

Schedule 1

FORM ECSRC – K

**ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001**

For the financial year ended 31st DECEMBER 2022

Issuer Registration number
345640

GRENREAL PROPERTY CORPORATION LIMITED

(Exact name of reporting issuer as specified in its charter)

GRENADA .W.I

(Territory of incorporation)

P.O.BOX 1950, MELVILLE STREET, ST. GEORGE'S, GRENADA .W.I.

(Address of principal office)

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)

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

Yes ☒

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
ORDINARY SHARES	7,670,302
PREFERENCE SHARES	550,572

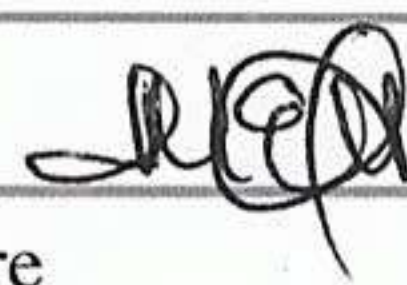
SIGNATURES

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:

Ms. Lindy Smith-McLeod




Signature

June 2nd, 2023

Date

Name of Director:

Mr. RONALD HUGHES - CHAIRMAN




Signature

June 2nd, 2023

Date

Name of Chief Financial Officer:

Ms. Nerisa John



Signature

June 2nd, 2023

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

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.

Grenreal Property Corporation Limited (the "Company") was specifically set up to enable private, professional and institutional investors to benefit from the successful development of the cruise tourism industry in Grenada, in particular, and the development of Grenada as a tourist destination in general. Grenreal also provides a prime commercial spaces for the conduct of leisure and professional services locally.

The company has been in operation for over eighteen years. It offers business opportunities to positively enhance regional commerce and influence cruise tourism in Grenada. It is the owner of property located on the reclaimed land situated at the St. George's Cruise Port, the "Esplanade Mall" and the "Dr. Jan Bosch Building" more commonly known as the Bruce Street Commercial Complex.

The properties are rented to third parties and have very low vacancies. The combined value of the two buildings to date is approximately EC\$70 million. The company's equity value is approximately EC\$44 million and it is presently owned by private as well as public entities. The Company's shares were listed at the Eastern Caribbean Securities Exchange in St. Kitts and Nevis in July 2008.

During the Financial year 2022, The company was able to accomplish the following:

1. Recommenced servicing it debt obligations at the end of moratorium extended by its bondholders during the period of the Covid-19 pandemic.
2. Discontinued discounts offered to tenants during the period of the covid-19 pandemic.
3. Implemented cost cutting measures to reduce expenditure.
4. Worked towards achieving full occupancy level in the Bruce Street and Esplanade Malls.
5. Worked toward creating an inviting shopping environment for visitors.

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 of since the beginning of the financial year for which this report is filed.

The following properties are managed by Grenreal Property Corporation Limited

The Esplanade Mall
Dr. Jan Bosch Building (Bruce Street Mall)

No new properties have been acquired or disposed of since the beginning of the financial year ended 31 December 2020.

The Grenreal Property Corporation Limited (Grenreal) leases the following properties:

The Esplanade Mall
Dr. Jan Bosch Building (Bruce Street Mall)

The both properties are structurally connected and therefore are seen as one Facility.

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.

Currently there are no Legal Proceedings against Grenreal

4. 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.

Not Applicable

- (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.

Not Applicable

- (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.

Not Applicable

- (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

5. 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.

Not Applicable

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the 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. 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 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:

Depressed economic conditions can have an adverse impact on revenue collections. As compared to the period 2021, the economy in 2022 has recovered well albeit still being below pre covid-19 levels of activity (Grenada Parliament Mid Year Review).

Development of the tourism industry

The Grenada Tourism Authority (GTA) continues to monitor the global tourism market. The cruise season 2021/2022, though not as robust as seasons prior to the covid-19 pandemic, brought much needed revenue to the tenants at the malls. The increase in airline travel or stay over visitors and the 2022/ 2023 season that commenced in late October 2022 also positively affected tenants' businesses. Adverse shocks to the economies of tourism source markets will adversely affect Grenada's tourism , and consequently Grenreal's business.

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.

Changes in legislations

Grenreal business can be affected by changes in government legislation. Legislation- Emergency Powers Regulations implemented as a result of the Covid 19 pandemic on March 25th, 2020 adversely affected economic activity in the mall. The easing of such restrictions positively affected Grenreal's business

Operational risks

The possibility of deficiencies in company information and control systems, human error and disasters are assessed regularly and measures are 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.

8. 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.

Not Applicable

- (b) 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)

Not Applicable

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

Not Applicable

- Name and address of underwriter(s)

Not Applicable

Not Applicable

- Amount of expenses incurred in connection with the offer Not Applicable

- Net proceeds of the issue and a schedule of its use

Not Applicable

- Payments to associated persons and the purpose for such payments

Not Applicable

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

Not Applicable

9. 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.

Not Applicable

- (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

10. 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.

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

Total income for the year ended December 31st, 2022 was EC\$4,796,691, (year ended December 31st 2021: EC\$2,247,893) a 113% increase. This increase is due to the removing of percentage discounts previously offered to cruise oriented as well as retail tenants during the 2021 period.

Demand for rental spaces during the period 2022 has grown significantly. At the end of 2022, the occupancy rate in Bruce Street and Esplanade malls was 100%. However, there is still great demand for rental spaces within the malls.

Grenreal's property was valued at EC\$70,284,700 as at 31st December 2022 compared to a valuation of EC\$66,325,800 at the end of December 2021; a \$3,958,900 gain. An independent valuator carried out the valuation of the property. The method used to arrive at the market value was the income capitalization method.

The return of cruise ships for the 2021/2022 season gave a great boost to economic activity within the malls.

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

As of December 31st, 2022 the company's working capital ratio(current assets : current liabilities) is 0.77:1, a higher ratio as compared to the end of December 31st, 2021 of 0.23:1. This ratio shows the company is able to meet its current debt as they fall due. During the period 2022 the outstanding moratorium interest on the syndicate bond was converted to a loan therefore decreasing the payables balance.

Despite the ending of covid-19 restrictions the return of cruise ships, some tenants still had some difficulty with meeting their rent obligations after full rental rates were reintroduced. The receivables balance as at the end of 2022 showed an increase of \$172,738 as compared to 2021 year end (2022: \$501,810; 2021: \$329,072).

The company's debt to equity ratio at the end of 2022 is 0.64:1 (December 2021 0.61:1). There is \$0.64 of long term debt to every dollar of equity. This ratio increased as the moratorium interest on the syndicate bond was converted to a loan.

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 transactions.

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

Grenreal's net profit for the period 2022 was \$1,056,564 (2021.- \$1,199,419) an increase of \$2,255,983, after a loss in 2021. This increase is due to the increase in income for the period of 113% as discounts previously offered to cruise oriented tenants (generally 75%) and retails tenants (generally 50%) were discontinued. Along with the increase in operating profit, operating expenses increased by 25%. This is attributable to increases in general maintenance of 70%. Public relations increased by 245% as more advertising was done to encourage local throughput in the malls. The period 2021 had seen a decrease in advertising and promotional activities. There were also increases in janitorial expenses, electricity charges, security services expenses and service fees.

During the period 2022, Grenreal generally maintained a 100% occupancy rate in both malls.

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.

Not Applicable

12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)

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

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K 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.

Not Applicable

14. List of Exhibits

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

The Audited Financial Statements for the Year Ended 31st December 2022.

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: MR. RONALD HUGHES Position: CHAIRMAN

Mailing Address: P.O. BOX 1950, MELVILLE STREET, ST. GEORGE'S, GRENADA W.I.
P.O. BOX 1950, MELVILLE STREET, ST. GEORGE'S, GRENADA W.I.

Telephone No.: 1-473-409-9589

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Ronald L Hughes entered the Insurance Industry in 1984 when he joined Caribbean Insurance Company Limited which was subsequently rebranded TransNemwil Insurance Limited Grenada.

Mr. Hughes worked in most Departments of the Company and held the positions of Marketing Manager and Claims Manager before being appointed General Manager on March 1st 1997 and then Managing Director on July 1st 1998. Much of his training was received through the Trinidad and Tobago Insurance Academy, the Insurance Institute of America and the National Leadership Institute /CPCU Society. Mr. Hughes is a past President of the Association of Grenada Insurance Companies.

Mr. Hughes continues at the helm as the Managing Director of TransNemwil Insurance Limited, Grenada, which was rebranded in 2015 to Guardian Group Grenada. Presently he is a Director of Grenada Transport Board and Insurance Association of the Caribbean.

Education (degrees or other academic qualifications, schools attended, and dates):

Professional Development Courses:

1992 The Academy of Insurance of Trinidad and Tobago - Motor Insurance Practice.

1992 The Academy of Insurance of Trinidad and Tobago and the London School of Insurance- Strategic Planning/Management

1993 The Academy of Insurance of Trinidad and Tobago - Reinsurance.

1999 The Academy of Insurance of Trinidad and Tobago - Contractors' All Risks insurance.

2006 CPCU Society National Leadership Institute - Strategic Planning, Strategic Thinking, Persuasive Communication for Leaders

Use additional sheets if necessary.

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Position: CEO/COMPANY SECRETARY

P.O. BOX 1950, MELVILLE STREET, ST. GEORGE'S, GRENADA W.I.

Telephone No.: 1-473-435- 8372

CHIEF EXECUTIVE OFFICER (GRENREAL PROPERTY CORPORATION LIMITED) - October 2022

CHIEF FINANCIAL OFFICER (GRENREAL PROPERTY CORPORATION LIMITED)- April 2018 – September 2022 ;
Responsible for overseeing the finances of the Company, i.e. ensuring the accuracy of the financial records and advising the Cheif Executive Officer.

2022 ACCA Professional Level (Ongoing)-
2003 B.Sc. Degree in Accouting, University of the West Indies, Tinidad;
1999 Diplome de Langue Francais, Alliance Francaise, Paris
1997 Associate Degree in Arts ; TA Marryshow Community College

ON CONTRACT, FULL TIME

Use additional sheets if necessary.

GRENREAL PROPERTY CORPORATION LIMITED

FINANCIAL STATEMENTS
(Expressed in Eastern Caribbean Dollars)

FOR THE YEAR ENDED

31ST DECEMBER, 2022

GRENREAL PROPERTY CORPORATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)**

CONTENTS

	Page
COMPANY PROFILE	2
INDEPENDENT AUDITORS' REPORT	3 - 7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 - 38

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GRENREAL PROPERTY CORPORATION LIMITED
(Expressed in Eastern Caribbean Dollars)



COMPANY PROFILE

Directors

Mr. Ronald Hughes, (Guardian General Insurance (OECS) Limited) - Chairman
Mr. Sükrü Evrengün (Zublin Grenada Limited) – Deputy Chairman
Ms. Fay Roberts (Zublin Grenada Limited)
Mr. Ron Antoine (Grenada Ports Authority)
Mr. Dorset Cromwell (National Insurance Scheme)
Dr. Linus Thomas (St. George's Newport Property Development Company Limited)
Mr. Anthony Maughn (Caribbean Financial Services Corporation)
Mr. George Bain (Grenada Ports Authority)
Mr. Fitzroy O'Neale (Grenada Co-operative Bank Limited/National Insurance Scheme) - Consortium
Mr. Osbert Hood (National Insurance Scheme)
Mr. Larry Lawrence (Grenada Co-operative Bank Limited/National Insurance Scheme) - Consortium

Company Secretary

Ms. Lindy Smith- Mcleod

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.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grenreal Property Corporation Limited (the 'Company'), which comprise the statement of financial position at 31 December, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addressed these matters is provided in that context.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

**GRENREAL PROPERTY CORPORATION LIMITED
(continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of Investment Property</p> <p>Refer to notes 2(d) and 5 of the financial statements.</p> <p>The Company's investment property relates to property located on Melville Street, St. George's at a valuation of \$70,284,700 at year-end. For 2022 the Company recognized a fair value gain of \$3,958,900 on the property which is shown in the statement of comprehensive income.</p> <p>It is the Company's policy that the investment property is stated at fair value. The property is valued by an independent external valuator using the income capitalization method.</p> <p>The valuation of the Company's investment property is inherently subjective due to the estimates used in determining the property's fair values, such as the capitalization rates, forecast rentals and property expenses. Among other factors, the individual nature of the property, its location and expected future rentals for the property also affects the valuation of the investment property. Valuers also apply assumptions for yields and estimated market rent to arrive at the final valuation.</p> <p>The valuation of investment property was considered to be a key audit matter due to significant estimates and the level of judgement involved.</p>	<p>The audit procedures we performed included, amongst others, the following:</p> <ul style="list-style-type: none"> • We assessed the independent valuation expert's competence, qualification and independence. • We read the valuation report for the property valued by the independent external valuation expert in the current year and confirmed that the valuation approach was in accordance with International Financial Reporting Standards and suitable for use in determining the fair value for the purpose of the financial statements. • We reviewed the key assumptions used in the determination of the fair value as follows: <ul style="list-style-type: none"> - Rental income used in the forecast was agreed to the underlying tenant contracts for reasonableness. - Forecast operating expenditure was agreed to historical property expenditure and budgets. - Reasonability of the discount and capitalization rates to available industry data.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GRENREAL PROPERTY CORPORATION LIMITED
(continued)**

Report on the Audit of the Financial Statements (continued)

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GRENREAL PROPERTY CORPORATION LIMITED
(continued)**

Report on the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GRENREAL PROPERTY CORPORATION LIMITED
(continued)**

Report on the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence; and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Henry A. Joseph.

GRENADA

May 31st, 2023



Accountants & Business Advisers:

GRENREAL PROPERTY CORPORATION LIMITED

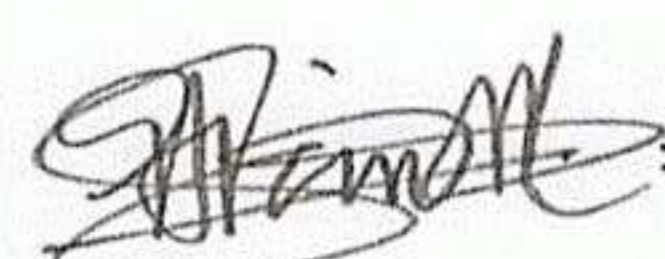
STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)

	Notes	2022	2021
ASSETS			
Non-Current Assets			
Plant and equipment	4	95,998	41,400
Investment property	5	<u>70,284,700</u>	<u>66,325,800</u>
		<u>70,380,698</u>	<u>66,367,200</u>
Current Assets			
Trade and other receivables	6	501,810	329,072
Cash and cash equivalents	7	<u>1,327,163</u>	<u>789,428</u>
		<u>1,828,973</u>	<u>1,118,500</u>
TOTAL ASSETS		<u>\$72,209,671</u>	<u>\$67,485,700</u>
EQUITY AND LIABILITIES			
STATED CAPITAL	8	27,567,289	27,567,289
ACCUMULATED SURPLUS		<u>16,446,857</u>	<u>11,431,393</u>
TOTAL EQUITY		<u>44,014,146</u>	<u>38,998,682</u>
Non-Current Liabilities			
Long-term borrowings	9	<u>25,846,584</u>	<u>23,719,087</u>
Current Liabilities			
Trade and other payables	10	847,698	3,524,594
Amount due to related parties	11	726,657	893,294
Short-term borrowing	9	<u>774,586</u>	<u>350,043</u>
		<u>2,348,941</u>	<u>4,767,931</u>
TOTAL LIABILITIES		<u>28,195,525</u>	<u>28,487,018</u>
TOTAL EQUITY AND LIABILITIES		<u>\$72,209,671</u>	<u>\$67,485,700</u>

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on 26th May, 2023 and signed on their on its behalf:

 : Director

 : Director
8

GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)

	Notes	2022	2021
Rental income - rental units		4,081,148	1,690,054
- kiosks		206,335	112,082
Service re-charge		235,847	215,025
Parking		148,982	145,733
Other income		<u>124,379</u>	<u>84,999</u>
		<u>4,796,691</u>	<u>2,247,893</u>
Operational expenses	14	(1,915,791)	(1,529,551)
General expenses	15	(220,466)	(287,957)
Depreciation		(18,264)	(20,378)
Expected credit loss		<u>(44,156)</u>	<u>(44,954)</u>
		<u>(2,198,677)</u>	<u>(1,882,840)</u>
Operating profit		2,598,014	365,053
Finance cost	12	<u>(1,541,450)</u>	<u>(1,564,472)</u>
Net profit/(loss) for the year		1,056,564	(1,199,419)
Other comprehensive income:			
Gain on revaluation of investment property		<u>3,958,900</u>	<u>18,247,200</u>
Total comprehensive income for the year		<u>\$5,015,464</u>	<u>\$17,047,781</u>

The accompanying notes form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)

	Stated Capital	Accumulated Surplus/(Loss)	Total Equity
Balance at 1 st January, 2021	27,567,289	(5,616,388)	21,950,901
Total comprehensive income for the year	<u>-</u>	<u>17,047,781</u>	<u>17,047,781</u>
Balance at 31 st December, 2021	27,567,289	11,431,393	38,998,682
Total comprehensive income for the year	<u>-</u>	<u>5,015,464</u>	<u>5,015,464</u>
Balance at 31 st December, 2022	<u>\$27,567,289</u>	<u>\$16,446,857</u>	<u>\$44,014,146</u>

The accompanying notes form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)**

	2022	2021
OPERATING ACTIVITIES		
Net profit/(loss) for the year	1,056,564	(1,199,419)
Adjustments for:		
Depreciation	<u>18,264</u>	<u>20,378</u>
Operating profit/(loss) before working capital changes	1,074,828	(1,179,041)
Increase in trade and other receivables	(172,738)	(35,000)
(Decrease)/increase in trade and other payables	(2,676,896)	1,407,200
Decrease in amount due to related parties	<u>(166,637)</u>	<u>(203,747)</u>
Net cash used in operating activities	<u>(1,941,443)</u>	<u>(10,588)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(72,862)</u>	<u>(8,218)</u>
Net cash used in investing activities	<u>(72,862)</u>	<u>(8,218)</u>
FINANCING ACTIVITIES		
Net proceeds from borrowings	<u>2,552,040</u>	<u>20,352</u>
Net cash provided by financing activities	<u>2,552,040</u>	<u>20,352</u>
Net increase in cash and cash equivalents	537,735	1,546
Cash and cash equivalents - at beginning of year	<u>789,428</u>	<u>787,882</u>
- at end of year	<u>\$1,327,163</u>	<u>\$789,428</u>
REPRESENTED BY:		
Cash on hand and at bank	<u>\$1,327,163</u>	<u>\$789,428</u>

The accompanying notes form an integral part of these financial statements

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)**

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.

The Company employed on average thirty (30) persons during the year (2021 – 22).

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, as modified by the revaluation of investment property.

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.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures

(i) New accounting policies/improvements and interpretations adopted

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31st, 2021 except for the adoption of new standards and interpretations below.

• **Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective 1 January, 2022)**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

• **Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January, 2022)**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(i) New accounting policies/improvements and interpretations adopted (continued)

Amendments to IAS 37 - Onerous Contracts, Costs of Fulfilling a Contract (Effective 1 January, 2022)

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the company.

Standards in issue but not yet effective

The following is a list of standards and interpretations that were not yet effective up to the date of issuance of the Company's financial statements. These standards and interpretations may be applicable to the Company at a future date and will be adopted when they become effective. The Company is currently assessing the impact of adopting these standards and interpretation.

Amendments to IAS 1 – Classification of Liabilities as Current and Non-Current (Effective 1 January, 2023)

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

• Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies Effective 1st January, 2023)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

• Amendments to IAS 8 - Definition of Accounting Estimates (Effective 1st January, 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

• **Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1st January, 2023)**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities.
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

IFRS 17 - Insurance Contracts (Effective 1 January, 2023)

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments To IFRS 4 – Extension of the temporary Exemption for applying IFRS 9 changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January, 2023.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

(iii) Improvements to International Reporting Standards

The annual improvements process for the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. The following amendments are applicable to periods beginning on or after 1st January, 2022

Annual improvements to IFRS Standards 2018-2020 cycle

IFRSs – Subject of Amendment

IFRS 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.	
IFRS 9	Financial Instruments – Fees in the '10 per cent' test for derecognition of liabilities	financial
IFRS 16	Leases – Lease incentives	
IAS 41	Agriculture – Taxation in fair value measurements	

These amendments had no impact on the Company.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

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	20%
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.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

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 expected credit losses. 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 comprise 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 and preference 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.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

(Expressed in Eastern Caribbean Dollars)

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments

Financial instruments are contracts that give rise to a financial asset of an 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 liability when the Company becomes a party to the contractual provisions of the instrument.

(i) Recognition and measurement

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities not recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at transaction price.

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, shareholder's loans and borrowings.

Subsequent measurement categories of financial assets and liabilities

The Company classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms.

The Company classifies all of its financial assets at amortised cost.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

Amortised cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) Impairment

Impairment of financial assets

In relation to the impairment of financial assets, the Company uses an expected credit loss (ECL) model which requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date. The changes in ECL's reflects changes in credit risk since initial recognition of the financial assets.

Trade receivables

The Company records an allowance for expected credit losses for its trade receivables using a simplified approach to calculating ECLs whereby it recognizes a loss allowance based on lifetime ECLs at each reporting date. The ECL on these financial assets are estimated used a provision matrix that is based on it historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates used in the provision matrix are based on days past due.

Other financial assets

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on a financial instrument has not increased significantly since initial recognition the Company recognizes the loss allowance for the financial instrument at an amount equal to 12-month ECL where applicable. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or actual default occurring.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(iii) Impairment (continued)

Lifetime ECL represents the expected credit losses that will possible default events over the expected life of a financial instrument. In contrast, 12 - month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible with 1 months after the reporting date.

The Company seeks to hold its cash in financial institutions which management regards as sound and with no history of default. The risk of default on these financial assets was therefore considered to be low. The ECL for these financial assets were therefore determined to be zero.

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable date about the following events:

- (i) Significant financial difficulty of the issuer or borrower;
- (ii) A breach of contract, such as a default or past due event;
- (iii) It is becoming probable that the borrower will enter in bankruptcy or other financial reorganisation; and
- (iv) The disappearance of an active market for tat financial asset because of financial difficulties.

(iii) Write offs

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Company determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Instruments (continued)

(iv) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(v) Financial liabilities

When financial liabilities are recognised they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract as discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive consideration price 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 expires on 5th September, 2023

(l) Revenue

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

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

SIGNIFICANT ACCOUNTING POLICIES (continued)

(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
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

(Expressed in Eastern Caribbean Dollars)

(continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(c) *Provision for expected credit losses of trade receivables*

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(d) *Property, plant and equipment*

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of the assets.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

(Expressed in Eastern Caribbean Dollars)

(continued)

4. PLANT AND EQUIPMENT

	Computers	Office Furniture and Equipment	Total
For the year ended 31st December, 2020			
Cost	65,640	163,612	229,252
Accumulated depreciation	(63,633)	(112,059)	(175,692)
NET BOOK VALUE	<u>\$2,007</u>	<u>\$51,553</u>	<u>\$53,560</u>
Balance at 31st December, 2021			
Opening book value	2,007	51,553	53,560
Additions for the year	-	8,218	8,218
Depreciation charge for the year	(1,999)	(18,379)	(20,378)
NET BOOK VALUE	<u>\$ 8</u>	<u>\$41,392</u>	<u>\$41,400</u>
For the year ended 31st December, 2021			
Cost	65,640	171,830	237,470
Accumulated depreciation	(65,632)	(130,438)	(196,070)
NET BOOK VALUE	<u>\$ 8</u>	<u>\$41,392</u>	<u>\$41,400</u>
Balance at 31st December, 2022			
Opening book value	8	41,392	41,400
Additions for the year	475	72,387	72,862
Depreciation charge for the year	(45)	(18,219)	(18,264)
NET BOOK VALUE	<u>\$438</u>	<u>\$95,560</u>	<u>\$95,998</u>
Balance at 31st December, 2022			
Cost	66,115	244,217	310,332
Accumulated depreciation	(65,677)	(148,657)	(214,334)
NET BOOK VALUE	<u>\$438</u>	<u>\$95,560</u>	<u>\$95,998</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

5. INVESTMENT PROPERTY

	2022	2021
Balance at 1 st January, 2022	66,325,800	48,078,600
Net gain from fair value adjustment	<u>3,958,900</u>	<u>18,247,200</u>
Balance at 31 st December, 2022	<u>\$70,284,700</u>	<u>\$66,325,800</u>

The property is located at Melville Street in St. George's. Fair values are based on valuations performed by independent professional valuers. The last valuation at 31st December, 2022 was performed by Civil Engineer Nigel A. John, B.Sc. in March 2023.

The valuations 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	446,809	266,430
Prepayments	28,542	37,542
Other receivables	<u>26,459</u>	<u>25,100</u>
	<u>\$501,810</u>	<u>\$329,072</u>

The movement in provision for expected credit losses for trade receivables was as follows:

Balance at 1 st January, 2022	(105,674)	(93,628)
Decrease/(increase) in provision	<u>24,298</u>	<u>(12,046)</u>
Balance at 31 st December, 2022	<u>\$(81,376)</u>	<u>\$(105,674)</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

7. CASH AND CASH EQUIVALENTS

	2022	2021
Cash on hand and at bank	<u>\$1,327,163</u>	<u>\$789,428</u>

8. STATED CAPITAL

Authorised:

15,000,000 ordinary shares
2,000,000 preference shares

Issued:

7,670,302 ordinary shares of no par value
550,572 preference shares of no par value

25,365,000	25,365,000
<u>2,202,289</u>	<u>2,202,289</u>
<u>\$27,567,289</u>	<u>\$27,567,289</u>

9. BORROWINGS

Syndicated bond

(i) Grenada Co-operative Bank Limited
(ii) National Insurance Board
(iii) Grenada Co-operative Bank Limited – Moratorium interest
(iv) National Insurance Board – Moratorium interest

12,003,497	12,034,565
12,003,497	12,034,565
1,307,088	-
<u>1,307,088</u>	<u>-</u>

Total borrowings

26,621,170	24,069,130
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Less: Short-term borrowing

<u>(774,586)</u>	<u>(350,043)</u>
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Long-term borrowing

<u>\$25,846,584</u>	<u>\$23,719,087</u>
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GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

9. BORROWINGS (continued)

The syndicated bond is in the amount of \$24,400,000 for which the Caribbean Financial Services Corporation is the trustee. The bond was refinanced in 2019 and is to be repaid in monthly instalments of \$150,000 inclusive of principal and interest commencing October 2019 over fifteen (15) years with a balloon payment on maturity. Interest is at the rate of 6% per annum.

The bond 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.

Debt service payment moratorium granted due to Covid-19 officially ended on September 30th, 2022. The syndicated bond holders have agreed to restructure the facility as follows:

- i) Effective October 1st, 2022, the outstanding moratorium interest of \$2,717,268 will be treated as a 2.5% interest bearing loan, to be liquidated via monthly payments of \$40,000.00.
- ii) Effective October 1st, 2022, monthly payments of \$150,000 of principal and interest on the syndicated loan shall recommence. All other terms and conditions expressed in the January 31st, 2020, supplemental agreement shall remain in force.

10. TRADE AND OTHER PAYABLES

	2022	2021
Deposits due to tenants	636,024	618,812
Trade payables and accruals	170,752	348,388
Interest payable	12,153	2,532,801
Other payables	<u>28,769</u>	<u>24,593</u>
	<u>\$847,698</u>	<u>\$3,524,594</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)**

11. AMOUNT DUE TO RELATED PARTIES

	2022	2021
Amount due to related Companies:		
(i) Zublin Grenada Limited	273,986	401,255
(ii) Amount due to director	<u>452,671</u>	<u>492,039</u>
Balance at 31 st December, 2022	<u>\$726,657</u>	<u>\$893,294</u>

- (i) There are no fixed repayment terms on the balances due. Interest is at the rate of 10% per annum.
- (ii) The balance is being repaid in monthly instalments of \$8,000 inclusive of interest at the rate of 6% per annum.

Related Party transactions

- a) During the year, the following transactions occurred between the company and other related entities as follows:

Property management income	\$39,000	\$39,000
Interest expense	\$47,350	\$79,685

- b) Key management

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

Directors' fees	\$54,000	\$49,000
Management salaries and allowances	\$160,550	\$277,857

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

12. FINANCE COST

	2022	2021
Interest on other charges	(52,210)	(84,405)
Interest on borrowings	(1,489,240)	(1,480,067)
	<u>\$(1,541,450)</u>	<u>\$(1,564,472)</u>

13. 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.

GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022
(Expressed in Eastern Caribbean Dollars)
(continued)

13. 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. The credit ratings for these financial assets are monitored for credit deterioration.

Maximum exposure of credit risk:

	2022	2021
Cash and cash equivalents	1,327,163	789,428
Trade and other receivables	<u>501,810</u>	<u>329,072</u>
	<u>\$1,828,973</u>	<u>\$1,118,500</u>

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix.

	0 -30 days	31 -90 days	Over 90 days	Total
December 31st, 2022				
Expected credit loss rate	1%	5%	48%	
Gross carrying amount	164,729	114,026	249,430	528,185
Expected credit loss	<u>(994)</u>	<u>(3,464)</u>	<u>(76,918)</u>	<u>(81,376)</u>
	<u>\$164,735</u>	<u>\$110,562</u>	<u>\$172,512</u>	<u>\$446,809</u>
December 31st, 2021				
Expected credit loss rate	1%	5%	50%	
Gross carrying amount	70,537	53,290	248,277	372,104
Expected credit loss	<u>(389)</u>	<u>(1,702)</u>	<u>(103,583)</u>	<u>(105,674)</u>
	<u>\$70,148</u>	<u>\$51,588</u>	<u>\$144,694</u>	<u>\$266,430</u>

GRENREAL PROPERTY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022

(Expressed in Eastern Caribbean Dollars)
(continued)

13. 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 from 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	Over 1 year	Over 5 years	Total
Balance at 31st December, 2022					
Borrowing	-	774,586	3,117,340	22,729,244	26,621,170
Trade and other payables	170,752	40,922	636,024	-	847,698
Amount due to related parties	-	-	726,657	-	726,657
	<u>\$170,752</u>	<u>\$815,508</u>	<u>\$4,480,021</u>	<u>\$22,729,244</u>	<u>\$28,195,525</u>
Balance at 31st December, 2021					
Borrowing	-	350,043	1,972,803	21,746,284	24,069,130
Trade and other payables	348,388	2,557,394	618,821	-	3,524,594
Amount due to related parties	-	-	893,294	-	893,294
	<u>\$348,388</u>	<u>\$2,907,437</u>	<u>\$3,484,909</u>	<u>\$21,746,284</u>	<u>\$28,487,018</u>

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**
(Expressed in Eastern Caribbean Dollars)
(continued)

13. 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 is in place.

GRENREAL PROPERTY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022**

(Expressed in Eastern Caribbean Dollars)

(continued)

14. OPERATIONAL EXPENSES

	2022	2021
Janitorial expenses	195,366	176,578
Insurance	275,937	302,585
Security services	262,359	243,714
General maintenance	241,301	127,208
Office expenses	30,921	26,728
Parking expenses	10,004	17,223
Salaries and other staff cost	373,142	318,440
Telephone	33,948	43,802
Public relations	102,624	29,746
Electricity	260,391	173,802
Water	67,979	69,454
Penalties and taxes	3,355	271
Service charge	<u>58,464</u>	<u>-</u>
	<u>\$1,915,791</u>	<u>\$1,529,551</u>

15. GENERAL EXPENSES

General management compensation	42,000	126,000
Directors fees and expenses	70,665	63,031
Legal fees	4,305	3,430
Audit fees	12,000	12,000
Professional fees	72,996	64,996
ECCSR yearly costs	<u>18,500</u>	<u>18,500</u>
	<u>\$220,466</u>	<u>\$287,957</u>