



UNAUDITED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED 30 JUNE 2019

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 JUNE 2019

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August 14, 2019

CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

The Board of Directors of 138 Student Living Jamaica Limited (138 SL) presents below its unaudited consolidated financial statements for the nine months ended 30 June 2019.

There have been significant changes at 138 SL since the half-year report to shareholders published in May 2019.

- Chairman of the Board, Mr. Richard Byles, demitted office effective 30 June 2019. The Board wishes to express its sincere gratitude for the leadership of the company by Mr. Byles during his tenure and wish for him all the best as he transitions to his new role as Governor of the Bank of Jamaica.
- Mr Ian Parsard was appointed Chairman of the Board effective July 3,2019. Mr Parsard, MBA (Hons), ACCA, is Group Senior Vice President, Finance & Corporate Planning of Jamaica Broilers Group, who is also a Chartered Accountant and brings with him a wealth of experience in Finance and Corporate Planning.
- Mr. Cranston Ewan was appointed CEO on 24 June 2019. He is an experienced professional with expertise in accounting, management and strategic planning. We welcome Mr. Ewan and look forward to his leadership of the company.
- Ms. Rose Hamilton, former CEO, retired effective 18 July 2019. The Board wishes to thank Ms. Hamilton for the important leadership role she played during the early years of the company's operations.

The Board and Management are focussing on some key areas of the company including:

1. Effective execution of the Concession Agreements with the University of the West Indies (UWI). Our partnership with the UWI is central to the success of 138 SL and we are committed to a good working relationship.
2. Efficient Operations - management are in the process of implementing measures to control utility costs in particular and generally to improve operational metrics.
3. Growing Short Term Rental. This is an area of opportunity for the company to grow its revenue and profit.
4. Receivables and Credit Management. Comprehensive changes are being implemented to improve collections and reduce expenses related to bad debt.

These measures are expected to yield improved results going forward, and be a foundation on which 138 SL can grow and become stronger and more profitable.

Financial Results Highlights

	3 months ending 30 June 2019 \$'000	3 months ending 30 June 2018 \$'000	Q-O-Q CHANGE %	9 months ending 30 June 2019 \$'000	9 months ending 30 June 2018 \$'000	Y-O-Y CHANGE	%
Revenue	234,368	216,395	8	678,922	644,169	5	
Expenses	(173,893)	(130,830)	(33)	(560,981)	(334,246)	(68)	
Finance Costs	(72,095)	(101,502)	29	(209,912)	(329,961)	36	
Operating loss before taxation	(11,620)	(15,937)	27	(91,971)	(20,038)	(359)	
Taxation	(5,067)	16,117	(131)	31,545	23,333	35	
Net Profit/(Loss) after taxation	(16,687)	180	(9,346)	(60,427)	3,295	(1,934)	

Revenue for the third quarter was \$234M, an 8% increase when compared to the corresponding period last year. Expenses for the quarter recorded an increase of 33%, driven primarily by the significant increase in utility costs. As mentioned before, management is working assiduously to bring this expense under control. Finance Costs improved by 29% for the quarter, which equates to a \$38M reduction when compared to the third quarter of last year. Overall, the quarter over quarter Operating Results improved by just over \$4M.

The Company reported a net loss of \$91.97M before taxation and \$60.43M after tax for the nine month's ended June 30, 2019.

The year-to-date operating loss was due primarily to the following non-recurring expenses:

- J\$54.2M being interest and professional fees arising from the Arbitration Award in respect of a dispute which arose with the contractor for the first phase of the development in 2016.
- Utility cost increased exponentially by 80% for which management has taken steps to reduce this going forward.

Other income types that influenced the results for the year to date are:

- short term revenue which recorded an increase of 65% over the prior period year to date
- finance costs which benefitted from a 36% reduction year over year primarily due to lower interest rates
- interest income which fell by 42% for the corresponding period due to a reduction in interest earned as investments were liquidated to partially settle the arbitration award.

We have a positive outlook on the operations of 138 SL, and our expectations are that the focus on key areas mentioned above will reflect in an upward trajectory of the financial performance of the company going forward.



IAN PARSARD
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 JUNE 2019

	3 months ending 30 June 2019 J\$'000	3 months ending 30 June 2018 J\$'000	9 months ending 30 June 2019 J\$'000	9 months ending 30 June 2018 J\$'000
REVENUE				
Income	223,014	205,500	651,164	617,402
Other Operating Income	11,354	10,895	27,759	26,767
	234,368	216,395	678,922	644,169
EXPENSES				
Administrative Expenses	173,893	130,830	560,981	334,246
PROFIT FROM OPERATIONS	60,475	85,565	117,941	309,923
Finance Costs	72,095	101,502	209,912	329,961
	(11,620)	(15,937)	(91,971)	(20,038)
LOSS BEFORE TAXATION				
Taxation	(5,067)	16,117	31,545	23,333
	(16,687)	180	(60,427)	3,295
NET (LOSS)/ PROFIT FOR THE PERIOD				
Other Comprehensive Income	-	-	-	-
Change In Fair Value of Financial Asset	-	-	-	-
	(16,687)	180	(60,427)	3,295
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
(Loss)/Profit per stock unit	5	(0.04)	0.00	(0.15)
		0.01		

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2019

	30-Jun-19 J\$'000	Audited 30-Sep-18 J\$'000	30-Jun-18 J\$'000
NON-CURRENT ASSETS			
Financial Asset -Service Commission Rights	7,964,247	7,940,000	7,282,212
Deferred Tax Asset	207,745	176,201	124,657
Other Asset	3,748	2,630	1,998
	8,175,741	8,118,831	7,408,867
CURRENT ASSETS			
Receivables	483,157	330,571	362,201
Taxation Recoverable	22,190	20,426	17,804
Short Term Deposits	257,633	339,724	332,674
Cash and Cash Equivalents	28,689	33,019	40,658
	791,670	723,740	753,336
	8,967,411	8,842,571	8,162,203
EQUITY AND LIABILITIES			
Share Capital	721,153	721,153	721,153
Fair Value Reserve	2,527,194	2,550,018	1,911,299
Retained Earnings /(Accumulated Deficit)	9,792	81,262	100,414
	3,258,139	3,352,433	2,732,865
NON-CURRENT LIABILITIES:			
Long Term Loans	4,720,272	4,701,613	4,773,407
Redeemable Preference Shares	172,643	172,642	172,643
	4,892,915	4,874,255	4,946,049
CURRENT LIABILITIES:			
Payables	816,357	615,883	483,289
	816,357	615,883	483,289
	8,967,411	8,842,571	8,162,203



IAN PARSARD
CHAIRMAN



SHARON DONALDSON-LEVINE
DIRECTOR

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

	SHARE CAPITAL	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL
	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>	<u>J\$'000</u>
TOTAL COMPREHENSIVE INCOME				
Balance at 1 October 2017	721,153	1,954,770	97,513	2,773,436
TOTAL COMPREHENSIVE INCOME				
Profit for the Period	-	-	3,295	3,295
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial assets- service concession rights	-	(43,471)	-	(43,471)
Balance at 30 June 2018	721,153	1,911,299	100,808	2,733,260
TOTAL COMPREHENSIVE INCOME				
Loss for the period	-	-	(19,546)	(19,546)
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial asset- service concession rights	-	638,719	-	638,719
Balance at 30 September 2018	721,153	2,550,018	81,262	3,352,433
IFRS 9 - Adjustment to opening retained earnings	-	-	(11,045)	(11,045)
Change in fair value of financial assets	-	(22,824)	-	(22,824)
Loss for the period	-	-	(60,427)	(60,427)
Balance at June 30, 2019	721,153	2,527,194	9,790	3,258,137

138 STUDENT LIVING JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

	30-Jun-19	Audited 30-Sep-18	Jun-18
	J\$'000	J\$'000	J\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net (Loss)/Profit	(60,427)	(16,251)	3,296
Items not affecting cash resources:			
Effects of Foreign Exchange Gains	-	(3,506)	2,489
Deferred Taxation	(31,544)	(74,877)	(23,333)
Adjustment for IFRS 9 retrospective Implementation	(11,045)	-	-
Interest Income	(7,006)	(18,499)	(16,256)
Interest Expense	203,323	406,390	320,318
	<u>93,301</u>	<u>293,257</u>	<u>286,513</u>
Changes in operating assets and liabilities:			
Other Assets		(1,235)	
Receivables	(137,914)	(165,245)	(342,284)
Taxation Recoverable	(1,763)	(6,107)	(604)
Inventory	(1,117)	-	(3,485)
Payables	163,040	167,483	170,720
	<u>22,246</u>	<u>(5,104)</u>	<u>(175,653)</u>
Net cash provided by operating activities	115,547	288,153	110,861
CASH FLOW FROM INVESTING ACTIVITIES:			
Additions to Financial Asset - Service Concession Rights	(47,071)	(94,752)	(75,682)
Short Term Deposits	82,091	148,301	151,836
Interest Received	7,043	16,651	19,917
Interest Paid	(180,598)	(395,922)	(306,037)
Net Cash Used in Investing Activities	(138,536)	(325,722)	(209,966)
CASH FLOW FROM FINANCING ACTIVITIES:			
Short Term Loans	17,060	-	(269,416)
Long Term Loans	134,998	324,706	396,500
Loan Repaid	(133,399)	(269,416)	-
Net Cash Provided by Financing Activities	18,659	55,290	127,084
Net increase /(decrease) in cash and cash equivalents	(4,331)	17,721	27,978
Exchange (Loss)/ Gain on Foreign Cash Balance	-	129	(2,489)
Cash and Cash Equivalents at Start of The Period	33,019	15,169	15,169
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	28,689	33,019	40,658

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

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 years concession agreement granted by the University of the West Indies.
- (c) The company, (138SL), is a public listed company and was listed on the Jamaica Stock Exchange on 18 December 2014.
- (d) The company has a 100% subsidiary, 138SL Restoration Limited, a limited liability company, incorporated in Jamaica on 30 April 2015 and domiciled in Jamaica and which has a 35-year concession agreement. The concession was granted by the University of the West Indies, Mona, for the restoration and reconstruction of certain Traditional Halls.

2. REPORTING CURRENCY:

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

3. BASIS OF CONSOLIDATION:

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

4. SIGNIFICANT ACCOUNTING POLICIES:

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

The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended 30 September 2018 and comply with the requirements of the International Financial Reporting Standards (IAS 34, Interim Financial Reporting). Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

- (ii) **IRFS 9** - Effective 2018 October 01, the Date of Initial Application, the company **implemented** the requirements of IRFS 9, Financial Instruments. An assessment of the Financial Assets and Liabilities of the company was undertaken to establish the methodology to be applied to the Classification and Measurement of each instrument. It was determined that the Classification and Measurement of the Financial Instruments,

being relatively unsophisticated instruments, remained unchanged when the criteria of the Business Model and the Contractual Cash Flow were applied.

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

The implementation was applied retrospectively.

IMPLEMENTATION OF IFRS 9 - RECONCILIATION OF RETAINED EARNINGS

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

5. PROFIT PER STOCK UNIT:

Profit per stock unit

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

	3 months ended 30 June 2019. J\$ <u>000</u>	3 months ended 30 June 2018 J\$ <u>000</u>	9 months ended 30 June 2019 J\$ <u>000</u>	9 months ended 30 June 2018 J\$ <u>000</u>
Net (Loss)/profit attributable to stockholder	(16,687)	(180)	(60,427)	3,295
Weighted average number of ordinary stock units ('000)	414,500	414,500	414,500	414,500
Profit/ (Loss) per stock unit	(\$0.04)	\$0.00	(\$0.15)	\$0.01

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TEN LARGEST SHAREHOLDERS AS AT 30 JUNE 2019

SHAREHOLDER	NO. OF SHARES	TOTAL NO. OF SHARES	PERCENTAGE SHAREHOLDING
SAGICOR		167,736,187	40.47%
JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	15,000,000		
JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY	44,688,334		
SAGICOR POOLED EQUITY FUND	91,814,520		
SAGICOR POOLED MORTGAGE & REAL ESTATE FUND	16,233,333		
NCB INSURANCE CO. LTD. A/C WT040		82,832,770	19.98%
K LIMITED		68,803,832	16.60%
BARITA INVESTMENTS		26,835,898	6.47%
BARITA INVESTMENTS LTD- LONG A/C (TRADING)	250		
BARITA UNIT TRUST MGMT. CO. LIMITED	1,400,100		
BARITA INVESTMENTS LIMITED	14,477,800		
FIRST CARIBBEAN INTERNATIONAL SECURITIES- A/C BARITA REAL ESTATE PORTFOLIO	10,957,748		
WISYNCO GROUP LIMITED PENSION FUND		10,000,000	2.41%
DOUGLAS O. STIEBEL/CHRISTINE STIEBEL		7,778,352	1.88%
BARRINGTON PHILLIP BROWN		7,334,592	1.77%
JMMB PENSION FUND		3,773,734	0.91%
MF&G TRUST & FINANCE LTD A/C 57		3,761,300	0.91%
DELVERT WALLACE/DIANA WALLACE		2,711,757	0.65%
TOTAL		381,568,422	92.06%

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For purposes of compliance with Rule 407 of the Jamaica Stock Exchange Rules, details of stockholdings of Directors and Senior Management and their connected persons as at **30 JUNE 2019** are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 30 JUNE 2019

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

SHAREHOLDING OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED SHARES	CONNECTED SHARES
*CRANSTON EWAN	NIL		
ROSE HAMILTON	NIL		

COMPANY SECRETARY	SHAREHOLDING	CONNECTED SHARES	CONNECTED SHARES
STEPHEN GREIG	NIL		