occurred between the company and other related entities as follows:

Rental guarantee	407,039	661,295
Service fee to Melville Street Property Management Company Limited	58,464	77,465
Property management income	-	15,000
Interest expenses	29,782	79,722
Management fees	150,000	-

b) Key management

Key management comprises dire ctors, d ivisional m anagement a nd s enior m anagement o f t he company. Compensation to these individual were as follows:

Directors' fees	$43,100	$41,500

14. PROPOSED BUILDING IMPROVEMENTS

Balance at 31st December, 2009	$479,260	$3,060,546

The amount relates to amounts due to Volker Stevin Construction Europe - Grenada Branch for additional works done the property.

15. FINANCE INCOME

Interest income on short-term demand deposits	$18,527	$ -

16. FINANCE COST

	2009	2008
Interest on bank overdraft and other charges	(31,660)	(36,075)
Interest on borrowings	(2,689,6960	(2,516,370)
Other finance cost	(47,432)	(79,722)
	$(2,768,788)	$(2,632,167)

17. FINANCIAL RISK MANAGMENT

The com pany's activities expose it to a variety of financial risks: interest rate risk, credit risk, operational risk and liquidity risk. The risk management policies em ployed by the com pany t o manage these risks are discussed below.

Credit risk

Credit risk is the risk of financial loss to the company if a cu stomer or counter-party to a financial instrument f ails to m eet its con tractual obliga tions, and arises principally from the com pany'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 cus tomers who wish to trade on cr edit te rms are subjec t to credit ve rification procedures. In addition, receivable balances ar e monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

17. 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 to credit risk:

	2009	2008
Cash and cash equivalents	516,035	451,608
Trade receivables	218,684	131,054
Other receivables	171,420	181,249
	$906,139	$763,911

Analysis of financial assets past due but not impaired are as follows:

	Neither past due nor impaired	30-60 days	60-90 days	90-120 days	Over 120 days	Total
2009	$112,824	$58,769	$4,845	$39,202	$23,372	$218,684
2008	$54,626	$76,428	$181,749	$ -	$ -	$131,054

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.

17. FINANCIAL RISK MANAGEMENT (continued)

Matur ity analysis for liquidity risk:

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Balance at 31st December, 2009					
Long-term borrowings	-	-	-	36,173,052	36,173,052
Shareholders' loan	-	-	683,307	-	683,307
Trade and other payables	482,128	-	1,045,704	-	1,527,832
Short-term borrowings	502,301	959,747	-	-	1,462,048
Amount due to related parties	-	116,524	-	-	116,524
Proposed building improvement	479,260	-	-	-	479,260
	$1,463,689	$1,076,271	$1,709,011	$36,173,052	$40,442,023
Balance at 31st December, 2008					
Long-term borrowings	-	-	-	34,990,000	34,990,00
Trade and other payables	247,725	-	910,549	-	1,158,274
Amount due to related parties	-	493,781	-	-	493,781
Proposed building improvement	-	-	3,060,463	-	3,060,546
	$247,725	$493,781	$3,971,095	$34,990,000	$39,702,601

Currency risk

Substantially all of the com pany's transactions, assets and liab ilities ar e denom inated in Easte rn Caribbean Dollars. Therefore, the company has no significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk th at the fair value or future cash flows of a financial instrum ent will fluctuate because of changes in market interest rates.

The com pany is exposed to interest rate risk th rough the ef fect of fluctu ations in the prevailing levels of interes t ra tes on inter est bearing f inancial assets and liabilities, including loans. The Company holds primarily fixed rate financial instruments and is therefore not significantly exposed to interest rate risk.

17. FINANCIAL RISK MANAGEMENT (continued)

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.

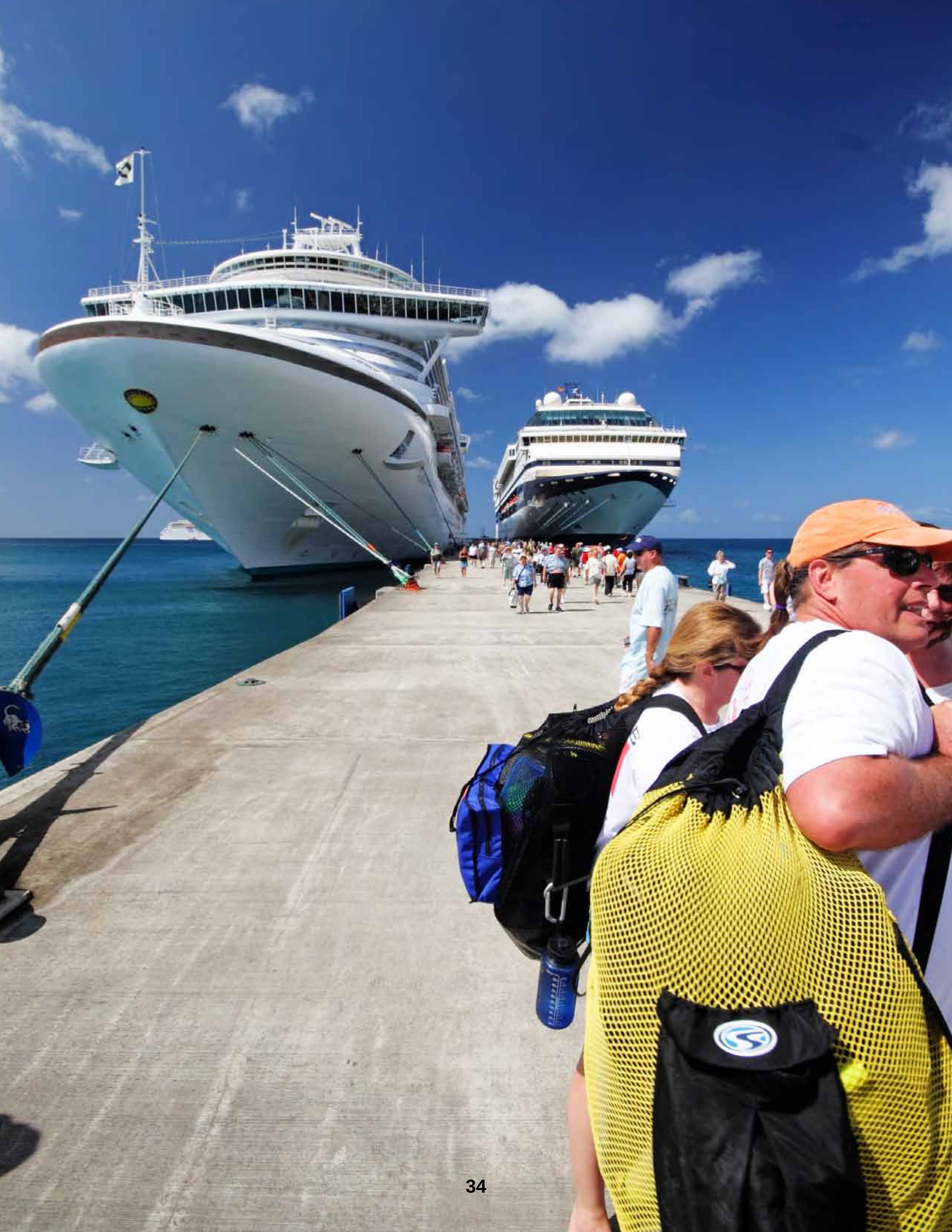
The Company has secured the properties against fire and perils including natural disaster. In addition appropriate insurance for third party liability and directors' liability is in place.

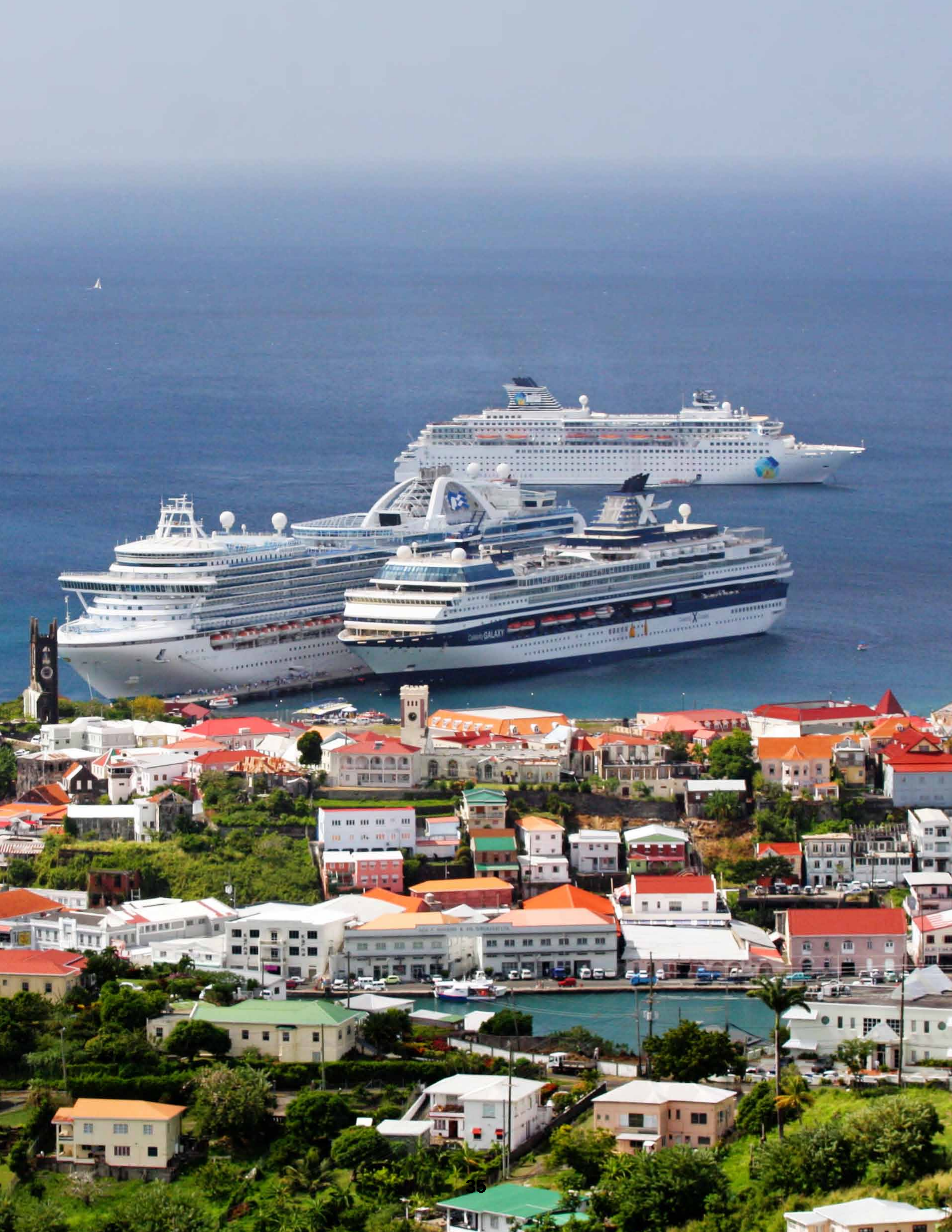
18. OPERATIONAL EXPENSES

	2009	2008
Janitorial expenses	185,284	149,869
Insurance	314,741	348,449
Office rent - Operating	179,330	44,832
Accounting fees	37,800	35,804
Legal fees new rentals	26,029	63,250
Security services	323,555	312,075
Lunch and dinner	2,047	142
General maintenance	176,032	181,790
Office supplies	15,893	8,066
Directors' liability insurance	13,125	-
Parking expenses	22,336	30,522
Utilities	(62,000)	(82,132)
Salaries	272,891	240,902
Telephone	64,527	38,493
Public relations	115,318	55,013
Electricity	448,858	458,207
Water	28,945	18,019
	$2,164,711	$1,903,301

19. GENERAL EXPENSES

	2009	2008
Service charges – MPMC	58,805	77,465
Computer maintenance	6,840	-
Miscellaneous expenses	5,575	3,453
General management compensation	150,000	-
Directors fees	43,100	41,500
Legal fees	16,194	9,371
Audit fees	35,000	32,056
Professional fees	121,438	49,831
ECCSR yearly costs	28,814	16,000
	$465,765	$229,676





11 February 2010

Mr. Hendrik A. van Dijk
Grenreal Property Corporation Limited
Esplanade Mall
Melville Street
St George's
Grenada

Dear Mr. van Dijk,

As instructed, we have carried out an appraisal of the Dr. Jan Bosch Building and the Esplanade Mall at the New Melville Street Cruise Port Site, St. George's, Grenada. The property inspections, investigations and analyses have been carried out by Terra Caribbean and the full valuation report is enclosed.

Grenreal Property Corporation Limited has provided information related to the tenants and assumptions have been made relating to tenancy, rents and expenses over a ten-year period.

The valuations were completed for the above noted properties with an effective date of December 31, 2009.

In our opinion the fair market values of the properties are in the ranges noted:

Dr. Jan Bosch Building: **EC$19,000,000 to $20,000,000** with a point estimate of **EC$20,000,000.**

Esplanade Mall: **EC$57,000,000 to $61,000,000** with a point estimate of **EC$59,000,000.**

There were several factors negatively impacting the value of the properties noted during this year's analysis. Some of the risk factors indentified in the previous valuation were confirmed during the past year. The negative factors include but are not limited to the following items:

- Waiving the CPI escalation during 2009
- Inability to apply CPI escalation for 2010 due to negative CPI reported
- Expiration of the rental guarantee for the vacant office space
- Low market rent for the any vacant office space (50% of rental guarantee)
- Poor economic conditions resulting higher risk

One of the major problems with poor economic conditions is tenant risk, the viability of the tenants business will affect their ability to pay rent, as such when the rent escalations are not enforced by at least what is assumed in the analysis it will have a negative impact on the value of the properties as demonstrated in the analysis herein.

It should be noted that the uncertain economic times (global economic crisis) have been taken into consideration this will affect the market to which a property of this type would appeal and the willingness of market participant to make such a large investments. As such it is expected that an extended exposure period may be required in achieving market value for these properties on the open market.

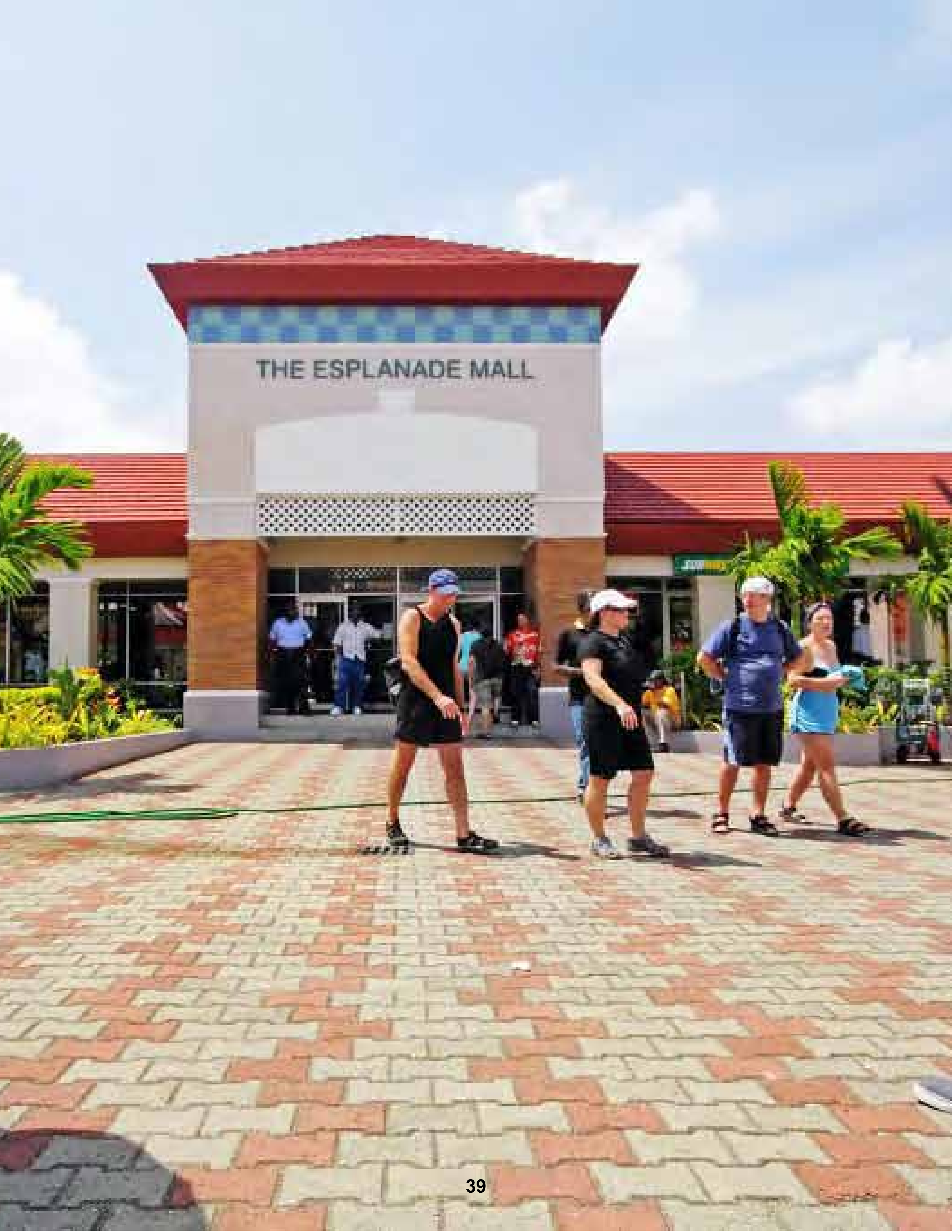
This report is subject to the Appraiser's Certification and Statement of Limiting Conditions that are attached.

Yours Sincerely,

Maria Carrington-Alleyne
General Manager

Grenreal

Property Corporation Limited


THE ESPLANADE MALL

Grenreal

Property Corporation Limited