

WEST HAMILTON HOLDINGS LIMITED

**Consolidated Financial Statements
With Independent Auditor's Report thereon**

For the year ended September 30, 2024



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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of West Hamilton Holdings Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at September 30, 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for professional Accountants (including international independence standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

As presented in the Material accounting policies in Note 2 and in Note 4 to the consolidated financial statements, the investment property known as 71A is carried at fair value of \$17.2 million (2023: \$19.0 million). Management determined the fair value of the investment property, with reference to the valuation performed by the external valuer engaged by the Group (the "Valuer"), using the income approach.

The valuation of investment property is complex and requires the application of judgment by management using the guidance contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards 2022. The fair value is based on the income approach, using estimates and key assumptions such as rental yields and capitalisation rates.

The risk

The significance of the investment property to the Group's financial statements, combined with the judgment required in estimating the fair values, means this was an area of focus during our audit.

Our response to the risk

In responding to the key audit matter, we performed the following procedures:

- Assessed the Valuer's competence, capabilities and objectivity.
- Obtained and read the valuation report issued by the management's valuation specialist.
- Agreed the management data used by the Valuer, including tenancy schedule and relevant details, to the underlying tenancy agreements.
- Engaged our internal valuation specialists to assess the methodology followed and key assumptions and judgments used in determining the valuation in accordance with IFRS Accounting Standards.
- Tested the mathematical accuracy of valuation model.
- Involved our internal valuation specialists to assess the reasonableness of the capitalisation rates used in the management's valuation process through independent assessment of the Bermuda property market.

In addition, we considered the appropriateness, in accordance with relevant accounting standards, of disclosures related to investment properties.

Based on our assessment of information obtained from our procedures, we concluded that judgments relating to the valuation of investments were reasonable.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Bron Turner.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
December 20, 2024

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statement of Financial Position

As at September 30, 2024
(Expressed in U.S. dollars)

	<u>2024</u>	<u>2023</u>
Assets		
Non-current assets		
Investment property (Note 4)	\$ <u>17,200,000</u>	\$ <u>19,000,000</u>
Total non-current assets	<u>17,200,000</u>	<u>19,000,000</u>
Current assets		
Cash and cash equivalents (Notes 3)	353,032	1,492,653
Investments (Notes 6 and 11)	202,985	417,252
Accounts receivable (Note 11)	100,866	68,913
Prepaid expenses	42,404	68,532
Assets held for sale (Note 5)	<u>2,300,000</u>	<u>23,000,000</u>
Total current assets	<u>2,999,287</u>	<u>25,047,350</u>
Total assets	<u>\$ 20,199,287</u>	<u>\$ 44,047,350</u>
Equity		
Share capital (Note 9)	\$ 2,911,769	\$ 2,912,269
Share premium (Note 9)	7,843,558	7,844,558
Accumulated other comprehensive income (Note 9)	(121,171)	222,382
Retained earnings	<u>4,947,264</u>	<u>24,059,436</u>
Total equity	<u>15,581,420</u>	<u>35,038,645</u>
Liabilities		
Non-current liabilities		
Loans and borrowings (Notes 8 and 11)	2,400,000	4,772,281
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 and 11)	99,673	159,306
Dividends payable (Note 11)	431,919	30,097
Refundable deposits on leases (Note 11)	44,475	51,147
Loans and borrowings (Notes 8 and 11)	1,622,281	3,695,706
Deferred income	<u>19,519</u>	<u>300,168</u>
Total current liabilities	<u>2,217,867</u>	<u>4,236,424</u>
Total liabilities	<u>4,617,867</u>	<u>9,008,705</u>
Total equity and liabilities	<u>\$ 20,199,287</u>	<u>\$ 44,047,350</u>

The accompanying notes from page 8 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

For the year ended September 30, 2024
(Expressed in U.S. dollars)

	<u>2024</u>	<u>2023</u>
Revenue		
Rental income from investment property (Notes 4 and 12)	\$ 1,433,884	\$ 3,003,395
Other income		
Increase in fair value of investment property (Note 4)	<u>500,000</u>	<u>1,420,000</u>
Total income	<u>1,933,884</u>	<u>4,423,395</u>
Expenses		
Depreciation	-	(25,747)
Maintenance, cleaning and wages (Note 2 (g))	(266,586)	(200,265)
Professional fees (Note 14)	(361,824)	(377,490)
Insurance	(56,764)	(93,357)
Land taxes and other expenses	(36,215)	(120,682)
Utilities	(46,887)	(109,085)
Selling costs	(500,000)	-
Other expenses	<u>(98,606)</u>	<u>(264,734)</u>
Total expenses	<u>(1,366,882)</u>	<u>(1,191,360)</u>
Profit before investment income and finance expenses	<u>567,002</u>	<u>3,232,035</u>
Investment income and finance expenses		
Dividend income (Note 6)	19,284	21,756
Interest expense (Note 8)	<u>(421,425)</u>	<u>(617,411)</u>
Net investment income and finance expenses	<u>(402,141)</u>	<u>(595,655)</u>
Profit for the year	<u>164,861</u>	<u>2,636,380</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Equity investments at FVOCI – net change in fair value	<u>43,298</u>	<u>(29,850)</u>
Other comprehensive gain/(loss) for the year	<u>43,298</u>	<u>(29,850)</u>
Total comprehensive profit for the year (attributable to owners of the Group)	\$ 208,159	\$ 2,606,530
Basic and diluted earnings per share (Note 10)	\$ 0.06	\$ 0.91

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

The accompanying notes from page 8 are an integral part of these consolidated financial statements

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

For the year ended September 30, 2024
(Expressed in U.S. dollars)

	<u>Attributable to owners of The Group</u>				
	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total
Balance at September 30, 2022	\$ 2,914,939	\$ 7,857,908	\$ 252,232	\$ 21,423,056	\$ 32,488,135
Shares repurchased	(2,670)	(13,350)	-	-	(16,020)
Profit for the year	-	-	-	2,636,380	2,636,380
Other comprehensive income:					
Net change in fair value of - investments	-	-	(29,850)	-	(29,850)
Balance at September 30, 2023	\$ 2,912,269	\$ 7,844,558	\$ 222,382	\$ 24,059,436	\$ 35,038,645
Shares repurchased	(500)	(1,000)	-	-	(1,500)
Profit for the year	-	-	-	164,861	164,861
Dividend paid (Note 9)	-	-	-	(19,663,884)	(19,663,884)
Reclassification on sale of investment	-	-	(386,851)	386,851	-
Other comprehensive income:					
Net change in fair value of - investments	-	-	43,298	-	43,298
Balance at September 30, 2024	\$ 2,911,769	\$ 7,843,558	\$ (121,171)	\$ 4,947,264	\$ 15,581,420

The accompanying notes from page 8 are an integral part of these consolidated financial statements

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statement of Cash Flows

For the year ended September 30, 2024
(Expressed in U.S. dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Profit for the year	\$ 164,861	\$ 2,636,380
Adjustments for:		
Depreciation	-	25,747
Dividend income	(19,284)	21,756
Interest expense	421,425	(617,411)
Increase in the fair value of investment property	(500,000)	(1,420,000)
Changes in non-cash working capital balances:		
Deferred income	(280,649)	13,734
Accounts receivable	(31,953)	46,313
Prepaid expenses	26,128	(9,099)
Refundable deposits on leases	(6,672)	(1,875)
Accounts payable and accrued liabilities	<u>(59,633)</u>	<u>(61,289)</u>
Net cash (utilised)/provided by operating activities	<u>(285,777)</u>	<u>1,825,566</u>
Cash flows from investing activities		
Dividend income	19,284	21,756
Sale of investment property	23,000,000	-
Proceeds from sale of investment	<u>257,567</u>	<u>-</u>
Net cash provided by investing activities	<u>23,276,851</u>	<u>21,756</u>
Cash flows from financing activities		
Share repurchase	(1,500)	(16,020)
Loan from related party	2,400,000	-
Repayment of bank loan	(6,845,706)	(784,708)
Interest paid	(421,425)	(617,411)
Dividends paid	<u>(19,262,064)</u>	<u>(1,218)</u>
Net cash utilised in financing activities	<u>(24,130,695)</u>	<u>(1,419,357)</u>
Net (decrease)/ increase in cash and cash equivalents	(1,139,621)	427,965
Cash and cash equivalents at beginning of year	<u>1,492,653</u>	<u>1,064,688</u>
Cash and cash equivalents at end of year	<u>\$ 353,032</u>	<u>\$ 1,492,653</u>

The accompanying notes from page 8 are an integral part of these consolidated financial statements

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

1. General

West Hamilton Holdings Limited (“WHHL”) was incorporated on May 14, 2007, under the laws of Bermuda and is the parent company of West Hamilton Limited (“WHL”) together the (“Group”). The subsidiary is wholly owned and incorporated under the laws of Bermuda. The Group is listed on the Bermuda Stock Exchange (“BSX”) and is domiciled in Bermuda. WHL owns a property known as the Belvedere Residences (or Condominium), in which space is generally let under medium and long-term commercial leases. The registered office is at 71A Pitts Bay Road, Pembroke, Bermuda. Belvedere Limited (“BL”) was incorporated by WHL, a wholly owned subsidiary, for the sole purpose of transferring all its properties located at 69 and 71 Pitts Bay Road (Belvedere Building and Parking garage) as part of the amalgamation agreement dated March 17, 2023. On November 14, 2023 BL amalgamated with Princess West Limited, a third party entity, the latter being the surviving entity, paying \$23 million for the properties owned by BL.

As at September 30, 2024 the Group’s parent and ultimate controlling party is UIL Limited which owns 57% of the Group’s outstanding shares.

These consolidated financial statements have been approved for issuance by the Board of Directors on December 20, 2024.

2. Material 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 accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board. These consolidated financial statements have been prepared on the historical cost convention, except for investments and investment property which are measured at their estimated fair value. The consolidated financial statements are prepared on a going concern basis. There have been no significant changes to the accounting policies during the year to September 30, 2024.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas requiring the most significant judgement and estimation in the preparation of the consolidated financial statements are: accounting for the value of investment property (Note 2(c)) and assets held for sale (Note 2(d)).

The Board has determined, by having regard to the currency of the Group’s share capital, operations and the currency in which dividends are paid by West Hamilton Holdings Limited (WHHL), that U.S. dollars is the functional and reporting currency of the Group. These consolidated financial statements are presented in U.S. dollars (\$).

The revised IAS 1 Amendments - Disclosure of Accounting Policies (effective from 1 January 2023) is applicable in the current year. The application has not had any significant impact on the amounts reported in these financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements. Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income categories. Entities are also required to present newly defined operating profit subtotal. Entities’ profit will not change. Management-defined performance measures are disclosed in a single note in the financial statements. Enhanced guidance is provided on how to group information in the financial statements.

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

2. Material accounting policies (continued)

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit and loss, the statement of cash flows and the additional disclosures required. The Group is also assessing the impact on how information is grouped in the financial statements.

A number of other new standards and amendments to standards and interpretations, which have not been applied in preparing these accounts, were in issue but not effective. None of these are expected to have a material effect on the accounts of the Group.

(b) Basis of consolidation

These consolidated financial statements include the accounts of WHHL and its wholly owned subsidiary. The subsidiary company is incorporated in Bermuda. All intercompany transactions and balances are eliminated upon consolidation.

(c) 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 Group's investment property known as 71A is carried at fair value and the valuation of the property is a critical accounting estimate in the Group's consolidated financial statements. Management have appointed an Independent Valuer to perform the valuation and to provide his opinion as to the fair value of the property as at September 30, 2024. Based on the stable nature of the revenue generated by the property, it was determined that the fair value of \$17.2 million for 71A (excluding unit 2B) reflects the market conditions as at September 30, 2024.

The Investment property is valued in accordance with guidance contained within the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards 2022 (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 4.

(d) Assets held for sale

On September 20, 2024, WHL entered into a sale and purchase agreement which will result in a 999-year lease of unit 2B located on the second floor of 71A Pitts Bay Road property.

This property has been classified as held for sale. The assets held for sale are measured in accordance with IAS 40 at its estimated fair value with any change therein recognized in profit or loss. The fair value of this property is in line with the offer accepted by WHHL. See Note 5.

(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 Group 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.

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

2. Material accounting policies (continued)

(f) *Operating leases*

The Group leases out its investment property. The Group has classified these leases as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 4 sets out information about the operating leases of investment property.

(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 (2023: nil) as expenses have exceeded income to date. Maintenance fees received for the year ended September 30, 2024 amounted to \$158,357 (2023: \$342,023). Maintenance fees exceeding those received are recognized in profit and loss.

(h) *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.

(i) *Earnings per share*

The Group 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 Group by the weighted average number of ordinary shares outstanding during the period adjusted for own shares held.

(j) *Standards issued but not yet effective*

A number of new or amended standards are effective for annual periods beginning on or after January 1, 2024 and early adoption is permitted; however, the Group 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 Group's consolidated financial statements in future periods:

- *Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7*
- *Annual improvements to IFRS Accounting Standards – Volume 11*
- *IFRS 18 Presentation and Disclosure in Financial Statements*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures*
- *Lack of Exchangeability – Amendments to IAS 21*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*

3. Cash and cash equivalents

The Group's cash and cash equivalents comprise of cash held in current accounts are held with two Bermuda based financial institution.

	<u>2024</u>		<u>2023</u>
Cash at bank	\$ 353,032	\$	1,492,653

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

4. Investment property

	69 & 71 Pitts Bay Road	71A Pitts Bay Road	Total
At September 30, 2022, fair value	\$ 23,000,000	\$ 17,580,000	\$ 40,580,000
Change in fair value	-	1,420,000	1,420,000
Reclassification to held for sale (Note 5)	(23,000,000)	-	(23,000,000)
At September 30, 2023, fair value	\$ -	\$ 19,000,000	\$ 19,000,000
Change in fair value	-	500,000	500,000
Reclassification to held for sale (Note 5)	-	(2,300,000)	(2,300,000)
At September 30, 2024, fair value	\$ -	\$ 17,200,000	\$ 17,200,000

Investment property comprises of a condominium building, 71A Pitts Bay Road ("71A"). Unit 2B of this property was reclassified as held for sale on September 20, 2024. See Note 5.

The fair value of 71A is determined by an external, independent property valuer, having an appropriately recognized professional qualification and experience in the location and category of the property being valued. The independent valuer provides the fair value of the Group's investment property annually. Management, based on the advice of the independent valuer, determined that fair value of the property (excluding unit 2B) is \$17,200,000 as at September 30, 2024 (2023: \$17,000,000).

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

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

4. Investment property (continued)

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. Comparable property value and the demand for comparable rental units were also considered in support of income approach value.	<ul style="list-style-type: none"> - Investment yield is 6.25% - Rent renewal rates are assumed to be at the same level as is currently achieved from existing tenants 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - Demand was stronger (weaker). - The investment yields were lower (higher). - Rent renewal rates were higher (lower).

For the year ended September 30, 2024 the Group earned rental income of \$1,433,884 (2023: \$3,003,395) from the investment property which is attributable to the 71A Pitts Bay Road property. Of this, \$122,550 (2023: \$114,000) was attributable to unit 2B of the property.

5. Assets held for sale

	69 & 71 Pitts Bay Road	71A Pitts Bay Road
At September 30, 2022, fair value	\$ -	\$ -
Reclassification to held for sale	23,000,000	-
At September 30, 2023, fair value	\$ 23,000,000	\$ -
Sale of asset held for sale	(23,000,000)	-
Reclassification to held for sale	-	2,300,000
At September 30, 2024, fair value	\$ -	\$ 2,300,000

Assets held for sale comprise of unit 2B of the Belvedere Residences Building (71A Pitts bay Road). The properties 69 & 71 Pitts road were sold on November 14, 2023 for a cash consideration of \$23,000,000. On September 20, 2024, WHL entered into a sale and purchase agreement which will result in a 999-year lease of unit 2B located on the second floor of 71A Pitts Bay road property. The terms of the agreement include a full lease price of \$2,300,000 to be paid by the buyer shortly after December 31, 2024, the expiration date of the current lease. Management is of the opinion that the fair value of unit 2B of 71A Pitts Bay property is \$2,300,000 as at September 30, 2024 (2023: \$2,000,000.) The fair value measurement for the property has been categorized as Level 2 within the fair value based on the nature of the inputs used in the valuation technique. The valuation was based on a market approach whereby prices and other information were observed by an offer made in the current market for the properties.

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

6. Investments

	2024		2023	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Equity securities at FVOCI	\$ 324,156	\$ 202,985	\$ 492,463	\$ 417,252

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 Group has no other investments. In the period, the Group noted an opportunity to realise part of the investments held at a favourable price, the proceeds received for the sale of investments was \$257,567, this is deemed the fair value at the date of derecognition. The gain on the sale of investments for the year ended September 30, 2024 is \$74,558 (2023: nil). The cumulative gain transferred from accumulated other comprehensive income to retained earnings is \$ 386,851. Included in the amount transferred from accumulated other comprehensive income to retained earnings is an amount of \$ 297,594 relating to gains from prior year disposal. During the year ended September 30, 2024, the Group received dividends of \$19,284 (2023: \$21,756) from its investments.

7. Accounts payable and accrued liabilities

	<u>2024</u>	<u>2023</u>
Accounts payable	\$ 21,346	\$ 61,763
Accrued liabilities	<u>78,327</u>	<u>97,543</u>
	\$ 99,673	\$ 159,306

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 was calculated at the bank's base rate of 2.25% plus the quoted rate of 3 months USD Libor. Since July 2023 when Libor was replaced by simple SOFR, interest is calculated at the bank's base rate of 2.25% plus one month in arrears SOFR. The outstanding loan balance as at September 30, 2024 is \$1,622,281.

An arrangement fee of \$52,061 was paid by the Group 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. Upon completion of the sale of the Belvedere building and car park facility, the legal mortgage was revised to include the remaining property. The Group entered into a limited guarantee for the principal outstanding on the term loan.

On January 25, 2018, the Group 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 was based on a fixed rate of 2.5% per annum plus the quoted 1-month USD Libor. Since July 2023 when Libor was replaced by simple SOFR, interest is calculated at the bank's base rate of 2.25% plus one month in arrears SOFR.

An arrangement fee of \$22,500 was paid by the Group on the date of drawdown of the facility with HSBC. The principal and accrued interest was paid in full on November 14, 2023.

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

8. Loans and borrowings (continued)

On April 18, 2024, the Group entered into a term loan agreement with two related parties. The facility is \$4 million for a three-year term. \$2.4 million was drawn during the year and the loan is to be repaid on maturity or sooner provided one month's notice is served on the lender in the prescribed form.

The interest amount calculated was based on a fixed rate of 7.00% per annum (365 days) during the term of the loan.

As at September 30, 2024 the effective interest rates were 7.87% for HSBC loan and 7.0% from private lenders (2023: 7.05% for the HSBC facility). The Group has complied with all covenants except for the interest coverage covenant. The Group have notified HSBC who confirmed that, at this time, no further action will be taken as a result of the breach.

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

Reconciliation of repayment of the loan to cash flows from financing activities:

	<u>2024</u>	<u>2023</u>
Balance as at October 1	\$ 8,467,987	\$ 9,252,695
New private lenders loan	2,400,000	-
Interest expense	421,425	617,411
Interest paid	(421,425)	(617,411)
Repayment of long-term debt	<u>(6,845,706)</u>	<u>(784,708)</u>
Balance as at September 30	<u>\$ 4,022,281</u>	<u>\$ 8,467,987</u>

9. Share capital and reserves

	<u>2024</u>	<u>2023</u>
Common shares		
Authorised – 5,000,000 share of par value of \$1 each		
Issued and fully paid 2,911,769 shares (2023: 2,912,269)	<u>\$2,911,769</u>	<u>\$2,912,269</u>

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 Group. In November 2023 the Group declared a capital distribution, after the sale of the two properties, of \$6.75 per common share (2023: nil.)

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.

Dividend Reinvestment Plan

The Group operates a dividend reinvestment plan under which holders of ordinary shares may elect to have all of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a purchase price of \$6.50 per share.

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

10. Earnings per share

The calculation of basic earnings per share for the year ended September 30, 2024, is based on the profit attributable to ordinary shareholders of \$164,861 (2023: \$2,636,380) and a weighted average number of ordinary shares outstanding throughout the period. The Group 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 Group's operations.

(a) Liquidity risk

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

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, 2024					
Financial liabilities					
Accounts payable	\$ 21,346	\$ 12,888	\$ -	\$ 8,458	\$ 21,346
Loans and borrowings	4,022,281	1,665,541	-	2,828,400	4,493,941
Refundable deposit	44,475	44,475	-	-	44,475
Dividends payable	<u>431,919</u>	<u>431,919</u>	<u>-</u>	<u>-</u>	<u>431,919</u>
	<u>\$ 4,520,021</u>	<u>\$ 2,154,823</u>	<u>\$ -</u>	<u>\$ 2,836,858</u>	<u>\$ 4,991,681</u>

	Carrying amount	Contractual cash flows			
		12 months or less	1 – 2 years	2 – 5 years	Total
September 30, 2023					
Financial liabilities					
Accounts payable	\$ 61,763	\$ 61,763	\$ -	\$ -	\$ 61,763
Loans and borrowings	8,467,987	4,044,572	887,018	4,241,357	9,172,947
Refundable deposit	51,147	51,147	-	-	51,147
Dividends payable	<u>30,097</u>	<u>30,097</u>	<u>-</u>	<u>-</u>	<u>30,097</u>
	<u>\$ 8,610,994</u>	<u>\$ 4,187,579</u>	<u>\$ 887,018</u>	<u>\$ 4,241,357</u>	<u>\$ 9,315,954</u>

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

11. Financial risk management (continued)

(b) Interest rate risk

The Group 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, 2024 would have increased the profit for the year by \$16,223 (2023: \$84,680) assuming all other variables remain constant. Similarly, a 1% decrease in the floating interest rate for the year ended September 30, 2024 would have reduced the profit for the year by \$16,223 (2023: \$84,680). The interest rate structure of the Group's loans were calculated based on the HSBC base rate, plus three-months USD Libor per annum. Since June 2023, the Libor rate was replaced with SOFR. These rates have been quoted in the range 7.87% to 8.00% during the current period and therefore they do not currently expose the Group 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 would not be material.

(c) Credit risk

The Group maintains all of its cash and cash equivalents in accounts with a Bermuda-based bank. The bank's current credit rating by S&P was Aa3/A1 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 S&P for each credit rating and are recalibrated based on current bond yields and credit default swap prices. The Group considers that its cash and cash equivalents and investments have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance remains \$nil for the year ended September 30, 2024.

Accounts receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group'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 Group'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.

	<u>2024</u>	<u>2023</u>
Current	\$ 100,866	\$ 41,736
Past current	-	3,432
Past 30 days	-	3,747
Past 90 days	<u> </u>	<u>19,998</u>
	<u>\$ 100,866</u>	<u>\$ 68,913</u>

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

11. Financial risk management (continued)

(c) Credit risk (continued)

The expected credit loss for accounts receivable remains \$nil for the year ended September 30, 2024.

(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 Group'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 Group's exposure to market risk associated with its investments is equal to the consolidated statement of financial position carrying value of the instruments of \$202,985 (2023: \$417,252).

Sensitivity analysis

All the Group'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 Group's equity by approximately \$20,299 (2023: \$41,725). An equal change in the opposite direction would decrease The Group's equity by a corresponding amount. This analysis was performed on the same basis for 2023. In practice the actual trading results may differ from this sensitivity analysis.

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group 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 Group 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 2024, The Group's strategy was unchanged from 2023, which was to maintain a debt to equity ratio of no more than 75%. The debt-to-equity ratios at September 30, 2024 and September 30, 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Total debt	\$ 4,022,281	\$ 8,467,987
Total equity	\$ <u>15,581,420</u>	\$ <u>35,038,645</u>
Debt to equity	25.81%	24.17%

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

WEST HAMILTON HOLDINGS LIMITED

Notes to Consolidated Financial Statements

For the year ended September 30, 2024

11. Financial risk management (continued)

(f) Fair value

The Group has not disclosed the fair value of financial assets and liabilities not measured at fair value as the carrying values of the Group'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 Group considers that the fair value of investment property disclosed in Note 4 falls within Level 3 of the 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 for 71A Pitts Bay Road property. 69 and 71 Pitts Bay Road was determined based on an offer accepted by management and a signed agreement with an independent third party. 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 market data.

	<u>2024</u>	<u>2023</u>
Level 1 – FVOCI – Equity securities	\$ 35,000	\$ 397,252
Level 2 – FVOCI – Equity securities	\$ 147,985	\$ -
Level 2 – Assets held-for-sale	\$ 2,300,00	\$ 23,000,000
Level 3 – FVOCI – Equity securities	\$ 20,000	\$ 20,000
Level 3 – Investment property	\$ 17,200,000	\$ 19,000,000

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. An investment with a fair value of \$147,985 was transferred from Level 1 to Level 2 because of a decrease in the level of trading in this listed security.

(g) Foreign currency risk

The Group is not exposed to significant foreign currency risk.

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Notes to Consolidated Financial Statements

For the year ended September 30, 2024

12. Operating leases

The Group acts as lessor and leases its investment property to various tenants under operating leases (see Note 4), because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Group during the year ended September 30, 2024 was \$1,433,884 (2023: \$3,003,395). The future minimum undiscounted lease payments receivable under currently active leases are as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 1,143,349	\$ 902,482
Between one and two years	840,295	491,974
Between two and three years	335,475	491,974
Between three and four years	-	216,848
	<u> </u>	<u> </u>
	\$ 2,319,119	\$ 2,103,278
	<u> </u>	<u> </u>

13. Taxation

Under current Bermuda law, the Group 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. On December 27, 2023 the Bermuda government enacted tax legislation referred to as the Corporate Income Tax Act 2023 ("Bermuda CIT Act"). The Bermuda CIT Act establishes a 15% corporate income tax, for in-scope businesses, for fiscal years beginning on or after January 1, 2025. This legislation will have no impact on the requirement for the Group to pay taxes.

14. Professional fees

Included in professional fees are audit fees of \$50,000 for the period (2023: \$60,000). No other fees were paid to KPMG in the period.

15. Related parties

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term compensation	\$ 776,250	\$ 295,000
	<u> </u>	<u> </u>

15. Related parties (continued)

During the year ended September 30, 2023, the directors and executive officers of the Group had a combined interest in 446,625 of the Group's common shares (2023: 446,625 shares).

On March 18, 2024 the Group entered in to a loan arrangement with directors of the Group in the amount of \$2.4 million (Note 8) The interest paid in the period is \$75,600.

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16. Operating segments

The Group operates in the real estate industry and maintains an integrated operating structure. The operations of the Group are reviewed as a whole and not in segments by its Board of Directors ("Board"). Based on the information presented to and reviewed by the Board, the Group is categorized into one main business segment, which is investment in real estate assets in Bermuda. The Group uses profit or loss for the year to measure performance of its business as a whole. Revenue from one major customer of the Group's segment represents approximately \$500,000 (2023: \$500,000) of the Group's total revenues.

17. Subsequent events

On October 1, 2024 the Group declared a dividend of \$0.15 per common share and this was paid on October 15, 2024.