



UNAUDITED FINANCIAL STATEMENTS

THREE MONTHS | ENDED 31 DECEMBER 2019

138 STUDENT LIVING JAMAICA LIMITED

UNAUDITED FINANCIAL STATEMENTS

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February 3, 2020

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 three months ended 31 December 2019.

The Group recorded a profit before taxation of \$183M. This result was positively impacted by a variation claim for 2019, plus a first quarter 2020 claim relating to the construction of Irvine Hall. Adjusting for both variation claims, the group recorded first quarter profit amounting to \$33M. The claim for the full 2019 year is a one-off item, while the claim for 2020 is expected to occur each quarter of the current financial year.

The Board and Management are now seeing the positive impact of sustained measures that were implemented in the latter part of the 2019 financial year. We will continue to focus on the following key areas of the business:

1. Effective execution of the Concession Agreements with the University of the West Indies (UWI) and building on the existing partnership and good working relationship.
2. Efficient Operations – We will continue to improve on our efficiencies in all areas of business operations.
3. Growing Short Term Rental – We will continue to grow this segment of our business and to look for profitable opportunities that may arise. This reiterates our commitment to grow the 138 SL brand.
4. Receivables and Credit Management- Our management team remains committed to effectively managing our receivables. The increase in receivables for the period under review is primarily due to the Irvine Hall variation claims mentioned previously.

The Board and Management are confident of the direction of the company and that the actions taken thus far will enable the company to grow and deliver profitable results.

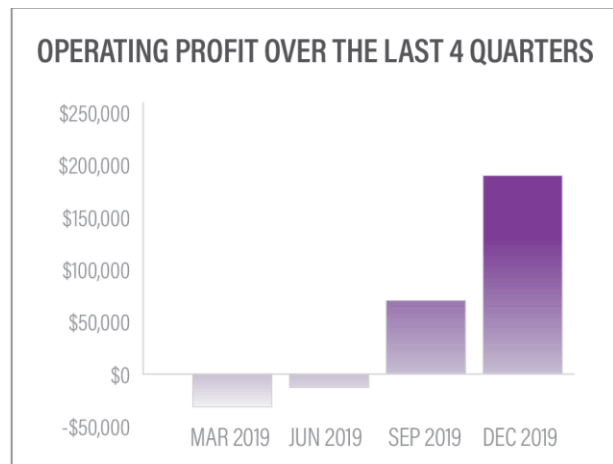
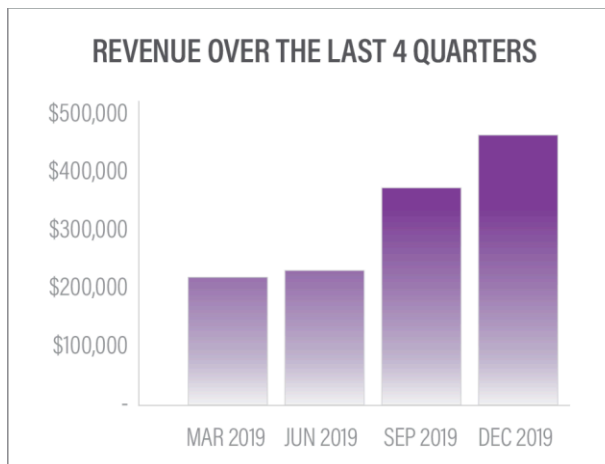
During the period under review 138 SL operated 1,460 world class rooms at its 4 locations on the UWI Mona Campus consisting of 1,692 beds. As part of its contribution to the welfare of students we offer 18 rooms, free of charge, to Resident Advisors who are charged by UWI to motivate students to participate in campus activities amongst other things. Average occupancy across all three Halls for the quarter was 99%. We expect this level of occupancy to continue up to May 2020 when the summer period begins. 138 SL operations are governed by the Concession Agreement which guarantees a minimum of 90% average occupancy throughout the year.

Additionally, the launch of our “Resident at the Center” program focuses the entire team at 138 SL to respond to the needs of our occupants in a timely and sensitive manner. The Management of 138 SL have made themselves available to the student body and the face-to face interactions are already having a positive impact on the relationship.

Financial Results Highlights

	3 months ended 31 December 2019 \$'000	3 months ended 31 December 2018 \$'000	Q-O-Q CHANGE %
Revenue	463,944	223,085	108
Expenses	205,009	203,391	(1)
Finance Costs	67,681	68,401	1
Operating Profit/(Loss) before taxation	191,254	(48,706)	493
Taxation	(8,392)	4,873	272
Net Profit/(Loss) after taxation	182,862	(43,834)	517

Revenue for the first quarter was \$464M, an increase of 108% when compared to the corresponding period last year. Overall, expenses for the quarter increased 1% when compared to 2019. Operating profits amount to \$191M, a significant turnaround from the loss of \$48.7M recorded in the corresponding period last year.



138 SL has delivered positive results for the first quarter. Our expectations are for improved results to continue throughout the 2020 financial year, albeit at a lower rate than this current quarter due to the full 2019 claim reflected. We continue to seek God's guidance for the future direction of 138 SL.

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IAN PARSARD
CHAIRMAN

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
THREE MONTHS | ENDED 31 DECEMBER 2019

	Note		
	3 months ended 31 December 2019	3 months ended 31 December 2018	12 months ended 30 September 2019
	J\$'000	J\$'000	J\$'000
REVENUE			
Income	455,240	216,787	1,013,450
Other Operating Income	8,704	6,298	38,770
	463,944	223,085	1,052,220
EXPENSES			
Administrative Expenses	205,009	203,391	791,295
PROFIT FROM OPERATIONS	258,935	19,694	260,925
Finance Costs	67,681	68,401	280,531
PROFIT/(LOSS) BEFORE TAXATION	191,254	(48,707)	(19,606)
Taxation	(8,392)	4,873	42,575
NET PROFIT/(LOSS) FOR THE PERIOD	182,862	(43,835)	22,969
Other Comprehensive Income			
Change In Fair Value of Financial Asset	-	(22,968)	595,248
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	182,862	(66,803)	618,217
Profit/(Loss) per stock unit	5	0.44	(0.11)
		0.06	

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2019

	Unaudited 31-Dec-19 J\$'000	Unaudited 31-Dec-18 J\$'000	Audited 30-Sep-19 J\$'000
NON-CURRENT ASSETS			
Financial Asset -Service Commission Rights	10,184,797	7,942,168	10,179,479
Motor Vehicle	2,860	-	3,016
Deferred Tax Asset	220,900	181,073	229,293
Other Asset	3,847	2,660	3,763
	10,412,404	8,125,901	10,415,551
CURRENT ASSETS			
Receivables	413,073	399,682	236,387
Taxation Recoverable	23,306	21,164	22,770
Short Term Deposits	260,857	283,410	259,250
Cash and Cash Equivalents	41,594	51,078	49,116
	738,830	755,334	567,523
	11,151,234	8,881,235	10,983,074
EQUITY AND LIABILITIES			
Share Capital	721,153	721,153	721,153
Fair Value Reserve	4,731,428	2,527,194	4,731,428
Retained Earnings	276,046	26,383	93,184
	5,728,627	3,274,730	5,545,765
NON-CURRENT LIABILITIES:			
Long Term Loans	4,077,087	4,690,811	4,306,749
Redeemable Preference Shares	172,643	172,642	172,642
	4,249,730	4,863,453	4,479,391
CURRENT LIABILITIES:			
Payables	624,876	743,052	607,203
Taxation	10,517	-	10,517
Current Portion of Long Term Loan	388,527	-	315,198
Short term Borrowing	148,957	-	25,000
	1,172,877	743,052	957,918
	11,151,234	8,881,235	10,983,074

IAN PARSARD

IAN PARSARD
CHAIRMAN

SHARON DONALDSON-LEVINE

SHARON DONALDSON-LEVINE
DIRECTOR

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2019

	SHARE CAPITAL	FAIR VALUE	RETAINED	
	RESERVE	RESERVE	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 2018	721,153	2,550,018	70,218	3,341,389
Loss for the period	-	-	(43,835)	(43,835)
Change in Fair Value of Financial Asset- Service Concession Rights	-	(22,824)	-	(22,824)
Balance at 31 December 2018	721,153	2,527,194	26,383	3,274,730
Profit for the Period	-	-	66,801	66,801
OTHER COMPREHENSIVE INCOME				
Change in Fair Value of Financial Asset- Service Concession Rights	-	2,204,234	-	2,204,234
Balance at 30 September 2019	721,153	4,731,428	93,184	5,545,765
TOTAL COMPREHENSIVE INCOME				
Profit for the Period	-	-	182,862	182,862
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial assets	-	-	-	-
Balance at December 31, 2019	721,153	4,731,428	276,046	5,728,627

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2019

	Unaudited 31-Dec-19 J\$'000	Unaudited 31-Dec-19 J\$'000	Audited 30-Sep-19 J\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss)	182,862	(43,835)	22,968
Items not Affecting Cash Resources:			
Effects of Foreign Exchange Gains	-	-	2,594
Deferred Taxation	8,393	(4,873)	(42,575)
Adjustment for IFRS 9 Retrospective Implementation	-	(11,045)	(11,048)
Interest Income	(1,906)	(2,559)	(9,258)
Interest Expense	65,511	66,186	280,531
Depreciation	156	-	104
	<u>255,016</u>	<u>3,874</u>	<u>254,364</u>
Changes in Operating Assets and Liabilities:			
Other Assets	(83)	(29)	(1,133)
Receivables	(120,109)	(67,725)	82,981
Taxation Recoverable	(536)	(736)	(2,344)
Payables	(59,852)	106,103	(13,756)
	<u>(180,580)</u>	<u>37,613</u>	<u>65,748</u>
Net cash provided by operating activities	74,436	41,487	320,112
CASH FLOW FROM INVESTING ACTIVITIES:			
Additions to Financial Asset - Service Concession Rights	(5,318)	(24,992)	(58,069)
Additions to Motor Vehicle	-	-	(3,120)
Short Term Deposits	(1,607)	56,315	78,356
Interest Received	2,136	2,936	9,414
Interest Paid	(44,794)	(46,885)	(275,454)
Net Cash (Used in)/Provided by Investing Activities	(49,583)	(12,626)	(248,873)
CASH FLOW FROM FINANCING ACTIVITIES:			
Short Term Loans	(1,573)	-	150,531
Long Term Loans	-	20,000	
Loan Repaid	(30,802)	(30,802)	(205,197)
Net Cash Provided by Financing Activities	(32,375)	(10,802)	(54,666)
Net increase in cash and cash equivalents	(7,522)	18,059	16,573
Exchange Gain on Foreign Cash Balance	-	-	(476)
Cash and Cash Equivalents at Start of The Period	49,116	33,019	33,019
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	41,594	51,078	49,116

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 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 2019 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.

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 31 Dec 2019 <u>J\$</u> <u>000</u>	3 months ended 31 Dec 2018 <u>J\$</u> <u>000</u>	12 months ended 30 Sept 2019 <u>J\$</u> <u>000</u>
Net (Loss)/profit attributable to stockholder	182,862	(43,835)	22,969
Weighted average number of ordinary stock units ('000)	414,500	414,500	414,500
(Loss)/Profit per stock unit	\$0.44	(\$0.11)	\$0.06



TIMELINE

2019
2018
2017
2016
2015
2014
Resident at the Center



June 2019
Cramston Ewan is appointed as the Chief Executive Officer of 138 Student Living.



September 2019
138 Student Living was on display at the annual Jamaica Product Exchange (JAPEX).



May 2014
First Concession Agreement signed for the construction and operations of 1,584 new rooms at UWI Mona.



September 2014
Official Ground Breaking and contractor selected for the construction of the first 576 rooms.



March 2019
138 Student Living launches Summer Accommodation Programme.



September 2018
GSAT Awardees and Children of Employees recognition.



February 2018
Sir George Alleyne signs the official register of attendees at the ceremony naming the Hall in his honour.



February 2018
UWI's official opening and naming of 138 Student Living's newly constructed and operated George Alleyne Hall.



August 2015
First UWI Students move onto Block C of the Leslie Robinson Hall.

July 2017
Completion of two blocks at Irvine Hall.



March 2017
Provided accommodation for St. Jago High School Track and Field Team (2nd Place winners of Boys' and Girls' Champs) under 138SL Short Term Rental.



January 2017
Completion of all 4 blocks of phase 2 under the first Concession Agreement consisting of 576 rooms and 864 beds.



April 2016
UWI's official opening and naming of 138 Student Living's first hall of residence: The Leslie Robinson Hall.



January 2016
New subsidiary formed '138SL Restoration Limited and Second Concession Agreement signed with the UWI for the renovation of the Gerald Lalor Post Graduate Flats and reconstruction of Irvine Hall.

April 2015
New subsidiary formed '138SL Restoration Limited and Second Concession Agreement signed with the UWI for the renovation of the Gerald Lalor Post Graduate Flats and reconstruction of Irvine Hall.

138 STUDENT LIVING JAMAICA LIMITED

TEN LARGEST SHAREHOLDERS AS AT 31 DECEMBER 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 WTo40		82,832,770	19.98%
K LIMITED		68,803,832	16.60%
BARITA INVESTMENTS		14,214,831	3.43%
BARITA INVESTMENTS LTD- LONG A/C (TRADING)	250		
BARITA UNIT TRUST MGMT. CO. LIMITED	1,400,100		
BARITA INVESTMENTS LIMITED	1,477,800		
JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	247,933		
JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST REAL ESTATE PORTFOLIO	11,088,748		
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%
PANKAJ ASHOK BHATIA		4,500,000	1.09%
JMMB PENSION FUND		3,773,734	0.91%
MF&G TRUST & FINANCE LTD A/C 57		3,761,300	0.91%
TOTAL		370,735,598	89.44%

138 STUDENT LIVING JAMAICA LIMITED

For purposes of compliance with Rule 407 of the Jamaica Stock Exchange Rules, details of stockholdings of Directors and Senior Management and their connected persons as at **31 DECEMBER 2019** are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 31 DECEMBER 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		