WEST HAMILTON HOLDINGS LIMITED

ANNUAL REPORT

2017

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The location of the Belvedere Residences, in the heart of Hamilton's international business district, and the quality of the executive style residences has proved very attractive to potential tenants.

LOOKING BACK:
BUILDING CHANGE

Dear Shareholders,

West Hamilton Holdings Limited ("WHHL or "the Company") is a commercial real estate investment and management company which has commercial and residential space and car parking on Pitts Bay Road, Hamilton.

At the end of the previous financial year, the Belvedere Residences, the Company's mixed commercial and residential building, was completed. Belvedere Residences was designed to accommodate commercial space on the penthouse floor, four floors of residential accommodation, and a state-of-the-art gymnasium on the ground floor and the lower floor.

During the current financial year the majority of the building was leased on long leases. However, the Company took the decision to sell two residential units to reduce the Company's debt burden. One unit on the third floor was sold in December 2016 and the second unit on the same floor was sold post the year end in October 2017.

The location of the Belvedere Residences, in the heart of Hamilton's international business district, and the quality of the executive style residences has proved very attractive to potential tenants. The Company will continue to benefit from these advantages and will use strategies to promote sustainable growth in the long term while maximizing returns for all shareholders.

The success of the development combined with downward pressure on construction prices are compelling fundamentals for the Company to potentially duplicate the Belvedere Residences. The Company filed an application with the Department of Planning to construct a second building similar to the Belvedere Residences. Planning approval was received for the second building and the Company's architect has completed detailed construction plans which the Company is currently evaluating.

Consolidation in international business and a persistent surplus of office space has pressured the commercial property market significantly. The residential market had significant upward momentum before and during the America's Cup but has been depressed since its conclusion. In addition, the change in Government during the summer of 2017 has also cooled the investment in residential real estate. These factors represent considerable risk which the Directors are constantly evaluating but because of the decisions made in previous years, the Company has the ability to make an investment decision in short order.

In the current year the Company added $0.4 million in property value which was reduced by $1.1 million as a result of the sale of the one unit in the Belvedere Residences. The accounting policies require these properties to be reported in the financial statements at depreciated cost and at the end of the year the net cost of the investment properties was $36.6 million. The market value of the properties was determined to be between $61.3 million and $61.7 million which is approximately 67 percent above the carrying value in the financial statements, although the realizable value measured by a willing buyer may be lower than the reported market value.

The Company used funds generated from ongoing operations and a bank loan from HSBC Bank of Bermuda to fund the development of the Belvedere Residences. The Company entered into a construction loan for $7.65 million which by the end of the 2017 financial year had reduced to $5.4 million. The loan was converted to a 5-year term loan, automatized over 20 years of $4.5 million in January 2018.

I am pleased to advise you that the Company's car parking facility was fully occupied for the entire fiscal year and will continue to be fully rented in the foreseeable future due to the growing demand for parking in the area.

The Company has Government planning permissions to expand the car parking facility and to construct a building similar and adjacent to the Belvedere Residences. The architectural design and detailed construction plans for both projects are completed and ready to begin construction but are currently on hold as the Directors believe there needs to be further economic clarity in Bermuda prior to additional development of the properties.

FINANCIAL HIGHLIGHTS:

Gross income from operations

2017	$3,080,603
2016	$2,115,115

Net income from operations

2017	$1,439,607
2016	$1,047,854

Gain on Sale of Residential Unit 3B

2017	$651,908

Earnings per share

2017	$0.54
2016	$0.23

Operating expenses (net of recoveries)

2017	$1,640,996
2016	$1,067,261

Net finance expense (net of other income)

2017	$524,697
2016	$384,239

Net income

2017	$1,566,818
2016	$663,615

OFFICE SPACE

82.6%

PARKING

100%

PARKING WAITING LIST

96

INCOME STATEMENT

During the fiscal year ending September 30, 2017, the Company earned gross operating income of $3,080,603 compared with $2,115,115 for the year ended September 30, 2016, an increase of $965,488 or 45.6 percent. The significant increase in operating income for 2017 was due principally to the rental income received from tenants occupying spaces in the Belvedere Residences and to a lesser extent from parking revenue for spaces which were temporarily used during construction of the Belvedere Residences.

The demand for car parking spaces is increasing as more international businesses relocate their offices in the area. This increasing demand along with our strategic objective to provide more parking bays will provide increasing income for the future. Office space in the commercial real estate sector continues to be under pressure with high vacancy rates, increased competition and lower rental rates. These market conditions are expected to persist in the future because of consolidation in the insurance/reinsurance sector in conjunction with a low number of new business formations.

Operating expenses for the year increased by $573,735 or 53.7 percent in comparison with the same period in 2016.

The Company reported net income for the year ended September 30, 2017 of $1,680,549, or $0.54 per share as compared to $731,202 or $0.23 per share for the year ended September 30, 2016. Shareholders have benefitted from increased earnings per share which more than doubled in the current year because of new products and services offered to a market coupled with operational efficiency. Debt service cost increased by $129,108 because of higher borrowing to finance the development of the Belvedere Residences.

The financial statements have been prepared in full compliance with International Financial Reporting Standards (IFRS) which were adopted by the Company in 2011 and permitted certain items to be brought into the income statement to calculate total comprehensive income. During the year ended September 30, 2017, the Company reported a gain of $113,731 within other comprehensive income. The change in comprehensive income is primarily related to the reduction in accumulated unrealized loss in the investment portfolio of common shares traded on the BSX.

BALANCE SHEET

Total assets as at September 30, 2017 were $38.9 million compared with $40.1 million at the end of 2016, a decrease of $1.2 million due primarily to increased depreciation.

A valuation by The Property Group dated September 30, 2017, valued the Company's property assets at between $61.3 million and $61.7 million. The net value attributable to shareholders on a market value basis would be approximately $49.03 million as compared with $48.07 million in 2016. Management has taken a prudent view considering the state of the Bermuda economy and is of the opinion that a value of approximately $61.3 million represents a reasonable estimate of the fair value of the property. Under IFRS the Company has the option to record the value of the property at market price which would increase the Company's total net assets to more than $47.3 million, more than double the value currently reported at historical cost on the balance sheet.

Total liabilities decreased from $18.58 million at the end of 2016 to $15.93 million at the end of 2017. The decrease of $2.65 million is attributable to the repayments of bank borrowings and funds withheld on contract warranty provided by the general contractor.

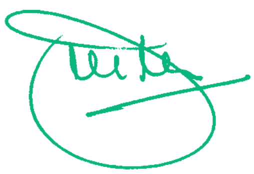
Shareholders' equity increased by $1.39 million or 6.45 percent. Book value per share at September 30, 2017 was $7.88 on historical cost basis (September 30, 2016: $7.41). This represents an increase of $0.47 cents per share. The value per share on market value basis assuming that the property valuation is used, would be approximately $16.26

CASH FLOW

The cash balance, which includes bank deposits and other assets that could readily be converted into cash, at the beginning of the year, was $293,622. During the year the company generated $2,113,298 after operating costs and capital expenditures which was used to pay down debt and pay a dividend to shareholders.

TO ALL WHO BUILD OUR SUCCESS: THANK YOU

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



J. MICHAEL COLLIER
CHAIRMAN
MARCH 2018

MAKING A DIFFERENCE: COMMUNITY

The company is a significant sponsor of The Bermuda Olympic Association which is committed to the development of athletes and supports the development of "sport for all" programs, including high performance sports in Bermuda. We also provide an annual donation to Meals on Wheels, a charity that provides hot meals to those who are not self-sufficient within our community.

WEST HAMILTON HOLDINGS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

(With independant Auditor's Reports thereon)

FOR THE YEARS ENDED

SEPTEMBER 30, 2017 AND 2016

The accompanying report of KPMG is for the sole and exclusive use of the Company. No person, other than the Company, is authorised to reply upon the report of KPMG unless KPMG expressly so authorises. Furthermore, the report of KPMG is as of February 1, 2018 and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of West Hamilton Holdings Limited (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2017 and 2016, and the related consolidated statements of profit and loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as at September 30, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with IFRS.

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KPMG

Other matter

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

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
February 1, 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2017 and September 30, 2016
(Expressed in U.S. dollars)

	2017	2016
ASSETS		
Non-current assets		
Property, plant and equipment (Note 4)	$ 1,259,096	$ 1,213,652
Investment property (Note 5)	36,633,698	37,928,232
Total non-current assets	37,892,794	39,141,884
Current assets		
Cash and cash equivalents (Note 3)	174,665	293,622
Available-for-sale investments (Notes 6 and 14)	526,889	413,158
Accounts receivable (Note 14)	196,745	174,862
Pension surplus (Note 12)	20,424	47,666
Prepaid expenses	53,377	45,604
Total current assets	972,100	974,912
Total assets	$ 38,864,894	$ 40,116,796
EQUITY		
Share capital (Note 9)	$ 2,908,398	$ 2,908,398
Share premium (Note 9)	7,819,961	7,819,961
Accumulated other comprehensive loss (Note 9)	(110,206)	(223,937)
Retained earnings	12,313,238	11,037,260
Total equity	22,931,391	21,541,682
LIABILITIES		
Non-current liabilities		
Loans and borrowings (Note 8)	8,426,505	15,246,950
Current liabilities		
Accounts payable and accrued liabilities (Note 7 and 14)	215,168	834,180
Refundable deposit on sale	48,000	32,000
Loans and borrowings (Notes 8 and 19)	6,103,741	683,333
Deferred income	385,266	400,404
Funds withheld on contract (Note 13)	754,823	1,378,247
Total current liabilities	7,506,998	3,328,164
Total liabilities	15,933,503	18,575,114
Total equity and liabilities	$ 38,864,894	$ 40,116,796

The accompanying notes on pages 19 to 39 are an integral part of these consolidated financial statements

Signed on behalf of the Board

DIRECTOR DIRECTOR

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Years ended September 30, 2017 and September 30, 2016
(Expressed in U.S. dollars)

	2017	2016
INCOME		
Rental income	$ 3,080,603	$ 2,115,115
Total income	3,080,603	2,115,115
EXPENSES		
Depreciation (Notes 4 and 5)	(616,546)	(316,590)
Maintenance, cleaning and wages (Notes 12 and 18)	(544,934)	(454,919)
Professional fees	(217,991)	(139,893)
Insurance	(100,787)	(40,769)
Land taxes and other expenses	(94,299)	(75,367)
Utilities	(66,439)	(39,723)
Total expenses	(1,640,996)	(1,067,261)
FINANCE EXPENSE		
Dividend income	16,681	16,230
Interest expense	(541,378)	(412,270)
Interest income	-	11,801
Net finance expense	(524,697)	(384,239)
Gain on disposal of investment property through finance lease (Note 5)	651,908	-
Profit for the year (attributable to owners of the Company)	1,566,818	663,615
OTHER COMPREHENSIVE INCOME:		
Net change in fair value of available-for-sale investments (Note 6)	113,731	67,587
Total comprehensive income for the year (attributable to owners of the Company)	$ 1,680,549	$ 731,202
Basic and diluted earnings per share (Note 11)	$ 0.54	$ 0.23

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

The accompanying notes on pages 19 to 39 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended September 30, 2017 and September 30, 2016
(Expressed in U.S. dollars)

	Attributable to owners of the Company				
	Share capital	Share premium	Accumulated other comprehensive loss	Retained earnings	Total
Balance at September 30, 2015	$ 2,908,398	$ 7,819,961	$ (291,524)	$ 10,373,645	$ 20,810,480
Profit for the year	-	-	-	663,615	663,615
Other comprehensive income:					
Net change in fair value of available-for-sale investments	-	-	67,587	-	67,587
Balance at September 30, 2016	2,908,398	7,819,961	(223,937)	11,037,260	21,541,682
Profit for the year	-	-	-	1,566,818	1,566,818
Dividends paid (Note 8)	-	-	-	(290,840)	(290,840)
Other comprehensive income:					
Net change in fair value of available-for-sale investments	-	-	113,731	-	113,731
Balance at September 30, 2017	$ 2,908,398	$ 7,819,961	$ (110,206)	$ 12,313,238	$ 22,931,391

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended September 30, 2017 and September 30, 2016
(Expressed in U.S. dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	$ 1,566,818	$ 663,615
Adjustments for:		
Depreciation	616,546	316,590
Interest expense, interest income and dividend income	524,697	384,239
Gain on disposal of investment property through finance lease	(651,908)	-
Changes in non-cash working capital balances:		
Deferred income	(15,138)	(833)
Accounts receivable	(21,883)	9,633
Pension surplus	27,242	29,085
Prepaid expenses	(7,773)	(20,604)
Refundable deposit on sale	16,000	(8,000)
Funds withheld on contract	(623,424)	647,152
Accounts payable and accrued liabilities	(619,012)	215,576
Net cash provided by operating activities	812,165	2,236,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividend received	16,681	28,031
Additions to property, plant and equipment	(150,467)	(3,042)
Proceeds on disposal of investment property through finance lease	1,795,491	-
Additions to investment property	(360,572)	(11,929,443)
Net cash provided by (used in) investing activities	1,301,133	(11,904,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	-	8,195,276
Repayment of bank loan	(1,400,037)	(469,702)
Dividend paid	(290,840)	-
Interest paid	(541,378)	(412,270)
Net cash (used in) provided by financing activities	(2,232,255)	7,313,304
Net decrease in cash and cash equivalents	(118,957)	(2,354,697)
Cash and cash equivalents at beginning of year	293,622	2,648,319
Cash and cash equivalents at end of year	$ 174,665	$ 293,622

The accompanying notes on pages 19 to 39 are an integral part of these consolidated financial statements

1. GENERAL

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

The Company is listed on the Bermuda Stock Exchange ("BSX") and is domiciled in Bermuda. WHL is incorporated under the laws of Bermuda and owns two commercial properties known as the Belvedere Building and Belvedere Residences (or Condominium), and the Belvedere Place parking facility in which space is generally let under medium and long-term commercial leases. The registered office is at 71 Pitts Bay Road, Pembroke, Bermuda.

The Company's parent company is Somers Limited who owns 57.06% of the Company's outstanding shares. The consolidated financial statements have been approved for issue by the Board of Directors on February 1, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are included in Note 16.

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

(b) Basis of consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within profit or loss. Depreciation is calculated on the depreciable amount which is the cost of an asset less its residual value, using the straight line method over the following estimated useful lives. Land is not depreciated.

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

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

(d) Investment property

Investment property is recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the investment property including capitalised borrowing costs. Transaction costs are included on initial recognition. The fair values of investment properties are disclosed in the notes to the financial statements. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method.

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. Land and construction in progress are not depreciated. Depreciation of items following the construction in progress phase commences when the property is available for use.

Buildings	40 – 50 years
Car park	40 – 50 years
Condominium	40 – 50 years

Refer to accounting policy 2(j) accounting policy related to impairment of non-financial assets.

(e) Income recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (E) INCOME RECOGNITION (CONTINUED)

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

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

Net gains and losses on investments are recorded when the security is sold and are determined on a first-in-first-out basis.

(f) Finance leases

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

(g) Maintenance reserves

Maintenance reserves received in cash from lessees are recognised as maintenance liabilities on the consolidated statement of financial position in recognition of the contractual commitment to either refund such receipts or hold them for future scheduled maintenance work to be performed thereafter. Amounts currently recognised as liabilities are $nil (2016 - $nil) as expenses have exceeded income to date. Maintenance income for the year ended September 30, 2017 amounted to $184,130 (2016 - $117,660) all of which was fully offset by maintenance expenses.

(h) Financial instruments

Financial assets

The Company's financial assets comprise of accounts receivables, cash and cash equivalents, pension surplus designated as loans and receivables and available-for-sale investments at fair value through other comprehensive income. The Company's accounting policy for each category is as follows:

Accounts receivable

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

Cash and cash equivalents

Cash and cash equivalents are deposited in current accounts and are available on-demand for the purposes of meeting short-term cash commitments.

2. SIGNIFICANT ACCOUNTING POLICIES
(H) FINANCIAL INSTRUMENTS (CONTINUED)

Available-for-sale investments

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

Financial liabilities

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

(i) Pension costs

The Company operates a defined contribution pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised within maintenance, cleaning and wage expense in the consolidated statement of profit and loss and other comprehensive income in the period during which services are rendered by employees. Pension surplus is recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(j) Impairment

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

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

2. SIGNIFICANT ACCOUNTING POLICIES
(J) IMPAIRMENT (CONTINUED)

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

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

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

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

Property, plant and equipment and investment property ("non-financial assets") carrying amounts are written down to their recoverable amounts if the asset's carrying amount is greater than its estimated recoverable amount.

(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 interest earned on term deposits, and dividend income from available-for-sale investments.

(l) Earnings per share

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: share options. For the share options, the exercise price will be the average of the last three traded prices just prior to the exercise date less a discount of 15%. The exercise of the share options for certain employees is at the discretion of the employees and as at the reporting date there were no options exercised.

(m) Share based payments

The Company operates an equity-settled, share-based compensation plan under which the Company receives services from employees as consideration for equity instruments (options) of the Company. The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Standards issued but not yet adopted

A number of new or amended standards are effective for annual periods beginning on or after October 1, 2016 and early adoption is permitted; however, the Company has not early adopted the following new or amended standards in preparing these consolidated financial statements.

(i) Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of the consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

To satisfy the new disclosure requirements, the Company intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(ii) IFRS 15 Revenue From Contracts With Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Company has completed an initial

2. SIGNIFICANT ACCOUNTING POLICIES
(N) STANDARDS ISSUED BUT NOT YET ADOPTED
(II) IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements. Based on this assessment the Company does not expect any difference in the timing of revenue recognition in its capacity as lessor. The Company plans to adopt IFRS 15 in its consolidated financial statements for the year ending September 30, 2019, using the practical expedient approach. This will result in completed lease agreements that began and ended in the same comparative reporting period, as well as the lease agreements that are completed at the beginning of the earliest period presented, not being restated.

The Company will continue to perform a detailed assessment of the impact resulting from the application of IFRS 15 and expects to disclose additional quantitative information if it becomes applicable, before it adopts IFRS 15.

(iii) IFRS 9 Financial Instruments

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company currently plans to apply IFRS 9 for its year ending September 30, 2019.

The actual impact of adopting IFRS 9 on the Company's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Company holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future. The new standard will require the Company to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete. However, the Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its financial instruments at September 30, 2017.

Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its preliminary assessment, the Company does not believe that the new classification requirements, if applied at September 30, 2017, would have had a material impact on its accounting for accounts receivable, cash and cash equivalents, pension surplus or investments in securities.

2. SIGNIFICANT ACCOUNTING POLICIES (N) STANDARDS ISSUED BUT NOT YET ADOPTED (III) IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

Impairment – Financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Company's preliminary assessment indicated that application of IFRS 9's impairment requirements at September 30, 2017 would have resulted in no increase in loss allowances at that date compared with impairment losses recognised under IAS 39. However, the Company has not yet finalised the impairment methodologies that it will apply under IFRS 9.

Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

The Company has not designated any financial liabilities at FVTPL and the Company has no current intention to do so. The Company's preliminary assessment did not indicate any material impact if IFRS 9's requirements regarding the classification of financial liabilities were applied at September 30, 2017.

Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk and expected credit losses. The Company's preliminary assessment included an analysis to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be

2. SIGNIFICANT ACCOUNTING POLICIES
(N) STANDARDS ISSUED BUT NOT YET ADOPTED (III) IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

necessary to capture the required data. Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Company plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at October 1, 2018.

(iv) IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

As a lessor, the Company is not required to make any adjustments for leases except where it is an intermediate lessor in a sub-lease. The Company has no sub-leases. The Company has no material leases in its capacity as lessee at this time that would require it to recognize a right of use asset.

The Company expects that adoption of IFRS 16 will not impact its financial reporting materially. The Company plans to adopt IFRS 16 in the consolidated financial statements for the year ending September 30, 2020 with no material impact expected.

(v) Other Standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28.
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- Transfers of Investment Property (Amendments to IAS 40).
- Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.

3. CASH AND CASH EQUIVALENTS

All of the Company's cash and cash equivalents are held with two Bermuda based financial institutions in several current accounts earning no interest. Standard and Poors have rated both these financial institutions as A2.

	2017	2016
Cash at bank	$ 174,665	$ 293,622

4. PROPERTY, PLANT AND EQUIPMENT

	Computers	Furniture and fixtures	Equipment	Total
COST				
At September 30, 2015	$ 30,316	$ 241,716	$ 2,467,106	$ 2,739,138
Additions	185	1,000	1,857	3,042
At September 30, 2016	30,501	242,716	2,468,963	2,742,180
Additions	-	20,698	129,769	150,467
At September 30, 2017	$ 30,501	$ 263,414	$ 2,598,732	$ 2,892,647
ACCUMULATED DEPRECIATION				
At September 30, 2015	$ 28,241	$ 241,716	$ 1,164,968	$ 1,434,925
Depreciation charge for the year	867	67	92,669	93,603
At September 30, 2016	29,108	241,783	1,257,637	1,528,528
Depreciation charge for the year	875	1,052	103,096	105,023
At September 30, 2017	29,983	242,835	1,360,733	1,633,551
CARRYING AMOUNT				
At September 30, 2015	$ 2,075	-	$ 1,302,138	$ 1,304,213
At September 30, 2016	$ 1,393	$ 933	$ 1,211,326	$ 1,213,652
At September 30, 2017	$ 518	$ 20,579	$ 1,237,999	$ 1,259,096

5. INVESTMENT PROPERTY

	Land	Building	Construction in progress	Condominium	Car park	Total
COST						
At September 30, 2015	1,394,372	1,581,591	17,608,877	-	9,122,337	29,707,177
Additions	-	-	11,917,826	-	13,676	11,931,502
Disposals	–	(2,059)	-	-	-	(2,059)
At September 30, 2016	1,394,372	1,579,532	29,526,703	-	9,136,013	41,636,620
Additions	-	69,108	290,545	-	919	360,572
Transfer of construction in progress upon completion	-	-	(15,499,733)	15,499,733	-	-
Disposal due to finance lease	-	-	-	(1,143,583)	-	(1,143,583)
At September 30, 2017	$ 1,394,372	$ 1,648,640	$ 14,317,515	$ 14,356,150	$ 9,136,932	$ 40,853,609
ACCUMULATED DEPRECIATION						
At September 30, 2015	-	$ 1,098,066	-	-	$ 2,387,335	$ 3,485,401
Depreciation charge for the year	-	30,136	-	-	192,851	222,987
At September 30, 2016	-	1,128,202	-	-	2,580,186	3,708,388
Depreciation charge for the year	-	32,726	-	285,935	192,862	511,523
At September 30, 2017	-	$ 1,160,928	-	$ 285,935	$ 2,773,048	$ 4,219,911
CARRYING AMOUNT						
At September 30, 2015	$ 1,394,372	$ 483,525	$ 17,608,877	-	$ 6,735,002	$ 26,221,776
At September 30, 2016	$ 1,394,372	$ 451,330	$ 29,526,703	-	$ 6,555,827	$ 37,928,232
At September 30, 2017	$ 1,394,372	$ 487,712	$ 14,317,515	$ 14,070,215	$ 6,363,884	$ 36,633,698

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and September 30, 2016

5. INVESTMENT PROPERTY (CONTINUED)

Investment property comprises an office building (Belvedere Building) and infrastructure work which have been put on hold and currently used as a temporary parking facility (the "Car Park"). Construction in progress relates to the plan for further capital development and the Condominium (Belvedere Residences) was completed.

On December 16, 2016 the Company entered into a non-cancelable 999 year finance lease (Note 18) as lessor for an apartment in the Condominium. A gain of $651,908 was recognised in the consolidated statement of profit and loss and other comprehensive income and the associated costs of $1,143,583 were removed from the carrying value of the Condominium. All lease payments for the life of the lease were received during the year and therefore there are no lease payments receivable, unearned finance income or allowance for uncollectable minimum lease payments receivable recognised in these financial statements.

On September 30, 2017 the Belvedere Building, Belvedere Residences and surrounding property was valued by Steven J Bowie BSc. M.R.I.C.S. of The Property Group at between $61.3 million and $61.7 million. This report contains certain caveats and assumptions relating to the potential impact of restrictions regarding property ownership by foreign investors and availability of willing investors to purchase a property of such a sizeable interest. Management is of the opinion that a value of approximately $61.3 million represents a reasonable estimate of the fair value of the property. This valuation reflects management's best estimate of both quantifiable and unquantifiable assumptions and measurement uncertainties known to management as at September 30, 2017.

6. AVAILABLE-FOR-SALE INVESTMENTS

	2017		2016	
	Cost	Fair value	Cost	Fair value
EQUITY SECURITIES	$ 637,095	$ 526,889	$ 637,095	$ 413,158

The investment portfolio consists of ordinary shares issued by Bermuda companies listed on the Bermuda Stock Exchange ("BSX") and privately held. The Company has no other available-for-sale investments.

The unrealised gain from change in the fair value of the Company's investment portfolio for the year ended September 30, 2017 amounted to $113,731 (2016 - $67,587).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables	$ 172,411	$ 796,443
Other current liabilities	42,757	37,737
	$ 215,168	$ 834,180

8. LOANS AND BORROWING

On January 5, 2016 West Hamilton Limited (a wholly owned subsidiary) entered into a construction loan agreement with HSBC Bank Bermuda Limited ("HSBC") in the amount of $7.65 million. The facility expired on November 30, 2017. The amount outstanding as at September 30, 2017 was $5,420,408 which is classified as a current liability. On the same date West Hamilton Limited entered into a loan agreement with HSBC in the amount of $10.25 million, amortised over 15 years and subject to renegotiation after 5 years, which was used to repay the previous bank loan balance of $8.0 million. The interest amount on the construction loan is calculated at the bank's base rate of 2.75% plus the quoted rate of 3 month USD LIBOR and interest on the HSBC term loan is calculated at the bank's base rate of 2.5% plus the quoted rate of 3 month USD LIBOR. West Hamilton Limited provided all of its land, buildings and new development as security for the loan by way of a legal mortgage, as well as an assignment of the benefit of the construction contract and an assignment of all rental income from the existing Belvedere Building and Belvedere Residences. The Company entered into a limited guarantee for the principle outstanding on the construction and term loans. As at September 30, 2017, the effective interest rates were 3.9% and 4.1% respectively (2016 - 3.6%).

During the year, HSBC granted the Company permission for a dividend to be declared and paid to ordinary shareholders in the amount of $290,840 representing 10 cents per share. For further information related to the Company's exposure to interest rate and liquidity risk see Note 14. For further information about the subsequent refinancing of the construction loan see Note 19.

Principal repayments over the next five years and beyond for the existing loans are expected to be as follows:

	Total
2018	$ 6,103,741
2019	683,333
2020	683,333
2021	683,333
2022	683,333
And beyond	5,693,173
	$ 14,530,246

9. SHARE CAPITAL AND RESERVES

	2017	2016
Common shares		
Authorised – 5,000,000 share of par value of $1 each		
Issued and fully paid – 2,908,398 shares (2016 - 2,908,398)	$ 2,908,398	$ 2,908,398

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

Accumulated other comprehensive loss

The accumulated other comprehensive loss comprises of the cumulative net change in the fair value of available-for-sale investments held until the investment is derecognised or impaired.

Share premium

Share premium is the difference between the consideration received and the par value of the shares on issuance of shares and for shares subscribed under the Company's employee share purchase plan.

10. SHARE-BASED PAYMENTS

Employee share purchase plan

The employee share purchase plan includes an option which permits eligible employees to purchase the Company's common shares at a price 15% below the average market price. The average market price is determined by the average of the three closing prices of the Company's common shares, set out on the three days proceeding the subscription date on which Company's shares are traded on the BSX.

Options are conditional on the employee completing one year's service and being over 18 years of age. Eligible employees may acquire shares in any calendar year, up to a maximum value not exceeding 15% of their annual gross salary. Employees are restricted from selling the shares for a period of one year from the subscription date. The shares purchased are issued from authorised, unissued share capital under the plan. 50,000 common shares of the Company have been made available for sale to employees.

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

For the years ended September 30, 2017 and 2016, no employees subscribed for share options and no options were exercised, and none were outstanding.

11. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at September 30, 2017 is based on the profit attributable to ordinary shareholders of $1,566,818 (2016 - $663,615) and a weighted average number of ordinary shares outstanding of 2,908,398 (2016 - 2,908,398).

Diluted earnings per share

The Company has one category of potentially dilutive ordinary shares (Note 10); the diluted earnings per share are the same as the basic earnings per share in 2017 and 2016.

12. DEFINED CONTRIBUTION PLAN

The Company sponsors a defined contribution plan covering all eligible employees. Contributions to the plan are made by the employee and the Company. The Company matches employees' contributions up to a maximum of 5% of the employees' annual earnings. The pension expense recognised by the Company in the current year is $13,098 (2016 - $16,132) representing the Company's share of contributions to the plan and is included in the consolidated statement of profit and loss and other comprehensive income in maintenance, cleaning and wages. During the year ended September 30, 2017 the Company recognised a pension surplus in the amount of $nil (2016 - $nil) related to funds forfeited by employees who left the Company prior to the vesting period, some of which was used to offset the Company's liabilities to the plan during the year. Of this amount $20,424 (2016 - $47,666) is included in current assets as at the reporting date.

13. CONSTRUCTION CONTRACT

During 2015, the Company commenced construction on a 6-storey residential and commercial property (Belvedere Residences). The funds withheld on this contract of $754,823 (2016 - $1,378,247) represents the retention amount which is payable under that contract.

14. FINANCIAL RISK MANAGEMENT

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

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company monitors liquidity risk by monitoring forecasted cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and September 30, 2016

14. FINANCIAL RISK MANAGEMENT (A) LIQUIDITY RISK (CONTINUED)

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, 2017					
Financial liabilities					
Accounts payable	$ 172,411	$ 172,411	$ -	$ -	$ 172,411
Bank loans	14,530,246	6,440,098	993,481	8,096,090	15,529,669
Refundable deposit on sale	48,000	48,000	-	-	48,000
Funds withheld on contract	754,823	754,823	-	-	754,823
	$ 15,505,480	$ 7,415,332	$ 993,481	$ 8,096,090	$ 16,504,903
	Carrying amount	12 months or less	1 – 2 years	2 – 5 years	Total
September 30, 2016					
Financial liabilities					
Accounts payable	$ 796,443	$ 796,443	$ -	$ -	$ 796,443
Bank loans	32,000	32,000	-	-	32,000
Refundable deposit on sale	15,930,283	1,224,711	6,397,517	9,017,238	16,639,466
Funds withheld on contract	1,378,247	1,378,247	-	-	1,378,247
	$ 18,136,973	$ 3,431,401	$ 6,397,517	$ 9,017,238	$ 18,846,156

(b) Interest rate risk

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

Sensitivity analysis

A 1% increase in the floating interest rate for the year ended September 30, 2017 would have decreased profit for the year by $152,302 (2016 - $120,674) assuming all other variables remain constant. Similarly a 1% decrease in the floating interest rate for the year ended September 30, 2017 would have increased profit for the year by $152,302 (2016 - $120,674). The interest rate structure of the term loan is calculated on HSBC base rate, 2.5% plus 3 month USD LIBOR per annum. The interest rate structure of the construction term loan is calculated on HSBC base rate, 2.75% plus 3 month USD

14. FINANCIAL RISK MANAGEMENT (B) INTEREST RATE RISK (CONTINUED)

LIBOR per annum. 3 month USD LIBOR has been quoted in the range of 0.83% to 1.70% during the period and therefore does not currently expose the Company to significant interest rate risk. This analysis is performed using market information and in practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(c) Credit risk

Credit risk arises from the potential inability of customers or counterparties to a financial instrument to perform under the terms of the contract and arises principally from the Company's cash and cash equivalents and accounts receivable. The Company only deposits cash surpluses with banks of high quality credit standing (Note 3). The Company is not exposed to significant credit risk on its cash and cash equivalents. Accounts receivable balances relate to rents receivable from Bermuda based tenants occupying the Company's investment property. The Company considers all accounts receivable balances to be recoverable and no allowance for impairment has been made. The ageing of accounts receivable at the reporting date is as follows:

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

(d) Market risk

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

The Company's exposure to market risk associated with its available-for-sale investments is equal to the consolidated statement of financial position carrying value of the instruments excluding level 3 investments of $506,889 (2016 - $393,158).

	2017	2016
Current	$ 118,179	$ 126,158
Past 30 days	5,630	18,755
Past 60 days	16,793	-
Past 90 days	56,143	29,949
	$ 196,745	$ 174,862

14. FINANCIAL RISK MANAGEMENT (D) MARKET RISK (CONTINUED)

Sensitivity analysis

All the Company's investments in common stocks are listed on the BSX. Market prices of equities listed on the BSX tend to fluctuate between 10% to 15% on average based on trading activity. A 10% increase in market prices at the reporting date, assuming that all other variables remain constant, would increase the Company's equity by approximately $50,689 (2016 - $39,316). An equal change in the opposite direction will decrease the Company's equity by a corresponding amount. There would be no impact on reported profit for the year. This analysis is performed on the same basis for 2016. In practice the actual trading results may differ from this sensitivity analysis and the difference could be material.

(e) Capital management

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

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

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

During 2017, the Company's strategy, was unchanged from 2016, which was to maintain a debt to equity ratio of no more than 75%. The debt to equity ratios at September 30, 2017 and September 30, 2016 were as follows:

	2017	2016
Total borrowings	$ 14,530,246	$ 15,930,283
Total equity	22,931,391	21,541,682
Debt to equity	63.4%	74.0%

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

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value

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

Disclosure of fair value of investment property

The Company considers that the fair value of investment property disclosed in Note 5 falls within Level 3 fair value as defined by IFRS 13 and believe that the Market and Investment approaches are the best methods to determine fair value of the investment property. As further outlined in IFRS 13, a Level 3 fair value recognises that not all inputs and considerations made in determining the fair value of investment property can be derived from publically available data, as the valuation methodology in respect to investment property has also to rely on other factors including technical engineering reports, legal data and analysis, and proprietary data basis maintained by the valuers in respect of similar properties to the assets being valued.

Fair value hierarchy

The table below analyses available-for-sale investments, the only financial assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

	2017	2016
Level 1	$ 506,889	$ 393,158
Level 3	$ 20,000	$ 20,000

There have been no transfers between the levels during the year.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

15. OPERATING LEASES

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

	2017	2016
Less than one year	$ 1,709,583	$ 903,400
Between one and five years	2,824,428	1,137,536
	$ 4,534,011	$ 2,040,936

16. CRITICAL JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management makes critical accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. Principal assumptions underlying management's estimation of fair value are reflecting the economic environment and market conditions during 2016, which continued throughout 2017. Properties with a total carrying amount of $36,633,698 (2016 - $40,853,609) are carried at historical cost less accumulated depreciation. The fair value of the properties for disclosure purposes (Note 5) was determined principally using discounted estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current (at the date of the statement of financial position) market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

17. TAXATION

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

18. RELATED PARTIES

Key management personnel compensation comprised:

	2017	2016
Short-term employee benefits	$ 430,000	$ 331,500

Details of employee share purchase plan available to key management personnel are disclosed in Note 10.

On December 16, 2016 the Company entered into an agreement to lease unit 3B to a local trust company for a period of 999 years (Note 5). The lessee is an independent third party in which a director of the Company has an interest. The terms of the lease matched those that would be achieved in an arms-length transaction.

During the year ended September 30, 2017, the directors and executive officers of the Company had a combined interest in 446,625 of the Company's common shares (2016 - 446,625 shares).

At September 30, 2017 a director of the Company had an outstanding balance of $32,921 (2016 - $nil) in accounts receivable. This amount is unsecured.

19. SUBSEQUENT EVENTS

On October 6, 2017 the Company entered into an agreement to lease a unit within the Condominium to a local trust company for a period of 999 years. The terms of the lease included a lump sum amount of $1.75 million to be paid by the lessee upon the commencement date of the lease. The net amount of $1.64 million was received on October 17, 2017 and applied in full to the construction loan.

On January 25, 2018, the Company entered into a new term loan in the amount of $4.5 million with HSBC to refinance and convert the outstanding balance of the Construction Loan (Note 8) into a five year term loan facility (the "Facility") and provide an additional sum of $200,000. The Facility is to be repaid by way of monthly principal installments of $18,750 based on an amortization period of 20 years. The interest amount on the Facility will be calculated based on a fixed rate of 2.5% per annum plus the quoted one month USD LIBOR. An arrangement fee of $22,500 shall be paid by the Company on the date of drawdown of the facility.

Security pledged for the above Facility includes all existing security provided under the previous Construction Loan (Note 8).

WEST HAMILTON HOLDINGS LIMITED DIRECTORS & OFFICERS

J. Michael Collier
President & Chairman of the Board

Peter A. Pearman
Director

Duncan Saville
Director

Glenn M. Titterton
Director

Alasdair Younie
Director

Harrichand Sukdeo
Chief Financial Officer

Conyers Corporate Services
(Bermuda)

SUBSIDIARIES
AS OF 30 SEPTEMBER, 2017

West Hamilton Ltd.
71 Pitts Bay Road
Pembroke HM08
Bermuda

Incorporated in Bermuda 29 April, 2007
Offers Residential and Commercial spaces
to rent or buy

Belvedere Place 'A' Ltd.

Incorporated in Bermuda 29 October, 2007
A Commercial Property Development Company

West Hamilton Investments Ltd.

Incorporated in Bermuda 20 June, 2012
An Investment Management Company trading
in shares listed on the BSX

EXTERNAL SERVICE PROVIDERS & CONSULTANTS

BANKERS

HSBC Bank Bermuda Ltd.
37 Front Street
Hamilton HM08
Bermuda

The Bank of N.T. Butterfield & Sons Ltd.
66 Front Street
Hamilton HM08
Bermuda

AUDITORS

KPMG Audit Limited
4 Par-La-Ville Road
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Bermuda

LEGAL ADVISORS

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2 Church Street
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The HCS Group Ltd.
69 Pitts Bay Road
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REGISTRAR & TRANSFER AGENT

BCB Charter Corporate Services Ltd.
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