WEST HAMILTON HOLDINGS LIMITED

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

For the year ended September 30, 2023

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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 subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of profit and loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of September 30, 2023 and 2022, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 required to be independent of the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
February 8, 2024

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statement of Financial Position

As at September 30, 2023
(Expressed in U.S. dollars)

	2023	2022
Assets		
Non-current assets		
Property, plant and equipment (Note 4)	$ -	$ 25,747
Investment property (Note 5)	19,000,000	40,580,000
Total non-current assets	19,000,000	40,605,747
Current assets		
Cash and cash equivalents (Notes 3 and 12)	1,492,653	1,064,688
Investments (Notes 7 and 12)	417,252	447,102
Accounts receivable (Note 12)	68,913	115,226
Prepaid expenses	68,532	59,433
Assets held for sale (Note 6)	23,000,000	-
Total current assets	25,047,350	1,686,449
Total assets	$ 44,047,350	$ 42,292,196
Equity		
Share capital (Note 10)	$ 2,912,269	$ 2,914,939
Share premium (Note 10)	7,844,558	7,857,908
Accumulated other comprehensive income (Note 10)	222,382	252,232
Retained earnings	24,059,436	21,423,056
Total equity	35,038,645	32,448,135
Liabilities		
Non-current liabilities		
Loans and borrowings (Notes 9 and 12)	4,772,281	5,350,739
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 and 12)	159,306	220,595
Dividends payable (Note 12)	30,097	31,315
Refundable deposits on leases (Note 12)	51,147	53,022
Loans and borrowings (Notes 9 and 12)	3,695,706	3,901,956
Deferred income	300,168	286,434
Total current liabilities	4,236,424	4,493,322
Total liabilities	9,008,705	9,844,061
Total equity and liabilities	$ 44,047,350	$ 42,292,196

The accompanying notes from page 7 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, 2023
(Expressed in U.S. dollars)

	2023	2022
Revenue		
Rental income from investment property (Notes 5 and 13)	$ 3,003,395	$ 3,072,418
Other income		
Increase in fair value of investment property (Note 5)	1,420,000	-
Total income	4,423,395	3,072,418
Expenses		
Decrease in fair value of investment property (Note 5)	-	(6,211,053)
Depreciation (Note 4)	(25,747)	(859,191)
Maintenance, cleaning and wages (Note 2 (h))	(200,265)	(212,528)
Professional fees (Note 15)	(377,490)	(343,758)
Insurance	(93,357)	(87,141)
Land taxes and other expenses	(120,682)	(112,700)
Utilities	(109,085)	(100,515)
Other expenses (Note 6)	(264,734)	-
Total expenses	(1,191,360)	(7,926,886)
Finance income and finance expenses		
Dividend income (Note 7)	21,756	23,988
Interest expense	(617,411)	(302,650)
Net finance income and finance expenses	(595,655)	(278,662)
Profit/(Loss) for the year (attributable to owners of the Group)	2,636,380	(5,133,130)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Equity investments at FVOCI – net change in fair value	(29,850)	(33,965)
Other comprehensive loss for the year	(29,850)	(33,965)
Total comprehensive profit/(loss) for the year (attributable to owners of the Group)	$ 2,606,530	$ (5,167,095)
Basic and diluted earnings per share (Note 11)	$ 0.91	$ (1.76)

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

The accompanying notes from page 7 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, 2023
(Expressed in U.S. dollars)

	Attributable to owners of The Group				
	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Total
Balance at September 30, 2021	$ 2,908,403	$ 7,821,954	$ 286,188	$ 28,882,908	$ 39,899,453
Share issue	6,536	35,954	-	-	42,490
Dividends declared	-	-	-	(2,326,722)	(2,326,722)
Loss for the year	-	-	-	(5,133,130)	(5,133,130)
Other comprehensive income:					
Net change in fair value of investments	-	-	(33,956)	-	(33,956)
Balance at September 30, 2022	$ 2,914,939	$ 7,857,908	$ 252,232	$ 21,423,056	$ 32,448,135
Shares repurchased	(2,670)	(13,350)	-	-	(16,020)
Income 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

The accompanying notes from page 7 are an integral part of these consolidated financial statements

WEST HAMILTON HOLDINGS LIMITED

Consolidated Statement of Cash Flows

For the year ended September 30, 2023
(Expressed in U.S. dollars)

	2023	2022
Cash flows from operating activities		
Profit/(Loss) for the year	$ 2,636,380	$ (5,133,130)
Adjustments for:		
Depreciation	25,747	859,191
Finance cost	595,655	278,662
(Increase)/decrease in the fair value of investment property	(1,420,000)	6,211,053
Changes in non-cash working capital balances:		
Deferred income	13,734	77,048
Accounts receivable	46,313	(33,565)
Prepaid expenses	(9,099)	45,642
Refundable deposits on leases	(1,875)	8,547
Accounts payable and accrued liabilities	(61,289)	104,939
Net cash provided by operating activities	1,825,566	2,418,387
Cash flows from investing activities		
Dividend income	21,756	23,988
Additions to property, plant and equipment	-	(14,292)
Additions to investment property	-	(311,053)
Net cash provided/(used in) by investing activities	21,756	(301,357)
Cash flows from financing activities		
Share repurchase	(16,020)	-
Repayment of bank loan	(784,708)	(803,458)
Interest paid	(617,411)	(302,650)
Dividends paid	(1,218)	(2,315,470)
Net cash used in financing activities	(1,419,357)	(3,421,578)
Net increase/(decrease) in cash and cash equivalents	427,965	(1,304,548)
Cash and cash equivalents at beginning of year	1,064,688	2,369,236
Cash and cash equivalents at end of year	$ 1,492,653	$ 1,064,688
Non-cash financing activities:		
Issuance of shares under dividend reinvestment plan	$ -	$ 42,490

The accompanying notes from page 7 are an integral part of these consolidated financial statements

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") and Belvedere Place A Limited ("BPL") (together the "Group). All subsidiaries are 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 three properties known as the Belvedere Building, Belvedere Residences (or Condominium), and the Belvedere Place parking facility in which space is generally let under medium and long-term commercial leases. BPL has no commercial activities. The registered office is at 71 Pitts Bay Road, Pembroke, Bermuda.

As at September 30, 2023 the Group's parent and ultimate controlling party is UIL Limited which owns 57.0% of the Group's outstanding shares. Effective October 11, 2022 Somers Limited transferred all its shares to UIL Limited, a related party.

These consolidated financial statements have been approved for issuance by the Board of Directors on February 8, 2024.

2. Significant accounting policiesss

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

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. These consolidated financial statements have been prepared on the historical cost basis, 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.

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 Group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in Note 2(d).

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

(b) Basis of consolidation

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

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and they are recognised within profit or loss.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value, using the straight-line method over the following estimated useful lives.

Equipment	3 – 25 years
Furniture and fixtures	10 years

Management assesses the useful life of these assets annually. As at September 30, 2023 management has determined that the property, plant and equipment will not have a useful life as a result of the sale of 69 and 71 Pitts Bay Road properties. The assets were subsequently written off on confirmation of the sale of the investment property at year end.

(d) Investment property

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

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

The 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 valuations and to provide his opinion as to the fair value of the property as at September 30, 2023. Based on the stable nature of the revenue generated by the property, it was determined that the fair value of $19.0 million for 71A reflects the market conditions as at September 30, 2023.

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

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

(e) Assets held for sale

On March 17, 2023 the Group entered into an agreement and plan of merger with Princess West Limited which will result in the sale of the 69 and 71 Pitts Bay Road properties. As part of the agreement, WHL conveyed the 69 and 71 Pitts Bay Road properties to BPL which then merged with Princess West Limited. The surviving entities after the merger are WHL as the operating company and WHHL as the parent company.

These properties have 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 valuation of 69 and 71 Pitts Bay Road properties was based on an offer from an independent third party to acquire the investment properties for a total consideration of $23 million. The fair value of these properties has therefore been marked

2. Significant accounting policies (continued)

(e) Assets held for sale (continued)

based on the offer accepted by WHHL. Management considers that the $23 million is representative of the fair value of the investment properties in accordance with the requirements of the IFRS 13.

(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 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.

(g) 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 5 sets out information about the operating leases of investment property.

(h) 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 (2022 - $nil) as expenses have exceeded income to date. Maintenance income for the year ended September 30, 2023 amounted to $342,023 (2022 - $271,474).

(i) Financial instruments

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

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

2. Significant accounting policies (continued)

(i) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

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

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

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

Financial assets – Business model assessment:

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

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

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

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

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

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

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

2. Significant accounting policies (continued)

(i) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

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

Financial assets – Classification and subsequent measurement:

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

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

Financial liabilities

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

Offsetting

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

(j) Impairment

Financial assets

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

2. Significant accounting policies (continued)

(j) Impairment (continued)

Financial assets (continued)

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

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

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group actions such as realizing security (if any is held); or
- it is more than 180 days past due.

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

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

Measurement of ECLs

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

Credit impaired financial assets

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

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

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

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

2. Significant accounting policies (continued)

(j) Impairment (continued)

Write-off

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

Impairment of non-financial assets

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

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

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

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

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

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

(k) 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.

2. Significant accounting policies (continued)

(l) 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.

(m) Standards issued but not yet effective

A number of new or amended standards are effective for annual periods beginning on or after October 1, 2023 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 of liabilities as Current or Non-Current and Non-current Liabilities with Covenants(Amendments to IAS 1 Presentation of Financial Statements)*
- *Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)*
- *Lack of Exchangeability (Amendments to IAS 21)*

3. Cash and cash equivalents

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

	2023	2022
Cash and cash equivalents at bank	$ 1,492,653	$ 1,064,688

4. Property, plant and equipment

		Furniture and fixtures		Equipment		Total
Cost						
At September 30, 2021	$	263,414	$	2,753,240	$	3,016,654
Additions		9,432		4,860		14,292
At September 30, 2022		272,846		2,758,100		3,030,946
Additions						
At September 30, 2023	$	272,846	$	2,758,100	$	3,030,946
Accumulated depreciation						
At September 30, 2021	$	251,942	$	1,894,066	$	2,146,009
Depreciation charge for the year		20,126		839,065		859,191
At September 30, 2022		272,068		2,733,132		3,005,200
Depreciation charge for the year		778		24,969		25,747
At September 30, 2023	$	272,846	$	2,758,100	$	3,030,946
Carrying amount						
At September 30, 2021	$	11,472	$	859,174	$	870,646
At September 30, 2022	$	778	$	24,969	$	25,747
At September 30, 2023	$	0	$	0	$	0

5. Investment property

	69 & 71 Pitts Bay Road	71A Pitts Bay Road	Total
At September 30, 2021, fair value	$ 29,780,000	$ 16,700,000	$ 46,480,000
Additions	311,053	-	311,053
Change in fair value	(7,091,053)	880,000	(6,211,053)
At September 30, 2022, fair value	$ 23,000,000	$ 17,580,000	$ 40,580,000
Reclassification to held for sale (Note 6)	(23,000,000)	-	(23,000,000)
Change in fair value (Recognised as other income in consolidated statement of profit and loss)	-	1,420,000	1,420,000
At September 30, 2023, fair value	$ -	$ 19,000,000	$ 19,000,000

Investment property comprises of a condominium building (71A Pitts Bay Road), an office building (69 Pitts Bay Road) and a car park facility (71 Pitts Bay Road) which were reclassified as held for sale on March 17, 2023 (Note 6).

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 is $19,000,000 as at September 30, 2023 (2022 - $17,580,000).

The fair value measurement for the investment property has been categorized as a Level 3 fair value 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.

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.	- Investment yield is 6.25% - Rent renewal rates are assumed to be at the same level as is currently achieved from existing tenants	The estimated fair value would increase (decrease) if: - Demand was stronger (weaker). - The investment yields were lower (higher). - Rent renewal rates were higher (lower).

5. Investment property (continued)

For the year ended September 30, 2023 the Group earned rental income of $3,003,395 (2022 - $3,072,418) from the investment property. Of this, $1,180,680 (2022 - $1,178,943) was attributable to the 71A Pitts Bay Road property and $1,822,715 (2022 – 1,893,475) to the 69 & 71 Pitts Bay Road property.

6. Assets held for sale

		69 & 71 Pitts Bay Road
At September 30, 2022, fair value	$	-
Reclassification to held for sale		23,000,000
Change in fair value		-
At September 30, 2023, fair value	$	23,000,000

Assets held for sale comprise of an office building (69 Pitts Bay Road) and a car park facility (71 Pitts Bay Road).

These were reclassified on March 17, 2023 when the Group entered into an agreement and plan of merger with Princess West Limited which will result in the sale of 69 and 71 Pitts Bay Road properties. They were assigned a fair value of $23 million based on an offer accepted by the Company and a signed agreement with an independent third party (Note 17).

Management is of the opinion that the fair value of the properties is $23,000,000 as at September 30, 2023 (2022 - $23,000,000).

The fair value measurement for the properties has been categorized as a Level 3 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 (Note 2 (e)).

The following represents the impact on the Group’s operations:

Consolidated Statement of Financial Position

	2023	2022
Assets		
Investment property	$ 23,000,000	$ 23,000,000
Accounts receivable	68,913	88,440
Prepaid expenses	45,593	43,589
Liabilities		
Loans	3,695,706	3,901,956
Accounts payable	156,221	177,634
Refundable deposit	6,672	8,547
Deferred income	259,050	274,796

6. Assets held for sale (continued)

Consolidated Statements of Profit and Loss and Other Comprehensive Income

	2023	2022
Revenue		
Rental income	$ 1,822,715	$ 1,893,475
Fair value adjustment	-	(7,091,053)
Expenses		
Maintenance	(166,672)	(149,321)
Professional fees	(229,093)	(208,621)
Insurance	(61,755)	(53,985)
Land tax	(81,977)	(80,289)
Utilities	(109,085)	(100,515)
Interest expense	(226,934)	(108,792)
Net profit/(loss)	$ 947,199	$ (5,899,101)

Consolidated Statement of Cash Flows

	2023	2022
Cash flows from operating activities		
Profit/(Loss) for the year	$ 947,199	$ (5,899,101)
Adjustments for:		
(Increase)/decrease in the fair value of investment property	-	7,091,053
Finance costs	226,934	108,792
Changes in non-cash working capital balances:		
(Decrease)/increase in deferred income	(15,746)	68,257
Decrease in accounts receivable	19,527	7,462
Increase in prepaid expenses	(2,004)	(29,177)
(Decrease)/increase in refundable deposits	(1,875)	8,547
(Decrease)/increase in accounts payable	(21,412)	71,959
Net cash provided by operating activities	$ 1,152,623	$ 1,427,792
Cash flows from investing activities		
Additions to investment property	-	(311,053)
Net cash used in investing activities	$ -	$ (311,053)
Cash flows from financing activities		
Repayment of bank loan	(206,250)	(353,459)
Interest paid	(226,934)	(108,792)
Net cash used in financing activities	$ (433,184)	$ (462,251)
Net increase in cash and cash equivalents	$ 719,439	$ 654,488

7. Investments

	2023		2022	
	Cost	Fair value	Cost	Fair value
Equity securities at FVOCI	$ 492,463	$ 417,252	$ 492,463	$ 447,102

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. The total cumulative gain on the sale of investments have remained $nil for the year ended September 30, 2023. During the year ended September 30, 2023, the Group received dividends of $21,756 (2022 - $23,988) from its investments.

8. Accounts payable and accrued liabilities

	2023	2022
Accounts payable	$ 61,763	$ 74,040
Accrued liabilities	97,543	146,555
	$ 159,306	$ 220,595

9. 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.

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. The principal and accrued interest was paid in full on November 14, 2023.

As at September 30, 2023 the effective interest rates were 6.92% and 7.05% (2022 - 4.67% and 4.93%) respectively. The Group has complied with all loan covenants during the year ended September 30, 2023.

9. Loans and borrowings (continued)

For further information related to the Group's exposure to interest rate and liquidity risk see Note 12 (a) and 12 (b).

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

	2023	2022
Balance as at October 1,	$ 9,252,695	$ 10,056,153
Interest expense	617,411	302,650
Interest paid	(617,411)	(302,650)
Repayment of long-term debt	(784,708)	(803,458)
Balance as at September 30,	$ 8,467,987	$ 9,252,695

10. Share capital and reserves

	2023	2022
Common shares		
Authorised – 5,000,000 share of par value of $1 each		
Issued and fully paid 2,912,269 shares (2022 - 2,914,939)	$2,912,269	$2,914,939

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.

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.

11. Earnings per share

The calculation of basic earnings per share for the year ended September 30, 2023, is based on the profit/(loss) attributable to ordinary shareholders of $2,636,380 (2022: $(5,133,130)) and a weighted average number of ordinary shares outstanding throughout the period. The Group has no potentially dilutive ordinary shares.

12. 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:

			Contractual cash flows		
	Carrying amount	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	30,097	30,097	-	-	30,097
	$ 8,610,994	$ 4,187,579	$ 877,018	$ 4,241,357	$ 9,315,954

			Contractual cash flows		
	Carrying amount	12 months or less	1 – 2 years	2 – 5 years	Total
September 30, 2022					
Financial liabilities					
Accounts payable	$ 74,040	$ 74,040	$ –	$ –	$ 74,040
Loans and borrowings	9,252,695	1,402,119	4,044,572	5,128,375	10,575,066
Refundable deposit	53,022	53,022	–	–	53,022
Dividends payable	31,315	31,315	–	–	31,315
	$ 9,411,072	$ 1,560,496	$ 4,044,572	$ 5,128,375	$10,733,443

(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.

12. Financial risk management (continued)

Sensitivity analysis

A 1% increase in the floating interest rate for the year ended September 30, 2023 would have increased the loss for the year by $84,680 (2022 - $92,527) assuming all other variables remain constant. Similarly, a 1% decrease in the floating interest rate for the year ended September 30, 2023 would have reduced the loss for the year by $84,680, (2022 - $92,527). 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 of 5.01% to 8.04% 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 could 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 A-/A-2 and the risk of default is not considered significant by management.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The 12-month probabilities of default are based on historical data supplied by 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, 2023.

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.

	2023	2022
Current	$ 41,736	$ 68,846
Past current	3,432	25,575
Past 30 days	3,747	3,739
Past 60 days	–	–
Past 90 days	19,998	17,066
	$ 68,913	$ 115,226

The expected credit loss for accounts receivable remains $nil for the year ended September 30, 2023.

12. Financial risk management (continued)

(d) Market risk

Market risk is the risk that future changes in market prices may render financial instruments less valuable or increase the liability associated with such instruments. The 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 $417,252 (2022 - $447,102).

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 $41,725 (2022 - $44,710). An equal change in the opposite direction would decrease The Group's equity by a corresponding amount. This analysis is performed on the same basis for 2022. 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 2023, The Group's strategy was unchanged from 2022, which was to maintain a debt to equity ratio of no more than 75%. The debt-to-equity ratios at September 30, 2023 and September 30, 2022 were as follows:

	2023	2022
Total debt	$ 8,467,987	$ 9,252,695
Total equity	$ 35,038,645	$ 32,448,135
Debt to equity	24.17%	28.52%

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

12. 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 5 falls within Level 3 fair value hierarchy as defined by IFRS 13 and believes that the income approach is the best method to determine the fair value of the investment property 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.

	2023	2022
Level 1 – FVOCI – Equity securities	$ 397,252	$ 427,102
Level 3 – FVOCI – Equity securities	$ 20,000	$ 20,000

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no transfers between the levels during 2023 or 2022.

(g) Foreign currency risk

The Group is not exposed to significant foreign currency risk.

13. Operating leases

The Group acts as lessor and leases its investment property to various tenants under operating leases (see Note 5), 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, 2023 was $3,003,395 (2022 - $3,072,418). The future minimum lease payments receivable under currently active leases are as follows:

	2023	2022
Less than one year	$ 902,482	$ 1,597,065
Between one and two years	491,974	988,314
Between two and three years	491,974	311,630
Between three and four years	216,848	289,130
Between four and five years	-	216,848
	$ 2,103,278	$ 3,402,987

14. 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.

15. Related parties

Key management personnel compensation comprised:

	2023	2022
Short-term compensation	$ 250,000	$ 250,000

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 (2022 - 446,625 shares).

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 (2022 - $500,000) of the Group's total revenues.

17. Subsequent events

On March 17, 2023 the Group entered into an agreement and plan of merger with Princess West Limited which resulted in the sale of 69 and 71 Pitts Bay Road for $23 million. The transaction was completed on November 14, 2023. The net proceeds were used to pay a dividend of $6.75 per share to shareholders of record on November 16, 2023.