



UNAUDITED FINANCIAL STATEMENTS

FOR TWELVE MONTHS ENDED 30 SEPTEMBER 2018

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 2018

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December 07, 2018

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 twelve months ended 30 September 2018.

Financial Results Highlights

	3 months to	3 months to 30	Q-O-Q	Unaudited	Audited Year	Y-O-Y	
	30 Sept. 2018	Sept. 2017	CHANGE %	Year ended 30	ended 30 Sept	CHANGE	%
	\$'000	\$'000		Sept 2018	2017		
				\$'000	\$'000		
Revenue	177,351	177,113	0.13	821,520	601,603		36.56
Expenses	174,667	85,251	104.89	508,913	271,935		87.14
Finance Costs	76,429	86,578	- 11.72	406,390	309,911		31.13
Operating profit/(loss) before							
taxation	-73,744	5,284	- 1,495.61	-93,782	19,757	-	571.38
Taxation	51,548	15,927	223.65	74,881	50,322		48.80
Net Profit/(Loss) after taxation	-22,196	21,211	- 204.64	-18,901	70,079	-	126.97

The financial year ended 2018 September 30 was, in many respects, a very challenging year for 138 Student Living Jamaica Limited [138SL] and its subsidiary 138SL Restoration Limited [138SLR] which culminated with the Group recording a loss after taxation of \$ 18.90M; disaggregated as a net profit of \$31.34M for 138SL and a net loss of \$50.24M for 138SLR.

It was for both companies, the first full year of operations with the present compliment of 1464 rooms; 1008 for 138SL and 456 for 138SLR. Whilst for 2017, 138SL did have 1008 rooms by year end, 288 were operational for only nine (9) months whereas for 138SLR, only 72 rooms were operational; 384 rooms at Irvine Hall becoming operational for only one month of the year.

Probably not unexpectedly, the increased rooms under management impacted profitability negatively, as income was less than optimal whilst at the same time, expenses increased. To elaborate, as with many new housing developments, occupancy levels grew slowly falling below the targeted level of 97%.

For 138SL, the 90% occupancy guarantee provided by the University of the West Indies (UWI) presented its own challenges as, where UWI failed to provide students to fulfil this guarantee; the company booked such revenue as receivable from UWI. Subsequently, discussions with UWI revealed differences of interpretation as to who constitutes students for the purpose of computing this occupancy guarantee; as a result of which the company has made a provision of \$19.96M or 50% of the disputed sum previously booked as revenue.

For 138SLR, revenue was also sub optimal arising from a change in the configuration of the Irvine Hall re-development relative to that contemplated in the Concession Agreement [CA] coupled with lower approved rental rates. These matters and the adverse financial impact on the company are under

discussion with UWI as to measures that can be implemented to remedy this situation. The company is confident that the CA provides an avenue for compensation, which is being pursued.

At the same time, even with the pressures on revenue as identified above, expenses increased as the companies increased operational and administrative efforts to manage this expanded business. Also, financing costs, much of which had previously been capitalized, became fully chargeable against revenue as the project had now shifted to the operational phase. In addition, the company has made a provision of \$19.81M, representing approximately 18.2% of rental receivable based on its assessment of the recoverability of the rental receivable portfolio. This assessment is ongoing even as the company has implemented a rigorous rental recovery programme.

For the future, the company anticipates improved financial performance resulting from improved occupancy levels, a trend that is already evident in the registration realized for the 2018/2019 academic year; resolution of the UWI related issues which are actively being pursued; our confidence in the positive outcome of these discussions and as operational issues are fine-tuned to realize cost savings, inclusive of improved collections of revenue. Additionally, the company intends to build on the gains achieved in the marketing of the short-term rental product, which for the 2018 financial year accounted for 14% of rental revenue.

The ruling from the Arbitration, which was scheduled for July, was postponed to November 2018 with a further postponement to the middle of December 2018.

A handwritten signature in blue ink, appearing to read 'Richard O. Byles', with a stylized, cursive script.

RICHARD O. BYLES
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
TWELVE MONTHS ENDED 30 SEPTEMBER 2018

	Note	3 months to 30		Un audited 12	Audited 12
		3 months to 30	3 months to 30	months to 30	months to 31
		Sept 2018	Sept 2017	Sept 2018	Sept 2017
		J\$'000	J\$'000	J\$'000	J\$'000
REVENUE					
Income		165,966	171,361	783,368	573,541
Other Operating Income		11,385	5,752	38,152	28,062
		<u>177,351</u>	<u>177,113</u>	<u>821,520</u>	<u>601,603</u>
EXPENSES					
Administrative expenses		174,667	85,251	508,913	271,935
PROFIT FROM OPERATIONS		2,685	91,862	312,608	329,668
Finance Costs		76,429	86,578	406,390	309,911
PROFIT/(LOSS) BEFORE TAXATION		-73,744	5,284	-93,782	19,757
Taxation		51,548	15,927	74,881	50,322
NET PROFIT/(LOSS) FOR THE PERIOD		-22,196	21,211	-18,901	70,079
Other comprehensive income					
Change in fair value of financial asset		653,302	623,551	609,831	623,553
Other comprehensive income for the period		631,106	644,762	590,930	693,632
Profit/(Loss) per stock unit	6	-\$0.05	\$0.05	-\$0.05	\$0.17
Weighted average number of Ordinary stock unit		414,500.00	414,500.00	414,500.00	414,500.00

138 STUDENT LIVING JAMAICA LIMITED
 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 30 SEPTEMBER 2018

	Unaudited 30-Sep-18 J\$'000	Audited 30-Sep-17 J\$'000
NON-CURRENT ASSETS		
Financial Asset	7,940,000	7,250,000
Construction in progress	410	-
Deferred tax asset	176,205	101,324
Other receivables/asset	2,630	1,395
	8,119,245	7,352,719
CURRENT ASSETS		
Receivables	379,063	163,614
Taxation Recoverable	20,427	14,319
Short Term deposits	339,724	484,509
Cash and cash equivalents	29,571	15,169
	768,786	677,611
	8,888,031	8,030,330
EQUITY AND LIABILITIES		
Share Capital	721,153	721,153
Fair Value Reserve	2,564,600	1,954,770
Retained Earnings /(Accumulated Defici	78,613	97,513
	3,364,366	2,773,436
NON-CURRENT LIABILITIES:		
Long Term Loan	4,701,613	4,376,907
Redeemable Preference Shares	172,643	172,642
	4,874,256	4,549,549
CURRENT LIABILITIES:		
Payables	649,409	437,929
Short Term Borrowings		269,416
		707,345
	8,888,031	8,030,330



RICHARD . O. BYLES
CHAIRMAN



SHARON DONALDSON-LEVINE
DIRECTOR

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	SHARE CAPITAL	FAIR VALUE	RETAINED	
	RESERVE	EARNINGS	TOTAL	
	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>
TOTAL COMPREHENSIVE INCOME				
Balance at 1 October 2016	721,153	1,331,217	27,434	2,079,804
TOTAL COMPREHENSIVE INCOME				
Profit for the period			70,079	70,079
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial assets- service concession rights	-	623,553		623,553
Balance at 30 September 2017	721,153	1,954,770	97,513	2,773,436
TOTAL COMPREHENSIVE INCOME				
(Loss)/Profit for the period			(18,901)	(18,901)
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial asset- service concession rights		609,831		609,831
Balance at 30 September 2018	721,153	2,564,601	78,612	3,364,366

138 STUDENT LIVING JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Unaudited	Audited
	30-Sep-18	30-Sep-17
	J\$'000	J\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net(Loss)/Profit	- 18,901	70,079
Items not affecting cash resources:		
Effects of foreign exchange gains	- 3,506	- 1,258
Deferred Taxation	- 74,881	- 50,322
Interest Income	- 18,482	- 18,238
Interest Expense	393,615	309,911
	<u>277,845</u>	<u>310,172</u>
Changes in operating assets and liabilities:		
Other assets	- 1,236	- 759
Receivables	- 220,555	- 20,330
Taxation Recoverable	- 6,109	- 5,968
Other payables	216,326	6,510
	<u>- 11,574</u>	<u>20,547</u>
Net cash provided by/(used in) operating activities	266,271	289,625
CASH FLOW FROM INVESTING ACTIVITIES:		
Financial Asset	- 80,169	- 2,236,447
Construction in Progress	- 410	674,676
Short Term Deposits	144,786	- 42,895
Interest Received	23,588	13,109
Interest Paid	- 398,461	- 271,482
Net Cash used in Investing Activities	<u>- 310,666</u>	<u>- 1,863,039</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Short term loan	- 269,416	269,416
Long Term Loans	432,002	2,486,218
Loan repaid	- 107,295	- 1,205,414
Net Cash provided by financing activities	<u>55,291</u>	<u>1,550,220</u>
Net increase /(decrease) in cash and cash equivalents	10,896	- 23,194
Exchange loss/(gain) on foreign cash balance	3,506	386
Cash and cash equivalents at start of the period	15,169	37,977
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>29,571</u></u>	<u><u>15,169</u></u>

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

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 2 Castries Drive, UWI Mona, Kingston 7.

(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 2017 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.

5. PROFIT PER STOCK UNIT:

Profit per stock unit

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

	3 months ending 30 Sept 2018. <u>J\$</u>	3 months ending 30 Sept. 2017 <u>J\$</u>	12 months ending 30 Sept. 2018 <u>J\$</u>	12 mths. ending 30 Sept. 2017 <u>J\$</u>
Net profit attributable to stockholders	(22,196)	21,211	(18,901)	70,079
Weighted average number of ordinary stock units ('000)	414,500	414,500	414,500	414,500
Profit per stock unit	-\$0.05	\$0.05	-\$0.05	\$0.17

138 STUDENT LIVING JAMAICA LIMITED

TEN LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2018

SHAREHOLDER	NO. OF SHARES	TOTAL NO. OF SHARES	PERCENTAGE SHAREHOLDING
SAGICOR		167,736,187	40.47%
JCSD TRUSTEE SERVICES LTD - SIGMA VENTURE	15,000,000		
JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	44,688,334		
SAGICOR POOLED EQUITY FUND	91,814,520		
SAGICOR POOLED MORTGAGE & REAL ESTATE FUND	16,233,333		
NCB INSURANCE CO. LTD. A/C WT040		82,832,770	19.98%
K LIMITED		68,803,832	16.60%
BARITA INVESTMENTS		26,835,598	6.47%
BARITA INVESTMENTS LTD- LONG A/C (TRADING)	250		
BARITA UNIT TRUST MGMT. CO. LIMITED	1,400,000		
BARITA INVESTMENTS LIMITED	14,477,800		
BARITA REAL ESTATE PORTFOLIO	10,957,548		
WISYNCO GROUP LIMITED PENSION FUND		10,000,000	2.41%
DOUGLAS O. STIEBEL/CHRISTINE STIEBEL		7,778,352	1.88%
BARRINGTON PHILLIP BROWN		7,334,592	1.77%
JMMB PENSION FUND		3,773,734	0.91%
MF&G TRUST & FINANCE LTD A/C 57		3,761,300	0.91%
DELVERT WALLACE/DIANA WALLACE		2,711,757	0.65%
TOTAL		381,568,122	92.06%

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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 2018** are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 30 SEPTEMBER 2018

DIRECTORS	SHAREHOLDING	CONNECTED SHARES	CONNECTED SHARES
JOHN W. LEE	NIL	K LIMITED	68,803,832
IVAN CARTER	NIL		
SHARON DONALDSON	100,000		
MARRYNETTE LEE	NIL	K LIMITED	68,803,832
BRENDA -LEE MARTIN	NIL		
ROHAN MILLER	NIL		
PETER PEARSON	NIL	PETER/YVONNE PEARSON	400,000
RICHARD BYLES	NIL		

SHAREHOLDING OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED SHARES	CONNECTED SHARES
BEVERLY WILLIAMSON	NIL		
ROSE HAMILTON	NIL		

COMPANY SECRETARY	SHAREHOLDING	CONNECTED SHARES	CONNECTED SHARES
STEPHEN GREIG	NIL		