



The 138 Student Living  
Jamaica Ltd.

# PROSPECTUS

**ADDITIONAL PUBLIC OFFERING**

OFFER CLOSES: OCTOBER 6, 2023

*Lead Broker and Arranger*

**GK** GraceKennedy  
Capital Management



## ADDITIONAL PUBLIC OFFERING

by

## 138 STUDENT LIVING JAMAICA LIMITED

For subscription of up to

**513,972,784 New Ordinary Shares (with the option to upsize by inviting offers for an additional 256,986,392 New Ordinary Shares) as follows:**

**195,457,784 New Ordinary Shares for Non-Reserved Share Applicants (General Public)**

**318,515,000 New Ordinary Shares for Reserved Share Applicants (Existing Shareholders; 138SL Team Members; Strategic Partners)**

**at a subscription price of:**

**Existing Shareholders or 138SL Team  
Members or Strategic Partners**

**J\$ 4.05**

**Non-Reserved Share Applicants  
(General Public)**

**J\$ 4.40**

**Payable in full on application**

138 Student Living Jamaica Limited, 2 Castries Drive, University of the West Indies, Kingston 7, Jamaica

Telephone: (876) 665-1235 Email: info@138studentliving.com

*A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to Sub-Section 40(2) of the Companies Act, 2004 and was so registered on August 30, 2023. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purpose of registration of the Company as an issuer pursuant to Section 26 of the Securities Act, and the Company was so registered on August 31, 2023. The FSC has neither approved this Prospectus nor passed upon the accuracy or adequacy of this Prospectus.*

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the New Ordinary Shares.

No person is authorized to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained herein.

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“How to Apply Guidelines” for submission of an Application by the general public in respect of the New Ordinary Shares which are the subject of this invitation is provided at the end of this Prospectus at Appendix 1. The Subscription List for the New Ordinary Shares will open at 9:00 a.m. on September 8, 2023 and will close at 4:30 p.m. on October 6, 2023, subject to the right of the Company to close the Subscription List at any time if subscriptions have been received for the full amount of the New Ordinary Shares available for subscription and subject also to the right of the Company to extend the closing beyond that date, subject to Section 48 of the Companies Act, 2004. In the event of an early closing or an extension of the closing, notice will be posted on the website of the Jamaica Stock Exchange ([www.jamstockex.com](http://www.jamstockex.com)).

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# TABLE OF CONTENTS

1. Disclaimer and Advisory on Forward Looking Statement	4	15. Management Discussion and Analysis	48
2. Definitions	7	16. 5-Year Review of Audited Financial Statements	51
3. Chairman’s Letter to Prospective Investors	11	17. Statutory & General Information	60
4. Chief Executive Officer’s Letter to Prospective Investors	13	18. Consents	67
5. Summary of Invitation	15	19. Documents Available for Inspection	68
6. Professional Advisors for the Invitation	18	20. Directors Signatures	69
7. Risk Factors	19	21. APPENDIX 1 – How to Apply Guidelines	70
8. The Invitation	23	APPENDIX 2 – Auditor’s Report and Audited Financial Statements for the Financial Year ended September 30, 2022	72
9. Information about the Company	28	APPENDIX 3 – Unaudited Financial Statements for the 9-Month Period ended June 30, 2023	136
10. Use of Proceeds	31	APPENDIX 4 – Selling Agent/s	150
11. Share Capital Structure	32	APPENDIX 5 – Auditor’s Consent	151
12. Dividend Policy	35		
13. The Auditor’s Report	36		
14. The Board of Directors, Senior Management and their Interests in the Company	37		



## 1. DISCLAIMERS AND ADVISORY ON FORWARD LOOKING STATEMENTS

### 1.1 Invitation is made to Jamaican Residents in Jamaica

- 1.1.1 This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the New Ordinary Shares. The distribution or publication of this Prospectus and the offering of New Ordinary Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.
- 1.1.2 The New Ordinary Shares have not been, nor will they be registered or qualified under the United States Securities Act, 1933, as amended, (the “1933 Act”) or any applicable Blue Sky law or other security law of any State or political sub-division of the United States of America. The New Ordinary Shares may not be offered, sold, transferred, or delivered, directly or indirectly in the United States of America, its territories or possessions or any area subject to the jurisdiction of the United States or in any other country in which an invitation to subscribe for the New Ordinary Shares or the offering of the New Ordinary Shares is not permitted by applicable law.

### 1.2 Responsibility for Content of this Prospectus

- 1.2.1 The Directors of 138 Student Living Jamaica Limited, whose names appear in Section 20 of this Prospectus, are the persons responsible for the information contained herein. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to materially affect the import of such information. Each of such persons accepts responsibility accordingly.
- 1.2.2 No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

### 1.3 Contents of this Prospectus

- 1.3.1 This Prospectus contains important information for prospective investors in the New Ordinary Shares. All prospective investors should read the Prospectus carefully in its entirety before Applying. Each recipient’s attention is specifically drawn to the Risk Factors in Section 7 of this Prospectus and the disclaimers at the beginning of this Prospectus.
- 1.3.2 If you are in doubt about the contents of this Prospectus, you should consult your stockbroker, securities dealer, investment advisor, bank manager, attorney-at-law, professional accountant or other professional advisor.
- 1.3.3 This Prospectus contains summaries of certain documents which the Board of Directors of the Company believes are accurate. Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available for inspection as described in Section 18. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

1.3.4 The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

1.3.5 Neither the Financial Services Commission, nor the Registrar of Companies nor any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

## 1.4 Application to Subscribe for New Ordinary Shares

1.4.1 This Prospectus is not a recommendation by the Company or its Professional Advisors that prospective investors should submit an Application to subscribe for the New Ordinary Shares. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for and owning the New Ordinary Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for and owning the New Ordinary Shares, including but not limited to any tax implications.

1.4.2 Each Applicant who submits an Application acknowledges and agrees that:

- (a) (he/she has been afforded a meaningful opportunity to review the Prospectus (including in particular the terms and conditions in Sub-Section 8.4), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- (b) he/she has not relied on the Company or any other person in connection with his/her investigation of the accuracy of such information or his/her investment decision; and
- (c) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application Form.

## 1.5 Advisory on Forward-Looking Statements

1.5.1 This Prospectus contains forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made and include without limitation the discussions of future plans and financial projections. Although the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

1.5.2 Forward-looking statements may be identified by accompanying language such as “*expects*”, “*intends*”, “*anticipates*”, “*estimates*” and other cognate or analogous expressions or by qualifying language or assumptions. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company’s financial or regulatory position, or to reflect the occurrence

of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the Risk Factors set out in Section 7 as well as the following:

- general economic and business conditions prevailing both locally and internationally including: actual rates of growth of the Jamaican and regional economies, interest rates or exchange rate volatility;
- competition in the markets in which 138SL operates;
- changes in the political, social and economic conditions impacting market conditions in general;
- adverse climatic events and natural disasters;
- unfavourable market receptiveness to new products;
- changes in any legislation or policy adversely affecting the revenues or expenses of 138SL;
- any other factor negatively impacting on the realisation of the assumptions on which the 138SL's financial projections are based; and
- other factors identified in this Prospectus.

## 2. DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

<b>“138SL Concession Agreement”</b>	The Concession Agreement between 138SL and UWI Mona;
<b>“138SL Restoration”</b>	138SL Restoration Limited, a limited liability company duly incorporated under the laws of Jamaica with its registered office located at 2 Castries Drive, Kingston 7 in the Parish of St. Andrew, Jamaica;
<b>“138SL Team Member”</b>	A person who is a permanent employee or a Director of 138 Student Living Jamaica Limited as at the Opening Date and who has been advised by the Company that New Ordinary Shares have been reserved for them;
<b>“Act”</b>	The Companies Act, 2004;
<b>“Allotment”</b>	The allocation and issuance of New Ordinary Shares to successful Applicants;
<b>“Applicant”</b>	A person (being an individual or corporate body) whether a Reserved Share Applicant or a member of the general public, who submits an Application;
<b>“Application”</b>	A duly completed application for New Ordinary Shares made by an Applicant(s) in the required Application Form completed in accordance with the How to Apply Guidelines in Appendix 1, and submitted as contemplated in this Prospectus along with payment of the Price using an Approved Payment Method, with respect to the New Ordinary Shares, the subject of the Application;
<b>“Application Form”</b> or <b>“Subscription Form”</b>	The form of application to be used by all Applicants who wish to subscribe for New Ordinary Shares in the Invitation as set out in How to Apply Guidelines in Appendix 1;
<b>“Application List”</b>	The application list in respect of the Invitation;
<b>“Approved Payment Method”</b>	Any of the methods of payment described in Sub-Section 8.4.5 of this Prospectus required to be used by Applicants in effecting payment of the Price;
<b>“APO” or “Invitation”</b>	This invitation by way of Additional Public Offering to the public to subscribe for New Ordinary Shares in the capital of the Company on the terms and conditions set out in this Prospectus;
<b>“Articles”</b>	The amended Articles of Incorporation of the Company filed with the Companies Office of Jamaica on February 6, 2017;

<b>“Auditors”</b>	BDO Chartered Accountants of 26 Beechwood Avenue, Kingston 5, Saint Andrew, Jamaica
<b>“Auditors’ Report”</b>	The report of BDO Chartered Accountants set out in pages 73 to 136 in Appendix 2 hereto;
<b>“The Board of Directors of the Company”</b>	The Board of Directors of the Company whose signatures appear in Section 20;
<b>“Business Day”</b>	Any day (other than a Saturday, Sunday or public general holiday) on which banks are open for business in the Corporate Area of Kingston and Saint Andrew in Jamaica;
<b>“Closing Date”</b>	The date on which the Subscription List in respect of this Invitation closes, being 4:30 p.m. on October 6, 2023, subject to the right of the Company to shorten or extend the subscription period in the circumstances set out in this Prospectus;
<b>“COJ”</b>	Companies Office of Jamaica;
<b>“the Company” or “138SL”</b>	138 Student Living Jamaica Limited, a limited liability company duly incorporated under the laws of Jamaica with its registered office located at 2 Castries Drive, Kingston 7 in the Parish of St. Andrew, Jamaica, and the person making this Invitation;
<b>“The Companies Act”</b>	The Companies Act of Jamaica, as amended from time to time;
<b>“Concession Agreements”</b>	Collectively the 138SL Concession Agreement and the Restoration Concession Agreement;
<b>“Directors” or “Board”</b>	The Board of Directors of the Company including a duly authorized committee thereof;
<b>“Dollars” or “J\$”</b>	Jamaican Dollars;
<b>“Existing Ordinary Shares”</b>	The 414,500,000 ordinary shares in the capital of the Company in issue as at the date of this Prospectus, which are listed on the JSE Main Market;
<b>“Existing Shareholders”</b>	The registered holders of the Existing Ordinary Shares of the Company as at the Opening Date;
<b>“FSC”</b>	The Financial Services Commission of Jamaica;
<b>“General Public”</b>	Non-Reserved Share Applicants;
<b>“GK Cap”</b>	GK Capital Management Limited, a limited liability company duly incorporated under the laws of Jamaica, and the Lead Broker for this Invitation;



<b>“Government”</b>	The Government of Jamaica;
<b>“the Group”</b>	Collectively, 138SL and 138SL Restoration;
<b>“Invitation Price” or “Price”</b>	J\$4.05 for Existing Shareholders, 138SL Team Members or Strategic Partners;  J\$4.40 for General Public;
<b>“Irvine Hall Claim”</b>	The Irvine Hall claim refers to a claim for compensation by 138SL Restoration on the UWI Mona due to a variation made by UWI Mona to the design contemplated by the Restoration Concession Agreement;
<b>“JCSD”</b>	Jamaica Central Securities Depository Limited;
<b>“JSE” or “the Exchange”</b>	The Jamaica Stock Exchange;
<b>“JSE Website”</b>	The website of the Jamaica Stock Exchange at <a href="http://www.jamstockex.com">www.jamstockex.com</a> ;
<b>“JSE Main Market”</b>	The main market of the JSE;
<b>“JSE Rules”</b>	The rules made by the JSE from time to time to govern the main market of the JSE;
<b>“Last Audited Accounts”</b>	The Audited Accounts of the Company for the year ending September 30, 2022 posted on the JSE Website;
<b>“Lead Broker”</b>	GK Cap, who will act on behalf of 138SL in the execution of the Invitation;
<b>“List”</b>	The Subscription List applicable to this Invitation;
<b>“Opening Date”</b>	The date on which the Subscription List in respect of this Invitation opens, being 9:00 a.m. on September 8, 2023;
<b>“Ordinary Shareholders”</b>	Holders of the Ordinary Shares and includes Ordinary Stockholders and vice versa;
<b>“Ordinary Shares”</b>	No par value ordinary shares in the capital of the Company and includes stock units and vice versa;
<b>“Option to Upsize”</b>	the right of the Company to make available for subscription an additional 256,986,392 New Ordinary Shares at the Invitation Price in the event of excess demand;
<b>“New Ordinary Shares”</b>	Up to 513,972,784 New Ordinary Shares of no par value in the capital of the Company available for subscription in the Invitation, which upon issue will rank pari passu in all respects with the Company’s Existing Ordinary Shares;

<b>“Non-Reserved Shares”</b>	The total number of New Ordinary Shares available for subscription in this Invitation, less the Reserved Shares;
<b>“Non-Reserved Share Applicants”</b>	Applicants who are not Reserved Share Applicants;
<b>“Non-Reserved Share Pool”</b>	195,457,784 New Ordinary Shares in the Invitation which are for subscription by Non-Reserved Share Applicants (General Public);
<b>“Preference Shares”</b>	34,528,500 Cumulative redeemable preference shares in the capital of the Company;
<b>“Registrar”</b>	Sagicor Bank Jamaica Limited, a limited liability company duly incorporated under the laws of Jamaica with its registered office at 17 Dominica Drive, Kingston 5, and the Company’s registrar;
<b>“Reserved Shares Pool”</b>	Up to 318,515,000 New Ordinary Shares in the Invitation which are specifically reserved for Applications from, and subscriptions by Existing Shareholders; 138SL Team Members or Strategic Partners;
<b>“Reserved Share Applicants”</b>	Applicants who are Existing Shareholders or 138SL Team Members or Strategic Partners;
<b>“Restoration Concession Agreement”</b>	The Concession Agreement between 138SL Restoration and UWI Mona;
<b>“Selling Agents”</b>	A stockbroker approved by the Lead Broker to assist with the implementation of the Invitation;
<b>“Strategic Partners”</b>	An institutional investor/s including but not limited to any pension fund, insurance company or investment fund whose investment the Board determines in its sole discretion to be of benefit to the Company;
<b>“Subscriber”</b>	Subscribers in this Invitation;
<b>“UWI Mona”</b>	The University of the West Indies, Mona Campus.

In this Prospectus, the singular includes the plural and vice versa, and references to one gender include all other genders. References to “person” include any individual, company or other corporate body or any firm or partnership.

### 3. CHAIRMAN'S LETTER TO PROSPECTIVE INVESTORS

## CHAIRMAN OF THE BOARD OF DIRECTORS OF 138 STUDENT LIVING JAMAICA LIMITED

August 28, 2023

Dear Prospective Investors,

Thank you for your interest in 138 Student Living Jamaica Limited (138SL).

The 138SL Team, led by an active Board of Directors and a robust and proactive management group, have achieved several significant milestones:

1. Strong partnership with The University of the West Indies, Mona
2. Current year's occupancy levels at approximately 93%
3. Restructured debt instruments with a fixed interest rate (formerly variable rate) resulting in significant savings on interest cost, as well as an 18-month moratorium on principal payments
4. Obtained necessary approvals from debtholders for the APO
5. First dividend payment in February of this year

The global COVID-19 Pandemic was the first of its kind in over 100 years. It threatened the very foundations of our education system (with travel restrictions, social distancing, and even the out-right cancellation of face-to-face classes) yet the resilience of 138SL was demonstrated as the profitability of the Group was maintained during the period. This was achieved by a fast and deft response involving the creation of additional revenue streams whilst implementing measures to reduce costs and cash outflows. The underlying 90% occupancy guarantee, which underpins the Concession Agreements with UWI Mona, together with the open communication and continued collaboration are strong foundations for 138SL going forward.

This APO is intended to further shore-up the future of 138SL and ensure that we continue to be “the *Caribbean's premier provider of University Housing*”. This Prospectus provides details on the APO and some of the future plans for 138SL. The first step in that future plan is to optimize the Company's capital structure.

#### Optimizing Capital Structure

The Group currently operates a total of 1,464 rooms at four locations on the UWI Mona Campus. Under the current Concession Agreements, the capacity exists to build another 842 rooms. The Company is now at a stage where it expects to generate significant amounts of free cash flow. 138SL expects to be able to pay regular dividends of

up to 90% of its distributable profits providing a dividend yield of approximately 10% at the proposed offer price. This builds on the Company's first dividend payment of 13 cents per share. For more information on the Company's dividend policy see Section 12.

This APO is intended largely as a strategy to better optimize the Company's capital structure by replacing a portion of the Company's over J\$4.2 billion debt stock with equity, and to better align its capital structure with its income streams. By so doing, the Company will also be able to capitalize on opportunities to grow its top line revenue.

The APO should also broaden our shareholder base whilst still recognizing that our existing shareholders, having supported the business over the years, should be given an opportunity to invest in the Company on a priority basis. Accordingly, we have allocated a portion of the New Ordinary Shares available in this APO to our Existing Shareholders who may subscribe at a discounted price.

### How to Subscribe

We hope that existing and prospective investors will join the Company in this new phase of its development. Those investors who are interested in subscribing for New Ordinary Shares should read the Prospectus in its entirety and the full terms and conditions of the Invitation set out in Sub-Section 8.4, and then submit an Application by following the How to Apply Guidelines in Appendix 1.

Yours sincerely,

For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'I. Parsard', written over a horizontal line.

Ian Parsard  
Chairman

## 4. CHIEF EXECUTIVE OFFICER'S LETTER TO PROSPECTIVE INVESTORS



August 28, 2023

Dear Prospective Investor

I joined 138 Student Living Jamaica Limited (“138SL”) as Chief Executive Officer in June 2019. In my four (4) years at the helm, my executive team has had to be innovative and nimble in the face of the global COVID-19 Pandemic. During this critical period, we quickly pivoted by engaging in more short-term revenue generating opportunities, managing costs, and restructuring our loan notes to enable the sustainability of the business. In Sub-Section 15.2.4 of the Management Discussion & Analysis (“MD&A”), we discuss our pivot into short-term rentals in more detail.

### **Increasing Operating Profit Margins**

The COVID-19 Pandemic also required us to conduct a detailed review of our cost structure. Some of the decisions that were made, especially in relation to our staffing needs, were difficult but unavoidable as the Company had to become more efficient. The cost discipline demanded during this time has continued into the current environment. At Sub-Section 16.1.2 below we provide more information on our operating profit and operating profit margins.

### **Capital Allocation**

As discussed by the Chairman of the Board, the other area that we have looked at closely is 138SL’s financing structure. At the time of my appointment, the majority of 138SL’s debt was variable rate – meaning that the rate of interest paid on the debt would fluctuate based on certain criteria. In 2021 during the onset of COVID-19 and after assessing the debt markets, we decided to engage with our debt holders to restructure the variable rate instruments to a fixed rate. The Bank of Jamaica’s (“BOJ”) reference policy interest rate during 2021 was 0.50% (a historic low). At present, the BOJ has increased its policy rate to 7.00%. Even though our debt was restructured at what now appears to be favourable terms, the Board and executive management are aligned that both existing shareholders and investors in this APO will significantly benefit from a reduction in the Company’s leverage. In Sub-Section 15.2 of the MD&A we discuss in more detail our plans for shareholders.

### **Opportunities for Growth**

Under the existing Concession Agreements, we have the option to construct and operate an additional 842 student rooms. If this option is exercised, between 138SL and 138SLR we would operate 2,306 rooms, an approximately 60% increase from the existing housing stock. There is also the opportunity for us to grow, both regionally and internationally, and to further grow our short-term rental business revenue stream, which we have only just begun to explore. 138SL will undoubtedly benefit from the increased capital raised by this APO, that will further support execution on our strategic value-creating initiatives.



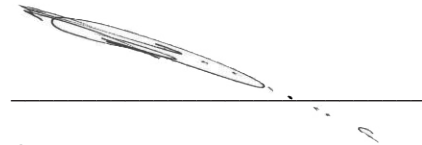
So, in summary, the management at 138SL are optimistic in the short term and very confident in the medium to longer term outlook for the Company and its business.

In determining the price per New Ordinary Share, the Company and GK Cap considered a number of factors, including:

- The current state of the securities market.
- The financial performance of the Company to date and its outlook.
- The terms of the Concession Agreements that govern the Company's relationship with UWI Mona.
- The strength of The Board and management.
- The economic prospects of the industry in which the Company operates.

We invite Existing Shareholders, 138SL Team Members, as well as Strategic Partners and the General Public, to participate in the next exciting phase of the Company's development. In so doing, we expect investors will benefit from the significant value created by our strategic initiatives.

We invite you to join us on this exciting journey.



Cranston Ewan  
Chief Executive Officer

## 5. SUMMARY OF INVITATION

5.1 The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices. Prospective Investors are advised to read this entire Prospectus carefully before making an investment decision about the transactions herein. Each recipient's attention is specifically drawn to the Risk Factors in Section 7 of this Prospectus and the disclaimers at the beginning of this Prospectus. If you have any questions arising out of this Prospectus or if you require any explanations, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant, or other professional adviser.

**Issuer** 138 Student Living Jamaica Limited

**Invitation:** Up to 513,972,784 New Ordinary Shares

**Non-Reserved Shares:  
(General Public)** 195,457,784 New Ordinary Shares at J\$4.40 per New Ordinary Share.

**Reserved Shares:** 318,515,000 New Ordinary Shares.

**Reserved Share Pool:**

Reversed Share Pool	New Ordinary Shares Available For Subscription	Price per New Ordinary Share
Existing Shareholders or 138SL Team Members or Strategic Partners	318,515,000	J\$4.05

**Option Upsize:** 256,986,392 New Ordinary Shares.

**Key Dates:**

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**Registration of Prospectus with COJ:** August 30, 2023

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**Registration of Prospectus with FSC:** August 31, 2023

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**Publication of Prospectus:** September 1, 2023

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**Opening Date:** 9:00 A.M. on September 8, 2023

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**Closing Date\*:** 4:30 P.M. on October 6, 2023

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\*subject to the right of the Company to shorten or extend the subscription period in the circumstances set out in this Prospectus.

**Application Guidelines:** See Appendix 1 of this Prospectus.

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**Application Procedures:** See Sub-Section 8.4 of this Prospectus.

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**Approved Payment Method:** Payable in full on submission of an Application Form by any of the following methods

- i. Manager's cheque payable to GK Cap and/or any of the approved Selling Agents for amounts less than J\$1.0 million;
- ii. Cleared funds held in an equity/investment account in the Applicant's name at GK Cap supported by an authorization from the Applicant instructing GK Cap to transfer the payment to their JCSD account;
- iii. Transfer from the Applicant's account held with the Applicant's stockbroker;
- iv. Transfer in the Real Time Gross Settlement (RTGS) system to an account designated by GK Cap;
- v. Transfer via the Automated Clearing House (ACH) to an account designated by GK Cap.

*Note that: A penalty of J\$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J\$1,000,000.00.*

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**Basis of Allotment:** Application Forms that meet the requirements set out in this Prospectus will be accepted on a first come first served basis. If the Invitation is oversubscribed, the Company reserves the right to allot the New Ordinary Shares to Applicants on a basis to be determined by it in its sole discretion, including on a pro rata basis.

In the event the Invitation is oversubscribed, the Company, in consultation with the Lead Broker, reserves the right to adjust the Basis of Allocation to ensure a fair and equitable allocation.

Multiple applications by any person (whether individual or joint names) may be treated as a single application.

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**Confirmation of Allotments:** All Applicants may refer to the confirmation instructions that will be posted on the JSE Website ([www.jamstockex.com](http://www.jamstockex.com)) within six (6) days of the Closing Date.

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**Returned Applicants/Refunds:** Available for collection where originally submitted within ten (10) days of the Closing Date (or the extended Closing Date, as the case may be).

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**Final Allotment and Admission of trading on JSE:** \*\*Within twenty-one (21) days of the Closing Date subject to the New Ordinary Shares being admitted for listing by the Board of the JSE on the JSE Main Market.

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\*The Subscription List will close at 4:30 p.m. on the Closing Date of October 6, 2023, subject to the right of the Company to: (i) close the Subscription List at any time after 9:00 a.m. on the Opening Date of September 8, 2023 once the issue is fully sold and subscribed; and/or (ii) extend the Closing Date, subject to the provision of section 48 of the Act. In either case, notice will be posted on the website of the JSE ([www.jamstockex.com](http://www.jamstockex.com)).

\*\*It is the intention of the Company to apply to the JSE for admission of the New Ordinary Shares to trade on the JSE Main Market. The application for admission is dependent on the Company's ability to meet the criteria for admission set out in the JSE Rules. Please note that this statement of the Company's intention is not a guarantee that the New Ordinary Shares will in fact be admitted to trade on the JSE.

It is anticipated that the New Ordinary Shares will be converted to stock units and listed within twenty one (21) days after the close of the Application List. However, the foregoing statement regarding the Company's intention to list the New Ordinary Shares on the JSE is not to be construed as a guarantee that the New Ordinary Shares will be listed or that the New Ordinary Shares will be so listed within the time stated. If the New Ordinary Shares are listed, dealings will commence immediately after such listing. If the New Ordinary Shares are not so listed, then any provisional allotment of New Ordinary Shares made by the Company will be revoked and the Company will not proceed with the un-conditional allotment of New Ordinary Shares pursuant to this Prospectus. In such case, all monies received from subscribers in response to this Prospectus would be refunded, without interest, within ten (10) working days after the Jamaica Stock Exchange has notified the Company of its decision to decline the listing application.

## 6. PROFESSIONAL ADVISORS FOR THE INVITATION

### LEAD BROKER

GK Capital Management Limited  
58 Hope Road  
Kingston 6, Jamaica

### LEGAL ADVISORS

**Patterson Mair Hamilton**  
Attorneys-at-Law  
Temple Court  
85 Hope Road  
Kingston 6, Jamaica

### PRIMARY CONTACT

**Ms. Christina Millington**  
Assistant Vice President – Investment Banking  
GK Capital Management Limited  
gkcminvestmentbanking@gkco.com  
(876) 932-3696

### AUDITORS

BDO Chartered Accountants  
26 Beechwood Avenue  
Kingston 5, Saint Andrew  
Jamaica

### REGISTRAR AND TRANSFER AGENTS

Sagicor Bank Jamaica Limited  
17 Dominica Drive  
Kingston 5, Saint Andrew  
Jamaica



## 7. RISK FACTORS

- 7.1 **In addition to other information set forth in this Prospectus, investors should consider carefully the risks described below before subscribing for New Ordinary Shares in the Company. These risks are not the only ones facing investors. Additional risks, not presently known to the Directors, or that the Directors may presently consider immaterial, may also impair the Company's operations.**
- 7.2 This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus.

### *Risks Relating To Maintenance and Repairs of Student Residences*

- 7.3 The Company's primary business is the lease of rooms to students at the UWI, Mona Campus. The Company is also responsible for the upkeep, repair, maintenance and/or renovation of the student residences.
- 7.4 The renovation work, repair and maintenance or physical damage to the student residences may, from time to time, disrupt the operations of the Company and the collection of fee income or otherwise result in an adverse impact on the financial performance of the Company.
- 7.5 The student residences will need to undergo renovation works from time to time to retain their attractiveness to students and to satisfy the Company's operational obligations under the Concession Agreements. The student residences will also require ad hoc maintenance and/or repairs from time to time.
- 7.6 The costs of maintaining the student residences and the risk of unforeseen maintenance or repair requirements are likely to increase over time as the residences age.

### *Risks Relating to Damage to Student Residences*

- 7.7 Physical damage to the student residences resulting from fire or other acts of God such as earthquakes or hurricanes may lead to significant damage and disruption to the business and operations of the Company.
- 7.8 The buildings operated by the Company are insured for their replacement value and the Company has additional insurance policies that would cover interruptions in its business. It may not always be practical for the Company to utilize this insurance or there may be disputes with the insurer as to whether a particular risk is covered. This may impact the Company's ability to generate income, and consequently its profitability.

### *Pandemics*

- 7.9 On March 11, 2020 the World Health Organisation declared that the novel coronavirus (SARS-COV-2), which causes the disease referred to as COVID-19 ("COVID-19"), had reached the status of a global pandemic (the "COVID-19 Pandemic"). The first instance of COVID-19 in Jamaica was detected in the same month.

- 7.10 The COVID-19 Pandemic and the measures adopted by the various governments (including the Jamaican Government) to mitigate the spread of COVID-19 have had a material impact on the world economy.
- 7.11 As a result of the COVID-19 Pandemic or similar public health crises that may arise, the Company may experience disruptions that could adversely impact its operations. For instance, where remote learning is implemented to mitigate any public health crises, this will negatively impact the demand for the student residences operated by the Company, and would therefore affect the Company's business.

#### *Operational Risks*

- 7.12 The Company is exposed to risk of loss resulting from inadequate or failed internal processes, people, or systems. Operational Risks also include:
- (a) systemic risk (including the risk of accounting errors, failure to procure appropriate controls and compliance failures);
  - (b) legal risk and reputational risk;
  - (c) employee errors, computer and manual systems failures, security failures, technological challenges; and
  - (d) fraud or other criminal activity.

#### *Risks relating to use of Leverage*

- 7.13 Prior to this Invitation, the Company has used loan capital as a significant source of financing. As shown in the unaudited financial statements for the interim 9-month period ending June 30, 2023, Shareholders' Equity was approximately J\$4.8 billion, while Non-current Liabilities were J\$3.7 billion.
- 7.14 The Company's ability to make payments on (or to refinance) indebtedness will depend upon its ability to generate cash from operations or to raise additional funding. The Company's operational performance is subject to general economic conditions, financial, legislative and regulatory factors that are beyond its control. Consequently, there is a risk that the Company may not generate sufficient cash flow from operations, investment, or financing to enable it to pay its indebtedness or to fund its other cash needs. In such a case the Company may need to reduce, restrict and/or delay the implementation of strategic business initiatives. There is also a chance that the Company may be declared insolvent and need to reorganise or restructure its indebtedness.
- 7.15 The majority of the proceeds from this Invitation will be used to repay indebtedness which will materially reduce the Company's leverage.

### *Share Price Volatility*

- 7.16 Following their proposed admission to trading on the JSE, the New Ordinary Shares may experience volatility in their market price, or flat trading (being very infrequent trades or insignificant volumes of trading), either of which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control. In either case the market price of the New Ordinary Shares may be negatively affected or shareholders that wish to sell may only be able to do so at a discount.

### *Non - Diversification Risk*

- 7.17 The business model and scale of the Company is not diversified. In particular, the student residences operated by the Company are at this time all located at UWI Mona and the financial performance of the Company depends on the occupancy levels at the UWI Mona student residences.
- 7.18 The Company's business operates under Concession Agreements with UWI Mona. From time to time there may be disputes or issues with UWI Mona which could significantly impact the financial performance of the Company. Notwithstanding this risk, the Company has enjoyed a collaborative and cooperative working relationship with UWI Mona.

### *No guarantee that the Company will pay dividends*

- 7.19 Any dividend on New Ordinary Shares will be dependent upon the performance of the Company and its subsidiary. The Company's proposed dividend policy is set out in Section 12 and should not be construed as a dividend forecast. Under Jamaican law, a company can only pay dividends to the extent that it has distributable reserves and cash on hand to pay such dividends. Even where the Company has distributable reserves, the Directors may decide not to pay a dividend if to do so would render the Company inadequately capitalized or if for any other reason the Directors determine that paying a dividend at that time would not be in the best interest of the Company. No dividend can be paid unless recommended by the Directors.

### *Changes in Accounting Rules*

- 7.20 The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Companies Act.

### *Risks relating to Natural Disasters*

- 7.21 Natural disasters affecting Jamaica (such as hurricane or earthquake) could adversely affect the Jamaican economy or damage the Company's student residences. Those events could, in turn, have a negative impact on the Company's financial performance. Furthermore, the amount recovered under relevant property insurance policies may be less than anticipated because of under-insurance and the *pro rata* conditions of coverage.

***Risks relating to the Concession Agreements***

- 7.22 The Company and 138SL Restoration are required to operate the buildings at UWI Mona in accordance with the standards set out in the Concession Agreements. Failure to do so could cause the Company to incur liability to UWI, or for UWI to step in to operate the buildings if it deems that there is a risk to health, safety or otherwise, or for UWI to terminate the Agreement.
- 7.23 If the Concession Agreements were to be terminated or if UWI Mona were to step in to operate the student residences, the business of the Company and 138SL Restoration could be severely impacted. Thus far, the Company and UWI Mona have had a collaborative and cooperative relationship, so the management has no reason to believe that any of the Concession Agreements are at risk.

***Macro-Economic Policies***

- 7.24 Changes in fiscal and monetary policies introduced by the Government of Jamaica and BOJ, respectively, may affect the behaviour of capital markets including the JSE and the value of the Company's New Ordinary Shares may also be adversely affected.

## 8. THE INVITATION

### 8.1 General Information

8.1.1 The Company invites subscriptions for up to 513,972,784 New Ordinary Shares in the capital of the Company, subject to the terms and conditions of this Prospectus. The New Ordinary Shares will, upon issue rank *pari passu* in all respects with the Company's issued and fully paid ordinary shares.

(a) Issued and fully paid shares at the date of this Prospectus

Ordinary Shares	414,500,000
Cumulative Redeemable Preference Shares	34,528,500

(b) Total Issued and fully paid Ordinary Shares in the event that the Invitation is fully subscribed

Total before subscription of shares in the Invitation	414,500,000
Non-Reserved Shares (General Public)	195,457,784
Reserved Shares	318,515,000
<b>Total after subscription of shares in the Invitation<sup>1</sup></b>	<b>928,472,784</b>

8.1.2 The Non-Reserved Shares (General Public) are priced at the Invitation Price of J\$4.40 per New Ordinary Share payable in full on Application. Each New Ordinary Share forming the Reserved Shares Pool is priced at J\$4.05 per New Ordinary Share.

8.1.3 **Reserved Share Applicants are the persons (referred to herein) who are entitled to subscribe for Reserved Shares.** The Invitation will be with respect to up to 513,972,784 New Ordinary Shares, but the Directors reserve the right to elect to upsize the number of New Ordinary Shares made available for subscription by no more than 256,986,392 additional New Ordinary Shares in the event that the Invitation is oversubscribed.

8.1.4 The Reserved Shares are initially reserved for priority application from and subscription by Reserved Share Applicants at the abovementioned prices.

8.1.5 If any of the Reserved Shares comprising any of the reserved pools are not fully subscribed for by the Reserved Share Applicants comprised within the respective pools (hereinbefore described), such Reserved Shares will be allocated, and made available, to the Non-Reserved Share Pool and form part of the New Ordinary Shares available for allotment to Non-Reserved Share Applicants (General Public) at the Price applicable to the Non-Reserved Share Applicants (General Public).

<sup>1</sup> See Sub-Section 8.2 for information on the Option to Upsize.

## 8.2 Option to Upsize

- 8.2.1 If the Invitation for New Ordinary Shares is oversubscribed, the Company may take any one or a combination of the following actions:
- i. Elect at any time prior to the closing of the Invitation or on the Closing Date, to upsize by making up to 256,986,392 additional New Ordinary Shares available for subscription by Applicants, bringing the maximum size of the Invitation to 770,959,176 New Ordinary Shares. In the event that the Company exercises its option, it shall make reference thereto in any announcement it issues, for the purposes of the closing of the Invitation and the publication of the basis of allotment following the Closing Date. This is not a guarantee that the Company will exercise the option to upsize.
  - ii. Allot the New Ordinary Shares on a first come, first served basis, however, if the Invitation is oversubscribed, the Company reserves the right to allot the New Ordinary Shares to Applicants on a basis to be determined by it, in its sole discretion, including on a pro rata basis. In this case, Applicants may be allotted fewer New Ordinary Shares than they applied for.

## 8.3 Timing

- 8.3.1 The Subscription List will open at 9:00 a.m. on September 8, 2023 (the “Opening Date”) and will close on October 6, 2023 at 4:30 p.m. or such other date as may be fixed by the Board (the “Closing Date”), subject to the Company’s right to close the Subscription List at any time without notice, if Applications have been received for the full amount of the New Ordinary Shares, the subject of the Invitation. Applications are due within the period commencing on the Opening Date and ending on the Closing Date.
- 8.3.2 The Invitation will close at 4:30 p.m. on the Closing Date subject to the right of the Company to: close the Invitation at any time after it opens at 9:00 a.m. on the Opening Date once the Invitation is fully subscribed; or (b) extend the period during which the Invitation will remain open for any reason, provided that such period does not extend beyond the expiration of forty (40) days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of the extension of such period or an early closing, notice will be posted on the website of the JSE at [www.jamstockex.com](http://www.jamstockex.com).
- 8.3.3 Subject to the provisions in this Prospectus, the Company reserves the right to extend the period during which the Invitation will remain open. Allocations may be made at the Company’s sole discretion, six (6) days after the Invitation is closed, and an announcement will be made informing of the allocation of New Ordinary Shares to successful Applicants.

## 8.4 Application Procedures and Terms and Conditions of Invitation

- 8.4.1 Applications must be made in accordance with the How to Apply Guidelines set out at Appendix 1 of this Prospectus.

8.4.2 Each Applicant must have provided:

- (a) For all individual Applicants, a copy of: (i) valid identification (Driver's Licence, Passport or National Identification (ID)); and (ii) in the case of Reserved Share Applicants, a Relevant ID (if applicable), or such other relevant information as may be required to confirm eligibility as a Reserved Share Applicant;
- (b) Copy of Taxpayer Registration Number card for all Applicants resident in Jamaica; and
- (c) Evidence of payment for the full amount of the Invitation Price payable for the New Ordinary Shares applied for, using an Approved Payment Method, along with the JCSD processing fee of J\$172.50 (inclusive of GCT)

8.4.3 Each Application for New Ordinary Shares must be for a minimum of 1,000 New Ordinary Shares and amounts above this shall be in multiples of 100 Shares.

8.4.4 Payment for the full amount of the Invitation Price for the New Ordinary Shares applied for must be remitted to the Lead Broker or Selling Agent, as the case may be.

8.4.5 Approved Payment Method: Payable in full on submission of Application using any of the following methods:

- i. Manager's cheque payable to GK Cap and/or any of the approved Selling Agents for amounts less than J\$1.0 million;
- ii. Cleared funds held in an equity/investment account in the Applicant's name at GK Cap supported by an authorization from the Applicant instructing GK Cap to transfer the payment to their JCSD account;
- iii. Transfer from the Applicant's account held with the Applicant's stockbroker;
- iv. Transfer in the Real Time Gross Settlement (RTGS) system to an account designated by GK Cap (see How to Apply Guidelines in Appendix 1);
- v. Transfer via the Automated Clearing House (ACH) to an account designated by GK Cap.

*A penalty of J\$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J\$1,000,000.00.*

8.4.6 Each Applicant acknowledges and agrees that:

1. he/she has been afforded a meaningful opportunity to review the Prospectus (including the terms and conditions in this Section 8), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
2. he/she has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her investment decision; and
3. no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application Form.

- 8.4.7 Applicants will be deemed to have accepted the terms and conditions of this Invitation and any other terms and conditions set out in this Prospectus.
- 8.4.8 Application Forms that meet the requirements set out in this Prospectus will be accepted on a first come first served basis. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date.
- 8.4.9 For the purposes of paragraph 8.4.8 above, the Company and the Board, in their sole discretion, may:
- i. accept or reject any Application Form in whole or part without giving reasons, and neither the Board (nor any of the Directors) nor the Company shall be liable to any Applicant or any other person for doing so; and
  - ii. treat multiple applications by any person (whether in individual or joint names) as a single application.
- 8.4.10 Neither the submission of an Application Form by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of New Ordinary Shares by the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application Form) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares at the Invitation Price, subject to these terms and conditions.
- 8.4.11 The Board, in their sole discretion, may accept (in whole or in part) or reject, in whole or in part, any Application to subscribe for New Ordinary Shares, even if the Application is received, validated and processed.
- 8.4.12 An Applicant whose application has been accepted (in whole or in part) will be allotted Shares to their account in the JCSD specified in their Application Form. Applicants may refer to the confirmation instructions that will be posted on the JSE Website ([www.jamstockex.com](http://www.jamstockex.com)) after the Closing Date.
- 8.4.13 The Company will return cheques for the amounts refundable to Applicants whose Application Forms are not accepted, or whose Application Forms are only accepted in part, to the Applicant's Broker within ten (10) days after the Closing Date (or the extended Closing Date, as the case may be). Please note that the JCSD processing fee of J\$172.50 (inclusive of GCT) will not be refunded to an Applicant in the event that the Company refunds payments received for Shares.
- 8.4.14 If the Invitation is oversubscribed, it is likely that the New Ordinary Shares will be allocated on a *pro rata* basis, in which event Applicants may be allotted fewer New Ordinary Shares than were the subject of their Applications. However, the Company (in the event of oversubscription) reserves the right to allot Shares on an alternative basis to be determined in its sole discretion including allotting a minimum of New Ordinary Shares to each Applicant and then allocating the excess on a *pro rata* basis or on such alternative basis as seems justifiable having regard to fairness and efficacy.
- 8.4.15 Applicants must be at least 18 years old.



## 8.5 Additional Information on Reserved Share Pools

- 8.5.1 At an extraordinary general meeting of the Company held on March 20, 2023, the Shareholders of the Company authorised the Company to issue up to 775,000,000 Ordinary Shares in an additional public offering. The Board or a committee of the Board was further authorised to determine the terms and conditions relating to the additional public offering. At a meeting of the Board held on August 22, 2023 the Directors approved the terms and conditions relating to this Invitation.
- 8.5.2 As set out in the Prospectus the Directors have made the determination that 318,515,000 New Ordinary Shares should be reserved for Existing Shareholders, 138SL Team Members or Strategic Partners.
- 8.5.3 If any of the Reserved Shares comprising any of the reserved pools are not fully subscribed for by the Reserved Share Applicants, such Reserved Shares will be allocated, and made available, to the Non-Reserved Applicants (the General Public).

## 9. INFORMATION ABOUT THE COMPANY

### 9.1 Overview of the Company

9.1.1 138 Student Living Jamaica Limited (“**138SL**”, or the “**Company**”), was incorporated on August 15, 2014. The Company was established to design, construct and operate living facilities at the University of the West Indies, Mona Campus (“**UWI Mona**”) under a concession agreement between the Company and UWI Mona.

9.1.2 138SL Restoration Limited (“**138SL Restoration**”) was incorporated on April 30, 2015. 138SL Restoration is a wholly-owned subsidiary of the Company. 138SL Restoration was established to restore, reconstruct and operate living facilities at UWI Mona under the Restoration Concession Agreement between 138SL Restoration and UWI Mona. 138SL and 138SL Restoration collectively constitute “the Group”.

### 9.2 The 138SL Concession Agreement

9.2.1 The Company was established as a special purpose real estate investment vehicle. It was founded by Mr. John Lee, the first chairman of 138SL, Mrs. Marrynette Lee (both of whom remain directors at this time), Messrs. Kingsley Thomas, Douglas Stiebel and other members of the founding group.

9.2.2 On July 3, 2014 a concession agreement was signed with K Limited and UWI Mona. K Limited is a company founded and controlled by Mr. John Lee, Mrs. Marrynette Lee and their family. Pursuant to a Deed of Novation dated November 13, 2014 the rights, responsibilities and obligations of K Limited were duly transferred to 138SL (the “**138SL Concession Agreement**”).

9.2.3 The 138SL Concession Agreement required the Company to design, construct and operate 1,584 units in three (3) development phases over a four (4) year period.

9.2.4 The 138SL Concession Agreement is for a minimum of thirty (30) years and a maximum of sixty-five (65) years. The exact number of years will depend on 138SL's ability to achieve a real after tax 15.00% internal rate of return.

9.2.5 Upon expiration of the 138SL Concession Agreement, 138SL will transfer the dormitories to UWI Mona.

9.2.6 For the term of the 138SL Concession Agreement, 138SL has the sole right to charge and collect fees for occupying its accommodations. 138SL has the right to adjust the fees charged annually based on a financial model which includes the impact of the USD/JMD exchange rate.

9.2.7 UWI Mona guarantees 138SL a minimum 90% occupancy rate of no less than fifty-one (51) weeks per year.

9.2.8 As at the date hereof 138SL has completed two (2) of the three (3) development phases as follows:

Phase	Hall Name	No. of Rooms
Phase 1	Leslie Robinson Hall	432
Phase 2	George Alleyne Hall	576

### 9.3 The Restoration Concession Agreement

9.3.1 On April 10, 2015 a concession agreement was signed between 138SL Restoration (a wholly subsidiary of 138SL) and UWI Mona (the “**Restoration Concession Agreement**”). Under the Restoration **Concession Agreement**, 138SL Restoration agreed to renovate, expand and operate Gerald Lalor Flats and Irvine Hall. On completion of that project, 138SL Restoration would operate up to 722 units.

9.3.2 The Restoration Concession is for a minimum term of twenty-five (25) years and a maximum of thirty (30) years. The exact number of years will depend on 138SL Restoration’s ability to achieve a real after tax 9.00% internal rate of return.

9.3.3 Upon expiration of the Restoration Concession Agreement, 138SL Restoration will transfer the dormitories to UWI Mona.

9.3.4 For the term of the Restoration Concession Agreement, 138SL Restoration has the sole right to charge and collect fees for occupying its accommodations. 138SL Restoration has the right to adjust the fee charge annually based on a financial model which includes the impact of the USD/JMD exchange rate.

9.3.5 UWI Mona guarantees 138SL Restoration a minimum 90% occupancy rate of no less than: (a) fifty-one (51) weeks per year in respect of Gerald Lalor Flats; and (b) thirty-eight (38) weeks per year in respect of Irvine Hall.

9.3.6 As at the date hereof 138SL Restoration has completed the restoration of halls as follows:

Phase	Hall Name	No. of Rooms
Phase 1	Gerald Lalor Flats	72
Phase 2	Irvine Hall (redevelopment)	384

9.3.7 The Restoration Concession Agreement contemplated that Gerald Lalor Flats would constitute 72 rooms and Irvine Hall 650 rooms. During the redevelopment of Irvine Hall, UWI Mona requested a variation to the design contemplated by the Restoration Concession Agreement. That variation (which was accepted by 138SL Restoration) led to a reduction in the number of double rooms and an increase in the number of single rooms. As a result, 138SL Restoration made a claim for compensation from UWI Mona on account of the variation (the “Irvine Hall Claim”) as stipulated under the Restoration Concession Agreement.

- 9.3.8 The Irvine Hall Claim was resolved in FY 2022 whereby the financial model for Irvine Hall was revised to take account of the “as built” structure.
- 9.3.9 Under the Restoration Concession Agreement, 138 SL Restoration effectively has capacity to increase its existing number of rooms by an additional 266.

## 10. USE OF PROCEEDS

### 10.1 Gross Proceeds

If this Invitation is fully subscribed, the gross proceeds will be approximately J\$2,150,000,000 of which approximately J\$102.5 million is expected to be used to pay transaction costs. The net proceeds from the Invitation is therefore expected to be J\$2,047.5 million. If the option to upsize is fully exercised the gross proceeds will further increase. The maximum by which the gross proceeds may increase by way of exercise of the option to upsize is expected to be J\$1,075.0 million for total gross proceeds sum of J\$3,225.0 million (net proceeds = J\$3,085 million)

### 10.2 Use of the Proceeds

10.2.1 The Company will use the proceeds to repay existing indebtedness, and to settle transaction costs associated with the APO. Additionally, 138SL plans to take advantage of investment opportunities (including the exploration of expanding room capacity).

The table below summarises the use of the proceeds:

Expected Use of Proceeds	J\$ Amount	J\$ Amount (if Option to Upsize Fully exercised)
Reduction of Indebtedness	1,500,000,000	2,000,000,000
Other investment opportunities	547,500,000	1,085,000,000
Transaction Costs	102,500,000	140,000,000
<b>Total</b>	<b>2,150,000,000</b>	<b>3,225,000,000</b>

10.2.2 The proceeds of the APO will be used to reduce the Company's debt by J\$1.5 billion to J\$2.0 billion; a 36% - 48% reduction in the Company's debt. This reduction in debt is expected to reduce the Company's interest cost by J\$112.5 million to J\$160 million and principal payments by J\$143 million to J\$260 million per annum. This would result in estimated total savings between J\$255.5 million to J\$420 million which could be annually distributed to shareholders via dividends.

10.2.3 For more information on the expected use of proceeds see the Management Discussion and Analysis at Section 15.

## 11. SHARE CAPITAL STRUCTURE

### 11.1 Authorised and Issued Share Capital

11.1.1 As at the date of this Prospectus the authorised and issued share capital of the Company are as follows:

	Ordinary Shares	Cumulative Redeemable Preference Shares
Authorised	Unlimited	94,500,000
Issued	414,500,000	34,528,500

11.1.2 At an extraordinary general meeting of the Company held on March 20, 2023, the Shareholders of the Company authorised the Company to issue up to 775,000,000 Ordinary Shares in an Additional Public Offering. The Board or a committee of the Board was further authorised to determine the terms and conditions relating to the additional public offering.

11.1.3 At a meeting of the Board held on August 22, 2023 the Directors, on the recommendation of GK Cap, approved the terms and conditions relating to this Invitation.

### 11.2 Issued Ordinary Share Capital Post-Invitation

11.2.1 If this Invitation is fully subscribed, the Issued Ordinary Share Capital will be as follows:

Description	Ordinary Shares	Amount Paid in Capital (J\$)
Existing Ordinary Shares	414,500,000	721,153,000
Non-Reserved New Ordinary Shares (General Public)	195,457,784	860,014,250
Reserved Shares	318,515,000	1,289,985,750
<b>Total</b>	<b>928,472,784</b>	<b>2,871,153,000</b>

### 11.3 Top Ten (10) Shareholdings Pre-Invitation

As at June 30, 2023 the holders on the register with the ten largest holdings of Existing Ordinary Shares are as follows:

Shareholder Name	No. of Shares	Total Shares	% Shareholding
<u>Sagicor Related Share Accounts:</u>		154,560,817	37.29%
i. Sagicor Pooled Equity Fund	90,974,452		
ii. JCSD Trustee Services Limited – Sigma Equity	42,542,679		
iii. Sagicor Pooled Mortgage & Real Estate Fund	9,233,333		
iv. JCSD Trustee Services Limited – Sigma Global Venture	11,810,353		
NCB Insurance Agency and Fund Managers Ltd – A/C WT040		82,832,770	19.98%
K Limited		68,803,832	16.60%
<u>Barita Related Share Accounts:</u>		13,016,311	3.14%
i. JCSD Trustee Services Limited – A/C Barita Unit Trust Real Estate Portfolio	10,974,925		
ii. Barita Investment Ltd – Long A/C (Trading)	2,041,386		
<u>JMMB Related Share Accounts:</u>		10,114,529	2.44%
JMMB Pension Fund	3,773,734		
JMMB Fund Managers Ltd. T1- Equities Fund	2,535,595		
JMMB Retirement Scheme (Moderate)	2,345,300		
JMMB Retirement Scheme (Conservative)	767,300		
JMMB Retirement Scheme (Aggressive)	692,600		
Wisynco Group Limited Pension Fund		10,000,000	2.41%
VMPM – Pooled Pension Real Estate		13,729,048	3.31%
Mr. Barrington Brown		7,334,592	1.77%
Conley Salmon/Juliet Salmon		5,000,000	1.21%
MF&G Asset Management – Jamaica Investments Fund		3,761,300	0.91%
<b>Sub-total</b>		<b>369,153,199</b>	<b>89.06%</b>
Other shareholders		45,346,801	10.94%
<b>Total</b>		<b>414,500,000</b>	<b>100.00%</b>

#### 11.4 Shareholdings Post-Invitation (assuming all New Ordinary Shares are subscribed in full)

Shareholder Name	No. of Shares	Total Shares	% Shareholding
<u>Sagicor Related Share Accounts:</u>		154,560,817	16.65%
i. Sagicor Pooled Equity Fund	90,974,452		
ii. JCSD Trustee Services Limited – Sigma Equity	42,542,679		
iii. Sagicor Pooled Mortgage & Real Estate Fund	9,233,333		
iv. JCSD Trustee Services Limited – Sigma Global Venture	11,810,353		
NCB Insurance Agency and Fund Managers Ltd – A/C WT040		82,832,770	8.92%
K Limited		68,803,832	7.41%
<u>Barita Related Share Accounts:</u>		13,016,311	1.40%
i. i. JCSD Trustee Services Limited – A/C Barita Unit Trust Real Estate Portfolio	10,974,925		
ii. ii. Barita Investment Ltd – Long A/C (Trading)	2,041,386		
<u>JMMB Related Share Accounts:</u>		10,114,529	1.09%
JMMB Pension Fund	3,773,734		
JMMB Fund Managers Ltd. T1- Equities Fund	2,535,595		
JMMB Retirement Scheme (Moderate)	2,345,300		
JMMB Retirement Scheme (Conservative)	767,300		
JMMB Retirement Scheme (Aggressive)	692,600		
Wisynco Group Limited Pension Fund		10,000,000	1.08%
VMPPM – Pooled Pension Real Estate		13,729,048	1.48%
Mr. Barrington Brown		7,334,592	0.79%
Conley Salmon/Juliet Salmon		5,000,000	0.54%
MF&G Asset Management – Jamaica Investments Fund		3,761,300	0.41%
<b>Sub-total</b>		<b>369,153,199</b>	<b>39.76%</b>
Other Existing Shareholders		45,346,801	4.88%
Reserved Shareholders		318,515,000	34.31%
Other Shareholders		195,457,784	21.05%
<b>Total</b>		<b>928,472,784</b>	<b>100.00%</b>



## 12. DIVIDEND POLICY

### 12.1 Ordinary Shares

12.1.1 The Company has paid dividends on its Ordinary Shares as follows:

Date of Dividend Declaration	Payment Date	Dividend per Share	Gross Dividend Amount
19/12/2022	23/02/2023	J\$0.13	J\$53.9 million\ (unaudited)

### 12.2 Preference Shares

12.2.1 As part of the Company's initial public offering, it issued 34,528,500 in cumulative redeemable preference shares. The Preference Shares carry a cumulative floating rate dividend indexed to the 180-day weighted average Treasury Bill yield plus 3.00%. The Preference Shares will mature in 2044.

12.2.2 The Preference Share dividend for the years 2014 to 2018 accumulated to J\$38 million and was paid in December 2018. The current Preference Share dividend payable between January 2019 and June 2023 is J\$48.7 million.

### 12.3 Proposed Dividend Policy

12.3.1 The Directors expect the Company's short and medium term investments and strategic plans to result in growth of its profits and distributable reserves. In the near future, the Directors anticipate paying a semi-annual dividend amounting to up to 90% of distributable net income.

12.3.2 The statement of proposed Dividend Policy should not be construed as a dividend forecast or a guarantee. See Risk Factors at Section 7 of the Prospectus or risk factors relating to the proposed dividend policy.

## 13. THE AUDITOR'S REPORT

- 13.3.1 The Auditor's Report of BDO Chartered Accountants is set out at pages 73 to 135 in Appendix 2 hereto.
- 13.3.2 BDO Chartered Accountants, has consented to and not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditors' Report, and the complete audited financial statements of the Company for the financial year ended September 30, 2022, and their name in the form and context in which it is included. The Auditor's Consent is set out at Appendix 5 hereto.

## 14. THE BOARD OF DIRECTORS, SENIOR MANAGEMENT AND THEIR INTERESTS IN THE COMPANY

# 14.1: BOARD OF DIRECTORS OF THE COMPANY

## OF THE COMPANY

Brief biographical details of the Directors of the Company are set out below. The Directors' addresses are set out in paragraph (c) of Sub-Section 16.1 hereto.



**IAN PARSARD**  
*Non- Executive Chairman*

Ian Parsard joined the Jamaica Broilers Group (JBG) in 1989 as a Senior Systems Analyst and was promoted to Project Leader in 1993. He progressed through a number of Senior Management positions including being appointed Vice President, where he held responsibility for Accounting, Finance, Energy, Operations and Corporate Planning at varying intervals over his near thirty years with JBG.

In 2012, he was appointed as JBG's Senior Vice President and currently has responsibility for JBG's financial portfolio.

Mr. Parsard holds a Bachelor of Science Degree with First Class Honours in Computer Science and Electronics from the University of the West Indies and a Master's in Business Administration with First Class Honours, from the Wharton's School of Business at the University of Pennsylvania where he graduated as the Palmer Scholar. He is also a Certified Chartered Accountant.

Ian also serves as a Director of Pan Jamaica Group Limited, a multinational business group with investments spanning various sectors including property and infrastructure.

He is the immediate past President of the Jamaica Broilers Group Cooperative Credit Union. He also rears livestock providing jobs for several persons within the parish of St. Catherine.



### **IVAN CARTER**

*Non-executive Director, Deputy  
Chairman*

Mr. Ivan Carter is Deputy Chairman of 138SL.

He is also the Group CEO of Delta Capital Partners, a Jamaican private equity group. He provides strategic management to the Delta Group, oversees all verticals of the Delta Group, and directs corporate services. He also leads areas such as funding of the development of private equity deals and executes them to completion.

He has an expansive career as an executive leader who has conceived and played leading roles in numerous strategic initiatives over the years. Up to April 2020, he served as Group Chief Financial Officer (CFO), at Sagicor Group Jamaica Limited, where he spent more than 17 years, and for more than 10 of those years, carried the additional responsibility of Group Chief Information Officer.

Mr. Carter is also a member of the Board of Directors of iCreate Limited and Visual Vibes Limited.

Ivan's academics includes a Master's in Business Administration, MSc. in Management Information Systems. He is a Certified General Accountant and a Certified Public Accountant. Ivan is also a Fellow of the Life Management Institute (FLMI).



### **JOHN W. LEE**

*Non-Executive Director*

Mr. John Lee is the founder and Chairman of K Limited and one of the founding members of the Company. John is a seasoned developer of multi-unit residential properties. As Chairman of 138SL he presided over the successful completion of Phases 1 and 2 of the Company's UWI Mona Project.

John is a former Lead Partner of the Advisory Division of PricewaterhouseCoopers Jamaica. In that role he led or participated in a number of the major financial transactions undertaken in the region. These include the structuring of the first 30-year inflation-indexed bond used to finance Highway 2000 and leading the negotiations for the acquisition of Harmony Cove in Western Jamaica.

He has also been the lead advisor or negotiator in major Government of Jamaica divestment initiatives including but not limited to those related to the sugar, coffee and hospitality industries

Mr. Lee is a graduate of the Scottish Business School at the University of Strathclyde, Scotland.



**SHARON DONALDSON  
- LEVINE**  
*Non-executive Director*

Mrs. Sharon Donaldson-Levine is the Managing Director of General Accident Insurance Company Ltd (General Accident).

Sharon hails from Lucea in the parish of Hanover where she graduated from Rusea's High School. After matriculation she pursued tertiary education at the College of Arts, Science and Technology, now the University of Technology Jamaica. She completed several professional courses, leading to her being qualified as a Certified Chartered Accountant, (ACCA). She holds an LLB from the University of London and a Master's of Business Administration from the University of Bangor, Wales.

Sharon is both an Attorney-at-Law and a Chartered Accountant.

Prior to her promotion to Managing Director Sharon previously served as the Financial Controller, Company Secretary and General Manager of General Accident between 1989 to 2007.

She is a Course Director at the Norman Manley Law School and a Lecturer at Richmond Academy where she prepares students for ACCA Certification.

Mrs. Donaldson-Levine also serves on several other Boards. She is the Treasurer of the Institute of Chartered Accountants of Jamaica (ICAJ), President of the Insurance Association of Jamaica (IAJ), and a member of the Board of the Jamaica Environment Trust (JET).



**MARRYNETTE A. LEE**  
*Non-Non-executive Director*

Mrs. Marrynette Lee, is a Director of K Limited and also a founding member of the Company. She has over the years, presided over the design and construction of all projects undertaken by K Limited including the execution of the 138SL development phases.

Mrs. Lee has experience in property management and maintenance having acted as property manager for a number of complexes, circa 100 units.

In addition to her expertise in real estate development and management, Mrs. Lee has experience in risk quantification and mitigation strategies for a variety of industries, which she gained from working as an insurance underwriter in the general insurance industry at a senior management level.

Marrynette holds a Bachelor of Science degree (Hons.) from the University of the West Indies, (Mona) and a Master's of Business Administration from the Manchester Business School, England.



### **BRENDA-LEE MARTIN**

*Non-executive Director*

Ms. Brenda-Lee Martin joined the Sagicor Group in Jamaica in 1992, where she served in numerous capacities until September 30, 2022. She is currently the CEO of the Sagicor Real Estate X Fund Limited.

She has a wealth of experience in investment management and was appointed Vice President – Asset Management in 2015 at Sagicor. Under her leadership, she bolstered the growth and development of Sagicor’s securities portfolios, which now has assets under management in excess of JMD\$200 billion as at September 30, 2022. In addition to the securities portfolio, she also had oversight of the real estate and the property services business, Sagicor Property Services Limited (SPS). SPS is the largest manager of private real estate in Jamaica currently overseeing approximately 2.5 million square feet of real estate.

Ms. Martin holds a Bachelor of Science from The University of the West Indies, (Mona) in Economics and Management as well as a Master’s of Business Administration in Finance from the University of Wales, Manchester Business School. She also holds a FLMI LOMA designation.



### **PETER PEARSON**

*Non-executive Director*

Peter Pearson is a graduate of Cornwall College and The University of the West Indies (Mona) from which he holds a BSc. Management Studies. He is a Fellow of the Institute of Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants.

He is a former partner of PricewaterhouseCoopers, Jamaica where he was in charge of the firm’s Montego Bay office. He has had significant experience in public accounting in tourism and hospitality, banking, government, among other industries.

He is a Director and Audit Committee member of a number of companies, most of which are listed on the Jamaica Stock Exchange.

He has been a Justice of the Peace since 1988.



### **MARK CHISHOLM**

*Non-executive Director*

Mark Chisholm is the Chief Revenue Officer of Insurance at Sagicor Life Jamaica Limited. He also serves as the President and CEO of Sagicor Life of the Cayman Islands.

Mark joined Sagicor Life Jamaica Limited (then Life of Jamaica Limited) in January 1989 as a “C” clerk. He has since served in various departments of the Company including in Customer Service, Premium Accounts and Sales and Marketing.

He holds a degree in Marketing from the University of the West Indies, a Diploma in Marketing from the University of New Orleans and has completed a Master’s in Business Administration with Distinction.

Mark is currently an Adjunct Lecturer at the Mona School of Business where he lectures in the Executive MBA programme and the Entrepreneurial programme.

In 2010 Mr Chisholm was appointed a Justice of the Peace.



### **DONNETTE SCARLETT**

*Non-Non-executive Director*

Mrs. Donnette Scarlett is the Senior Vice President, Group Treasury and Asset Management at Sagicor Group Jamaica Limited.

In this role, she manages key risks for Sagicor Group’s Treasury and Asset Management departments including risks relating to liquidity, concentration and financial risks. She also manages the Group’s policy and regulatory responsibilities related to the investment portfolios across business lines.

Donnette has over 25 years of experience in the financial services industry. She started her journey with Sagicor through Manufacturers Sigma Merchant Bank which after several mergers became Sagicor Investments Jamaica Limited.

Donnette holds a Bachelor of Science degree (Hons.) in Economics and Management from the University of the West Indies, (Mona) and is a CFA charter holder and a member of the CFA Institute and the CFA Society of Jamaica.

## 14.2 Company Secretary

- 14.2.1 The Company Secretary is Stephen Greig. Mr. Greig is the Managing Partner of Mills Bellamy Greig and holds an LL.B degree from the University of the West Indies and a Legal Education Certificate from the Norman Manley Law School. He was admitted to practice law in Jamaica in 1992.
- 14.2.2 Stephen's legal practice includes Commercial Law, Conveyancing, Corporate, Media, Entertainment, Intellectual Property and, Copyright and Trademarks. His experience includes over nineteen (19) years' as in-house Attorney-at-Law and Company Secretary for the RJR Communications Group which has involved research of complex legal issues, company secretarial duties for a company on the Jamaica Stock Exchange and managing the intellectual property portfolio for the largest media company in the English-speaking Caribbean.
- 14.2.3 He is also Company Secretary for KLE Group, Everything Fresh and Mailpac Group, DRT Communications, Coldbush Organics (Mt Pleasant Chocolatiers), Powell Interactive (Quickplate) and the Kiwanis Club of Kingston Police Trust.
- 14.2.4 Mr. Greig is a graduate of the Jamaica Stock Exchange/PSOJ professional development programme, A Director's Guide to Corporate Governance and Leadership.

## 14.3 Corporate Governance

The Board has three (3) committees. The members of each committee of the Board are as follows:

Audit and Compliance Committee	Concession Committee	Human Resource and Compensation Committee
Sharon Donaldson-Levine	Brenda-Lee Martin	Ivan Carter
(Independent Chairperson)	(Independent Chairperson)	(Independent Chairman)
John Lee	Peter Pearson	Brenda-Lee Martin
Ivan Carter	John Lee	Sharon Donaldson-Levine
Ian Parsard	-	-



## 14.4: SENIOR MANAGERS OF THE COMPANY

### OF THE COMPANY

Brief biographical details of the Senior Managers of the Company are set out below:



**CRANSTON EWAN**

*Cranston Ewan*

Mr. Cranston Ewan is an accounting and finance professional with over thirty (30) years of experience within the field.

He is a Fellow of the Association of Chartered Certified Accountants FCCA, UK. He also holds a Master's degree with a concentration in Finance from the University of Manchester, UK.

Mr. Ewan has vast experience in several industries, spanning accounting, shipping, education, energy efficiency, heavy equipment, and distribution. His expertise includes accounting, finance, management consulting, human resources management, and facilities management.

In the past he has served as a member of the Management Advisory Committee of JAGAS and member of the Audit Committee of The Transport Authority.

He currently serves as Director of the Board of First Heritage Co-operative Credit Union Limited, FHC Investments Limited and The Jamaica Co-operative Credit Union League- JCCUL.



**SEMOUR MILLEN**

*Finance & Accounting Manager*

Mr. Semour Millen is a professional accountant with over nine (9) years of accounting experience. He is a member of the Association of Chartered Certified Accountants, UK, and the Institute of Chartered Accountants of Jamaica.

Mr. Millen has experience in auditing, financial accounting, and management accounting. Mr. Millen has been with 138SL for over six years and has moved through the ranks to head the Finance and Accounting Department.



**CHERYL CLARKE**

*Human Resource Manager*

Miss Cheryl Clarke is an experienced Human Resource Professional with over 15 years of experience in the field of Administration and Human Resource Management. She gained her experience locally and internationally in both the government and private sectors and has worked in a number of industries, including Hospitality and Tourism, Engineering and Construction, Advertising and Banking.

Miss Clarke holds an MSc. in Human Resource Management from the University of Bedfordshire (UK), a BSc. in Administrative Management from the University of Technology (Jamaica) and is also a member of the Chartered Institute of Personnel and Development, CIPD (UK).



**KARELLE MCCORMACK**

*Public Relations and Marketing  
Manager*

Ms. Karelle McCormack is a Communications, Public Relations and Marketing professional with 29 years in the field, including Journalism.

She holds a Bachelor of Arts Degree in English, with a minor in Politics, as well as professional certifications in the areas of Public Relations, Marketing, Supervisory Management, Training Facilitation and Events Management.

Miss McCormack has worked as a Public Relations and Marketing Manager in the government sector for over 20 years, and is a former Journalist with the Jamaica Observer. She is a graduate of the University of the West Indies (Mona), Excelsior Community College and Ardenne High School.

She is also involved in volunteerism through the Council of Voluntary Social Services, (CVSS), where she serves as a member of the Executive Committee.

She has also served as Public Relations Officer on the executive of the Ardenne Alumni Association and currently sits on the Kingston and St. Andrew Parish Library, Parish Sub-Committee.



**ADRIAN BROWN**

*Operations Manager*

Mr. Adrian Brown is the Operations Manager at 138SL. He joined the team after approximately two (2) decades of experience in the Shipping & Logistics and Manufacturing industries.

Prior to assuming his role with 138SL, he worked in several managerial capacities at the Kingston Container Terminal, where, during his tenure, he headed teams in Corporate Communications, Domestic Operations and Logistics.

Adrian also held the position of Vessel Operations Manager (Shift) at the APM Terminals (Jamaica) Limited. He has served as the principal for Container Services Limited while it transitioned to APM Terminals Limited. In the manufacturing sector, he served as the Finance and Operations Director at the Caribbean Woodcraft Group of Companies.

Adrian is a graduate of The American University in Washington D.C. where he pursued and achieved a baccalaureate and graduate studies in Finance and Marketing.

## 14.5 Shareholdings of Directors and Senior Managers

As at June 30, 2023 the Directors and Senior Manager have the following interest in in the Company:

Name of Director/Senior Manager	Number of Shares	Percentage of Issued Share Capital
1. Mr. Ian Parsard	Nil	0%
Connected Party:		
Ian Parsard/Karen Parsard		
<u>Combined:</u>	<u>1,000,000</u>	<u>0.24%</u>
2. Mr. John W. Lee	Nil	
Connected Party:		
K Limited	<u>68,803,832</u>	<u>16.60%</u>
3. Mrs. Marrynette Lee	Nil	
Connected Party:		
K Limited	<u>68,803,832</u>	<u>16.60%</u>
4. Mr. 4. Mr. Ivan Carter	Nil	0%
	100,000 Ordinary Shares	
5. Ms. Sharon Donaldson	125,000 Preference Shares	0.02%
6. Ms. Brenda-Lee Martin	Nil	0%
7. Mr. Peter Pearson	Nil	0%
Connected Party:		
Peter/Yvonne Pearson		
<u>Combined:</u>	<u>400,000</u>	<u>0.10%</u>
8. Mr. Mark Chisholm	<u>Nil</u>	<u>0%</u>
9. Mrs. Donnette Scarlett	<u>Nil</u>	<u>0%</u>
10. Mr. Cranston Ewan	<u>Nil</u>	<u>0%</u>
11. Mr. Semour Millen	<u>Nil</u>	<u>0%</u>
12. Mr. Stephen Greig	<u>Nil</u>	<u>0%</u>

## 14.6 Directors' Fees and Senior Management Remuneration

For the financial year ended September 30, 2022, Directors' Fees totalled J\$2,720,000 and Senior Management remuneration totalled J\$19,922,000.

SECTION 15:  
**MANAGEMENT  
DISCUSSION AND  
ANALYSIS**





## 15. MANAGEMENT DISCUSSION AND ANALYSIS

### 15.1 Macroeconomic Environment and Industry Overview

- 15.1.1 According to the Statistical Institute of Jamaica, the Jamaican economy was estimated to have grown by approximately 4.20% for the March 2023 quarter<sup>2</sup>. GDP Growth is the primary indicator to assess the overall performance of the economy and its sub-sectors. Economic growth will bode well for 138SL as it signals an increase in the labour productivity rate and an increase in the labour supply growth rate. This is likely to translate to a positive impact on the demand for education as the workforce quality improves. The growth in the first quarter reflected the continued recovery in economic activities that were negatively impacted by the COVID-19 pandemic, and the ongoing war between Russia and Ukraine.
- 15.1.2 The expansion in GDP was primarily attributed to the increased productivity in all industries except for Construction. Those industries include Hotels and Restaurants, Transport, Storage and Communication, and Agriculture. The continuous improvement in the Hotel and Restaurant industries has an indirect impact on 138SL, which also provides short-term accommodation for tourists. According to the Planning Institute of Jamaica's *Performance Review of October -December 2022*<sup>3</sup>, total stopover arrivals to the island increased by 92.60% during October 2022 and November 2022. 138SL offers short-term rental for this market as a complement to its main student accommodation business.
- 15.1.3 The annual point-to-point inflation rate as at June 2023 was 6.30%, which was above the upper limit of the Bank of Jamaica's inflation target range of 4.00-6.00%<sup>4</sup> but still below the recent 11.80% reached in April 2022. In comparison to November 2022, the moderation in inflation was due to a deceleration in Housing, Water, Electricity, Gas and Other Fuels, Food and Non-Alcoholic Beverages as well as Transportation due to lower oil prices, base effects and a stable exchange rate. In its last Monetary Policy Committee report, published in June 2023, the Bank of Jamaica decided to maintain the policy rate a fifth time at 7.00%. In their summary decision policy report, the Bank of Jamaica stated that, given the expected continued fall in commodity prices coupled with the absence of new shocks, *"inflation is expected to decelerate to the Bank's inflation target range of 4.0 to 6.0 per cent by the December 2023 quarter"*. The potential halt of policy rate hikes coupled with the Bank of Jamaica's lower inflation expectations signals a positive economic outlook.
- 15.1.4 Given the recent turnaround in local economic activity, coupled with the Bank of Jamaica's positive outlook, the management team is cautiously optimistic. The potential slowdown in inflationary pressure would bode well for the Company's performance. As the Jamaican economy continues its rebound, 138SL, remains the premier player in the student accommodation space and it expects to grow in tandem with the Jamaican economy.

<sup>2</sup> [https://wups.statinja.gov.jm/WUP/20230630\\_GDPA\\_df0691b7-bd92-415f-ac78-10f2ce555367.pdf?v=1691607058233](https://wups.statinja.gov.jm/WUP/20230630_GDPA_df0691b7-bd92-415f-ac78-10f2ce555367.pdf?v=1691607058233)

<sup>3</sup> <https://www.pioj.gov.jm/product/review-of-economic-performance-october-december-2022/>

<sup>4</sup> <https://e2gobqetsqs.exactdn.com/wp-content/uploads/2023/02/February-2023-QMPR.pdf>

## 15.2 Outlook and Strategy

15.2.1 As detailed below, the Group has a unique three-pronged value proposition:

- Captive Market – Limited competition coupled with the niche nature of the market allows the Group to report predictable and sustainable cash flows. Accordingly, 138SL's revenue may be less susceptible to non-systematic downturns in the economy.
- Inherent Foreign Exchange Hedge – Under the Concession Agreements, the Group has the right to adjust the fee charged based on a formula which considers the USD/JMD exchange rate.
- Occupancy Guarantee – Pursuant to the Concession Agreements, UWI, Mona guarantees 90% occupancy of the residences for the duration of the Concession Agreements.

**15.2.2 Deleveraging Strategy** – 138SL's capital structure consists of predominantly debt, that hindered the Company's ability to make significant dividend payments to shareholders. Hence, the Company intends to realign and optimize its capital structure by using between J\$1.5 billion to J\$2.0 billion of the APO's net proceeds to reduce debt. Post-APO, the Company expects debt levels of between J\$2.2 billion and J\$2.7 billion, representing a decrease from the J\$3.92 billion in debt pre-APO. With the reduction of the debt, the Company expects to save approximately J\$255.5 million to J\$420 million, which could be annually distributed to shareholders via dividends. Essentially, this allows the Company to commence and sustain its intended dividend policy payout of up to 90% of distributable net income, as well as provide the flexibility to pursue near-term opportunities.

**15.2.3 Expanding Capacity** – During the nine months ended June 30, 2023, the Group steered average room occupancy to pre-Covid-19 levels of around 90% primarily due to the return of face-to-face classes. For the upcoming school year, management has noticed demand that has exceeded the current accommodation capacity. Given the overwhelming out-turn, management believes that the Group is appropriately positioned to begin the construction of already approved new student housing towers. This development has the potential to further the Group's mission of providing adequate and safe housing for students while markedly growing the bottom line. This is consistent with the existing Concession Agreements which allow the provision of 842 additional student accommodation rooms for the Group. The Group continues to be the market leader in the private student accommodation market. Consequently, the Group also intends to expand its presence both locally and regionally by developing and managing the operations of real estate properties. For instance, as the demand for student accommodation continues to rise, the Group is exploring a partnership with other local and regional universities to provide housing for university students, allowing the Group to further expand its reach.

**15.2.4 Short-Term Rentals** – During the COVID-19 pandemic, the Group capitalized on opportunities to diversify its revenue base by increasing its activity in the short-term rentals market. This revenue was generated primarily from sporting and UWI-affiliated groups. Accordingly, the Group intends to continue deepening its footprint in the group booking segment, which is showing buoyant demand, representing, on average, between 8.00% - 11.00% of total revenues.

For FY2022, short term rental for the Group increased by 101.00%<sup>5</sup>. For the nine months ended June 2023, short-term rental income contributed J\$84.60 million or 8.07% of total revenue. This absolute figure reflects a 53.90% increase relative to the similar period ended June 2022.

15.2.5 Management will continue to explore different areas in the hospitality sector that are untapped.

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<sup>5</sup> [https://www.jamstockex.com/wp-content/uploads/2023/02/138-STUDENT-LIVING-AR-2022-FEB-27-AT-7PM-COMPRESSED\\_compressed\\_compressed.pdf](https://www.jamstockex.com/wp-content/uploads/2023/02/138-STUDENT-LIVING-AR-2022-FEB-27-AT-7PM-COMPRESSED_compressed_compressed.pdf)



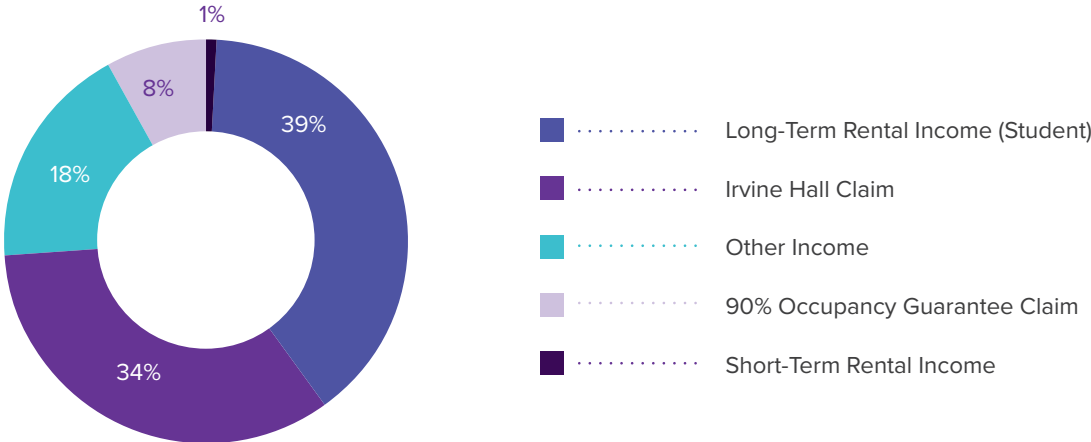
## 16. 5-YEAR REVIEW OF AUDITED FINANCIAL STATEMENTS

### 16.1 5-year Income Statement Review

#### Revenue

16.1.1 For the five-year review period (FY2018 - FY2022), excluding FY 2021, total fee income has shown a steady increase. FY2021 was an outlier year because of the impact of the COVID-19 Pandemic which resulted in the Group’s occupancy levels falling to as low as 30%. Even with the inclusion of this outlier year, the Group was able to produce a compound annual growth rate over the five-year review period of 10.00% to end FY2022 at J\$1.20 billion in revenue. The Group was able to pivot during the most difficult and crippling economic effects of the COVID-19 Pandemic, which resulted in movement restrictions that effectively had an impact on face-to-face classes and occupancy levels at the Group’s residences. As a sign of its resilience, total revenue for FY2022 was approximately J\$1.2 billion an outstanding 39% or J\$339.37 million increase over the prior year that stood at J\$860.48 million. The FY2022 growth in revenue was attributed to the increase in long-term fees from an increase in both hall fees and the Irvine Hall Claim. The breakdown of total revenue is depicted below:

Group Revenue Breakdown FY2022

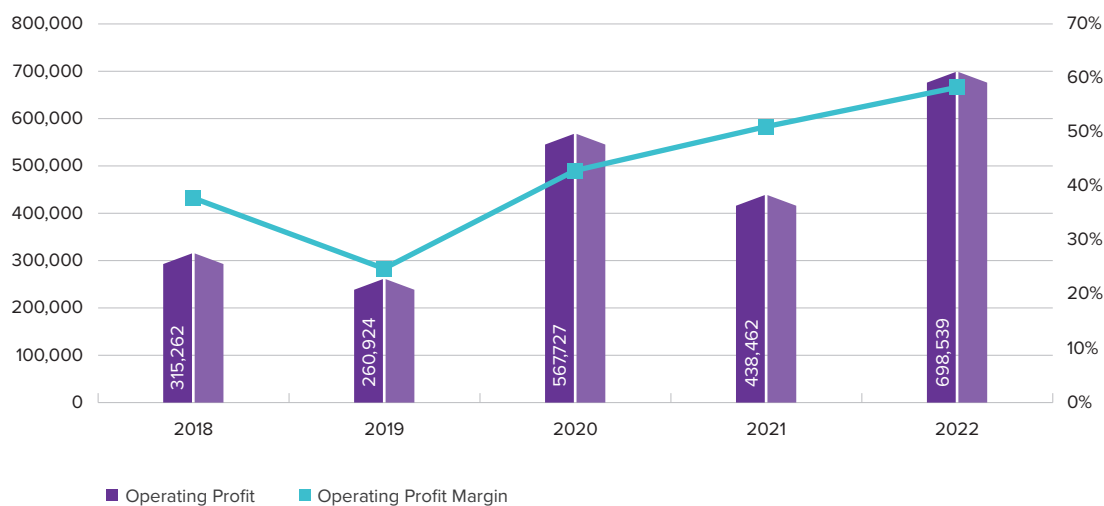


#### Operating Profit

16.1.2 The sharp recovery and upward momentum in revenue for FY2022 resulted in operating profit having a compound annual growth rate (CAGR) of 22.01% over the five-year period under review. Operating profit for FY2022 was J\$698.54 million, a 59.32% increase or a J\$260.07 million improvement over the FY2021 figure of J\$438.46 million. For the FY2022, the rise in administrative expenses was driven by an increase in staff costs, utilities, repairs and maintenance and other operating expenses. Operating profit over the review period showed similar growth trends in line with revenue growth for the corresponding years except for FY2019, in which increased staff costs and utility expenses (one-off), rose by 53% and

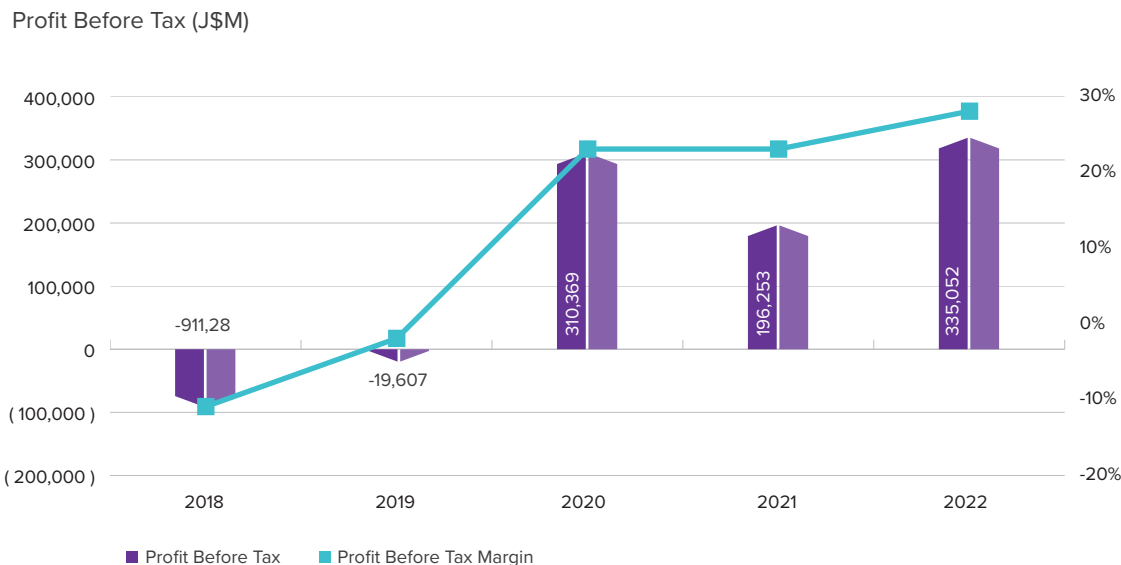
83% year over year, respectively. The economic factors, such as an increase in room rates and increase in occupancy level, have supported the increase in operating profit margin. Operating profit margin averaged 42.91%, with the highest being recorded in FY2022 at 58.22% and the lowest being 24.73% for FY2019.

Operating Profit (J\$M)



## Profitability

16.1.3 In FY2022, the Group posted a Profit Before Taxation (PBT) of J\$335.05 million or a J\$138.80 million increase compared to FY2021 PBT of J\$196.25 million and the pre-COVID-19 Pandemic FY 2020 PBT of J\$310.37 million. The Group's PBT for FY 2022 outperformed the FY 2020 PBT indicating the Group has improved its performance when compared to the pre-pandemic years. This speaks to the strength of the Group's performance and the demand for its product offering. Despite the onslaught of the Covid-19 pandemic in 2020, the company's PBT increased to J\$310.37 million for the FY 2020. The increase in PBT was positively impacted by the effective management of operating costs (primarily utilities which decreased by J\$162 million over the prior year) and a partial realization on the Irvine Hall Claim. The dip in PBT for FY2021 was mainly attributed to the reduction in the top line for fee income, which was a result of movement restrictions and the implementation of remote learning for university students during the COVID-19 Pandemic. Concurrently, the Company embarked on restructuring its predominantly variable rate instruments debt facilities to fixed rate instruments with a two-year extension on all tenors. This translated to a higher financing cost of J\$363.49 million in FY2022 relative to J\$242.21 million in FY2021. Despite the increase in finance costs for FY 2022, management's foresight in 2021 to lock-in fixed rate instruments while interest rates were at historic lows has resulted in the Company enjoying interest rates which in 2023 are considered low given the prevailing market rates for comparable instruments.



16.1.4 Net Profit posted by the Group has been the highest since listing on the Jamaica Stock Exchange. The Net Profit for FY2022 was J\$318.36 million, which is a 43.87% or J\$97.08 million increase to FY2021.

16.1.5 2019 represents the Group's first financial year with full operations of all student residences. The George Alleyne Hall was completed in 2018 and so the PBT loss position in 2018 was largely due to the Group being in the final stages of building-out and commencing operations for that student residence during the middle of the school year.

## 16.2 5-year Balance Sheet Review

### Asset and Liabilities

16.2.1 As at September 30, 2022, the Group's total assets stood at J\$9.72 billion compared to J\$10.05 billion for FY2021. The Compound Annual Growth Rate (CAGR) for the five-year period (FY2018 - FY2022) is 2.40%. Total assets for FY2022 comprises of non-current assets (91.82%) and current assets (8.18%) that were J\$8.62 billion and J\$1.10 billion, respectively. The decline in total assets was mostly attributed to the decrease in receivables, which moved from J\$1.28 billion in FY2021 to J\$903.29 million in FY2022. The decline in receivables was primarily attributed to the collection from UWI, Mona in relation to the 90% Occupancy Guarantee Claim and Irvine Hall Claim. Accounts receivables were reduced by approximately J\$375.54 million for FY2022 to J\$903.29 million coming from J\$1.28 billion in the prior financial. Accounts receivable as a percentage of total assets has been trending down, where the zenith point over the five year period under review was 12.72% of total assets in FY2021 which was reduced to 9.30% in FY2022.

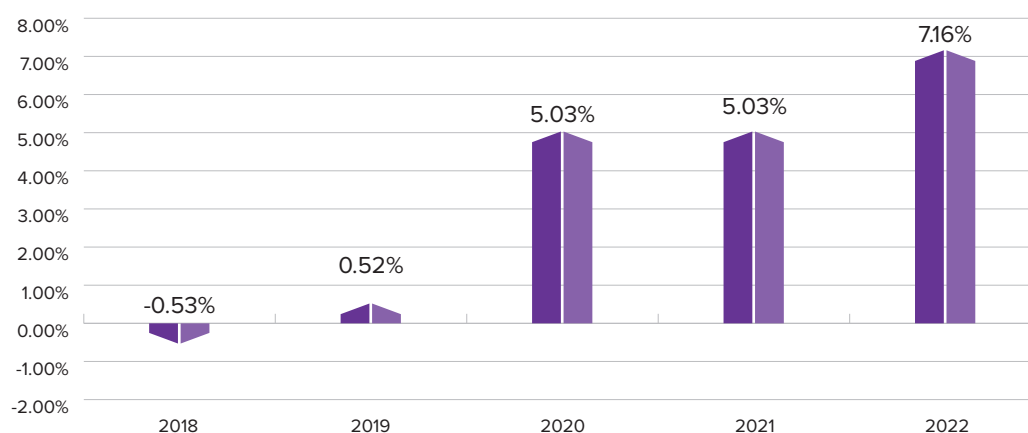
16.2.2 From an operative and administrative standpoint, the Group will be adopting a digitalization approach for students to settle their bills for student accommodations. The partnership and implementation of the NCB Lynk app will be used to facilitate cashless transactions. This approach is expected to positively impact the Group's receivables, consequently improving the company's working capital and operating cashflows.

- 16.2.3 Current liabilities stood at J\$1.15 billion as at September 30, 2022, a decline of J\$182.10 million compared to the prior period balance of J\$1.33 billion. The decline in current liabilities was mainly attributed to the reduction in trade payables, which decreased from J\$1.11 billion in FY2021 to J\$561.87 million in FY2022; representing a 49.50% decline. With the decline in the current liabilities, current ratio for FY2022 was 0.96x compared to 1.01x in FY2021. The marginal decline in the current ratio stems from the significant reduction in accounts receivable versus the size in reduction to the current liabilities.
- 16.2.4 The Group reported non-current liabilities of J\$4.02 billion for FY2022, this represents a 8.31% reduction or a J\$364.53 reduction compared to FY2021 of J\$4.38 billion. The reduction in non-current liabilities was attributable to the reduction in long term loans from J\$4.21 billion in FY2021 to J\$3.85 billion. After the APO, the Group will reduce its debt burden from approximately J\$4.21 billion to J\$2.7 billion resulting in additional cash flows available for distribution to shareholders.

### Shareholders' Equity

- 16.2.5 During the five-year review period, the Group reported a compounded annual growth rate of 81.64% in its retained earnings to the 5-year high of J\$884.55 million. For the FY 2022, return on equity for FY2022 was 7.16% compared to 5.03% in FY2021 a feat the Group accomplished while withstanding the effects of the Covid-19 Pandemic.

Return on Equity



### Statement of Cash Flows

- 16.2.6 The Group has generated positive operating cash flows in the past two financial years of J\$505.01 million and J\$141.37 million for FY2022 and FY2021, respectively. The year over year increase was as a result of a J\$374.54 million reduction in receivables.

## 16.3 Five Year Abridged Financial Statements

The table below provides an abridged presentation of the Company's audited financial statements for the years ended September 30, 2018 to September 30, 2022.

Abridged Financial Statements	Year Ended				
	J\$'000	Sep-18	Sep-19	Sep-20	Sep-21
<b>Income Statement</b>					
<b>Revenue:</b>					
Income	780,743	1,013,450	1,217,865	813,205	1,185,960
Other Operating Income	53,661	41,502	107,428	47,274	13,894
<b>Total Revenue</b>	<b>834,404</b>	<b>1,054,952</b>	<b>1,325,293</b>	<b>860,479</b>	<b>1,199,854</b>
<b>Expenses:</b>					
Administrative & Other Expenses	(519,142)	(794,028)	(757,566)	(422,017)	(501,315)
<b>Profit from Operations</b>	<b>315,262</b>	<b>260,924</b>	<b>567,727</b>	<b>438,462</b>	<b>698,539</b>
Finance Costs	(406,390)	(280,531)	(257,358)	(242,209)	(363,487)
<b>Profit Before Taxation</b>	<b>(91,128)</b>	<b>(19,607)</b>	<b>310,369</b>	<b>196,253</b>	<b>335,052</b>
Taxation	74,877	42,575	(58,643)	25,026	(16,690)
<b>(Loss)/ Profit for the Year</b>	<b>(16,251)</b>	<b>22,968</b>	<b>251,726</b>	<b>221,279</b>	<b>318,362</b>
<b>Statement of Financial Position</b>					
Non-Current Assets	8,118,831	10,415,551	9,070,462	8,707,110	8,624,471
Current Assets	723,740	567,523	946,499	1,342,270	1,098,504
<b>Total Assets</b>	<b>8,842,571</b>	<b>10,983,074</b>	<b>10,016,961</b>	<b>10,049,380</b>	<b>9,722,975</b>
Current Liabilities	615,883	957,918	1,168,861	1,329,928	1,147,830
Non-Current Liabilities	4,874,255	4,479,391	4,378,646	4,384,537	4,020,011
Shareholder's Equity	3,352,433	5,545,765	4,469,454	4,334,915	4,555,134
<b>Total Liabilities and Shareholder's Equity</b>	<b>8,842,571</b>	<b>10,983,074</b>	<b>10,016,961</b>	<b>10,049,380</b>	<b>9,722,975</b>

Abridged Financial Statements	Year Ended				
	J\$'000	Sep-18	Sep-19	Sep-20	Sep-21
<b>Statement of Cash Flows</b>					
Cash flow from Operations	288,153	320,112	324,295	141,369	505,011
Cash Flow from Investing Activities	(325,722)	(248,873)	(1,660)	251,997	(27,020)
Cash Flow from Financing Activities	55,290	54,666	(329,488)	(398,779)	(342,129)
<b>Net Changes</b>	<b>17,721</b>	<b>16,573</b>	<b>(6,853)</b>	<b>(5,413)</b>	<b>135,862</b>
Effect of exchange rate changes	129	(476)	1,221	864	(4,353)
Cash at beginning of the year	15,169	33,019	49,116	43,484	38,935
Cash at the end of the year	<b>33,019</b>	<b>49,116</b>	<b>43,484</b>	<b>38,935</b>	<b>170,444</b>

## 16.4 Financial Review of Unaudited Financial Statements for the 9-month period ended June 30, 2023

### Income Statement

- 16.4.1 For the nine (9) months ended June 30, 2023, the Group's total revenue increased to J\$1.05 billion compared to J\$893.57 million in the prior year's corresponding period; representing a 17.29% improvement. Relative to the corresponding nine-month period ended June 30, 2022, the Group's primary revenue source, the income line item (consisting of long-term and short-term income), increased from J\$878.70 million to J\$982.14 million. This represents an 11.77% or J\$103.44 million rise which is primarily attributable to the recovery in occupancy rates. Long-term fee income rose by J\$295.74 million or 87.23% to end the period at J\$634.78 million while short-term rentals increased by J\$29.63 million or 53.90% to end the period at J\$84.60 million. These increases were partially offset by a J\$233.34 million reduction in the UWI Mona 90% guarantee claim which led to the decline in UWI Mona receivables. The Group recorded J\$65.97 million in other operating income; a J\$51.11 million rise. This was chiefly derived from interest charged on the balances from UWI Mona in accordance with the Concession Agreements. Other operating income represented 6.29% of total revenue.
- 16.4.2 The improved revenue performance reflects a return to normalcy due to the end of COVID-19 restrictions and the return of face-to-face classes. As a result, demand for accommodations from UWI students has increased significantly. Average room occupancy levels have significantly improved from 50% during the nine months ended June 30, 2022 period to 86% during the June 30, 2023 period. Additionally, the Group has capitalized on short-term rental opportunities which represent 8.07% of total revenue.
- 16.4.3 The Group's enhanced revenue performance resulted in an operating profit of J\$547.61 million for the nine months ended June 30, 2023 from J\$492.68 million in the corresponding prior period. Profit before taxation increased from J\$220.75 million for the nine month period ended June 30, 2022 to J\$277.78 million for the equivalent period ended June 30, 2023, representing a 25.84% or a J\$57.03 million increase.
- 16.4.4 Net profit also experienced a similar uptick of 13.16% compared to the first nine months of the prior financial year. The Group outperformed the nine month period ended June 30, 2022 by J\$31.40 million which resulted in a J\$270.06 million for the corresponding period ending June 30, 2023.
- 16.4.5 Demonstrative of the Board of the Directors' intention to return value to its Ordinary Shareholders, the Company paid its first dividend in February 2023 of J\$0.13 per share

### Balance Sheet

- 16.4.6 As at June 30, 2023, the Group (on a consolidated basis) recorded total assets of J\$9.70 billion, a decrease from the prior year's balance of J\$10.48 billion which primarily originated from the decline in accounts receivable. As at the quarter ended June 30, 2023, reflecting significant payments from UWI, receivables stood at J\$987.9 million; a 38.1% or J\$608 million decrease from the end of June 30, 2022. These funds were utilized to distribute dividends to shareholders and make interest payments to bondholders. This led to a net effect of a relatively unchanged cash balance, hence, the decline in total assets.

- 16.4.7 The Group continues to work with its partner, UWI Mona, to agree on strategies to reduce receivables. During the period UWI Mona committed to a gradual reduction of its debt to the Group. Approximately 89.28% of the total assets or J\$8.65 billion represents non-current assets, while the remaining 10.72% represents current assets. For the prior year, non-current and current assets represent 84.26% and 15.74% respectively.
- 16.4.8 Current liabilities stood at J\$1.17 billion as at the June 30, 2023, a J\$258.88 million or 18.07% decrease from the J\$1.43 billion recorded at the end of the previous corresponding period. This reduction was primarily driven by a 57.95% or J\$704.46 million decrease in account payables.
- 16.4.9 Shareholders' equity increased by J\$109.40 million to end the third quarter of 2023 at J\$4.77 billion. This increase was primarily driven by the continued profitability of the Group, however the increase was tempered by the J\$53.89 million dividend payment.

### Statement of Cash Flows

- 16.4.10 Cash flow from operations totalled J\$391.93 million, compared to J\$260.07 million in 2022; a 50.70% or J\$131.86 million increase.

### Summary of Financial Statements for the 9-month Period ended June 30, 2022 vs June 30, 2023

J\$'000	Jun-22	Jun-23
<b>Income Statement</b>		
Income	878,701	982,136
Other Operating Income	14,864	65,970
<b>Total Revenue</b>	<b>893,565</b>	<b>1,048,106</b>
Administrative Expenses	(400,888)	(500,495)
<b>Operating Profit</b>	<b>492,677</b>	<b>547,611</b>
Finance Costs	(271,928)	(269,827)
<b>Profit before taxation</b>	<b>220,749</b>	<b>277,784</b>
Taxation	17,915	(7,720)
<b>Net Profit</b>	<b>238,664</b>	<b>270,064</b>



J\$'000	Jun-22	Jun-23
<b>Balance Sheet</b>		
Financial Asset - Service Commission Rights	8,528,729	8,468,838
Motor Vehicle	1,300	649
Deferred Tax Asset	298,592	186,490
<b>Total Non-Current Assets</b>	<b>8,828,621</b>	<b>8,655,977</b>
Receivables	1,595,933	987,885
Taxation Recoverable	24757	24847
Short Term Deposits	760	-
Cash and Cash Equivalents	27408	26420
<b>Total Current Assets</b>	<b>1,648,858</b>	<b>1,039,152</b>
<b>Total Assets</b>	<b>10,477,479</b>	<b>9,695,129</b>
Long Term Loans	4,210,003	3,577,129
Redeemable Preference Shares	172,643	172,643
<b>Total Non-Current Liabilities</b>	<b>4,382,646</b>	<b>3,749,772</b>
<b>Payables</b>	<b>1,215,735</b>	<b>511,271</b>
Taxation	7,183	18,274
Current Portion of Long Term Loans	-	435,844
Short Term Borrowing	210,000	208,654
<b>Total Current Liabilities</b>	<b>1,432,918</b>	<b>1,174,043</b>
Share Capital	721,153	721,153
Fair Value Reserve	3,047,573	2,949,430
Retained Earnings	893,189	1,100,730
<b>Total Shareholder's Equity</b>	<b>4,661,915</b>	<b>4,771,313</b>
<b>Total Shareholder's Equity + Total Liabilities</b>	<b>10,477,479</b>	<b>9,695,129</b>
<b>Cash Flow Statement</b>		
Cash flow from Operations	260,069	391,931
Cash Flow from Investing	(269,705)	(280,559)
Cash Flow from Financing	(1,892)	(252,261)
Net Changes	(11,528)	(140,889)
Exchange loss on Foreign Cash Balance	-	(3,135)
Cash and Cash Equivalents at Start of The Period	38,935	170,444
<b>Cash and Cash Equivalents at The End of The Period</b>	<b>27,407</b>	<b>26,420</b>

## 17. STATUTORY & GENERAL INFORMATION

Statutory Information required to be set out in the Prospectus by section 42 and the Third Schedule to the Companies Act.

- 17.1 (a) The Company has no founders or management or deferred shares.
- (b) The Articles of Incorporation of the Company do not fix a shareholding qualification for directors, and none has been otherwise fixed by the Company in general meeting. The Articles of Incorporation contain the following provisions with respect to the remuneration of directors:
- i. "Subject to Article 118, the remuneration of the directors shall be such amount as the board of directors, or any appropriate committee of the board of directors, may determine. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company." -Article 77.
  - ii. "A director of the Company may be or become a director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs." -Article 79.
  - iii. "A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established." -Article 89(3).
  - iv. "Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company." -Article 89(5).
  - v. "The directors may give or award pensions, annuities, gratuities, guarantee loans and superannuation or other allowances or benefits to any persons who are or have at any time been directors of or employed by or in the service of the Company, or any company which is a subsidiary of the Company and to the wives, widows, children and other relatives and dependants of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such

persons as are hereinbefore referred to or any of them or any class of them. Any director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit, and may vote as a director in respect of the exercise of any of the powers of this Article conferred upon the directors notwithstanding that he is or may be or become interested therein.” -Article 91.

- vi. “A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the board of directors, or any appropriate committee of the board of directors, may determine.” -Article 119.
- (c) The names and descriptions of the Directors of the Company are set out in Sub-Section 14.1 of this Prospectus. The residential addresses of the Directors are as follows:

Name of Director	Residential Address
Ian Parsard	1 Shortridge Drive, Kingston 6, Saint Andrew, Jamaica
John W. Lee	20 Wellington Drive, Kingston 6, Saint Andrew, Jamaica
Ivan Carter	Turnberry, 31 Hopefield Avenue, Kingston 6, Saint Andrew, Jamaica
Sharon Donaldson	3 Millsborough Avenue, Townhouse #1, Kingston 6, Saint Andrew, Jamaica
Marrynette Lee	20 Wellington Drive, Kingston 6, Saint Andrew, Jamaica
Brenda-Lee Martin	3A Palomino Terrace, Waterworks, Kingston 8, Saint Andrew, Jamaica
Peter Pearson	Lot 4 Spring Garden, Montego Bay, Saint James, Jamaica
Mark Chisholm	14 Helena Crescent, Patrick City, Kingston 20, Saint Andrew, Jamaica
Donnette Scarlett	21 Summit Drive, Kingston 8, Saint Andrew, Jamaica

- 17.2 (a) The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the “Minimum Subscription”) is J\$500 million. The Company also intends to pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed J\$102.5 million and J\$140 million if the offer is upsized (inclusive of brokerage fees, legal fees, auditor’s and accounting fees, registrar fees, listing fees and General Consumption Tax).
- 17.3 (a) The Invitation will open for subscription at 9:00 a.m. on September 8, 2023 and will close at 4:30 pm on the Closing Date, October 6, 2023, subject to the Company’s right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the New Ordinary Shares offered under this Prospectus, or to extend the Closing Date subject to section 42 of the Companies Act.
- (b) The Subscription Prices per New Ordinary Share are set out on the first page of this Prospectus. Such subscription price is payable in full on application. No further sum will be payable on allotment by the Company.
- (c) The Company has not invited applications for subscription of New Ordinary Shares from the public within the two preceding years.

17.4 No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.

17.5 (a) The Table below discloses the relevant assets or liabilities as at September 31, 2022, pursuant to paragraph 5 of Part 1 of the Third Schedule to the Companies Act.

Asset/Liability	Aggregate amount
(a) Trade investments	
(b) Quoted investments other than trade investments	
(c) Unquoted investments other than trade investments	Nil
Goodwill, patents, trademarks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as it is shown or ascertainable and as so shown or ascertained, as the case may be	
	Nil
Bank loans and overdrafts	J\$4,210,003
Net Amount recommended for distribution of dividend	Nil

17.6 For the purposes of paragraphs 7 and 8 of Part 1 of the Third Schedule to the Companies Act, the Company hereby confirms that it does not propose to purchase or acquire with the proceeds of this Additional Public Offering any specific property which can be identified.

17.7 Paragraph 7 of Part 1 of the Third Schedule to the Companies Act, is inapplicable to the APO as there is no identifiable property which the Company intends to purchase from the APO proceeds.

17.8 Paragraph 8 of Part 1 of the Third Schedule to the Companies Act, is inapplicable to the APO as there is no identifiable property which the Company intends to purchase from the Net APO proceeds.

17.9 (a) Within the two preceding years of the date of this Prospectus no commissions have been paid, nor will any be payable to anyone by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company. Other securities dealers and investment advisors may be contracted by GK Cap on such terms as they may deem appropriate to distribute the New Ordinary Shares.

(b) The APO & Listing Expenses (estimated at J\$102.5 million) will be borne by the Company and be paid out of the APO proceeds.

(c) No payment or benefit has been paid or given or will be paid or given to any of the Directors or any other person as promoter of the Company within the preceding two (2) years or at all.

17.10 The issue is not underwritten.

- 17.11 The following material contracts, not being contracts entered into in the ordinary course of business or a contract entered into more than two years before the date of this Prospectus, have been entered into by the Company with the following persons (“Counterparties”):

Date	Counterparty	Additional Details
July 3, 2014	University of the West Indies, Mona	138SL Concession Agreement.
November 13, 2014	University of the West Indies, Mona and K Limited	Deed of Novation transferring the rights and obligations under the 138SL Concession Agreement from K Limited to the Company.
April 10, 2015	University of the West Indies, Mona	Restoration Concession Agreement.
December 23, 2022	GK Capital Management Limited	Provision of financial advisory and lead brokerage services relating to this Invitation.

- 17.12 The name and address of the auditors to the Company is:  
 BDO Chartered Accountants  
 26 Beechwood Avenue  
 Kingston, Saint Andrew  
 Jamaica

- 17.13 The Company was incorporated in Jamaica under the Companies Act, 2004 on August 15, 2014.

- 17.14 The share capital of the Company consists of two classes of shares, namely Ordinary Shares and the Preference Shares. All Ordinary Shares rank pari passu in respect of entitlements to return of surplus capital on a winding up, payment of dividends declared on the Ordinary Shares and voting rights.

The Preference Shares arDividend yield on preference shares is indexed to the Government of Jamaica 180 day weighted average Treasury Bill yield plus a premium of three percent.

- 17.15 The Company’s trademark and intellectual property are as follows:

(a) Intellectual Property

- 17.15.1 The Company has registered the following trademarks for use in Jamaica:

JM/M/0001/065720 - 138 STUDENT Living name and logo – classes 16,35,37,43

(a) Real Property

17.15.2 As at the date of this Prospectus, the Company has the following interests in real and intellectual property:

Location of property	Nature of Interest	Other details
UWI Mona	Leasehold	The Company was granted a sub-lease of land part of HOPE ESTATE and the Mona Campus of the University of the West Indies being part of the land comprised in the Certificate of Title registered at Volume 703 Folio 75 of the Register Book of Titles of the National Land Agency
UWI Mona	Leasehold	ALL THAT parcel of land part of HOPE ESTATE and the Mona Campus of the University of the West Indies aforesaid of the shape and dimensions as appears by the sections numbered 1 and 2 on a photo diagram attached to the lease and being part of the land comprised in the Certificate of Title registered at Volume 703 Folio 75 of the Register Book of Titles.

## 17.16 Security Interests Registered on Assets of the Company

17.16.1 As at the date of this Prospectus the security interests registered on assets of the Company are as follows:

Date Registered	Chargor	Collateral Description
22/09/2015	JCSD Trustee Services Limited	Debenture providing charge over all the present and future property and assets of the Company.
22/09/2015	JCSD Trustee Services Limited	Assignment by way of charge of all entitlements and benefits under (1) Concession Agreement dated July 3, 2014 between UWI and K Limited and the Novation Agreement thereto dated November 13, 2014 between UWI, K Limited and the Debtor for the purposes of the design, construction, financing, operation, maintenance and transfer of the Project consisting of the development of 1584 units for student housing at the University of the West Indies (Mona Campus) and (2) Sub-Lease between UWI and the Debtor as referred to in and/or contemplated by the Concession Agreement.
22/09/2015	JCSD Trustee Services Limited	Assignment by way of charge of all entitlements and benefits of the Debtor under Insurance Policies held by the Debtor with General Accident Insurance Company Jamaica Limited being Contractors All Risk Policy to include public liability # CARPL - 56617; and Consequential Loss Policy # CL - 62146

Date Registered	Chargor	Collateral Description
17/02/2017	JCSD Trustee Services Limited	Charge over all entitlements and benefits of the Debtor under Insurance Policies held by the Assignor with General Accident Insurance Company Jamaica Limited relating to Phase 2A of the Project to include Contractors All Risk Policy (including Public Liability) #CARPL-56617 and Consequential Loss Policy #CL-62146
17/02/2017	JCSD Trustee Services Limited	Assignment by way of charge of all entitlements and benefits under (1) Concession Agreement dated July 3, 2014 between UWI and K Limited and the Novation Agreement thereto dated November 13, 2014 between UWI, K Limited and the Debtor for the purposes of the design, construction, financing, operation, maintenance and transfer of the Project consisting of the development of 1584 units for student housing at the University of the West Indies (Mona Campus) and (2) Sub-Lease between UWI and the Debtor as referred to in and/or contemplated by the Concession Agreement.
17/02/2017	JCSD Trustee Services Limited	Debenture providing charge over all the present and future property and assets of the Company.
17/02/2017	JCSD Trustee Services Limited	All monies standing to certain bank accounts
29/06/2017	JCSD Trustee Services Limited	Debenture providing charge over all the present and future property and assets of the Company relating to Blocks A, B and C more commonly known as G, H and I within the Project described in Trust Deed dated September 18, 2015 relating to the development of units for student housing of the University of the West Indies, Mona Campus.
29/06/2017	JCSD Trustee Services Limited	Assignment by way of charge of all entitlements and benefits (in each case limited to Blocks A, B and C of Phase 2 more commonly known as Blocks G, H and I) respectively within the Project consisting of the development of 1584 units for student housing at the University of the West Indies (Mona Campus) under (1) Concession Agreement dated July 3, 2014 between UWI and K Limited and the Novation Agreement thereto dated November 13, 2014 between UWI, K Limited and the Debtor for the purposes of the design, construction, financing, operation, maintenance and transfer of the Project aforesaid and (2) Sub-Lease between UWI and the Debtor as referred to in and/or contemplated by the Concession Agreement.

Date Registered	Chargor	Collateral Description
29/06/2017	JCSD Trustee Services Limited	Charge over all entitlements and benefits of the Debtor under Insurance Policies held by the Assignor with General Accident Insurance Company Jamaica Limited, limited to Blocks A, B and C of Phase 2 more commonly known as Blocks G, H and I respectively within the Project consisting of the development of 1584 units for student housing at the University of the West Indies (Mona Campus) to include Contractors All Risk Policy (including Public Liability #CARPL - 56617 and Consequential Loss Policy #CL-62146)
29/06/2017	JCSD Trustee Services Limited	All monies standing to the credit of certain Bank Accounts representing fees and/or other receipts limited to Blocks A, B and C of Phase 2 more commonly known as Blocks G, H and I respectively within the Project consisting of the Development of 1584 units of student housing at the University of the West Indies, Mona Campus
05/04/2022	Sagicor Bank Jamaica Limited	Debenture dated November 22, 2021 over fixed and floating assets.

17.17 BDO Chartered Accountants have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditors' Report, and the complete audited financial statements of the Company for the financial year ended September 30, 2022, and their name in the form and context in which it is included. The Auditor's Consent is set out in Appendix 5 hereto.



## 18. CONSENTS

- 18.1 BDO Chartered Accountants, the Auditors of the Company, have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of a copy of their Auditors' Report in the form and context in which it is included.
- 18.2 The Directors of the Company have given and have not withdrawn their written consent to the issue of the Prospectus and the inclusion therein of all material facts relevant to the Company as required by the Act.

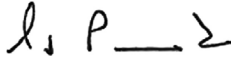
## 19. DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the Invitation remains open for subscription for New Ordinary Shares, the following documents will be available for inspection on any weekday from September 8, 2023 to the Closing Date being October 6, 2023 (subject to early closing once fully subscribed) during the hours of 9:00 am to 4:30 pm, at the office of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6:

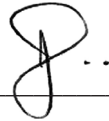
- (a) written consent of the Auditors, BDO Chartered Accountants;
- (b) written consent of the Directors of the Company;
- (c) audited financial statements of the Company for the year ended September 30, 2022;
- (d) unaudited financial statements of the Company for the 9-month period ended June 30, 2023;
- (e) the material contracts referred to in Sub-Section 17.11;
- (f) the amended Articles of Incorporation of the Company.

## 12. DIRECTORS' SIGNATURES

Signed on behalf of 138 Student Living Jamaica Limited by its Directors on this the 28th day of August, 2023



Ian Parsard



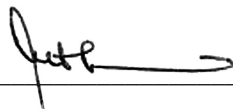
John Lee



Ivan Carter




Sharon Donaldson-Levine



Marrynette A. Lee



Brenda-Lee Martin



Peter Pearson



Donnette Scarlett



Mark Chisolm

## APPENDIX 1 – HOW TO APPLY GUIDELINES

### Before you apply, ensure that you have your (and joint holder/s):

- JCSD Account Number
- TRN
- Payment Information
- Photo ID (Driver's License, Passport or National ID)
- The GKOneWealth eSignature App [For eSignature].

(Download the GKOneWealth eSignature App for Android from the Google Play Store or for iOS from the Apple App Store.)

***The GKOneWealth eSignature App is a mobile app that allows applicants to sign application forms from their device.***

### STEP 1:

#### Primary Holders

1. Visit <https://gkonewealth.com/> on your electronic device.
2. On the GKOneWealth home page, select the **“Login”** button which is located at the top right of the screen.
3. Visit the **“Offers”** tab and click on **“Apply”** on the offer you wish to apply to start your application, or you may view the prospectus.
4. Scroll to the share pools in the Offer Details section and select **“Apply Now”** to the share pool that applies to you.
5. Select whether the application is being made on behalf of an **“Individual”** or a **“Corporation”**.
6. Enter the relevant personal or corporate information and select **“Save & Continue”**.

### STEP 2:

#### Joint Holders:

1. If there is a joint holder on the account, fill out all the requested information for the person/s you share the account with.
2. Declare their age, upload their ID/TRN and any other relevant documents.

### STEP 3:

#### Payments & Refund RTGS:

#### RTGS:

1. Declare your source of funds.
2. Choose your payment method and enter the required information.
3. Kindly make JMD payments to GK Capital Management Limited using the following instructions:

**Beneficiary Bank:** First Global Bank

**BIC Code:** FILBJMKNXXX

**Branch:** New Kingston

**Beneficiary:** GK Capital Management Limited, 58 Hope Road, Kingston 6

**Account Number:** 990757139040

**Payment Reference:** [JCSD Number, Client Name] – [COMPANY ORDINARY SHARES]

4. Upload proof of payments and your ID then fill out the **“Refund and Dividend Mandate”** section. If you don't have a GK Capital Management account select **“Other Commercial Bank”**. Click **“Save & Continue”**.

**STEP 4:**Signature &  
Verification There

There are two ways to sign the application: **Electronic (Mobile App)** or **Print, Sign & Upload**.

**ELECTRONIC (MOBILE APP)**

1. Select “**Electronic (Mobile App)**” to sign the application using the GKOneWealth eSignature App.
2. Generate the signature code and enter it into the GKOneWealth eSignature App.
3. Draw your signature and submit. Select “Save & Continue”.

**PRINT, SIGN AND UPLOAD**

1. Download, print and sign your application form. (Note that all joint holders with the exception of minors are required to sign the application.)
2. Upload your signed application form.

**STEP 5:**Payments & Refund  
RTGS:

1. Review your application and then submit once you have verified all the information you entered.
2. “Your application has successfully been submitted!” You may download or view your application/s.
3. Read the confirmation email that will be sent to the email address you listed. You will be notified of the final status of your application through the same medium.

***N.B.: All joint applicants and directors will need to confirm their consent to participating in the offer. They will be sent an email with instructions once the application has been submitted.***

## **APPENDIX 2**

**Auditor's Report and Audited Financial Statements for the  
Financial Year ended September 30, 2022**

**138 STUDENT LIVING JAMAICA LIMITED**

**FINANCIAL STATEMENTS**

**30 SEPTEMBER 2022**

**138 STUDENT LIVING JAMAICA LIMITED****FINANCIAL STATEMENTS****30 SEPTEMBER 2022****I N D E X**

	<b><u>PAGE</u></b>
Independent Auditors' Report to the Members	1 - 6
<b><u>FINANCIAL STATEMENTS</u></b>	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Company Statement of Profit or Loss and Other Comprehensive Income	11
Company Statement of Financial Position	12
Company Statement of Changes in Equity	13
Company Statement of Cash Flows	14
Notes to the Financial Statements	15 - 62



Tel: (876) 926-1616/7, 926-4421  
Fax: (876) 926-7580  
www.bdo.com.jm

Chartered Accountants  
26 Beechwood Avenue  
P.O. Box 351  
Kingston 5, Jamaica

## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
138 Student Living Jamaica Limited

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of 138 Student Living Jamaica Limited and its subsidiary (the group) and the financial statements of 138 Student Living Jamaica Limited standing alone (the company) set out on pages 7 to 62, which comprise the group and the company's statement of financial position as at 30 September 2022, and the group and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 30 September 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Valuation of Financial Asset - Service Concession Rights Classified as Fair Value Through Other Comprehensive Income**





## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
138 Student Living Jamaica Limited

### *Key Audit Matters*

[see note 13 to the consolidated financial statements for management's related accounting policies and disclosures]

Financial asset - service concession rights is carried at fair value, based on triennial valuation by a professional qualified valuator and in the intervening periods by the directors. For the year ended 30 September 2022, the valuation was done by the directors, with a resulting fair value of \$7.08B for 138 Student Living Limited and \$1.36B for 138 SL Restoration Limited. The surplus or deficit is taken to other comprehensive income.

The Directors use an investments approach via a discounted cash flow as its valuation methodology. The projected net income and a discounted cash flow of those likely net income are taken account of, along with various assumptions. The magnitude and materiality of this balance, the complexity of the models used, the use of management assumptions and the potential for misstatement from the use of inappropriate yields caused us to focus on this balance.

### *How our audit addressed the Key Audit Matter*

- 1) We assessed the directors valuation techniques by using our own internal valuation consultants, who examined the basis and assumptions and analysed the results in detail to assess reasonableness of the fair value amount obtained.
- 2) We obtained an understanding of the nature of the work performed by management, the objective and the scope as well as understanding and assessing the methods and assumptions used thus determining the appropriateness of the valuation method used to estimate the fair value.
- 3) We recalculated the amounts disclosed for fair value of the group's and the company's financial asset-service concession rights for mathematical accuracy.
- 4) We further checked that the required disclosures were done in the financial statements, as well as the appropriateness of the reporting of the transactions.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
138 Student Living Jamaica Limited

### *Key Audit Matters (cont'd)*

#### *Expected credit losses in relation to financial assets.*

See notes 3(i)(iii), 5(c)(ii) and 17 to the financial statements for management's related policies and disclosures.

The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates involving the application of a forward looking expected credit loss (ECL) impairment model, which takes into account reasonable and supportable forward looking information and will result in the earlier recognition of impairment provisions. These estimates involve increased judgment as a result of the economic impacts of COVID-19 on the group's financial assets. The most significant impact of the implementation of the impairment model is to the provisioning policy for the group's trade receivables. The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.

#### *How our audit addressed the Key Audit Matter*

- The group's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the standard.
- We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data.
- We tested manual and automated controls over the aging of receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls.
- We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management.
- We determined whether the default risk percentage was reasonably calculated and correctly applied to the relevant buckets of accounts receivable.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.





## **INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
138 Student Living Jamaica Limited

### **Other Information**

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's and the company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
138 Student Living Jamaica Limited

### Auditors' Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
138 Student Living Jamaica Limited

**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Balvin Vanriel.

A handwritten signature in blue ink that reads 'BDO'.

**Chartered Accountants**

28 December 2022

**138 STUDENT LIVING JAMAICA LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME**  
**YEAR ENDED 30 SEPTEMBER 2022**

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>Restated</u> <u>2021</u> <u>\$'000</u>	<u>Restated</u> <u>2020</u> <u>\$'000</u>
<b>REVENUE:</b>				
Income	6	1,185,960	813,205	1,217,865
Other operating income	7	<u>13,894</u>	<u>47,274</u>	<u>107,428</u>
		1,199,854	860,479	1,325,293
<b>EXPENSES:</b>				
Administrative and other expenses	8	<u>( 501,315)</u>	<u>( 422,017)</u>	<u>( 757,566)</u>
<b>PROFIT FROM OPERATION</b>		698,539	438,462	567,727
Finance costs	10	<u>( 363,487)</u>	<u>( 242,209)</u>	<u>( 257,358)</u>
<b>PROFIT BEFORE TAXATION</b>		335,052	196,253	310,369
Taxation	11	<u>( 16,690)</u>	<u>25,026</u>	<u>( 58,643)</u>
<b>NET PROFIT FOR THE YEAR</b>		318,362	221,279	251,726
<b>OTHER COMPREHENSIVE INCOME:</b>				
<b>Item that will or may not be reclassified to profit or loss -</b>				
Change in fair value of financial asset - service concession rights	13	<u>( 98,143)</u>	<u>( 355,818)</u>	<u>(1,328,037)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>220,219</u>	<u>( 134,539)</u>	<u>(1,076,311)</u>
<b>EARNINGS PER STOCK UNIT</b>	12	<u>\$ 0.77</u>	<u>\$ 0.53</u>	<u>\$ 0.61</u>

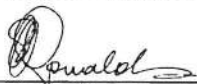
**138 STUDENT LIVING JAMAICA LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**30 SEPTEMBER 2022**

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>Restated</u> <u>2021</u> <u>\$'000</u>	<u>Restated</u> <u>2020</u> <u>\$'000</u>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>				
Financial asset -service concession rights	13	8,442,711	8,513,000	8,861,443
Property, plant and equipment	14	1,117	1,768	2,392
Deferred tax assets	15	180,643	192,342	202,777
Other asset		-	-	3,850
		<u>8,624,471</u>	<u>8,707,110</u>	<u>9,070,462</u>
<b>CURRENT ASSETS:</b>				
Receivables	17	903,293	1,277,833	619,946
Taxation recoverable		24,767	24,742	24,509
Short term deposits	18	-	760	258,560
Cash and cash equivalents	19	170,444	38,935	43,484
		<u>1,098,504</u>	<u>1,342,270</u>	<u>946,499</u>
		<u>9,722,975</u>	<u>10,049,380</u>	<u>10,016,961</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	20	721,153	721,153	721,153
Fair value reserve	21	2,949,430	3,047,573	3,403,391
Retained earnings		884,551	566,189	344,910
		<u>4,555,134</u>	<u>4,334,915</u>	<u>4,469,454</u>
<b>NON-CURRENT LIABILITIES:</b>				
Long term loans	23	3,847,369	4,211,895	4,206,004
Redeemable preference shares	20	172,642	172,642	172,642
		<u>4,020,011</u>	<u>4,384,537</u>	<u>4,378,646</u>
<b>CURRENT LIABILITIES:</b>				
Payables	24	561,874	1,112,745	825,179
Taxation		13,322	7,183	42,644
Short term loans	25	210,000	210,000	135,000
Current portion of long term loans	23	362,634	-	166,038
		<u>1,147,830</u>	<u>1,329,928</u>	<u>1,168,861</u>
		<u>9,722,975</u>	<u>10,049,380</u>	<u>10,016,961</u>

Approved for issue by the Board of Directors on 28 December 2022 and signed on its behalf by:

  
 Ian Parsard Chairman

  
 Sharon Dohaldson-Levine Director

**138 STUDENT LIVING JAMAICA LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 30 SEPTEMBER 2022**

	<u>Share Capital \$'000</u>	<u>Fair Value Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
<b>BALANCE AT 30 SEPTEMBER 2020</b>				
(As previously stated)	721,153	3,403,391	409,963	4,534,507
Deferred tax adjustment (note 30)	<u>-</u>	<u>-</u>	<u>( 65,053)</u>	<u>( 65,053)</u>
<b>BALANCE AT 30 SEPTEMBER 2020 (Restated)</b>	721,153	3,403,391	344,910	4,469,454
<b>TOTAL COMPREHENSIVE INCOME</b>				
Net profit	-	-	221,279	221,279
<b>OTHER COMPREHENSIVE INCOME</b>				
Change in fair value of financial asset - service concession rights	<u>-</u>	<u>( 355,818)</u>	<u>-</u>	<u>( 355,818)</u>
	<u>-</u>	<u>( 355,818)</u>	<u>221,279</u>	<u>( 134,539)</u>
<b>BALANCE AT 30 SEPTEMBER 2021</b>	<u>721,153</u>	<u>3,047,573</u>	<u>566,189</u>	<u>4,334,915</u>
<b>TOTAL COMPREHENSIVE INCOME</b>				
Net profit	-	-	318,362	318,362
<b>OTHER COMPREHENSIVE INCOME</b>				
Change in fair value of financial asset - service concession rights	<u>-</u>	<u>( 98,143)</u>	<u>-</u>	<u>( 98,143)</u>
	<u>-</u>	<u>( 98,143)</u>	<u>318,362</u>	<u>220,219</u>
<b>BALANCE AT 30 SEPTEMBER 2022</b>	<u>721,153</u>	<u>2,949,430</u>	<u>884,551</u>	<u>4,555,134</u>



**138 STUDENT LIVING JAMAICA LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED 30 SEPTEMBER 2022**

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>Restated</u> <u>2021</u> <u>\$'000</u>	<u>Restated</u> <u>2020</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net profit		318,362	221,279	251,726
Items not affecting cash resources:				
Effect of foreign exchange loss/(gain)	8	4,353	( 864)	( 1,799)
Taxation expense	11	16,690	( 25,026)	58,643
Interest income	7	( 62)	( 441)	( 7,875)
Interest expense	10	363,487	242,209	257,358
Depreciation	14	624	624	624
(Loss)/gain on disposal of financial assets		( 12)	( 5)	10
Adjustment to property, plant and equipment	14	<u>27</u>	<u>-</u>	<u>-</u>
		703,469	437,776	558,687
Changes in operating assets and liabilities:				
Other asset		-	3,850	( 87)
Receivables		374,540	(662,156)	(323,245)
Taxation recoverable		( 25)	( 234)	( 1,739)
Payables		<u>(572,973)</u>	<u>362,133</u>	<u>90,679</u>
Cash provided by operating activities		<u>505,011</u>	<u>141,369</u>	<u>324,295</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Additions to financial asset - service concession rights	13	( 27,854)	( 7,375)	( 10,071)
Short term deposits		760	257,799	690
Interest received	7	62	1,566	7,661
Proceeds from disposal of financial assets		<u>12</u>	<u>7</u>	<u>60</u>
Cash (used in)/provided by investing activities		<u>( 27,020)</u>	<u>251,997</u>	<u>( 1,660)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Interest paid		( 340,237)	(313,632)	(189,583)
Loans received		75,000	75,000	-
Loans repaid		<u>( 76,892)</u>	<u>(160,147)</u>	<u>(139,905)</u>
Cash used in financing activities		<u>(342,129)</u>	<u>(398,779)</u>	<u>(329,488)</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		135,862	( 5,413)	( 6,853)
Exchange effect on foreign cash balance		( 4,353)	864	1,221
Cash and cash equivalents at beginning of year		<u>38,935</u>	<u>43,484</u>	<u>49,116</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	19	<u>170,444</u>	<u>38,935</u>	<u>43,484</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 30 SEPTEMBER 2022**

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>Restated</u> <u>2021</u> <u>\$'000</u>	<u>Restated</u> <u>2020</u> <u>\$'000</u>
REVENUE:				
Income	6	774,979	646,156	689,355
Other operating income	7	<u>47,844</u>	<u>72,014</u>	<u>117,691</u>
		822,823	718,170	807,046
EXPENSES:				
Administrative and other expenses	8	<u>(335,571)</u>	<u>(402,846)</u>	<u>(496,752)</u>
PROFIT FROM OPERATION		487,252	315,324	310,294
Finance costs	10	<u>(248,262)</u>	<u>(170,600)</u>	<u>(185,177)</u>
PROFIT BEFORE TAXATION		238,990	144,724	125,117
Taxation	11	<u>( 11,290)</u>	<u>( 28,175)</u>	<u>( 31,226)</u>
NET PROFIT FOR THE YEAR		227,700	116,549	93,891
OTHER COMPREHENSIVE INCOME:				
Item that will or may not be reclassified to profit or loss -				
Change in fair value of financial asset - service concession rights		<u>58,685</u>	<u>852,139</u>	<u>(572,486)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>286,385</u>	<u>968,688</u>	<u>(478,595)</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**30 SEPTEMBER 2022**

	<u>Note</u>	<u>2022</u> <u>\$'000</u>	<u>Restated</u> <u>2021</u> <u>\$'000</u>	<u>Restated</u> <u>2020</u> <u>\$'000</u>
<b><u>ASSETS</u></b>				
<b>NON-CURRENT ASSETS:</b>				
Financial asset - service concession rights	13	7,079,701	7,009,000	6,156,048
Property, plant and equipment	14	1,117	1,768	2,392
Deferred tax assets	15	122,435	133,725	161,900
Investment in subsidiary	16	466,000	466,000	466,000
Other asset		-	-	2,333
		<u>7,669,253</u>	<u>7,610,493</u>	<u>6,788,673</u>
<b>CURRENT ASSETS:</b>				
Receivables	17	652,395	948,407	517,756
Taxation recoverable		22,708	22,693	22,522
Short term deposits	18	-	313	225,420
Cash and cash equivalents	19	137,030	28,911	16,584
		<u>812,133</u>	<u>1,000,324</u>	<u>782,282</u>
		<u>8,481,386</u>	<u>8,610,817</u>	<u>7,570,955</u>
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>EQUITY:</b>				
Share capital	20	721,153	721,153	721,153
Fair value reserve	21	3,223,164	3,164,479	2,312,340
Other reserve	22	466,000	466,000	466,000
Retained earnings		498,287	270,587	154,038
		<u>4,908,604</u>	<u>4,622,219</u>	<u>3,653,531</u>
<b>NON-CURRENT LIABILITIES:</b>				
Long term loans	23	2,583,323	2,789,003	2,775,977
Redeemable preference shares	20	172,642	172,642	172,642
		<u>2,755,965</u>	<u>2,961,645</u>	<u>2,948,619</u>
<b>CURRENT LIABILITIES:</b>				
Payables	24	401,137	816,953	667,767
Short term loans	25	210,000	210,000	135,000
Current portion of long term loans	23	205,680	-	166,038
		<u>816,817</u>	<u>1,026,953</u>	<u>968,805</u>
		<u>8,481,386</u>	<u>8,610,817</u>	<u>7,570,955</u>

Approved for issue by the Board of Directors on 28 December 2022 and signed on its behalf by:

  
 Ian Parsard                      Chairman

  
 Sharon Donaldson-Levine                      Director

**138 STUDENT LIVING JAMAICA LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 30 SEPTEMBER 2022**

	<u>Share Capital</u> \$'000	<u>Fair Value Reserve</u> \$'000	<u>Other Reserve</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Total</u> \$'000
<b>BALANCE AT 30 SEPTEMBER 2020</b> (As previously stated)	721,153	2,312,340	466,000	219,091	3,718,584
Deferred tax adjustment (note 30)	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 65,053)</u>	<u>( 65,053)</u>
<b>BALANCE AT 30 SEPTEMBER 2020</b> (Restated)	721,153	2,312,340	466,000	154,038	3,653,531
<b>TOTAL COMPREHENSIVE INCOME</b>					
Net profit	-	-	-	116,549	116,549
<b>OTHER COMPREHENSIVE INCOME</b>					
Change in fair value of financial asset - service concession rights	<u>-</u>	<u>852,139</u>	<u>-</u>	<u>-</u>	<u>852,139</u>
	<u>-</u>	<u>852,139</u>	<u>-</u>	<u>116,549</u>	<u>968,688</u>
<b>BALANCE AT 30 SEPTEMBER 2021</b>	<u>721,153</u>	<u>3,164,479</u>	<u>466,000</u>	<u>270,587</u>	<u>4,622,219</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
Net profit	-	-	-	227,700	227,700
<b>OTHER COMPREHENSIVE INCOME</b>					
Change in fair value of financial asset - service concession rights	<u>-</u>	<u>58,685</u>	<u>-</u>	<u>-</u>	<u>58,685</u>
	<u>-</u>	<u>58,685</u>	<u>-</u>	<u>227,700</u>	<u>286,385</u>
<b>BALANCE AT 30 SEPTEMBER 2022</b>	<u>721,153</u>	<u>3,223,164</u>	<u>466,000</u>	<u>498,287</u>	<u>4,908,604</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**COMPANY STATEMENT OF CASH FLOWS**  
**YEAR ENDED 30 SEPTEMBER 2022**

	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>Restated</u> <u>2021</u> <u>\$'000</u>	<u>Restated</u> <u>2020</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net profit		227,700	116,549	93,891
Items not affecting cash resources:				
Effect of foreign exchange loss/(gain)		3,567	( 1,045)	( 1,560)
Deferred taxation	11	11,290	28,175	31,226
Interest income	7	( 57)	( 382)	( 6,848)
Depreciation	14	624	624	624
Interest expense	10	248,262	170,600	185,177
Adjustment to property, plant and equipment	14	27	-	-
(Gain)/loss on disposal of financial assets		( 12)	( 5)	10
		491,401	314,516	302,520
Changes in operating assets and liabilities:				
Other asset		-	2,333	( 87)
Receivables		296,012	(431,581)	(169,245)
Taxation recoverable		( 15)	( 172)	( 1,497)
Payables		(436,173)	203,587	100,957
Cash provided by operating activities		<u>351,225</u>	<u>88,683</u>	<u>232,649</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received		57	1,312	7,466
Financial asset - service concession rights	13	( 12,016)	( 813)	( 8,256)
Short term deposits		313	225,106	1,376
Proceeds from disposal of financial assets		<u>12</u>	<u>7</u>	<u>60</u>
Cash(used in)/provided by investing activities		<u>( 11,634)</u>	<u>225,612</u>	<u>646</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Interest paid		(227,905)	(225,001)	(117,402)
Loan received	25	75,000	75,000	-
Loan repaid	25	( 75,000)	(153,012)	(133,401)
Cash used in financing activities		<u>(227,905)</u>	<u>(303,013)</u>	<u>(250,803)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		111,686	11,282	( 17,508)
Exchange effect on foreign cash balance		( 3,567)	1,045	982
Cash and cash equivalents at beginning of year		<u>28,911</u>	<u>16,584</u>	<u>33,110</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	19	<u>137,030</u>	<u>28,911</u>	<u>16,584</u>

## 138 STUDENT LIVING JAMAICA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

#### 1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) 138 Student Living Jamaica Limited (138 SL) is a limited liability company. The company is incorporated and domiciled in Jamaica. The registered office of the company is located at 2 Castries Drive, University of the West Indies, Mona Campus, Kingston 7, St. Andrew.

The company, (138 SL), is a publicly listed company on the Jamaica Stock Exchange.

- (b) The company was 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 (UWI).

The terms of the Concession Agreement requires the company to design, finance, construct and operate 1,584 units of student accommodation in 3 development phases in not more than 48 months.

This agreement was initially established between K Limited and the University of the West Indies on 3 July 2014. In a Deed of Novation between University of the West Indies, K Limited and 138 Student Living Jamaica Limited dated 13 November 2014, the rights and obligations set out in the Concession Agreement were transferred to 138 Student Living Jamaica Limited.

- (c) The company has a 100% subsidiary, 138 SL Restoration Limited, a limited liability company, incorporated and domiciled in Jamaica and which has a 30 years Concession Agreement and may be extended for a further five (5) years. The concession was granted by the University of the West Indies, Mona, for the restoration and reconstruction of certain traditional Halls up to 722 units.

The company and its subsidiary are referred to as “the Group”.

#### 2. REPORTING CURRENCY:

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

**(a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by revaluation of financial asset - services concession rights. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

**New, revised and amended standards and interpretations that became effective during the year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has adopted what it considers relevant to its operations.

The group has adopted the following new and amended standards and interpretations as of 1 October 2021:

**Amendments to IFRS 16, 'Leases' - Covid-19 related rent recessions - Extension of the practical expedient** (effective for annual periods beginning on or after 1 April 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 31 March 2022, the IASB published an additional amendment to extend the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the periods(s) in which the event or condition that triggers the reduced payment occurs. The adoption of this amendment did not have any impact on the group.

## 138 STUDENT LIVING JAMAICA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

##### (a) Basis of preparation (cont'd)

##### **New standards, amendments and interpretations not yet effective and not early adopted**

The following new standards, amendments and interpretation which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

**Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2023).** These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The group will assess the impact of future adoption of this amendment on its financial statements.

**Amendment to IAS 16, 'Property, Plant and Equipment' (effective for accounting periods beginning on or after 1 January 2022).** This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is function properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The group will assess the impact of future adoption of this amendment on its financial statements.

**Annual improvements to IFRS Standards 2018-2020 cycle (effective for accounting periods beginning on or after 1 January 2022).** These amendments include minor changes to the following applicable standards:

- (i) IFRS 9, 'Financial Instruments' amendment clarifies that - for the purpose of performing the '10 per cent test' for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- (ii) IFRS 16, 'Leases' amendment removes the illustration of payments from the lessor relating to leasehold improvements.

The group is assessing the impact the amendment will have on its 2023 financial statements.



**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(b) Basis of consolidation**

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements presents the results of the company and its subsidiary (“ the group”) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

**(c) Foreign currency translation**

Foreign currency transactions pertaining to rental income were accounted for at a fixed exchange rate as agreed by the University and management.

All other foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

**(d) Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**(e) Property, plant and equipment**

Items of property, plant and equipment are recorded at historical, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(e) Property, plant and equipment (cont'd)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Annual rates of property, plant and equipment are as follows:

Motor vehicles	5 years
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Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining surplus or deficit.

**(f) Impairment of non-current assets**

Other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

**(g) Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(g) Current and deferred income taxes (cont'd)**

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

**(h) Revenue recognition**

Revenue comprises long and short term rental income and income generated from the sub letting of space to provide services for the benefit of the hall as well as foreign exchange differences.

Revenue from the provision of rental services is measured at the fair value of the consideration received or receivable.

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

**(i) Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

**Financial assets**

**(i) Classification**

The group classifies all its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at amortised cost and fair value through other comprehensive income.

**Amortised cost**

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

## 138 STUDENT LIVING JAMAICA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

##### (i) Financial instruments (cont'd)

##### Financial assets (cont'd)

##### (i) Classification (cont'd)

##### Amortised cost

The group's financial assets measured at amortised cost comprise trade and other receivables, short term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less.

##### Fair value through other comprehensive income (FVOCI)

The group has made an irrevocable election to classify its investments at fair value through other comprehensive income rather than through profit or loss as the group considers this measurement to be the most representative of the business model for those assets. They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Fair value through other comprehensive income are financial asset - service concession rights derived from service concession agreements and are not quoted in an active market.

The terms of the concession agreements requires the company to design, finance, construct and operate 2,306 units for student accommodation. Under the first Concession Agreement UWI has guaranteed a minimum of 90% occupancy of available rooms in any 51 weeks period for as long as the Concession Agreement is in place, which is currently estimated to be a minimum of thirty (30) years and a maximum of sixty-five (65) years.

Under the second Concession Agreement UWI has guaranteed a minimum of 90% occupancy of available rooms for 38 weeks and 51 weeks respectively for 650 rooms and 72 rooms of the 722 rooms to be developed under this concession for as long as the Concession Agreement is in place, which is currently estimated to be thirty (30) years to a maximum of thirty- five (35) years.

Under both concessions, the units will be returned to UWI at the end of the term of the sub-lease free of cost. The duration of the lease is equal to the duration of the Concession Agreement.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(i) Financial instruments (cont'd)**

**Financial assets (cont'd)**

**(i) Classification (cont'd)**

**Fair value through other comprehensive income (FVOCI) (cont'd)**

The service concession rights as described above has been classified as a financial asset.

Financial asset - service concession rights is carried at fair value, based on triennial valuations by a professionally qualified valuer and the intervening periods by the directors. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve.

**(ii) Recognition and Measurement**

Regular purchases and sales of financial assets classified as fair value through other comprehensive income are recognized on the trade-date - the date on which the group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

**(iii) Impairment**

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(i) Financial instruments (cont'd)**

**Financial liabilities**

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade payables, redeemable preference shares and long and short term loans.

**(j) Receivables**

Other receivables are stated at amortised cost.

**(k) Trade and other payables**

Trade and other payables are stated at amortised cost.

**(l) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

**(m) Investment in subsidiary**

Investment in subsidiary is stated at cost.

**(n) Preference shares**

Preference shares are classified as a liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in construction in progress and in the profit or loss upon completion of construction. The group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative and not at the discretion of the directors. Accordingly, they are presented as financial liability.

**(o) Borrowings and borrowing costs**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(o) Borrowings and borrowing costs (cont'd)**

Investment income earned on the temporary investment of qualifying assets is deducted from borrowing costs eligible for capitalisation.

**(p) Dividend distribution**

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the group's shareholders. In the case of interim dividends, this is recognised when declared by the directors.

**(q) Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and meet expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. The CODM has been identified as The Board of Directors in particular the executive members, who make strategic decisions.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

**(r) Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity" in this case the company).

- (a) A person or a close member of that person's family is related to the company if that person:
- (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or of a parent of the company.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(r) Related parties (cont'd)**

- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
  - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.
- (c) A related party transaction is a transfer of resources, services or obligations between a related parties, regardless of whether a price is charged.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical judgements in applying the group's accounting policies**

In the process of applying the group's accounting policies relating to recognition of the obligation of the University of the West Indies (UWI), as Grantor, in respect of its guarantee of 90% occupancy of the housing unit provided under the Concession Agreement, management has sought legal opinion on whether occupancy by groups and students other than 'Students' as defined in the Concession Agreement, ought to be included in measuring the extent to which the occupancy guarantee has been satisfied.



## 138 STUDENT LIVING JAMAICA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

##### (a) Critical judgements in applying the group's accounting policies (cont'd)

The legal opinion indicates that groups and students not included in the definition of 'Students' and which were sourced by the group independently of UWI should not be included in the calculation. Management has proceeded in recognizing revenue related to the 90% occupancy guarantee on that basis.

##### (b) Key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Fair value estimation

A number of assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique are.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

**(b) Key sources of estimation uncertainty (cont'd)**

**(i) Fair value estimation (cont'd)**

Transfers of items between levels are recognised in the period they occur.

The group measures financial instruments at fair value -

The fair value of financial instruments that are not traded in an active market are deemed to be determined as follows:

- (i) The face value, less any estimated credit adjustment, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables, payables, redeemable preference shares and short term loan.
- (ii) The carrying value for financial asset - service concession rights is based on fair value using a revenue base approach.

The carrying value of long term liabilities approximates their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

**(ii) Income taxes**

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact income tax and deferred tax provisions in the period in which such determination is made.

**(iii) Measurement of the expected credit loss allowance**

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Significant judgement is also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(iv) **Financial asset-service concession rights**

Financial asset-service concession rights is carried in the statement of financial position at market value. The group uses independent qualified appraisers to value the financial asset-service concession rights triennial and the intervening periods by the directors. The valuation approach takes into consideration various assumptions and factors including; the level of current and future occupancy rent rates, a discount rate and inflation rate. A change in any of these assumptions and factors could have a significant impact on the valuation of the financial asset-service concession rights.

**5. FINANCIAL RISK MANAGEMENT:**

The group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the group's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the group and the methods used to measure them.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and cash equivalents
- Short term deposits
- Payables
- Short term loans
- Long term loans
- Redeemable preference shares
- Financial asset - service concession rights

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category

Financial assets

	<u>The Group</u>		<u>The Company</u>	
	Amortised Cost		Amortised Cost	
	<u>2022</u> \$'000	<u>2021</u> \$'000	<u>2022</u> \$'000	<u>2021</u> \$'000
Receivables	888,150	1,277,121	637,508	949,777
Short term deposits	-	760	-	313
Cash and cash equivalents	<u>170,444</u>	<u>38,935</u>	<u>137,030</u>	<u>28,911</u>
	<u>1,058,594</u>	<u>1,316,816</u>	<u>774,538</u>	<u>979,001</u>

	<u>The Group</u>		<u>The Company</u>	
	Fair value through other comprehensive income		Fair value through other comprehensive income	
	<u>2022</u> \$'000	<u>2021</u> \$'000	<u>2022</u> \$'000	<u>2021</u> \$'000
Financial asset - service concession rights	<u>8,442,711</u>	<u>8,513,000</u>	<u>7,079,701</u>	<u>7,009,000</u>
<b>Total financial assets</b>	<u>9,501,305</u>	<u>9,829,816</u>	<u>7,854,239</u>	<u>7,988,001</u>

Financial liabilities

	Financial liabilities at amortised cost			
	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000	<u>2022</u> \$'000	<u>2021</u> \$'000
Payables	267,408	937,678	167,539	690,250
Long and short term loans	4,420,003	4,421,895	2,999,003	2,999,003
Redeemable preference shares	<u>172,642</u>	<u>172,642</u>	<u>172,642</u>	<u>172,642</u>
<b>Total financial liabilities</b>	<u>4,860,053</u>	<u>5,532,215</u>	<u>3,339,184</u>	<u>3,861,895</u>

## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (c) Financial risk factors

The Board of Directors has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

## (i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

## Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US\$ foreign currency cash and cash equivalents. The group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

## Concentration of currency risk

The table below summarises the exposure to Jamaican dollar equivalents foreign currency risk at 30 September 2022.

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>At 30 September 2022</b>				
<b>Financial assets:</b>				
Cash and cash equivalents	<u>119,574</u>	<u>29,654</u>	<u>92,193</u>	<u>22,926</u>
Total financial assets	<u>119,574</u>	<u>29,654</u>	<u>92,193</u>	<u>22,926</u>
Net financial position	<u>119,574</u>	<u>29,654</u>	<u>92,193</u>	<u>22,926</u>

## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (c) Financial risk factors (cont'd)

## (i) Market risk (cont'd)

## Currency risk

## Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and short term deposits accounts adjusts their translation at the year-end for 4% (2021 - 8%) depreciation and a 1% (2021 - 2%) appreciation of the Jamaican dollar against the various currencies. The changes below would have no impact on other components of equity.

The Group and the Company

<u>Currency</u>	<u>% Change in Currency Rate 2022</u>	<u>Effect on Profit before Taxation 2022 \$'000</u>	<u>% Change in Currency Rate 2021</u>	<u>Effect on Profit before Taxation 2021 \$'000</u>
USD	+1	(1,196)	+2	( 593)
USD	<u>-4</u>	<u>4,783</u>	<u>-8</u>	<u>2,372</u>

## Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group does not have a significant exposure and as such, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

## Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the group to cash flow interest rate risk, whereas fixed rate instruments expose the group to fair value interest rate risk.

The group's short term deposits are due to mature within 12 months of the reporting date, while the group's long term loan are repriced within 6 months of the reporting date.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**5. FINANCIAL RISK MANAGEMENT (CONT'D):**

**(c) Financial risk factors (cont'd)**

**(i) Market risk (cont'd)**

**Price risk**

**Interest rate sensitivity**

There is no significant exposure to interest rate risk on short term investments, as these deposits have a short term to maturity and are constantly reinvested at current market rates. There is no significant exposure on the long term loan within the short term.

There is a significant exposure to interest rate risk on long term loan within the short term. A 2% increase/0.5% decrease in interest rates on Jamaican dollar loans would result in a \$88,400,000 decrease/\$22,100,000 increase in the group profit before tax and \$59,980,000 decrease/\$14,995,000 increase in the profit before tax for the company. A 3% increase/0.5% decrease in 2021 would result in - \$132,657,000 decrease/\$22,109,000 increase in the profit before tax for the group and - \$89,970,000 decrease/\$14,995,000 increase in the profit before tax for the company.

**(ii) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, short term deposits and bank balances.

**Receivables**

Revenue transactions in respect of the group's primary operations are settled in cash. For its operations done on a credit basis, the group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

**Cash and bank balances**

Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

**Maximum exposure to credit risk**

The maximum exposure to credit risk is equal to the carrying amount of receivables, short term deposits and cash and bank balances in the statement of financial position.

**Expected credit losses on trade receivables**

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The trade receivables were analyzed in compliance with IFRS 9 and the amount presented in the financial statements appears reasonable and in compliance with the required standard.

The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables as at 30 September.



**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Expected credit losses on trade receivables

30 September 2022

<u>The Group</u>			
<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Expected Loss Rate</u> <u>%</u>	<u>ECL Allowance</u> <u>\$'000</u>
0-30 days	13,698	2.32	318
31-60 days	12,333	4.31	531
61-90 days	2,112	4.50	95
Over 90 days	<u>30,399</u>	20.67	<u>6,707</u>
	58,542		7,651
UWI Mona - 90%			
Occupancy Guarantee	379,814	2.99	11,380
UWI Mona - other	<u>480,892</u>	2.93	<u>14,069</u>
	<u>919,248</u>		<u>33,100</u>

30 September 2021

<u>The Group</u>			
<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Expected Loss Rate</u> <u>%</u>	<u>ECL Allowance</u> <u>\$'000</u>
0-30 days	14,947	1.81	270
31-60 days	2,247	6.45	145
61-90 days	837	10.63	89
Over 90 days	<u>63,688</u>	27.65	<u>17,607</u>
	81,719		18,111
UWI Mona - 90%			
Occupancy Guarantee	758,899	11.12	84,365
UWI Mona - other	<u>553,148</u>	2.99	<u>16,594</u>
	<u>1,393,766</u>		<u>119,070</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

**Expected credit losses on trade receivables**

Movements in the impairment allowance for trade receivables are as follows:

	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
At 1 October 2021	119,070	342,395
Reversal of provision	( 58,464)	(275,123)
Receivables written off during the year as uncollectible	( 27,706)	( 31,486)
Provision for expected credit losses	( 4,799)	( 12,530)
Other provision	<u>4,999</u>	<u>95,814</u>
At 30 September	<u>33,100</u>	<u>119,070</u>

30 September 2022

The Company

<u>Aging</u>	<u>Gross</u> <u>Carrying Amount</u> <u>\$'000</u>	<u>Expected</u> <u>Loss Rate</u> <u>%</u>	<u>ECL Allowance</u> <u>\$'000</u>
0-30 days	8,199	1.00	82
31-60 days	11,319	4.06	459
61-90 days	2,033	4.30	88
Over 90 days	<u>19,325</u>	20.64	<u>3,988</u>
	40,876		4,617
90% Occupancy Guarantee	<u>379,338</u>	3.00	<u>11,380</u>
	<u>420,214</u>		<u>15,997</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2022**

**5. FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

**Expected credit losses on trade receivables**

**30 September 2021**

<u>Aging</u>	<u>Gross Carrying Amount</u> \$'000	<u>Expected Loss Rate</u> %	<u>ECL Allowance</u> \$'000
0-30 days	11,075	1.0	111
31-60 days	1,182	5.8	69
61-90 days	594	11.1	66
Over 90 days	<u>45,005</u>	28.18	<u>12,684</u>
	57,856		12,930
90% Occupancy Guarantee	<u>707,371</u>	11.19	<u>79,220</u>
	<u>765,227</u>		<u>92,150</u>

Movements in the impairment allowance for trade receivables are as follows:

	<u>2022</u> \$'000	<u>2021</u> \$'000
At 1 October 2021	92,150	117,172
Receivables written off during the year as uncollectible	(21,271)	( 26,727)
Provision for expected credit losses	<u>(54,882)</u>	<u>1,705</u>
At 30 September	<u>15,997</u>	<u>92,150</u>

(iii) **Liquidity risk**

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis.
- (ii) Maintaining a portfolio of short term deposits balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

**Cash flows of financial liabilities**

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
<b>30 September 2022</b>				
Payables	267,408	-	-	267,408
Long term loans	326,112	2,486,681	3,266,018	6,078,811
Redeemable preference Shares	22,443	29,924	526,870	579,237
Short term loans	<u>217,539</u>	<u>-</u>	<u>-</u>	<u>217,539</u>
<b>Total financial liabilities (contractual maturity dates)</b>	<u>833,502</u>	<u>2,516,605</u>	<u>3,792,888</u>	<u>7,142,995</u>
<b>30 September 2021</b>				
Payables	937,678	-	-	937,678
Long term loans	284,695	2,098,706	3,709,853	6,093,254
Redeemable preference shares	14,962	29,924	534,351	579,237
Short term loans	<u>217,539</u>	<u>-</u>	<u>-</u>	<u>217,539</u>
<b>Total financial liabilities (contractual maturity dates)</b>	<u>1,454,874</u>	<u>2,128,630</u>	<u>4,244,204</u>	<u>7,827,708</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

**Cash flows of financial liabilities (cont'd)**

	The Company			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
<b>30 September 2022</b>				
Payables	167,539	-	-	167,539
Long term loans	174,396	1,370,982	2,581,839	4,127,217
Redeemable preference shares	22,443	29,924	526,870	579,237
Short term loans	217,539	-	-	217,539
<b>Total financial liabilities (contractual maturity dates)</b>	<b>581,917</b>	<b>1,400,906</b>	<b>3,108,709</b>	<b>5,091,532</b>
<b>30 September 2021</b>				
Payables	690,250	-	-	690,250
Long term loans	203,840	1,196,377	2,663,828	4,064,045
Redeemable preference shares	14,962	29,924	534,351	579,237
Short term loans	217,539	-	-	217,539
<b>Total financial liabilities (contractual maturity dates)</b>	<b>1,126,591</b>	<b>1,226,301</b>	<b>3,198,179</b>	<b>5,551,071</b>

(d) **Capital management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the group is subject.

## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 6. INCOME:

Income represents revenue from the rental of dormitory accommodations. Long term rentals represents 92% (2021: 94%) of the group's revenue and 93% (2021: 97%) of the company's revenue. Short term rental represents 8% (2021: 6%) of the groups revenue and 7% (2021: 3%) of the company's revenue.

## 7. OTHER OPERATING INCOME:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	62	441	57	382
Other income	<u>13,832</u>	<u>46,833</u>	<u>47,787</u>	<u>71,632</u>
	<u>13,894</u>	<u>47,274</u>	<u>47,844</u>	<u>72,014</u>

## 8. EXPENSES BY NATURE:

Total administrative and other expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Staff costs (note 9)	156,339	143,459	139,988	129,926
Advertising	3,202	681	1,794	681
Security services	734	967	715	947
Land lease	90,797	81,930	65,323	58,070
Cleaning	766	1,349	518	1,030
Audit fees	7,548	6,618	4,841	4,220
Legal and professional fees	16,525	86,798	8,464	66,512
Directors' fees	2,720	3,750	2,720	3,750
Trustee fees	7,900	7,668	4,709	4,616
Bank charges	11,634	8,304	9,325	6,502
Repairs and maintenance	23,363	10,263	17,349	6,028
Stationery and office supplies	2,627	3,715	2,627	3,690
Travelling and entertainment	1,753	89	776	89
Computer software	5,193	4,567	5,193	4,567
Utilities	103,813	85,621	59,400	44,466
Insurance	16,316	16,650	11,234	11,568
Telephone, internet and cable	68,660	146,724	33,028	53,014
Foreign exchange loss/(gain)	4,353	( 864)	3,567	( 1,045)
Expected credit losses	( 58,464)	(194,392)	( 54,882)	( 1,100)
Other operating expenses	29,934	5,858	13,280	3,053
Motor vehicle expenses	2,387	1,599	2,387	1,599
Impairment	2,591	39	2,591	39
Depreciation	<u>624</u>	<u>624</u>	<u>624</u>	<u>624</u>
	<u>501,315</u>	<u>422,017</u>	<u>335,571</u>	<u>402,846</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

9. **STAFF COSTS:**

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	127,920	117,826	111,589	104,375
Statutory deductions	15,034	13,498	15,034	13,498
Staff benefits	<u>13,385</u>	<u>12,135</u>	<u>13,365</u>	<u>12,053</u>
	<u>156,339</u>	<u>143,459</u>	<u>139,988</u>	<u>129,926</u>

The average number of persons employed by the group during the year was 93 (2021 - 111).

10. **FINANCE COSTS:**

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest expense	<u>363,487</u>	<u>242,209</u>	<u>248,262</u>	<u>170,600</u>

11. **TAXATION EXPENSE:**

(a) Taxation for the year comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current year expense	4,991	(35,461)	-	-
Deferred taxation (note 15)	<u>11,699</u>	<u>10,435</u>	<u>11,290</u>	<u>28,175</u>
Taxation (credit)/charge in income statement	<u>16,690</u>	<u>(25,026)</u>	<u>11,290</u>	<u>28,175</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**11. TAXATION EXPENSE (CONT'D):**

- (b) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before taxation	<u>335,052</u>	<u>196,253</u>	<u>238,990</u>	<u>144,724</u>
Tax calculated @ 25%	83,763	49,063	59,747	36,181
Adjusted for the effects of:				
Expenses not deducted for Tax purposes	( 6,430)	( 40,787)	( 8,744)	6,323
Net effect of other charges and allowances	( <u>60,643</u> )	( <u>33,302</u> )	( <u>39,713</u> )	( <u>1,683</u> )
Taxation (credit)/charge in income statement	<u>16,690</u>	( <u>25,026</u> )	<u>11,290</u>	<u>28,175</u>

- (c) Subject to agreement with the Commissioner General, Tax Administration Jamaica, the company has tax losses of \$489,901,000 (2021 - \$512,387,000) and the group has tax losses of \$698,081,000 (2021 - \$740,529,000) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of these losses.

**12. EARNINGS PER STOCK UNIT:**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at year end which amounted to 414,500,000.

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
Net profit attributable to Stockholders	<u>318,362,000</u>	<u>221,279,000</u>
Earnings per stock unit	<u>\$ 0.77</u>	<u>\$ 0.53</u>



## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 13. FINANCIAL ASSET - SERVICE CONCESSION RIGHTS:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At cost	5,465,427	5,458,052	3,844,521	3,843,708
Addition	<u>27,854</u>	<u>7,375</u>	<u>12,016</u>	<u>813</u>
	<u>5,493,281</u>	<u>5,465,427</u>	<u>3,856,537</u>	<u>3,844,521</u>
Fair value movement				
1 October	3,047,573	3,403,386	3,164,479	2,312,340
Amount recognised in other comprehensive income	<u>( 98,143)</u>	<u>( 355,813)</u>	<u>58,685</u>	<u>852,139</u>
30 September	<u>2,949,430</u>	<u>3,047,573</u>	<u>3,223,164</u>	<u>3,164,479</u>
Amount recognised in the statement of financial position	<u>8,442,711</u>	<u>8,513,000</u>	<u>7,079,701</u>	<u>7,009,000</u>

(a) Both 138 Student Living and 138 SL Restoration constructed and renovated properties and purchased furniture and fixtures. The properties are professionally valued every three years and by directors in the intervening years. The resulting valuations at 30 September 2022 were fair valued at \$7.079B for 138 Student Living Limited and \$1.363B for 138 SL Restoration Limited. The surplus or deficit arising was taken to other comprehensive income.

(b) The valuation methodology employed for the assessment of the fair value of the subject is an investment approach via a discounted cash flow where the following are undertaken:

Firstly a projection of net income over the proposed periods of the Concession Agreements to determine the likely termination dates of these Agreements - as per the achievements of a net IRR's on which they are predicated, is undertaken; and

Secondly a DCF is undertaken of those likely net incomes over the projected terms for both agreements in order to establish the fair value of each.

**Specific Valuation Assumptions:**

The following assumptions are made:

- A rental growth factor of 2.5% per annum is assumed, as the subject types of accommodation generally do not show better rental growth overtime locally and are tied to a US dollar denomination already making it fairly unstable in Jamaican dollar terms;
- Given the current levels of rentals and occupancies achieved, it is assumed that no further development of the balance of rooms as per the agreement will be executed in the foreseeable future.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**13. FINANCIAL ASSET - SERVICE CONCESSION RIGHTS (CONT'D):**

**Specific Valuation Assumptions (Cont'd):**

- Expenses are projected to grow at an anticipated rate of 2.5% per annum - in line with a stabilised long term rate of inflation;
- The projected period for an after tax 15% and 9% IRR for Concessions Agreements 1 and 2 respectively was assessed at 30 and 21 years, respectively;
- Discount rate of ranging between 8.0% and 8.50% are used for the relevant cash flows as against current institutional investor target rates of 7% to 8.5% for more traditional investment real estate. Student housing tends to show lower growth rates in terms of income but are fairly stable and offer earnings that often run 'less cyclical' in their performance to more traditional investment properties, hence having the effect of reducing the 'overall risk' in real estate portfolios.
- The income that is capitalised is the net operating income from the property, which does not include taxes (except property tax where relevant) interest on loans, depreciation or appreciation.

**14. PROPERTY, PLANT AND EQUIPMENT:**

	<u>Motor Vehicles</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
At cost 1 October 2021	3,120	3,120
Adjustment	( 27)	( 27)
30 September 2022	<u>3,093</u>	<u>3,093</u>
Depreciation -		
1 October 2021	1,352	1,352
Charge for the year	<u>624</u>	<u>624</u>
30 September 2022	<u>1,976</u>	<u>1,976</u>
Net book value -		
30 September 2022	<u>1,117</u>	<u>1,117</u>
30 September 2021	<u>1,768</u>	<u>1,768</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

15. **DEFERRED INCOME TAXES:**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred tax liability	( 13,720)	( 275)	( 13,720)	( 275)
Deferred tax asset	<u>194,363</u>	<u>192,617</u>	<u>136,155</u>	<u>134,000</u>
Net deferred tax asset	<u>180,643</u>	<u>192,342</u>	<u>122,435</u>	<u>133,725</u>

The movement in deferred taxation is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	192,342	202,777	133,725	161,900
Credit/(charge) for the year (note 11)	<u>( 11,699)</u>	<u>( 10,435)</u>	<u>( 11,290)</u>	<u>( 28,175)</u>
Balance at end of year	<u>180,643</u>	<u>192,342</u>	<u>122,435</u>	<u>133,725</u>

Deferred tax is due to the following temporary differences:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest payable	( 9,809)	( 7,068)	( 7,922)	( 5,904)
Expected credit losses	9,444	2,471	13,720	275
Unused tax losses	<u>(180,278)</u>	<u>(187,745)</u>	<u>(128,233)</u>	<u>(128,096)</u>
Balance at end of year	<u>(180,643)</u>	<u>(192,342)</u>	<u>(122,435)</u>	<u>(133,725)</u>

## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 16. INVESTMENT IN SUBSIDIARY:

	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Investment of the company in the subsidiary:		
138 SL Restoration Limited	<u>466,000</u>	<u>466,000</u>

## 17. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Receivables	58,542	81,719	40,876	57,856
Advance to contractor	-	-	2,856	-
Prepayments and deposits	1,279	823	1,279	823
138 SL Restoration Limited	-	-	231,594	274,276
Other receivables	15,866	2,314	12,449	231
UWI Mona	<u>860,706</u>	<u>1,312,047</u>	<u>379,338</u>	<u>707,371</u>
	936,393	1,396,903	668,392	1,040,557
Less: Provision for expected credit losses	<u>( 33,100)</u>	<u>( 119,070)</u>	<u>( 15,997)</u>	<u>( 92,150)</u>
	<u>903,293</u>	<u>1,277,833</u>	<u>652,395</u>	<u>948,407</u>

Included in the amount receivable from UWI Mona is \$480,892,000 (2021 - \$553,148,000) which represents claim made under the Concession Agreement for recovery of revenue foregone by the group consequent on UWI variation of the configuration of some double occupancy units in the Irvine Hall residence into single occupancy units. The amount of the claim is necessarily an estimate and may be settled at a significantly different amount. Such difference would be recorded in the period in which it is determined. A provision of \$14,069,000 (2021 - \$16,594,000) is recognised in respect of this claim.

## 18. SHORT TERM DEPOSITS:

This represents deposits with financial institutions with original maturities of greater than 90 days but less than 1 year.

## 19. CASH AND CASH EQUIVALENTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Foreign currency accounts	119,574	29,654	92,193	22,926
Jamaican currency current accounts	50,810	9,257	44,777	5,961
Cash in hand	<u>60</u>	<u>24</u>	<u>60</u>	<u>24</u>
	<u>170,444</u>	<u>38,935</u>	<u>137,030</u>	<u>28,911</u>

## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 20. SHARE CAPITAL:

	<u>The Group and the Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Authorised -		
480,500,000 ordinary shares at no par value		
94,500,000 cumulative redeemable preference shares		
Stated capital -		
414,500,000 ordinary shares issued and fully paid	721,153	721,153
34,528,500 preference shares issued and fully paid	<u>172,642</u>	<u>172,642</u>
	<u>893,795</u>	<u>893,795</u>
Shares issued to professionals for other than cash (share based payment)	<u>435,565</u>	<u>435,565</u>
Initial public offering	505,691	505,691
Less: IPO transactions costs	<u>( 47,461)</u>	<u>( 47,461)</u>
	<u>458,230</u>	<u>458,230</u>
Closing balance	893,795	893,795
Less redeemable preference shares required by IFRS to be accounted for as liabilities in the financial statements	<u>( 172,642)</u>	<u>( 172,642)</u>
	<u>721,153</u>	<u>721,153</u>

At the end of the reporting period, the company's issued and fully paid up ordinary share capital stood at 414,500,000. This includes shares allotted in the initial public offering in November 2014 of 82,900,000 at a price of \$4.00 per share.

As part of the initial public offering, the company also offered 33,680,000 cumulative redeemable preference shares at \$5.00 per share. Arising from the over-subscription for these shares, an additional 848,000 shares were issued to subscribers. Preference dividend for the years 2014 to 2018 were accumulated and paid in 2022 and annually thereafter. Dividend yield on preference shares is indexed to the Government of Jamaica 180 day weighted average Treasury Bill yield plus a premium of three percent. The paid up share capital for both classes is net of transaction cost incurred of \$47,461,000, an amount of \$29,506,000 was included in the financial asset - service concession rights.

**Share based payment**

Share based payment arrangements are measured at the fair value of the goods or services received or the fair value of the equity instruments granted using the option pricing model, the inputs to that model being the share price, exercise price and the expected dividends.

## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 20. SHARE CAPITAL (CONT'D):

## Share based payment (cont'd)

The share based payment is recognised as part cost of the financial asset - service concession rights with a corresponding increase in equity.

The share based payment arrangement entered on 13 November 2014 issued ordinary shares in lieu of payment for fees for consultancy and other services.

The members are prohibited from disposing of more than:

- 50% of their respective holdings of ordinary shares in Phase 1
- A further 50% of their remaining holdings in Phase 2
- The remainder of their holdings in Phase 3

## 21. FAIR VALUE RESERVE:

This represents fair value movement in financial asset - service concession rights.

## 22. OTHER RESERVE:

This represents the value of shares in subsidiary, 138 SL Restoration Limited, acquired for consideration other than cash.

## 23. LONG TERM LOANS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
JCSD Trustees Services Limited - Trustee for noteholders (series 1, 2A, 2B and D)	4,210,003	4,210,003	2,789,003	2,789,003
Sagicor loan (ii)	-	1,892	-	-
	4,210,003	4,211,895	2,789,003	2,789,003
Less - current portion	( 362,634)	-	( 205,680)	-
	<u>3,847,369</u>	<u>4,211,895</u>	<u>2,583,323</u>	<u>2,789,003</u>

- (i) This represents long term notes issued through CIBC FirstCaribbean International Bank, with JCSD Trustee Services Limited being the Trustee for the note holders, with fifteen (15) years tenure and a two (2) year extension was granted and seven (7) years carrying interest at six (6) months weighted average treasury bill yield (WATBY) plus 350 basis points and one loan at a fixed rate of 8.5%. During the financial year 2021, series 2A and 2B secured note were restructured and approved by the Bondholders for maturity date to be 29 June 2027 in lieu of 29 June 2025.

Series 1 secured note was also restructured and approved by the bondholders for maturity date to be 20 September 2032 in lieu of 20 September 2030. Series D secured note was restructured and approved by the bondholders for maturity date to be 31 May 2028 in lieu of 31 May 2026.

## 138 STUDENT LIVING JAMAICA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

#### 23. LONG TERM LOANS (CONT'D):

- (ii) This loan is secured by first demand debenture over fixed and floating assets of 138 Student Living Jamaica Limited, it attracts interest at 7.5% per annum and is for a period of 4 years. The loan was repaid during the year.

The loan facilities are secured by the following:

- Debenture over the fixed and floating assets of the issuer inclusive of the building under Phase1.
- Assignment of rights under Concession Agreement to cover Phase 1 of the project.
- Assignment of all insurance policies.
- Assignment of lease for the benefit of the note holders.
- Debt service reserve account with at least one period debt service.
- Promissory notes
- Maintenance reserve account with minimum value of deposits of up to 3% of the total value of the building.

The subsidiary, 138 SL Restoration Limited also raised funding for the renovation works for Gerald Lalor Hall and the reconstruction of Irvine Hall through long term instruments issued through Victoria Mutual Wealth Management and Money Masters Limited to raise up to \$2.795 billion for a period of 15 years. Interest is fixed at 11.5% for the first six months and thereafter a variable rate of 350 basis points above the weighted average rate applicable to the six month Jamaica Treasury Bill Tender (WATBY).

#### 24. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade payables	42,467	381,482	35,653	370,595
Rent deposit	193,106	115,490	157,630	71,942
Due to contractor	15,966	16,535	10,966	11,535
Loan interest	39,237	28,269	31,688	23,614
Interest payable (related to dividend on preference shares)	38,615	26,331	38,615	26,331
University of The West Indies	190,360	423,948	102,881	281,800
Other	<u>42,123</u>	<u>120,690</u>	<u>23,704</u>	<u>31,136</u>
	<u>561,874</u>	<u>1,112,745</u>	<u>401,137</u>	<u>816,953</u>

#### 25. SHORT TERM LOANS:

Sagicor Bank Jamaica Limited extended an unsecured line of credit for twelve months at an interest rate of 8% per annum with a maturity date of 21 June 2022. This was repaid during the year and a new unsecured line of credit for twelve months at an interest rate of 8% per annum with maturity date of 21 June 2023 was obtained. The other Sagicor loan is unsecured at a rate of interest of 9% per annum and matured 30 September 2023.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

26. **RELATED PARTY TRANSACTIONS AND BALANCES:**

	<u>The Group and the Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
<b><u>Transactions during the year</u></b>		
138 SL Restoration Limited - payments made	<u>202,484</u>	<u>124,832</u>
138 SL Restoration Limited - Reimbursements	<u>245,166</u>	<u>121,688</u>
Key management compensation - Key management includes senior manager - Salaries and other short-term employee benefits	<u>19,922</u>	<u>15,856</u>
Directors' emoluments - Fees	<u>2,720</u>	<u>3,750</u>
<b><u>Year end balances</u></b>		
With related company: Due from 138 SL Restoration Limited (included in receivables)	<u>231,594</u>	<u>274,276</u>

27. **NET PROFIT:**

	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
Reflected in the financial statements of:		
The company	227,700	139,832
Subsidiary	<u>90,662</u>	<u>104,730</u>
	<u>318,362</u>	<u>244,562</u>



**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**28. LEASE COMMITMENTS:**

Lease commitments to be paid annually over the life of the Concession Agreement, is subject to the agreed terms contained therein and at 1,584 rooms (100% build out) at the end of phase 3, the company will be liable to pay \$100,000,000 per annum adjusted for 50% of the annual Jamaican Consumer Price Index, unpaid rooms and residents breaking contracts. Payments during phases 1 and 2 were calculated based on the number of rooms and the other adjustable factors mentioned. Rooms completed to date total 1008.

138 SL Restoration Limited lease commitment is based on the maximum 722 rooms as a percentage of 1,584 rooms and \$100,000,000 adjusted for the Consumer Price Index and other factors mentioned above.

**29. IMPACT OF COVID-19:**

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities and business operations.

The following measures that were taken by management in 2020 remained in force for 2022:

- i. Consolidation of accommodation thus reducing utility and staff costs (primarily security and housekeeping which forms our largest staff classification);
- ii. Deferral of some capital expenditures.
- iii. Minimize maintenance activities to only essential services.

For the 2022 financial year the Covid-19 pandemic continue to have a negative impact on occupancy and revenues. During the period, occupancy recovered from an average of 36% in the prior year to an average of 52% during the current financial year.

The lifting of the COVID-19 restrictions and the subsequent return to face to face classes has resulted in a return to normalcy. Although the Ministry of Health and Wellness relaxed the national COVID-19 measures, the management of 138 SL continues to place high priority on the health and wellbeing of our employees and residents. We have chosen to maintain certain safety measures that were implemented.

Additionally, 138 Student Living Jamaica limited and 138 SL Restoration Limited are both governed by Concession Agreements with the UWI. The Concession Agreements guarantee a 90% occupancy of the accommodation.

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

**30. RESTATEMENT OF PRIOR YEAR BALANCES:**

Restatement of prior balances relate to adjustment for deferred tax asset.

Effect on the group's statement of comprehensive income at 30 September 2020:

	<u>As previously reported</u> ₤	<u>Effect of restatement</u> ₤	<u>As restated</u> ₤
REVENUE:			
Income	1,217,865	-	1,217,865
Other operating income	<u>107,428</u>	<u>-</u>	<u>107,428</u>
	1,325,293	-	1,325,293
EXPENSES:			
Administrative and other expenses	<u>( 757,566)</u>	<u>-</u>	<u>( 757,566)</u>
PROFIT FROM OPERATION	567,727	-	567,727
Finance costs	<u>( 257,358)</u>	<u>-</u>	<u>( 257,358)</u>
PROFIT BEFORE TAXATION	310,369	-	310,369
Taxation	<u>6,410</u>	<u>( 65,053)</u>	<u>( 58,643)</u>
NET PROFIT FOR THE YEAR	316,779	( 65,053)	251,726
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss - Change in fair value of financial asset - Service concession rights	<u>(1,328,037)</u>	<u>-</u>	<u>(1,328,037)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(1,011,258)</u>	<u>( 65,053)</u>	<u>(1,076,311)</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of financial position at 30 September 2020:

	<u>As previously reported</u> ₤	<u>Effect of restatement</u> ₤	<u>As restated</u> ₤
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
Financial assets- service concession rights	8,861,443	-	8,861,443
Property, plant and equipment	2,392	-	2,392
Deferred tax assets	267,830	( 65,053)	202,777
Other asset	<u>3,850</u>	<u>-</u>	<u>3,850</u>
	<u>9,135,515</u>	<u>( 65,053)</u>	<u>9,070,462</u>
<b>CURRENT ASSETS:</b>			
Receivables	619,946	-	619,946
Taxation recoverable	24,509	-	24,509
Short term deposits	258,560	-	258,560
Cash and cash equivalents	<u>43,484</u>	<u>-</u>	<u>43,484</u>
	<u>946,499</u>	<u>-</u>	<u>946,499</u>
	<u>10,082,014</u>	<u>( 65,053)</u>	<u>10,016,961</u>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY:</b>			
Share capital	721,153	-	721,153
Fair value reserves	3,403,391	-	3,403,391
Retained earnings	<u>409,963</u>	<u>( 65,053)</u>	<u>344,910</u>
	<u>4,534,507</u>	<u>( 65,053)</u>	<u>4,469,454</u>
<b>NON-CURRENT LIABILITIES:</b>			
Long term loans	4,206,004	-	4,206,004
Redeemable preference shares	<u>172,642</u>	<u>-</u>	<u>172,642</u>
	<u>4,378,646</u>	<u>-</u>	<u>4,378,646</u>
<b>CUURENT LIABILITIES:</b>			
Payables	825,179	-	825,179
Taxation	42,644	-	42,644
Short term loans	135,000	-	135,000.
Current portion of long term loans	<u>166,038</u>	<u>-</u>	<u>166,038</u>
	<u>1,168,861</u>	<u>-</u>	<u>1,168,861</u>
	<u>10,082,014</u>	<u>( 65,053)</u>	<u>10,016,961</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of cash flow on 30 September 2020:

	<u>As previously reported \$'000</u>	<u>Effect of restatement \$'000</u>	<u>As restated \$'000</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Net profit	316,779	( 66,053)	251,726
Items not affecting cash resources:			
Effect of foreign exchange gain	( 1,799)	-	( 1,799)
Taxation expense	( 6,410)	65,053	58,643
Interest income	( 7,875)	-	( 7,875)
Interest expense	257,358	-	257,358
Depreciation	624	-	624
Loss on disposal of financial assets	<u>10</u>	<u>-</u>	<u>10</u>
	558,687	-	558,687
Change in operating assets and liabilities:			
Other asset	( 87)	-	( 87)
Receivables	(323,245)	-	(323,245)
Taxation recoverable	( 1,739)	-	( 1,739)
Payables	<u>90,679</u>	<u>-</u>	<u>90,679</u>
Cash provided by operating activities	<u>324,295</u>	<u>-</u>	<u>324,295</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Additions to financial asset - service concession rights	( 10,071)	-	( 10,071)
Short term deposits	690	-	690
Interest received	7,661	-	7,661
Proceeds from disposal of financial assets	<u>60</u>	<u>-</u>	<u>60</u>
Cash used in investing activities	<u>( 1,660)</u>	<u>-</u>	<u>( 1,660)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Interest paid	(189,583)	-	(189,583)
Loans received	-	-	-
Loans repaid	<u>(139,905)</u>	<u>-</u>	<u>(139,905)</u>
Cash used in financing activities	<u>(329,488)</u>	<u>-</u>	<u>(329,488)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	( 6,853)	-	( 6,853)
Exchange effect on foreign cash balance	1,221	-	1,221
Cash and cash equivalents at beginning of year	<u>49,116</u>	<u>-</u>	<u>49,116</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>43,484</u>	<u>-</u>	<u>43,484</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Restatement of prior balances relate to adjustment for deferred tax asset.

Effect on the group's statement of comprehensive income at 30 September 2021:

	<u>As previously reported \$'000</u>	<u>Effect of restatement \$'000</u>	<u>As restated \$'000</u>
REVENUE:			
Income	813,205	-	813,205
Other operating income	<u>47,274</u>	<u>-</u>	<u>47,274</u>
	860,479	-	860,479
EXPENSES:			
Administrative and other expenses	<u>( 422,017)</u>	<u>-</u>	<u>(422,017)</u>
PROFIT FROM OPERATION	438,462	-	438,462
Finance costs	<u>( 242,209)</u>	<u>-</u>	<u>(242,209)</u>
PROFIT BEFORE TAXATION	196,253	-	196,253
Taxation	<u>48,309</u>	<u>( 23,283)</u>	<u>25,026</u>
NET PROFIT FOR THE YEAR	244,562	( 23,283)	221,279
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss - Change in fair value of financial asset - Service concession rights	<u>( 355,818)</u>	<u>-</u>	<u>(355,818)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>( 111,256)</u>	<u>( 23,283)</u>	<u>(134,539)</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of financial position at 30 September 2021:

	<u>As previously reported</u> \$	<u>Effect of restatement</u> \$	<u>As restated</u> \$
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
Financial assets- service concession rights	8,513,000	-	8,513,000
Property, plant and equipment	1,768	-	1,768
Deferred tax assets	<u>280,678</u>	<u>( 88,336)</u>	<u>192,342</u>
	<u>8,795,446</u>	<u>( 88,336)</u>	<u>8,707,110</u>
<b>CURRENT ASSETS:</b>			
Receivables	1,277,833	-	1,277,833
Taxation recoverable	24,742	-	24,742
Short term deposits	760	-	760
Cash and cash equivalents	<u>38,935</u>	<u>-</u>	<u>38,935</u>
	<u>1,342,270</u>	<u>-</u>	<u>1,342,270</u>
	<u>10,137,716</u>	<u>( 88,336)</u>	<u>10,049,380</u>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY:</b>			
Share capital	721,153	-	721,153
Fair value reserves	3,047,573	-	3,047,573
Retained earnings	<u>654,525</u>	<u>( 88,336)</u>	<u>566,189</u>
	<u>4,423,251</u>	<u>( 88,336)</u>	<u>4,334,915</u>
<b>NON-CURRENT LIABILITIES:</b>			
Long term loans	4,211,895	-	4,211,895
Redeemable preference shares	<u>172,642</u>	<u>-</u>	<u>172,642</u>
	<u>4,384,537</u>	<u>-</u>	<u>4,384,537</u>
<b>CURRENT LIABILITIES:</b>			
Payables	1,112,745	-	1,112,745
Taxation	7,183	-	7,183
Short term loans	210,000	-	210,000
Current portion of long term loans	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,329,928</u>	<u>-</u>	<u>1,329,928</u>
	<u>10,137,716</u>	<u>( 88,336)</u>	<u>10,049,380</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the group's statement of cash flow on 30 September 2021:

	<u>As previously reported</u> <u>\$'000</u>	<u>Effect of restatement</u> <u>\$'000</u>	<u>As restated</u> <u>\$'000</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Net profit	244,562	( 23,283)	221,279
Items not affecting cash resources:			
Effect of foreign exchange gain	( 864)	-	( 864)
Taxation expense	( 48,309)	23,283	( 25,026)
Interest income	( 441)	-	( 441)
Interest expense	242,209	-	242,209
Depreciation	624	-	624
Loss on disposal of financial assets	<u>5</u>	<u>-</u>	<u>5</u>
	437,776	-	437,776
Change in operating assets and liabilities:			
Other asset	3,850	-	3,850
Receivables	(662,156)	-	(662,156)
Taxation recoverable	( 234)	-	( 234)
Payables	<u>362,133</u>	<u>-</u>	<u>362,133</u>
Cash provided by operating activities	<u>141,369</u>	<u>-</u>	<u>141,369</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Additions to financial asset - service concession rights	( 7,375)	-	( 7,375)
Short term deposits	257,799	-	257,799
Interest received	1,566	-	1,566
Proceeds from disposal of financial assets	<u>7</u>	<u>-</u>	<u>7</u>
Cash used in investing activities	<u>251,997</u>	<u>-</u>	<u>251,997</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Interest paid	(313,632)	-	(313,632)
Loans received	75,000	-	75,000
Loans repaid	<u>(160,147)</u>	<u>-</u>	<u>(160,147)</u>
Cash used in financing activities	<u>(398,779)</u>	<u>-</u>	<u>(398,779)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	( 5,413)	-	( 5,413)
Exchange effect on foreign cash balance	864	-	864
Cash and cash equivalents at beginning of year	<u>43,484</u>	<u>-</u>	<u>43,484</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>38,935</u>	<u>-</u>	<u>38,935</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Restatement of prior balances relate to adjustment for deferred tax asset.

Effect on the company's statement of comprehensive income at 30 September 2020:

	<u>As previously reported</u> \$'000	<u>Effect of restatement</u> \$'000	<u>As restated</u> \$'000
REVENUE:			
Income	689,355	-	689,355
Other operating income	<u>117,691</u>	<u>-</u>	<u>117,691</u>
	807,046	-	807,046
EXPENSES:			
Administrative and other expenses	<u>(496,752)</u>	<u>-</u>	<u>(496,752)</u>
PROFIT FROM OPERATION	310,294	-	310,294
Finance costs	<u>(185,177)</u>	<u>-</u>	<u>(185,177)</u>
PROFIT BEFORE TAXATION	125,117	-	125,117
Taxation	<u>33,827</u>	<u>(65,053)</u>	<u>( 31,226)</u>
NET PROFIT FOR THE YEAR	158,944	(65,053)	93,891
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss -			
Change in fair value of financial asset -			
Service concession rights	<u>(572,486)</u>	<u>-</u>	<u>(572,486)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(413,542)</u>	<u>(65,053)</u>	<u>(478,595)</u>



## 138 STUDENT LIVING JAMAICA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2022

## 30. RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):

Effect on the company's statement of financial position at 30 September 2020:

	<u>As previously reported \$'000</u>	<u>Effect of restatement \$'000</u>	<u>As restated \$'000</u>
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
Financial assets- service concession rights	6,156,048	-	6,156,048
Property, plant and equipment	2,392	-	2,392
Deferred tax assets	226,953	( 65,053)	161,900
Investment in subsidiary	<u>466,000</u>	<u>-</u>	<u>466,000</u>
	<u>6,853,726</u>	<u>( 65,053)</u>	<u>6,788,673</u>
<b>CURRENT ASSETS:</b>			
Receivables	517,756	-	517,756
Taxation recoverable	22,522	-	22,522
Short term deposits	225,420	-	225,420
Cash and cash equivalents	<u>16,584</u>	<u>-</u>	<u>16,584</u>
	<u>782,282</u>	<u>-</u>	<u>782,282</u>
	<u>7,636,008</u>	<u>( 65,053)</u>	<u>7,570,955</u>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY:</b>			
Share capital	721,153	-	721,153
Fair value reserves	2,312,340	-	2,312,340
Reserve	466,000	-	466,000
Retained earnings	<u>219,091</u>	<u>( 65,053)</u>	<u>154,038</u>
	<u>3,718,584</u>	<u>( 65,053)</u>	<u>3,653,581</u>
<b>NON-CURRENT LIABILITIES:</b>			
Long term loans	2,775,977	-	2,775,977
Redeemable preference shares	<u>172,642</u>	<u>-</u>	<u>172,642</u>
	<u>2,948,619</u>	<u>-</u>	<u>2,948,619</u>
<b>CURRENT LIABILITIES:</b>			
Payables	667,767	-	667,767
Taxation	135,000	-	135,000
Current portion of long term loans	<u>166,038</u>	<u>-</u>	<u>166,038</u>
	<u>968,805</u>	<u>-</u>	<u>968,805</u>
	<u>7,636,008</u>	<u>( 65,053)</u>	<u>7,570,955</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of cash flow on 30 September 2020:

	<u>As previously reported \$'000</u>	<u>Effect of restatement \$'000</u>	<u>As restated \$'000</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Net profit	158,944	( 65,053)	93,891
Items not affecting cash resources:			
Effect of foreign exchange gain	( 1,560)	-	( 1,560)
Taxation expense	( 33,827)	65,053	31,226
Interest income	( 6,848)	-	( 6,848)
Interest expense	185,177	-	185,177
Depreciation	624	-	624
Loss on disposal of financial assets	<u>10</u>	<u>-</u>	<u>10</u>
	302,520	-	302,520
Change in operating assets and liabilities:			
Other asset	( 87)	-	( 87)
Receivables	(169,245)	-	(169,245)
Taxation recoverable	( 1,496)	-	( 1,496)
Payables	<u>100,957</u>	<u>-</u>	<u>100,957</u>
Cash provided by operating activities	<u>232,649</u>	<u>-</u>	<u>232,649</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Additions to financial asset - service concession rights	( 8,256)	-	( 8,256)
Short term deposits	1,376	-	1,376
Interest received	7,466	-	7,466
Proceeds from disposal of financial assets	<u>60</u>	<u>-</u>	<u>60</u>
Cash used in investing activities	<u>646</u>	<u>-</u>	<u>646</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Interest paid	(117,402)	-	(117,402)
Loans received	-	-	-
Loans repaid	<u>(133,401)</u>	<u>-</u>	<u>(133,401)</u>
Cash used in financing activities	<u>(250,803)</u>	<u>-</u>	<u>(250,803)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	( 17,508)	-	( 17,508)
Exchange effect on foreign cash balance	982	-	982
Cash and cash equivalents at beginning of year	<u>33,110</u>	<u>-</u>	<u>33,110</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>16,584</u>	<u>-</u>	<u>16,584</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of comprehensive income at 30 September 2021:

	<u>As previously reported</u> <u>\$'000</u>	<u>Effect of restatement</u> <u>\$'000</u>	<u>As restated</u> <u>\$'000</u>
REVENUE:			
Income	646,156	-	641,156
Other operating income	<u>72,014</u>	<u>-</u>	<u>72,014</u>
	718,170	-	718,170
EXPENSES:			
Administrative and other expenses	<u>(402,846)</u>	<u>-</u>	<u>(402,846)</u>
PROFIT FROM OPERATION	315,324	-	315,324
Finance costs	<u>(170,600)</u>	<u>-</u>	<u>(170,600)</u>
PROFIT BEFORE TAXATION	144,724	-	144,724
Taxation	<u>( 4,892)</u>	<u>(23,283)</u>	<u>( 28,175)</u>
NET PROFIT FOR THE YEAR	139,832	(23,283)	116,549
OTHER COMPREHENSIVE INCOME:			
Item that will or may not be reclassified to Profit or loss -			
Change in fair value of financial asset -			
Service concession rights	<u>852,139</u>	<u>-</u>	<u>852,139</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>991,971</u>	<u>(23,283)</u>	<u>968,688</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of financial position at 30 September 2021:

	<u>As previously reported</u> <u>\$'000</u>	<u>Effect of restatement</u> <u>\$'000</u>	<u>As restated</u> <u>\$'000</u>
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
Financial assets- service concession rights	7,009,000	-	7,009,000
Property, plant and equipment	1,768	-	1,768
Deferred tax assets	222,061	( 88,336)	133,725
Investment in subsidiary	<u>466,000</u>	<u>-</u>	<u>466,000</u>
	<u>7,698,829</u>	<u>( 88,336)</u>	<u>7,610,493</u>
<b>CURRENT ASSETS:</b>			
Receivables	948,407	-	948,407
Taxation recoverable	22,693	-	22,693
Short term deposits	313	-	313
Cash and cash equivalents	<u>28,911</u>	<u>-</u>	<u>28,911</u>
	<u>1,000,324</u>	<u>-</u>	<u>1,000,324</u>
	<u>8,699,153</u>	<u>( 88,336)</u>	<u>8,610,817</u>
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY:</b>			
Share capital	721,153	-	721,153
Fair value reserves	3,164,479	-	3,164,479
Reserve	466,000	-	466,000
Retained earnings	<u>358,923</u>	<u>( 88,336)</u>	<u>270,587</u>
	<u>4,710,555</u>	<u>( 88,336)</u>	<u>4,622,219</u>
<b>NON-CURRENT LIABILITIES:</b>			
Long term loans	2,789,003	-	2,789,003
Redeemable preference shares	<u>172,642</u>	<u>-</u>	<u>172,642</u>
	<u>2,961,645</u>	<u>-</u>	<u>2,961,645</u>
<b>CURRENT LIABILITIES:</b>			
Payables	816,953	-	816,953
Taxation	<u>210,000</u>	<u>-</u>	<u>210,000</u>
	<u>1,026,953</u>	<u>-</u>	<u>1,026,953</u>
	<u>8,699,153</u>	<u>( 88,336)</u>	<u>8,610,817</u>

**138 STUDENT LIVING JAMAICA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2022**

30. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the company's statement of cash flow on 30 September 2021:

	<u>As previously reported \$'000</u>	<u>Effect of restatement \$'000</u>	<u>As restated \$'000</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Net profit	139,832	( 23,283)	116,549
Items not affecting cash resources:			
Effect of foreign exchange gain	( 1,045)	-	( 1,045)
Taxation expense	4,892	23,283	4,892
Interest income	( 382)	-	( 382)
Interest expense	170,600	-	170,600
Depreciation	624	-	624
Gain on disposal of financial assets	( 5)	-	( 5)
	<u>314,516</u>	-	<u>314,516</u>
Change in operating assets and liabilities:			
Other asset	2,333	-	2,333
Receivables	(431,581)	-	(431,581)
Taxation recoverable	( 172)	-	( 172)
Payables	<u>203,587</u>	-	<u>203,587</u>
Cash provided by operating activities	<u>88,683</u>	-	<u>88,683</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Additions to financial asset - service concession rights	( 813)	-	( 813)
Short term deposits	225,106	-	225,106
Interest received	1,312	-	1,312
Proceeds from disposal of financial assets	<u>7</u>	-	<u>7</u>
Cash provided by investing activities	<u>225,612</u>	-	<u>225,612</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Interest paid	(225,001)	-	(225,001)
Loans received	75,000	-	75,000
Loans repaid	<u>(153,012)</u>	-	<u>(153,012)</u>
Cash used in financing activities	<u>(303,013)</u>	-	<u>(303,013)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	11,282	-	11,282
Exchange effect on foreign cash balance	1,045	-	1,045
Cash and cash equivalents at beginning of year	<u>16,584</u>	-	<u>16,584</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>28,911</u>	-	<u>28,911</u>

APPENDIX 3 –Unaudited Financial Statements for the  
9-Month Period ended June 30, 2023



**UNAUDITED FINANCIAL STATEMENTS**  
**NINE MONTHS | ENDED 30 June 2023**



138 STUDENT LIVING JAMAICA LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
NINE MONTHS | ENDED 30 June 2023

INDEX

	PAGE
CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS	2-3
 <u>UNAUDITED FINANCIAL STATEMENTS</u>	
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Shareholders' Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10-11
Top Ten Largest Shareholders	12
Shareholding of Directors and Connected Parties	13

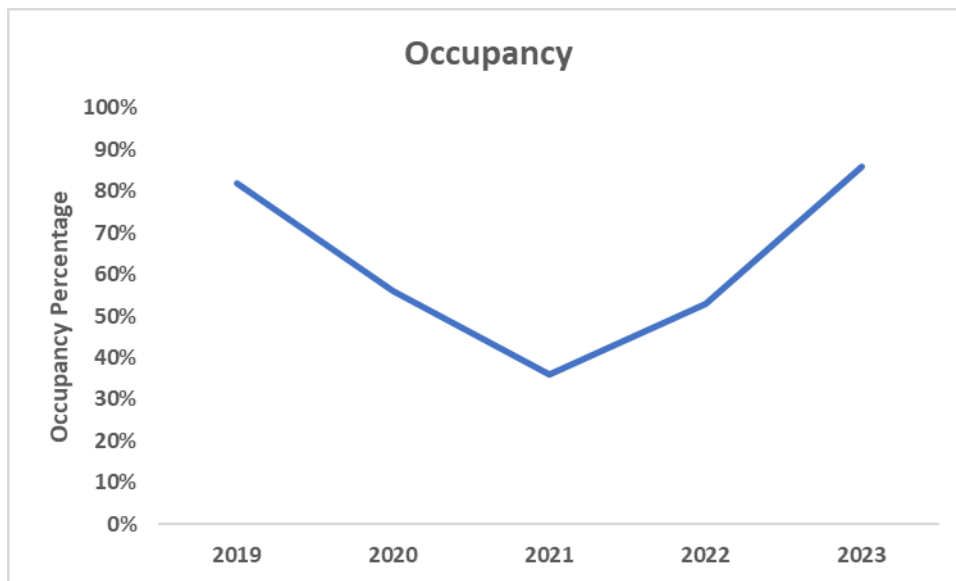


## CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

The Board of Directors of 138 Student Living Jamaica Limited (the Group) presents the unaudited consolidated financial statements for the third quarter ended 30 June 2023.

### Overview

The Group continues to perform according to projections with average room occupancy of 86% for the nine-month period.



The 138SL team is very optimistic about the remainder of the financial year. We have emerged to be more resilient, having overcome the challenges of the last two and a half years. Our revenue and profit are on target for the remainder of the financial year, and we remain focused on executing on our key strategic initiatives. Looking ahead to the upcoming academic semester beginning September 2023, we see strong indications that operations have returned to normalcy, as applications for accommodation have significantly surpassed our current capacity.

Our outlook is that this trend will continue into the foreseeable future as the University of The West Indies, Mona, has signalled its full return to face to face classes. 138 Student living is well positioned as many students prefer quality on campus accommodation in a secure environment. We also have additional layers of security, including 24 hour monitored CCTV camera system, to give our residents added assurance about their safety.



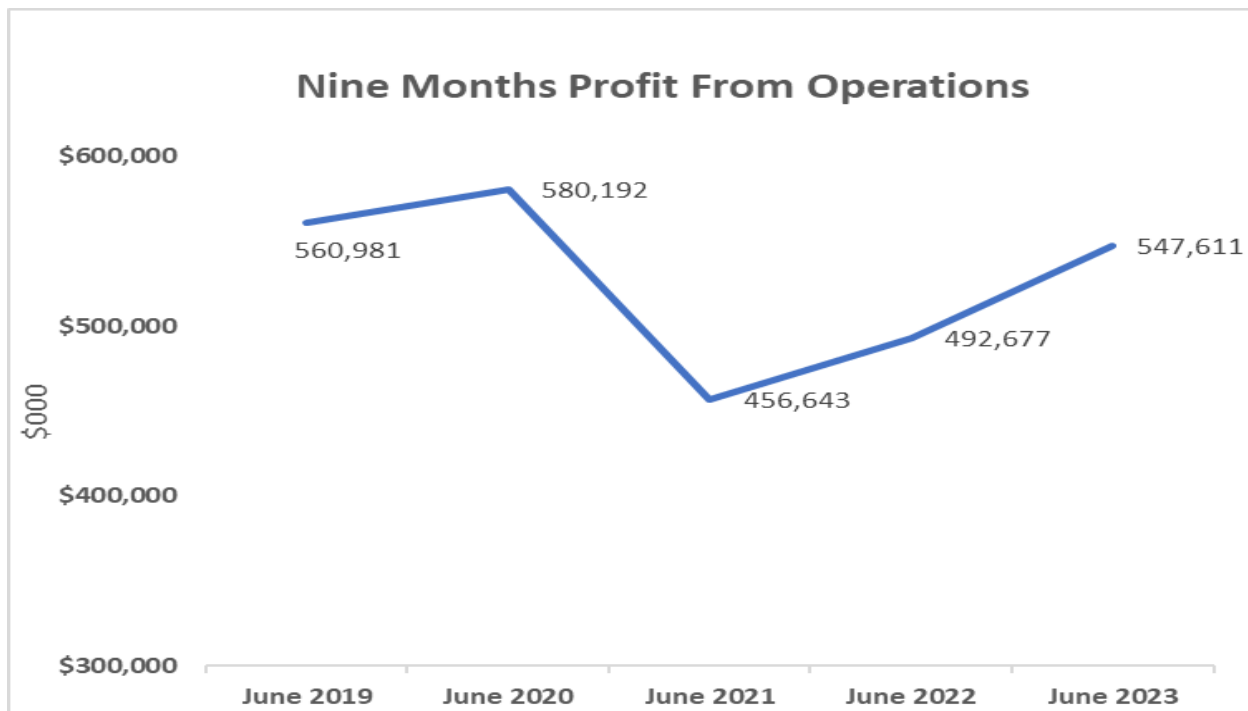


### Financial Highlights

	3 months ended 30 June 2023 \$'000	3 months ended 30 June 2022 \$'000	Q-O-Q CHANGE %	9 months ended 30 June 2023 \$'000	9 months ended 30 June 2022 \$'000	Y-T-D CHANGE %
Revenue	347,452	309,336	12	1,048,106	893,565	17
Expenses	164,660	140,182	(17)	500,495	400,888	(25)
Finance Costs	88,429	90,909	3	269,827	271,928	1
Profit before taxation	94,363	78,245	21	277,784	220,749	26
Taxation	(5,442)	6,986	(178)	(7,720)	17,915	(143)
Net Profit	<b>88,921</b>	<b>85,231</b>	<b>4</b>	<b>270,064</b>	<b>238,664</b>	<b>13</b>

### Group's Performance

For the quarter under review the Group's revenue was \$347m, an increase of 12%, when compared to the \$309m recorded in the corresponding period last year. The increase was partly due to the strong performance in long-term occupancy as well as our short-term rental business. To bolster revenue, the Group has implemented multiple strategies geared towards energizing short term rentals. Evidently these have proven successful as short-term rental income contributed \$35m for the quarter and \$96m for the 9 months, compared to \$32m and \$55m for the corresponding prior year periods, respectively.



Primarily emanating from the improved performance in short term rentals, the Group recorded \$94m in profit before taxation for the quarter ending 30 June 2023, compared to \$78m for the corresponding



quarter ending 30 June 2022; a 21% or \$16m increase over the previous corresponding period. Profit before taxation for the nine-month period ending 30 June 2023 was \$278m compared to \$221m for the corresponding period ending 30 June 2022; a 26% or \$57m increase over the previous corresponding period.

Profit per stock unit for the nine months increased to \$0.65 compared to \$0.58 for the nine-month period to 30 June 2022, a 12% increase.

Factors such as improved occupancy and efficiency measures have resulted in the Group continuing to record strong operating profit margins, with our margin for the nine-month period being 52%.

The Consolidated Statement of Financial Position shows Assets at \$9.7 billion and Shareholders' Equity at \$4.8 billion. The lower receivables are due to arrangements arrived at with the UWI, Mona for settlement of outstanding balances. Student receivable balances reduced significantly as we continue to enforce strict collection measures.

### **Capital Structure**

During the nine-month period ended June 2023, the Group paid \$254.5m and \$197m in interest and principal payments, respectively. For context, the Group paid \$0.13 per share or \$53.9m in dividends in February 2023. This figure represents only 11.9% of the total interest and principal payments.

Accordingly, the Board is implementing initiatives to significantly reduce the Group's debt to a level that facilitates the prospect of higher and consistent dividend payments to shareholders. This would be in alignment with intentions previously outlined in the Company's initial public offering prospectus.

### **Digital Transformation**

We continue to give our residents new ways to communicate with us, as we seek to be at the cutting edge of technology. Recently we implemented Manager Plus, a maintenance, inventory and asset management software which allows our residents to directly communicate maintenance and other issues in real time from their mobile phones.

In addition, a digital payment wallet was implemented which allows our residents to seamlessly pay their fees from their phones or other digital devices at their own convenience.



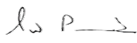
## Corporate Social Responsibility

138 Student Living takes the view that sustainability extends beyond just environmental issues and therefore we continue to positively impact the lives of people in the community that we serve through our programme of corporate social responsibility. On labour day, our staff journeyed to the Jamaica National Children’s Home, located in Papine, where we renovated the administration building and planted several fruit trees.

We have embarked on projects aimed at reducing our carbon footprint and integrating an environmental conscious culture across the organization. These include:

- plastic bottles recycling
- implementation of energy efficiency devices
- examining ways and means to reduce our energy consumption across our four halls of residence

Our strong performance reflects the hard work and commitment of our team to deliver sustained positive results to our stakeholders. We remain committed to providing world class accommodation offering safe, comfortable, and affordable living spaces. The Staff, Management, and Board of Directors of 138 Student Living remain grateful to our investors, partners, and residents for believing in and supporting us. We look forward to your continued support.

  
Ian Parsard  
Chairman



## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

NINE MONTHS | ENDED 30 June 2023

	3 months ended 30 June 2023 Unaudited J\$'000	3 months ended 30 June 2022 Unaudited J\$'000	9 months ended 30 June 2023 Unaudited J\$'000	9 months ended 30 June 2022 Unaudited J\$'000	12 months ended 30 Sept. 2022 Audited J\$'000	
<b>REVENUE</b>						
Income	321,012	307,517	982,136	878,701	1,185,960	
Other Operating Income	26,440	1,819	65,970	14,864	13,894	
	347,452	309,336	1,048,106	893,565	1,199,854	
<b>EXPENSES</b>						
Administrative Expenses	164,660	140,182	500,495	400,888	501,315	
<b>PROFIT FROM OPERATIONS</b>	182,792	169,154	547,611	492,677	698,539	
Finance Costs	88,429	90,909	269,827	271,928	363,487	
<b>PROFIT BEFORE TAXATION</b>	94,363	78,245	277,784	220,749	335,052	
Taxation	(5,442)	6,986	(7,720)	17,915	(16,690)	
<b>NET PROFIT FOR THE PERIOD</b>	88,921	85,231	270,064	238,664	318,362	
<b>Other Comprehensive Income:</b>						
Change In Fair Value of Financial Asset	-	-	-	-	(98,143)	
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	88,921	85,231	270,064	238,664	220,219	
Profit per stock unit	(Note 6)	0.21	0.21	0.65	0.58	0.77



## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2023

	Unaudited 30-Jun-23 J\$'000	Unaudited 30-Jun-22 J\$'000	Audited 30-Sep-22 J\$'000
<b>NON-CURRENT ASSETS</b>			
Financial Asset -Service Commission Rights	8,468,838	8,528,729	8,442,711
Motor Vehicle	649	1,300	1,117
Deferred Tax Asset	186,490	298,592	180,643
	<b>8,655,977</b>	<b>8,828,621</b>	<b>8,624,471</b>
<b>CURRENT ASSETS</b>			
Receivables	987,885	1,595,933	903,293
Taxation Recoverable	24,847	24,757	24,767
Short Term Deposits	-	760	-
Cash and Cash Equivalents	26,420	27,408	170,444
	<b>1,039,151</b>	<b>1,648,858</b>	<b>1,098,504</b>
<b>Total Assets</b>	<b>9,695,128</b>	<b>10,477,479</b>	<b>9,722,975</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital	721,153	721,153	721,153
Fair Value Reserve	2,949,430	3,047,573	2,949,430
Retained Earnings	1,100,730	893,189	884,551
	<b>4,771,313</b>	<b>4,661,915</b>	<b>4,555,134</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long Term Loans	3,577,129	4,210,003	3,847,369
Redeemable Preference Shares	172,643	172,643	172,642
	<b>3,749,772</b>	<b>4,382,646</b>	<b>4,020,011</b>
<b>CURRENT LIABILITIES:</b>			
Payables	511,271	1,215,735	561,874
Taxation	18,274	7,183	13,322
Current Portion of Long Term Loan	435,844	-	362,634
Short Term Borrowing	208,654	210,000	210,000
	<b>1,174,043</b>	<b>1,432,918</b>	<b>1,147,830</b>
<b>Total Equity &amp; Liabilities</b>	<b>9,695,128</b>	<b>10,477,479</b>	<b>9,722,975</b>

*IAN PARSARD*

IAN PARSARD  
CHAIRMAN

*SHARON DONALDSON-LEVINE*

SHARON DONALDSON-LEVINE  
DIRECTOR





**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED 30 June 2023**

	SHARE CAPITAL <u>J\$'000</u>	FAIR VALUE RESERVE <u>J\$'000</u>	RETAINED EARNINGS <u>J\$'000</u>	TOTAL <u>J\$'000</u>
<b>Balance at 30 September 2021 (Restated)</b>	721,153	3,047,573	566,189	4,334,915
Deferred Tax Adjustment	-	-	88,336	88,336
<b>Balance at 30 September 2021</b>	<b>721,153</b>	<b>3,047,573</b>	<b>654,525</b>	<b>4,423,251</b>
Profit for the Period	-	-	238,664	238,664
<b>Balance at 30 June 2022</b>	<b>721,153</b>	<b>3,047,573</b>	<b>893,189</b>	<b>4,661,915</b>
Change in Fair Value of Financial Asset-	-	(98,143)	-	(98,143)
Profit for the Period	-	-	(8,638)	(8,638)
<b>Balance at 30 September 2022</b>	<b>721,153</b>	<b>2,949,430</b>	<b>884,551</b>	<b>4,555,134</b>
Profit for the Period	-	-	270,064	270,064
Dividend (Note 7)	-	-	(53,885)	(53,885)
<b>Balance at 30 June 2023</b>	<b>721,153</b>	<b>2,949,430</b>	<b>1,100,730</b>	<b>4,771,313</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 June 2023**

	Unaudited 30-Jun-23 J\$'000	Unaudited 30-Jun-22 J\$'000	Audited 30-Sep-22 J\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit	270,064	238,664	318,362
Items not Affecting Cash Resources:			
Effects of Foreign Exchange Gains	3,135	-	4,353
Taxation	(5,847)	(17,915)	16,690
Interest Income	(335)	-	(62)
Interest Expense	269,827	271,928	363,487
Depreciation	468	468	624
Loss on disposal of financial assets	-	-	(12)
Adjustment to property, plant & equipment	-	-	27
	<u>537,312</u>	<u>493,145</u>	<u>703,469</u>
Changes in Operating Assets and Liabilities:			
Receivables	(144,023)	(301,361)	374,540
Taxation Recoverable	(79)	(14)	(25)
Payables	(1,278)	68,298	(572,973)
	<u>(145,381)</u>	<u>(233,076)</u>	<u>(198,458)</u>
<b>Net cash provided by operating activities</b>	<b>391,931</b>	<b>260,069</b>	<b>505,011</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Additions to Financial Asset - Service Concession Rights	(26,126)	(15,729)	(27,854)
Short Term Deposits	-	-	760
Interest Received	99	-	62
Interest Paid	(254,532)	(253,976)	(340,237)
Proceeds from Disposal of Financial Assets	-	-	12
<b>Net Cash used in Investing Activities</b>	<b>(280,559)</b>	<b>(269,705)</b>	<b>(367,257)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Short Term Loans	(1,346)	-	75,000
Dividends Paid	(53,885)	-	-
Loan Repaid	(197,030)	(1,892)	(76,892)
<b>Net Cash used in Financing Activities</b>	<b>(252,261)</b>	<b>(1,892)</b>	<b>(1,892)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(140,889)</b>	<b>(11,527)</b>	<b>135,862</b>
Exchange Loss on Foreign Cash Balance	(3,135)	-	(4,353)
Cash and Cash Equivalents at Start of The Period	170,444	38,935	38,935
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>26,420</u></b>	<b><u>27,408</u></b>	<b><u>170,444</u></b>



## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 June 2023

### 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 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-year 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 31 April 2015 and domiciled in Jamaica. 138SL Restoration Limited has a 35-year concession agreement, that 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 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 Companies Act of Jamaica.

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 2022 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 the current year's presentation.

An entity shall apply International Financial Reporting Standards (IFRS) 16 to all leases, including leases of right-of-use assets in a sublease, except for Service Concession Arrangements within the scope of IFRIC 12 Service Concession Arrangements, accordingly IFRS 16 is not applicable to the company.

#### **5. ACCOUNTING ESTIMATES AND JUDGEMENTS**

Certain amounts recorded in these unaudited consolidated financial statements reflect estimates and assumptions made by management. Actual results may differ from the estimates and assumptions made. Interim results are not necessarily indicative of the full year's results.

#### **6. EARNINGS PER STOCK UNIT:**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the 414,500,000 weighted average number of ordinary stock units in issue.

7. The Company at its Board of Directors Meeting on December 19, 2022, declared and paid an interim dividend of \$0.13 per stock.



**138 STUDENT LIVING JAMAICA LIMITED  
 QUARTERLEY REPORT  
 AS AT JUNE 30, 2023**

**Top Ten Shareholders**

Shareholder	Shareholdings	% Shareholding
<b><u>Sagikor Related Share Accounts</u></b>		
Sagikor Pooled Equity Fund	90,974,452	37.29
JCSD Trustee Services Limited - Sigma Equity	42,542,679	
Sagikor Pooled Mortgage & Real Estate Fund	9,233,333	
JCSD Trustee Services Ltd - Sigma Global Venture	11,810,353	
	<b>154,560,817</b>	
NCB Insurance Agency and Fund Managers Ltd WT040	<b>82,832,770</b>	19.98
K Limited	<b>68,803,832</b>	16.60
<b><u>Barita Related Share Accounts</u></b>		
JCSD Trustee Services Limited a/c Barita Unit Trust Real Estate Portfolio	10,974,925	3.14
Barita Investment Ltd - Long A/C (Trading)	2,041,386	
	<b>13,016,311</b>	
<b><u>JMMB Related Share Accounts</u></b>		
JMMB Pension Fund	3,773,734	2.44
JMMB Fund Managers Ltd. T1-Equities Fund	2,535,595	
JMMB Retirement Scheme (Moderate)	2,345,300	
JMMB Retirement Scheme (Conservative)	767,300	
JMMB Retirement Scheme (Aggressive)	692,600	
	<b>10,114,529</b>	
Wisynco Group Limited Pension Fund	10,000,000	2.41
VMPM - Pooled Pension Real Estate	13,729,048	3.31
Mr. Barrington Brown	7,334,592	1.77
Conley Salmon/Juliet Salmon	5,000,000	1.21
MF&G Asset Management - Jamaica Investments Fund	3,761,300	0.91
<b>TOTAL AGGREGATED SHAREHOLDINGS</b>	<b>369,153,199</b>	<b>89.06</b>
Other Minority Shareholdings	45,346,801	10.94
<b>TOTAL ISSUED ORDINARY SHARE CAPITAL</b>	<b>414,500,000</b>	<b>100.00</b>



### Shareholdings of Directors & Connected Parties

Name of Director	Personal / Sole Ownership	Connected Parties	Combined Shareholdings
Ian Parsard (Chair)	Nil	Karen Parsard	1,000,000 (ordinary)
John W. Lee	Nil	K Limited	68,803,832 (ordinary)
Ivan Carter	Nil	N/A	N/A
Sharon Donaldson	100,000 (ordinary)	N/A	225,000
	125,000 (preference)		
Marrynette Lee	Nil	K. Limited	68,803,832 (ordinary)
Brenda-Lee Martin	Nil	N/A	N/A
Peter Pearson	Nil	Yvonne Pearson*	400,000 (ordinary)
Donnette Scarlett	Nil	N/A	N/A
Mark Chishlom	Nil	N/A	N/A
Stephen Greig (Company Secretary)	Nil	N/A	N/A


### Shareholdings of Senior Management and Connected Parties

Senior Manager	Personal / Sole Ownership	Connected Parties	Combined Shareholdings
Cranston Ewan	NIL	N/A	NIL
Semour Millen	NIL	Dominique Millen	NIL
		Antoine Millen	
		Aniyah Millen	
Renelle Wilson-Pearson	NIL	Elvis Pearson	NIL

## APPENDIX 4 –SELLING AGENT/S

The following securities dealer has been appointed a Selling Agent:



A member of the  Group

## APPENDIX 5 –AUDITOR’S CONSENT



Tel: (876) 926-1616/7, 926-4421  
Fax: (876) 926-7580  
www.bdo.com.jm

Chartered Accountants  
26 Beechwood Avenue  
P.O. Box 351  
Kingston 5, Jamaica

21 August 2023

The Board of Directors of  
138 Student Living Jamaica Limited  
UWI, Mona  
Kingston 6.

Dear Ladies and Gentlemen:

**Prospectus for an offering of up to 513,972,784 Ordinary Shares (with the option to upsize by inviting offers for an additional 256,986,392 new ordinary shares) in 138 Student Living Jamaica Limited**

With respect to the Prospectus for an offering of up to 513,972,784 ordinary shares in 138 Student Living Jamaica Limited, (“the Company”), we hereby consent to the publication of the Prospectus which has been signed on behalf of 138 Student Living Limited with the inclusion in the Prospectus of:

1. The audited financial statements and our Auditor’s report thereon and the notes thereto for the financial year ended 30 September 2022.
2. Our report on the summary financial information as set out in Section 18 for the years ended 30 September 2018 to 30 September 2022.
3. The references of our name in the form and context in which they are included in the prospectus.

We confirm that we have not withdrawn such consent before delivery of a copy of the Prospectus to the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned report or representing that we performed any procedures subsequent to the date of the report.



Yours faithfully,

Chartered Accountants

138 SL PROSPECTUS

# EXPERIENCE OUR COMMUNITY



    @138StudentLiving • (876) 361-2007 • [info@138studentliving.com](mailto:info@138studentliving.com)