

WEST
HAMILTON
HOLDINGS
LIMITED





Our Vision

*...a distinctive pedestrian environment,
completely free of motor vehicles
... an urban garden*

HIGHLIGHTS OF BELVEDERE PLACE:

- State-of-the-Art high quality office spaces
- Tiered, two-acre site fronting the north side of Pitts Bay Road on the periphery of the City of Hamilton
- Four new buildings arranged around the existing Belvedere Building
- 184,790 square feet of new floorspace:
 - 133,640 sq ft of office space
 - 33,540 sq ft of residential floorspace
 - 17,610 sq ft of retail space
- Four-storey buildings with fifth-level penthouse floors. All housed under traditional Bermuda roofs
- Buildings arranged around a pedestrian-only landscaped plaza with heavy planting and focal water features
- Buildings linked above ground by sky walks and a continuous arcade
- Underground access for servicing, parking and visitors; central elevator and stair core; two levels of underground parking for approximately 200 cars
- Underground service core to provide shared access to mechanical equipment rooms, transformer vaults, water cisterns, electrical switch gear room and two standby generators
- Access to Corporation of Hamilton sewer system and piped water supply

Chairman's Report to Shareholders

June 1, 2010

Rental income for the year increased by 8.2 percent primarily attributable to a 100 percent occupancy. Revenues totalled \$1,482,185 representing an increase of \$111,922 compared to 2008, which saw discounts given because of tenants' business disruption. In 2009 rental rates were kept flat in order to remain competitive in a market that is being pressured with over capacity, falling demand and a consequential decline in rental rates. Expiration dates of our current leases range from December 2010 to December 2012 with two significant tenancies needing renewal by December 2011.

Operating expenses increased 10.3 percent, year on year, largely as a result of higher depreciation charge taken in the current year and maintenance upgrades to building systems which are considered necessary for compliance and tenant retention.

A recent inspection of the building was completed by Woodbourne Associates and the conclusions of the report indicate that the building is generally although there were several recommendations to carry out maintenance works to ensure that the integrity of the building remains in good shape for years to come.

Increased revenue was offset by the additional expenses incurred during the year leaving a marginal increase of \$12,554 in net operating income.

Butterfield Bank share value decreased significantly over the past year and as such was considered a permanent impairment, which had to be written down in 2009. In addition, the interest expenses on the two bank loans were charged against income and not capitalized. These two transactions totalled \$688,363.

The company reported a net loss of \$111,055 for the year.

Earnings per share were (\$0.08) for the period as compared to \$0.23 per share in 2008. Dividends paid in prior years have been suspended while the development of the Belvedere site is in progress. The suspension of dividends will continue over the next three fiscal years as a condition of a loan agreement with Butterfield Bank.

In 2009, WHHL shares traded thinly on the Bermuda Stock Exchange (BSX) with only a modest amount of shares changing hands. During the year a median price of \$10.00 per share was quoted on the BSX and the lowest transaction reported was \$8.00 per share. During the year it was noted that shareholders would not sell their shares below \$12.00 and interested buyers would not pay more than \$8.00 per share. The book value per share at the end of the year was \$5.82 (\$6.00 - 2008).

In 2007 shareholders approved the construction of the first phase of the development of the Belvedere site including demolition of the old buildings, underground infrastructure for the entire complex, underground parking garage and construction of building D on a fixed price contract with BCM McAlpine Ltd for \$38,837,208.

While construction was in progress it became evident that the changes in the economy presented additional market risks for commercial real estate development that may have been unbearable for the company. In 2008 and 2009 demand for office space was under constant review as our outlook indicated that the market would be pressured lower with higher vacancies and a surplus of new buildings. These market conditions dictated changes to our business construction plans and in November 2008 a change order was issued to the contractor to eliminate the construction of building D from the contract reducing the budget price to \$19,051,349.

The revised construction schedule indicated a completion date of 11th November, 2009 and work was finally completed on February 4th 2010 at a cost of \$19,463,552 which represents almost twelve weeks delay and a modest 2.1 percent cost overrun.

In January 2002 the Bakery and Belvedere properties were independently valued by Bermuda Realty at \$23,975,000. The most recent valuation of the new building and the Belvedere building conducted in March 2010 by Rego Realtors indicates the fair value of the property is now \$75,000,000. Also, the insurance replacement cost valuation of the recent construction was assessed at \$25,700,000 representing an increase in shareholder value of approximately \$6.2 million over cost. In addition, shareholder's equity per share would increase from \$20.47 to \$41.24 if the balance sheet was adjusted to reflect the recent valuation of the land and buildings.

West Hamilton Limited has used the property and its local portfolio as collateral for loans totalling \$17.0 million, which were underwritten by Butterfield Bank. Under the terms of the loan agreement the company will be required to make fixed monthly payments totalling \$1.24 million each year. Annual cash receipts are budgeted at \$2.2 million derived from rental fees and dividends from local companies. After payment of annual fixed operating expenses estimated at \$0.55 million, the company will create surplus cash of approximately \$400,000 to fund further remediation and maintenance upgrades.

Looking forward, the company will continue to tightly manage its liquidity and business risks, including tenant retention while endeavouring to increase revenue from new sources.

The construction of building D will remain on hold until such time as the economic fundamentals support demand for new grade A office complex and luxury penthouse accommodations.

I would like to pay special tribute to David Gutteridge who passed away this year after having served admirably as a director for many years.

I would also like to thank Roger Davidson who will be stepping down at this year's AGM. Roger added great benefit to all of our discussions and deliberations.

I wish to thank the Directors, management and staff for their participation, dedication and support throughout this past year.

Yours Very Truly,

A handwritten signature in black ink, appearing to read 'David A.J.G. White', written in a cursive style.

David A.J.G. White
President & Chairman of the Board

Historical Operating Results

Year	Revenue \$	Expenses \$	Operating Income \$	Net Income \$
2002	5,562,583	5,222,033	340,550	454,395
2003	5,154,748	5,416,456	(261,708)	(1,547,607)
2004	2,898,286	2,763,173	135,114	1,028,640
2005	1,749,078	861,336	887,742	1,016,530
2006	1,956,021	1,029,711	926,310	682,534
2007	1,983,389	1,288,463	694,926	539,683
2008	1,370,263	966,943	403,320	331,949
2009	1,482,185	1,066,311	415,874	(111,055)

Balance Sheet Summary

Year	Assets \$	Liabilities \$	Shareholders' Equity \$
2002	6,680,030	347,683	6,332,347
2003	5,633,224	922,359	4,710,865
2004	5,711,073	115,783	5,595,290
2005	6,418,830	78,853	6,339,977
2006	6,712,029	93,811	6,618,218
2007	9,044,406	126,186	8,918,220
2008	13,770,078	5,104,586	8,665,492
2009	26,805,092	15,284,210	8,397,596

May 6, 2010

Auditors' Report

To the Shareholders of West Hamilton Holdings Limited

We have audited the consolidated balance sheet of **West Hamilton Holdings Limited** as at December 31, 2009 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.



Chartered Accountants

Street address: Dorchester House, 7 Church Street, Hamilton HM 11, Bermuda

A list of partners can be obtained from the above address.

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers (a Bermuda partnership) or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

Consolidated Balance Sheet

As at December 31, 2009

	Notes	2009 \$	2008 \$
Assets			
Current assets			
Cash and cash equivalents		17,126	81,717
Accounts receivable		58,532	99,286
Prepaid expenses		1,486	1,486
Investments, Available-for-Sale (cost - \$1,653,937; 2008 - \$1,976,544)		2,874,888	3,354,336
		2,952,032	3,536,825
Property, plant and equipment	4	23,853,060	10,233,253
		26,805,092	13,770,078
Liabilities			
Current liabilities			
Accounts payable and accrued charges		1,980,495	1,480,819
Current portion of bank loan	9	668,357	-
Deferred income		436,048	61,240
Bank overdraft	3	38,386	2,968,122
		3,123,286	4,510,181
Long-term liabilities			
Bank loan	9	14,331,643	-
Funds withheld on contract	8	952,567	594,405
		15,284,210	594,405
Shareholders' equity			
Share capital	5	1,443,910	1,443,910
Contributed surplus	5	68,632	68,632
Accumulated other comprehensive income		1,220,951	1,377,792
Retained earnings		5,664,103	5,775,158
		8,397,596	8,665,492
		26,805,092	13,770,078

Approved by the Board of Directors



Director



Director

Consolidated Statement of Income

For the year ended December 31, 2009

Notes	2009 \$	2008 \$
Income		
Rental income	1,482,185	1,370,263
Expenses		
Maintenance, cleaning and wages	535,318	491,885
General and administrative	268,775	252,680
Depreciation	226,642	178,904
Utilities	22,036	29,207
Insurance	13,540	14,267
	1,066,311	966,943
Net income before undernoted items	415,874	403,320
Other income (expense)		
Interest and dividend income	156,173	175,373
Interest expense	(366,756)	(27,313)
Loss on impairment of investments	(322,607)	-
Loss on sale of investments	-	(139,860)
Other	5,261	(79,571)
	(526,929)	(71,371)
Net income (loss) for the year	(111,055)	331,949
Basic earnings (loss) per share	(0.08)	0.23

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2009

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Retained earnings \$	Total \$
Balance, January 1, 2008	1,443,910	68,632	1,962,469	5,443,209	8,918,220
Net change in unrealised gains on Available-for-Sale securities	-	-	(674,803)	-	(674,803)
Realised loss previously recognised in accumulated other comprehensive income	-	-	90,126	-	90,126
Net income for the year	-	-	-	331,949	331,949
Balance, December 31, 2008	1,443,910	68,632	1,377,792	5,775,158	8,665,492
Balance, January 1, 2009	1,443,910	68,632	1,377,792	5,775,158	8,665,492
Net change in unrealised gains on Available-for-Sale securities	-	-	(250,510)	-	(250,510)
Impairment loss of available-for-sale securities previously recognized in accumulated other comprehensive income	-	-	93,669	-	93,669
Net loss for the year	-	-	-	(111,055)	(111,055)
Balance, December 31, 2009	1,443,910	68,632	1,220,951	5,664,103	8,397,596

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended December 31, 2009

	2009 \$	2008 \$
Cash flows from operating activities		
Net income (loss)	(111,055)	331,949
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation	226,642	178,904
Loss on impairment of investments	322,607	–
Loss on sale of investments	–	139,860
Add (deduct) net changes in assets and liabilities:		
Accounts receivable	40,754	51,362
Prepaid expenses	–	1,096
Accounts payable and accrued charges	(93,324)	121,665
Deferred income	374,808	61,240
Net cash provided by operating activities	760,432	886,076
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,895,287)	(5,828,967)
Proceeds from sale of investments	–	1,413,980
Net cash used in investing activities	(12,895,287)	(4,414,987)
Cash flows from financing activities		
Proceeds from bank loan and overdraft facility	15,000,000	2,968,122
Payment of bank overdraft	(2,929,736)	–
Net cash provided by financing activities	12,070,264	2,968,122
Net decrease in cash and cash equivalents	(64,591)	(560,789)
Cash and cash equivalents at beginning of year	81,717	642,506
Cash and cash equivalents at end of year	17,126	81,717

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2009

1. General

West Hamilton Holdings Limited (the “Company”) was incorporated on May 14, 2007 under the laws of Bermuda and is the parent company of West Hamilton Limited (“WHL”) under a Scheme of Arrangement approved by shareholders of WHL and sanctioned by the Bermuda Court.

West Hamilton Limited is incorporated under the laws of Bermuda and owns two commercial properties known as the Belvedere Building and the Belvedere Place in which space is generally let under short to long-term commercial leases.

2. Significant accounting policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies are summarised as follows:

(a) Principles of consolidation

The consolidated financial statements include the accounts of the company and its wholly owned subsidiary, West Hamilton Limited and Belvedere Place A Limited, a wholly owned subsidiary of West Hamilton Limited. All significant intercompany transactions and balances are eliminated on consolidation.

(b) Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	40 – 50 years
Equipment	3 – 25 years
Furniture and fixtures	10 years
Improvements to premises	3 – 20 years
Computers	4 years

On an ongoing basis, costs of normal repairs and maintenance are expensed while expenditures which extend the estimated useful lives of the assets are capitalised and depreciated in accordance with the related asset.

Interest charged on the bank overdraft is expensed as incurred.

A section of the Belvedere Place development was rented starting October 2009, and an estimated depreciation has been charged to the income statement. The estimated useful life of the new development will be evaluated in 2010 once total construction costs have been agreed with the contractor (note 8).

(c) **Interest and dividend income**

Interest income is recognised when earned and dividend income is recognised when the right to receive payment is established.

(d) **Rental income**

Rental income is accrued to the balance sheet date. Rents received in advance are recorded under deferred income.

(e) **Available-for-Sale investments**

Investments are designated as available for sale and are recognised at fair value on the balance sheet. Realised gains and losses are reported as part of net income for the year, while unrealised gain or losses are presented under comprehensive income. Where there has been a loss in value of an investment that is other than a temporary decline, the adjustment to market value is recorded in the income statement.

The fair value of publicly traded investments is determined using quoted market bid price.

(f) **Pension costs**

The Company sponsors a defined contribution pension (the "Plan") covering all eligible employees. The cost of the Plan is expensed as related benefits are earned by the employees. The Company makes monthly contributions in accordance with the Plan Agreement to the employees individual accounts, which are administered by an insurance company pursuant to and in accordance with the National Pension Scheme (Occupational Pensions) Act 1998 Applicable and Amendments and regulations thereto.

(g) **Cash and cash equivalents**

Cash and cash equivalents include deposits having a maturity of less than three months from the date of purchase.

3. Bank overdraft

As of December 31, 2009 the bank overdraft was \$38,386 (2008 – \$2,968,122) and was unsecured. Butterfield Bank provided an overdraft facility of \$2.5 million on August 1, 2008 which was amended to \$3.1 million on December 1, 2008. The overdraft amount outstanding was paid from the proceeds of a construction loan for \$15,000,000 dated February 27, 2009 (see note 9).

4. Property, plant and equipment

	Cost \$	Accumulated depreciation \$	2009 Net \$	2008 Net \$
Land	1,394,372	–	1,394,372	1,394,372
Building	2,417,475	(2,187,431)	230,044	259,058
Computers	25,704	(24,344)	1,360	4,337
Furniture and fixtures	322,622	(322,622)	–	–
Improvements to premises	1,250,703	(1,104,114)	146,589	195,480
Equipment	2,014,786	(974,586)	1,040,200	1,113,579
New development	21,100,495	(60,000)	21,040,495	7,266,427
	28,526,157	4,673,097	23,853,060	10,233,253

Total additions to capital assets during the year were \$13,846,449 (2008 – \$7,642,375).

Details of the new development can be found in note 9.

On January 21, 2002, the Belvedere Building and the land, which was utilised for the bakery operation, were independently valued by Brian E. Madeiros, BSC., M.R.I.C.S. of J.W. Bermuda Realty at \$23,975,000. As at December 31, 2009 these assets are carried on the balance sheet at a net book value of \$2,812,565 (2007 – \$2,966,826).

Generally accepted accounting principles in Bermuda and Canada no longer allow the revaluation of capital assets on a periodic basis. However if the balance sheet as at December 31, 2009 was adjusted to reflect the building and land at their January 21, 2002 valuation, shareholders' equity per share would increase from \$5.82 (2008 – \$6.00) to \$20.47 (2008 – \$20.55).

5. Shareholders' equity

Share capital	2009	2008
Common shares		
Authorised:		
5,000,000 share of a par value of \$1 each (2008 – 5,000,000 shares of a par value of \$5 each)		
Issued:		
1,443,910 shares (2008 – 1,443,910 shares)	1,443,910	1,443,910

Contributed surplus

Contributed surplus is the difference between the price paid and the par value of the shares subscribed under the Employee share purchase plan.

Employee share purchase plan

The shareholders of the Company have approved an employee share purchase plan whereby eligible employees may purchase the Company's common shares at a price 15% below the average market price. The average market price is determined by the average of the three closing prices of the Company's common shares, set out on the three days preceding the subscription date in which Company's share halted on the Bermuda Stock Exchange. Eligible employees may acquire shares in any calendar year up to a maximum value not exceeding 15% of their annual gross salary. Employees are restricted from selling the shares for a period of one year from the subscription date. The shares purchased are issued from authorised, unissued share capital. 50,000 common shares of the Company have been made available for sale to employees under the Plan.

For the year ended December 31, 2009, employees subscribed for and were issued \$Nil (2008 – \$Nil) common shares for proceeds of \$Nil (2008 – \$Nil).

6. Pension plan

As described in note 2, the Company sponsors a defined contribution plan covering all eligible employees. Contributions to these plans are made by the employee and the Company. The Company matches employees' contributions to a maximum of 5% of the employees' annual earnings. The pension expense recognised by the Company in the current year was \$14,575 (2008 – \$16,303), representing the Company's share of contributions to the Plan.

7. Earnings (loss) per share

Basic earnings (loss) per share presented in the statement of income is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year, which was 1,443,910 shares (2008 – 1,443,910).

8. Construction contract

Belvedere Place A Limited, a wholly-owned subsidiary of West Hamilton Limited, wholly-owned by the Company entered into a fixed stipulated sum construction contract with BCM McAlpine to carry out the works according to the specifications detailed in the architectural drawings dated October 3, 2008.

The fixed stipulated amount of \$38,837,208 dated March 1, 2008 was amended by change order dated September 30, 2008 to a revised stipulated sum of \$19,051,349. The change represents the cost of construction of the infrastructure below grade and parking facilities for approximately 307 cars on three levels.

The construction works were finally completed on January 22, 2010 and occupancy certificate was issued by the Department of Planning on February 4, 2010. There are additional costs for construction changes amounting to \$201,544 which are non-contestable and there is a further amount of \$434,183 which is contestable. Funds withheld on the construction contract will be due 12 months after the conclusion of remaining remedial work.

9. Construction borrowing

On the February 27, 2009, Belvedere Place A Limited, wholly owned subsidiary of West Hamilton Limited entered into a construction loan agreement with The Bank of N.T. Butterfield & Sons Limited (the "Bank") in the amount of U.S. \$15 million (the "construction loan") for a period of one year at an interest rate of 1.5 percent plus the quoted rate for 30 days LIBOR if such rate does not fall below 1.5 percent. During the construction period interest will be calculated on a monthly basis. On the maturity date or the completion date of construction, whichever comes first, the construction loan will be converted to a fifteen-year amortised loan with similar terms and conditions, and monthly instalment payments of approximately \$103,587 inclusive of interest. The company offered all of its land, buildings and new development as security for the construction loan by way of a legal mortgage, as well as an assignment of the benefit of the construction contract and an assignment of all rental income from the existing Belvedere Building.

Based on the equivalent interest rate of 3% for the construction loan at December 31, 2009, estimated annual loan repayments are as follows:

	\$
December 31, 2010	668,357
December 31, 2011	824,372
December 31, 2012	849,446
December 31, 2013	875,282
December 31, 2014 and beyond	11,782,543
	15,000,000

10. Related party transactions

The Company earned rent income of \$43,183 (2008 - \$43,131) from a shareholder for use of an office space according to an operating lease agreement. The terms of the lease are at arms length and follow normal credit terms. Accounts receivable include \$1,057 (2008 - \$1,055) representing amounts due from this lease.

11. Financial assets and liabilities

The estimated fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued charges, bank loan and overdraft, and funds withheld on contract approximate their carrying values.

Management of financial risks

The company manages its exposure to interest rate risks in accordance with established risk management policies and procedures.

Credit Risk: There is a risk that the Company may not be able to collect all of its customer accounts receivable, which arise in the normal course of business. The maximum exposure to credit risk is the net carrying value of these financial instruments. The Company manages credit risk primarily by executing its credit and collection policy.

Liquidity Risk: The Company's financial position could be adversely affected if it failed to arrange sufficient and cost-effective financing to fund, among other things, capital and operating expenditures and repayment of bank debt. The ability to arrange such financing is subject to numerous factors, including the results of operations and financial position of the Company, conditions in the capital and bank credit markets and general economic conditions. The Company manages short-term liquidity risk primarily by maintaining a bank overdraft facility (note 3).

Market Risk: Market-driven changes in interest rates and changes in the Company's credit rating can cause fluctuations in interest costs associated with the Company's bank credit facilities. The Company manages this risk through forecasting cash flow requirements and evaluating needs to seek for refinancing or amendments to its credit facilities.

12. Capital management

The Company includes capitalisation, bank loan and overdraft, and cash and cash equivalents in the definition of capital.

The Company's objectives, when managing capital, are to maintain sufficient liquidity and ongoing access to capital in order to allow the Company to build and maintain its properties. The Company's capital management short-term strategy is to generate and utilise positive cash flows from operations to meet capital expenditure requirements. Where a shortfall exists between internally generated cash outflows, short-term debt financing will be considered. The Company's capital management long-term strategy considers all alternative financing options available to address large-scale building improvement projects.

The Company's externally imposed capital requirements are the result of its bank debt disclosed in Notes 9 and 13. The Company has complied with all debt covenants as at December 31, 2009.

13. Subsequent events

On February 26, 2010, Belvedere Place A Limited obtained an additional 2 million Bermuda dollar loan from the Bank for a period of one year at an interest rate of 2% above the Bermuda dollar base rate, to finance additional costs related to the new development. The Company has assigned its investment portfolio as security for the loan.

In March 2010, the Bank amended the commencement date of amortisation of the construction borrowing, as disclosed in Note 9, to June 2010. The Company is in current negotiation with the Bank to combine both loans for a total value of \$17 million, to be amortised over a period of 20 years.

14. Comparative figures

Certain comparative figures have been reclassified to reflect the current year's financial statement presentation.

15. Directors' share interests

The directors and executive officers of the Company had combined interests in 294,925 of the Company's common shares as at December 31, 2009 (2008 - 281,755).

PROGRESS REPORT

Development of Belvedere Place

Preamble

Under a contract dated 1st March 2008, Belvedere Place A Limited (a wholly owned subsidiary), entered into an agreement (the Agreement) with BCM McAlpine Ltd (the Contractor), under the terms of which the Contractor agreed to construct phases 1 and 1A of the proposed development (the Works) and the Owner agreed to pay to the Contractor the total sum of \$ 38,837,208.00 at the times and in the manner and subject to the conditions specified therein.

The Agreement provides a commencement date of the Works of 1st March 2008 and requires completion of phases 1 and 1A of the Works as follows:

Phase 1A Parking Structure	30th September 2009
Phase 1 Building D	28th February 2010

By Change Order # 001 dated 12th December 2008; the scope of the Works was substantially reduced by the deletion of Phase 1 Building D. This change resulted in the reduction of the Contract Sum from \$38,837,208 to \$19,063,556. Subsequent Change Orders have been issued in 2009, resulting in a revised Contract Sum of \$19,051,349 to 11th November, 2009 and the date for the completion of Phase 1A, was extended.

Contractor's capacity

The general contractor, BCM McAlpine Ltd, is a well established and respected construction company that employs a broad range of construction professionals. The Contractor is capable of and has the capacity to construct the project to the level of quality required by the Contract Documents.

The principal subcontractors that have been appointed for those elements of the project that are either in progress or remain to be completed, are BAC Ltd (plumbing, exhaust extraction and fire protection) and Universal Electric Ltd (electrical, access control and fire detection installations). Each of these two companies is recognized as industry leaders in Bermuda and each has the capacity and capability to perform its responsibilities to the required quality level.

Contract

The project was awarded using a two stage selective tendering procurement process comprising an initial bid stage based upon design development stage documents, followed by detailed negotiations with the lowest bidder as the design became more fully developed giving consideration to use of value engineering to achieve the most efficient price. The pricing of the contract was based on an open book format.

The form of contract entered into is the Bermuda Standard Form of Contract for Construction where the basis of payment is a Stipulated Sum. This document comprises the following base documents:

- American Institute of Architects (AIA) Document A101-1997 Edition Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum
- AIA Document A201-1997 Edition General Conditions of the Contract for Construction

Bermuda Construction Contracts Committee Document CCC201-1999 Edition Bermuda Supplementary Conditions of the Contract for Construction.

Progress

In its most recent schedule of works issued on 28th February 2010, the General Contractor has provided the following progress highlights:

Structure beneath Building D:

Completed and delivered on schedule on 1st October, 2009

Structure beneath Buildings B & C:

Expected completion date on 20th January, 2010

Certificate of Substantial Completion issued on 4th February, 2010

Final projected sum including agreed charges \$19,463,552

Directors & Officers

David A. J. G. White	PRESIDENT & CHAIRMAN OF THE BOARD
Reid T. Young	VICE PRESIDENT & DIRECTOR
W. Roger Davidson	DIRECTOR
*David P. Gutteridge	DIRECTOR
Peter A. Pearman	DIRECTOR
Glenn M. Titterton	DIRECTOR
B. W. Walker	DIRECTOR
Gregory D. Haycock	DIRECTOR
Scott H. Davis	SECRETARY
Harrichand Sukdeo, CFA, CGA	CHIEF FINANCIAL OFFICER

* Deceased

Bankers

The Bank of N.T. Butterfield & Son Limited
66 Front Street
Hamilton

HSBC Bank Bermuda Limited,
37 Front Street
Hamilton

Auditors

PricewaterhouseCoopers
7 Church Street
Hamilton

Solicitors

Conyers, Dill & Pearman
2 Church Street
Hamilton

Registrar & Transfer Agent

Waterstreet Corporate Services Limited
27 Reid Street
Hamilton





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