

Bahamas Property Fund Limited

(Incorporated under the laws of the Commonwealth of The Bahamas)

Consolidated Statement of Financial Position (Unaudited)

As of 30 September 2019

(Expressed in Bahamian dollars)

	30-Sep 2019	31-Dec 2018
	\$	\$
ASSETS		
Non-current assets		
Investment property	33,000,000	33,000,000
Current assets		
Cash at bank	2,863,603	2,621,138
Trade receivables	533,462	745,638
Other assets	315,938	965,576
	3,713,003	4,332,352
Total assets	36,713,003	37,332,352
LIABILITIES		
Non-current liabilities		
Security deposits from tenants	275,794	403,835
	275,794	403,835
Current liabilities		
Accrued expenses and other liabilities	863,707	939,039
Unearned tenant income	56,014	-
Borrowings	9,463,037	10,013,577
	10,382,758	10,952,616
Total liabilities	10,658,552	11,356,451
EQUITY		
Capital – ordinary shares	12,035,000	12,035,000
Retained earnings	14,019,451	13,940,901
Total equity	26,054,451	25,975,901
Total liabilities and equity	36,713,003	37,332,352

Bahamas Property Fund Limited**Consolidated Statement of Comprehensive Income (Unaudited)
For the Nine Months Ended 30 September 2019
(Expressed in Bahamian dollars)**

	Nine Months Ended	Nine Months Ended
	30-Sep 2019	30-Sep 2018
	\$	\$
INCOME		
Rental and parking revenue	2,098,951	2,384,983
Net fair value loss on investment property	-	-
	2,098,951	2,384,983
EXPENSES		
Maintenance cost of vacant rental spaces	921,673	1,513,013
Maintenance cost of car parking lots	167,059	227,726
Management fee	116,276	104,741
Business licence fees	22,035	24,633
Legal and professional fees	83,103	41,451
Directors' fees	14,000	12,000
Other	358,401	312,173
	1,682,548	2,235,737
Operating profit	416,404	149,246
Interest income	-	-
Interest expense and related charges	(337,854)	(341,170)
Net income/(loss) and total comprehensive income/(loss)	78,550	(191,924)
Weighted average number of ordinary shares outstanding	2,407,000	2,407,000
Earnings per share	0.03	(0.08)

Bahamas Property Fund Limited

Consolidated Statement of Changes in Equity (Unaudited)

For the Nine Months Ended 30 September 2019

(Expressed in Bahamian dollars)

	Capital – Ordinary Shares \$	Retained Earnings \$	Total \$
As of 1 January 2019	<u>12,035,000</u>	<u>13,940,901</u>	<u>25,975,901</u>
Total comprehensive income	<u>-</u>	<u>78,550</u>	<u>78,550</u>
As of 30 September 2019	<u>12,035,000</u>	<u>14,019,451</u>	<u>26,054,451</u>
Dividends per share	<u>-</u>		
As of 1 January 2018	<u>12,035,000</u>	<u>9,708,120</u>	<u>21,743,120</u>
Total comprehensive income	<u>-</u>	<u>4,232,781</u>	<u>4,232,781</u>
As of 31 December 2018	<u>12,035,000</u>	<u>13,940,901</u>	<u>25,975,901</u>
Dividends per share	<u>-</u>		

Bahamas Property Fund Limited

Consolidated Statement of Cash Flows (Unaudited)
For the Nine Months Ended 30 September 2019
(Expressed in Bahamian dollars)

	<u>Nine Months Ended</u>	<u>Year Ended</u>
	<u>30-Sep</u>	<u>31-Dec</u>
	<u>2019</u>	<u>2018</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	78,550	4,232,781
Adjustments for:		
Net fair value (gain)/loss on investment property	-	(4,300,000)
Interest expense and related charges	337,854	454,810
	<u>416,404</u>	<u>387,591</u>
(Increase)/Decrease in operating assets:		
Investment property	-	(200,000)
Trade receivables	212,176	(312,256)
Other assets	649,638	(543,802)
Increase/(Decrease) in operating liabilities:		
Security deposits from tenants	(128,041)	138,727
Accrued expenses and other liabilities	(75,331)	459,769
Unearned income	56,014	-
	<u>1,130,859</u>	<u>(69,971)</u>
Net cash from/(used in) operating activities	<u>1,130,859</u>	<u>(69,971)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(337,854)	(451,108)
Repayments of borrowings	(550,540)	(721,037)
Net cash used in financing activities	<u>(888,394)</u>	<u>(1,172,145)</u>
	<u>242,465</u>	<u>(1,242,116)</u>
Net increase/(decrease) in cash and cash equivalents	<u>242,465</u>	<u>(1,242,116)</u>
Cash and cash equivalents as of the beginning of the year	2,621,138	3,863,254
Cash and cash equivalents as of the end of the period	<u>2,863,603</u>	<u>2,621,138</u>
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CASH AND CASHEQUIVALENTS		
Cash at bank	2,863,603	2,621,138

Bahamas Property Fund Limited

Notes to the Interim Consolidated Financial Statements (Unaudited) For the Nine Months Ended 30 September 2019 (Expressed in Bahamian dollars)

1. General Information

Bahamas Property Fund Limited (the Company) is incorporated under the Companies Act, 1992 of the Commonwealth of The Bahamas (The Bahamas). The Company's principal activity, through its subsidiaries, is the investing in selected commercial real estate properties in The Bahamas for the purposes of rental income yields, through leases, and achieving long-term capital appreciation.

The Company has three (3) wholly owned subsidiaries, Fincen Limited (Fincen), Marina Drive Number One Limited (Marina) and ProvHouse Limited (ProvHouse), all of which are incorporated under the Companies Act, 1992 of The Bahamas. Fincen owns the Bahamas Financial Centre located in New Providence, Bahamas; Marina owns One Marina Drive located in Paradise Island, Bahamas; and ProvHouse owns Providence House located in New Providence, Bahamas. The Company and its subsidiaries are referred to as the Group.

The Company's Class A ordinary shares are listed and traded on the Bahamas International Securities Exchange, and the registered office of the Company and its subsidiaries (collectively referred to as the Group) is located at Providence House, East Hill Street, Nassau, Bahamas.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the unaudited interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

The audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and these unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 December 2018.

New standards, amendments and interpretations adopted by the Group

IFRS 16 Leases was issued in January 2016 and is effective for annual reporting periods starting on or after 1 January 2019. It replaces IAS 17 Leases and related Interpretations. Lessor accounting remains substantially the same as in IAS 17. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 Leases (IAS 17). Lessees will recognize a 'right of use' asset and a corresponding financial liability on the interim consolidated statement of financial position. The asset will be amortized over the length of the lease and the financial liability measured at amortized cost. There is not a significant impact as a result of the Group adopting IFRS 16.

Bahamas Property Fund Limited

Notes to the Interim Consolidated Financial Statements (Unaudited) For the Nine Months Ended 30 September 2019 (Expressed in Bahamian dollars)

2. Summary of Significant Accounting Policies (Continued)

(b) Principles of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency translation

Functional and presentation currency

Items included in the unaudited interim consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The unaudited interim consolidated financial statements are presented in Bahamian dollars (B\$), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the unaudited interim consolidated statement of comprehensive income as a part of net income.

Bahamas Property Fund Limited

Notes to the Interim Consolidated Financial Statements (Unaudited) For the Nine Months Ended 30 September 2019 (Expressed in Bahamian dollars)

2. Summary of Significant Accounting Policies (Continued)

(d) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by companies in the Group, is classified as investment property. Investment property comprises freehold land and buildings.

Investment property is measured initially at its cost, including related transaction costs. Subsequently, investment property is carried at fair value. Fair value is based on valuation methods using discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the fair value of the property.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the interim consolidated statement of comprehensive income as a part of net income during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Changes in fair values are recognized in the interim consolidated statement of comprehensive income as a part of net income. Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group are classified as operating leases. Properties leased out under such leases are included in investment property in the interim consolidated statement of financial position. Rental income recognition is described in Note 2(f).

Bahamas Property Fund Limited

Notes to the Interim Consolidated Financial Statements (Unaudited) For the Nine Months Ended 30 September 2019 (Expressed in Bahamian dollars)

2. Summary of Significant Accounting Policies (Continued)

(f) Income and expense recognition

Rental income from operating leases (including office, retail and parking space) is recognized on a straight-line basis over the lease term. When the Group provides incentives to its customers, the costs of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income. Rental payments received in advance are recognized as unearned rental income and recorded in income over the period to which the payment relates.

Interest income and expense are recognized using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

All other income and expenses are recognized on the accrual basis.