WEST HAMILTON HOLDINGS LIMITED

ANNUAL REPORT 2013
AS AT SEPTEMBER 30, 2013

Our Property Development Vision

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

DEVELOPMENT HIGHLIGHTS:

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

Chairman's Letter to Shareholders

March 31, 2014

Introduction

West Hamilton Holdings Limited ("WHHL or "the Company") is a commercial real estate investment and management company offering office space and car parking on Pitts Bay Road. While the current commercial rental market has proven to be fiercely competitive, tenants and owners have demonstrated a continued interest undertaking business in the West Hamilton/Pembroke area.

The commercial rental market in Bermuda continues to be burdened with an oversupply of office space, although rental rates have stabilized in certain areas of the market since the lowest levels experienced in 2012. Waterloo House, located opposite the Belvedere Building, opened its doors in September 2013 with more than 90 percent occupancy, with tenants moving from other locations around the city to this emerging business district with the most active international insurers and reinsurers on island. We are disappointed to report that one of the new tenants of Waterloo House, Platinum Re, was previously the largest tenant at the Belvedere Building with their lease terminating at the end of 2013. However, we have rented approximately 22 percent of the space vacated by Platinum Re which reduced the vacancy rate at the end of the year to 40 percent. Since year end, I am pleased to note that we have received strong interest to lease a further 35 percent from two new tenants.

The general election in 2012 has brought about changes in the political environment which appears to be more conducive to international business. The new government is committed to introducing new legislation that will encourage investment and population growth from outside the country through the relaxation of work permit regulations among other strategic initiatives. The government earlier in the year approved legislation that significantly reduced the license fee for foreign nationals to purchase real estate and at the same time lowered the price threshold of properties that can be purchased by these potential buyers.

After recent years of dispirited real estate activity, continuous pressure on rental rates and lower demand for rental office accommodation, there are cautious signs of a revival of confidence in the commercial real estate market. Clear indicators of this optimism include the full occupancy enjoyed by Waterloo House, two new tenants occupying vacant spaces in the Belvedere Building, increased viewing by prospective tenants, and competitive pricing for quality properties. Although it is still a buyer's and tenant favored market, property owners are gradually becoming encouraged by recent market activities and a supportive government.

In the short term, the Company will offer a mixture of complimentary products and services to seek suitable tenants for the vacancies in the Belvedere Building. In addition our focus will include the development of bespoke residences on a vacant section of the property. Planning approval for the building of this new construction was recently issued locating this complex in the center of the highest quality office buildings available to international business; an industry that is expected to embrace the concept of living and working in this emerging business district. The building will offer a limited number of two bedroom condominiums with residence's lobby, full-service gymnasium, squash courts, common multi-purpose roof top space for residents, on-site parking and a concierge desk.

Urban living is a growing trend favored by executives conducting business around the location of the proposed building. This niche market has experienced a gain in popularity over recent months because of the many benefits offered and the changing lifestyle of today's business professional. Living amongst these office buildings reduces the time to commute and provides convenient access to amenities that support this modern lifestyle, like restaurants, entertainment and shopping.

As a result of the migration of large insurers and reinsurers within close proximity to the Belvedere building, more high quality office space is being occupied by this sector. This change has resulted in an increase in demand for parking which is anticipated to continue for the foreseeable future as the area continues to develop.

Management has recognized that the business district along Pitts Bay Road is attractive to both international and local businesses and will continue to be so for many years to come. However, as a result of the oversupply of commercial office space in Bermuda, the Company has had to develop an alternative to the original development plan which envisaged a sizeable commercial development on the current car parking site. The Company is now focusing on providing products and services, e.g. residential accommodation, car parking and related services, which is required by the occupants of the office space established around the Belvedere Building. It is envisaged that the Company may revisit the original development plan when the demand for office space improves.

Financial Statements

The Company changed its financial year-end from December 31 to September 30 with effect from the current financial period ended September 30, 2013. The change was made to coincide with the financial reporting year-end of Bermuda Commercial Bank Limited and its parent company, Somers Limited who together own 57.02 percent of the Company's outstanding shares.

Income Statement

During the nine month period ending September 30, 2013, the Company earned net operating income of $1,496,679 compared with $1,985,157 for the year ended December 31, 2012, a decrease of $488,478 or 24.61 percent. The operating income for 2013 is slightly ahead of last year if the results in 2013 are pro-rated based on comparable periods.

The commercial real estate sector continues to be under pressure with high vacancy rates, increased competition and lower rental rates. It is therefore pleasing to report that the rental income from office space was only marginally below last year despite the rate reductions requested by tenants. The reported income generated by the parking facility increased by approximately 7.5 percent in 2013 due to increased demand and a rate increase implemented during the latter part of the year. Despite the rate increase, the parking facility consisting of 307 bays is operating at full capacity which we anticipate will continue in the future.

Operating expenses for the period increased by approximately 8 percent in comparison with the same period in 2012. During the period, certain non-performing assets were written down which did not impact the Company's cash flow. As anticipated, additional funds were required for the maintenance of the Belvedere Building's mechanical systems.

The Company reported net income for the nine months ended September 30, 2013 of $2,351,604, or $0.80 per share as compared to $829,039 or $0.29 per share for the year ended December 31, 2012. I am pleased to report that the Company realized a substantial gain of $1,863,721 from the sale of its shareholding in BF&M Limited ("BF&M") which was the primary reason for the increase in the Company's net income.

The financial statements have been prepared in full compliance with International Financial Reporting Standards (IFRS) which were adopted by the Company in 2011 and permitted certain items to be brought into the income statement to calculate total comprehensive income. During the nine months period ended September 30, 2013, the Company reported a loss of $247,427 within other comprehensive income compared with a gain of $1,028,608 in 2012. The change in comprehensive income is primarily related to the accumulated unrealized gain of the Company's shareholding in BF&M which was reduced to zero upon the sale of that shareholding during September 2013.

Balance Sheet

Total assets amounted to $30.41 million compared with $29.69 million at the end of 2012, an increase of $0.72 million with the Company's property measured on a depreciated cost basis. This represents an increase of $0.25 book value per share for the nine months ended September 30, 2013.

In 2011 the property was appraised by Rego Realtors (Bermuda) Limited and was valued at between $61.0 million and $64.0 million. A more recent valuation dated November 28, 2013, reduced the estimated value to $48.75 million. Management has taken a prudent view considering the state of the Bermuda economy and is of the opinion that a value of approximately $50.1 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 $70.0 million, more than double the value currently reported in the balance sheet.

Total liabilities decreased from $15.99 million at the end of 2012 to $10.49 million at the end of 2013. The decrease of $5.50 million is primarily attributed to the repayment of the construction loan of $5.27 million.

Shareholders' equity increased by $895,393. Net income from operations contributed $2,351,604 but this was offset by $1,276,035 reduction in market value of the Company's investment portfolio. Book value per share at September 30, 2013 was $6.91 (December 31, 2012: $6.65). This represents an increase of $0.26 cents per share or 3.91 percent.

Cash Flow

Current assets, which include cash and other assets that could readily be converted into cash, totaled $5.43 million as at September 30th 2013 compared with $2.36 million as at December 31, 2012. The increase is directly related to the sale of the Company's shareholding in BF&M. The Company also paid a dividend to shareholders of $288,783. Certain shareholders elected to receive additional shares in the Company in lieu of cash per the terms of the dividend reinvestment plan approved by the Board in 2013. The cash payout was therefore reduced to $107,715. Cash generated from operations totaled $1,095,396 after deducting all operating expenses. An amount of $287,657 was used to fund planned upgrades to operating systems and structural changes to the Belvedere Building. Interest expense of $218,081 on the Company's bank loan was paid from cash generated from operations as well as $403,439 to repay the principal.

Property Development

The commercial property market in Bermuda continues to be burdened with an oversupply of office space, mostly grades B and C which pressured our renewal rates in 2013. In addition, the Belvedere Building's largest tenant moved to Waterloo House. The vacancy rate at the Belvedere Building was approximately 41 percent at the end of 2013 and in early 2014 the Flying Fish restaurant closed which will further increase the rate. These challenges will persist until growth in international business returns to previous levels which will absorb the oversupply of office space.

Despite the foregoing, I am pleased to inform you that we have recently received lease commitments from two new tenants that will be occupying the second floor and the vacant spaces on the third floor. These two new tenants will occupy approximately 35 percent of the available space effective May 2014 following extensive renovations and fit-out of the space. The remaining 6 percent of available office space located on the ground floor will be refurbished to accommodate a full size gymnasium using the equipment purchased from a previous tenant and a secure filing area for a new tenant.

As a result of the softness of the market and excess supply of office space, the rental rates offered to the new tenants were discounted from rates paid by the previous tenant. In addition, certain concessions were made to the new tenants because the tenancy contract entered into will be for a longer period and they will be occupying more than 35 percent of the building.

It should be noted therefore that the majority of the Belvedere Building will be occupied by the end of the first half of 2014 and will remain so in the near term. While the most recent contracts have longer durations there are several annual contracts currently in place which expire in 2014.

The car park was not fully rented in 2013 because of the downturn in the economy and the reduction in staffing levels experienced by many international companies. This trend reversed towards the end of 2013 and more so during the first quarter of 2014. The vacancy rate for the car park was approximately 18 percent for most of 2013. However, it is currently fully occupied with several persons on a waiting list for spaces as they become available. The demand for parking space increased during the end of 2013 because of the migration of office employees to Waterloo House.

Our plan to develop the property by constructing four new buildings yielding 105,000 square feet of office space, 40,000 square feet of residential space and underground parking for 181 cars, remains our long term objective. However, our short term plans will center on providing quality residential accommodation for a certain segment of the market which will be receptive based on location and the changing needs of these targeted clients. The Company was granted planning permission to design and construct a building on a parcel of land located along the western boundary of the property across from the Bacardi Building. The building will house 8 two bedroom condominiums and one large penthouse apartment with common space on the top floor, a fully fitted gymnasium and two squash courts.

The Belvedere property consists of 2.1 acres of prime real estate along Pitts Bay Road directly across from Waterloo House and has been labeled a "trophy address" by a leading realtor. We share a similar address and have an exciting opportunity to differentiate the products and services we offer to the discerning professionals who may wish to work and enjoy living in the same area.

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

We look forward to 2014 with enthusiasm and expectations for continued success in a difficult economic environment which is expected to continue for a few years.

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

J. Michael Collier
President & Chairman of the Board

Historical Operating Results

Year	Revenue $	Expenses $	Operating Income $	Net Income $
2004	2,898,286	2,763,173	135,114	1,028,640
2005	1,749,078	861,336	887,742	1,016,530
2006	1,956,021	1,029,711	926,310	682,534
2007	1,983,389	1,288,463	694,926	539,683
2008	1,370,263	966,943	403,320	331,949
2009	1,482,185	1,066,311	415,874	(111,055)
2010	2,006,991	1,095,964	911,027	562,458
2011	2,120,159	1,086,249	1,033,910	633,130
2012	1,985,157	1,127,694	857,463	716,293
2013*	**1,496,679**	**916,924**	**579,755**	**2,332,467**

Balance Sheet Summary

Year	Assets $	Liabilities $	Shareholders' Equity $
2004	5,711,073	115,783	5,595,290
2005	6,418,830	78,853	6,339,977
2006	6,712,029	93,811	6,618,218
2007	9,044,406	126,186	8,918,220
2008	13,770,078	5,104,586	8,665,492
2009	26,805,092	15,284,210	8,397,596
2010	27,235,035	18,652,893	8,582,142
2011	34,355,885	15,985,848	18,370,037
2012	29,686,304	10,487,248	19,199,056
2013*	**30,412,311**	**10,317,862**	**20,094,449**

***9 months ending September 30th, 2013**

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December 5, 2013

Independent Auditor's Report

To the Shareholders of
West Hamilton Holdings Limited

We have audited the accompanying consolidated financial statements of West Hamilton Holdings Limited, which comprise the consolidated balance sheet as at September 30, 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the nine month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of West Hamilton Holdings Limited and its subsidiaries as at September 30, 2013 and their financial performance and their cash flows for the nine month period then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants

Reference: Independent Auditor's Report on the consolidated financial statements of West Hamilton Holdings Limited for the nine month period ended September 30, 2013.

Consolidated Balance Sheet

As at September 30, 2013
(Expressed in Bermuda Dollars)

	Note	September 30, 2013	December 31 2012
Assets			
Current assets			
Cash and cash equivalents	3	**$5,425,979**	$2,363,509
Available-for-sale investments	6	**389,668**	2,732,199
Accounts receivable	14(c)	**264,569**	120,863
Prepaid expenses		**14,786**	-
Total current assets		**6,095,002**	5,300,117
Non-current assets			
Property, plant and equipment	4	**883,887**	849,223
Investment property	5	**23,433,422**	23,536,964
Total non-current assets		**24,317,309**	24,386,187
Total assets		**$30,412,311**	$29,686,304
Liabilities and equity			
Current liabilities			
Accounts payable and accrued charges	7	**150,067**	$192,860
Loans and borrowings	8	**556,492**	477,522
Deferred income		**354,070**	77,224
Funds withheld on contract	13	**486,588**	486,588
		1,547,217	1,234,194
Non-current liabilities			
Loans and borrowings	8	**8,770,645**	9,253,054
Total liabilities		**10,317,862**	10,487,248
Equity			
Share capital	9	**2,907,448**	2,887,795
Share Premium	9	**7,814,760**	7,706,669
Accumulated other comprehensive income / (loss)		**(247,427)**	1,028,608
Retained earnings		**9,619,668**	7,575,984
Total equity		**20,094,449**	19,199,056
Total liabilities and equity		**$30,412,311**	$29,686,304

The notes form an integral part of these consolidated financial statements

Approved by the Board of Directors

Director

Director

Consolidated Statement of Comprehensive Income

For the nine month period ended September 30-, 2013
(Expressed in Bermuda Dollars)

	Note	September 30, 2013	December 31, 2012
Income			
Rental income		**1,496,679**	$1,985,157
Expenses			
Maintenance, cleaning and wages		**251,430**	367,196
Land taxes and other expenses		**60,153**	68,216
Depreciation		**356,534**	364,996
Utilities		**54,582**	58,428
Insurance		**30,852**	23,114
Professional fees		**163,373**	245,744
Total operating expenses		**916,924**	1,127,694
Net finance expense			
Interest income		**502**	40,000
Dividend income			
Interest expense		**106,570**	134,189
		(218,081)	(315,358)
		(111,009)	(141,170)
Realized gain on sale of available-for-sale investment	6	**1,863,721**	-
Net profit		**2,332,467**	716,293
Other comprehensive income		**19,137**	112,746
Total comprehensive income		**$2,351,604**	$829,039
Basic and diluted earnings per share		**$080**	$0.29

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

The notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Shareholders' Equity

For the nine month period ended September 30-, 2013
(Expressed in Bermuda Dollars)

	Share capital	Share Premium	Accumulated other comprehensive income	Retained earnings	Total
Balance at December 31, 2011	2,887,815	7,706,669	915,862	6,859,691	18,370,037
Profit for the year	-	-	-	716,293	716,293
Treasury shares	(20)	-	-	-	(20)
Other comprehensive income: Net change in fair value available-for-sale investment	-	-	112,746	-	112,746
Balance at December 31, 2012	**2,887,795**	**7,706,669**	**1,028,608**	**7,575,984**	**19,199,056**
Profit for the period	-	-	-	2,332,467	2,332,467
Shares Issued	19,653	108,091	-	-	127,744
Dividends	-	-	-	(288,783)	(288,783)
Fair value adjustment from sale of available-for-sale investment	-	-	(1,295,172)	-	(1,295,172)
Other comprehensive income: Net change in fair value available-for-sale investment	-	-	19,137	-	19,137
Balance at September 30, 2013	**2,907,448**	**7,814,760**	**(247,427)**	**9,619,668**	**20,094,449**

The notes form an integral part of these consolidated financial statements

Consolidated Statement of Cash FLows

For the nine month period ended September 30-, 2013
(Expressed in Bermuda Dollars)

	September 30, 2013	December 31, 2012
Cash flows from operating activities		
Net profit	**2,332,467**	716,293
Adjustments for:		
Depreciation	**356,534**	364,996
Interest expense	**218,081**	315,358
Interest and dividend income	**(107,072)**	(174,188)
Realized gain on sale of available-for-sale investment	**(1,863,721)**	-
Changes in non-cash working capital		
Deferred income	**276,846**	(207,031)
Accounts receivable	**(60,160)**	(83,547)
Prepaid expenses	**(14,786)**	1,068
Accounts payable and accrued charges	**(42,793)**	(22,165)
Net cash provided by operating activities	**1,095,396**	910,784
Cash flows from investing activities		
Interest and dividends received	**107,072**	174,188
Additions to investment property	**(287,657)**	(648,435)
Proceeds from sale of available-for-sale investment	**2,930,217**	-
Net cash provided by/(used in) investing activities	**2,749,632**	(474,247)
Cash flows from financing activities		
Proceeds from shares issued	**127,745**	-
Repayment of bank loan	**(403,439)**	(5,269,424)
Interest paid	**(218,081)**	(315,358)
Dividends paid	**(288,783)**	-
Net cash used in financing activities	**(782,558)**	(5,584,782)
Net increase/(decrease) in cash and cash equivalents	**3,062,470**	(5,148,245)
Cash and cash equivalents - Beginning of year	**2,363,509**	7,511,754
Cash and cash equivalents - End of year	**5,425,979**	2,363,509

The notes form an integral part of these consolidated financial statements

1. General

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

The Company is listed on the Bermuda Stock Exchange ("BSX") and is domiciled in Bermuda.

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

The Company changed its financial year-end from December 31 to September 30 with effect from the current financial period ended September 30, 2013. The change was to coincide with the financial reporting year end of Bermuda Commercial Bank Limited and its parent company Somers Limited who jointly own 57.02% of the company's outstanding shares.

The consolidated financial statements have been approved for issue by the Board of Directors on December 4, 2013.

2. Significant accounting policies

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

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention, excepted for the revaluation of available-for-sale investments which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are included in Note 15.

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

(b) Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

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

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

IFRS 10, 'Consolidated financial statements'

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This IFRS is effective for the first time for the period beginning on January 1, 2013 and has not had a material impact on the Company.

IFRS 12, 'Disclosures of interests in other entities'

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This IFRS is effective for the first time for the period beginning on January 1, 2013 and has not had a material impact on the Company.

IFRS 13 'Fair value measurement'

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. This IFRS is effective for the first time for the period beginning on January 1, 2013 and has not had a material impact on the Company.

The IASB and the IFRIC have published the following standards' amendments and interpretations. These are not relevant to the Company's current operations and therefore have not had a material impact on the Company:

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

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company.

(iii) There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

(c) Basis of consolidation

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

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

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

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

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

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

(e) Investment property

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

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

Buildings	40 – 50 years

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

Part of the investment property is still considered as construction in progress and therefore not depreciated (note 5). Depreciation commences when the property becomes available for use.

(f) Income recognition

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

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

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

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

(g) **Financial instruments**

Financial assets

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

Receivables

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

Available-for-sale investments

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

Financial liabilities

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

(h) Pension costs

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

(i) Impairment

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

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

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

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

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

The company assesses at each reporting date whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

If the recoverable amount of a non-financial asset is less than its carrying amount, the entity shall reduce the carrying amount of the asset to its recoverable amount as an impairment loss which will be immediately recognized in the profit and loss.

(j) Finance income and finance costs

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

(k) Earnings per share

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. For the share options, the exercise price will be the average of the last three traded price just prior to the exercise date of any   The exercise of the share option plan for certain employees is a discretion of the employees and as of the balance sheet date there were no options exercised which could not be dilutive.

(l) Share based payments

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

3. Cash and cash equivalents

	September 30, 2013	January 1, 2012
Cash at bank	$ 5,425,979	$ 2,363,509

Bank balances yield interest at 1.25% per annum.

4. Property, plant and equipment

	Total
Cost	
At January 1, 2012	1,820,152
December 31, 2012	1,820,152
September 30, 2013	1,909,331
Accumulated depreciation	
At January 1, 2012	902,785
Depreciation charge for the year	68,144
December 31, 2012	970,929
Depreciation charge for the period	54,516
September 30, 2013	1,025,445
Carrying amount	
September 30, 2013	883,887
December 31, 2012	849,223

5. Investment property

	Land	Building	Construction In progress	Cark park	Total
Cost					
At January 1, 2012	$1,394,372	$1,160,608	$14,408,725	$8,317,555	$25,281,260
Additions	-	44,822	-	608,365	653,187
December 31, 2012	1,394,372	1,205,430	14,408,725	8,925,920	25,934,447
Additions	-	-	-	198,477	198,477
September 30, 2013	1,394,372	1,205,430	14,408,725	9,124,397	26,132,924
Accumulated depreciation					
At January 1, 2012	-	986,177	-	1,108,955	2,095,132
Depreciation charge for the year	-	29,015	-	273,336	302,351
December 31, 2012	-	1,015,192	-	1,382,291	2,397,483
Depreciation charge for the period	-	22,602		279,416	302,273
September 30, 2013	-	1,037,794	-	1,661,707	2,699,756
Carrying amount					
September 30, 2013	$1,394,372	$167,636	$14,408,725	$7,462,689	$23,433,422
December 31, 2012	$1,394,372	$190,238	$14,408,725	$7,543,629	$23,536,964

Investment property comprises an office building and infrastructure works of three office towers which has been put on hold and currently used as a temporary parking facility. It also comprises of a vacant parcel of land which will be used to construct a condominium complex which is pending the Department of Planning approval. Construction in progress relates to the plan to build three office towers which have been put on hold indefinitely. The floor plate at and below ground of each of the three planned office towers have been converted into a parking facility.

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

Management is of the opinion that a value of approximately $50.1 million represents a reasonable estimate of the fair value of the property. This adjusted valuation reflects management's best estimate of both quantifiable and unquantifiable assumptions and measurement uncertainties known to management as at September 30, 2013.

6. Available-for-sale Investments

The investment portfolio is comprised of the following:

	September 30, 2013		December 31, 2012	
	Cost	Fair Value	Cost	Fair Value
Equity Securities	$637,095	$389,668	$1,703,512	$2,732,199

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

During the period, the Company sold certain of its investments resulting in a gain on sale of $1,863,721.

The unrealized loss from change in the fair value of the Company's investment portfolio for the period ended September 30, 2013 amounted to $19,137 (December 31, 2012 - $112,746 unrealized gain).

7. Accounts payable and accrued charges

	September 30, 2013	December 31, 2012
Trade payables	109,999	145,733
Other current liabilities	40,068	47,127
	150,067	192,860

8. Loans and borrowings

On February 27, 2009, Belvedere Place A Limited, entered into a construction loan agreement with Butterfield Bank in the amount of $17 million for a period of two years at an interest rate of 1.5% per annum plus the quoted rate of 30 days LIBOR. On the maturity date of the loan the loan was converted to a fifteen-year amortised loan with similar terms and conditions. The Company offered all of its land, buildings and new development as security for the loan by way of a legal mortgage, as well as an assignment of the benefit of the construction contract and an assignment of all rental income from the existing Belvedere Building.

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

	$
2014	556,492
2015	593,419
2016	590,859
2017	606,831
2018	627,349
And beyond	6,352,187
	9,327,137

For more information about the Company's exposure to interest rate and liquidity risk, see Note 14.

9. Share capital and reserves

	September 30, 2013	December 31, 2012
Common Shares Authorised – 5,000,000 share of par value of $1 each Issued and fully paid – 2,907,448 shares (2012 – 2,887,795 shares)	$2,907,448	$2,887,795

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

Accumulated other comprehensive income

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

Share premium

Share premium is the difference between the price paid and the par value of the shares on issuance of shares and for shares subscribed under the Company's employee share purchase plan and the dividend reinvestment plan (Note 9).

10. Share-based payments

Employee share purchase plan

The shareholders of the Company approved an employee share purchase plan in May 2012 whereby eligible employees can purchase the Company's common shares at a price 15% below the average market price. The average market price is determined by the average of the three closing prices of the Company's common shares, set out on the three days preceding the subscription date in which Company's shares traded on the Bermuda Stock Exchange.

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

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

For the period ended September 30, 2013 and year ended December 31, 2012 no employees subscribed for share options and no options were exercised, and none outstanding.

11. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at September 30, 2013 was based on the income attributable to ordinary shareholders of $2,332,467 (December 31, 2012 – $716,293) and a weighted average number of ordinary shares outstanding of 2,897,622 (December 31, 2012 - 2,887,805).

Diluted earnings per share

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

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 to a maximum of 5% of the employees' annual earnings. The pension expense recognised by the Company in the current period was $11,628 (December 31, 2012 - $12,250), representing the Company's share of contributions to the plan.

13. Construction contract

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

The fixed stipulated amount of $38,837,208 dated March 1, 2008 was amended by change order dated September 30, 2008 to a revised stipulated sum of $19,063,556. The change represents the cost of construction of the infrastructure below ground and parking facilities for approximately 309 cars on three levels.

The contractor commenced work in January 2008 and construction was completed in December 2010. The funds withheld on contract of $486,588 (December 31, 2012 - $486,588) represents the retention amount which is currently being negotiated between the Company and BCM McAlpine.

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.

The following are contractual maturities of financial liabilities:

September 30, 2013	Carrying amount	12 months or less	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities					
Accounts payable and accrued charges	150,067	150,067	–	–	–
Bank loans	9,327,137	556,492	593,419	1,825,039	6,352,187
Funds withheld on contract	486,588	486,588	–	–	–
	$9,963,792	$1,193,147	$593,419	$1,825,039	$6,352,187

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

(b) Interest rate risk

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

Sensitivity analysis

A 1% change in the floating interest rate would not increase or decrease net income or shareholders' equity during this period because of the interest rate structure of the loan which is calculated on the Butterfield Bank base rate plus 1.5% per annum. The base rate is calculated as the higher of 3 months LIBOR or 3%. LIBOR has been quoted in the range of 0.20% to 0.35% during the period and therefore does not currently expose the Company to significant interest rate risk. This analysis is performed using market information and in practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(c) Credit risk

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

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

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

	September 30, 2013	December 31, 2012
Not past due	$264,569	$204,409
	$264,569	$204,409

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

The Company does have a significant concentration of its rental revenue from a single tenant in the Belvedere Building which contributes 44% (December 31, 2012 - 43%) of total rental revenue. This tenant has advised the Company that it will not renew its tenancy agreement passed the expiry date of December 31, 2013. The Company manages this risk by actively seeking potential new tenants and offering competitive rates. In addition the tenants in the car parking facility are diversified with demand for parking space exceeding capacity. The additional revenue from full capacity and higher prices will partially offset the decline in rental income from office spaces.

(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 statement of financial position carrying value of the instruments of $389,668 (December 31, 2012 - $2,732,199).

Sensitivity analysis

All the Company's investments in common stocks are listed on the BSX except Bermuda Container Lines which was delisted. Market prices of equities listed on the BSX tend to fluctuate between 10% to 15% on average based on trading activity. A 10% increase in market prices at the reporting date, assuming that all other variables remain constant, would increase the Company's equity and net income by approximately $38,967 (December 31, 2012 - $273,220). An equal change in the opposite direction would have decreased the Company's equity and net income by a corresponding amount. This analysis is performed on the same basis for 2012. 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 gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During 2013, the Company's strategy, which was unchanged from 2012, was to maintain the gearing ratio of 30% to 60%. The gearing ratios at September 30, 2013 and December 31, 2012 were as follows:

	September 30, 2013	December 31, 2012
Total borrowings	$9,327,137	$9,730,576
Less: cash and cash equivalents	5,425,979	2,363,509
Net debt	3,901,158	7,367,067
Total equity	20,094,449	19,199,056
Total capital	23,995,607	26,566,123
Gearing ratio	16.26%	27.73%

The cash balance as at 30th September, 2013 was $5.4 million arising from the sale of certain investments held for resale and in excess of the cash required by the company. This amount will be used to partially fund the development of the property and bring the gearing ratio in line with the capital management strategy.

(f) Fair value

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

Fair value hierarchy

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

- Level 1 : quoted prices (unadjusted) in active markets for identical assets.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.
- Level 3 : inputs for the asset that are not based on observable market data.

	September 30, 2013	December 31, 2012
Level 1	$369,668	$2,712,199
Level 3	$20,000	$20,000

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

15. Operating leases

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

	September 30, 2013	December 31, 2012
Less than one year	$781,361	$1,121,414
Between one and five years	775,033	726,480
	$1,556,394	$1,847,894

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.

Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Principal assumptions underlying management's estimation of fair value

Reflecting the economic environment and market conditions during 2012, which continued throughout 2013, the frequency of property transactions on an arm's length basis has decreased in the commercial property market. For these properties with a total carrying amount of $23,433,422 (December 31, 2012 - $23,536,964) was based on historical cost. The valuation for disclosure purposes was determined principally using discounted cash flow projections based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current (at the date of the statement of financial position) market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

17. Taxation

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

18. Related parties

Bermuda Commercial Bank Limited (BCB) is the Company's largest shareholder owning 42.06% of the Company's outstanding common shares.

During the period, Somers Limited, the parent company of BCB, purchased 14.95% of the Company outstanding shares thereby increasing Somers' beneficial ownership in the Company to 57.02%.

Key management personnel compensation comprised:

	September 30, 2013	December 31, 2012
Short-term employee benefits	$254,218	$293,300

During the period ended September 30, 2013, the directors and executive officers of the Company had a combined interest in 446,625 of the Company's common shares (December 31, 2012 – 485,620 shares).

Subsidiaries

Subsidiaries as at September 30th, 2013

West Hamilton Limited

71 Pitts Bay Road

Pembroke HM 08

Incorporated in Bermuda on 29th April, 1923

Offers Commercial spaces to rent

Belvedere Place 'A' Limited

Incorporated in Bermuda on 29th October, 2007

A Commercial Property Development Company

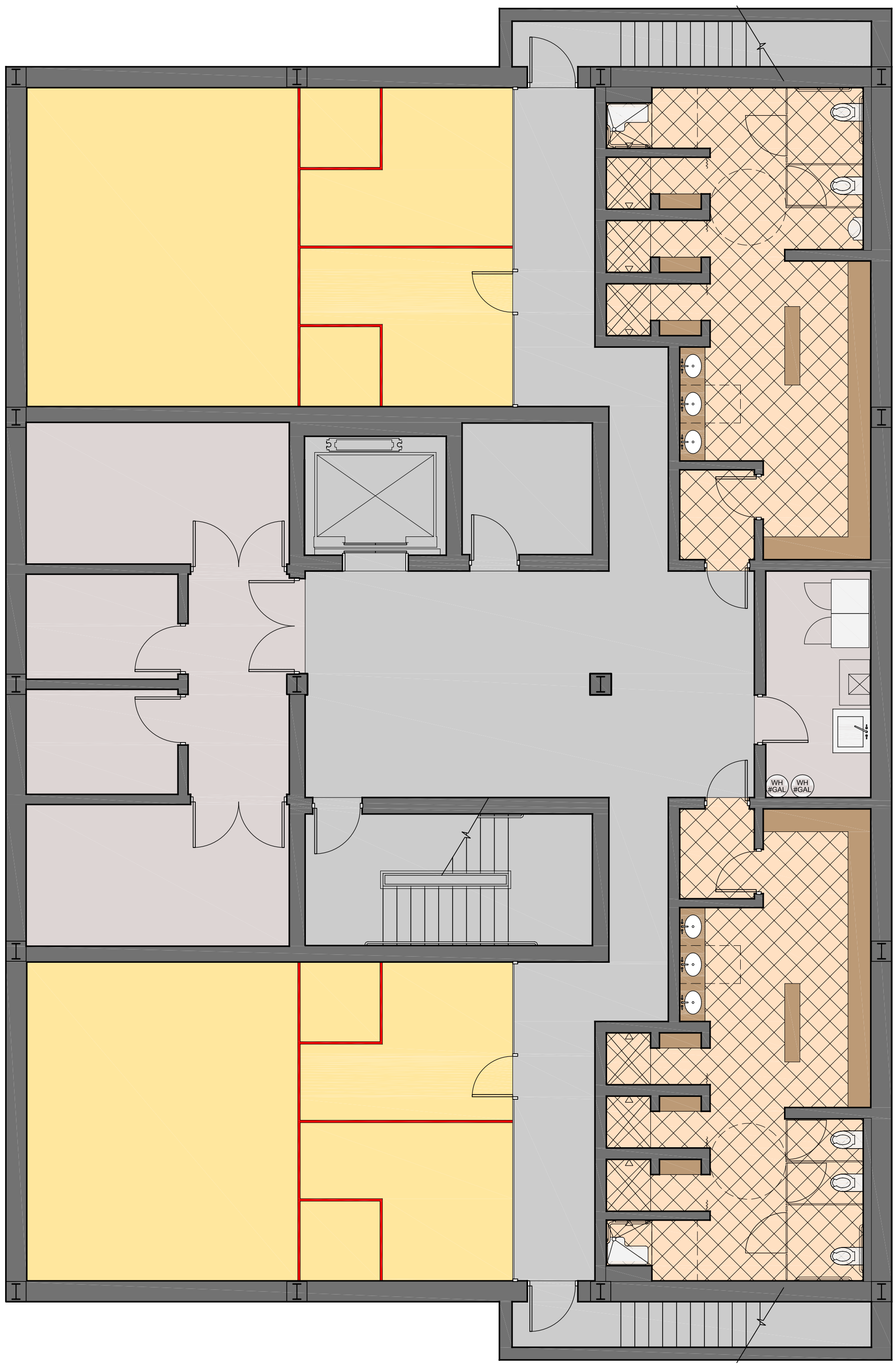
West Hamilton Investments Limited

Incorporated in Bermuda on 20th June, 2012

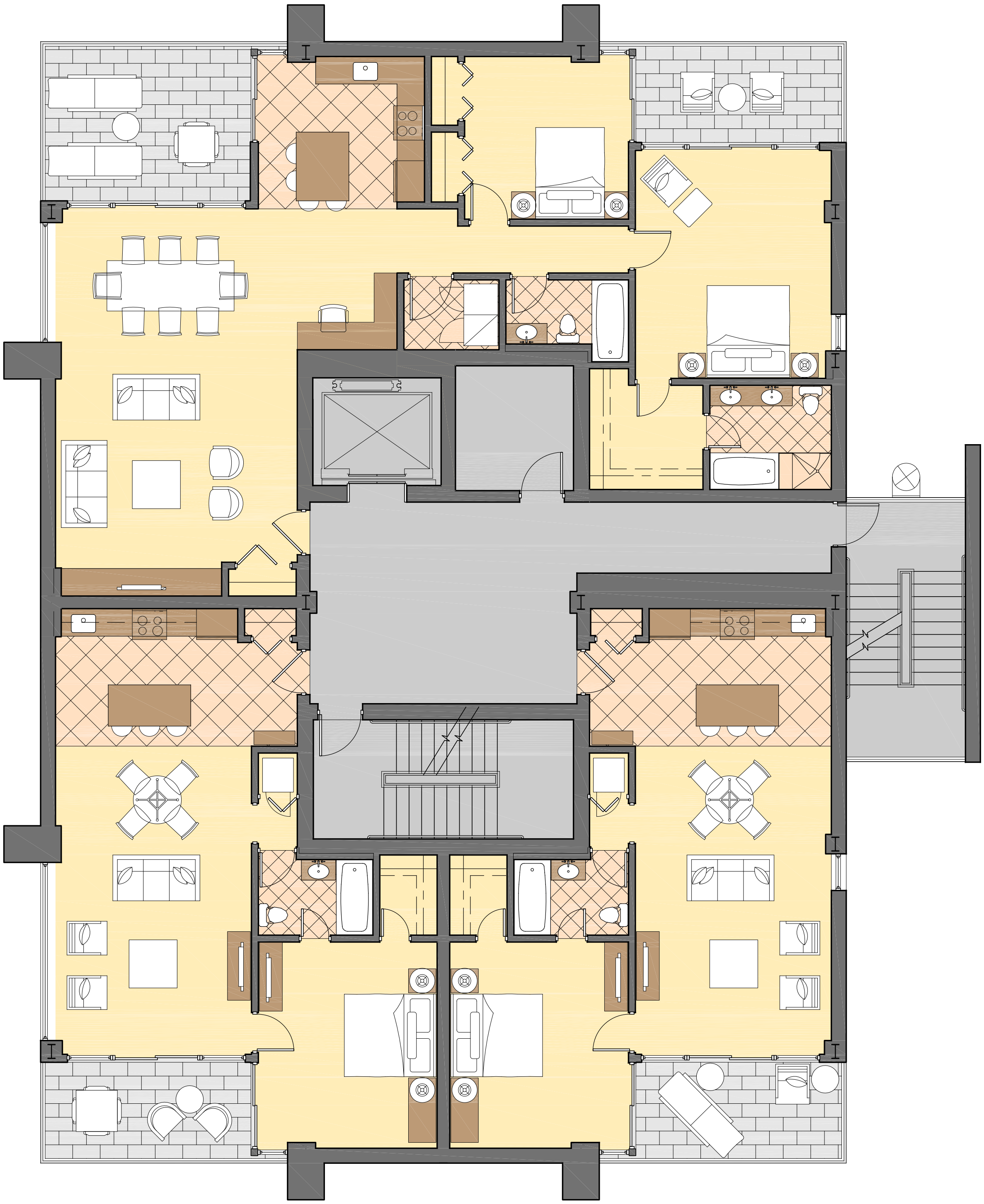
An Investment Management Company

trading in shares listed on the BSX

Proposed Development Footprint



Proposed Development Floor Plan



Directors & Officers

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

Bankers

Bank of N.T. Butterfield & Sons Limited
66 Front Street
Hamilton

Bermuda Commercial Bank Limited
19 Par-La-Ville Road
Hamilton

Auditors

PricewaterhouseCoopers
7 Church Street
Hamilton

Solicitors

Conyers, Dill & Pearman
2 Church Street
Hamilton

Registrar & Transfer Agent

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

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