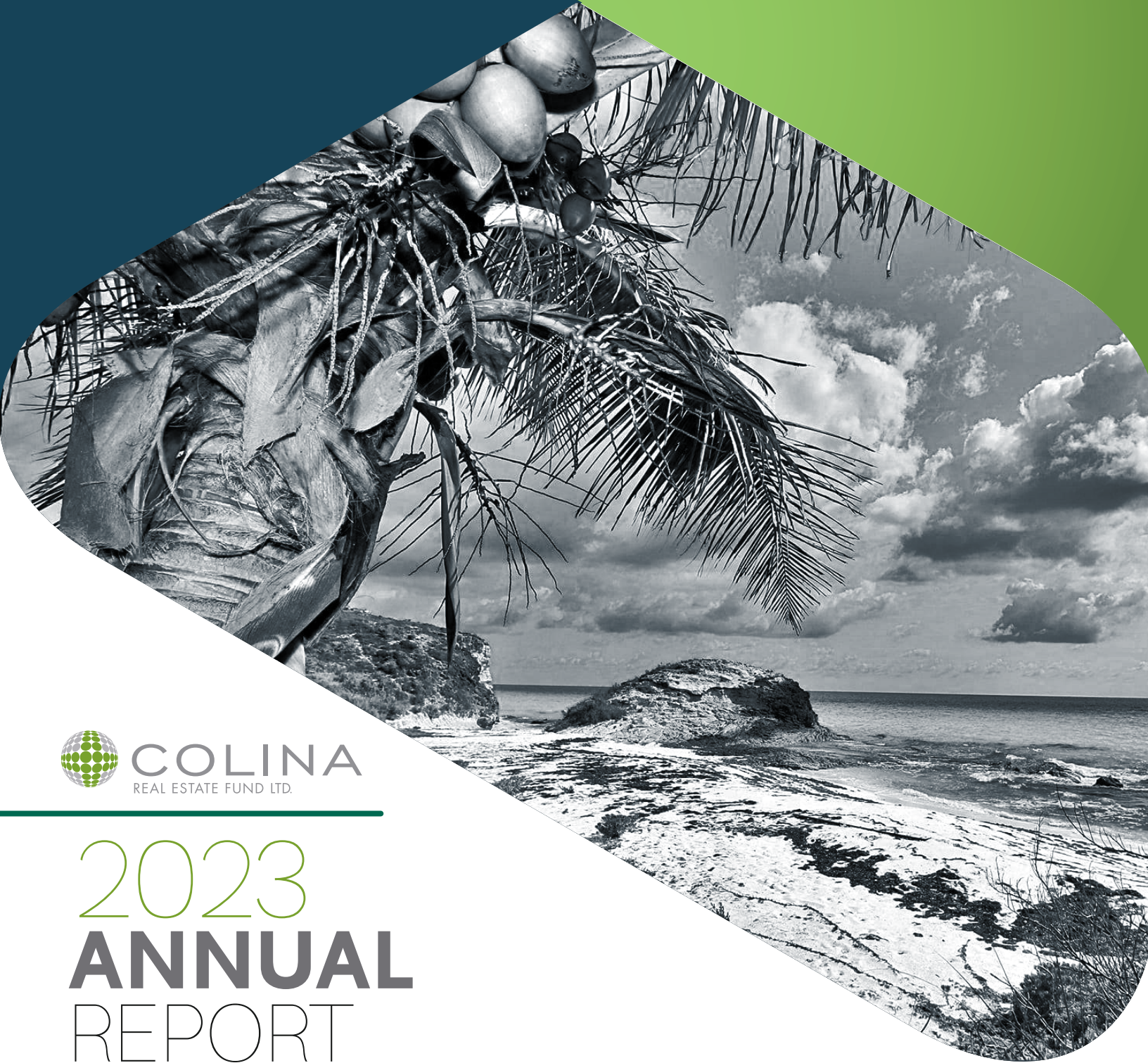


Providing the
best in property
solutions across
The Bahamas.



COLINA
REAL ESTATE FUND LTD.

2023
ANNUAL
REPORT

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MESSAGE FROM
The Chairman

Dear Shareholders,

Colina Real Estate Fund Ltd. (CREFL) enjoyed a successful year in 2023, represented by an increase in operating income of 16.62%. In 2023, CREFL has booked a fair value gain on property of \$430,000 as the property value in Nassau reflected an increase of \$552,000 and the Freeport property declined in value by \$122,000.

The Company's balance sheet recorded total assets of \$13,504 million, which evidenced an increase in total assets of \$0.510 million with the increase being primarily attributable to the increase in the Company's property values. Total liabilities stood at \$0.9 million and represented a \$0.345million improvement year on year.

Based on the foregoing, total equity stood at \$12.6 million as of December 31st, 2023, compared to \$11.7 million as of December 31st, 2022.

The Company recorded a net income of \$0.855 million for the year ended December 31st, 2023, compared to a net income of \$0.148 million in 2022. The increase in net income is largely attributable to the fair value gain on property values of \$0.430 million. In 2022, CREFL reported a loss in property value of \$0.375 million.

CREFL properties remain over 90% occupied, however, our Freeport property remains a challenge due to the local economy.

The Company continues to look for opportunities to expand and grow.

As always, we are both grateful for and reliant upon the continued support of you, our shareholders, as we work together to continue building on CREFL's success.

Sincerely,



COLINA REAL ESTATE FUND LTD.
Emanuel M. Alexiou
Chairman



MANAGEMENT'S DISCUSSION & Analysis

*Colina Real Estate Fund Ltd. (CREFL) - Management's Discussion and Analysis (MD&A)
for the year ended December 31, 2023.*

FORWARD-LOOKING STATEMENTS

This report provides an analysis of the Company's financial condition and results of operations. Historical information is presented and discussed and, where appropriate, the report may contain forward-looking statements about the Company including its business operations, strategies, and expected financial performance. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, and that indicate or imply future results, performance or achievements. Such forward-looking statements may include words like "believes", "expects", "estimates", "intends", "projects", "anticipates", "plans", and other words or phrases with similar meaning.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties, and assumptions about the Company that may cause actual results to differ significantly from those expressed or implied. As a result of these uncertainties, readers should not place undue reliance on forward-looking statements as a prediction of actual results.

Colina Real Estate Fund Ltd. (formerly RND Holdings Ltd.) was incorporated in The Bahamas on September 6th, 1994, under the provisions of the Companies Act 1992. On April 19th, 2011, the Company adopted its present name. On December 31, 2023, 84% of the Company's issued ordinary shares were owned by Colina Insurance Limited ("the Majority Shareholder").

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Company on which the information presented in this report is based have been prepared in accordance with International Financial Reporting Standards. This report should be read in conjunction with the annual consolidated financial statements and accompanying note disclosures.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

A description of changes in accounting policies and disclosures is included in Note 2 to the Consolidated Financial Statements.

OVERALL PERFORMANCE

Colina Real Estate Fund Ltd. (CREFL)

Statistical Financial Reporting Data
(All of the data in B\$000's with exception of \$ per share amounts)
For the year ended December 31, 2023

	2023	2022	2021	2020
Net Income(Loss)for the year	\$855	\$148	\$1,022	\$(549)
Net income for the Ordinary Shareholders	\$855	\$148	\$1,022	\$(549)
Revenue	\$1,411	\$1,311	\$1,310	\$1,280
Total Assets	\$13,504	\$12,994	\$13,248	\$12,534
Total Invested Assets	\$13,227	\$12,716	\$13,008	\$12,365
Share capital	\$96	\$96	\$96	\$96
Total Equity	\$12,603	\$11,749	\$11,603	\$10,581
Return as a % of total assets	6.33%	1.14%	7.71%	-4.38%
Return on total equity	6.78%	1.26%	8.81%	-5.19%
Earnings per ordinary share	0.089	0.015	0.1065	-0.006

BOARD OF **Directors**



Emanuel M. Alexiou

Chairman

Executive Vice Chairman
Colina Insurance Limited
Consultant, Alexiou, Knowles & Co.
Publisher, The Nassau Guardian Ltd.
Director since 2010



Anthony Ferguson

Director

President
Colina Financial Advisors Ltd.
Director since 2010



Andrew Alexiou

Secretary

Director
Colina Insurance Limited, Colina
Real Estate Fund Ltd.
Director since 2010



James Smith

Director

Chairman
Colina Financial Advisors Ltd.
Director since 2013

MANAGEMENT'S DISCUSSION & ANALYSIS

CREFL's principal operation is the management and rental of its commercial properties. CREFL has in excess of 70,000 sq.ft. of commercial retail space between its New Providence and Freeport plazas.

For the 12-month period ended December 31st, 2023, revenues totaled \$1.41 million, slightly increased from the prior year. The plazas are located in prime commercial locations which is further evidenced by the Nassau Plaza average occupancy levels which exceed 90%. Due to the market conditions in Freeport, new tenants are hard to find, and occupancy is 46%.

CREFL's balance sheet showed total assets of \$13.504 million which compared with prior year of \$12.994 million, a increase of \$0.510 due to the gain in fair market value of property. Total liabilities decreased in 2023 to \$.900 million as compared to \$1.246 million in 2022.

Based on the foregoing, total equity increased by \$.853 million. Total equity stood at \$12.60 million in 2023 compared to \$11.75 million in 2022.

Statistical Financial Reporting data
(All data in B\$000s with exception of \$ per share amounts)
For the year ended December 31, 2023

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Revenue	370	343	351	347	350	317	321	323
Total net income	491	90	157	117	(256)	52	256	96
Net income Attributable to ordinary shareholders	491	90	157	117	(256)	52	256	96
Quarterly earnings per share	0.09	0.01	0.01	0.01	0.02	0.01	0.03	0.01

The Annual General Meeting of the Company will be held at 4:00 p.m. on Thursday, December 19, 2024 at the JW Pinder Centre at 21 Collins Avenue.

The Notice of the Meeting, detailing the business of the meeting, is sent to all shareholders.

CONSOLIDATED
**Financial
Statements**

For the year ended December 31, 2023

Consolidated Financial Statements

COLINA REAL ESTATE FUND LTD.

Year ended December 31, 2023

COLINA REAL ESTATE FUND LTD.

Consolidated Financial Statements

Year ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Colina Real Estate Fund Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Colina Real Estate Fund Ltd.** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management and those charged with governance are responsible for the Other Information. The Other Information comprises all the information in the Colina Real Estate Fund Ltd. and its subsidiaries' 2023 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche

Nassau, Bahamas
November 12, 2024

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Financial Position

December 31, 2023, with corresponding figures for 2022

(Expressed in Bahamian dollars)

	Notes	2023	2022
ASSETS			
Current assets			
Cash	17	\$ 284,940	\$ 239,953
Accounts receivable, net	4,17	262,649	196,797
Prepayments and deposits		15,377	81,856
Investments	5,15,17	686,208	651,265
Total current assets		<u>1,249,174</u>	<u>1,169,871</u>
Non-current assets			
Investment properties	6	12,255,000	11,825,000
Property and equipment	7	-	-
Total non-current assets		<u>12,255,000</u>	<u>11,825,000</u>
Total assets		<u>\$ 13,504,174</u>	<u>\$ 12,994,871</u>

(Continued)

See notes to consolidated financial statements.

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Financial Position

December 31, 2023, with corresponding figures for 2022

(Expressed in Bahamian dollars)

	Notes	2023	2022
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	8	\$ 156,592	\$ 91,562
Current portion of long-term debt	9,15	457,701	414,653
Security deposits		<u>169,146</u>	<u>165,157</u>
Total current liabilities		783,439	671,372
Non-current liabilities			
Long-term debt	9,15	<u>117,235</u>	<u>574,936</u>
Total liabilities		<u>900,674</u>	<u>1,246,308</u>
Equity			
Share capital	10	95,893	95,898
Share premium		6,167,688	6,167,938
Contributed capital		3,175,087	3,175,087
Retained earnings		<u>3,164,832</u>	<u>2,309,640</u>
Total equity		<u>12,603,500</u>	<u>11,748,563</u>
Total liabilities and equity		<u>\$ 13,504,174</u>	<u>\$ 12,994,871</u>

(Concluded)

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on November 12, 2024, and are signed on its behalf by:

Director

Director

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2023, with corresponding figures for 2022.

(Expressed in Bahamian dollars)

	Note	2023	2022
Revenue			
Rent	6, 14	\$ 1,411,280	\$ 1,311,334
		<u>1,411,280</u>	<u>1,311,334</u>
General and Administrative expenses:			
Insurance	15	170,947	163,421
Maintenance & Janitorial		168,795	175,027
Salaries	15	167,530	173,500
Professional fees	15	136,090	149,615
Miscellaneous		117,652	49,504
Bad debt expenses	4	56,631	42,324
Property taxes		47,529	72,346
Utilities and rent		37,188	37,315
Director fees	15	36,661	40,000
Business license fees		12,658	13,801
Depreciation	7	-	381
		<u>951,681</u>	<u>917,234</u>
Operating income		<u>459,599</u>	<u>394,100</u>
Other income (loss)			
Fair value gain (loss) on property	6	430,000	(375,000)
Net change in fair value investments	5	25,143	19,628
Other income	11	13,486	218,877
Finance cost	12,15	<u>(73,036)</u>	<u>(109,327)</u>
Net income		<u>855,192</u>	<u>148,278</u>
Total comprehensive income		<u>\$ 855,192</u>	<u>\$ 148,278</u>
Earnings per share:			
Basic and diluted		<u>\$ 0.089</u>	<u>\$ 0.015</u>

See notes to consolidated financial statements.

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Changes in Equity

Year ended December 31, 2023, with corresponding figures for 2022.

(Expressed in Bahamian dollars)

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balance as at December 31, 2021	\$ 95,972	\$ 6,171,227	\$ 3,175,087	\$ 2,161,362	\$ 11,603,648
Repurchase of shares (Note 11)	(74)	(3,289)	-	-	(3,363)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,278</u>	<u>148,278</u>
Balance as at December 31, 2022	95,898	6,167,938	3,175,087	2,309,640	11,748,563
Repurchase of shares (Note 11)	(5)	(250)	-	-	(255)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>855,192</u>	<u>855,192</u>
Balance as at December 31, 2023	<u>\$ 95,893</u>	<u>\$ 6,167,688</u>	<u>\$ 3,175,087</u>	<u>\$ 3,164,832</u>	<u>\$ 12,603,500</u>

See notes to consolidated financial statements.

COLINA REAL ESTATE FUND LTD.

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with corresponding figures for 2022.

(Expressed in Bahamian dollars)

	Note	2023	2022
Operating activities:			
Net income		\$ 855,192	\$ 148,278
Adjustments for :			
Increase in loss allowance and bad debts write-offs	4	53,561	42,324
Interest expense	12	71,754	107,707
Depreciation charge for the year on property and equipment	7	-	381
Gain on sale of property		-	(189,539)
Fair value (gain) loss on investment properties	6	(430,000)	375,000
Net change in fair value of investments	5	<u>(25,143)</u>	<u>(19,628)</u>
Operating cash flow before movement in working capital		525,364	464,523
Net change in working capital items:			
Increase in accounts receivable, net		(119,413)	(90,377)
Decrease in prepayments and deposits		66,479	9,305
Increase (decrease) in accounts payable and accrued expenses and security deposits		<u>69,019</u>	<u>(19,085)</u>
Net cash provided by operating activities		541,449	364,366
Investing activities			
Proceeds from sale of property and equipment	7	-	249,539
Proceeds from sale of investments		600	1,200
Purchase of investments	5	<u>(10,400)</u>	<u>(6,900)</u>
Net cash (used in) from investing activities		<u>(9,800)</u>	<u>243,839</u>
Financing activities			
Interest paid		(71,754)	(107,707)
Repayment of long term debt		(414,653)	(379,093)
Repurchase of shares		<u>(255)</u>	<u>(3,364)</u>
Net cash used in financing activities		<u>(486,662)</u>	<u>(490,164)</u>
Net increase in cash and cash equivalents		44,987	118,041
Cash and cash equivalents, beginning of the year		<u>239,953</u>	<u>121,912</u>
Cash and cash equivalents, end of the year		<u>\$ 284,940</u>	<u>\$ 239,953</u>

See notes to consolidated financial statements.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

Expressed in Bahamian dollars

1. General

Colina Real Estate Fund Ltd. (formerly RND Holdings Ltd.) was incorporated in The Bahamas on September 6, 1994, under the provisions of the Companies Act, 1992. The registered office of the Colina Real Estate Fund Ltd. (the “Company”) and its subsidiaries (collectively referred to as “the Group” in these consolidated financial statements) is at Trinity Place Annex, Fredrick Street, Nassau, The Bahamas. The Group is 84% owned by Colina Insurance Limited (“the Majority Shareholder”). The Group acts through its subsidiaries and does not have any principal business activity of its own. As at December 31, 2023, the Group’s holdings in subsidiaries are disclosed below:

Name of Subsidiary	Place of Incorporation and Operation	Proportion of Ownership Interest	Principal Activity
RND Properties Limited	The Bahamas	100%	Rental of commercial space
Ticket Xpress Limited	The Bahamas	100%	Dormant
RND Cinemas Limited	The Bahamas	100%	Dormant

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies are as follows:

(a) Basis of preparation

The consolidated financial statements are prepared on the historical cost basis, except for investment properties and investments, which are carried at fair value.

(b) Functional and presentation currency

The consolidated financial statements are presented in Bahamian dollars which is the functional currency of the Group.

(c) Going concern

These consolidated financial statements have been prepared on the basis of going concern assumption. Management and directors have performed subsequent review on the Group’s consolidated financial statements and anticipate no negative impact on its 2022 cash flow, revenue and net income and therefore is not expected to give rise to any material adjustments or a business going concern.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised and in any future periods affected.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

2. Basis of preparation, (continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements and significant assumptions and estimation uncertainties that have a

significant risk of resulting in material adjustment(s) within the next financial year are included in Note 6 – Investment Properties.

(e) New standards and interpretations

The following are other IFRS and IAS effective on or after January 1, 2023. These standards have been adopted and have no material impact on the Group.

- IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- IAS 8 – Definition of accounting estimates
- IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting policies
- IAS 12 – International tax reform – pillar two model rules

Standards and Interpretations in issue but not yet effective

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after January 1, 2023. These standards, interpretations and amendments do not have a material effect on the Group's financial statements.

- IFRS 17 Insurance Contracts;
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17);
- IAS 1 Presentation of Financial Statements - Classification of liabilities as current or non-current (amendments);
- IAS 1 Presentation of Financial Statements – Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2);
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of accounting estimates (amendments);
- IAS 1 Non-current Liabilities with Covenants (Amendments to IAS 1);
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information;
- IFRS S2 Climate Related Disclosures;
- IAS 21 Lack of Exchangeability (amendments to IAS 21); and
- Amendments to the SASB standards to enhance their international applicability.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information

The Group has applied the following accounting policies to the period presented in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Group and its subsidiaries as at December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.
- Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: The contractual arrangement(s) with the other vote holders of the investee rights arising from other contractual arrangements, the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at fair value at the reporting date. Valuations are performed annually with independent assessments done at least every three years, with any adjustment to fair value being based on management's assessment at the reporting date. Investment properties are de-recognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal and are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period consolidated financial statements. Gains or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the year in which they arise.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information *(continued)*

Investment properties *(Continued)*

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and equipment

All property and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is charged so as to write-off the cost or valuation of assets, other than properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Leasehold improvements	33.33%
Furniture, fixtures, and equipment	12.50% to 33%
Vehicles	20%

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

Intangible assets

Intangible assets relate to computer software costs incurred by the Group. These intangible assets are measured initially at purchase cost. For subsequent measurement, the Group applies the cost model, and accordingly carries the intangible assets at cost less any accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over an average of five years.

Impairment of non-financial and intangible assets

At each reporting date, the Group reviews the carrying amounts of its non-financial and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information *(continued)*

Impairment of non-financial and intangible assets *(continued)*

Impairment losses are recognized in the consolidated statement of comprehensive income consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Revenue recognition

Rental income arising from operating leases is recognized on a straight-line basis except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of comprehensive income when the right to receive them arises. Interest income is recognized on an accrual basis.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group only deals with operating leases as a lessor.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value when the effect is material.

Foreign currency transactions

The Group's presentation and functional currency is Bahamian Dollars. In preparing the consolidated financial statements of the Group, transactions in currencies other than Bahamian Dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information *(continued)*

Financial instruments

The Group's financial instruments include non-derivative financial assets and financial liabilities.

Financial assets and financial liabilities are recognized on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. The subsequent measurement of financial assets depends on their classification. On derecognition of financial assets due to transfer of control or loss of rights to receiving cash flows, the Group evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability.

The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans, and borrowings. The subsequent measurement of financial liabilities depends on their classification. On derecognition or exchange/modification of a financial liability, the difference in respect of the carrying amount is recognized in the consolidated statement of comprehensive income.

Accounts receivable

Accounts receivables are recognized at their original invoiced value. Appropriate loss allowances for estimated irrecoverable amounts are recognized in the consolidated statement of comprehensive income and are based on management's evaluation that the Group will not be able to recover its balances in full. Balances are written off in the year in which they are identified. IFRS 9 requires the Group to measure the expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles over a period of 36 months before or up to December 31, 2023 and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP), Consumer Price Index (CPI) and the unemployment rate of The Bahamas to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance as of December 31, 2023 is outlined in Note 4 – Accounts Receivable.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information *(continued)*

Cash and cash equivalents.

Cash and cash equivalents comprise cash on hand, demand deposits with banks, short term bank overdrafts, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Investments

Investments are classified as fair value through profit or loss (FVTPL).

Investments classified as FVTPL include equity investments and debt securities. Equity investments classified as FVTPL are those that neither have objective of business model to hold them to collect contractual cash flows nor held to achieve an objective of collecting contractual cash flows and selling those investments. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

he fair value of investments classified as FVTPL that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For FVTPL investments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- NAV per share for investment funds
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

After initial measurement, FVTPL financial investments are subsequently measured at fair value with unrealized gains or losses recognized in the profit & loss. Interest earned whilst holding financial investments is reported as interest income, using the effective interest rate method.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the consolidated financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the Group to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortized cost or at FVTOCI;
- (2) Lease receivables.
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information *(continued)*

Investments *(continued)*

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the consolidated financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

Fair value measurement

The Group measures financial instruments, such as investments, and non-financial assets such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous and accessible market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from the prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information *(continued)*

Financial liabilities

Financial liabilities issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of financial liability. The Group's financial liabilities consist of accounts payable and long-term debt and are measured at amortized cost.

Long-term debt

Interest-bearing loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premium payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Share capital.

Share capital issued by the Group is recorded at the proceeds received, net of direct issue costs.

Taxation

There is currently no taxation imposed on company profits or capital gains by the Government of The Bahamas. Effective January 1, 2015, the Value Added Tax Act, 2014 ("VAT") was implemented in the Commonwealth of The Bahamas. VAT is an indirect tax which is considered a broadly based consumption tax charged on the value added to goods and services. It applies to almost all goods and services that are imported, bought and sold for use or consumption. Conversely, goods exported supplied to customers abroad are exempted or zero-rated. Currently, VAT is assessed at 10%. The Group is a VAT registrant.

Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group.
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

3. Material accounting policy information *(continued)*

Related parties *(continued)*

- (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Earnings per share

Basic earnings per share is computed by dividing the net income attributable to common shareholders by the weighted average number of shares outstanding during the year.

4. Accounts receivable, net

Accounts receivable, net is comprised of the following:

	2023	2022
Tenants receivable	\$ 1,009,366	\$ 889,953
Provision for doubtful accounts	<u>(746,717)</u>	<u>(693,156)</u>
	<u>\$ 262,649</u>	<u>\$ 196,797</u>

The movement in provision of accounts receivable is as follows:

	2023	2022
Balance, beginning of year	\$ 693,156	\$ 650,832
Provision for the year	<u>53,561</u>	<u>42,324</u>
Balance, end of year	<u>\$ 746,717</u>	<u>\$ 693,156</u>

The aging of the accounts receivable is as follows:

Current	\$ 94,185	\$ 95,989
31-60 days	56,291	45,342
61-90 days	47,597	26,729
over 90 days	811,293	721,893
Provision	<u>(746,717)</u>	<u>(693,156)</u>
	<u>\$ 262,649</u>	<u>\$ 196,797</u>

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

4. Accounts receivable, net *(continued)*

The Group uses an allowance matrix to measure the ECL on accounts receivable. Loss allowance rates are based on credit loss experience. These rates are multiplied by the scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The scales factors used are Gross Domestic Product (GDP), Consumer Price Index (CPI) and unemployment rate of the Bahamas at 1.8%,3.2% and .8.8%, respectively (2022: 7.1%, 4.1% and .006%). No interest is charged on the outstanding balances.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

*(Expressed in Bahamian dollars)***5. Investments**

Investments are classified as FVTPL and comprise the following:

The overall net change in fair value on the investments above is \$25,143 (2022: \$19,628).

2023	Cost	Fair Value
Level 2		
FOCOL Pref 1.75 % APR	\$ 150,000	\$ 150,000
Colina Holdings (Bahamas) Ltd.	14,576	59,242
Level 3		
CFAL Money Market Fund	397,820	463,754
CFAL Bond Fund	6,800	13,212
	<u>\$ 569,196</u>	<u>\$ 686,208</u>
2022		
Level 2		
FOCOL Pref 1.75 % APR	\$ 150,000	\$ 150,000
Colina Holdings (Bahamas) Ltd.	14,576	49,542
Level 3		
CFAL Money Market Fund	389,250	444,562
CFAL Bond Fund	4,500	7,161
	<u>\$ 558,326</u>	<u>\$ 651,265</u>
	2023	2022
Level 3 Investments		
Balance, beginning of year	\$ 451,756	\$ 435,280
Purchases	10,400	6,933
Sales	(600)	(1,200)
Changes in fair value	15,410	10,743
	<u>\$ 476,966</u>	<u>\$ 451,756</u>

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

6. Investment properties

Investment properties are comprised as follows:

	2023	2022
Plaza at John F. Kennedy Drive in Nassau	\$ 9,152,000	\$ 8,600,000
Plaza at East Mall Drive in Freeport	3,103,000	3,225,000
Plaza at Marsh Harbor, Abaco	-	-
	<u>\$ 12,255,000</u>	<u>\$ 11,825,000</u>

	2023	2022
Balance, beginning of year	\$ 11,825,000	\$ 12,260,000
Sale of Property in Abaco	-	(60,000)
Change in fair value	<u>430,000</u>	<u>(375,000)</u>
Balance, end of year	<u>\$ 12,255,000</u>	<u>\$ 11,825,000</u>

The property rental income earned by the Group from its investment properties amounted to \$1,411,280 (2022: \$1,311,334). Direct operating expenses arising on the investment properties in the year amounted to \$740,737 (2022: \$785,679). Net gains/(losses) on investment properties from fair value adjustments are included in net investment income on the consolidated statement of profit or loss.

In accordance with the Group's policies for the valuation of investment properties in intervening periods, the fair values of the properties as at December 31, 2023 were based on valuations performed by management using the Discounted Cash Flow Method ("DCF"). Significant unobservable inputs used in the valuations were as follows:

Valuation Techniques	Key Significant unobservable inputs	2023	2022
DCF	Estimated rental rate/sq.ft./p.a	\$7-\$82	\$11-\$80
	Discount rate	9.80%-11%	9.75%-11%
	Rent growth p.a	2%-3%	3%
	Expense inflation p.a	2%-3%	2%
	Capitalization rate for terminal value	8.5% - 9.75%	8.5% - 9.75%
	Vacancy rate	5% - 24%	5% - 44%

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. A market-derived discount rate is applied to establish the present value of the income streams associated with the property. The exit yield is normally separately determined and differs from the discount rate.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

6. Investment properties *(continued)*

The duration of the cash flows and the specific timing of the inflows and outflows are determined by events such as lease renewals, and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of property. Periodic cash flows are typically estimated as gross rental income less vacancy, non-recoverable expenses, maintenance and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment property for repair, maintenance and enhancement.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

*(Expressed in Bahamian dollars)***7. Property and equipment**

The movement in property and equipment is as follows:

	Furniture, fixtures and equipment	Leasehold improvements	Vehicles	Total
COST OR VALUATION:				
Balance at December 31, 2021	\$ 348,366	30,000	38,701	417,067
Additions	-	-	-	-
Sales/transfers	-	-	-	-
Balance at December 31, 2022	348,366	30,000	38,701	417,067
Additions	-	-	-	-
Balance at December 31, 2023	<u>\$ 348,366</u>	<u>\$ 30,000</u>	<u>\$ 38,701</u>	<u>\$ 417,067</u>
ACCUMULATED DEPRECIATION:				
Balance at December 31, 2021	\$ 347,985	\$ 30,000	\$ 38,701	\$ 416,686
Depreciation	381	-	-	381
Balance at December 31, 2022	348,366	30,000	38,701	417,067
Depreciation	-	-	-	-
Balance at December 31, 2023	<u>\$ 348,366</u>	<u>\$ 30,000</u>	<u>\$ 38,701</u>	<u>\$ 417,067</u>
CARRYING AMOUNT:				
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

8. Accounts payable and accrued expenses

Accounts payable and accrued expenses are as follows:

	2023	2022
Other payables	\$ 662	\$ -
Accrued expenses	76,572	43,348
Trade payables	<u>79,358</u>	<u>48,214</u>
	<u>\$ 156,592</u>	<u>\$ 91,562</u>
Current	\$ 156,592	\$ 91,562
31-60 days	-	-
61-90 days	-	-
over 90 days	<u>-</u>	<u>-</u>
	<u>\$ 156,592</u>	<u>\$ 91,562</u>

9. Long-term debt

	2023	2022
Colina Mortgage Corp Ltd.	\$ 574,936	\$ 989,589
Less: current portion of long term debt	<u>(457,701)</u>	<u>(414,653)</u>
	<u>\$ 117,235</u>	<u>\$ 574,936</u>
	2023	2022
On demand or within one year	\$ 457,701	\$ 414,653
In the second year	117,235	453,408
In the third year	<u>-</u>	<u>121,528</u>
	<u>\$ 574,936</u>	<u>\$ 989,589</u>

In March 2010, the Group obtained a loan from Colina Mortgage Corporation Ltd. ("CMCO"), a wholly owned subsidiary of Colina Insurance Limited. This demand installment loan is repayable by 182 regular blended monthly payments of \$37,528, which commenced in April 2010. The loan bears a fixed interest charge at a rate of 9.00% per annum.

In April 2012, the Group obtained another loan from CMCO to fund its renovations on its property in Freeport. This loan bears a fixed interest charge at the rate of 9.00% per annum and is repayable in 154 monthly installments of \$3,038 starting May 2012.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

9. Long-term debt *(continued)*

CMCO's loan facility is secured as follows:

Floating charge debenture stamped for \$3,700,000 with power to up stamp giving CMCO a fixed and floating charge over all business assets, incorporating a first legal mortgage over the Marsh Harbour, Abaco, Freeport, Grand Bahama, and JFK Drive, New Providence properties.

Assignment of fire and other perils insurance on the business assets including property, furniture, fixtures, and equipment for full replacement value.

10. Share capital.

Share capital is comprised as follows:

	2023	2022
<i>Authorized:</i>		
10,000,000 (2020: 10,000,000) Ordinary shares of BS\$0.01 each	\$ 95,893	\$ 95,898
<i>Issued and fully paid:</i>		
9,589,788 (2021: 9,597,369) Ordinary shares of B\$0.01 each	\$ 95,893	\$ 95,898

During the year, the Group purchased and cancelled 7,490 shares at a cost of \$3,364 (2022: Nil)

11. Other income

Other income comprises the following:

	2023	2022
Dividend income	\$ 10,510	\$ 10,394
Reversal of accounts payables/write-backs	2,976	18,944
Income from sale of Abaco property	-	189,539
	<u>\$ 13,486</u>	<u>\$ 218,877</u>

In 2022 the Group sold the property in Abaco for \$249,539 and made a substantial gain of \$189,539, which is included in "Other income" in the consolidated statement of comprehensive income.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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12. Finance costs.

Finance costs for the year are as follows:

	2023	2022
Interest on long term debt	\$ 71,754	107,707
Bank charges	1,282	1,620
Interest on lease liability	<u>-</u>	<u>-</u>
	<u>\$ 73,036</u>	<u>\$ 109,327</u>

13. Earnings per share

The calculation of the earnings per share attributable to the equity holders of the Group is based on the following data:

	2023	2022
Net loss		
Net earnings (loss) for the purpose of basic and diluted earnings per share	<u>\$ 422,953</u>	<u>\$ 148,278</u>
Number of shares		
Weighted average number of equity shares for the purpose of basic and diluted earnings per share	<u>\$ 9,589,379</u>	<u>\$ 9,589,788</u>

There were no potentially dilutive equity shares at the end of the year consequently the basic and diluted earnings per share are equal.

14. Rental income

Property rental income earned during the year was \$1,411,280 (2022: \$1,311,334). At the date of the consolidated statement of financial position, the future minimum lease payments are as follows:

	2023	2022
Within one year	\$ 1,411,650	\$ 1,377,473
In the second to fifth year inclusive	<u>5,922,691</u>	<u>1,113,943</u>
	<u>\$ 7,334,341</u>	<u>\$ 2,491,416</u>

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(Expressed in Bahamian dollars)

15. Related party balances and transactions

The Group has identified the following related-party relationships:

- Majority shareholder
- Other entities/affiliates

Details of balances and transactions between the Group and other related parties are disclosed below:

	2023	2022
<i>Related party balances</i>		
Receivables	\$ 3,659	\$ 3,704
Investments (Note 5)	\$ 536,207	\$ 501,264
Long-term debt (Note 9)	\$ 574,936	\$ 989,589
	2023	2022
<i>Related party transactions</i>		
Rental income	\$ 13,350	\$ 18,195
Dividend income	\$ 1,510	\$ 1,394
Interest on long term debt (Note 12)	\$ 71,754	\$ 107,707
Administrative expenses	\$ 303,349	\$ 306,023
<i>Compensation of key management personnel</i>		
Salaries, directors' fees and professional fees	\$ 273,866	\$ 272,643
National insurance and other insurance	\$ 15,986	\$ 14,424
Other allowances	\$ 437	\$ 880

The affiliated companies include Colina Financial Advisors Ltd, Colina General Insurance Agency, The Contact Center, Bahamas Central Security Depository and Alexiou Knowles & Co.

COLINA REAL ESTATE FUND LTD.

Notes to Consolidated Financial Statements

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(Expressed in Bahamian dollars)

16. Fair value of financial assets and liabilities

The directors are of the opinion that the fair value of the consolidated financial assets and financial liabilities of the Group approximate their carrying value as reported in these consolidated financial statements either due to their short-term nature or because they bear interest at rates, which approximate market rates.

In management's opinion, the fair value of financial assets and liabilities (cash, receivables, other assets, payables, and other liabilities) at the date of the consolidated statement of financial position were not materially different from their carrying values.

17. Risk management

Financial Risk Management

Cash Flow and Fair Value Interest Rate Risk

Cash flow risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes.

Credit Risk

Credit risk arises from the failure of counterparties to perform according to the terms of the contract. From this perspective, the Group's credit risk exposure is primarily concentrated in its deposits, investments and its accounts receivable. The Group manages this risk by placing its deposits with a high-quality financial institution.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

The following table demonstrates the significant assets with credit risk exposure for the Group:

	2023	2022
Cash and cash equivalents	<u>\$ 284,940</u>	<u>\$ 239,953</u>
Accounts receivable, net	<u>\$ 262,649</u>	<u>\$ 196,797</u>
Investments	<u>\$ 686,208</u>	<u>\$ 651,265</u>

Interest Rate Risk

Interest rate risk is the risk that a financial instrument may fluctuate significantly as a result of changes in market interest rates. The Group is exposed to interest rate risk from its long-term debt. The Group's exposure to interest rate risk on its investments is immaterial. The Group manages this risk by mainlining tenant base to provide sufficient rental income for the loan interest and principal repayments.

COLINA REAL ESTATE FUND LTD.

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(Expressed in Bahamian dollars)

17. Risk management *(continued)*

Financial Risk Management *(continued)*

Fair value sensitivity analysis for fixed rate financial instruments

The Group does not account for any financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not impact on profit or loss.

Real Estate Risk

Real estate risk is the probability that a major tenant may become insolvent causing a significant loss of rental income and reduction in the investment property value. Management manages this risk by considering the consolidated financial status and professional reputation of

Real Estate Risk

prospective tenants. This information is used to determine the appropriate level of security required, if any.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group has exposure to liquidity risk and its objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. Details of the Group's exposure to liquidity risk are disclosed throughout the notes to the consolidated financial statements.

Capital Management

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. No changes were made in the objectives, policies or processes during the years ending December 31, 2023 and December 31, 2022.

During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

18. Contingency

The Group is a defendant in an action which originated in 2019, whereby plaintiff filed a claim against the Group for the injuries sustained at the Group's property. The Group had filed for a stay which remains in place until the Plaintiff is seen by a medical expert. To date the Group has not received any medical records and/or medical evaluation from the plaintiff to support the assertion made in the claim. The statement of claim filed does not include the amount claimed. Without the medical report, the Group's attorney and management is not able to determine the amount of damages or the probability of the outcome of the claim.

Accordingly, no provision has been made in these consolidated financial statements in respect of this matter.

19. Events after the reporting period

As of the date of issuance of these consolidated financial statements, there were no subsequent events that require a disclosure in these consolidated financial statements.

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contact information



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