



**Premier Commercial Real Estate
Investment Corporation Limited**

**Unaudited Consolidated Financial Statements
For The Quarter Ended December 31, 2013**

*Disclaimer: These interim financial statements
are for management purposes only and have not
been audited.*

PREMIER COMMERCIAL REAL ESTATE INVESTMENT COMMERCIAL LIMITED

TABLE OF CONTENTS

	Page
Unaudited Consolidated Statement of Financial Position	1
Unaudited Consolidated Statement of Comprehensive Income <i>(Year-to-date)</i>	2
Unaudited Consolidated Statement of Comprehensive Income <i>(Quarter-end)</i>	3
Notes to Unaudited Consolidated Financial Statements	4 - 9

PREMIER COMMERCIAL REAL ESTATE INVESTMENT CORPORATION LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

(With comparative figures as at December 31, 2012)

(Expressed in Bahamian Dollars)

	Note	2013	2012
Assets			
Cash and cash equivalents	3	\$312,912	\$361,691
Due from property manager	4, 13	533,344	33,134
Rents and recharges receivables	5	159,273	98,158
Prepaid expense	6, 16	178,985	193,794
Equipment (net)	7	43,578	59,188
Investment properties	8	10,960,303	12,650,000
Other assets		5,000	14,000
		\$12,193,395	\$13,409,965
Liabilities			
Accrued expenses and other payables	11	\$193,056	\$126,674
Advance rent	9	42,508	42,508
Security deposits from tenants	10	132,144	132,144
Credit facilities	12	1,775,004	2,148,769
Due to tenant	13	498,290	-
		2,641,002	2,450,095
Equity			
Share capital	14	10,828,850	10,828,850
Retained earnings		(1,276,457)	131,020
		9,552,393	10,959,870
		12,193,395	\$13,409,965
Net assets attributable to holders of participating ordinary shares		\$9,552,393	\$10,959,870
Net Assets Value Per Share			
Attributable to participating ordinary shares (based on 1,082,885 shares outstanding)		\$8.82	\$10.12

See accompanying notes to unaudited consolidated financial statements.

Approved by The Board on _____, 2013:

_____ Director

_____ Director

PREMIER COMMERCIAL REAL ESTATE INVESTMENT CORPORATION LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended December 31, 2013

(With comparative figures for the three months ended December 31, 2012)

(Expressed in Bahamian Dollars)

	Note	2013	2012
Income			
Rental income		\$210,429	\$282,945
Less: Common area maintenance expense	15	(84,755)	(84,647)
Other income		16	20
		125,690	198,318
Expenses			
Administration fees		25,550	9,550
Property management fee	4	22,646	14,414
Real property tax	17	10,957	-
Interest and bank charges	12	10,348	12,292
Professional fees		8,386	15,187
Consulting, legal and advisory		8,356	7,531
Directors' fees		7,500	7,500
Property manager's commissions	6, 16	6,454	5,537
Licenses and permits		4,986	3,675
Depreciation		3,903	3,903
Travel		2,550	-
Publication fee		2,300	-
		113,936	79,589
Net income		11,754	118,729
Retained earnings, beginning of the year		(1,288,211)	12,291
Retained earnings, end of quarter		(\$1,276,457)	\$131,020

See accompanying notes to unaudited consolidated financial statements.

PREMIER COMMERCIAL REAL ESTATE INVESTMENT CORPORATION LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended December 31, 2013

(With comparative figures for the quarter ended December 31, 2012)

(Expressed in Bahamian Dollars)

	2013	2012
Income		
Rental income	\$210,429	\$282,945
Less: Common area maintenance expense	(84,755)	(84,647)
Other income	16	20
	\$125,690	198,318
Expenses		
Administration fees	25,550	9,550
Property management fee	22,646	14,414
Tax expense	10,957	-
Interest and bank charges	10,348	12,292
Professional fees	8,386	15,187
Consulting, legal and advisory	8,356	7,531
Directors' fees	7,500	7,500
Property manager's commissions	6,454	5,537
Licenses and permits	4,986	3,675
Depreciation	3,903	3,903
Travel	2,550	-
Publication fee	2,300	-
	113,936	79,589
Net income / (loss)	\$11,754	118,729
Retained earnings, beginning of quarter	(1,288,211)	12,291
Retained earnings, end of quarter	(\$1,276,457)	\$131,020

See accompanying notes to unaudited interim consolidated financial statements.

PREMIER COMMERCIAL REAL ESTATE INVESTMENT CORPORATION LIMITED
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the quarter ended December 31, 2013

1. GENERAL INFORMATION

Premier Commercial Real Estate Investment Corporation Limited ("the Fund") was incorporated under the laws of The Commonwealth of The Bahamas on February 4, 2003. On February 10, 2003, the Fund was granted a Mutual Fund license under the Investment Fund Act, 2003 which supersedes the Mutual Funds Act, 1995. The Fund operates as a closed-end investment fund. On July 9, 2003, the Fund was given approval for listing on the Bahamas International Securities Exchange (BISX) with the objective of spreading its risk by investing in a diverse portfolio of commercial real estate properties in The Bahamas with long-term leases to first class tenants.

The Fund has two subsidiaries, which it owns 100%: (1) the First Commercial Centre Limited (FCCL) which was incorporated under the laws of The Commonwealth of The Bahamas on December 2, 1996; and (2) the Oakes Central Properties (2003) Limited which was incorporated on May 9, 2003.

The Fund's registered office is located at Equity Trust Bahamas Limited, Equity Trust House, Caves Village, West Bay Street, Nassau, Bahamas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited interim consolidated financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. These unaudited interim consolidated financial statements comply with IAS 34 (Amended): "Interim Financial Reporting".

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent company, using consistent accounting policies. All intercompany balances and transactions are fully eliminated.

Use of estimates

The Fund uses accounting estimates and assumptions in the preparation of these unaudited interim consolidated financial statements. Although these estimates are based on management's best knowledge of current events and transactions, actual results may ultimately differ from those estimates. The effect of any changes in estimates will be recorded in the Fund's financial statements when determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income and expenses

Rental income as well as expenses are generally recognized on an accrual basis when the service has been provided.

Investment properties

Investment properties are initially recorded at cost, which approximates their transaction value. At each balance sheet date, the Fund will make its best effort to determine the fair value of its investment properties, with any resulting gains or losses to be included in the consolidated statement of comprehensive income.

Equipment

Equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method over five years, which approximates its estimated useful life.

3. CASH AND CASH EQUIVALENTS

This account is consist of:

	2013	2012
CIBC First Carribean International Bank (FCIB) - Bahamian Dollar	\$306,393	\$355,237
CIBC First Carribean International Bank (FCIB) - Time Deposit	6,520	6,454
	\$312,912	\$361,691

4. DUE FROM PROPERTY MANAGER

The Fund has contracted Commercial Domicile Management (CDM) for the property management services including tenant billing, collection of rent and management of expenses. For this, CDM receives an annual fee of \$58,634 (2012: \$57,654) or \$4,886 per month (2012: \$4,804).

CDM maintains a checking account with CIBC FCIB under its name to service the Fund's operating expenses. As at December 31, 2013, cash balance under this account is \$35,054 (2012: \$33,134).

5. RENTS AND RECHARGES RECEIVABLES

This account is consist of:

	2013	2012
Caribbean Bottling	\$61,685	\$6,378
Okyanos Operating Company Ltd.	41,783	-
First Carribean International Bank	25,616	25,616
ABC Company, Inc.	16,468	67,845
Moss and Associates	15,402	-
Central Bank of the Bahamas	(1,681)	(1,681)
	\$159,273	\$98,158

Moss and Associates terminated its lease on August 31, 2013.

Okyanos' receivables represent the chiller fee recharges for the period April 2012 to December 2013 and 50% CAM recharges for the period October to December 2013.

Caribbean Bottling's lease expired on June 30, 2013. Said tenant has an arrangement with the Fund to lease the Freeport building and Thompson Boulevard depot for a monthly fee of \$7,000 and \$1,100, respectively. Moreover, Caribbean Bottling participates in the payment of real property tax for \$80 per month.

6. PREPAID EXPENSES

This account refers to the commissions received by the property manager in relation to the Okyanos' new lease and FCIB's and Central Bank's lease renewal to be amortized over the respective lease terms. As at December 31, 2013, balance of this account amounted to \$178,985 (2012: \$193,794).

There is a proportionate and reasonable claw back provision on all lease commissions and fees earned by the property manager in the event any tenancy related to such commission and fees do not go to full term.

7. EQUIPMENT (NET)

Carrying value of this account is:

	2013	2012
Acquisition cost	\$78,050	\$78,050
Less: accumulated depreciation	(34,472)	(18,862)
	\$43,578	\$59,188

8. INVESTMENT PROPERTIES

Appraised value and movements of the investment properties are as follows:

	September 30 appraised values	Additions	December 31 balance
First Commercial Centre - Freeport Caribbean Bottling Company -	\$6,800,000	\$35,303	\$6,835,303
Thompson Blvd. Plant, Nassau Caribbean Bottling Company -	3,500,000	-	3,500,000
Distribution Centre, Freeport	625,000	-	625,000
	\$10,925,000	\$35,303	\$10,960,303

The September 30, 2013 valuations of \$10,925,000 (2012: \$12,650,000) were performed by Bahamas Realty Ltd., an independent appraiser, utilizing both the cost approach and income capitalization approach. The additions of \$35,303 pertain to the improvements in the First Commercial Building which were capitalized in accordance with IAS 40 - Investment Property.

9. ADVANCE RENT

This pertains to the first month rent of Okyanos Operating Company Ltd. which will be applied to their January 2014 rent.

10. SECURITY DEPOSITS FROM TENANTS

The Fund holds the following security deposits on behalf of its two subsidiaries:

	2013	2012
First Commercial Center Limited	\$85,017	\$85,017
Oakes Central Properties (2003) Limited	47,127	47,127
	\$132,144	\$132,144

These amounts are to be returned to the tenants upon the termination of their rental agreements less any amounts / charges due from the lessor.

11. ACCRUED EXPENSES AND OTHER PAYABLES

Breakdown of this account is as follows:

	2013	2012
Provision for security costs	\$75,000	\$75,000
Audit fee	24,281	24,281
Appraisal fee	22,188	4,438
Tax expense	21,914	-
Insurance	17,730	-
Electricity	14,530	20,000
Publication fee	12,185	-
Repairs and maintenance	2,475	-
Water	1,745	850
Patrol services	1,008	605
Director's fee	-	1,500
	\$193,056	\$126,674

12. CREDIT FACILITIES

The Fund has a credit facility with CIBC FCIB totaling \$5,800,000 granted in September 2003 and collateralized by the Fund's investment properties. The Facility bears an annual interest at US\$ LIBOR rate + 1.75%. As at December 31, 2013, the carrying value of the loan is \$1,775,004 (2012: \$2,148,769).

Total interest paid and charged to income during the quarter amounted to \$8,757 (2012: \$11,118). Such amount is included in interest and bank charges on the unaudited consolidated statement of comprehensive income.

13. DUE TO TENANT

On March 27, 2012, the Fund entered into an Escrow Agreement with Okyanos Operating Company Ltd. with provisions as follows:

- a. Okyanos to take early possession of the leased premises to carry out extensive improvements on the building;
- b. Okyanos to deliver to the Fund the escrow money amounting to US \$500,000;
- c. If the approvals to operate the business are not granted to Okyanos or if Okyanos decides to terminate the Lease for any reason, the Fund will use the escrow money to bring back the building to its original state prior to Okyanos' improvements;
- d. The Fund is appointed as the escrow agent.

The US \$500,000 escrow money is being placed in a non-interest bearing term deposit with RBC Royal Bank (Bahamas) Limited under the name of Argus Advisors, a law firm owned by the property manager. As at September 30, 2013, BSD equivalent of the account is \$497,220.

14. SHARE CAPITAL

The Fund's authorised share capital comprises 30,000,000 ordinary shares of \$0.01 par value each. The Fund's issued and fully paid capital is \$10,828,850 comprising of 1,082,885 shares at \$10 per share. The shares of the Fund are closely held.

The minimum initial subscription that will be accepted from a new investor is \$100,000 with minimum additional increments of \$50,000. The Board of Directors may, in their absolute discretion, by giving not less than ten business days notice to any holder of shares, effect the compulsory redemption of all (but not some) of the shares. There were no subscriptions or redemptions of shares during the period. No dividends were declared as well.

15. COMMON AREA MAINTENANCE EXPENSE

Breakdown of this account is as follows:

	2013	2012
Electricity and water	\$26,379	\$37,944
Insurance	26,594	26,594
Patrol services	12,902	12,163
Repairs and maintenance	15,596	6,803
Others	3,284	1,143
	\$84,755	\$84,647

16. PROPERTY MANAGER'S COMMISSIONS

This refers to the amortized portion of the prepaid commissions received by the property manager (see Note 6).

17. REAL PROPERTY TAX

This pertains to the real property tax of the Thompson Boulevard Plant for the period October to December 2013. The Fund pays the property tax after Caribbean Bottling terminated its lease on June 30, 2013.