

PARAGON PROPERTIES LIMITED
(Formerly J'LYN LIMITED)

Financial Statements
(Unaudited)
December 31, 2023

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COMPILATION REPORT TO SHAREHOLDER(S) OF PARAGON PROPETRIES LIMITED (Formerly J'LYN LIMITED)

On the basis of information provided by the directors I have compiled, in accordance with the International Standard on Related Services applicable to compilation engagements, the statement of financial position of PARAGON PROPERTIES LIMITED (formerly J'LYN Limited) as of December 31, 2023 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended. The directors are responsible for these financial statements. I have not audited or reviewed these financial statements and accordingly express no opinion or assurance thereon.

The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.



Chartered Accountant

June 21, 2024
Nassau, Bahamas

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Financial Position
As at December 31
(Expressed in Bahamian dollars)

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Prepaid expenses and other assets	4	102,805	21,424
Total current assets		<u>102,805</u>	<u>21,424</u>
Non-current Assets			
Mortgage receivable	5	-	99,855
Investment properties	6	3,686,938	4,557,531
Fixed assets	7	<u>47,001</u>	<u>54,186</u>
Total non-current assets		<u>3,733,939</u>	<u>4,711,572</u>
TOTAL ASSETS		<u><u>3,836,744</u></u>	<u><u>4,732,996</u></u>

Continued

The accompanying notes are an integral part of these financial statements. The financial statements are unaudited and should be read in conjunction with the Compilation Report on page 1.

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)
(Incorporated under the laws of The Commonwealth of The Bahamas)

Statement of Financial Position
As at December 31
(Expressed in Bahamian dollars)

	Notes	2023 \$	2022 \$
LIABILITIES & EQUITY			
Current Liabilities			
Bank overdraft	3	473,405	423,215
Accounts payable and other liabilities	8	41,157	38,830
Total current liabilities		514,562	462,045
Non-current Liabilities			
Mortgages on investment properties	9	903,152	1,435,735
Total non-current liabilities		903,152	1,435,735
Total liabilities		1,417,714	1,897,780
Equity			
Share capital	10	20	20
Shareholder funding	12	861,819	1,297,673
Retained earnings		1,557,191	1,537,523
Total equity		2,419,030	2,835,216
TOTAL LIABILITIES & EQUITY		3,836,744	4,732,996

The financial statements were approved by Director and Shareholder, Franklyn A. Butler, on June 21, 2024



Franklyn A. Butler
 Director

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PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Statement of Comprehensive Income For the year ended December 31 (Expressed in Bahamian dollars)

	Notes	2023 \$	2022 \$
Revenues			
Rental income	11	295,418	152,000
Less: Realtor commissions		(4,915)	(7,040)
Net rental income		<u>290,503</u>	<u>144,960</u>
Operating Expenses			
Repairs and maintenance		43,593	28,383
Insurance expense		24,024	28,772
Professional fees		12,065	14,312
Property management fees		25,679	-
Bank charges		3,076	1,685
Real property tax		14,877	22,164
Utilities		6,428	4,038
Donations		2,980	4,200
Depreciation	7	24,726	10,458
Selling costs		215,411	-
Other		350	413
Total expenses		<u>373,209</u>	<u>114,425</u>
Net operating (loss)/income		<u>(82,706)</u>	<u>30,535</u>
Other Income/(Expenses)			
Net gains from fair value adjustments on investment properties	6	178,921	1,106,018
Proceeds from insurance claim		-	32,908
Interest income	5	5,436	12,412
Less: Interest expense	3, 9	(81,983)	(80,758)
Net other income		<u>102,374</u>	<u>1,070,580</u>
Net Comprehensive Income		<u><u>19,668</u></u>	<u><u>1,101,115</u></u>

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PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Statement of Changes in Equity For the year ended December 31 (Expressed in Bahamian dollars)

		Share Capital	Shareholder Funding	Retained Earnings	Total Equity
	Notes	\$	\$	\$	\$
Balance at January 1, 2022		20	503,016	436,408	939,444
Net comprehensive income		-	-	1,101,115	1,101,115
Net increase in shareholder funding	12	-	794,657	-	794,657
Balance at December 31, 2022		20	1,297,673	1,537,523	2,835,216
Balance at January 1, 2023		20	1,297,673	1,537,523	2,835,216
Net comprehensive income		-	-	19,668	19,668
Net decrease in shareholder funding	12	-	(435,854)	-	(435,854)
Balance at December 31, 2023		20	861,819	1,557,191	2,419,030

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PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Statement of Cash Flows

For the year ended December 31

(Expressed in Bahamian dollars)

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Net comprehensive income for the year		19,668	1,101,115
Adjustments to reconcile net comprehensive income to net cash from operating activities:			
- Depreciation of fixed assets	7	24,726	10,458
- Net gain from fair value adjustments on investment properties	6	(178,921)	(1,106,018)
Net cash flows from net comprehensive (loss)/income before changes in operating assets and liabilities		(134,527)	5,555
- Net increase in prepaid expenses and other assets		(81,381)	(11,565)
- Net increase/(decrease) in accounts payable and other liabilities		2,327	(4,798)
Net cash used in operating activities		(213,581)	(10,808)
Cash flows from investing activities			
Decrease in short-term loan receivable		-	32,722
Decrease in mortgage receivable		99,855	44,651
Purchase of investment property	6	(202,788)	(724,500)
Subsequent expenditure on investment property	6	(402,698)	(674,368)
Disposal of investment property	6	1,655,000	-
Purchase of fixed assets	7	(17,541)	(39,418)
Net cash from/(used in) investing activities		1,131,828	(1,360,913)
Cash flows from financing activities			
Proceeds from bank loans	9	-	643,123
Repayment of bank loans	9	(532,583)	(57,769)
(Decrease)/Increase in shareholder funding		(435,854)	794,657
Net cash (used in)/from financing activities		(968,437)	1,380,011
Net (decrease)/increase in cash and cash equivalents		(50,190)	8,290
Cash and cash equivalents, beginning of year		(423,215)	(431,505)
Cash and cash equivalents, end of year		(473,405)	(423,215)

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PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Notes to Financial Statements - (Unaudited)

December 31, 2023

1. General

J'LYNN Limited, (the "Company") was incorporated under the laws of the Commonwealth of The Bahamas in 2011 and serves as an asset holding structure for its shareholder(s), who contribute capital to the entity on an ongoing basis to facilitate desired transactions. Its primary asset class is real estate investments (land and housing units for rent). In November 2020 the Company made application to the Registrar General and was approved for a name change from J'LYNN Limited to Paragon Properties Limited.

2. Summary of Significant Accounting Policies

The accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements have been prepared in accordance with a modified basis of International Financial Reporting Standards (IFRS), as it does not include all the disclosure requirements of IFRS.

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, current account balances with banks (including overdrafts) and fixed deposits with original contractual maturities of three months or less.

(c) Investment property

Investment property includes property held for long-term rental yields or for capital appreciation or both and is not owner-occupied. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is initially recognized at cost, including related transaction costs and where applicable, borrowing costs. After initial recognition, investment property is subsequently measured at fair value, if the fair value is reliably determinable, in accordance with International Accounting Standard (IAS) 40. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

Neither land nor buildings are depreciated. The Company's policy is to have its investment property portfolio appraised by independent professional valuers every two to three years.

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Notes to Financial Statements - (Unaudited)

December 31, 2023

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when 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 statement of comprehensive income. Investment properties are derecognized when they have been disposed.

Where the Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net gain/(loss) from fair value adjustment on investment property. Related transaction costs are recorded in the statement of comprehensive income as selling costs.

If an investment property becomes owner-occupied, it is reclassified as a fixed asset. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

(d) Fixed assets

Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and, where applicable, borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Furniture & fixtures: 5 years
- Generators: 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Notes to Financial Statements - (Unaudited) December 31, 2023

(e) Income and expense recognition

Revenue is recognized on an accrual basis once the Company has the right to receive consideration, it is probable that an economic benefit will flow to the Company and the amount of revenue can be measured reliably.

Rental income is earned on the residential rental properties (see note 11). The Company makes payments to agents for services in connection with arranging leases. These fees are expensed on payment as realtor commissions and deducted from rental income in the statement of comprehensive income.

Interest income is earned from short-term loans and long-term mortgages to individuals and companies. Such interest is measured using the amortized cost model.

3. Cash and Cash Equivalents

The Company has an overdraft facility with Scotiabank (Bahamas) Limited, which is secured with investment properties owned by the Company. The overdraft limit is \$475,000 (2022: \$475,000). Overdraft interest expense totaling \$22,693 (2022: \$22,345) is recognized in the statement of comprehensive income in interest expense.

4. Prepaid Expenses and Other Assets

Included in prepaid expenses and other assets is \$99,288, representing net proceeds due from the sale of the vacant lot in Jacaranda.

5. Mortgage Receivable

In September 2019, the Company loaned \$200,000 to a non-affiliate company. The mortgage had a term of five years and accrued interest at a rate of 10% per annum. Upon drawdown, there were thirteen interest-only payments totaling \$1,667 per month. The remaining forty-seven payments comprised monthly blended payments totaling \$4,755. The outstanding mortgage balance was paid in full during the year. Interest income on the mortgage for the year ended December 31, 2023 was \$5,436 (2022: \$12,412).

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Notes to Financial Statements - (Unaudited) December 31, 2023

6. Investment Properties

The Company's investment property portfolio is comprised of the following:

		2023	2022
		\$	\$
Vacant Land	Location		
Hooper's Bay Lot 8	Exuma, Bahamas	92,183	92,183
Hooper's Bay Lot 9	Exuma, Bahamas	92,183	92,183
Jacaranda	Nassau, Bahamas	-	156,079
Cigatoo Estates Lot 186	Eleuthera, Bahamas	101,394	-
Cigatoo Estates Lot 187	Eleuthera, Bahamas	101,394	-
		<u>387,154</u>	<u>340,445</u>
Residential Rental Property			
Charlotteville TH6	Nassau, Bahamas	635,000	635,000
Star Estates	Nassau, Bahamas	740,000	740,000
Sandyport Coral Beach	Nassau, Bahamas	-	1,320,000
Sea La Vie	Nassau, Bahamas	1,694,784	1,292,086
		<u>3,069,784</u>	<u>3,987,086</u>
Commercial Real Estate			
Faith Avenue	Nassau, Bahamas	230,000	230,000
Total		<u>3,686,938</u>	<u>4,557,531</u>

The movement in investment properties is summarized as follows:

	2023	2022
	\$	\$
Balance, beginning of year	4,557,531	2,052,645
Purchases	202,788	724,500
Subsequent expenditure	402,698	674,368
Net gain on fair value adjustments	178,921	1,106,018
Disposals	(1,655,000)	-
Balance, end of year	<u>3,686,938</u>	<u>4,557,531</u>

During the year ended December 31, 2023, the Company sold the vacant lot at Jacaranda for \$155,000 and the residential rental property at Sandyport Coral Beach for \$1,500,000. These transactions yielded the Company a net gain on fair value adjustments of \$178,921. Additionally, selling costs on the transactions of \$215,411 were recorded as an expense in the statement of comprehensive income, resulting in a net loss on disposal of \$36,490.

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Notes to Financial Statements - (Unaudited) December 31, 2023

7. Fixed Assets

	Furniture & Equipment \$	Generators \$	2023 \$
Cost			
Balance, January 1, 2023	21,496	43,148	64,644
Purchases	2,540	15,001	17,541
Balance, December 31, 2023	24,036	58,149	82,185
Accumulated depreciation			
Balance, January 1, 2023	7,099	3,359	10,458
Depreciation	14,778	9,948	24,726
Balance, December 31, 2023	21,877	13,307	35,184
Net book value, December 31, 2023	2,159	44,842	47,001
	Furniture & Equipment \$	Generators \$	2022 \$
Cost			
Balance, January 1, 2022	21,496	3,730	25,226
Purchases	-	39,418	39,418
Balance, December 31, 2022	21,496	43,148	64,644
Accumulated depreciation			
Balance, January 1, 2022	-	-	-
Depreciation	7,099	3,359	10,458
Balance, December 31, 2022	7,099	3,359	10,458
Net book value, December 31, 2022	14,397	39,789	54,186

8. Accounts Payable and Other Liabilities

Accounts payable and other liabilities are comprised of the following:

	2023 \$	2022 \$
Security deposits on rental properties	12,800	14,100
Unearned rental income	4,800	13,900
Professional fees payable	16,684	8,842
Property management fees payable	4,937	-
Overdraft interest payable	1,936	1,988
	41,157	38,830

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Notes to Financial Statements - (Unaudited) December 31, 2023

9. Mortgages on Investment Properties

Sandyport Coral Beach

In August 2020, the Company entered into a loan agreement for \$550,000 with Scotiabank (Bahamas) Limited. The loan was used to finance the acquisition of the Sandyport Coral Beach residential rental property. There is a fixed monthly principal payment of \$2,321. The interest rate on the loan is the Bahamian Dollar Prime Lending Rate plus 0.25% (or 4.50%) and is paid monthly. The loan was repaid in full when the property was sold in November 2023. Interest expense on the loan during the year was \$17,639 (2022: \$24,008).

Star Estates

In November 2021, the Company entered into a loan agreement for \$342,757 with Commonwealth Bank Limited. The loan was used to finance the acquisition of the Star Estates apartment complex. There is a blended monthly payment of principal and interest totaling \$2,760. The interest rate on the loan is the Bahamian Dollar Prime Lending Rate plus 0.25% (or 4.50%). Interest expense on the loan during the year was \$15,855 (2022: \$16,671).

Sea La Vie

In April 2022, the Company entered into a loan agreement for \$630,000 with Royal Bank (Bahamas) Limited. The loan was used to finance the acquisition of the Sea La Vie residential rental property in Vista Marina. There is a blended monthly payment of principal and interest totaling \$3,901. The interest rate on the loan is the Bahamian Dollar Prime Lending Rate (or 4.25%). Interest expense on the loan during the year was \$25,796 (2022: \$17,734).

The outstanding loan balances as at December 31 for each property are as follows:

	2023	2022
	\$	\$
Sandyport Coral Beach	-	494,304
Star Estates	307,646	324,907
Sea La Vie	595,506	616,524
	<u>903,152</u>	<u>1,435,735</u>

10. Share Capital

The Company's authorized share capital is \$5,000 and is comprised of 5,000 ordinary shares with a par value of \$1.00 each. Twenty (20) shares are issued and fully paid.

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)

Notes to Financial Statements - (Unaudited) December 31, 2023

11. Rental Income

Charlottesville TH6

The three-year lease term, which expired on August 31, 2022, was renewed for an additional three years to August 31, 2025. The total rental payments under the current lease agreement is \$56,000 per annum, payable tri-annually in advance.

Sandyport Coral Beach

In December 2021, the Company entered a two-year lease to rent its Sandyport property for \$7,500 per month. The property was sold in November 2023 and the last month's rent was applied in October 2023.

Star Estates

The Star Estates apartment complex houses four (4) rental units, all of which were leased by the Company in the fourth quarter of 2022 on month-to-month tenancies for \$1,600 per month each. During the year, \$68,800 (2022: \$8,000) was collected in rent. Three units were occupied as of December 31, 2023.

Sea La Vie

Sea La Vie is listed on Airbnb and is managed by a Property Manager. Fees charged by Airbnb are recognized in rental commissions on the statement of comprehensive income. Fees paid to the Property Manager are recognized in property management fee expense on the statement of comprehensive income.

The Company does not earn rental income from any other properties.

The future rental income committed as of December 31 under the operating leases is estimated to be as follows:

	2023	2022
	\$	\$
No later than 1 year	113,600	207,800
Later than 1 year and no later than 5 years	37,333	93,333
	150,933	301,133

PARAGON PROPERTIES LIMITED (Formerly J'LYN LIMITED)**Notes to Financial Statements - (Unaudited)
December 31, 2023****12. Shareholder Funding**

Occasionally, the shareholder injects capital (cash transactions) into the Company or uses personal resources to satisfy liabilities on behalf of the Company (non-cash transactions). Both transactions are recognized as an increase in shareholder funding in the statement of changes in equity.

Likewise, the Company may use its cash to pay for the personal expenses or investment activities of the shareholder. These transactions are recognized as a reduction in shareholder funding in the statement of changes in equity.