WEST
HAMILTON
HOLDINGS
LIMITED

ANNUAL REPORT 2012

Our Vision

...a distinctive suburban environment, in an urban district ... with desirable amenties

HIGHLIGHTS:

- Tiered, two-acre site fronting the north side of Pitts Bay Road on the periphery of the City of Hamilton
- Bespoke residences in the center of the highest quality commercial buildings
- Modern secure living with limited units
- The Bacardi gardens and fountains at your front door
- Full-service gymnasium facility with 2 squash courts and volume ceilings
- Residences' lobby
- Community roof deck with panoramic views
- Executive residential suites
- On-site parking for residence and guest
- Access to Corporation of Hamilton sewer system and piped water supply

Chairman's Letter to Shareholders

June 10, 2013

Financial Statements

Income Statement

During 2012, the commercial real estate sector continued to be under pressure with high vacancy rates, increased competition and lower rental rates. It is therefore pleasing to report that the Company earned net operating income in 2012 of $716,293 compared with $633,130 in 2011, an increase of $83,163 or 13.14 per cent. This is the Company's highest net operating income for the last six years.

The Company enjoyed better operating results in 2012 primarily because of its financing strategy which in 2011 through the rights issue, reduced the Company's borrowing and thus had a positive impact on the operating costs in 2012. Management has also focused on other cost reduction strategies which contributed to an increase in net income.

The financial statements have been prepared in full compliance with International Financial Reporting Standards (IFRS) which were adopted by the Company in 2011 and permitted certain items to be brought into the income statement to calculate total comprehensive income. During the year ended December 31, 2012, the Company reported a gain of $112,746 within other comprehensive income compared with $72,823 in 2011. The change in comprehensive income is primarily related to the change in certain marketable securities that are held for resale.

As a result of the adoption of IFRS, the total comprehensive income for the year was $829,039 compared to $705,953 in 2011, an increase of $123,086 or 17.4 percent. While the reported net income was higher in comparison with previous years, the gross rental income was lower because of reduced rental rates and higher vacancy rates.

Rental income for the year totaled $1,985,157 as compared with $2,120,159 in 2011, a decrease of 6.4 percent. The average pricing has been reduced to approximately $40.00 per square foot for the year as compared with a high of $49.00 per square foot in previous years. This reduction has been offset by increasing demand for parking spaces which is expected to continue, especially in 2014 when the parking facility is expected to be full and pricing is expected to rise.

Operating expenses are relatively flat when compared with the previous year and it is expected to be lower in 2013 because of certain efficiencies that will be realized from operational enhancements. Interest expense decreased by $239,955 compared with the previous year while the Company's borrowing rate remained fixed at 3.0 percent and will remain at that level until the 3 month Libor rate rises above 1.5 percent.

Balance Sheet

Current assets, which include cash and other assets that could readily be converted into cash, totaled $5.30 million compared with $10.25 million in 2011. The decrease is directly related to the payment of $5.27 million to the Bank of N.T Butterfield & Son Limited as part repayment of the construction loan entered into by the Company in 2009 and the payment of $315,358 interest expense on the remaining loans. The Company generated $910,784 of cash from operations after deducting all operating expenses and used $648,435 for upgrades to operating systems, including structural changes to the Belvedere Building.

Total assets amounted to $24.39 million compared with $24.10 million at the end of 2011 an increase of $0.29 million with the property measured on a cost basis.

The property was appraised by Rego Realtors (Bermuda) Limited in 2011 and they valued the property at between $61.0 million and $64.0 million. Management has taken a prudent view considering the state of the Bermuda economy and is of the opinion that a value of approximately $49.0 million represents a reasonable estimate of the fair value of the property. Under IFRS the Company does have the option to record the value of the property at market price which would increase the Company's total assets to more than $70.0 million, double the value currently reported in the balance sheet.

Total liabilities decreased from $15.99 million at the end of 2011 to $10.49 million at the end of 2012. The decrease of $5.50 million is primarily attributed to the repayment of the construction loan of $5.27 million.

Shareholders equity increased by $829,019. The net income from operations contributed $716,293 and the increase in market value of the investment portfolio contributed $112,746. Book value per share at the end of 2012 was $6.65 (2011: $6.36). This represents an increase of $0.29 cents per share or 4.56 percent.

Property Development

The commercial property market in Bermuda continues to be burdened with an over supply of office space, mostly grades B and C which has pressured our renewal rates in 2012. In addition, the Belvedere Building's largest tenant will not be renewing its lease in 2014. These two factors will impact our rental revenue in future years until the vacancy rates return to normal and rates begin to harden.

Rego Realtors (Bermuda) Ltd is assisting us in securing a tenant for the space that will be vacant in January 2014, which will be a challenge given the current market conditions. However, I am pleased to inform you that a new tenant was secured for approximately 1,778 square feet of office space on the ground floor. The remaining tenants have renewed their leases in 2013 albeit at reduced rental rates. Indeed a significant tenant issued a request for proposal in 2012 using the services of a realtor to seek interest from the market. After much deliberation, we were able to retain the tenant without concessions, although the offerings made by other landlords were more competitive.

The car park was not fully rented in 2012 because of the downturn in the economy and the reduction in staffing levels experienced by many international companies that are our primary tenants. This trend has since reversed towards the end of 2012 and more so during the first quarter of 2013. The vacancy rate for the car park was approximately 18 percent throughout 2012. However, it is expected to be fully occupied during the second half of 2013 and thereafter.

Our success in remaining competitive in a challenging market was realized from our focus on tenant retention by providing quality service on a timely basis. During the year several modifications and enhancements to the Belvedere Building and its operating systems were completed. We believe that the enhancements made to the Belvedere Building combined with competitive rates and quality service will provide us with every opportunity to retain our tenants in the future.

Our plan to develop the property by constructing four new buildings yielding 105,000 square feet of office space, 40,000 square feet of residential space and underground parking for 181 cars remains our long term objective. However, our short term plans will centre on providing complimentary products and services demanded by the occupants of luxury offices provided by Waterloo House and grade A offices in the Waterfront Properties. Our research indicates that these occupants would be receptive to quality residential accommodation, a fully fitted gymnasium, squash courts, concierge services and a convenience store.

I am pleased to inform you that the Company has commenced the planning process to develop a piece of vacant land located on the North West corner of the property and offer some of the products listed above. The use of this land will not impinge on our long term development plans.

The Belvedere properties consist of 2.1 acres of prime real estate along Pitts Bay Road directly across from Waterloo House which has been labeled a "trophy address" by a leading realtor. We share the same address and an opportunity for us to differentiate our products and services offered to the discerning professionals who will work and may wish to enjoy contemporary living in the area.

The area around the Belvedere properties is attracting new businesses and will continue to be of interest to international business with the upgrades planned for the Fairmont Hamilton Princess as well as a new marina. I am optimistic that our strategy in the near term to provide complimentary products and services in this market environment will diversify our business, reduce market risks and contribute to the Company's profitability.

Share Buy-Back Programme

The Company's Board approved the adoption of a Share Buy-Back Programme on 3rd June 2013 as a means to improve shareholder liquidity and facilitate growth in the value of the Company's Shares. Under this programme the Board has authorized the buy-back of up to 25,000 Shares at a price to be determined from time to time but in accordance with the regulations of the BSX.

From time to time the Company's associates and insiders as defined by the Bermuda Stock Exchange regulations may sell Shares which may result in such Shares being bought back pursuant to the programme. These trades in the Company's Shares must not be pre-arranged and all buy-backs must be made in the open market. The price paid by the Company for the Shares must not, according to the BSX regulations, be higher than the last independent trade for a "round lot" defined as 100 Shares or more.

The BSX must be advised monthly of the Shares bought back and cancelled by the Company.

Dividend Reinvestment Plan

The Board of Directors at its meeting on 3rd June, 2013 approved a Dividend Reinvestment Plan which is an easy and convenient way for Shareholders to increase their holdings in the Company by reinvesting all of their cash dividends in additional Shares at a price to be determined from time to time. Participation in the plan by Shareholders is optional. If a Shareholder does participate in the plan, on each applicable dividend payment date, the dividends due will automatically be invested in Shares of the Company.

The detailed Dividend Reinvestment Plan, application form and election notice will be distributed to all Shareholders following the approval from the BSX.

We look forward to 2013 and beyond with great enthusiasm and expectations for continued success in a difficult economic environment.

Finally, I would like to thank our clients, staff and the directors for their participation, dedication and support during the past year.

J. Michael Collier

President & Chairman of the Board

Historical Operating Results

Year	Revenue $	Expenses $	Operating Income $	Net Income $
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)
2010	2,006,991	1,095,964	911,027	562,458
2011	2,120,159	1,086,249	1,033,910	633,130
2012	**1,985,157**	**1,127,694**	**857,463**	**716,293**

Balance Sheet Summary

Year	Assets $	Liabilities $	Shareholders' Equity $
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
2010	27,235,035	18,652,893	8,582,142
2011	34,355,885	15,985,848	18,370,037
2012	**29,686,304**	**10,487,248**	**19,199,056**

Independent Auditor's Report

To the Shareholders of
West Hamilton Holdings Limited

We have audited the accompanying consolidated financial statements of West Hamilton Holdings Limited, which comprise the consolidated balance sheet as at December 31, 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of West Hamilton Holdings Limited as at December 31, 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants
May 27, 2013

Reference: Independent Auditor's Report on the financial statements of West Hamilton Holdings Limited for the year ended December 31, 2012.

Consolidated Balance Sheet

As at December 31, 2012
(Expressed in Bermuda Dollars)

	Note	December 31, 2012	December 31 2011
Assets			
Current assets			
Cash and cash equivalents	3	**$2,363,509**	$7,511,754
Available-for-sale investments	6	**2,732,199**	2,619,453
Accounts receivable	13(c)	**204,409**	120,863
Prepaid expenses		**-**	1,068
Total current assets		**5,300,117**	10,253,138
Non-current assets			
Property, plant and equipment	4	**849,223**	916,621
Investment property	5	**23,536,964**	23,186,126
Total non-current assets		**24,386,187**	24,102,747
Total assets		**$29,686,304**	$34,355,885
Liabilities and equity			
Current liabilities			
Accounts payable and accrued charges		**192,860**	$215,005
Loans and borrowings	7	**477,522**	745,000
Deferred income		**77,224**	284,255
Funds withheld on contract	12	**486,588**	486,588
		1,234,194	1,730,848
Non-current liabilities			
Loans and borrowings	7	**9,253,054**	14,255,000
Total liabilities		**10,487,248**	15,985,848
Equity			
Share capital	8	**2,887,795**	2,887,815
Contributed surplus	8	**7,706,669**	7,706,669
Accumulated other comprehensive income		**1,028,608**	915,862
Retained earnings		**7,575,984**	6,859,691
Total equity		**19,199,056**	18,370,037
Total liabilities and equity		**$29,686,304**	$34,355,885

The notes form an integral part of these consolidated financial statements

Approved by the Board of Directors

Director   Director

Consolidated Statement of Income

For the year ended December 31, 2012
(Expressed in Bermuda Dollars)

	Note	**December 31, 2012**	December 31, 2011
Income			
Rental income		**1,985,157**	$2,120,159
Total revenue		**1,985,157**	2,120,159
Expenses			
Maintenance, cleaning and wages		**367,196**	414,581
Land taxes and other expenses		**68,216**	47,526
Depreciation		**364,996**	339,373
Utilities		**58,428**	30,696
Insurance		**23,114**	48,307
Professional fees		**245,744**	205,766
Total operating expenses		**1,127,694**	1,086,249
Net finance expense			
Interest and dividend income		**174,188**	154,533
Interest expense		**(315,358)**	(555,313)
		(141,170)	(400,780)
Net profit for the year		**716,293**	633,130
Other comprehensive income		**112,746**	72,823
Total comprehensive income for the year		**$829,039**	$705,953
Basic and diluted earnings per share	10	**$0.29**	$0.33

All amounts included in the statement of comprehensive income relate to continuing operations

The notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended December 31, 2012
(Expressed in Bermuda Dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total
Balance January 1, 2011	$ 1,443,910	68,632	843,039	6,226,561	$ 8,582,142
Profit	–	–	–	633,130	633,130
Shares issued	1,443,910	–	–	–	1,443,910
Treasury shares	(5)	–	–	–	(5)
Contributed surplus	–	7,638,037	–	–	7,638,037
Other comprehensive income:					
Net change in fair value					
available-for-sale investment	–	–	72,823	–	72,823
Balance at December 31, 2011	**2,887,815**	**7,706,669**	**915,862**	**6,859,691**	**18,370,037**
Profit	–	–	–	716,293	716,293
Treasury shares	(20)	–	–	–	(20)
Other comprehensive income:					
Net change in fair value					
available-for-sale investment	–	–	112,746	–	112,746
Balance at December 31, 2012	**2,887,795**	**7,706,669**	**1,028,608**	**7,575,984**	**19,199,056**

The notes form an integral part of these consolidated financial statements

Consolidated Statement of Cash FLows

For the year ended December 31, 2012
(Expressed in Bermuda Dollars)

	Note	**December 31, 2012**	December 31, 2011
Cash flows from operating activities			
Net income for the year		**$ 716,293**	$ 633,130
Adjustments for:			
Depreciation		**364,996**	339,373
Interest expense		**315,358**	555,313
Dividend income		**(174,188)**	(154,533)
Changes in non-cash working capital			
Deferred income		**(207,031)**	49,563
Accounts receivable		**(83,547)**	(18,149)
Prepaid expenses		**1,068**	445
Accounts payable and accrued charges		**(22,165)**	(716,608)
Net cash (used in) provided by operating activities		**910,784**	688,534
Cash flows from investing activities			
Interest and dividends received		**174,188**	154,533
Additions to investment property		**(648,435)**	(97,868)
Net cash from (used in) investing activities		**(474,247)**	56,665
Cash flows from financing activities			
Proceeds from rights offering		**–**	9,082,416
Proceeds/repayment - bank loan		**(5,269,424)**	(2,000,000)
Interest paid		**(315,358)**	(555,313)
Net cash provided by financing activities		**5,584,782**	6,527,103
Net decrease in cash and cash equivalents		**5,148,245**	7,272,302
Cash and cash equivalents at- Beginning of year		**7,511,754**	239,452
Cash and cash equivalents at - End of year	3	**$ 2,363,509**	$ 7,511,754

The notes form an integral part of these consolidated financial statements

Notes to Financial Statements

December 31, 2012

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.

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 two commercial properties known as the Belvedere Building and the Belvedere Place parking facility in which space is generally let under medium and long-term commercial leases. The registered office is located at 71 Pitts Bay Road, Pembroke, Bermuda.

The consolidated financial statements have been approved for issue by the Board of Directors on xxxxxx.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years, 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. The consolidated financial statements have been prepared under the historical cost convention, excepted for the revaluation of available-for-sale investments which are measured at 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 included in Note 15.

(b) Standards and amendments to existing standards and interpretation effective on or after January 1, 2013 relevant to the Company

New standards, amendments and interpretations issued, but not yet effective:

The following new and amended standards and interpretations have been issued and are mandatory for the Company's accounting periods beginning on or after 1 January 2013 or later periods and are expected to be relevant to the Company:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial instruments: Classification and measurement	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013

Amendment to IAS 1, 'Presentation of items of other comprehensive income'

In June 2011, the IASB issued Presentation of items of other comprehensive income' (amendments to IAS 1). The amendments improved the consistency and clarity of the presentation of items of other comprehensive income (OCI). The amendments also highlighted the importance that the Board places on presenting profit or loss and OCI together and with equal prominence. The amendments issued in June 2011 retain the requirement to present profit and loss and OCI together, but focus on improving how items of OCI are presented. The main change resulting from the amendments was a requirement for entities to group items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments did not address which items are presented in OCI. The Company is yet to assess the full impact of the IAS 1 amendments and intends to adopt the amendments to IAS 1 no later than the accounting period beginning on 1 January 2013.

IFRS 9, 'Financial instruments' – classification and measurement

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standards also result in one impairment method replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on 1 January 2013.

IFRS 10, 'Consolidated financial statements'

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities'

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on 1 January 2013.

IFRS 13 'Fair value measurement'

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on 1 January 2013.

The IASB and the IFRIC have published the following standards and interpretations, which were not yet effective. The standards, amendments and interpretations are not expected to be relevant to the Group's operations:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IAS 19	Amendments to IAS 19, 'Employee benefits'	1 January 2013
IAS 27	Separate financial statements	1 January 2013
IAS 28	Investments in associates and joint ventures	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013

Early adoption of standards

The Group did not early adopt any new or amended standards in 2012.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries WHL, WHIL and Belvedere Place A Limited. All subsidiary companies are incorporated in Bermuda. All significant intercompany transactions and balances are eliminated on consolidation.

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and 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 are recognised net within other income in profit or loss.

Depreciation is calculated on the depreciation amount which is the cost of an asset less its residual value, using the straight line method over the following estimated useful lives. Land is not depreciated.

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

Property, plant and equipment carrying amounts are written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Property, plant and equipment that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Investment property

Investment property is stated at amortised cost. Transaction costs are included on initial recognition. The fair values of investment properties are disclosed in the notes to the financial statements. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are depreciated using the straight-line method.

Depreciation is calculated on the depreciation amount which is the cost of an asset less its residual value, using the straight line method over the following estimated useful lives. Land is not depreciated.

Buildings	40 – 50 years

Investment property carrying amounts are written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to accounting policy (d) above impairment testing and recognition of impairment expenses relating to investment property.

(f) 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 recognized over the lease term, on a straight line basis, as a reduction in rental income.

Dividend income is recognised when the right to receive payment is established which, in the case of quoted securities, is the ex-dividend date.

Interest income is recognised on the accruals basis when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Interest income is recognised using the effective interest method.

Net gains and losses on investments are recorded when the security is sold and are determined on a specific identification basis.

(g) Financial instruments

Financial assets

The Company's financial assets comprise of loans and receivables, cash and cash equivalents and available-for-sale investments. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents are also classified as loans and receivables. Cash and cash equivalents include demand deposits and short-term money market instruments with an original maturity of one year or less, held for the purposes of meeting short-term cash commitments and which are readily convertible into cash.

Available-for-sale investments

These are non-derivative financial assets and comprise the Company's strategic investments in equity securities. Equity securities are initially recorded at cost, as at the trade date and remeasured and carried at fair value based upon quoted market bid or closing prices at the reporting date. Changes in fair value of available-for-sale investments are recognised in other comprehensive income. Asset values are reviewed at least annually to determine if there is objective evidence of impairment. Where a decline in the fair value of an available-for-sale investment constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the statement of comprehensive income. When the investment is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in the profit or loss for the period. Purchases and sales of investments are recognised on the trade date. When securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in investment income as realised gains and losses from investment securities.

Financial liabilities

The Company's financial liabilities include accounts payable, funds withheld on contract and loans and borrowings which are recognised at amortised cost using the effective interest method.

(h) Pension costs

The Company operates a defined contribution pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

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.

(i) Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income and presented in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(j) Finance income and finance costs

Finance costs 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.

(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.

(l) Share based payments

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

3. Cash and cash equivalents

	December 31, 2012	January 1, 2012
Cash at bank	$ 2,363,509	$ 7,511,754

Bank balances yield interest at 0.75% per annum.

4. Property, plant and equipment

	Cost $	Accumulated depreciation $	2012 Net $	2011 Net $
Equipment	1,820,152	(970,929)	849,223	916,621

5. Investment property

	Land and building	Car park	Total
Cost			
At January 1, 2011	$ 3,811,847	$ 23,160,341	$ 26,972,188
Additions	–	97,868	97,868
December 31, 2011	3,811,847	23,258,209	27,070,056
Depreciation			
At January 1, 2011	$ 2,214,029	$ 1,396,899	$ 3,610,928
Depreciation charge	29,015	243,988	273,003
December 31, 2011	2,243,044	1,640,887	3,883,931
Cost			
At January 1, 2012	$ 2,554,980	$ 22,726,280	$ 25,281,260
Additions	44,822	608,365	653,187
December 31, 2012	2,599,802	23,334,645	25,934,447

	Land and building	Car park	Total
Depreciation			
At January 1, 2012	$ 986,177	$ 1,108,955	$ 2,095,132
Depreciation charge	29,015	273,336	302,351
December 31, 2012	1,015,192	1,382,291	2,397,483
Carrying amount			
December 31, 2012	$ 1,584,610	$ 21,952,354	$ 23,536,964
December 31, 2011	1,568,803	21,617,322	23,186,125

Investment property comprises a commercial property that is leased to third parties. Each of the leases contains an initial non-cancellable period of 3 months. Subsequent renewals are negotiated with the lessees. No contingent rents are charged.

On September 16, 2011 the Belvedere Building and surrounding property was revalued by Steven J Bowie BSC., M.R.I.C.S. of Rego Realtors (Bermuda) Limited at between $61 million and $64 million. This report contains certain caveats and assumptions relating to the potential impact of restrictions regarding property ownership by foreign investors and availability of willing investors to purchase a property of such a sizeable interest.

Management is of the opinion that a value of approximately $49 million represents a reasonable estimate of the fair value of the property. This adjusted valuation reflects management's best estimate of both quantifiable and unquantifiable assumptions and measurement uncertainties known to management as at December 31, 2012.

6. Available-for-sale Investments

The investment portfolio is comprised of the following:

	December 31, 2012		December 31, 2011	
	Cost	Fair Value	Cost	Fair Value
Equity Securities	$1,703,512	$2,732,199	$1,703,512	$2,619,453

The investment portfolio consists of ordinary shares issued by Bermuda companies listed on the Bermuda Stock Exchange ("BSX"). The Company has no other investments.

During the year, the fair value gains on equity investments amounted to $112,746 (2011 - $72,823).

7. Loans and borrowings

On February 27, 2009, Belvedere Place A Limited, entered into a construction loan agreement with Butterfield Bank in the amount of $17 million for a period of two years at an interest rate of 1.5% per annum plus the quoted rate of 30 days LIBOR. During the construction period interest is calculated on a monthly basis based on the closing LIBOR rate at the end of each month. On the maturity date of this loan or the completion date of construction, whichever comes first, the loan will be converted to a fifteen-year amortised loan with similar terms and conditions. The Company offered all of its land, buildings and new development as security for the 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.

For more information about the Company's exposure to interest rate and liquidity risk, see Note 13.

8. Share capital and reserves

	December 31, 2012	December 31, 2011
Common Shares Authorised – 10,000,000 share of par value of $1 each Issued – 2,887,795 shares (2012 – 2,887,815 shares)	$2,887,795	$2,887,815

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

Accumulated other comprehensive income

The available for sale financial instruments comprises of the cumulative net change in the available-for-sale financial assets until the investment is derecognised or impaired.

Share premium

Share premium is the difference between the price paid and the par value of the shares less all charges associated with the rights offering floated on July 4, 2011 and shares subscribed under the Company's employee share purchase plan (Note 9).

9. Share-based payments

Employee share purchase plan

The shareholders of the Company approved an employee share purchase plan in May 2012 whereby eligible employees can 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 shares traded on the Bermuda Stock Exchange.

Options are conditional on the employee completing one year's service and being over 18 years of age. 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.

All options are to be settled upon exercise of the options by the employee.

For the year ended December 31, 2012 no employees subscribed for share options and no options were exercised.

10. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at December 31, 2012 was based on the income attributable to ordinary shareholders of $829,039 (2011 – $705,953) and a weighted average number of ordinary shares outstanding of 2,887,795 (2011 - 2,165,865).

Diluted earnings per share

The Company has no dilutive potential ordinary shares; the diluted earnings per share are the same as the basic earnings per share.

11. Defined contribution plan

The Company sponsors a defined contribution plan covering all eligible employees. Contributions to the plan 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 period was $12,250 (2011 - $14,192), representing the Company's share of contributions to the plan.

12. Construction contract

In 2008 Belvedere Place A Limited, entered into a fixed stipulated sum construction contract with BCM McAlpine to carry out construction at its Pitts Bay Road Hamilton site.

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 $19,063,556. The change represents the cost of construction of the infrastructure below ground and parking facilities for approximately 309 cars on three levels.

The contractor commenced work in January 2008 and construction was completed in December 2010. The funds withheld on contract of $486,588 (2011 - $486,588) represents the retention amount which is currently being negotiated between the Company and BCM McAlpine.

13. 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. The Company's available-for-sale investments are considered to be readily realisable as the majority of the investments are listed on the BSX.

The following are contractual maturities of financial liabilities:

December 31, 2012	Carrying amount	12 months or less	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities					
Accounts payable and accrued charges	192,860	192,860	–	–	–
Bank loans	9,730,576	477,522	536,110	1,708,170	7,008,774
Funds withheld on contract	486,588	486,588	–	–	–
	$10,410,024	$1,156,970	$536,110	$1,708,170	$ 7,008,774

December 31, 2011	Carrying amount	12 months or less	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities					
Accounts payable and accrued charges	215,005	215,005	–	–	–
Bank loans	15,000,000	745,000	775,350	2,520,786	10,958,864
Funds withheld on contract	486,588	486,588	–	–	–
	$15,701,593	$1,446,593	$775,350	$2,520,786	$10,958,864

(b) Interest rate risk

The Company is exposed to interest rate risk on its bank loan and bank overdraft because of changes in market interest rates.

Sensitivity analysis

A 1% change in the floating interest rate would not increase or decrease net income or shareholders' equity during this period because of the interest rate structure of the loan which is calculated on the Butterfield Bank base rate plus 1.5% per annum. The base rate is calculated as the higher of 3 months LIBOR or 3%. LIBOR has been quoted in the range of 0.20% to 0.35% during the period and therefore does 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.

(c) Credit risk

Credit risk arises from the potential inability of customers or counterparties to a financial instrument to perform under the terms of the contract and arises principally from the Company's cash and cash equivalents and accounts receivable.

The Company only deposits cash surpluses with major banks of high quality credit standing. The Company is not exposed to significant credit risk on its cash and cash equivalents.

Accounts receivable balances relate to rents receivable from Bermuda based tenants occupying the Company's investment property. The Company considers all accounts receivable balances to be recoverable and no allowance for impairment has been made. The ageing of accounts receivable at the reporting date is as follows:

	December 31, 2012	December 31, 2011
Not past due	$120,863	$120,863
	$120,863	$120,863

There is no significant concentration of credit risk with respect to accounts receivable.

The Company does have a significant concentration of its rental revenue from a single tenant in the Belvedere Building which contributes 43% (2011 - 30%) of total rental revenue. The Company manages this risk by engaging the tenant in contract renewal discussions in advance of contractual expiry dates of tenancy agreements. In addition the tenants in the car parking facility are diversified.

(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 seeks to manage its exposure to market risk by investing only in securities quoted on the BSX.

The Company's exposure to market risk associated with marketable securities is equal to the statement of financial position carrying value of the instruments of $2,732,199 (2011 - $2,619,453).

Sensitivity analysis

All the Company's investments in common stocks are listed on the BSX except Bermuda Container Lines which was delisted. Market prices of equities listed on the BSX tend to fluctuate between 10% to 15% on average based on trading activity. A 10% increase in market prices at the reporting date, assuming that all other variables remain constant, would increase the Company's equity and net income by approximately $273,220 (2011 - $261,953). An equal change in the opposite direction would have decreased the Company's equity and net income by a corresponding amount. This analysis is performed on the same basis for 2011. In practice the actual trading results may differ from this sensitivity analysis and the difference could be material.

(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 to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2012, the Company's strategy, which was unchanged from 2011, was to maintain the gearing ratio of 30% to 60%. The gearing ratios at December 31, 2012 and 2011 were as follows:

	December 31, 2012	December 31, 2011
Total borrowings	$9,730,576	$15,000,000
Less: cash and cash equivalents	2,363,509	7,511,754
Net debt	7,367,067	7,488,246
Total equity	19,199,056	18,370,037
Total capital	26,566,123	25,858,283
Gearing ratio	27.73%	28.96%

(f) Fair value

The fair values of the Company's financial assets and liabilities approximates its carrying values.

Fair value hierarchy

The table below analyses available-for-sale investments carried at fair value, 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 market data.

	December 31, 2012	December 31, 2011
Level 1	$2,732,199	$2,619,453
	$2,732,199	$2,619,453

Currency risk

The Company is not exposed to significant foreign currency risk as the majority of its financial assets and liabilities are denominated in Bermuda dollars.

14. Operating leases

The Company as lessor, leases its investment property under operating leases (see Note 5). The future minimum lease payments receivable under non-cancellable leases are as follows:

	December 31, 2012	December 31, 2011
Less than one year	$1,121,414	$1,338,540
Between one and five years	726,480	930,667
	$1,847,894	$2,269,207

15. 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.

Critical accounting estimates and assumptions

Management makes 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

Reflecting the economic environment and market conditions during 2011, which continued throughout 2012, the frequency of property transactions on an arm's length basis has decreased in the commercial property market. For these properties with a total carrying amount of $23,505,060 (2011 - $23,186,126) was based on historical cost. The valuation for disclosure purposes was determined principally using discounted cash flow projections based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current (at the date of the statement of financial position) market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The future rental rates were estimated depending on the actual location, type and quality of the properties, and taking into account market data and projections at the valuation date. Were the market rentals assumed in the discounted cash flow analysis to increase or decrease by 10% from management's estimates, the fair value disclosure of investment properties that are valued by the discounted cash flow method (DCF) would be an estimated $14,000,000 higher or lower, respectively.

16. Taxation

Under current Bermuda law, the Company is not required to pay taxes on either income or capital gains.

17. Related parties

Bermuda Commercial Bank Limited is the largest shareholder owning 41.5 percent of the Company's outstanding common shares.

Key management personnel compensation comprised:

	December 31, 2012	December 31, 2011
Short-term employee benefits	$293,300	$309,927

During the year ended December 31, 2012, the directors and executive officers of the Company had a combined interest in 485,620 of the Company's common shares (2011 – 248,020 shares).

Subsidiaries

Subsidiaries as at December 31st, 2011

West Hamilton Limited

71 Pitts Bay Road

Pembroke HM 08

Incorporated in Bermuda on 29th April, 1923

Offers Commercial spaces to rent

Belvedere Place 'A' Limited

Incorporated in Bermuda on 29th October, 2007

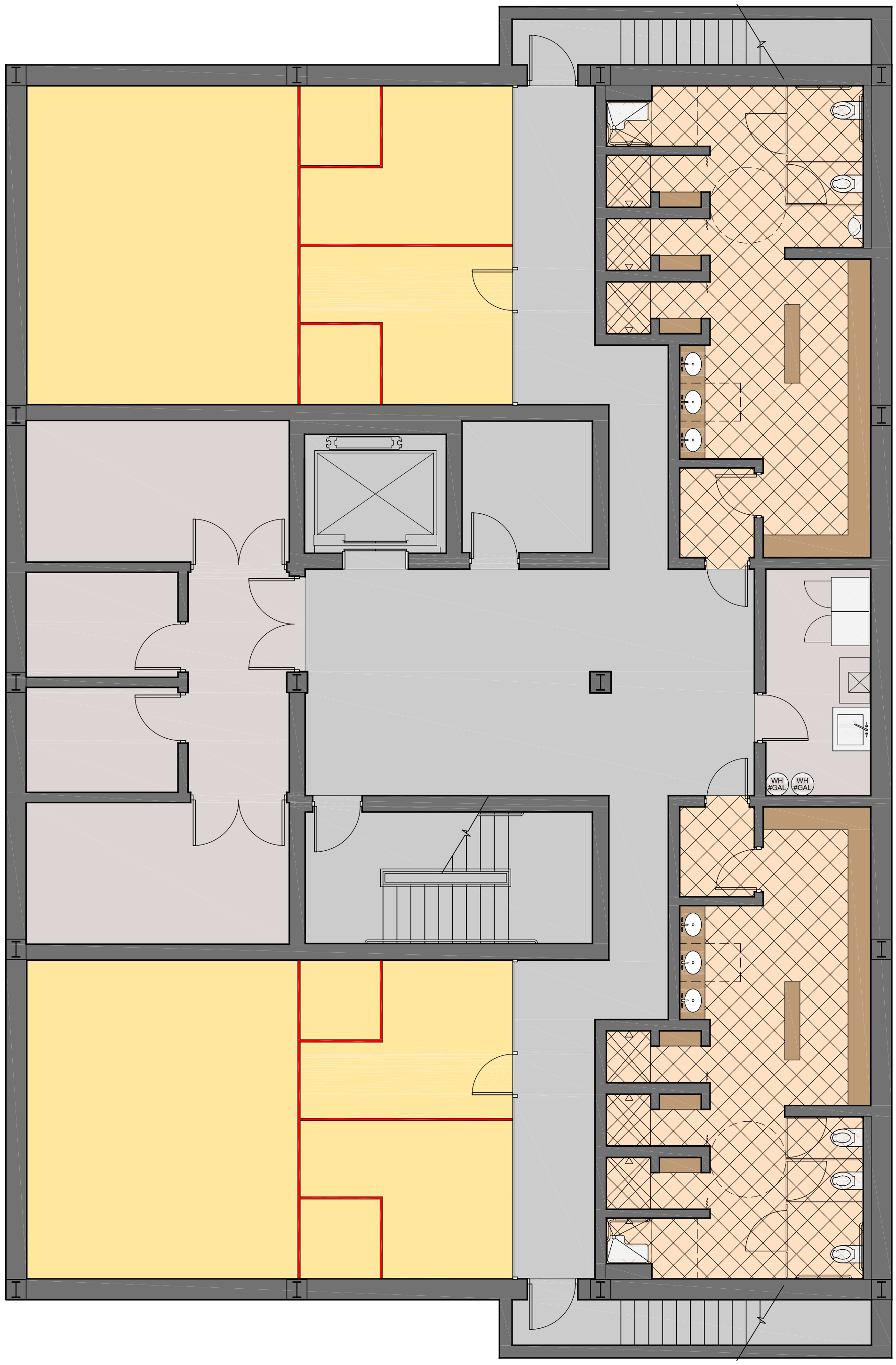
A Commercial Property Development Company

West Hamilton Investments Limited

Incorporated in Bermuda on 20th June, 2012

An Investment Management Company

trading in shares listed on the BSX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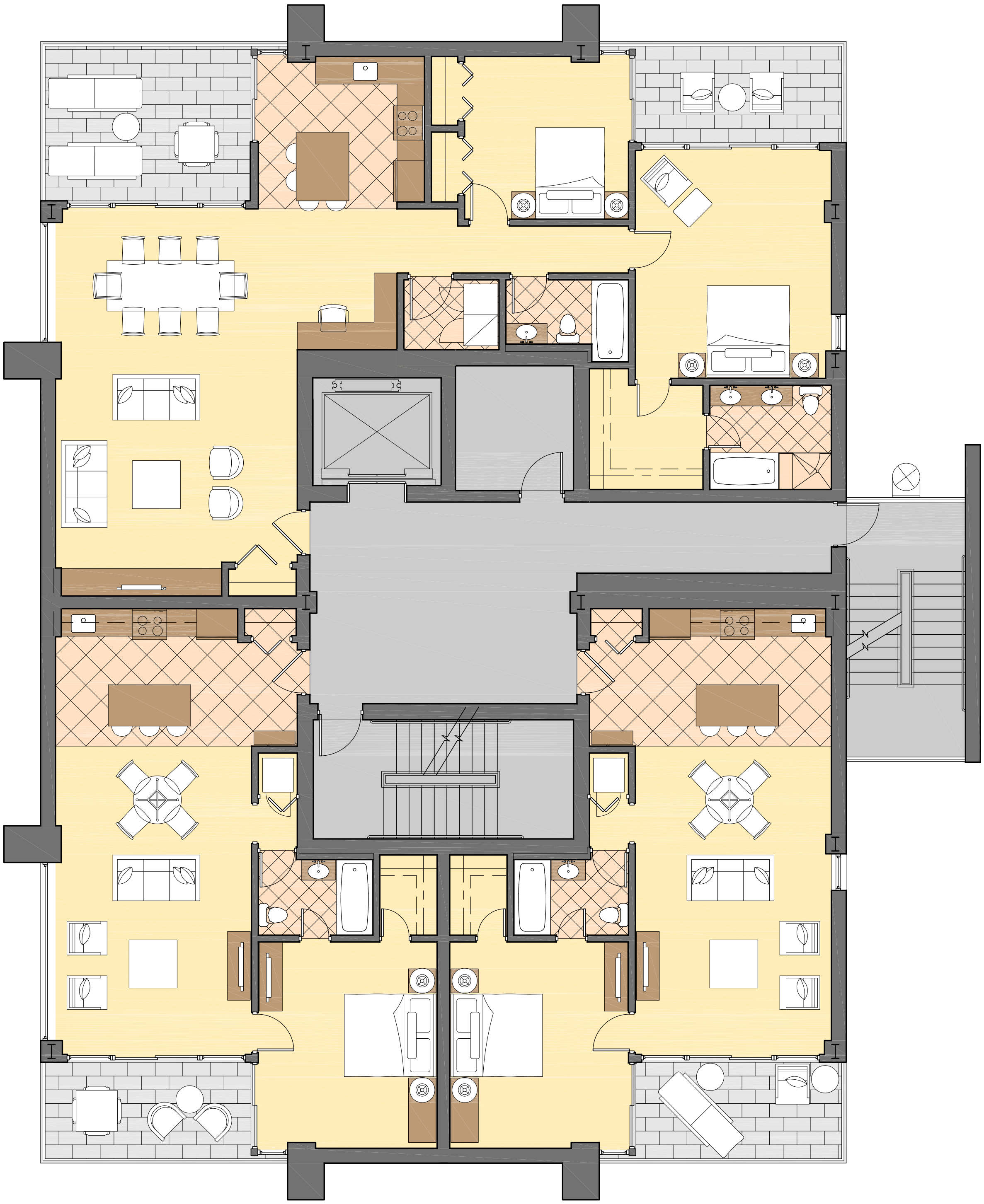

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Directors & Officers

J. Michael Collier	PRESIDENT & CHAIRMAN OF THE BOARD
Duncan Saville	DIRECTOR
Peter A. Pearman	DIRECTOR
Glenn M. Titterton	DIRECTOR
Gregory D. Haycock	DIRECTOR
Alasdair Younie	DIRECTOR
Harrichand Sukdeo	CHIEF FINANCIAL OFFICER
Codan Services Limited	SECRETARY

Bankers

Butterfield Bank
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

BCB Charter Corporate Services Limited
19 Par-La-VIlle Road
Hamilton

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HOLDINGS
LIMITED

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