



UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

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31 January 2017

CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

The Board of Directors of 138 Student Living Jamaica Limited (138 SL) is pleased to present our unaudited consolidated financial statements for the first quarter ended 31 December 2016.

Financial Results Highlights

	Q1 FY 2017 \$,000	Restated Q1 FY 2016 \$,000	Y-O-Y CHANGE %	Q4 SEPT 2016 \$,000	Q-O-Q CHANGE %
Net profit/(loss)	10,968	(14,925)	173	12,802	(14)
Revenue	115,108	47,199	144	95,116	21
Expenses	(54,678)	(31,742)	(72)	(43,311)	(26)
Finance costs	(56,934)	(30,679)	(86)	(39,860)	(43)
Taxation	7,473	297	2,415	857	7,719

The quarter ended 31 December 2016 reflected a significant improvement in consolidated results of 173% year on year. Revenue more than doubled year on year as a result of increased occupancy levels inclusive of short term rentals.

With the completion of Phase 2 at the end of December 2016, a further increase is expected to be seen in Revenue for the next quarter.

Expenses on the other hand increased year on year by 72% with Salary and Related costs being the significant contributor as the necessary staffing resources were put in place to support the almost doubling of our accommodation and facilities. Finance costs increased year on year by 86% due to the additional long term loans acquired by 138 SL to finance the 3 blocks that were completed during the period under review.

The second set of rooms, scheduled to be handed over by the end of November 2016, have been completed and are now accepting residents.

The operations of the Gerald Lalor flats continue to improve with initiatives being put in place to ensure continuation of this trend.

Subsequent to the quarter's end, Sagicor Pooled Funds acquired an additional 10% of the company's equity thus making the Funds the largest shareholder in 138 SL.

Overall, the Group continues to perform according to expectation. The demand for on-campus housing coupled with the response to the product being offered by 138 SL augurs well for the future success of the operations.

John W Lee
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
1ST QUARTER ENDED 31 DECEMBER 2016

	<u>Note</u>	Q1 <u>31 DEC</u> <u>2016</u> <u>J\$'000</u>	Restated Q1 <u>31 Dec</u> <u>2015</u> <u>J\$'000</u>	Q4 <u>30 SEPT</u> <u>2016</u> <u>J\$'000</u>	Audited 30 Sept 2016 <u>J\$'000</u>
REVENUE					
Income		108,049	38,536	85,059	255,099
Other operating income		7,059	8,663	10,057	40,047
		115,108	47,199	95,116	295,146
EXPENSES					
Administrative expenses		(54,678)	(31,742)	(43,311)	(166,751)
PROFIT FROM OPERATIONS		60,430	15,457	51,805	128,395
Finance costs		(56,934)	(30,679)	(39,860)	(152,421)
PROFIT/(LOSS) BEFORE TAXATION		3,496	(15,222)	11,945	(24,026)
Taxation		7,473	297	857	50,067
NET PROFIT/ (LOSS) FOR THE PERIOD		10,968	(14,925)	12,802	26,041
Other comprehensive income					
Change in fair value of financial asset		-	-	1,331,217	1,331,217
Other comprehensive income/ (loss) for the period		10,968	(14,925)	1,344,019	1,357,258
Profit/(Loss) per stock unit	<u>5</u>	\$0.03	(\$0.04)	\$0.03	\$0.06

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	<u>31 DECEMBER</u> <u>2016</u> <u>J\$'000</u>	<u>Audited</u> <u>30 SEPT</u> <u>2016</u> <u>J\$'000</u>	<u>Restated</u> <u>31 DECEMBER</u> <u>2015</u> <u>J\$'000</u>
NON-CURRENT ASSETS:			
Financial asset –service concession	4,391,276	4,390,000	1,856,883
Construction in progress	1,204,254	674,676	386,435
Deferred tax asset	58,475	51,002	1,232
Other receivables	673	636	-
	<u>5,654,678</u>	<u>5,116,314</u>	<u>2,244,550</u>
CURRENT ASSETS:			
Receivables	147,260	138,286	171,524
Taxation recoverable	10,012	8,351	3,209
Short term deposits	533,345	440,402	588,263
Cash and cash equivalents	38,065	37,977	17,875
	<u>728,682</u>	<u>625,016</u>	<u>780,871</u>
	<u>6,383,360</u>	<u>5,741,330</u>	<u>3,025,421</u>
EQUITY AND LIABILITIES:			
Share capital	721,153	721,153	721,153
Fair value reserve	1,331,217	1,331,217	-
Retained earnings/ (Accumulated deficit)	38,402	27,434	(15,170)
	<u>2,090,772</u>	<u>2,079,804</u>	<u>705,983</u>
NON-CURRENT LIABILITIES:			
Long term loan	2,082,529	1,890,689	1,986,032
Redeemable preference shares	172,642	172,642	172,642
	<u>2,255,171</u>	<u>2,063,331</u>	<u>2,158,674</u>
CURRENT LIABILITIES:			
Payables	598,831	392,781	160,764
Short term borrowings	1,438,586	1,205,414	-
	<u>2,037,417</u>	<u>1,598,195</u>	<u>160,764</u>
	<u>6,383,360</u>	<u>5,741,330</u>	<u>3,025,421</u>

Approved and signed on behalf of the Board by:



John W Lee – Chairman



Sharon Donaldson - Director

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE QUARTER ENDED 31 DECEMBER 2016

	SHARE CAPITAL	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL
	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>
TOTAL COMPREHENSIVE INCOME				
Net Loss	-	-	(245)	(245)
TRANSACTION WITH OWNERS				
Net Issue of shares	721,153	-	-	721,153
Balance at 30 September 2015	721,153	-	(245)	720,908
Loss for the period	-	-	(16,293)	(16,293)
Balance at 31 December 2015 (as previously stated)	721,153	-	(16,538)	704,615
Prior year adjustment for the adoption of IFRIC 12	-	-	1,368	1,368
Balance at 31 December 2015 (restated)	721,153	-	(15,170)	705,983
Balance at 1 October 2016	721,153	1,331,217	27,434	2,079,804
Profit for the period			10,968	10,968
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	10,968	10,968
Balance at 31 December 2016	721,153	1,331,217	38,402	2,090,772

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED 31 DECEMBER 2016

	31 DEC 2016 <u>J\$'000</u>	Audited 30 SEPT 2016 <u>J\$'000</u>	Restated 31 DEC 2015 <u>J\$'000</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit	10,968	26,041	(14,925)
Items not affecting cash resources:			
Effects of foreign exchange gain	(581)	(4,339)	
Deferred taxation	(7,473)	(50,067)	(297)
Interest income	(4,969)	(30,143)	(8,142)
Interest expense	56,934	152,421	30,679
	<u>54,879</u>	<u>93,913</u>	<u>7,315</u>
Changes in operating assets and liabilities:			
Other Asset	(37)	(636)	
Receivables	(16,762)	(88,980)	(125,196)
Taxation recoverable	(1,661)	(5,239)	(97)
Other payables	157,457	77,108	(133,798)
	<u>138,997</u>	<u>(17,747)</u>	<u>(259,091)</u>
Net cash provided by/ (used in) operating activities	<u>193,876</u>	<u>76,166</u>	<u>(251,776)</u>
CASHFLOW FROM INVESTING ACTIVITIES:			
Financial asset –service concession	(1,276)	(1,705,273)	(505,012)
Construction in progress	(529,578)	(27,824)	260,417
Short term deposits	(92,309)	72,530	(78,395)
Interest received	6,613	19,022	-
Interest paid	(2,198)	(100,631)	-
Net cash used in investing activities	<u>(618,748)</u>	<u>(1,742,176)</u>	<u>(322,990)</u>
CASHFLOW FROM FINANCING ACTIVITIES:			
Short term loan	425,012	1,205,414	(401,247)
Long term loans	-	854,005	949,349
Loan repaid	-	(401,247)	-
Net cash provided by financing activities	<u>425,012</u>	<u>1,658,172</u>	<u>548,102</u>
Net increase/ (decrease) in cash and cash equivalents	<u>140</u>	<u>(7,838)</u>	<u>(26,665)</u>
Exchange (loss)/ gain on foreign cash balance	(52)	1,275	
Cash and cash equivalents at start of the period	37,977	44,540	44,540
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>38,065</u></u>	<u><u>37,977</u></u>	<u><u>17,875</u></u>

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) 138 Student Living Jamaica Limited (138 SL) is a limited liability company. The company was incorporated in Jamaica on 15 August 2014 and is domiciled in Jamaica. The registered office of the company is located at 7th Floor, Scotiabank Centre, Corner of Duke and Port Royal Streets, Kingston.
- (b) The company is established to construct and rent living facilities at the University of the West Indies under a 65 years concession agreement granted by the University of the West Indies.
- (c) The company, (138SL), is a public listed company and was listed on the Jamaica Stock Exchange on 18 December 2014.
- (d) The company has a 100% subsidiary, 138SL Restoration Limited, a limited liability company, incorporated in Jamaica on 30 April 2015 and domiciled in Jamaica and which has a 35 year concession agreement. The concession was granted by the University of the West Indies, Mona, for the restoration and reconstruction of certain traditional Halls.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the primary economic environment in which the company operates ("the functional currency"). These financial statements are presented in Jamaican dollars which is considered the company's functional and presentation currency.

3. BASIS OF CONSOLIDATION:

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiary, 138SL Restoration Limited.

4. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance International Financial Reporting Standards (IFRSs), their interpretations issued by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by revaluation of financial asset –services concession rights. The financial statements also comply with the provisions of the Jamaican Companies Act.

The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended 30 September 2016 and comply with the requirements of the International Financial Reporting Standards (IAS 34, Interim Financial Reporting). Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

5. **Profit/(Loss) per stock unit**

Profit/ (Loss) per stock unit is calculated by dividing the net profit/ (loss) attributable to stockholders by the weighted average number of ordinary stock units in issue.

	3 months ending 31 DEC 2016 J\$	Restated 3 months ending 31 Dec 2015 J\$	3 months ending 30 Sept 2016 J\$
Net (loss)/ profit attributable to stockholders	10,967,833	(14,925,000)	12,802,000
Weighted average number of ordinary stock units	414,500,000	414,500,000	414,500,000
Profit/ (Loss) per stock unit	0.03	(0.04)	0.03

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

6. RESTATEMENT OF PRIOR YEAR BALANCES

Restatement of prior year balances relate to adjustments for the reclassification of assets from Investment property and property plant and equipment to Financial Asset - Service Concession under IFRIC 12.

Effects on the consolidated statement of financial position as at 31 December 2015.

	As previously reported J\$'000	Effect of restatement J\$'000	As restated J\$'000
NON-CURRENT ASSETS:			
Investment property	1,771,196	(1,771,196)	-
Property, plant and equipment	84,319	(84,319)	-
Financial asset –service concession	-	1,856,883	1,856,883
Construction in progress	386,435	-	386,435
Deferred tax asset	1,232	-	1,232
	<u>2,243,182</u>	<u>1,368</u>	<u>2,244,550</u>
CURRENT ASSETS:			
Receivables	171,524	-	171,524
Taxation recoverable	3,209	-	3,209
Short term deposits	588,263	-	588,263
Cash and cash equivalents	17,875	-	147,875
	<u>780,871</u>	<u>-</u>	<u>780,871</u>
	<u>3,024,053</u>	<u>1,368</u>	<u>3,025,421</u>
EQUITY AND LIABILITIES:			
Share capital	721,153	-	721,153
Accumulated deficit	(16,538)	1,368	(15,170)
	<u>704,615</u>	<u>1,368</u>	<u>705,983</u>
NON-CURRENT LIABILITIES:			
Long term loan	1,986,032	-	1,986,032
Redeemable preference shares	172,642	-	172,642
	<u>2,158,674</u>	<u>-</u>	<u>2,158,674</u>
CURRENT LIABILITIES:			
Payables	160,764	-	160,764
	<u>160,764</u>	<u>-</u>	<u>160,764</u>
	<u>3,024,053</u>	<u>1,368</u>	<u>3,025,421</u>

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

6. **RESTATEMENT OF PRIOR YEAR BALANCES (continued)**

Effect on the consolidated statement of profit or loss and comprehensive income at 31 December 2015.

	As previously reported J\$'000	Effect of restatement J\$'000	As restated 31 Dec 2015 J\$'000
REVENUE			
Income	38,536	-	38,536
Other operating income	8,663	-	8,663
	47,199	-	47,199
EXPENSES			
Administrative expenses	(33,110)	1,368	(31,742)
PROFIT FROM OPERATIONS	14,089	1,368	15,457
Finance costs	(30,679)	-	(30,679)
PROFIT/(LOSS) BEFORE TAXATION	(16,590)	1,368	15,222
Taxation	297		297
NET PROFIT/ (LOSS) FOR THE PERIOD	(16,293)	1,368	(14,925)
Other comprehensive income			
Change in fair value of financial asset	-	-	-
Other comprehensive (loss) /income for the period	(16,293)	1,368	(14,925)
Loss per stock unit	(\$0.03)		(\$0.04)

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

6. RESTATEMENT OF PRIOR YEAR BALANCES (continued)

Effect on the company's statement of cash flows at 31 December 2015

	As previously reported J\$'000	Effect of restatement J\$'000	As Restated J\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net (loss)/ profit	(16,293)	1,368	(14,295)
Items not affecting cash resources:			
Deferred taxation	(297)	-	(297)
Interest income	(8,142)	-	(8,142)
Interest expense	30,679	-	30,679
Depreciation	1,368	(1,368)	-
	<u>7,315</u>	<u>-</u>	<u>7,315</u>
Changes in operating assets and liabilities:			
Receivables	(125,196)	-	(125,196)
Taxation recoverable	(97)	-	(97)
Other payables	(113,798)	-	(113,798)
	<u>(259,091)</u>	<u>-</u>	<u>(259,091)</u>
Net cash (used in)/ provided by operating activities	<u>(251,776)</u>	<u>-</u>	<u>(251,776)</u>
CASHFLOW FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment, net	(14,470)	14,470	-
Transfers from property, plant and equipment	25,307	(25,307)	-
Financial asset –Service concession		(505,012)	(505,012)
Construction in progress	260,417	-	260,417
Investment property	(515,849)	515,849	-
Short term deposits	(78,395)	-	(78,395)
Net cash used in investing activities	<u>(322,991)</u>	<u>-</u>	<u>(322,991)</u>
CASHFLOW FROM FINANCING ACTIVITIES:			
Short term loan	(401,247)	-	(401,247)
Long term loans	949,349	-	949,349
Net cash provided by financing activities	<u>548,102</u>	<u>-</u>	<u>548,102</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(26,665)</u>	<u>-</u>	<u>(26,665)</u>
Cash and cash equivalents at start of the period	44,540	-	44,540
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>17,875</u></u>	<u><u>-</u></u>	<u><u>17,875</u></u>

138 STUDENT LIVING JAMAICA LIMITED

TOP TEN (10) LARGEST SHAREHOLDERS

SHAREHOLDER	HOLDINGS AS AT 31 DECEMBER 2016	% SHAREHOLDING
K LIMITED	167,439,627	40.40%
SAGICOR	126,335,684	30.48%
JCSD Trustee Services Ltd – Sigma Optima	59,733,334	
Sagicor Pooled Equity Fund	50,369,017	
Sagicor Pooled Mortgage & Real Estate Fund	16,233,333	
BARITA INVESTMENTS LIMITED	26,677,800	6.44%
Barita Investments Limited	14,477,800	
First Caribbean International Securities – A/ c Barita Real Estate Portfolio	12,200,000	
STIEBEL, DOUGLAS/ CHRISTINE STIEBEL	15,616,442	3.77%
WISYNCO GROUP LIMITED PENSION FUND	10,000,000	2.41%
BROWN BARRINGTON PHILLIP	7,334,592	1.77%
BEACH, HELINE	5,000,000	1.21%
WILLIAMS, ENITH MARTIN	4,105,076	0.99%
JMMB PENSION FUND	3,773,734	0.91%
NOVELETTE ANDERSON	3,333,334	0.80%
TOTAL	369,616,289	89.17%

138 STUDENT LIVING JAMAICA LIMITED

SHAREHOLDING OF DIRECTORS AND CONNECTED PERSONS

For purposes of compliance with Rule 407 of the Jamaica Stock Exchange Rules, details of stockholdings of Directors and Senior Management and their connected persons as at **31 DECEMBER 2016** are set out hereunder:

DIRECTORS	SHAREHOLDING	CONNECTED PERSONS	SHAREHOLDING
JOHN W. LEE	NIL	K LIMITED MARRYNETTE LEE	167,439,627 NIL
MARRYNETTE LEE	NIL	K LIMITED JOHN W LEE	167,439,627 NIL
DOUGLAS STIEBEL	NIL	DOUGLAS/CHRISTINE STIEBEL CHRISTINE STIEBEL	15,616,442 NIL
ANGELA LEE LOY	NIL	IAN ANDREW LEE AEGIS BUSINESS SOLUTIONS LTD EVE ANDERSON RECRUITMENT LTD	NIL NIL NIL
PETER PEARSON	NIL	PETER/YVONNE PEARSON	400,000
DEBBIE-ANN GORDON	NIL	ERIC CRAWFORD	NIL
SHARON DONALDSON	100,000	JUNIOR LEVINE	NIL

SHAREHOLDING OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED PERSONS	SHAREHOLDING
ROSE HAMILTON	NIL	SEZVIN HAMILTON DEC'D	NIL
MICHELLE MORRISON	NIL	DAVE MORRISON	NIL