



138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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1 November 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 year ended 30 September 2017.

Financial Results Highlights

	3 months to 30 September 2017 \$'000	3 months to 30 September 2016 \$'000	Q-O-Q CHANGE %	Year ending 30 September 2017 \$'000	Year ending 30 September 2016 \$'000	Y-O-Y CHANGE %
Revenue	177,113	95,116	86	601,392	295,146	104
Expenses	(85,251)	(43,311)	(97)	(271,724)	(166,751)	(63)
Finance costs	(86,578)	(39,860)	(117)	(309,910)	(152,421)	(103)
Operating profit/(loss) before taxation	5,284	11,945	(56)	19,758	(24,026)	182
Taxation	15,927	857	1758	31,933	50,067	(36)
Net profit after taxation	21,211	12,802	66	51,691	26,041	98

The Group recorded net profit after tax of \$51.7M for the financial year ending September 30, 2017, which represented a 98% improvement in consolidated results when compared to the previous year.

Having completed the re-construction of the iconic Irvine Hall, the Group achieved its major developmental objective for the financial year. Now with bed capacity of 1800 or doubling of rooms, the Group recorded a 104% increase in revenues reflecting real demand for its products. Our short-term rental product on which we enjoy attractive margins and which is delivered primarily through the Gerald Lalor Flats, has become the main vehicle through which the Group has been building its' brand. We continue through marketing and promotional efforts to establish strategic partnerships to ensure high occupancy levels and maximize performance in our revenue stream.

Expenses have been largely in keeping with projections with the increase over the comparative periods attributable to our expanded operations.

Overall, we are pleased with the Group's performance. The market responsiveness to our offering evident in the level of repeat business in both the long term and short-term rental segments represents a solid foundation on which the Group will move forward as it seeks to deliver on its commitment to its stakeholders.

John W Lee
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
YEAR ENDED 30 SEPTEMBER 2017

	<u>Notes</u>			Audited
	3 months to <u>30 Sept.</u> 2017 <u>J\$'000</u>	3 months to <u>30 Sept.</u> 2016 <u>J\$'000</u>	12 months to <u>30 Sept.</u> 2017 <u>J\$'000</u>	12 months to <u>30 Sept.</u> 2016 <u>J\$'000</u>
REVENUE				
Income	171,361	85,059	573,541	255,099
Other operating income	5,752	10,057	27,851	40,047
	177,113	95,116	601,392	295,146
EXPENSES				
Administrative expenses	(85,251)	(43,311)	(271,724)	(166,751)
PROFIT FROM OPERATIONS	91,862	51,805	329,668	128,395
Finance costs	(86,578)	(39,860)	(309,910)	(152,421)
PROFIT/(LOSS) BEFORE TAXATION	5,284	11,945	19,758	(24,026)
Taxation	15,927	857	31,933	50,067
NET PROFIT FOR THE PERIOD	21,211	12,802	51,691	26,041
Other comprehensive income				
Change in fair value of financial asset	623,551	1,331,217	623,551	1,331,217
Total comprehensive income for the period	644,762	1,344,019	675,242	1,357,258
Profit per stock unit	5 \$0.05	\$0.03	\$0.12	\$0.06

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2017

	<u>Unaudited</u> <u>30 Sept.</u> <u>2017</u> <u>J\$'000</u>	<u>Audited</u> <u>30 Sept.</u> <u>2016</u> <u>J\$'000</u>
NON-CURRENT ASSETS:		
Financial asset - service concession	7,250,000	4,390,000
Construction in progress	-	674,676
Deferred tax asset	82,935	51,002
Other receivables	1,394	636
	7,334,329	5,116,314
CURRENT ASSETS:		
Receivables	78,396	138,286
Taxation recoverable	14,319	8,351
Short term deposits	484,510	440,402
Cash and cash equivalents	15,168	37,977
	592,393	625,016
	7,926,722	5,741,330
EQUITY AND LIABILITIES:		
Share capital	721,153	721,153
Fair value reserve	1,954,768	1,331,217
Retained earnings	79,125	27,434
	2,755,046	2,079,804
NON-CURRENT LIABILITIES:		
Long term loan	4,376,907	1,890,689
Redeemable preference shares	172,642	172,642
	4,549,549	2,063,331
CURRENT LIABILITIES:		
Payables	352,711	392,781
Short term borrowings	269,416	1,205,414
	622,127	1,598,195
	7,926,722	5,741,330

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 PERIOD ENDED 30 SEPTEMBER 2017

	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 (as previously stated)	721,153	-	(245)	720,908
Prior year adjustment for the adoption of IFRIC 12	-	-	1,638	1,638
Balance at 30 September 2015 (restated)	721,153	-	1,393	722,546
Profit for the period	-	-	26,041	26,041
Other comprehensive income: Change in the fair value of financial asset - Service Concession rights	-	1,331,217	-	1,331,217
Balance at 30 September 2016	721,153	1,331,217	27,434	2,079,804
Profit for the period	-	-	51,691	51,691
Other comprehensive income: Change in the fair value of financial asset - Service Concession rights	-	623,551	-	623,551
Balance at on 30 September 2017	<u>721,153</u>	<u>1,954,768</u>	<u>79,125</u>	<u>2,755,046</u>

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Unaudited 30 SEPT 2017 <u>J\$'000</u>	Audited 30 SEPT 2016 <u>J\$'000</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	51,691	26,041
Items not affecting cash resources:		
Effects of foreign exchange gains	(1,257)	(4,339)
Deferred taxation	(31,933)	(50,067)
Interest income	(18,221)	(30,143)
Interest expense	309,911	152,421
	310,191	93,913
Changes in operating assets and liabilities:		
Other asset	(758)	(636)
Receivables	60,831	(88,980)
Taxation recoverable	(5,968)	(5,239)
Other payables	(60,494)	77,108
	(6,389)	(17,747)
Net cash provided by operating activities	303,802	76,166
CASHFLOW FROM INVESTING ACTIVITIES:		
Financial asset - service concession	(2,655,978)	(1,705,273)
Construction in progress	1,094,205	(27,824)
Short term deposits	(44,107)	72,530
Interest received	22,389	19,022
Interest paid	(294,597)	(100,631)
Net cash used in investing activities	(1,878,088)	(1,742,176)
CASHFLOW FROM FINANCING ACTIVITIES:		
Short term loan	17,220	1,205,414
Long term loans	1,533,000	854,005
Loan repaid	-	(401,247)
Net cash provided by financing activities	1,550,220	1,658,172
Net decrease in cash and cash equivalents	(24,066)	(7,838)
Exchange gain on foreign cash balance	1,257	1,275
Cash and cash equivalents at start of the period	37,977	44,540
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,168	37,977

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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 CONSOLIDATON:

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.

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

5. **Profit per stock unit**

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

	3 months ending 30 Sept 2017 <u>J\$</u>	3 months ending 30 Sept 2016 <u>J\$</u>	12 months ending 30 Sept 2017 <u>J\$</u>	12 months ending 30 Sept 2016 <u>J\$</u>
Net profit attributable to stockholders	21,211,000	12,802,000	51,691,000	26,041,000
Weighted average number of ordinary stock units	414,500,000	414,500,000	414,500,000	414,500,000
Profit per stock unit	0.05	0.03	0.12	0.06

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TOP TEN (10) LARGEST SHAREHOLDERS

SHAREHOLDER	HOLDINGS AS AT 30 SEPT. 2017	% SHAREHOLDING
SAGICOR	167,536,187	40.42%
JCSD Trustee Services Ltd - Sigma Optima	59,688,334	
Sagicor Pooled Equity Fund	91,614,520	
Sagicor Pooled Mortgage & Real Estate Fund	16,233,333	
K LIMITED	136,704,832	32.98%
BARITA INVESTMENTS LIMITED	26,835,498	6.47%
Barita Investments Limited	14,478,050	
First Caribbean International Securities - A/C Barita Real Estate Portfolio	12,357,448	
WISYNCO GROUP LIMITED PENSION FUND	10,000,000	2.41%
STIEBEL, DOUGLAS O./CHRISTINE STIEBEL	7,778,352	1.88%
BROWN, BARRINGTON PHILLIP	7,334,592	1.77%
BEACH, HELINE	5,000,000	1.21%
JMMB PENSION FUND	3,773,734	0.91%
MF&G TRUST & FINANCE LTD A/C 57	3,761,300	0.91%
ANDERSON, NOVELETTE	3,333,334	0.80%
TOTAL	372,057,829	89.76%

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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 **30 SEPTEMBER 2017** are set out hereunder:

DIRECTORS	SHAREHOLDING	CONNECTED PERSONS	SHAREHOLDING
JOHN W. LEE	NIL	K LIMITED MARRYNETTE LEE	136,704,832 NIL
MARRYNETTE LEE	NIL	K LIMITED JOHN W LEE	136,704,832 NIL
DOUGLAS STIEBEL	NIL	DOUGLAS/CHRISTINE STIEBEL CHRISTINE STIEBEL	7,778,352 NIL
ANGELA LEE LOY	NIL	IAN ANDREW LEE AEGIS BUSINESS SOLUTIONS LTD EVE ANDERSON RECRUITMENT LTD CARIBBEAN RESOURCING SOLUTIONS LTD.	NIL 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	N/A	NIL
E. VENETIA SALMON-MONTEITH	NIL	PETER K. B. MONTEITH	NIL