



UNAUDITED FINANCIAL STATEMENTS

FOR THREE MONTHS ENDED 31 DECEMBER 2018

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31 2018

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February 14, 2019

CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

The Board of Directors of 138 Student Living Jamaica Limited (138 SL) presents below our unaudited consolidated financial statements for the three months ended 31 December 2018.

| Financial Results Highlights | | | | | |
|--|------------------------------------|------------------------------------|-------------------------------|-------------------------------------|--|
| | 3 months to 31 Dec 2018 | 3 months to 31 Dec 2017 | Q-O-Q CHANGE % | 3 months to 30 Sept 2018 | Audited Year ended 30 Sept 2018 |
| | \$'000 | \$'000 | | \$'000 | \$'000 |
| Revenue | 223,084 | 198,900 | 12 | 177,351 | 834,404 |
| Expenses | 203,391 | 85,168 | 139 | 174,667 | 519,142 |
| Finance Costs | 68,401 | 115,894 | - 41 | 76,429 | 406,390 |
| Operating profit/(loss) before taxation | -48,707 | - 2,162 | 2,153 | -73,744 | -91,128 |
| Taxation | 4,873 | 7,039 | - 31 | 51,548 | 74,877 |
| Net Profit/(Loss) after taxation | -43,835 | 4,877 | - 999 | -22,196 | -16,251 |

The Group recorded a Net Loss before Tax of \$48.71M and after Tax of \$43.84M for the quarter ended 2018 December 31. This result was influenced most significantly by:

- the Arbitration Award which was received after the 2017/2018-year end audit was completed and resulted in a non-recurring expense of \$44M being booked for the quarter; and
- the implementation of IFRS 9, which saw the Group booking an Expected Credit Loss [ECL] of \$1.01M for the quarter; with \$11.05M for prior years being charged to opening Retained Earnings.

Isolating the above-mentioned items, the Group would still have operated at a small loss of \$3.70M; this although recording improved levels of revenue generation relative to the comparable quarter last year. The uncertainties as regards matters affecting revenue generation remain, previously disclosed as associated with the computation of the 90% guarantee under the first concession and the re-configuration of Irvine Hall under the second concession. These matters are under active discussion with UWI but remain unresolved and so continue to depress revenue booked.

Expenses have increased as the company has had to increase its operational footprint to manage the expanded business. The company is also facing extraordinarily high-water usage and costs for which suitable remedial measures are being actively pursued. Overall, utilities cost for the quarter was \$61M compared to an amount of \$25M for the similar reporting period in the 2017/2018 financial year.

Finance cost was lower than in the corresponding prior year period by \$48M as interest rates were lower in the current reporting period.

The Board and management are actively pursuing the discussions with UWI in order to resolve the fundamental issues affecting the profitability of the company and are optimistic of making some progress in the next quarter, as both parties to this cooperative arrangement, 138SL and UWI, remain committed to this novel project and the financial viability of the company.



RICHARD O. BYLES
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED 31 DECEMBER 2018

| | Note | | | | Audited |
|--|------|---------------------------------------|---------------------------------------|--|---|
| | | 3 months to 31 Dec 2018 J\$'000 | 3 months to 31 Dec 2017 J\$'000 | 3 months to 30 Sept 2018 J\$'000 | 12 months to 31 Sept 2018 J\$'000 |
| REVENUE | | | | | |
| Income | | 216,787 | 191,633 | 165,966 | 780,743 |
| Other Operating Income | | 6,298 | 7,267 | 11,385 | 53,661 |
| | | <u>223,084</u> | <u>198,900</u> | <u>177,351</u> | <u>834,404</u> |
| EXPENSES | | | | | |
| Administrative expenses | | 203,391 | 85,168 | 174,667 | 519,142 |
| PROFIT FROM OPERATIONS | | 19,693 | 113,732 | 2,685 | 315,262 |
| Finance Costs | | 68,401 | 115,894 | 76,429 | 406,390 |
| PROFIT/(LOSS) BEFORE TAXATION | | -48,707 | -2,162 | -73,744 | -91,128 |
| Taxation | | 4,873 | 7,039 | 51,548 | 74,877 |
| NET PROFIT/(LOSS) FOR THE PERIOD | | -43,835 | 4,877 | -22,196 | -16,251 |
| Other comprehensive income | | | | | |
| Change in fair value of financial asset | | - | - | 653,302 | 595,248 |
| Other comprehensive income | | -43,835 | 4,877 | 631,106 | 578,997 |
| Profit/(Loss) per stock unit | 5 | -\$0.11 | \$0.01 | -\$0.05 | -\$0.04 |
| Weighted average number of Ordinary stock unit ('000) | | 414,500 | 414,500 | 414,500 | 414,500 |

138 STUDENT LIVING JAMAICA LIMITED
 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 31 DECEMBER 2018

| | Unaudited 31-Dec-18 J\$'000 | Audited 30-Sep-18 J\$'000 |
|--|--|--|
| NON-CURRENT ASSETS | | |
| Financial Asset | 7,942,168 | 7,940,000 |
| Deferred tax asset | 181,073 | 176,201 |
| Other receivables/asset | 2,660 | 2,630 |
| | <u>8,125,901</u> | <u>8,118,831</u> |
| CURRENT ASSETS | | |
| Receivables | 399,682 | 330,571 |
| Taxation Recoverable | 21,164 | 20,426 |
| Short Term deposits | 283,410 | 339,724 |
| Cash and cash equivalents | 51,078 | 33,019 |
| | <u>755,334</u> | <u>723,740</u> |
| | 8,881,235 | 8,842,571 |
| EQUITY AND LIABILITIES | | |
| Share Capital | 721,153 | 721,153 |
| Fair Value Reserve | 2,527,194 | 2,550,018 |
| Retained Earnings /(Accumulated Deficit) | 26,383 | 81,262 |
| | <u>3,274,730</u> | <u>3,352,433</u> |
| NON-CURRENT LIABILITIES: | | |
| Long Term Loan | 4,690,811 | 4,701,613 |
| Redeemable Preference Shares | 172,642 | 172,642 |
| | <u>4,863,453</u> | <u>4,874,255</u> |
| CURRENT LIABILITIES: | | |
| Payables | 743,052 | 615,883 |
| | <u>8,881,235</u> | <u>8,842,571</u> |

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 31 DECEMBER 2018

| | NOTE | SHARE CAPITAL <u>J\$'000</u> | FAIR VALUE RESERVE <u>J\$'000</u> | RETAINED EARNINGS <u>J\$'000</u> | TOTAL <u>J\$'000</u> |
|--|------|---------------------------------|---|--|-------------------------|
| TOTAL COMPREHENSIVE INCOME | | | | | |
| Audited Balance at 2017 Sept 30 | | 721,153 | 1,954,770 | 97,513 | 2,773,436 |
| Profit for the period | | | | 4,877 | 4,877 |
| Other comprehensive income | | | (36,760) | | (36,760) |
| Balance at 2017 December 31 | | 721,153 | 1,918,010 | 102,390 | 2,741,553 |
| (Loss)/ Profit for the period | | | | (21,128) | (21,128) |
| Other Comprehensive Income | | | | | |
| Change in fair value of financial assets- service concession rights | | | 632,008 | | 632,008 |
| Balance at 30 September 2018 | | 721,153 | 2,550,018 | 81,262 | 3,352,433 |
| IFRS 9 -Adjustment to opening retained earnings | 6 | | | (11,045) | (11,045) |
| (Loss)/Profit for the period | | | | (43,835) | (43,835) |
| Other Comprehensive income | | | (22,824) | | (22,824) |
| Balance at 31 December 2018 | | 721,153 | 2,527,194 | 26,383 | 3,274,730 |

138 STUDENT LIVING JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018

| | Unaudited | Audited | Unaudited Quarter |
|--|----------------------|----------------------|--------------------------|
| | 31-Dec-18 | 30-Sep-18 | Quarter ended |
| | J\$'000 | J\$'000 | 31-Dec-17 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net(Loss)/Profit | - | 43,835 | - |
| Items not affecting cash resources: | | | |
| Effects of foreign exchange gains | | - | 3,506 |
| Adjustment for IFRS 9 retrospective Implementation | - | 11,045 | - |
| Deferred Taxation | - | 4,873 | - |
| Interest Income | - | 2,559 | - |
| Interest Expense | - | 66,186 | - |
| | | <u>3,875</u> | <u>293,257</u> |
| Changes in operating assets and liabilities: | | | |
| Other assets | - | 29 | - |
| Receivables | - | 67,725 | - |
| Taxation Recoverable | - | 736 | - |
| Other payables | - | 106,103 | - |
| Net cash provided by/(used in) operating activities | | <u>41,488</u> | <u>288,153</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Financial Asset | - | 24,992 | - |
| Construction in Progress | | | |
| Short Term Deposits | | 56,314 | - |
| Interest Received | | 2,936 | - |
| Interest Paid | - | 46,885 | - |
| Net Cash used in Investing Activities | - | <u>12,627</u> | <u>325,722</u> |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Short term loan | | | - |
| Long Term Loans | | 20,000 | - |
| Loan repaid | - | 30,802 | - |
| Net Cash provided by financing activities | - | <u>10,802</u> | <u>55,290</u> |
| Net increase /(decrease) in cash and cash equivalents | 18,059 | 17,721 | 12,888 |
| Exchange loss/(gain) on foreign cash balance | | 129 | - |
| Cash and cash equivalents at start of the period | <u>33,019</u> | <u>15,169</u> | <u>15,169</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>51,078</u> | <u>33,019</u> | <u>26,118</u> |

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 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:

- (i) The financial statements are prepared in accordance with 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 2018 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.

- (ii) **IRFS 9** - Effective 2018 October 01, the Date of Initial Application, the company implemented the requirements of IRFS 9, Financial Instruments. An assessment of the Financial Assets and Liabilities of the company was undertaken to establish the methodology to be applied to the Classification and Measurement of each instrument. It was determined that the Classification and Measurement of the Financial Instruments, being relatively unsophisticated instruments, remained unchanged when the criteria of the Business Model and the Contractual Cash Flow were applied.

It was however necessary of implement Impairment of its Accounts Receivable portfolio. The simplified method of determining the Expected Credit Loss [ECL] was used wherein objective data on its client base as well as future estimates were used to determine the likelihood of impairment.

The implementation was applied retrospectively.

5. PROFIT PER STOCK UNIT:

Profit per stock unit

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

| | 3 months ending 31 Dec 2018. J\$ | 3 months ending 31 Dec 2017 J\$ | 3 months ending 30 Sept 2018 J\$ | 12 mths. ending 30 Sept. 2018 J\$ |
|--|--|---|--|---|
| Net profit attributable to stockholders | (43,835) | 4,877 | (22,196) | (16,251) |
| Weighted average number of ordinary stock units ('000) | 414,500 | 414,500 | 414,500 | 414,500 |
| Profit per stock unit | \$(0.11) | \$0.01 | \$(0.05) | \$(0.04) |

6. IMPLEMENTATION OF IFRS 9 - RECONCILIATION OF RETAINED EARNINGS

| YEAR | PREVIOUSLY J\$'000 | ADJUSTMENT J\$'000 | RESTATED J\$'000 |
|-----------|-----------------------|-----------------------|---------------------|
| 2015/2016 | 27,434 | 1,350 | 26,084 |
| 2016/2017 | 70,079 | 3,401 | 66,678 |
| 2017/2018 | 81,262 | 6,294 | 79,968 |
| | 178,775 | 11,045 | 167,730 |

138 STUDENT LIVING JAMAICA LIMITED

TEN LARGEST SHAREHOLDERS AS AT 31 DECEMBER 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 WTo40 | | 82,832,770 | 19.98% |
| K LIMITED | | 68,803,832 | 16.60% |
| BARITA INVESTMENTS | | 26,835,898 | 6.47% |
| BARITA INVESTMENTS LTD- LONG A/C (TRADING) | 250 | | |
| BARITA UNIT TRUST MGMT. CO. LIMITED | 1,400,100 | | |
| BARITA INVESTMENTS LIMITED | 14,477,800 | | |
| BARITA REAL ESTATE PORTFOLIO | 10,957,748 | | |
| 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 | | 381,568,422 | 92.06% |

138 STUDENT LIVING JAMAICA LIMITED

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 2018** are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 31 DECEMBER 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 |
|---------------------|--------------|------------------|------------------|
| BEVERLEY WILLIAMSON | NIL | | |
| ROSE HAMILTON | NIL | | |

| COMPANY SECRETARY | SHAREHOLDING | CONNECTED SHARES | CONNECTED SHARES |
|-------------------|--------------|------------------|------------------|
| STEPHEN GREIG | NIL | | |