



UNAUDITED FINANCIAL STATEMENTS

SIX MONTHS | ENDED 31 MARCH 2020

138 STUDENT LIVING JAMAICA LIMITED

UNAUDITED FINANCIAL STATEMENTS

SIX MONTHS | ENDED 31 MARCH 2020

INDEX

	PAGE
CHAIRMAN'S INTERIM REPORT TO THE SHAREHOLDERS	1-2
 <u>UNAUDITED FINANCIAL STATEMENTS</u>	
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Shareholders' Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7-8
Top 10 Largest Shareholders	10
Shareholding of Directors and Connected Parties	10

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 six months ended 31 March 2020.

The Group recorded a profit before taxation of \$261M with an after-tax profit of \$270M. This result was positively impacted by three main items: (i) effective management of operating costs (primarily utilities) (ii) increased occupancies for long-term and short-term rentals and (iii) variation claims relating to Irvine Hall. The latter item includes a variation claim for the full year 2019 as well as a first and second quarter claim for the year 2020. Adjusting for the variation claims, the group recorded year-to -date profit amounting to \$71M.

The Board and Management continues to see the positive impact of sustained measures that were implemented in the latter part of the 2019 financial year. Our focus continues to be the pillars that we had identified in Quarter 1, 2020

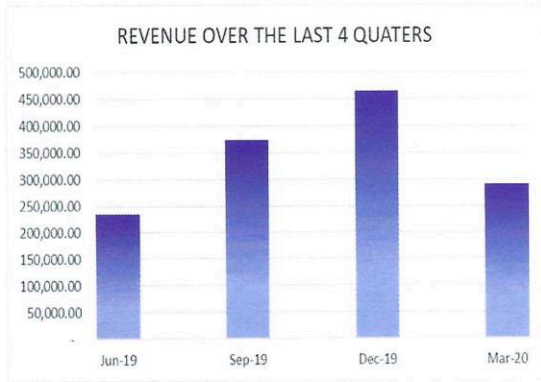
1. Effective execution of the Concession Agreements with the University of the West Indies (UWI) and building on the existing partnership and good working relationship.
2. Efficient Operations – We will continue to improve on our efficiencies in all areas of business operations.
3. Growing Short Term Rental – We will continue to grow this segment of our business and to look for profitable opportunities that may arise. This reiterate 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.

During the period under review, 138SL continued to operate 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%.

Financial Results Highlights

	3 months ended	3 months ended	Q-O-Q CHANGE %	6 months ended	6 months ended	Y-T-D CHANGE %
	31 March 2020	31 March 2019		31 March 2020	31 March 2019	
	\$'000	\$'000		\$'000	\$'000	\$'000
Revenue	289,212	221,470	31	753,157	444,554	69
Expenses	152,565	203,391	25	357,574	387,089	8
Finance Costs	66,789	68,401	2	134,470	137,817	2
Operating Profit/(Loss) before taxation	69,858	(50,322)	239	261,113	(80,352)	425
Taxation	17,478	4,873	259	9,086	36,612	(75)
Net Profit/(Loss) after taxation	87,337	(45,449)	292	270,199	(43,740)	718

Revenue for the second quarter was \$289M, an increase of 31% when compared to the corresponding period last year. Overall, expenses for the quarter decreased 25% when compared to 2019. Operating profits amount to \$69.8M a significant turnaround from the loss of \$50.3M recorded in the corresponding period last year.



The graphs above reflect the following:

1. A peak in revenues and operating profit for the first quarter of 2020 ended Dec-19; this includes the variation claim for the full year 2019 as well as the variation claim for Q1 2020
2. Revenues and profits for the second quarter of 2020 reflecting pre-Covid-19 “steady state” operating results for 138SL. This quarter includes the variation claim for Q2 2020.
3. For the third straight quarter 138 SL has delivered positive operating profits

138 SL like many other institutions globally have been affected by the Covid-19 pandemic. This pandemic has resulted in students being asked to vacate the Halls of Residence by the University resulting in our occupancy being reduced to 25% in April. These turn of events will no doubt impact the revenue of the business however the impact on the long-term occupancy revenue is mitigated somewhat by the Concession Agreement which provides a 90% Occupancy Guarantee.

Management has taken the necessary steps to align the business with the current realities. We have moved swiftly to consolidate the business operations, reduce cost and defer planned capital expenditures. Our consolidation activities includes the relocation of the remaining student on Hall to occupy one block at each of the 4 locations which is being achieved while maintaining the Government’s Covid-19 protocol of social distancing and restrictive movement.

IAN PARSARD

CHAIRMAN

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

SIX MONTHS | ENDED 31 MARCH 2020

Note

	3 months ended 31 March 2020 J\$'000	3 months ended 31 March 2019 J\$'000	6 months ended 31 March 2020 J\$'000	6 months ended 31 March 2019 J\$'000
REVENUE				
Income	278,350	211,363	733,590	428,150
Other Operating Income	10,862	10,107	19,567	16,404
	<u>289,212</u>	<u>221,470</u>	<u>753,157</u>	<u>444,554</u>
EXPENSES				
Administrative Expenses	152,565	203,391	357,574	387,089
PROFIT FROM OPERATIONS	<u>136,647</u>	<u>18,079</u>	<u>395,583</u>	<u>57,465</u>
Finance Costs	66,789	68,401	134,470	137,817
PROFIT/(LOSS) BEFORE TAXATION	<u>69,858</u>	<u>(50,322)</u>	<u>261,113</u>	<u>(80,352)</u>
Taxation	17,478	4,873	9,086	36,612
NET PROFIT/(LOSS) FOR THE PERIOD	<u>87,337</u>	<u>(45,449)</u>	<u>270,199</u>	<u>(43,740)</u>
Other Comprehensive Income				
Change In Fair Value of Financial Asset	(191)	(22,968)	(191)	(22,824)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>87,146</u>	<u>(68,417)</u>	<u>270,008</u>	<u>(66,564)</u>
Profit/(Loss) per stock unit	5 0.21	(0.11)	0.65	(0.11)

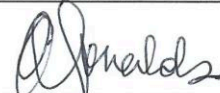
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Unaudited 31-Mar-20 J\$'000	Unaudited 31-Mar-19 J\$'000	Audited 30-Sep-19 J\$'000
NON-CURRENT ASSETS			
Financial Asset -Service Commission Rights	10,185,589	7,960,390	10,179,479
Motor Vehicle	2,704	-	3,016
Deferred Tax Asset	238,378	212,813	229,293
Other Asset	3,891	3,697	3,763
	10,430,563	8,176,900	10,415,551
CURRENT ASSETS			
Receivables	418,277	406,228	236,387
Taxation Recoverable	23,413	21,668	22,770
Short Term Deposits	261,069	255,951	259,250
Cash and Cash Equivalents	9,063	34,193	49,116
	711,823	718,040	567,523
	11,142,385	8,894,940	10,983,074
EQUITY AND LIABILITIES			
Share Capital	721,153	721,153	721,153
Fair Value Reserve	4,731,238	2,527,194	4,731,428
Retained Earnings	363,382	26,478	93,184
	5,815,773	3,274,825	5,545,765
NON-CURRENT LIABILITIES:			
Long Term Loans	4,005,290	4,727,568	4,306,749
Redeemable Preference Shares	172,643	172,642	172,642
	4,177,933	4,900,210	4,479,391
CURRENT LIABILITIES:			
Payables	602,306	719,905	607,203
Taxation	10,497	-	10,517
Current Portion of Long Term Loan	388,527	-	315,198
Short term Borrowing	147,350	-	25,000
	1,148,680	719,905	957,918
	11,142,385	8,894,940	10,983,074



IAN PARSARD
CHAIRMAN



SHARON DONALDSON-LEVINE
DIRECTOR

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

	SHARE CAPITAL <u>J\$'000</u>	FAIR VALUE RESERVE <u>J\$'000</u>	RETAINED EARNINGS <u>J\$'000</u>	TOTAL <u>J\$'000</u>
TOTAL COMPREHENSIVE INCOME				
Balance at 1 October 2018	721,153	2,550,018	70,218	3,341,387
(Loss)/ Profit for the period	-	-	(43,741)	(43,741)
Change in Fair Value of Financial Asset- Service Concession Rights	-	(22,824)	-	(22,824)
Balance at 31 March 2019	721,153	2,527,194	26,477	3,274,824
Net Profit	-	-	66,707	66,707
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	-	-	270,199	270,199
OTHER COMPREHENSIVE INCOME				
Change in fair value of financial assets	-	(191)	-	(191)
Balance at March 31, 2020	721,153	4,731,237	363,383	5,815,773

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2020

	Unaudited 31-Mar-20 J\$'000	Unaudited 31-Mar-19 J\$'000	Audited 30-Sep-19 J\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss)	270,199	(43,740)	22,968
Items not Affecting Cash Resources:	-	-	-
Effects of Foreign Exchange Gains	-	-	2,594
Deferred Taxation	(9,086)	(36,612)	(42,575)
Adjustment for IFRS 9 Retrospective Implementation	-	(11,045)	(11,048)
Interest Income	(3,590)	(4,893)	(9,258)
Interest Expense	130,154	133,480	280,531
Depreciation	312	-	104
	<u>387,989</u>	<u>37,190</u>	<u>254,364</u>
Changes in Operating Assets and Liabilities:			
Other Assets	(128)	(1,066)	(1,133)
Receivables	(181,128)	(50,903)	82,981
Taxation Recoverable	(643)	(1,240)	(2,344)
Payables	(14,100)	76,849	(13,756)
	<u>(195,997)</u>	<u>23,640</u>	<u>65,748</u>
Net cash provided by operating activities	191,992	60,830	320,112
CASH FLOW FROM INVESTING ACTIVITIES:			
Additions to Financial Asset - Service Concession Rights	(5,919)	(43,213)	(58,069)
Additions to Motor Vehicle	-	-	(3,120)
Short Term Deposits	(1,818)	83,773	78,356
Interest Received	2,424	4,953	9,414
Interest Paid	(120,952)	(131,121)	(275,454)
Net Cash Used in Investing Activities	(126,265)	(85,608)	(248,873)
CASH FLOW FROM FINANCING ACTIVITIES:			
Short Term Loans	195,679	18,553	150,531
Long Term Loans	(301,459)	109,998	-
Loan Repaid	-	(102,597)	(205,197)
Net Cash (Used in)/Provided by Financing Activities	<u>(105,780)</u>	<u>25,954</u>	<u>(54,666)</u>
Net (Decrease)/Increase in cash and cash equivalents	(40,053)	1,176	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	<u>9,063</u>	<u>34,195</u>	<u>49,116</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

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:

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.

An entity shall apply IFRS 16 to all leases, including leases of right-of-use assets in a sublease, except for Service Concession Arrangements within the scope of IFRIC 12 Service Concession.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain amounts recorded in these unaudited consolidated financial statements reflect estimates and assumptions made by management. Actual results may differ from the estimates and assumptions made. Interim results are not necessarily indicative of full year results.

6. EARNINGS 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 Mar 2020 <u>J\$</u> <u>000</u>	3 months ended 31 Mar 2019 <u>J\$</u> <u>000</u>	6 months ended 31 Mar 2020 <u>J\$</u> <u>000</u>	6 months ended 31 Mar 2019 <u>J\$</u> <u>000</u>
Net (Loss)/profit attributable to stockholder	87,337	(45,449)	270,199	(43,740)
Weighted average number of ordinary stock units ('000)	414,500	414,500	414,500	414,500
Earnings per stock unit	\$0.21	(\$0.11)	\$0.65	(\$0.10)



TIMELINE



138 STUDENT LIVING JAMAICA LIMITED

TEN LARGEST SHAREHOLDERS AS AT 31 MARCH 2020

SHAREHOLDER	NO. OF SHARES	TOTAL NO. OF SHARES	PERCENTAGE SHAREHOLDING
SAGICOR		167,736,187	40.47%
JCS D TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	15,000,000		
SAGICOR POOLED MORTGAGE & REAL ESTATE FUND	16,233,333		
JCS D TRUSTEE SERVICES LTD - SIGMA EQUITY	44,688,334		
SAGICOR POOLED EQUITY FUND	91,814,520		
NCB INSURANCE CO. LTD. A/C WT040		82,832,770	19.98%
K LIMITED		68,803,832	16.60%
BARITA INVESTMENTS		13,966,898	3.37%
BARITA INVESTMENTS LTD- LONG A/C (TRADING)	250		
BARITA UNIT TRUST MGMT. CO. LIMITED	1,400,100		
BARITA INVESTMENTS LIMITED	1,477,800		
JCS D 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%
CLAUDETTE COOKE		5,400,000	1.30%
JMMB PENSION FUND		3,773,734	0.91%
MF&G TRUST & FINANCE LTD A/C 57		3,761,300	0.91%
TOTAL		371,387,665	89.60%

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 MARCH 2020** are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 31 MARCH 2020

DIRECTORS	SHAREHOLDING	CONNECTED PARTIES	CONNECTED SHARES
IAN PARSARD	NIL	IAN PARSARD/ KAREN PARSARD	1,000,000
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 PARTIES	CONNECTED SHARES
CRANSTON EWAN	NIL		

COMPANY SECRETARY	SHAREHOLDING	CONNECTED PARTIES	CONNECTED SHARES
STEPHEN GREIG	NIL		