



**UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 JUNE 2017**

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 2017

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31 July 2017

CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

The Board of Directors of 138 Student Living Jamaica Limited (138 SL) is pleased to present our unaudited consolidated financial statements for the nine months ended 30 June 2017.

Financial Results Highlights

| | 3 months to 30 June 2017 \$,000 | 3 months to 30 June 2016 \$,000 | Q-O-Q CHANGE % | 9 months ending 30 June 2017 \$,000 | Restated 9 months ending 30 June 2016 \$,000 | Y-O-Y CHANGE % |
|--|--|--|----------------------|---|--|----------------------|
| Revenue | 161,791 | 75,883 | 113 | 424,280 | 200,031 | 112 |
| Expenses | (71,236) | (39,877) | (79) | (186,473) | (116,246) | (60) |
| Finance costs | (84,376) | (38,611) | (119) | (223,332) | (112,561) | (98) |
| Operating profit/(loss) before taxation | 6,179 | (2,605) | 337 | 14,475 | (28,776) | 150 |
| Taxation | (2,487) | 522 | (576) | 16,006 | 819 | (1,854) |
| Net profit/(loss) after taxation | 3,692 | (2,083) | 277 | 30,481 | (27,957) | 209 |

For the nine months, the Group reflected net profits of \$30.5M, which represented an over 200% improvement in consolidated results when compared to the previous year.

Overall net results continue to reflect a significant improvement over the comparative periods in the last financial year based on the doubling of bed capacity and the resultant positive impact on revenues. Our short term rental product delivered primarily through the Gerald Lalor Flats maintains its position as a steady, relatively significant contributor to profitability based on the very attractive margins. Strategic partnerships established with both local and overseas institutions and our responsiveness to the needs of the short term market have generated a consistent demand and overall revenue enhancement to our core product of student housing.

With the official end of the Academic Year having occurred and as we plan for the new school year, we look forward to adding to our portfolio of student housing the re-constructed Irvine Hall with a capacity for 432 students. Already, applications for this facility indicate 100% occupancy.

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

Overall, we are pleased with the Group's performance. Our responsiveness to the expectations of the markets we serve has continued to stimulate real demand for our product offering. Additionally, the increasing core of returning students, resulting in optimal levels of occupancy, augurs well for the success of the operations

John W Lee
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 JUNE 2017

| | <u>Note</u> | 3 months to 30 June 2017 <u>J\$'000</u> | Restated 3 months to 30 June 2016 <u>J\$'000</u> | 9 months to 30 June 2017 <u>J\$'000</u> | Restated 9 months to 30 June 2016 <u>J\$'000</u> |
|---|-------------|--|--|--|---|
| REVENUE | | | | | |
| Income | | 153,219 | 65,288 | 402,180 | 169,910 |
| Other operating income | | 8,572 | 10,595 | 22,100 | 30,121 |
| | | 161,791 | 75,883 | 424,280 | 200,031 |
| EXPENSES | | | | | |
| Administrative expenses | | (71,236) | (39,877) | (186,473) | (116,246) |
| PROFIT FROM OPERATIONS | | 90,555 | 36,006 | 237,807 | 83,785 |
| Finance costs | | (84,376) | (38,611) | (223,332) | (112,561) |
| PROFIT/(LOSS) BEFORE TAXATION | | 6,179 | (2,605) | 14,475 | (28,776) |
| Taxation | | (2,487) | 522 | 16,006 | 819 |
| NET PROFIT/(LOSS) FOR THE PERIOD | | 3,692 | (2,083) | 30,481 | (27,957) |
| Other comprehensive income | | | | | |
| Change in fair value of financial asset | | - | - | - | - |
| Other comprehensive income/(loss) for the period | | 3,692 | (2,083) | 30,481 | (27,957) |
| Profit/(Loss) per stock unit | 5 | \$0.01 | (\$0.01) | \$0.07 | (\$0.07) |

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2017

| | <u>30 JUNE</u> <u>2017</u> <u>J\$'000</u> | <u>Audited</u> <u>30 SEPT</u> <u>2016</u> <u>J\$'000</u> | <u>Restated</u> <u>30 JUNE</u> <u>2016</u> <u>J\$'000</u> |
|---|---|---|--|
| NON-CURRENT ASSETS: | | | |
| Financial asset - service concession | 4,400,916 | 4,390,000 | 2,182,622 |
| Construction in progress | 1,877,087 | 674,676 | 919,497 |
| Deferred tax asset | 67,008 | 51,002 | 1,754 |
| Other receivables | 1,361 | 636 | - |
| | 6,346,372 | 5,116,314 | 3,103,873 |
| CURRENT ASSETS: | | | |
| Receivables | 136,005 | 138,286 | 237,286 |
| Taxation recoverable | 10,655 | 8,351 | 7,465 |
| Short term deposits | 604,468 | 440,402 | 473,222 |
| Cash and cash equivalents | 7,759 | 37,977 | 12,035 |
| | 758,887 | 625,016 | 730,008 |
| | 7,105,259 | 5,741,330 | 3,833,881 |
| EQUITY AND LIABILITIES: | | | |
| Share capital | 721,153 | 721,153 | 721,153 |
| Fair value reserve | 1,331,217 | 1,331,217 | - |
| Retained earnings/(Accumulated deficit) | 57,915 | 27,434 | (28,202) |
| | 2,110,285 | 2,079,804 | 692,951 |
| NON-CURRENT LIABILITIES: | | | |
| Long term loan | 4,161,716 | 1,890,689 | 2,576,010 |
| Redeemable preference shares | 172,642 | 172,642 | 172,642 |
| | 4,334,358 | 2,063,331 | 2,748,652 |
| CURRENT LIABILITIES: | | | |
| Payables | 384,053 | 392,781 | 392,278 |
| Short term borrowings | 276,563 | 1,205,414 | - |
| | 660,616 | 1,598,195 | 392,278 |
| | 7,105,259 | 5,741,330 | 3,833,881 |

Approved and signed on behalf of the Board by:



John W Lee - Chairman



Sharon Donaldson - Director

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

| | SHARE CAPITAL | FAIR VALUE RESERVE | RETAINED EARNINGS | TOTAL |
|--|------------------|-----------------------|----------------------|----------------|
| | <u>J\$'000</u> | <u>J\$'000</u> | <u>J\$'000</u> | <u>J\$'000</u> |
| TOTAL COMPREHENSIVE INCOME | | | | |
| Net Loss | - | - | (245) | (245) |
| TRANSACTION WITH OWNERS | | | | |
| Net Issue of shares | 721,153 | - | - | 721,153 |
| Balance at 30 September 2015 | 721,153 | - | (245) | 720,908 |
| Loss for the period | - | - | (35,151) | (35,151) |
| Balance at 30 June 2016 (as previously stated) | 721,153 | - | (35,396) | 685,757 |
| Prior year adjustment for the adoption of IFRIC 12 | - | - | 7,194 | 7,194 |
| Balance at 30 June 2016 (restated) | 721,153 | - | (26,202) | 692,951 |
| Balance at 1 October 2016 | 721,153 | 1,331,217 | 27,434 | 2,079,804 |
| Profit for the period | | | 30,481 | 30,481 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 30,481 | 30,481 |
| Balance at on 30 June 2017 | 721,153 | 1,331,217 | 57,915 | 2,110,285 |

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

| | <u>30 JUN</u> <u>2017</u> <u>J\$'000</u> | <u>Audited</u> <u>30 SEPT</u> <u>2016</u> <u>J\$'000</u> | <u>Restated</u> <u>30 JUN-</u> <u>2016</u> <u>J\$'000</u> |
|---|--|---|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net profit/(loss) | 30,481 | 26,041 | (27,957) |
| Items not affecting cash resources: | | | |
| Effects of foreign exchange gains | (1,038) | (4,339) | - |
| Deferred taxation | (16,006) | (50,067) | (819) |
| Interest income | (14,772) | (30,143) | (8,349) |
| Interest expense | 223,332 | 152,421 | 72,297 |
| | <hr/> 221,997 | <hr/> 93,913 | <hr/> 35,172 |
| Changes in operating assets and liabilities: | | | |
| Other asset | (725) | (636) | - |
| Receivables | (886) | (88,980) | (190,752) |
| Taxation recoverable | (2,304) | (5,239) | (4,352) |
| Other payables | (43,242) | 77,108 | 56,097 |
| | <hr/> (47,156) | <hr/> (17,747) | <hr/> (139,007) |
| Net cash provided by/(used in) operating activities | <hr/> 174,841 | <hr/> 76,166 | <hr/> (103,835) |
| CASHFLOW FROM INVESTING ACTIVITIES: | | | |
| Financial asset - service concession | (10,916) | (1,705,273) | (463,762) |
| Construction in progress | (1,202,411) | (27,824) | (639,634) |
| Short term deposits | (164,066) | 72,530 | 36,646 |
| Interest received | 11,503 | 19,022 | - |
| Interest paid | (182,383) | (100,631) | - |
| Net cash used in investing activities | <hr/> (1,548,273) | <hr/> (1,742,176) | <hr/> (1,066,750) |
| CASHFLOW FROM FINANCING ACTIVITIES: | | | |
| Short term loan | (190,824) | 1,205,414 | (401,247) |
| Long term loans | 1,533,000 | 854,005 | 1,539,327 |
| Loan repaid | - | (401,247) | - |
| Net cash provided by financing activities | <hr/> 1,342,176 | <hr/> 1,658,172 | <hr/> 1,138,080 |
| Net decrease in cash and cash equivalents | <hr/> (31,256) | <hr/> (7,838) | <hr/> (32,505) |
| Exchange gain on foreign cash balance | 1,038 | 1,275 | - |
| Cash and cash equivalents at start of the period | 37,977 | 44,540 | 44,540 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <hr/> <hr/> 7,759 | <hr/> <hr/> 37,977 | <hr/> <hr/> 12,035 |

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

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) 138 Student Living Jamaica Limited (138 SL) is a limited liability company. The company was incorporated in Jamaica on 15 August 2014 and is domiciled in Jamaica. The registered office of the company is located at 7th Floor, Scotiabank Centre, Corner of Duke and Port Royal Streets, Kingston.
- (b) The company is established to construct and rent living facilities at the University of the West Indies under a 65 years concession agreement granted by the University of the West Indies.
- (c) The company, (138SL), is a public listed company and was listed on the Jamaica Stock Exchange on 18 December 2014.
- (d) The company has a 100% subsidiary, 138SL Restoration Limited, a limited liability company, incorporated in Jamaica on 30 April 2015 and domiciled in Jamaica and which has a 35 year concession agreement. The concession was granted by the University of the West Indies, Mona, for the restoration and reconstruction of certain traditional Halls.

2. REPORTING CURRENCY:

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

3. BASIS OF CONSOLIDATION:

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiary, 138SL Restoration Limited.

4. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance International Financial Reporting Standards (IFRSs), their interpretations issued by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by revaluation of financial asset - services concession rights. The financial statements also comply with the provisions of the Jamaican Companies Act.

The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended 30 September 2016 and comply with the requirements of the International Financial Reporting Standards (IAS 34, Interim Financial Reporting). Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

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

5. Profit/(Loss) per stock unit

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

| | 3 months ending 30 Jun 2017 <u>J\$</u> | 3 months ending 30 Jun 2016 <u>J\$</u> | 9 months ending 30 Jun 2017 <u>J\$</u> | Restated 9 months ending 30 Jun 2016 <u>J\$</u> |
|---|--|--|--|---|
| Net profit/(loss) attributable to stockholders | 3,692,000 | (2,083,000) | 30,481,000 | (27,957,000) |
| Weighted average number of ordinary stock units | 414,500,000 | 414,500,000 | 414,500,000 | 414,500,000 |
| Profit/(Loss) per stock unit | 0.01 | (0.01) | 0.07 | (0.07) |

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

6. RESTATEMENT OF PRIOR YEAR BALANCES

Restatement of prior year balances relate to adjustments for the reclassification of assets from Investment property and property plant and equipment to Financial Asset - Service Concession under IFRIC 12.

Effects on the consolidated statement of financial position as at 30 June 2016.

| | As previously reported J\$'000 | Effect of restatement J\$'000 | As restated J\$'000 |
|--------------------------------------|--------------------------------------|-------------------------------------|------------------------|
| NON-CURRENT ASSETS: | | | |
| Investment property | 2,066,603 | (2,066,603) | - |
| Property, plant and equipment | 108,825 | (108,825) | - |
| Financial asset - service concession | - | 2,182,622 | 2,182,622 |
| Construction in progress | 919,497 | - | 919,497 |
| Deferred tax asset | 1,754 | - | 1,754 |
| | 3,096,679 | 7,194 | 3,103,873 |
| CURRENT ASSETS: | | | |
| Receivables | 237,286 | - | 237,286 |
| Taxation recoverable | 7,465 | - | 7,465 |
| Short term deposits | 473,222 | - | 473,222 |
| Cash and cash equivalents | 12,035 | - | 12,035 |
| | 730,008 | - | 730,008 |
| | 3,826,687 | 7,194 | 3,833,881 |
| EQUITY AND LIABILITIES: | | | |
| Share capital | 721,153 | - | 721,153 |
| Accumulated deficit | (35,396) | 7,194 | (28,202) |
| | 685,757 | 7,194 | 692,951 |
| NON-CURRENT LIABILITIES: | | | |
| Long term loan | 2,576,010 | - | 2,576,010 |
| Redeemable preference shares | 172,642 | - | 172,642 |
| | 2,748,652 | - | 2,748,652 |
| CURRENT LIABILITIES: | | | |
| Payables | 392,278 | - | 392,278 |
| Short term borrowings | - | - | - |
| | 392,278 | - | 392,278 |
| | 3,826,687 | 7,194 | 3,833,881 |

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

6. **RESTATEMENT OF PRIOR YEAR BALANCES (continued)**

Effect on the consolidated statement of profit or loss and comprehensive income at 30 June 2016.

| | As previously reported <u>J\$'000</u> | Effect of restatement <u>J\$'000</u> | As restated <u>30 Jun</u> <u>2016</u> <u>J\$'000</u> |
|--|---|--|---|
| REVENUE | | | |
| Income | 169,910 | - | 169,910 |
| Other operating income | 30,121 | - | 30,121 |
| | 200,031 | - | 200,031 |
| EXPENSES | | | |
| Administrative expenses | (123,440) | 7,194 | (116,246) |
| PROFIT FROM OPERATIONS | 76,591 | 7,194 | 83,785 |
| Finance costs | (112,561) | - | (112,561) |
| LOSS BEFORE TAXATION | (35,970) | 7,194 | (28,776) |
| Taxation | 819 | | 819 |
| NET LOSS FOR THE PERIOD | (35,151) | 7,194 | (27,957) |
| Other comprehensive income | | | |
| Change in fair value of financial asset | - | - | - |
| Other comprehensive loss for the period | (35,151) | 7,194 | (27,957) |
| Loss per stock unit | (\$0.08) | | (\$0.07) |

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

6. RESTATEMENT OF PRIOR YEAR BALANCES (continued)

Effect on the company's statement of cash flows at 30 June 2016

| | As previously reported <u>J\$'000</u> | Effect of restatement <u>J\$'000</u> | As Restated <u>J\$'000</u> |
|---|---|--|-------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net (loss)/profit | (35,151) | 7,194 | (27,957) |
| Items not affecting cash resources: | | | |
| Deferred taxation | (819) | - | (819) |
| Interest income | (8,349) | - | (8,349) |
| Interest expense | 72,297 | - | 72,297 |
| Depreciation | 7,194 | (7,194) | - |
| | <u>35,172</u> | - | <u>35,172</u> |
| Changes in operating assets and liabilities: | | | |
| Receivables | (147,230) | - | (147,230) |
| Taxation recoverable | (980) | - | (980) |
| Other payables | (51,412) | - | (51,412) |
| | <u>(199,622)</u> | - | <u>(199,622)</u> |
| Net cash used in operating activities | <u>(169,136)</u> | - | <u>(169,136)</u> |
| CASHFLOW FROM INVESTING ACTIVITIES: | | | |
| Additions to property, plant and equipment, net | (19,495) | 19,495 | - |
| Financial asset - Service concession | | (463,762) | (463,762) |
| Construction in progress | (639,634) | - | (639,634) |
| Investment property | (444,267) | 444,267 | - |
| Short term deposits | 36,646 | - | 36,646 |
| Net cash used in investing activities | <u>(1,066,750)</u> | - | <u>(1,066,750)</u> |
| CASHFLOW FROM FINANCING ACTIVITIES: | | | |
| Short term loan | (401,247) | - | (401,247) |
| Long term loans | 1,539,327 | - | 1,539,327 |
| Net cash provided by financing activities | <u>1,138,080</u> | - | <u>1,138,080</u> |
| Net decrease in cash and cash equivalents | <u>(32,505)</u> | - | <u>(32,505)</u> |
| Cash and cash equivalents at start of the period | 44,540 | - | 44,540 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u><u>12,035</u></u> | - | <u><u>12,035</u></u> |

138 STUDENT LIVING JAMAICA LIMITED

TOP TEN (10) LARGEST SHAREHOLDERS

| SHAREHOLDER | HOLDINGS AS AT 30 JUNE 2017 | % SHAREHOLDING |
|--|--------------------------------|-------------------|
| SAGICOR | 167,545,258 | 40.42% |
| JCSD Trustee Services Ltd - Sigma Optima | 59,733,334 | |
| Sagicor Pooled Equity Fund | 91,578,591 | |
| Sagicor Pooled Mortgage & Real Estate Fund | 16,233,333 | |
| K LIMITED | 136,704,832 | 32.98% |
| BARITA INVESTMENTS LIMITED | 25,277,800 | 6.10% |
| Barita Investments Limited | 14,477,800 | |
| First Caribbean International Securities - A/C Barita Real Estate Portfolio | 10,800,000 | |
| WISYNCO GROUP LIMITED PENSION FUND | 10,000,000 | 2.41% |
| STIEBEL, DOUGLAS O./CHRISTINE STIEBEL | 7,778,352 | 1.77% |
| BROWN, BARRINGTON PHILLIP | 7,334,592 | 1.77% |
| BEACH, HELINE | 5,000,000 | 1.21% |
| JMMB PENSION FUND | 3,773,734 | 0.91% |
| MF&G TRUST & FINANCE LTD A/C 57 | 3,761,300 | 0.91% |
| ANDERSON, NOVELETTE | 3,333,334 | 0.80% |
| TOTAL | 370,509,202 | 48.97% |

138 STUDENT LIVING JAMAICA LIMITED
SHAREHOLDING OF DIRECTORS AND CONNECTED PERSONS

For purposes of compliance with Rule 407 of the Jamaica Stock Exchange Rules, details of stockholdings of Directors and Senior Management and their connected persons as at **30 JUNE 2017** are set out hereunder:

| DIRECTORS | SHAREHOLDING | CONNECTED PERSONS | SHAREHOLDING |
|-------------------|---------------------|--|---------------------|
| JOHN W. LEE | NIL | K LIMITED MARRYNETTE LEE | 136,704,832 NIL |
| MARRYNETTE LEE | NIL | K LIMITED JOHN W LEE | 136,704,832 NIL |
| DOUGLAS STIEBEL | NIL | DOUGLAS/CHRISTINE STIEBEL CHRISTINE STIEBEL | 7,778,352 NIL |
| ANGELA LEE LOY | NIL | IAN ANDREW LEE AEGIS BUSINESS SOLUTIONS LTD EVE ANDERSON RECRUITMENT LTD | NIL NIL NIL |
| PETER PEARSON | NIL | PETER/YVONNE PEARSON | 400,000 |
| DEBBIE-ANN GORDON | NIL | ERIC CRAWFORD | NIL |
| SHARON DONALDSON | 100,000 | JUNIOR LEVINE | NIL |

SHAREHOLDING OF SENIOR MANAGEMENT AND CONNECTED PERSONS

| SENIOR MANAGEMENT | SHAREHOLDING | CONNECTED PERSONS | SHAREHOLDING |
|----------------------------|---------------------|--------------------------|---------------------|
| ROSE HAMILTON | NIL | N/A | NIL |
| E. VENETIA SALMON-MONTEITH | NIL | PETER K. B. MONTEITH | NIL |

*Michelle Morrison resigned effective 31 May 2017