

PARAGON PROPERTIES LIMITED

**Financial Statements
(Unaudited)
December 31, 2024**

Paragon Properties Limited
Financial Statements (Unaudited)
December 31, 2024

CONTENTS

	Page
Practitioner's Compilation Report	1
Statement of Financial Position	2
Statement of Comprehensive Loss	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to Financial Statements – (Unaudited)	7

Herbert R. Cash, CA
P.O. Box N-9236
Nassau, Bahamas
Phone: 242-376-6912
Email: hcash@rdcpartners.com

Practitioner's Compilation Report

To the Board of Directors of Paragon Properties Limited

I have compiled the accompanying financial statements of Paragon Properties Limited based on information you have provided. These financial statements comprise the statement of financial position of Paragon Properties Limited as at December 31, 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to me to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS.



Chartered Accountant

June 12, 2025
Nassau, Bahamas

PARAGON PROPERTIES LIMITED
(Incorporated under the laws of The Commonwealth of The Bahamas)

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

	Notes	2024 \$	2023 \$
ASSETS			
Current Assets			
Prepaid expenses and other assets	4	17,720	102,805
Total current assets		17,720	102,805
Non-current Assets			
Investment properties	6	3,492,154	3,686,938
Fixed assets	7	162,347	47,001
Total non-current assets		3,654,501	3,733,939
TOTAL ASSETS		3,672,221	3,836,744

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 Practitioner's Compilation Report on page 1.

PARAGON PROPERTIES LIMITED
(Incorporated under the laws of The Commonwealth of The Bahamas)

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

	Notes	2024 \$	2023 \$
LIABILITIES & EQUITY			
Current Liabilities			
Bank overdraft	3	404,874	473,405
Accounts payable and other liabilities	8	101,955	41,157
Total current liabilities		506,829	514,562
Non-current Liabilities			
Mortgages on investment properties	9	573,650	903,152
Total non-current liabilities		573,650	903,152
Total liabilities		1,080,479	1,417,714
Equity			
Share capital	10	20	20
Shareholder funding	12	1,146,668	861,819
Retained earnings		1,445,054	1,557,191
Total equity		2,591,742	2,419,030
TOTAL LIABILITIES & EQUITY		3,672,221	3,836,744

The financial statements were approved by Director and Shareholder, Franklyn A. Butler, on June 12, 2025



Franklyn A. Butler
 Director

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

PARAGON PROPERTIES LIMITED

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

	Notes	2024 \$	2023 \$
Revenues			
Rental income	11	321,350	295,418
Less: Realtor commissions		(10,957)	(4,915)
Net rental income		<u>310,393</u>	<u>290,503</u>
Operating Expenses			
Repairs and maintenance		45,113	43,593
Insurance expense		26,070	24,024
Professional fees		12,669	12,065
Property management fees		34,804	25,679
Bank charges		2,512	3,076
Real property tax		5,108	14,877
Utilities		8,813	6,428
Donations		7,280	2,980
Depreciation	7	39,189	24,726
Selling costs		-	215,411
Other		455	350
Total expenses		<u>182,013</u>	<u>373,209</u>
Net operating income/(expenses)		<u>128,380</u>	<u>(82,706)</u>
Other Income/(Expenses)			
Net (losses)/gains from fair value adjustments on investment properties	6	(194,784)	178,921
Interest income	5	-	5,436
Less: Interest expense	3, 9	(45,733)	(81,983)
Net other (expenses)/income		<u>(240,517)</u>	<u>102,374</u>
Net Comprehensive (Loss)/Income		<u>(112,137)</u>	<u>19,668</u>

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

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, 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
Balance at January 1, 2024		20	861,819	1,557,191	2,419,030
Net comprehensive loss		-	-	(112,137)	(112,137)
Net increase in shareholder funding	12	-	284,849	-	284,849
Balance at December 31, 2024		20	1,146,668	1,445,054	2,591,742

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

PARAGON PROPERTIES LIMITED

Statement of Cash Flows

For the year ended December 31

(Expressed in Bahamian dollars)

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Net comprehensive (loss)/income for the year		(112,137)	19,668
Adjustments to reconcile net comprehensive (loss)/income to net cash from operating activities:			
- Depreciation of fixed assets	7	39,189	24,726
- Net losses/(gains) from fair value adjustments on investment properties	6	194,784	(178,921)
Net cash flows from net comprehensive (loss)/income before changes in operating assets and liabilities		121,836	(134,527)
- Net decrease/(increase) in prepaid expenses and other assets		85,085	(81,381)
- Net increase in accounts payable and other liabilities		60,798	2,327
Net cash inflow/(outflow) from operating activities		267,719	(213,581)
Cash flows from investing activities			
Decrease in mortgage receivable		-	99,855
Purchase of investment property	6	-	(202,788)
Subsequent expenditure on investment property	6	-	(402,698)
Disposal of investment property	6	-	1,655,000
Purchase of fixed assets	7	(154,535)	(17,541)
Net cash (outflow)/inflow from investing activities		(154,535)	1,131,828
Cash flows from financing activities			
Repayment of bank loans	9	(329,502)	(532,583)
Increase/(decrease) in shareholder funding		284,849	(435,854)
Net cash outflow from financing activities		(44,653)	(968,437)
Net increase/(decrease) in cash and cash equivalents		68,531	(50,190)
Cash and cash equivalents, beginning of year		(473,405)	(423,215)
Cash and cash equivalents, end of year		(404,874)	(473,405)

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

PARAGON PROPERTIES LIMITED

Notes to Financial Statements - (Unaudited) December 31, 2024

1. General

Paragon Properties 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 current account balances with banks (including overdrafts).

(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

Notes to Financial Statements - (Unaudited)

December 31, 2024

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

Notes to Financial Statements - (Unaudited) December 31, 2024

(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 \$430,000 (2023: \$475,000). Overdraft interest expense totaling \$20,396 (2023: \$22,693) 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 the unamortized portion of insurance on the investment property. In the prior year, the balance mainly reflected \$99,288 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 in 2023. Interest income on the mortgage for the year ended December 31, 2024 was \$nil (2023: \$5,436).

PARAGON PROPERTIES LIMITED

Notes to Financial Statements - (Unaudited) December 31, 2024

6. Investment Properties

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

		2024	2023
		\$	\$
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
Cigatoo Estates Lot 186	Eleuthera, Bahamas	101,394	101,394
Cigatoo Estates Lot 187	Eleuthera, Bahamas	101,394	101,394
		<u>387,154</u>	<u>387,154</u>
Residential Rental Property			
Charlotteville TH6	Nassau, Bahamas	635,000	635,000
Star Estates	Nassau, Bahamas	740,000	740,000
Sea La Vie	Nassau, Bahamas	1,500,000	1,694,784
		<u>2,875,000</u>	<u>3,069,784</u>
Commercial Real Estate			
Faith Avenue	Nassau, Bahamas	230,000	230,000
Total		<u>3,492,154</u>	<u>3,686,938</u>

The movement in investment properties is summarized as follows:

	2024	2023
	\$	\$
Balance, beginning of year	3,686,938	4,557,531
Purchases	-	202,788
Subsequent expenditure	-	402,698
Net (losses)/gains on fair value adjustments	(194,784)	178,921
Disposals	-	(1,655,000)
Balance, end of year	<u>3,492,154</u>	<u>3,686,938</u>

During the year ended December 31, 2024, the Company had the Sea La Vie property appraised by an independent professional valuer, which resulted in the recognition of a fair value loss of \$194,784 in the statement of comprehensive income.

During the year ended December 31, 2023, the Company sold the vacant lot at Jacaranda for \$155,000 and the residential rental property at Sandport 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. There were no similar transactions in 2024.

PARAGON PROPERTIES LIMITED

Notes to Financial Statements - (Unaudited) December 31, 2024

7. Fixed Assets

	Furniture & Equipment \$	Generators \$	Total 2024 \$
Cost			
Balance, January 1, 2024	24,036	58,149	82,185
Purchases	154,535	-	154,535
Balance, December 31, 2024	178,571	58,149	236,720
Accumulated depreciation			
Balance, January 1, 2024	21,877	13,307	35,184
Depreciation	31,415	7,774	39,189
Balance, December 31, 2024	53,292	21,081	74,373
Net book value, December 31, 2024	125,279	37,068	162,347
	Furniture & Equipment \$	Generators \$	Total 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

8. Accounts Payable and Other Liabilities

Accounts payable and other liabilities are comprised of the following:

	2024 \$	2023 \$
Payable on furniture purchased	74,536	-
Security deposits on rental properties	7,400	12,800
Unearned rental income	6,800	4,800
Professional fees payable	4,785	16,684
Property management fees payable	8,434	4,937
Overdraft interest payable	-	1,936
	101,955	41,157

PARAGON PROPERTIES LIMITED

Notes to Financial Statements - (Unaudited) December 31, 2024

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 was a fixed monthly principal payment of \$2,321. The interest rate on the loan was the Bahamian Dollar Prime Lending Rate plus 0.25% (or 4.50%), payable monthly. The loan was repaid in full when the property was sold in November 2023. Interest expense on the loan during the year was \$nil (2023: \$17,639).

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%). The loan was repaid in full during the year by the shareholder. Interest expense on the loan during the year was \$379 (2023: \$15,855).

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 \$24,958 (2023: \$25,796).

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

	2024	2023
	\$	\$
Star Estates	-	307,646
Sea La Vie	573,650	595,506
	<u>573,650</u>	<u>903,152</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

Notes to Financial Statements - (Unaudited) December 31, 2024

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 payment 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, which were leased by the Company since the fourth quarter of 2022 on varying tenancies and amounts. During the year, \$80,000 (2023: \$68,800) was collected in rent. All units were occupied as of December 31, 2024 (2023: three units).

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. During the year, \$185,350 was earned from this rental (2023: \$95,618).

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:

	2024	2023
	\$	\$
No later than 1 year	119,600	113,600
Later than 1 year and no later than 5 years	162,133	37,333
	281,733	150,933

PARAGON PROPERTIES LIMITED**Notes to Financial Statements - (Unaudited)
December 31, 2024****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.