



UNAUDITED FINANCIAL STATEMENTS

FOR TWELVE MONTHS ENDED 30 SEPTEMBER 2019

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2019

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November 1, 2019

CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

Overview of Q4 2019 Results

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

Revenues for the 4th Quarter were \$373M representing an increase of 110% compared to the corresponding period last year. Operating profits for the quarter was \$72.3M versus a loss of \$73.7M, a positive change of \$146M, or a 198% improvement. The results were positively impacted by a claim under the Concession Agreement related to Irvine Hall.

Expenses for the 4th quarter was impacted by additional provisions for doubtful debt. Finance Costs improved by 8% for the quarter, which equates to a \$5M reduction when compared to the same period last year.

For the twelve months ended 30 September 2019, 138SL and its subsidiary 138SL Restoration Limited (138SLR) achieved revenue of \$1.05B, an increase of \$217M or 26% over the corresponding period of 2018. Net profit after tax of \$11.8M compares favourably to the loss of \$16.25M reported in 2018.

Financial Results Highlights

	3 months ended 30 September 2019 \$'000	3 months ended 30 September 2018 \$'000	Q-O-Q CHANGE %	12 months ended 30 September 2019 \$'000	12 months ended 30 September 2018 \$'000	Y-O-Y CHANGE %
Revenue	373,297	177,351	110	1,052,219	834,404	26
Expenses	(230,314)	(174,667)	(32)	(791,295)	(519,142)	(52)
Finance Costs	(70,619)	(76,429)	8	(280,531)	(406,390)	31
Operating Profit/(Loss) before taxation	72,364	(73,745)	198	(19,607)	(91,128)	78
Taxation	(142)	51,548	100	31,403	74,877	(58)
Net Profit/(Loss) after taxation	72,222	(22,197)	425	11,794	(16,250)	173

For the full year the following non-recurring expenses impacted Operating Profit:

- J\$54.2 Million 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 53%. Corrective action have substantially been implemented and the management is seeing the benefits of controlling consumption which will reverse this trend.

Other influences on the results for the full year are:

- Finance costs benefitted from a 31% reduction year over year primarily due to lower interest rates.
- Interest income which fell by 50% for the corresponding period due to a reduction in interest earned as investments were liquidated to partially settle the arbitration award.

The Board and Management continues to focus on some key areas of the company including:

- 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.
- Efficient Operations - management has implemented measures to control utility costs and to improve operational metrics.

- Growing Short Term Rental - This is an area of opportunity for the company to grow its revenue and profit.
- Receivables and Credit Management - Comprehensive change has been 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 its profitability.

We have a positive outlook on the operations of 138 SL, our occupancy levels are currently above 97% and the focus on key areas mentioned above is expected to result in an upward trajectory of the financial performance of the company. The Board and Management is confident that the business will continue to grow and deliver positive shareholder value.

A handwritten signature in black ink, appearing to read 'Ian Parsard', with a stylized flourish at the end.

IAN PARSARD
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
TWELVE MONTHS ENDED 30 SEPTEMBER 2019

	Note			
	3 months ended 30 September 2019 J\$'000	3 months ended 30 September 2018 J\$'000	12 months ended 30 September 2019 J\$'000	12 months ended 30 September 2018 J\$'000
REVENUE				
Income	362,286	165,966	1,013,450	780,743
Other Operating Income	11,011	11,385	38,770	53,661
	373,297	177,351	1,052,219	834,404
EXPENSES				
Administrative Expenses	230,314	174,667	791,295	519,142
PROFIT FROM OPERATIONS	142,983	2,684	260,924	315,262
Finance Costs	70,619	76,429	280,531	406,390
PROFIT/(LOSS) BEFORE TAXATION	72,364	(73,745)	(19,607)	(91,128)
Taxation	(142)	51,548	31,403	74,877
NET PROFIT/(LOSS) FOR THE PERIOD	72,222	(22,197)	11,795	(16,251)
Other Comprehensive Income				
Change In Fair Value of Financial Asset	2,181,414	653,302	2,181,414	595,248
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,253,636	631,105	2,193,210	578,997
Profit/(Loss) per stock unit	5	0.17	(0.05)	0.03
		(0.05)	0.03	(0.04)

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

	Unaudited 30-Sep-19 J\$'000	Audited 30-Sep-18 J\$'000
NON-CURRENT ASSETS		
Financial Asset -Service Commission Rights	10,179,479	7,940,000
Motor Vehicle	3,016	-
Deferred Tax Asset	207,603	176,201
Other Asset	3,763	2,630
	10,393,861	8,118,831
CURRENT ASSETS		
Receivables	299,135	330,571
Taxation Recoverable	22,770	20,426
Short Term Deposits	259,251	339,724
Cash and Cash Equivalents	48,331	33,019
	629,488	723,740
	11,023,348	8,842,571
EQUITY AND LIABILITIES		
Share Capital	721,153	721,153
Fair Value Reserve	4,731,428	2,550,018
Retained Earnings	82,013	81,262
	5,534,594	3,352,433
NON-CURRENT LIABILITIES:		
Long Term Loans	4,646,946	4,701,613
Redeemable Preference Shares	172,643	172,642
	4,819,589	4,874,255
CURRENT LIABILITIES:		
Payables	669,165	615,883
	669,165	615,883
	11,023,348	8,842,571



**IAN PARSARD
CHAIRMAN**



**IVAN CARTER
DIRECTOR**

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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				
Loss for the Period	-	-	(16,251)	(16,251)
OTHER COMPREHENSIVE INCOME				
Change in Fair Value of Financial Asset- Service Concession Rights	-	595,248	-	595,248
Balance at 30 September 2018	<u>721,153</u>	<u>2,550,018</u>	<u>81,262</u>	<u>3,352,433</u>
TOTAL COMPREHENSIVE INCOME				
IFRS 9 - Adjustment to opening retained earnings	-	-	(11,048)	(11,048)
Profit for the Period	-	-	11,795	11,795
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial assets	-	2,181,414	-	2,181,414
Balance at September 30, 2019	<u>721,153</u>	<u>4,731,432</u>	<u>82,009</u>	<u>5,534,594</u>

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

	Unaudited 30-Sep-19 J\$'000	Audited 30-Sep-18 J\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss)	11,795	(16,251)
Items not Affecting Cash Resources:		
Effects of Foreign Exchange Gains	-	(3,506)
Deferred Taxation	(31,403)	(74,877)
Adjustment for IFRS 9 Retrospective Implementation	(11,048)	-
Interest Income	(9,198)	(18,499)
Interest Expense	271,772	406,390
	<hr/> 231,919	<hr/> 293,257
Changes in Operating Assets and Liabilities:		
Other Assets	(1,133)	(1,235)
Receivables	37,813	(165,245)
Taxation Recoverable	(2,342)	(6,107)
Payables	41,671	167,483
	<hr/> 76,009	<hr/> (5,104)
Net cash provided by operating activities	307,928	288,153
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to Financial Asset - Service Concession Rights	(58,068)	(94,752)
Additions to Motor Vehicle	(3,016)	-
Short Term Deposits	80,473	148,301
Interest Received	9,354	16,651
Interest Paid	(266,695)	(395,922)
Net Cash (Used in)/Provided by Investing Activities	(237,952)	(325,722)
CASH FLOW FROM FINANCING ACTIVITIES:		
Short Term Loans	15,531	-
Long Term Loans	135,000	324,706
Loan Repaid	(205,194)	(269,416)
Net Cash Provided by Financing Activities	(54,664)	55,290
Net increase in cash and cash equivalents	15,312	17,721
Exchange Gain on Foreign Cash Balance	-	129
Cash and Cash Equivalents at Start of The Period	33,019	15,169
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	48,331	33,019

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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) IFRS 9 - Effective 1 October 2018, the Date of Initial Application, the company adopted the requirements of IFRS 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 Profit/(loss) attributable to stockholders by the weighted average number of ordinary stock units in issue.

	3 months ended 30 Sept 2019 <u>J\$000</u>	3 months ended 30 Sept 2018 <u>J\$000</u>	12 months ended 30 Sept 2019 <u>J\$000</u>	12 months ended 30 Sept 2018 <u>J\$000</u>
Net Profit/(Loss) attributable to stockholder	72,222	(22,197)	11,794	(16,250)
Weighted average number of ordinary stock units ('000)	414,500	414,500	414,500	414,500
Profit/(Loss) per stock unit	\$0.17	(\$0.05)	\$0.03	(\$0.04)

138 STUDENT LIVING JAMAICA LIMITED

TEN LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 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		26,837,398	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		
JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST REAL ESTATE PORTFOLIO	1,500		
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		381,569,922	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 SEPTEMBER 2019** are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 30 SEPTEMBER 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

SHAREHOLDING OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED SHARES	CONNECTED SHARES
CRANSTON EWAN	NIL		

COMPANY SECRETARY	SHAREHOLDING	CONNECTED SHARES	CONNECTED SHARES
STEPHEN GREIG	NIL		