WEST HAMILTON HOLDINGS LIMITED

Consolidated Financial Statements
(With Independent Auditor's Report Thereon)

For the years ended September 30, 2021 and 2020

KPMG Audit Limited
Crown House
4 Par-la-Ville Road
Hamilton
HM 08
Bermuda

Telephone +1 441 295 5063
Fax +1 441 295 9132
Internet www.kpmg.bm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of West Hamilton Holdings Limited

We have audited the accompanying consolidated financial statements of West Hamilton Holdings Limited (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2021 and 2020 and the related consolidated statements of profit and loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at September 30, 2021 and 2020, and the consolidated results of their operations and their cash flows for the years then ended in accordance with IFRS.

Emphasis of matter

As discussed in note 2(d) to the consolidated financial statements, in his valuation report dated July 30, 2021, the valuer has included a statement whereby he draws attention to a material uncertainty surrounding the valuation of the Company's investment properties due to the unprecedented set of circumstances caused by the Covid-19 pandemic. Our opinion is not qualified with respect to this matter.

Other matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The annual report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
December 9, 2021

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statements of Financial Position

As at September 30, 2021 and September 30, 2020
(Expressed in U.S. dollars)

	2021	2020
Assets		
Non-current assets		
Property, plant and equipment (Note 4)	$ 870,646	$ 971,895
Investment property (Note 5)	46,480,000	41,690,000
Total non-current assets	47,350,646	42,661,895
Current assets		
Cash and cash equivalents (Note 3 and 11)	2,369,236	1,506,546
Investments (Notes 6 and 11)	481,058	774,188
Accounts receivable (Note 11)	81,661	243,935
Prepaid expenses	105,075	115,382
Total current assets	3,037,030	2,640,051
Total assets	$ 50,387,676	$ 45,301,946
Equity		
Share capital (Note 9)	$ 2,908,403	$ 2,909,553
Share premium (Note 9)	7,821,954	7,825,404
Accumulated other comprehensive income (Note 9)	286,188	137,093
Retained earnings	28,882,908	23,085,937
Total equity	39,899,453	33,957,987
Liabilities		
Non-current liabilities		
Loans and borrowings (Notes 8 and 11)	9,252,695	3,548,497
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 11)	115,656	215,716
Dividends payable	62,553	23,547
Refundable deposits on leases	44,475	45,975
Loans and borrowings (Notes 8 and 11)	803,458	7,280,389
Deferred income	209,386	229,835
Total current liabilities	1,235,528	7,795,462
Total liabilities	10,488,223	11,343,959
Total equity and liabilities	$ 50,387,676	$ 45,301,946

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

Signed on behalf of the Board

Director

Director

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statements of Profit and Loss and Other Comprehensive Income

Years ended September 30, 2021 and September 30, 2020
(Expressed in U.S. dollars)

	2021	2020
Revenue		
Rental income from investment property	$ 3,146,207	$ 3,132,688
Other income		
Increase in fair value of investment property (Note 5)	4,704,815	–
Total income	7,851,022	3,132,688
Expenses		
Decrease in fair value of investment property (Note 5)	–	(2,310,000)
Depreciation (Note 4)	(120,148)	(121,890)
Maintenance, cleaning and wages (Note 11)	(149,445)	(170,967)
Professional fees (Note 15)	(330,498)	(324,820)
Insurance	(82,681)	(93,147)
Land taxes and other expenses	(121,982)	(107,325)
Utilities	(47,147)	(38,694)
Total expenses	(851,901)	(3,166,843)
Finance expense		
Dividend income	28,399	31,367
Interest expense	(315,904)	(418,936)
Net finance expense	(287,505)	(387,569)
Profit/(loss) for the year (attributable to owners of the Company)	6,711,616	(421,724)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Equity investments at FVOCI – net change in fair value	149,095	26,040
Other comprehensive income for the year	149,095	26,040
Total comprehensive profit/(loss) for the year (attributable to owners of the Company)	$ 6,860,711	$ (395,684)
Basic earnings per share (Note 10)	$ 2.31	$ (0.14)

All items included in the consolidated statements of profit and loss and other comprehensive income relate to continuing operations.

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statements of Changes in Equity

Years ended September 30, 2021 and September 30, 2020
(Expressed in U.S. dollars)

	Attributable to owners of the Company				
	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total
Balance at October 1, 2019	$ 2,908,398	$ 7,819,961	$ 111,053	$ 23,943,921	$ 34,783,333
Shares issued	1,155	5,443	–	–	6,598
Dividends declared	–	–	–	(436,260)	(436,260)
Loss for the year	–	–	–	(421,724)	(421,724)
Other comprehensive income:					
Net change in fair value of investments	–	–	26,040	–	26,040
Balance at September 30, 2020	2,909,553	7,825,404	137,093	23,085,937	33,957,987
Shares repurchased	(1,150)	(3,450)	–	–	(4,600)
Dividends declared	–	–	–	(914,645)	(914,645)
Profit for the year	–	–	–	6,711,616	6,711,616
Other comprehensive income:					
Net change in fair value of investments	–	–	149,095	–	149,095
Balance at September 30, 2021	$ 2,908,403	$ 7,821,954	$ 286,188	$ 28,882,908	$ 39,899,453

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statements of Cash Flows

Years ended September 30, 2021 and September 30, 2020
(Expressed in U.S. dollars)

	2021	2020
Cash flows from operating activities		
Profit/(loss) for the year	$ 6,711,616	$ (421,724)
Adjustments for:		
Depreciation	120,148	121,890
Interest expense and dividend income	287,505	387,569
(Increase)/decrease in the fair value of investment property	(4,704,815)	2,310,000
Changes in non-cash working capital balances:		
Deferred income	(20,449)	(21,772)
Accounts receivable	162,274	(111,714)
Prepaid expenses	10,307	15,618
Refundable deposits on leases	(1,500)	9,975
Accounts payable and accrued liabilities	(100,060)	44,546
Net cash provided by operating activities	2,465,026	2,334,388
Cash flows from investing activities		
Dividends received	28,399	31,367
Additions to property, plant and equipment	(18,899)	(23,860)
Additions to investment property	(85,185)	–
Proceeds on sale of investment	442,225	–
Net cash provided by investing activities	366,540	7,507
Cash flows from financing activities		
Share repurchase	(4,600)	–
Repayment of bank loan	(772,733)	(915,602)
Interest paid	(315,904)	(418,936)
Dividends paid	(875,639)	(494,923)
Net cash used in financing activities	(1,968,876)	(1,829,461)
Net increase in cash and cash equivalents	862,690	512,434
Cash and cash equivalents at beginning of year	1,506,546	994,112
Cash and cash equivalents at end of year	$ 2,369,236	$ 1,506,546

The accompanying notes on pages 7 to 23 are an integral part of these consolidated financial statements

1. General

West Hamilton Holdings Limited was incorporated on May 14, 2007 under the laws of Bermuda and is the parent company of West Hamilton Limited ("WHL") and Belvedere Place A Limited ("BPL") (together the "Company"). The Company is listed on the Bermuda Stock Exchange ("BSX") and is domiciled in Bermuda. WHL is incorporated under the laws of Bermuda and owns three properties known as the Belvedere Building, Belvedere Residences (or Condominium), and the Belvedere Place parking facility in which space is generally let under medium and long-term commercial leases. BPL has no commercial activities. The registered office is at 71 Pitts Bay Road, Pembroke, Bermuda.

The Company's parent company and ultimate controlling party is Somers Limited which owns 57% of the Company's outstanding shares. These consolidated financial statements have been approved for issuance by the Board of Directors on December 9, 2021.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the periods, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of investments and investment property which are measured at their estimated fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in Notes 2(d) and 13.

These consolidated financial statements are presented in U.S. dollars ($), which is the functional currency of the Company.

On March 11, 2020 the World Health Organization officially declared the outbreak of COVID-19 a global pandemic. Since the initial outbreak of the virus, the continued spread of COVID-19 has caused disruption to businesses and economic activity on a global basis, and in Bermuda. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the future operating and financial performance of the Company or to provide a quantitative estimate of this impact.

To date the Company has not observed any material impact on its operations or financial position as a result of the COVID-19 outbreak and therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Significant accounting policies (continued)

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company, and its two wholly owned subsidiaries. All subsidiary companies are incorporated in Bermuda. All intercompany transactions and balances are eliminated upon consolidation.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and they are recognised within profit or loss. Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value, using the straight-line method over the following estimated useful lives:

Equipment	3 – 25 years
Computers	4 years
Furniture and fixtures	10 years

Refer to Note 2(i) for the accounting policy related to impairment of non-financial assets.

(d) Investment property

Investment property is initially measured at cost and subsequently at its estimated fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item sold) is recognised in profit or loss.

The Company's three underlying investment properties are carried at fair value and the valuation of those properties is a critical accounting estimate in the Company's consolidated financial statements. The Directors have appointed an Independent Valuer to perform the valuations and to provide his opinion as to the fair value of the properties as at July 30, 2021. Based on the stable nature of the revenue generated by the properties, it was determined that the fair value determined at July 30, 2021 fairly reflects the market conditions at September 30, 2021.

The Investment properties are valued in accordance with guidance contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards 2020 (the "Red Book Global"). The valuations are primarily based on the income approach. The rationale for using the income approach is that the buildings have a high degree of tenancy and income stream and this is viewed as the most robust and logical approach. In addition, there have been very few transactions in the Bermuda real estate market over the past few years of similar large income-producing properties that would be considered comparable for market value purposes. As a result of the lack of such comparable sales, the valuation of Bermuda real estate is subject to a higher degree of uncertainty than may otherwise be the case in more active markets.

Further information on the valuations and the sensitivities of the valuations to changes in assumptions is given in Note 5.

2. Significant accounting policies (continued)

(d) *Investment property* (continued)

At the valuation date, the Independent Valuer has included a statement in his report whereby he draws attention to a material uncertainty surrounding the valuation of the Company's investment properties due to the unprecedented set of circumstances caused by the COVID-19 pandemic. This is not intended by the Valuer to suggest that his valuations cannot be relied upon, but to indicate that less certainty, and a higher degree of caution, should be ascribed to the valuations than would normally be the case.

(e) *Income recognition*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. When the Company provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction in rental income.

(f) *Finance leases*

The Company accounts for 999-year leases of investment property as finance leases (Note 5) as the significant risks and rewards of the asset transfer to the lessee during the lease terms, even though title is not transferred. The difference between the carrying amount of the condominiums leased and the lease payments (received at inception of the lease) is recognised in the consolidated statement of profit and loss and other comprehensive income as a gain or loss on disposal in the year that the lease is finalized.

(g) *Maintenance fees*

Maintenance fees received in cash from lessees are recognised as maintenance liabilities in the consolidated statement of financial position in recognition of the contractual commitment to either refund such amounts or hold them for future scheduled maintenance work to be performed thereafter. Amounts currently recognised as liabilities are $nil (2020 - $nil) as expenses have exceeded income to date. Maintenance income for the year ended September 30, 2021 amounted to $278,625 (2020 - $290,890).

(h) *Financial instruments*

The Company's financial assets comprise of cash and cash equivalents, investments, and accounts receivable. The Company's financial liabilities include loans and borrowings, dividends payable, accounts payable and refundable deposits on leases.

(i) *Recognition and initial measurement*

Accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Accounts receivable are initially measured at the transaction price which reflects fair value. All other financial assets and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the instrument's acquisition or issue.

(ii) *Classification and subsequent measurement*

Financial assets

On initial recognition, the Company determines the classification of its financial assets. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2. Significant accounting policies (continued)

(h) *Financial instruments* (continued)

(ii) *Classification and subsequent measurement* (continued)

Financial assets (continued)

The Company classifies all its financial assets at amortised cost except investments which are classified as fair value through other comprehensive income ("FVOCI"). These assets are subsequently measured at fair value. The measurement of investments classified as FVOCI is an irrevocable election resulting in subsequent changes in fair value being recognised in OCI. Derecognition gains and losses from equity investments measured at FVOCI are not recognised in the Consolidated Statement of Profit and Loss. However, transfers may be made from OCI to retained earnings at the discretion of management. Dividends are recognised income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the Company is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

2. Significant accounting policies (continued)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

The Company's financial assets classified as amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income and impairment gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets – Classification and subsequent measurement:

The Company classified its cash and cash equivalents and accounts receivable at amortised cost.

Financial liabilities – Classification, subsequent measurement and gains and losses

The Company classifies its financial liabilities as amortised cost and they are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership, and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

(i) Impairment

Financial assets

The Company recognises allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to 12-month ECLs for cash and cash equivalents that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition.

2. Significant accounting policies (continued)

(i) Impairment (continued)

Financial assets (continued)

Loss allowances for trade receivables and other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significant if it is more than 120 days past due. The Company considers a financial asset to be in default when it is more than 180 days past due.

The Company considers cash and cash equivalents to have low credit risk when the bank's credit risk rating is equivalent to B or higher per Standard and Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer;
- a breach of contract such as a default, or being more than 120 days past due; or
- it is probable that the issuer will enter bankruptcy or other financial reorganisation.

Presentation of the allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the relevant assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

2. Significant accounting policies (continued)

(i) Impairment (continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. Factors that are considered important and which could trigger an impairment review include the following:

- obsolescence or physical damage;
- significant changes in technology and regulatory environment;
- significant under-performance relative to expected historical or projected future operating results;
- significant changes in the use of the assets or the strategy for business; and
- significant negative industry or economic trends.

The identification of impairment indicators, estimation of timing and amount of expected future cash flows, determination of discount rates and computation of recoverable amounts for assets involves significant judgment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(j) Finance income and finance expenses

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Finance income comprises dividend income from investments.

(k) Earnings per share

The Company presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

2. Significant accounting policies (continued)

(l) Standards issued but not yet effective

A number of new or amended standards are effective for annual periods beginning on or after October 1, 2021 and early adoption is permitted; however, the Company has not early adopted the following new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements in future periods:

- *Onerous contracts – cost of fulfilling a contract (Amendments to IAS 37)*
- *Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*
- *Covid-19 Related Rent Concessions (Amendments to IFRS 16)*
- *Property, plant and Equipment: Proceeds before intended use (Amendments to IAS 16)*
- *Reference to Conceptual Framework (Amendments to IFRS 16)*
- *Classification of liabilities as current or non-current (Amendments to IAS 1)*

3. Cash and cash equivalents

All of the Company's cash and cash equivalents are held with one Bermuda based financial institution. All deposits have a maturity date of ninthly days or less from initiation.

	2021	2020
Cash and cash equivalents at bank	$ 2,369,236	$ 1,506,546

4. Property, plant and equipment

	Computers	Furniture and fixtures	Equipment	Total
Cost				
At September 30, 2019	$ 30,501	$ 263,414	$ 2,679,980	$ 2,973,895
Additions	–	–	23,860	23,860
At September 30, 2020	30,501	263,414	2,703,840	2,997,755
Additions			18,899	18,899
At September 30, 2021	$ 30,501	$ 263,414	$ 2,722,739	$ 3,016,654
Accumulated depreciation				
At September 30, 2019	$ 30,501	$ 247,602	$ 1,625,867	$ 1,903,970
Depreciation charge for the year	–	2,170	119,720	121,890
At September 30, 2020	30,501	249,772	1,745,587	2,025,860
Depreciation charge for the year		2,170	117,978	120,148
At September 30, 2021	$ 30,501	$ 251,942	$ 1,863,565	$ 2,146,008
Carrying amount				
At September 30, 2019	$ –	$ 15,812	$ 1,054,113	$ 1,069,925
At September 30, 2020	$ –	$ 13,642	$ 958,253	$ 971,895
At September 30, 2021	$ –	$ 11,472	$ 859,174	$ 870,646

5. Investment property

	69 Pitts Bay Road	71 Pitts Bay Road	71 A Pitts Bay Road	Total
At October 1, 2019, fair value	$ 13,000,000	$ 14,000,000	$ 17,000,000	$ 44,000,000
Change in fair value	(760,000)	(400,000)	(1,150,000)	(2,310,000)
At September 30, 2020, fair value	$ 12,240,000	$ 13,600,000	$ 15,850,000	$ 41,690,000
Additions	–	85,185	–	85,185
Change in fair value	(240,000)	4,094,815	850,000	4,704,815
At September 30, 2021, fair value	$ 12,000,000	$ 17,780,000	$ 16,700,000	$ 46,480,000

Investment property comprises an office building (69 Pitts Bay Road), a car park facility (71 Pitts Bay Road) and a condominium building (71A Pitts Bay Road).

The fair value of the investment property is determined by an external, independent property valuer, having an appropriate recognised professional qualification and experience in the location and category of the property being valued. The independent valuer provides the fair value of the Company's investment property annually. Management is of the opinion that the fair value of the property is $46.5 million as at September 30, 2021 (2020 - $41.7m). The change in fair value in the current year of $4,704,815 includes $3m relating to a new development at 71 Pitts Bay Road (Note 16).

The fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the nature of the inputs used in the valuation technique used. The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The valuation was based on an income approach whereby net rental income for the investment property is capitalised using an investment yield.	- Void periods are assumed to be one year for vacant space - Investment yield ranges between 6.5% and 11% - Rent renewal rates are assumed to be at the same level as is currently achieved from existing tenants - Construction costs on future development is assumed to be $650 per square foot	The estimated fair value would increase (decrease) if: - Void periods were shorter (longer). - The investment yields were lower (higher). - Rent renewal rates were higher (lower). - Construction costs were higher (lower).

6. Investments

	2021		2020	
	Cost	Fair value	Cost	Fair value
Equity securities	$ 492,463	$ 481,058	$ 637,095	$ 774,188

The investment portfolio consists of ordinary shares issued by Bermuda companies listed on the Bermuda Stock Exchange ("BSX") and those that are privately held. The Company has no other investments. The total cumulative gain on the sale of investments in the current year was $297,593 (2020 - $nil).

7. Accounts payable and accrued liabilities

	2021	2020
Accounts payable	$ 48,759	$ 123,943
Accrued liabilities	66,897	91,773
	$ 115,656	$ 215,716

8. Loans and borrowings

On December 11, 2020 West Hamilton Limited, a wholly owned subsidiary, entered into a term loan agreement with HSBC in the amount of $6.94 million, to be amortised over 12 years and subject to renegotiation after 5 years, which was used to repay a previous bank loan balance. The facility is to be repaid by way of monthly principal installments of $48,205. Interest on the HSBC term loan is calculated at the bank's base rate of 2.25% plus the quoted rate of 1 month USD LIBOR. An arrangement fee of $52,061 was paid by the Company on the date of drawdown of the facility. West Hamilton Limited provided all of its land, buildings and car park facility as security for the loan by way of a legal mortgage and an assignment of all rental income from the existing Belvedere Building, car park facility and condominium building. The Company entered into a limited guarantee for the principal outstanding on the term loan.

On January 25, 2018, the Company entered into a term loan in the amount of $4.7 million with HSBC for a five year term. The loan is to be repaid by way of monthly principal installments of $18,750 based on an amortization period of 20 years. The interest amount calculated is based on a fixed rate of 2.5% per annum plus the quoted 1 month USD LIBOR. An arrangement fee of $22,500 was paid by the Company on the date of drawdown of the facility. Security pledged for the facility includes the security provided under the $6.94m term loan above.

As at September 30, 2021, the effective interest rates were 2.33% and 2.58% (2020 - 3.03% and 2.68%) respectively.

The bank granted the Company permission for a dividend to be declared to ordinary shareholders representing 32 cents per share for the 2021 financial year. The Company has complied with all loan covenants during the year ended September 30, 2021.

8. Loans and borrowing (continued)

For further information related to the Company's exposure to interest rate and liquidity risk see Note 11(a).

Principal repayments over the next five financial years for the existing loans are as follows:

	Total
2022	$ 803,458
2023	803,458
2024	3,676,955
2025	578,458
2026	4,193,824
	$ 10,056,153

9. Share capital and reserves

	2021	2020
Common shares		
Authorised – 5,000,000 share of par value of $1 each		
Issued and fully paid 2,908,403 shares (2020 - 2,909,553)	$ 2,908,403	$ 2,909,553

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

Share premium is the difference between the consideration received and the par value of the shares issued.

Accumulated other comprehensive income

The accumulated other comprehensive income comprises the cumulative net change in the fair value and realised gains on investments.

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended September 30, 2021 is based on the profit/(loss) attributable to ordinary shareholders of $6,711,616 (2020 - loss $421,724) and a weighted average number of ordinary shares outstanding throughout the period. The Company has no potentially dilutive ordinary shares.

11. Financial risk management

Exposure to liquidity, interest rate, credit and market risk arises in the normal course of the Company's operations.

(a) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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. The Company monitors liquidity risk by monitoring forecasted cash flows.

11. Financial risk management (continued)

(a) Liquidity risk (continued)

The following are contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows: 12 months or less	1 – 2 years	2 – 5 years	Total
September 30, 2021					
Financial liabilities					
Accounts payable	$ 48,759	$ 48,759	$ –	$ –	$ 48,759
Loans and borrowings	10,056,153	1,036,996	1,017,713	8,712,467	10,767,176
Refundable deposit	44,475	44,475	–	–	44,475
Dividends payable	62,553	62,553	–	–	62,553
	$ 10,211,940	$ 1,192,783	$ 1,017,713	$ 8,712,467	$10,922,963

	Carrying amount	Contractual cash flows: 12 months or less	1 – 2 years	2 – 5 years	Total
September 30, 2020					
Financial liabilities					
Accounts payable	$ 123,943	$ 123,943	$ –	$ –	$ 123,943
Loans and borrowings	10,828,886	7,425,629	316,054	3,441,559	11,183,242
Refundable deposit	45,975	45,975	–	–	45,975
Dividend payable	23,547	23,547	–	–	23,547
	$ 11,022,351	$ 7,619,094	$ 316,054	$ 3,441,559	$11,376,707

(b) Interest rate risk

The Company is exposed to interest rate risk on its bank loans because of potential future changes in market interest rates.

Sensitivity analysis

A 1% increase in the floating interest rate for the year ended September 30, 2021 would have reduced the profit for the year by $100,562 (2020 - $108,289) assuming all other variables remain constant. Similarly, a 1% decrease in the floating interest rate for the year ended September 30, 2021 would have increased profit for the year by $100,562 (2020 - $108,289). The interest rate structure of the Company's loans are calculated on HSBC base rate, plus one-month USD LIBOR per annum. These rates have been quoted in the range of 0.08% to 0.14% during the current period and therefore they do not currently expose the Company to significant interest rate risk. This analysis is performed using market information and in practice, the actual trading results may differ from this sensitivity analysis and the difference could be material. The cessation date for USD LIBOR has been delayed to June 30, 2023 and therefore does not give rise to additional interest rate risk to the Company at this time.

11. Financial risk management (continued)

(c) *Credit risk*

The Company maintains the all its cash and cash equivalents in accounts with a Bermuda-based bank. The bank's current credit rating by Standard & Poor's was A-/A-2 and the risk of default is not considered significant by management.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The 12-month probabilities of default are based on historical data supplied by Standard and Poor's for each credit rating and are recalibrated based on current bond yields and credit default swap prices. The Company considers that its cash and cash equivalents and investments have low credit risk based on the external credit ratings of the counterparties.

On initial application of IFRS 9, the Company recognised an impairment allowance as at October 1, 2018 on cash and cash equivalents in the amount of $nil. The amount of the allowance remains $nil for the year ended September 30, 2021 (2020 - $nil).

Accounts receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's receivable balances are predominately with multiple Bermuda-based residential and commercial customers and are subject to credit risks in the normal course of business.

The maximum exposure to credit risk for receivable balances at the reporting date is represented by the carrying value on the consolidated statement of financial position.

The credit exposure is mitigated using credit policies under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. The credit exposure is further mitigated through on-going monitoring and assessment of customer payment history.

The following table provides information about the exposure to credit risk and the aging of receivables from individual customers as at September 30:

	2021	2020
Current	$ 46,029	$ 50,488
Past current	8,193	67,252
Past 30 days	3,747	6,395
Past 60 days	–	–
Past 90 days	23,692	119,800
	$ 81,661	$ 243,935

On initial application of IFRS 9 and for the year ended September 30, 2021, the Company did not recognise any expected credit loss for accounts receivable (2020 - $nil).

11. Financial risk management (continued)

(d) Market risk

Market risk is the risk that future changes in market prices may render financial instruments less valuable or increase the liability associated with such instruments. The Company's exposure to market risk is determined by a number of factors, including the size, duration, composition and diversification of positions held, as well as market volatility and liquidity.

The Company's exposure to market risk associated with its investments is equal to the consolidated statement of financial position carrying value of the instruments of $481,058 (2020 - $774,188).

Sensitivity analysis

All the Company's investments in common stocks are listed on the BSX. A 10% increase in market prices at the reporting date, assuming that all other variables remain constant, would increase the Company's equity by approximately $48,106 (2020 - $77,419). An equal change in the opposite direction would decrease the Company's equity by a corresponding amount. This analysis is performed on the same basis for 2020. In practice the actual trading results may differ from this sensitivity analysis.

(e) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets as part of its capital management strategy.

Consistent with others in the industry, the Company monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total capital. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.

During 2021, the Company's strategy was unchanged from 2020, which was to maintain a debt-to-equity ratio of no more than 75%. The debt-to-equity ratios at September 30, 2021 and September 30, 2020 were as follows:

	2021	2020
Total debt	$ 10,056,153	$ 10,828,886
Total equity	$ 39,899,453	$ 33,957,987
Debt to equity	25.20%	31.89%

The debt to equity ratio is in line with the Company's capital management strategy.

11. Financial risk management (continued)

(f) Fair value

The Company has not disclosed the fair value of financial assets and liabilities not measured at fair value as the carrying values of the Company's financial assets and liabilities are reasonable estimates of their fair values due to the short-term maturity of these instruments or the fact that they attract interest at market rates.

Disclosure of fair value of investment property

The Company considers that the fair value of investment property disclosed in Note 5 falls within Level 3 fair value hierarchy as defined by IFRS 13 and believes that the income approach is the best method to determine the fair value of the investment property. As further outlined in IFRS 13, a Level 3 fair value recognises that not all inputs and considerations made in determining the fair value of investment property can be derived from publicly available data, as the valuation methodology in respect of investment property may also rely on other factors including technical engineering reports, comparative data and analysis, and proprietary data maintained by the valuer in respect of similar properties to the assets being valued.

Fair value hierarchy

The table below analyses investments by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.

Level 3: inputs for the asset that are not based on observable date.

	2021	2020
Level 1	$ 461,058	$ 754,186
Level 3	$ 20,000	$ 20,000

There have been no transfers between the levels during 2021 or 2020.

(g) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

12. Operating leases

The Company acts as lessor and leases its investment property to various tenants under operating leases (see Note 5). The future minimum lease payments receivable under currently active leases are as follows:

	2021	2020
Less than one year	$ 997,687	$ 1,770,581
Between one and five years	703,751	1,166,693
	$ 1,701,438	$ 2,937,274

13. Critical judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management makes critical accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. Principal assumptions underlying management's estimation of fair value are reflecting the economic environment and market conditions during 2021. The fair value of investment property (Note 5) was determined principally using the income approach, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition and recent sales of similar properties, and using an investment yield that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

14. Taxation

Under current Bermuda law, the Company is not required to pay taxes on either income or capital gains. Accordingly, no provision for income taxes or deferred taxes has been made in the consolidated financial statements.

15. Related parties

Key management personnel compensation comprised:

	2021	2020
Short-term compensation	$ 225,000	$ 200,000

During the year ended September 30, 2021, the directors and executive officers of the Company had a combined interest in 446,625 of the Company's common shares (2020 - 446,625 shares).

On October 15, 2020, the Company entered into an agreement to lend $1 million to Somers Limited, a shareholder with controlling interest in the Company. Interest on the loan was calculated at a fixed rate of 3.5% per annum. The full principal amount and interest of $1,004,123 was repaid on November 25, 2020.

16. Subsequent events

On November 22, 2021 the Company was granted planning permission to build an eight-storey mixed use building at 71 Pitts Bay Road. As a result, the fair value of 71 Pitts Bay Road increased by $3m and is included in the valuation of $17,780,000 as at September 30, 2021 (Note 5).

There have been no other significant events or transactions from September 30, 2021 to the date that these consolidated financial statements were available for issuance that require adjustment to or disclosures in the consolidated financial statements.