

**Schedule 1**  
**FORM ECSRC – K**

**ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES  
ACT OF 2001**

For the financial year ended December 31, 2011

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 446, 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

(Provide information stipulated in paragraphs 1 to 14 hereunder)

- **Business**

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

The Company is the owner of two new, recently completed properties located on the reclaimed land of the St. George's New Cruise Port, the “Esplanade Mall” and the “Dr. Jan Bosch Building”.

The two properties are rented to third parties. The combined value of the two buildings is approximately EC\$71.7 million. The Company intends to increase its real estate portfolio by acquiring new properties, although there are no immediate acquisitions planned.

The Company has an equity value of over EC\$33 million and is presently owned by private as well as public entities.

- **Properties**

The Company has neither acquired nor disposed any real estate since listing in July 2008. The Company still owns the two properties mentioned before.

Following its strategy to actively manage its Real Estate Portfolio, the Company started to improve the quality and the rental value of the existing properties by converting offices in the Esplanade Mall into shops and will to increase the general attractiveness of the two properties with a connecting building which also offers additional retail space. In December 2009 the interconnection was completed and a majority of the newly created units have been rented out.

- **Legal Proceedings**

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.

- **Submission of Matters to a Vote of Security Holders**

On June 1, 2011 the Annual General Meeting of the Shareholders took place. The Shareholders accepted the Annual Report and followed the proposal of the Board of Directors NOT to pay a dividend for the financial year 2010.

The shareholders in their Annual meeting have re-elected all Directors.

- **Market for Reporting issuer's Common Equity and Related Stockholder Matters**

Not applicable

- **Financial Statements and Selected Financial Data**

Details see attached Financial Statements 2011.

- **Disclosure of Risk Factors**

No additional risk factors to ones already stated in the Prospectus dated June 30, 2008, occurred.

- **Changes in Securities and Use of Proceeds**

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

- **Defaults upon Senior Securities**

The Company never had any event of default before and since listing in July 2008.

- **Management's Discussion and Analysis of Financial Condition and Results of Operation**

### **PERFORMANCE REVIEW 2011**

The Esplanade Shopping and Commercial Complex owned and operated by Grenreal Property Corporation Ltd. had been set up as a shopping facility catering for 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 Ship Terminal in St. George's.

The worldwide economic crisis as it emerged in 2008 has continued to affect business conditions significantly throughout the year 2011. While in the Caribbean region the economies are highly dependent on the tourist industry, stay-over tourism in Grenada has not recovered after a sharp decline in 2009. Although cruise tourism has grown significantly since 2003 when 150,000 passengers arrived, it decreased from more than 340'000 in 2009 to an estimated 320'000 in 2011. Individual spending of passengers did not recover to the levels experienced before 2009. More over due to an extreme dearth of domestic investments (private as well as government) and direct foreign investments the economy of Grenada has practically stagnated.

The economic conditions as previously mentioned have had an adverse effect on the businesses particularly of our domestic tenants resulting in increased vacancies, pressure on rental levels and the write off of some bad debt at the end of the year. The company also had to give additional discounts in order to keep existing tenants with financial problems.

Vacancies in the Esplanade Mall increased from 8% to 15% in the Esplanade Mall but on the other hand decreased 31% to 18% in the Bruce Street Building.

Due to the fact that the Consumer Price Index did not change over the year 2010 no rent increase could be applied in April 2011. Since the Passenger Flow Index was even negative, also no increase could be applied in October 2011.

All these negative influences resulted in a lower total income of \$ 5,259,847 compared to \$ 6,008,497 in 2010.

In order to compensate the negative trend on the income side, the Company

focused on a decrease of its operational and general costs, resulting in a decline from \$ 2,324,241 in 2010 to \$ 1'996,459 in 2011.

Nevertheless the savings were enough, since the financing costs still remained at a too high level. So the profit before revaluation decreased from \$ 805,929 in 2010 to \$ 373,160 in 2011.

A positive sign for the future is the small profit of \$ 183, 900 (after huge losses in the past two year) on the revaluation of the property. It seems that the market bottomed out.

## **BALANCE SHEET AND FINANCING**

As mentioned above on December 31, 2011 Grenreal's property portfolio was valued at EC\$71.7 million (compared to 71.5 million in 2010). This slight increase shows that the bottom has been reached in 2010 after two consecutive years of valuation losses and that the expectations for the future are getting brighter.

The Company's long term borrowings decreased from \$ 36.3 million to \$ 35.4 million due to amortization. The loan to value ratio at 49.4 % therefore is again in line with the agreed particular financial covenant with the bank.

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. The amortization however is a burden on the cash position of the Company resulting in a negative cash flow. The Company therefore still wants to pursue the issue of mortgage secured bonds in order to fundamentally improve Company's cash position.

## **RESULTS AND DIVIDENDS**

Although operational profit decreased, as stated before, the effects of the valuation of the property which is executed on an annual basis in accordance with IFRS resulted in a total comprehensive profit for the Company of \$ 557,060 (2010: a comprehensive deficit of \$ 6,895,954). That has resulted in an increase of the shareholders equity to \$ 33.3 million at the year end (2010 \$ 32,7 million). The net asset value per share increased from \$ 4.28 to \$4.35.

Nevertheless the Board of Directors does not propose a Dividend for the year 2011 due to the tight cash position of the Company..

## **PROSPECTS**

Although the economic conditions have affected the financial position of the Company, it still shows a strong balance sheet. The present economic conditions however, still require extreme alertness. The Company has identified particular risks as it is expected that the effects of the stagnated local

economy will lag particular for our local tenants who continue to face extreme difficulties, with a knock-on adverse effect on the Company.

The Company is therefore strongly focused on shifting from its mixed 50/50 portfolio of domestic/international tenant model, since it is considered no longer sustainable. Intensive marketing is now being undertaken for international tenants and the first signs of success are visible. International tenants specifically catering for the tourist industry are more familiar to the seasonal effects of the industry.

- **Changes in and Disagreements with Auditors on Accounting and Financial Disclosure**

The Company did not change its Accounting and Financial Disclosure and did not have any disagreement with the Auditors on these issues.

- **Directors and Executive Officers of the Reporting Issuer**

As mentioned in section 4, all Directors had been re-elected at the Shareholders Meeting held on June 1, 2011:

Meanwhile two directors resigned:  
Mr. Nigel John as per January 20, 2012  
Mr. Stefan Goetschi as per next Shareholder's Meeting scheduled for June 2012.

- **Other Information**

Not applicable

- **List of Exhibits**

- Annual Report 2011

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

Yes X

No \_\_\_\_\_

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

CLASS	NUMBER
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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:

*M. ...*

Signature

Date

Name of Chief Financial Officer:

*J. ...*

Signature

Date

Name of Director:

*AMBROSE PHILLIP*

Signature

*A. Phillip*

Date

*30/4/12*



## INFORMATION TO BE INCLUDED IN THE REPORT

### **1. Business.**

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

### **2. Properties.**

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

### **3. Legal Proceedings.**

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

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

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

- (a) The date of the meeting and whether it was an annual or special meeting.
- (a) 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.
- (a) A brief description of each other matter voted upon at the meeting and state 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.
- (a) A description of the terms of any settlement between the registrant

and any other participant.

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

#### **4. Market for Reporting issuer's Common Equity and Related Stockholder Matters.**

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

#### **4. Financial Statements and Selected Financial Data.**

Provide audited Financial Statements, Statement of Retained Earnings and Changes in Financial Position for the year ended. The relevant financial data items to be used in constructing the financial statements are provided in Parts A-D.

Include the following documents with the financial statement:

- (i) Auditor's report;
- (i) A balance sheet as of the end of each of the two most recent financial years.
- (i) Consolidated statements of income, statements of cash flows, and statements of other stockholders' equity for each of the two financial years preceding the date of the most recent audited balance sheet being filed.
- (i) Financial statements for the most recent financial year.
- (i) Notes to Financial Statements

#### **7. Disclosure About Risk Factors.**

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements and only include factors that are unique to the company. 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.

## **7. Changes in Securities and Use of Proceeds.**

- 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.
  - 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.

## **7. 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 percent 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.
- (a) If any material arrears in the payment of dividends has 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.

## **7. Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results

of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

This section should be completed as per instructions for completing the MD&A.

**11. Changes in and Disagreements With Auditors on Accounting and Financial Disclosure.**

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

**11. Directors and Executive Officers of the Reporting Issuer.**

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

**11. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. 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 - K report.

**11. List of Exhibits**

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

## Part A

### Relevant Financial Data Items for Commercial and Industrial Companies

#### Item Descriptions

- Cash and Cash Items
- Marketable securities
- Notes and Accounts Receivables-Trade
- Allowances for doubtful accounts
- Inventory
- Total Current Assets
- Intangible Assets
- Property Plant and Equipment
- Accumulated Depreciation
- Other Assets (explain)
- Total Assets
- Accounts Payable
- Total Current Liabilities
- Other Liabilities (explain)
- Bonds, mortgages and similar debt
- Preferred stock-mandatory redemption
- common stock
- other stockholder's equity
- Total liabilities and stockholder's equity
- net sales of tangible products
- total revenues
- cost of tangible goods sold
- total costs and expenses applicable to sales and revenues
- other costs and expenses
- provision for doubtful accounts and notes
- Interest and amortisation of debt discount
- Income before taxes and other items
- income tax expense
- income/loss continuing operations
- Discontinued operations
- extraordinary items
- Cumulative effect-changes in accounting principles
- net income or loss
- earnings per share -primary
- earnings per share - fully diluted
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## Part B

### Relevant Financial Data Items for Bank Holding Companies and Banks

#### Item Descriptions

- Cash and due from banks
- interest bearing deposits
- Borrowings from the ECCB, Inter-bank Market activity and other bank borrowings
- trading account assets
- investment and mortgage backed securities held for sale
- Investments: to provide schedule of type, rates, maturity and place – (whether domestic/regional or foreign)
- loans
- allowances for losses
- Fixed Assets
- total assets
- other liabilities
- Total deposits
- short-term borrowings
- long-term debt
- preferred stock-mandatory redemption
- preferred stock-no mandatory redemption
- common stocks
- other stockholder's equity
- total liabilities and stockholder's equity
- contingent accounts
- interest and fees on loans
- interest and dividends on investments
- other interest income
- total interest income
- interest expense on deposits
- total interest expense
- net interest income
- provision for loan losses
- investment securities gains/losses
- other expenses
- income/loss before income tax
- income/loss before extraordinary items
- extraordinary items
- cumulative changes in accounting principles
- net income or loss
- earnings per share-primary
- earnings per share- fully diluted

## Part C

### Relevant Financial Items for Broker-Dealers Holding Companies

#### Items Description

- Cash and cash items
- receivables from brokers and dealers, customers and others
- securities purchased under resale agreements
- financial instruments owned
- fixed assets
- total assets
- short term borrowings including commercial paper
- payable to customers, brokers/dealers (including clearing brokers) and others
- securities sold under agreements to repurchase
- long-term debt
- preferred stock-mandatory redemption
- preferred stock - no mandatory redemption
- common stock
- other stockholder's equity
- total liabilities and stockholder's equity
- revenue from trading activities
- interest and dividends
- commissions
- interest expense
- other sources of revenue
- compensation and employee related expense
- income/loss before income tax
- income/loss before extraordinary items
- extraordinary items, less tax
- cumulative change in accounting principles
- net income or loss
- earnings per share- primary
- earnings per share - fully diluted
-



## Part D

### Relevant Financial Data Items for Public Utility and Utility Holding Companies

#### Item Descriptions

- total net utility plant
- other property and investments
- total current assets
- total deferred charges
- balancing amount for total assets
- total assets
- common stock
- capital surplus, paid in,
- retained earnings
- total common stockholders equity
- preferred stock subject to mandatory redemption
- preferred stock not subject to mandatory redemption
- long term debt, net
- short term notes
- notes payable
- commercial paper
- long term debt-- current portion
- preferred stock-- current portion
- obligation under capital leases
- obligation under capital leases--current portion
- balancing amount for capitalisation and liabilities
- total capitalisation and liabilities
- gross operating revenue
- other operating expense
- total operating expense
- operating income (loss)
- other income (loss), net
- income before interest charges
- total interest charges
- net income
- preferred stock dividends
- earnings available for common stock
- common stock dividends
- total annual interest charges on all bonds
- cash flow from operations
- earnings per share –primary
- earnings per share – fully diluted