



UNAUDITED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED 30 JUNE 2018

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 2018

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August 9, 2018

CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS

The Board of Directors of 138 Student Living Jamaica Limited (138 SL) hereby presents the unaudited consolidated financial statements for the nine months ended 30 June 2018.

| Financial Results Highlights | 3 months to 30 June 2018 | 3 months to 30 June 2017 | Q-O-Q CHANGE | 9 months ended 30 June 2018 | 9 months ended 30 June 2017 | Y-O-Y CHANGE |
|--|-----------------------------|-----------------------------|-----------------|--------------------------------|--------------------------------|-----------------|
| | \$'000 | \$'000 | | \$'000 | \$'000 | |
| Revenue | 216,395 | 161,791 | 33.75 | 644,169 | 424,280 | 51.83 |
| Expenses | -130,830 | - 71,236 | 83.66 | -334,246 | - 186,473 | 79.25 |
| Finance Costs | -101,502 | - 84,376 | 20.30 | -329,961 | - 223,332 | 47.74 |
| Operating profit/(loss) before taxation | -15,937 | 6,179 | - 357.92 | -20,038 | 14,475 | - 238.43 |
| Taxation | 16,117 | - 2,487 | - 548.07 | 23,333 | 16,006 | 45.78 |
| Net Profit/(Loss) after taxation | 181 | 3,692 | - 95.10 | 3,296 | 30,481 | - 89.19 |


The Group recorded a net profit after tax of \$181,000 for the quarter ended June 30, 2018 representing an adverse variance of 95.10% relative to a similar quarter last year.

Revenue increased by 33.75% but revenue continues to be less than optimum as the rental rates granted for rooms at Irvine Hall under the second concession continue to be less than that contemplated in the Financial Model forming a part of that Concession; a matter that is under discussion with the University of the West Indies, the Grantor of the Concession

Specifically, the net loss of \$15.94M reported for the quarter was the net result of an operating profit of \$6.28M for 138 Student Living under the first Concession Agreement and an operating loss of \$22.22M by 138SL Restoration Jamaica Limited under the second Concession.

The issues under discussion with the University are therefore critical not only to the financial performance of 138SL Restoration but to the overall performance of the Group.

As such, the Board of Directors and management considers the timely and positive resolution of these matters to be of utmost importance and accordingly, have assigned the resources required to pursue the conclusion of these discussions with the University.



RICHARD O. BYLES
CHAIRMAN

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 JUNE 2018

| | Note | | | | |
|---|------|--|---|---|---|
| | | 3 months to 30 June 2018 J\$'000 | 3 months to 30 June 2017 J\$'000 | 9 months to 30 June 2018 J\$'000 | 9 months to 30 June 2017 J\$'000 |
| REVENUE | | | | | |
| Income | | 205,500 | 153,219 | 617,402 | 402,180 |
| Other Operating Income | | 10,895 | 8,572 | 26,767 | 22,100 |
| | | 216,395 | 161,791 | 644,169 | 424,280 |
| EXPENSES | | | | | |
| Administrative expenses | | -130,830 | -71,236 | 334,246 | -186,473 |
| PROFIT FROM OPERATIONS | | 85,565 | 90,555 | 309,923 | 237,807 |
| Finance Costs | | -101,502 | -84,376 | 329,961 | -223,332 |
| PROFIT/(LOSS) BEFORE TAXATION | | -15,937 | 6,179 | -20,038 | 14,475 |
| Taxation | | 16,117 | -2,487 | 23,333 | 16,006 |
| NET PROFIT/(LOSS) FOR THE PERIOD | | 181 | 3,692 | 3,296 | 30,481 |
| Other comprehensive income | | | | | |
| Change in fair value of financial asset | | | | | |
| Other comprehensive income for the period | | 181 | 3,692 | 3,296 | 30,481 |
| Profit/(Loss) per stock unit | 5 | \$0.00 | \$0.01 | \$0.01 | \$0.07 |
| Weighted average number of Ordinary stock unit | | 414,500.00 | 414,500.00 | 414,500.00 | 414,500.00 |

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2018

| | 30-Jun-18 | Audited 30-Sep-17 | 30-Jun-17 |
|--|------------------|------------------------------|------------------|
| | J\$'000 | J\$'000 | J\$'000 |
| NON-CURRENT ASSETS | | | |
| Financial Asset | 7,282,212 | 7,250,000 | 4,400,916 |
| Construction in progress | | - | 1,877,087 |
| Deferred tax asset | 124,657 | 101,324 | 67,008 |
| Other receivables/asset | 1,998 | 1,395 | 1,361 |
| | 7,408,867 | 7,352,719 | 6,346,372 |
| CURRENT ASSETS | | | |
| Receivables | 362,201 | 163,614 | 136,005 |
| Taxation Recoverable | 17,804 | 14,319 | 10,655 |
| Short Term deposits | 332,674 | 484,509 | 604,468 |
| Cash and cash equivalents | 40,658 | 15,169 | 7,759 |
| | 753,336 | 677,611 | 758,887 |
| | 8,162,203 | 8,030,330 | 7,105,259 |
| EQUITY AND LIABILITIES | | | |
| Share Capital | 721,153 | 721,153 | 721,153 |
| Fair Value Reserve | 1,911,299 | 1,954,770 | 1,331,217 |
| Retained Earnings /(Accumulated Deficit) | 100,809 | 97,513 | 57,915 |
| | 2,733,261 | 2,773,436 | 2,110,285 |
| NON-CURRENT LIABILITIES: | | | |
| Long Term Loan | 4,773,407 | 4,376,907 | 4,161,716 |
| Redeemable Preference Shares | 172,643 | 172,642 | 172,642 |
| | 4,946,049 | 4,549,549 | 4,334,358 |
| CURRENT LIABILITIES: | | | |
| Payables | 482,893 | 437,929 | 384,053 |
| Short Term Borrowings | | 269,416 | 276,563 |
| | 482,893 | 707,345 | 660,616 |
| | 8,162,203 | 8,030,330 | 7,105,259 |



RICHARD. O. BYLES
CHAIRMAN



SHARON DONALDSON
DIRECTOR

138 STUDENT LIVING JAMAICA LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018

| | SHARE CAPITAL | FAIR VALUE | RETAINED | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | | 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 2016 | 721,153 | 1,331,217 | 27,434 | 2,079,804 |
| Profit for the period | | | 30,481 | 30,481 |
| Balance at 30 June 2017 | 721,153 | 1,331,217 | 57,915 | 2,110,285 |
| Profit for the period | - | 623,553 | 39,598 | 663,151 |
| Balance as at 30 September 2017 | 721,153 | 1,954,770 | 97,513 | 2,773,436 |
| Profit for the period | - | (43,471) | 3,296 | (40,175) |
| Balance at 30 June 2018 | 721,153 | 1,911,299 | 100,809 | 2,733,261 |

138 STUDENT LIVING JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018

| | 30-Jun-18 | Audited 30-Sep-17 | Jun-17 |
|---|---------------|----------------------|--------------|
| | J\$'000 | J\$'000 | J\$'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit/(Loss) | 3,296 | 70,079 | 30,481 |
| Items not affecting cash resources: | | | |
| Effects of foreign exchange gains | 2,489 | - 1,258 | - 1,038 |
| Deferred Taxation | - 23,333 | - 50,322 | - 16,006 |
| Interest Income | - 16,256 | - 18,238 | - 14,772 |
| Interest Expense | 320,318 | 309,911 | 223,332 |
| | 286,513 | 310,172 | 221,997 |
| Changes in operating assets and liabilities: | | | |
| Other assets | | - 759 | - 725 |
| Receivables | - 342,284 | - 20,330 | - 886 |
| Taxation Recoverable | - 604 | - 5,968 | - 2,304 |
| Inventory | - 3,485 | | |
| Other payables | 170,720 | 6,510 | - 43,242 |
| | - 175,653 | 20,547 | - 47,157 |
| Net cash provided by/(used in) operating activities | 110,861 | 289,625 | 174,840 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Financial Asset | - 75,682 | - 2,236,447 | - 10,916 |
| Construction in Progress | | 674,676 | - 1,202,411 |
| Short Term Deposits | 151,836 | - 42,895 | - 164,066 |
| Interest Received | 19,917 | 13,109 | 11,503 |
| Interest Paid | - 306,037 | - 271,482 | - 182,383 |
| Net Cash used in Investing Activities | - 209,966 | - 1,863,039 | - 1,548,273 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Short term loan | - 269,416 | 269,416 | - 190,824 |
| Long Term Loans | 396,500 | 2,486,218 | 1,533,000 |
| Loan repaid | | -1,205,414 | - |
| Net Cash provided by financing activities | 127,084 | 1,550,220 | 1,342,176 |
| Net increase /(decrease) in cash and cash equivalents | 27,978 | - 23,194 | - 31,256 |
| Exchange loss/(gain) on foreign cash balance | - 2,489 | 386 | 1,038 |
| Cash and cash equivalents at start of the period | 15,168 | 37,977 | 37,977 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 40,658 | 15,169 | 7,759 |

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

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 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.
- (c) The company, (138SL), is a publicly 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 2017 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 profit/(loss) attributable to stockholders by the weighted average number of ordinary stock units in issue.

| | 3 months ending 30 June 2018 <u>J\$'000</u> | 3 months ending 30 June 2017 <u>J\$'000</u> | 9 months ending 30 June 2018 <u>J\$'000</u> | 9 months ending 30 June 2017 <u>J\$'000</u> |
|---|---|---|---|---|
| Net profit/(Loss) attributable to stockholders | 181 | 3,692 | 3,296 | 30,481 |
| Weighted average number of ordinary stock units | 414,500 | 414,500 | 414,500 | 414,500 |
| Profit/(Loss) per stock unit | 0.000 | 0.01 | 0.07 | 0.07 |