



UNAUDITED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED 31 MARCH 2019

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2019

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May 8, 2019

CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

The Board of Directors of 138 Student Living Jamaica Limited (138 SL) presents below its unaudited consolidated financial statements for the six months ended 31 March 2019.

Financial Results Highlights

	3 months to 31	3 months to 31	Q-O-Q	6 months	6 months	Y-O-Y	
	March 2019	March 2018	CHANGE %	ended 31 March 2019	ended 31 March 2018	CHANGE	%
	\$'000	\$'000		\$'000	\$'000		
Revenue	221,470	228,874	-3	444,554	427,774	4	
Expenses	183,698	118,248	-55	387,089	203,416	-90	
Finance Costs	69,416	112,565	38	137,817	228,459	40	
Operating (loss)/profit before taxation	-31,644	-1,939	-1,532	-80,352	-4,101	-1,859	
Taxation	31,739	177	17,831	36,612	7,216	407	
Net Profit/(Loss) after taxation	95	-1,762	105	-43,740	3,115	-1,504	

The Group reported a net loss of \$80.35million before taxation and \$43.74million after tax for the six (6) months ended March 31, 2019.

The year-to-date Operating Loss was influenced significantly by the following non-recurring expenses:

- \$54.2 million being interest and professional fees arising from the Arbitration Award delivered in respect of a dispute which arose with the contractor for the first phase of the development in 2016.
- \$23.7 million representing utility charges arising from the excessive water billing being experienced for which steps have been taken to regularize.

Additionally, \$12.9 million in income was not recorded in the Profit and Loss Account and relate to non UWI students residing in our Halls. Our interpretation of the agreement leads us to conclude that these residents are not part of the UWI 90% occupancy guarantee and therefore should not be included in determining the University's obligation to 138 SL, whereas the University is of the opinion that they form part of their 90% obligation. The income arising from these non UWI residents, for the 6 months to 31 March 2019, amounts to \$25.8 million and the company has only recognised 50% in these statements.

Without these items the company's Operating Profit before taxation would have been \$10.5 million.

Other income items that would have influenced the results for the year to date are short term income which recorded an increase of 29% due to increased rental activity and interest income which fell by 57%; the latter resulting from the liquidation of investments to partially settle the Arbitration award.

The liquidity position of the Group remains stable although tight, as evident from the consolidated statement of cash flows; importantly, the company continues to service its maturing debt obligations as and when due.

More generally, the matters previously identified as impacting negatively on the earning capacity of the companies (90% guarantee computation under the first concession and the reconfiguration of Irvine Hall under the second concession) remain unresolved; however, discussions continue with UWI.

It is expected that the record of performance of the short-term rental product and the traditional summer peak in revenues in that area of the business will positively impact the results for the remaining half of the financial year.

RICHARD O. BYLES
CHAIRMAN

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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 31 MARCH 2019

Note

	3 months to 31 March 2019 J\$'000	3 months to 31 March 2018 J\$'000	6 months to 31 March 2019 J\$'000	6 months to 31 March 2018 J\$'000
REVENUE				
Income	211,363	220,269	428,150	411,902
Other Operating Income	10,107	8,605	16,404	15,872
	221,470	228,874	444,554	427,774
EXPENSES				
Administrative expenses	183,698	118,248	387,089	203,416
PROFIT FROM OPERATIONS	37,772	110,626	57,465	224,358
Finance Costs	69,416	112,565	137,817	228,459
LOSS BEFORE TAXATION	-31,644	-1,939	-80,352	-4,101
Taxation	31,739	177	36,612	7,216
NET PROFIT/(LOSS) FOR THE PERIOD	95	-1,762	-43,740	3,115
Other comprehensive income				
Change in fair value of financial asset	-22,824		-22,824	
Other comprehensive income for the period	-22,729	-1,762	-66,563	3,115
(Loss)/Profit per stock unit	5	-\$0.05	-\$0.16	\$0.01
Weighted average number of Ordinary stock unit ('000)	414,500	414,500	414,500	414,500

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

	31-Mar-19	Audited 30-Sep-18	31-Mar-18
	J\$'000	J\$'000	J\$'000
NON-CURRENT ASSETS			
Financial Asset -service commission rights	7,960,390	7,940,000	7,263,458
Deferred tax asset	212,813	176,201	108,540
Other receivables/asset	3,697	2,630	1,609
	<u>8,176,899</u>	<u>8,118,831</u>	<u>7,373,607</u>
CURRENT ASSETS			
Receivables	406,228	330,571	256,596
Taxation Recoverable	21,668	20,426	17,598
Short Term deposits	255,951	339,724	403,783
Cash and cash equivalents	34,193	33,019	23,531
	<u>718,039</u>	<u>723,740</u>	<u>701,508</u>
	<u>8,894,938</u>	<u>8,842,571</u>	<u>8,075,115</u>
EQUITY AND LIABILITIES			
Share Capital	721,153	721,153	721,153
Fair Value Reserve	2,527,194	2,550,018	1,911,299
Retained Earnings	26,478	81,262	100,629
	<u>3,274,824</u>	<u>3,352,433</u>	<u>2,733,081</u>
NON-CURRENT LIABILITIES:			
Long Term Loan	4,727,568	4,701,613	4,791,157
Redeemable Preference Shares	172,643	172,642	172,643
	<u>4,900,210</u>	<u>4,874,255</u>	<u>4,963,800</u>
CURRENT LIABILITIES:			
Payables	719,903	615,883	378,234
			378,234
	<u>8,894,938</u>	<u>8,842,571</u>	<u>8,075,115</u>



RICHARD . O. BYLES
CHAIRMAN



SHARON DONALDSON-LEVINE
DIRECTOR

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 UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE PERIOD ENDED 31 MARCH 2019

	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				
Balance at 1 October 2017	721,153	1,954,770	97,513	2,773,436
TOTAL COMPREHENSIVE INCOME				
Profit for the period			3,115	3,115
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial assets- service concession rights	0	-43,471		-43,471
Balance at 31 March 2018	<u>721,153</u>	<u>1,911,299</u>	<u>100,628</u>	<u>2,733,080</u>
TOTAL COMPREHENSIVE INCOME				
(Loss)/Profit for the period	0		-19,367	-19,367
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial asset- service concession rights		638,719		638,719
Balance at 30 September 2018	<u>721,153</u>	<u>2,550,018</u>	<u>81,261</u>	<u>3,352,432</u>
IFRS 9 - Adjustment to opening retained earnings			-11,044	-11,044
Change in fair value of financial assets		-22,824		-22,824
(Loss)/Profit for the period				
Net Profit/(Loss)			-43,740	-43,740
Balance at March 31, 2019	<u>721,153</u>	<u>2,527,194</u>	<u>26,477</u>	<u>3,274,824</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2019

	31-Mar-19	Audited 30-Sep-18	Mar-18
	J\$'000	J\$'000	J\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net (Loss)/Profit	-43,740	-16,251	3,116
Items not affecting cash resources:			
Effects of foreign exchange gains		-3,506	3,433
Deferred Taxation	-36,612	-74,877	-7,216
Adjustment for IFRS 9 retrospective Implementation	-11,045		
Interest Income	-4,893	-18,499	-11,279
Interest Expense	133,480	406,390	222,111
	37,189	293,257	210,165
Changes in operating assets and liabilities:			
Other assets		-1,235	
Receivables	-50,903	-165,245	-205,914
Taxation Recoverable	-1,240	-6,107	-3,279
Inventory	-1,066		-215
Payables	76,849	167,483	56,287
	23,639	-5,104	-153,121
Net cash provided by operating activities	60,828	288,153	57,044
CASH FLOW FROM INVESTING ACTIVITIES:			
Additions to Financial Asset - service concession rights	-43,213	-94,752	-56,928
Short Term Deposits	83,773	148,301	80,726
Interest Received	4,953	16,651	16,903
Interest Paid	-131,121	-395,922	-230,785
Net Cash used in Investing Activities	-85,609	-325,722	-190,084
CASH FLOW FROM FINANCING ACTIVITIES:			
Short term loan	18,553		-269,416
Long Term Loans	109,998	324,706	414,250
Loan repaid	-102,597	-269,416	
Net Cash provided by financing activities	25,954	55,290	144,834
Net increase in cash and cash equivalents	1,173	17,721	11,794
Exchange gain /(loss) on foreign cash balance		129	-3,433
Cash and cash equivalents at start of the period	33,019	15,169	15,168
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	34,193	33,019	23,531

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

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) The accounts reflect the implementation of IFRS 9.

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 March 2019. <u>J\$</u>	3 months ending 31 March 2018 <u>J\$</u>	6 months ending 31 March 2019 <u>J\$</u>	6months. ending 31 March. 2018 <u>J\$</u>
Net Profit/(Loss) attributable to stockholders	95,000	-1,761,000	-43,740,000	3,116,000
Weighted average number of ordinary stock units ('000)	414,500	414,500	414,500	414,500
Profit per stock unit	\$0.00	\$0.00	-\$0.10	\$0.01

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TEN LARGEST SHAREHOLDERS AS AT 31 MARCH 2019

SHAREHOLDER	NO. OF SHARES	TOTAL NO. OF SHARES	PERCENTAGE SHAREHOLDING
SAGICOR		167,736,187	40.47%
JCS D TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	15,000,000		
JCS D TRUSTEE SERVICES LTD - SIGMA EQUITY	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		26,835,898	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		
FIRST CARIBBEAN INTERNATIONAL SECURITIES- A/C 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%

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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 31 MARCH 2019 are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 31 MARCH 2019

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		