



**Premier Commercial Real Estate  
Investment Corporation Limited**

**Unaudited Consolidated Financial Statements  
For The Quarter Ended December 31, 2012**

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

# **PREMIER COMMERCIAL REAL ESTATE INVESTMENT COMMERCIAL LIMITED**

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**PREMIER COMMERCIAL REAL ESTATE INVESTMENT CORPORATION LIMITED**

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2012

(With comparative figures as at December 31, 2011)

(Expressed in Bahamian Dollars)

	Note	2012	2011 (as audited)
<b>Assets</b>			
Cash and cash equivalents	3	\$361,691	\$149,226
Due from property manager	4	33,134	30,386
Rents and recharges receivables	5	98,158	115,835
Prepaid expense	6	193,794	80,777
Equipment (net)		59,188	74,798
Investment properties	7	12,650,000	15,710,000
Other assets		14,000	15,500
		<b>\$13,409,965</b>	<b>\$16,176,522</b>
<b>Liabilities</b>			
Accrued expenses and other payables		\$126,674	\$47,443
Advance rent	8	42,508	-
Security deposits from tenants	9	132,144	49,628
Credit facilities	10	2,148,769	2,514,495
		<b>2,450,095</b>	<b>2,611,566</b>
<b>Equity</b>			
Share capital	11	10,828,850	10,828,850
Retained earnings		131,020	2,736,106
		<b>10,959,870</b>	<b>13,564,956</b>
		<b>\$13,409,965</b>	<b>\$16,176,522</b>
<b>Net assets attributable to holders of participating ordinary shares</b>		<b>\$10,959,870</b>	<b>\$13,564,956</b>
<b>Net Assets Value Per Share</b>			
Attributable to participating ordinary shares (based on 1,082,885 shares outstanding)		<b>\$10.12</b>	<b>\$12.53</b>

See accompanying notes to unaudited interim 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, 2012

(With comparative figures for the three months ended December 31, 2011)

(Expressed in Bahamian Dollars)

	Note	2012	2011 (as audited)
<b>Income</b>			
Rental income		\$282,945	\$302,185
Less: Common area maintenance expense		(84,647)	(104,200)
Other income		20	43
		<b>198,318</b>	198,028
<b>Expenses</b>			
Professional fees		15,187	1,980
Property management fee		14,414	13,913
Interest and bank charges	10	12,292	16,288
Administration fees		9,550	11,450
Consulting, legal and advisory		7,531	5,000
Directors' fees		7,500	7,500
Property manager's commissions	12	5,537	15,571
Depreciation		3,903	3,252
Licenses and Permits		3,675	6,298
Others		-	276
		<b>79,589</b>	81,528
<b>Net income</b>		<b>118,729</b>	116,500
<b>Dividends paid</b>		-	-
<b>Retained earnings, beginning of the year</b>		<b>12,291</b>	2,619,606
<b>Retained earnings, end of quarter</b>		<b>\$131,020</b>	\$2,736,106

See accompanying notes to unaudited interim consolidated financial statements.

## PREMIER COMMERCIAL REAL ESTATE INVESTMENT CORPORATION LIMITED

### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended December 31, 2012

(With comparative figures for the quarter ended December 31, 2011)

(Expressed in Bahamian Dollars)

	2012	2011 (as audited)
<b>Income</b>		
Rental income	\$282,945	\$302,185
Less: Common area maintenance expense	(84,647)	(104,200)
Other income	20	43
	<b>\$198,318</b>	198,028
<b>Expenses</b>		
Professional fees	15,187	1,980
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Others	-	276
	<b>79,589</b>	81,528
<b>Net income</b>	<b>118,729</b>	116,500
<b>Dividends paid</b>	-	-
<b>Retained earnings, beginning of quarter</b>	<b>12,291</b>	2,619,606
<b>Retained earnings, end of quarter</b>	<b>\$131,020</b>	\$2,736,106

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, 2012

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**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, de la Plaine House #28 Parliament 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:

	2012	2011
CIBC First Carribean International Bank (FCIB) - Bahamian Dollar	\$355,237	\$142,858
CIBC First Carribean International Bank (FCIB) - Time Deposit	6,454	6,368
	<b>\$361,691</b>	<b>\$149,226</b>

### 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 \$57,654 (2011: \$55,650), which will subsequently be increased in January 2013 based on the US cost of living index.

CDM maintains a checking account with CIBC FCIB under its name to service the Fund's operating expenses. As at December 31, 2012, cash balance under this account is \$33,134 (2011: \$30,386).

### 5. RENTS AND RECHARGES RECEIVABLES

This account is consist of:

	2012	2011
ABC Company, Inc.	\$67,845	\$42,254
First Carribean International Bank	25,616	29,616
Carribean Bottling	6,378	6,378
Central Bank of the Bahamas	(1,681)	(1,681)
Moss and Associates	-	15,339
Argus Advisors	-	23,224
Smit-Lloyd (Antillean) NV, Ltd.	-	705
	<b>\$98,158</b>	<b>\$115,835</b>

Moss & Associates vacated their space on December 31, 2012. A total of \$61,467 has been collected from them.

## 6. PREPAID EXPENSES

This account refers to the commissions received by the property manager in relation to the Okyanos' new lease and FCIB's lease renewal to be amortized over a period of 10 years. As at December 31, 2012, balance of this account \$193,794 (2011: \$80,777).

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. INVESTMENT PROPERTIES

Appraised value of the investment properties are as follows:

	2012	2011
First Commercial Centre - Freeport	\$8,000,000	\$9,360,000
Caribbean Bottling Company - Thompson Blvd. Plant, Nassau	4,000,000	5,650,000
Caribbean Bottling Company - Distribution Centre, Freeport	650,000	700,000
	<b>\$12,650,000</b>	<b>\$15,710,000</b>

The above valuations are performed by Bahamas Realty Ltd., an independent appraiser, utilizing both the cost approach and income capitalization approach as of September 26 and 30, 2012 (Nassau properties) and September 27, 2012 (Freeport property).

## 8. ADVANCE RENT

This pertains to the first month rent of Okyanos Operating Company, Ltd. which will start six months after the receipt of the occupancy certificate from the Grand Bahama Port Authority.

## 9. SECURITY DEPOSITS FROM TENANTS

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

	2012	2011
First Commercial Center Limited	\$85,017	\$2,501
Oakes Central Properties (2003) Limited	47,127	47,127
	<b>\$132,144</b>	<b>\$49,628</b>

These amounts are to be returned to the tenants upon the termination of their rental agreements.

## **10. 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, 2012, carrying value of the loan is \$2,148,769 (2011: \$2,514,495).

Total interest paid and charged to income amounted to \$8,431 (2011: \$15,810). Such amount is included in interest and bank charges on the unaudited consolidated statement of comprehensive income.

## **11. 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.

## **12. PROPERTY MANAGER'S COMMISSIONS**

This refers to the amortized portion of the prepaid commissions received by the property manager. Annual amortization amounts to \$22,148 or \$5,537 per quarter.