



UNAUDITED FINANCIAL STATEMENTS

NINE MONTHS | ENDED 30 JUNE 2020

138 STUDENT LIVING JAMAICA LIMITED

UNAUDITED FINANCIAL STATEMENTS

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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 2020.

Overview

For the nine-month period ending 30 June 2020, The Group recorded profit before taxation of \$385M and an after-tax profit of \$402M. This result continues to be positively impacted by: (i) effective management of operating costs (primarily utilities) and (ii) variation claims relating to Irvine Hall. The latter item includes a variation claim for the full year 2019 as well as a first, second and third quarter claims for the year 2020. Adjusting for the variation claims, the group recorded year-to-date profit amounting to \$171M.

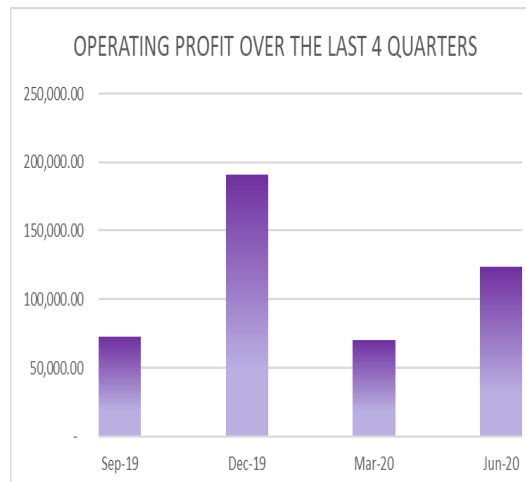
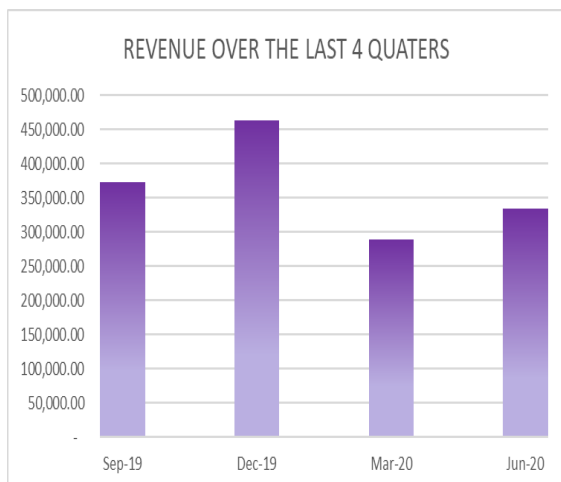
During the period under review, 138SL continued to operate 1,464 world-class rooms at its 4 locations on the UWI Mona Campus consisting of 1,692 beds. While the impact of the Covid-19 pandemic negatively impacted our business operations, we continue to see the positive impact of sustained measures that were previously implemented:

1. Effective execution of the Concession Agreements with our partner, the University of the West Indies (UWI).
2. Efficient Operations – We will continue to improve on our efficiencies in all areas of business operations.
3. Receivables and Credit Management- The increase in receivables for the period under review is primarily due to the Irvine Hall variation claims mentioned previously.

Financial Performance

Financial Results Highlights

	3 months ended 30 June 2020	3 months ended 30 June 2019	Q-O-Q CHANGE %	9 months ended 30 June 2020	9 months ended 30 June 2019	Y-T-D CHANGE %
	\$'000	\$'000		\$'000	\$'000	\$'000
Revenue	333,672	234,368	42	1,086,829	678,922	60
Expenses	149,064	173,893	14	506,638	560,981	10
Finance Costs	60,856	72,095	16	195,326	209,912	7
Operating Profit/(Loss) before taxation	123,752	(11,620)	1,165	384,865	(91,971)	518
Taxation	7,820	(5,067)	254	16,906	31,545	(46)
Net Profit/(Loss) after taxation	131,572	(16,687)	888	401,771	(60,426)	765



The above financial information reflects consistent revenue generation and profitability which provides the basis for a solid foundation and enables future growth.

Covid-19 Impact and Response

The Covid-19 pandemic has had a negative impact on our long-term occupancy revenues which saw occupancy before March 2020 of 99% falling to levels below 20%. This translates into a reduction in long-term rental revenue for the third quarter of approximately \$159M.

We placed significant priority on the health and safety of our employees and residents by implementing the following;

- I. work from home arrangements for our administration staff,
- II. established social distancing and other Covid-19 protocols,
- III. installed hand sanitizers on all Halls and implemented contactless thermometers checks at the security entrance of the Halls of Residence.
- IV. established enhanced cleaning and sanitization procedures.

The Management of 138SL took the necessary steps to align the business within the current realities. These actions include but are not limited to:

- I. Consolidation of accommodation to house the students who remained on campus, after the UWI issued a notice for local students to return to their homes, on one building of each of the halls of residence, thus reducing utilities and staff costs (primarily security and housekeeping which forms our largest staff classifications).
- II. Deferral of capital expenditure plans for the remainder of the financial year.
- III. Minimize maintenance activities to only essential services.
- IV. Seeking opportunities for new sources of revenue during the COVID-19 period by engaging the Government of Jamaica for the housing of repatriated Jamaican citizens during their Covid-19 quarantine period.


- V. Discussions held with our bankers and financiers to negotiate financing options to mitigate the impact of the Covid-19 pandemic on the business operation.

The University of the West Indies has communicated that face to face classes will resume on September 7, 2020 using a blended approach of online and face to face classes. As a result, 138SL will benefit from our core “long term stay” revenue stream commencing September 1, 2020.

For the upcoming school term, management will implement additional safety measures including but not limited to:

- I. Automated sanitization of common area spaces
- II. Mandatory wearing of mask
- III. Minimizing the number of persons allowed to congregate at any one place including in common areas and elevators
- IV. New and returning residents required to be quarantined for fourteen (14) days
- V. Temperature checks on each person at the gate and before entry to the Halls

We remain grateful to our employees who have made significant contribution and sacrifices during this very difficult period. Thanks to our business partners and to our stockholders for your continued confidence.



Ian Parsard
Chairman

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

NINE MONTHS | ENDED 30 JUNE 2020

	Note			
	3 months ended 30 June 2020 J\$'000	3 months ended 30 June 2019 J\$'000	9 months ended 30 June 2020 J\$'000	9 months ended 30 June 2019 J\$'000
REVENUE				
Income	262,916	223,014	996,506	651,164
Other Operating Income	70,757	11,354	90,324	27,758
	333,672	234,368	1,086,829	678,922
EXPENSES				
Administrative Expenses	149,064	173,893	506,638	560,981
PROFIT FROM OPERATIONS	184,609	60,475	580,192	117,941
Finance Costs	60,856	72,095	195,326	209,912
PROFIT/(LOSS) BEFORE TAXATION	123,753	(11,620)	384,866	(91,971)
Taxation	7,820	(5,067)	16,906	31,545
NET PROFIT/(LOSS) FOR THE PERIOD	131,572	(16,687)	401,771	(60,426)
Other Comprehensive Income				
Change In Fair Value of Financial Asset	191	-	191	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	131,763	(16,687)	401,962	(60,426)
Profit/(Loss) per stock unit	5	0.32	(0.04)	0.97
		(0.15)		

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Unaudited 30-Jun-20 J\$'000	Unaudited 30-Jun-19 J\$'000	Audited 30-Sep-19 J\$'000
NON-CURRENT ASSETS			
Financial Asset -Service Commission Rights	10,185,603	7,964,247	10,179,479
Motor Vehicle	2,548	-	3,016
Deferred Tax Asset	246,198	207,746	229,293
Other Asset	3,891	3,748	3,763
	10,438,240	8,175,741	10,415,551
CURRENT ASSETS			
Receivables	552,282	483,157	236,387
Taxation Recoverable	23,909	22,191	22,771
Short Term Deposits	206,906	257,633	259,250
Cash and Cash Equivalents	47,562	28,689	49,116
	830,661	791,670	567,524
	11,268,901	8,967,411	10,983,075
EQUITY AND LIABILITIES			
Share Capital	721,153	721,153	721,153
Fair Value Reserve	4,731,237	2,527,194	4,731,428
Retained Earnings	494,955	9,792	93,184
	5,947,345	3,258,139	5,545,765
NON-CURRENT LIABILITIES:			
Long Term Loans	4,157,822	4,720,272	4,306,749
Redeemable Preference Shares	172,643	172,643	172,643
	4,330,465	4,892,915	4,479,392
CURRENT LIABILITIES:			
Payables	629,677	816,357	607,203
Taxation	10,517	-	10,517
Current Portion of Long Term Loan	205,193	-	315,198
Short term Borrowing	145,704	-	25,000
	991,091	816,357	957,918
	11,268,901	8,967,411	10,983,075



IAN PARSARD
CHAIRMAN



SHARON DONALDSON-LEVINE
DIRECTOR

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 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>
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 Asset-	-	(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
Change in Fair Value of Financial Asset-	-	2,204,234	-	2,204,234
Profit for the Period	-	-	83,394	83,394
Balance at 30 September 2019	721,153	4,731,428	93,184	5,545,765
Change in Fair Value of Financial Asset-	-	(191)	-	(191)
Profit for the Period	-	-	401,771	401,771
Balance at June 30, 2020	721,153	4,731,237	494,955	5,947,345

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 JUNE 2020

	Unaudited 30-Jun-20 J\$'000	Unaudited 30-Jun-19 J\$'000	Audited 30-Sep-19 J\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss)	401,771	(60,427)	22,968
Items not Affecting Cash Resources:			
Effects of Foreign Exchange Gains	-	-	2,594
Deferred Taxation	(16,906)	(31,544)	(42,575)
Adjustment for IFRS 9 Retrospective Implementation	-	(11,045)	(11,048)
Interest Income	(5,136)	(7,006)	(9,258)
Interest Expense	188,864	203,323	280,531
Depreciation	468	-	104
	569,062	93,301	254,364
Changes in Operating Assets and Liabilities:			
Other Assets	(128)	(1,117)	(1,133)
Receivables	(324,087)	(137,914)	82,981
Taxation Recoverable	(1,139)	(1,763)	(2,344)
Payables	7,139	163,040	(13,756)
	(318,214)	22,246	65,748
Net cash provided by operating activities	250,848	115,547	320,112
CASH FLOW FROM INVESTING ACTIVITIES:			
Additions to Financial Asset - Service Concession Rights	(6,316)	(47,071)	(58,069)
Additions to Motor Vehicle	-	-	(3,120)
Short Term Deposits	52,344	82,091	78,356
Interest Received	4,130	7,043	9,414
Interest Paid	(164,333)	(180,598)	(275,454)
Net Cash Used in Investing Activities	(114,174)	(138,535)	(248,873)
CASH FLOW FROM FINANCING ACTIVITIES:			
Short Term Loans	(4,826)	17,060	150,531
Long Term Loans	(133,401)	134,998	-
Loan Repaid	-	(133,399)	(205,197)
Net Cash Provided by Financing Activities	(138,228)	18,659	(54,666)
Net increase in cash and cash equivalents	(1,554)	(4,331)	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	47,562	28,688	49,116

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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 Arrangements, accordingly IFRS 16 is not applicable to the company.

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 30 Jun 2020 <u>J\$</u> <u>000</u>	3 months ended 30 Jun 2019 <u>J\$</u> <u>000</u>	9 months ended 30 Jun 2020 <u>J\$</u> <u>000</u>	9 months ended 30 Jun 2019 <u>J\$</u> <u>000</u>
Net profit/(loss) attributable to stockholders	47,826	(16,687)	401,771	(60,426)
Weighted average number of ordinary stock units ('000)	414,500	414,500	414,500	414,500
Earnings per stock unit	\$0.32	(\$0.04)	\$0.97	(\$0.15)

138 STUDENT LIVING JAMAICA LIMITED

TEN LARGEST SHAREHOLDERS AS AT 30 JUNE 2020

SHAREHOLDER	NO. OF SHARES	TOTAL NO. OF SHARES	PERCENTAGE SHAREHOLDING
SAGICOR		167,686,187	40.46%
JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE	14,950,000		
SAGICOR POOLED MORTGAGE & REAL ESTATE FUND	16,233,333		
JCSD 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 FINANCE LIMITED	2,878,150		
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		7,776,241	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		374,335,554	89.59%

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 **30 JUNE 2020** are set out hereunder:

SHAREHOLDINGS OF DIRECTORS' & CONNECTED PARTIES AS AT 30 JUNE 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		