

138 STUDENT LIVING JAMAICA LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2024

138 STUDENT LIVING JAMAICA LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2024

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INDEPENDENT AUDITORS' REPORT

To the Members of
138 Student Living Jamaica Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of 138 Student Living Jamaica Limited and its subsidiary (the group) and the financial statements of 138 Student Living Jamaica Limited stand alone (the company) set out on pages 7 to 51, which comprise the group and the company's statement of financial position as at 30 September 2024, and the group and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 30 September 2024, and of the group's and the company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Key Audit Matters

Valuation of Financial Asset - Service Concession Rights Classified as Fair Value Through Other Comprehensive Income

see notes 3(i)(i) and 13 to the consolidated financial statements for management's related accounting policies and disclosures.

Financial asset - service concession rights is carried at fair value, based on triennial valuation by a professional qualified valuator and in the intervening periods by the directors. For the year ended 30 September 2024, the valuation was done by Allison Pitter and Company, with a resulting fair value of \$6.8B for 138 Student Living Jamaica Limited and \$2.2B for 138 SL Restoration Limited. The surplus or deficit is taken to other comprehensive income.

Allison Pitter and Company uses an investments approach via a discounted cash flow as its valuation methodology. The projected net income and a discounted cash flow of those likely net income are taken account of, along with various assumptions. The magnitude and materiality of this balance, the complexity of the models used, the use of management assumptions and the potential for misstatement from the use of inappropriate yields, caused us to focus on this balance.

How our audit addressed the Key Audit Matter

- We assessed the valuator valuation techniques by using our own internal valuation consultants, who examined the basis and assumptions and analysed the results in detail to assess reasonableness of the fair value amount obtained.
- We obtained an understanding of the nature of the work performed by management, the objective and the scope as well as understanding and assessing the methods and assumptions used thus determining the appropriateness of the valuation method used to estimate the fair value.
- We recalculated the amounts disclosed for fair value of the group's and the company's financial asset-service concession rights for mathematical accuracy.
- We further checked that the required disclosures were done in the financial statements, as well as the appropriateness of the reporting of the transactions.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Key Audit Matters (cont'd)

Expected credit losses in relation to financial assets.

See notes 3(i)(iii), 5(c)(ii) and 17 to the consolidated financial statements for management's related policies and disclosures.

The determination of expected credit losses (ECL) on financial assets is highly subjective and requires management to make significant judgement and estimates involving the application of a forward looking expected credit loss (ECL) impairment model, which takes into account reasonable and supportable forward looking information and will result in the earlier recognition of impairment provisions. The most significant impact of the implementation of the impairment model is on the provisioning policy for the group's trade receivables. The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.

How our audit addressed the Key Audit Matter

- The group's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the standard.
- We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data.
- We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management.
- We determined whether the default risk percentage was reasonably calculated and correctly applied to the relevant buckets of accounts receivable.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's and the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
138 Student Living Jamaica Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Balvin Vanriel.

A handwritten signature in dark ink, appearing to read 'BDO', is written over a horizontal dashed line.

Chartered Accountants

29 January 2025

138 STUDENT LIVING JAMAICA LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER

COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
REVENUE:			
Income	6	1,374,084	1,296,567
Other operating income	7	<u>155,423</u>	<u>97,374</u>
		1,529,507	1,393,941
EXPENSES:			
Administrative and other expenses	8	(804,990)	(671,192)
Impairment losses on financial assets	8	<u>(16,412)</u>	<u>(7,491)</u>
PROFIT FROM OPERATIONS		708,105	715,258
Finance costs	10	<u>(331,787)</u>	<u>(360,863)</u>
PROFIT BEFORE TAXATION		376,318	354,395
Taxation	11	<u>(31,519)</u>	<u>(11,394)</u>
NET PROFIT FOR THE YEAR		344,799	343,001
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified to profit or loss -			
Change in fair value of financial asset - service concession rights	13	<u>445,033</u>	<u>33,472</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>789,832</u>	<u>376,473</u>
EARNINGS PER STOCK UNIT	12	<u>\$ 0.66</u>	<u>\$ 0.83</u>

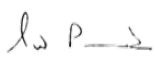
138 STUDENT LIVING JAMAICA LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Financial asset -service concession rights	13	9,000,000	8,509,828
Property, plant and equipment	14	-	520
Deferred tax assets	15	<u>165,362</u>	<u>185,152</u>
		<u>9,165,362</u>	<u>8,695,500</u>
CURRENT ASSETS:			
Receivables	17	1,077,991	1,115,622
Taxation recoverable		26,101	24,850
Cash and cash equivalents	18	<u>101,423</u>	<u>55,948</u>
		<u>1,205,515</u>	<u>1,196,420</u>
		<u>10,370,877</u>	<u>9,891,920</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY:			
Share capital	19	1,186,465	721,153
Fair value reserve	20	3,427,935	2,982,902
Retained earnings		<u>1,518,466</u>	<u>1,173,667</u>
		<u>6,132,866</u>	<u>4,877,722</u>
NON-CURRENT LIABILITIES:			
Long term loans	22	3,023,419	3,435,359
Redeemable preference shares	19	<u>172,642</u>	<u>172,642</u>
		<u>3,196,061</u>	<u>3,608,001</u>
CURRENT LIABILITIES:			
Payables	23	466,393	630,718
Taxation		14,713	20,610
Short term loans	24	125,000	319,025
Current portion of long term loans	22	<u>435,844</u>	<u>435,844</u>
		<u>1,041,950</u>	<u>1,406,197</u>
		<u>10,370,877</u>	<u>9,891,920</u>

Approved for issue by the Board of Directors on 28 January 2025 and signed on its behalf by:


 Ian Parsard Chairman


 Sharon Donaldson-Levine Director

138 STUDENT LIVING JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>Share Capital \$'000</u>	<u>Fair Value Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 30 SEPTEMBER 2022		<u>721,153</u>	<u>2,949,430</u>	<u>884,551</u>	<u>4,555,134</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	343,001	343,001
OTHER COMPREHENSIVE INCOME					
Change in fair value of financial asset - service concession rights		<u>-</u>	<u>33,472</u>	<u>-</u>	<u>33,472</u>
		<u>-</u>	<u>33,472</u>	<u>343,001</u>	<u>376,473</u>
TRANSACTIONS WITH OWNERS					
Dividends	28	<u>-</u>	<u>-</u>	<u>(53,885)</u>	<u>(53,885)</u>
BALANCE AT 30 SEPTEMBER 2023		<u>721,153</u>	<u>2,982,902</u>	<u>1,173,667</u>	<u>4,877,722</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	344,799	344,799
OTHER COMPREHENSIVE INCOME					
Change in fair value of financial asset - service concession rights		<u>-</u>	<u>445,033</u>	<u>-</u>	<u>445,033</u>
		<u>-</u>	<u>445,033</u>	<u>344,799</u>	<u>789,832</u>
TRANSACTIONS WITH OWNERS					
Issue of additional shares	19	<u>465,312</u>	<u>-</u>	<u>-</u>	<u>465,312</u>
BALANCE AT 30 SEPTEMBER 2024		<u>1,186,465</u>	<u>3,427,935</u>	<u>1,518,466</u>	<u>6,132,866</u>

138 STUDENT LIVING JAMAICA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		344,799	343,001
Items not affecting cash resources:			
Effect of foreign exchange (gain)/loss		(4,161)	2,938
Taxation	11	31,519	11,394
Interest income	7	(106,242)	(57,643)
Interest expense	10	331,787	360,863
Depreciation	8	520	597
Gain on disposal of financial assets	8	(3)	-
Adjustment to financial assets	13	<u>240</u>	<u>-</u>
		598,459	661,150
Changes in operating assets and liabilities:			
Receivables		(12,109)	(191,857)
Taxation recoverable		(1,251)	(83)
Payables		<u>(34,220)</u>	<u>139,647</u>
		550,879	608,857
Taxation paid		<u>(17,626)</u>	<u>(8,615)</u>
Cash provided by operating activities		<u>533,253</u>	<u>600,242</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Financial asset - service concession rights	13	(45,379)	(33,645)
Interest received		6,929	1,079
Proceeds from disposal of financial assets		<u>3</u>	<u>-</u>
Cash used in investing activities		<u>(38,447)</u>	<u>(32,566)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(312,839)	(367,808)
Loans received	18(b)	125,000	100,000
Loans repaid		(730,965)	(357,541)
Share capital issued	19	465,312	-
Dividends paid	28	<u>-</u>	<u>(53,885)</u>
Cash used in financing activities		<u>(453,492)</u>	<u>(679,234)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		41,314	(111,558)
Exchange effect on foreign cash balance		4,161	(2,938)
Cash and cash equivalents at beginning of year		<u>55,948</u>	<u>170,444</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	<u>101,423</u>	<u>55,948</u>

138 STUDENT LIVING JAMAICA LIMITED

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
REVENUE:			
Income	6	845,096	821,097
Other operating income	7	<u>166,163</u>	<u>94,786</u>
		1,011,259	915,883
EXPENSES:			
Administrative and other expenses	8	(621,534)	(512,974)
Impairment losses on financial assets	8	<u>(6,463)</u>	<u>(4,538)</u>
PROFIT FROM OPERATIONS		383,262	398,371
Finance costs	10	<u>(230,754)</u>	<u>(249,094)</u>
PROFIT BEFORE TAXATION		152,508	149,277
Taxation	11	<u>12,985</u>	<u>8,970</u>
NET PROFIT FOR THE YEAR		165,493	158,247
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified to profit or loss -			
Change in fair value of financial asset - service concession rights	13	<u>(276,293)</u>	<u>(69,621)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(110,800)</u>	<u>88,626</u>
EARNINGS PER STOCK UNIT		<u>\$ 0.32</u>	<u>\$ 0.38</u>

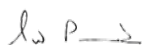
138 STUDENT LIVING JAMAICA LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
ASSETS			
NON-CURRENT ASSETS:			
Financial asset - service concession rights	13	6,800,000	7,037,180
Property, plant and equipment	14	-	520
Deferred tax assets	15	144,390	131,405
Investment in subsidiary	16	<u>466,000</u>	<u>466,000</u>
		<u>7,410,390</u>	<u>7,635,105</u>
CURRENT ASSETS:			
Receivables	17	713,817	754,910
Taxation recoverable		24,005	22,760
Cash and cash equivalents	18	<u>88,642</u>	<u>43,445</u>
		<u>826,464</u>	<u>821,115</u>
		<u>8,236,854</u>	<u>8,456,220</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	19	1,186,465	721,153
Fair value reserve	20	2,877,250	3,153,543
Other reserve	21	466,000	466,000
Retained earnings		<u>768,142</u>	<u>602,649</u>
		<u>5,297,857</u>	<u>4,943,345</u>
NON-CURRENT LIABILITIES:			
Long term loans	22	2,034,913	2,309,083
Redeemable preference shares	19	<u>172,642</u>	<u>172,642</u>
		<u>2,207,555</u>	<u>2,481,725</u>
CURRENT LIABILITIES:			
Payables	23	332,202	437,885
Short term loans	24	125,000	319,025
Current portion of long term loans	22	<u>274,240</u>	<u>274,240</u>
		<u>731,442</u>	<u>1,031,150</u>
		<u>8,236,854</u>	<u>8,456,220</u>

Approved for issue by the Board of Directors on 28 January 2025 and signed on its behalf by:


 Ian Parsard Chairman


 Sharon Donaldson-Levine Director

138 STUDENT LIVING JAMAICA LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>Share Capital \$'000</u>	<u>Fair Value Reserve \$'000</u>	<u>Other Reserve \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
BALANCE AT 30 SEPTEMBER 2022		<u>721,153</u>	<u>3,223,164</u>	<u>466,000</u>	<u>498,287</u>	<u>4,908,604</u>
TOTAL COMPREHENSIVE INCOME						
Net profit		-	-	-	158,247	158,247
OTHER COMPREHENSIVE INCOME						
Change in fair value of financial asset - service concession rights		<u>-</u>	<u>(69,621)</u>	<u>-</u>	<u>-</u>	<u>(69,621)</u>
		<u>-</u>	<u>(69,621)</u>	<u>-</u>	<u>158,247</u>	<u>88,626</u>
TRANSACTIONS WITH OWNERS						
Dividends	28	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,885)</u>	<u>(53,885)</u>
BALANCE AT 30 SEPTEMBER 2023		<u>721,153</u>	<u>3,153,543</u>	<u>466,000</u>	<u>602,649</u>	<u>4,943,345</u>
TOTAL COMPREHENSIVE INCOME						
Net profit		-	-	-	165,493	165,493
OTHER COMPREHENSIVE INCOME						
Change in fair value of financial asset - service concession rights		<u>-</u>	<u>(276,293)</u>	<u>-</u>	<u>-</u>	<u>(276,293)</u>
		<u>-</u>	<u>(276,293)</u>	<u>-</u>	<u>165,493</u>	<u>(110,800)</u>
TRANSACTIONS WITH OWNERS						
Issue of additional ordinary shares	19	<u>465,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465,312</u>
BALANCE AT 30 SEPTEMBER 2024		<u>1,186,465</u>	<u>2,877,250</u>	<u>466,000</u>	<u>768,142</u>	<u>5,297,857</u>

138 STUDENT LIVING JAMAICA LIMITED

COMPANY STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2024

	<u>Note</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		165,493	158,247
Items not affecting cash resources:			
Effect of foreign exchange loss		(3,460)	1,827
Deferred taxation	11	(12,985)	(8,970)
Interest income	7	(48,714)	(24,398)
Depreciation	8	520	597
Interest expense	10	230,754	249,094
Adjustment to financial assets	13	240	-
Gain on disposal of financial assets	8	(3)	-
		331,845	376,397
Changes in operating assets and liabilities:			
Receivables		82,909	(78,719)
Taxation recoverable		(1,245)	(52)
Payables		(125,328)	70,717
Cash provided by operating activities		<u>288,181</u>	<u>368,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		6,898	602
Financial asset - service concession rights	13	(39,353)	(27,100)
Proceeds from disposal of financial assets		<u>3</u>	<u>-</u>
Cash used in investing activities		<u>(32,452)</u>	<u>(26,498)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(211,109)	(255,297)
Loan received	18(b)	125,000	100,000
Loan repaid	18(b)	(593,195)	(224,421)
Share capital issued	19	465,312	-
Dividends paid	28	<u>-</u>	<u>(53,885)</u>
Cash used in financing activities		<u>(213,992)</u>	<u>(433,603)</u>
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		41,737	(91,758)
Exchange effect on foreign cash balance		3,460	(1,827)
Cash and cash equivalents at beginning of year		<u>43,445</u>	<u>137,030</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	<u>88,642</u>	<u>43,445</u>

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) 138 Student Living Jamaica Limited (138 SL) is a limited liability company. The company is incorporated and domiciled in Jamaica. The registered office of the company is located at 2 Castries Drive, University of the West Indies, Mona Campus, Kingston 7, St. Andrew.

The company, 138 SL, is a publicly listed company on the Jamaica Stock Exchange.

- (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 (UWI).

The terms of the Concession Agreement requires the company to design, finance, construct and operate 1,584 units of student accommodation in 3 development phases in not more than 48 months.

This agreement was initially established between K Limited and the University of the West Indies on 3 July 2014. In a Deed of Novation between University of the West Indies, K Limited and 138 Student Living Jamaica Limited dated 13 November 2014, the rights and obligations set out in the Concession Agreement were transferred to 138 Student Living Jamaica Limited.

- (c) The company has a 100% subsidiary, 138 SL Restoration Limited, a limited liability company, incorporated and domiciled in Jamaica and which has a 30 years Concession Agreement and may be extended for a further five (5) years. The concession was granted by the University of the West Indies, Mona, for the restoration and reconstruction of certain traditional Halls up to 722 units.

The company and its subsidiary are referred to as “the Group”.

2. REPORTING CURRENCY:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates (‘the functional currency’). These financial statements are presented in Jamaican dollars, which is considered the group’s functional and presentation currency.

3. MATERIAL ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated. Where necessary, prior year comparatives have been reclassified to conform to current year presentation.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards), and have been prepared under the historical cost convention as modified by the revaluation of financial asset services concession rights. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has adopted what it considers relevant to its operations.

Amendment to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2023). This amendment requires entities to disclose their material rather than their significant accounting policies. The amendment defines what is 'material accounting policy information' and explains how to identify when accounting policy information is material. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, but, if disclosed, should not obscure material accounting information. **IFRS Practice Statement 2, 'Making Materiality Judgements'** was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements', Practice Statement 2 and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2023). The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to IAS 12, 'Income Taxes', (effective for accounting periods beginning on or after 1 January 2023). The main change in deferred tax related to assets and liabilities from a single transaction is an exemption from the initial recognition exemption provided in IAS 12.15 and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The adoption of the above amendments to standards did not have any impact on the group's financial statements.

New standards, amendments and interpretations not yet effective and not early adopted

The following new standard, amendments and interpretation which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

IFRS 18, 'Presentation and Disclosure in Financial Statements', (effective for accounting periods beginning on or after 1 January 2027). This new standard replaces IAS 1. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. These include:

- The requirement to classify all income and expense into specific categories and provide specified totals and subtotals in the statement of profit or loss.
- Enhanced guidance on the aggregation, location and labelling of items across the primary financial statements and the notes.
- Mandatory disclosure about management-defined performance measures (a subset of alternative performance measures).

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements', Practice Statement 2 and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2024). The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities, (effective for accounting periods beginning on or after 1 January 2024). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendments to IAS 16 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2024). The amendment changes the accounting for proceeds from sale of items produced before a PPE is available for use. Previously, IAS 16 requires the proceeds from selling items before intended use to be offset against the cost of PPE. Under the amendments these proceeds are to be included the statement of profit or loss and should not be deducted from the cost of the PPE.

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

The group does not expect any other standards or amendments to standards issued by the IASB, but not yet effective, to have a material effect on its financial position.

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(b) Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements presents the results of the company and its subsidiary ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

(c) Foreign currency translation

Foreign currency transactions pertaining to rental income were accounted for at a fixed exchange rate as agreed by the University and management.

All other foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(d) Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(e) Property, plant and equipment

Items of property, plant and equipment are recorded at historical, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(e) Property, plant and equipment (cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Expected useful life of property, plant and equipment is as follows:

Motor vehicles	5 years
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Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining surplus or deficit.

(f) Impairment of non-current assets

Other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(g) Current and deferred income taxes

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(g) Current and deferred income taxes (cont'd)

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(h) Revenue recognition

Revenue comprises long and short term rental income and income generated from the sub letting of space to provide services for the benefit of the hall. The company recognises revenue at a point in time when the dormitory accommodation has been utilised as per rental agreement.

Revenue from the provision of rental services is measured at the fair value of the consideration received or receivable.

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

(i) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Recognition

Regular purchases and sales of financial assets classified as fair value through other comprehensive income are recognized on the trade-date - the date on which the group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(i) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Classification and measurement

The group classifies all its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The group classifies its financial assets as those measured at amortised cost and fair value through other comprehensive income.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The group's financial assets measured at amortised cost comprise trade and other receivables, short term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturities of three months or less.

Fair value through other comprehensive income (FVOCI)

The group has made an irrevocable election to classify its investments at fair value through other comprehensive income rather than through profit or loss as the group considers this measurement to be the most representative of the business model for those assets. They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Upon disposal any balance within fair value reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The group's financial asset measured at fair value through other comprehensive income is financial asset - service concession rights derived from service concession agreements and is not quoted in an active market.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(i) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Classification and measurement (cont'd)

Fair value through other comprehensive income (FVOCI) (cont'd)

The terms of the concession agreements requires the company to design, finance, construct and operate 2,306 units for student accommodation. Under the first Concession Agreement UWI has guaranteed a minimum of 90% occupancy of available rooms in any 51 weeks period for as long as the Concession Agreement is in place, which is currently estimated to be a minimum of thirty (30) years and a maximum of sixty-five (65) years.

Under the second Concession Agreement UWI has guaranteed a minimum of 90% occupancy of available rooms for 38 weeks and 51 weeks for 650 rooms and 72 rooms of the 722 rooms respectively, to be developed under this concession for as long as the Concession Agreement is in place, which is currently estimated to be thirty (30) years to a maximum of thirty- five (35) years.

Under both concessions, the units will be returned to UWI at the end of the term of the sub-lease free of cost. The duration of the lease is equal to the duration of the Concession Agreement.

Financial asset - service concession rights is carried at fair value, based on triennial valuations by a professionally qualified valuer and the intervening periods by the directors. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve.

(iii) Impairment

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(i) Financial instruments (cont'd)

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: trade payables, redeemable preference shares and long and short term loans.

The group derecognises a financial liability when its contractual obligation expire or are discharged or cancelled.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

(k) Investment in subsidiary

Investment in subsidiary is stated at cost.

(l) Preference shares

Preference shares are classified as a liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in the profit or loss. The group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative and not at the discretion of the directors. Accordingly, they are presented as financial liability.

(m) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in profit or loss over the period of the borrowings.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(m) Borrowings and borrowing costs (cont'd)

Investment income earned on the temporary investment of qualifying assets is deducted from borrowing costs eligible for capitalisation.

(o) Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the group's shareholders. In the case of interim dividends, this is recognised when declared by the directors.

(p) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and meet expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. The CODM has been identified as The Board of Directors in particular the executive members, who make strategic decisions.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

(q) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity" in this case the company).

(a) A person or a close member of that person's family is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

3. MATERIAL ACCOUNTING POLICIES (CONT'D):

(q) Related parties (cont'd)

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

(c) A related party transaction is a transfer of resources, services or obligations between a related parties, regardless of whether a price is charged.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the group's accounting policies

In the process of applying the group's accounting policies relating to recognition of the obligation of the University of the West Indies (UWI), as Grantor, in respect of its guarantee of 90% occupancy of the housing unit provided under the Concession Agreement, management has sought legal opinion on whether occupancy by groups and students other than 'Students' as defined in the Concession Agreement, ought to be included in measuring the extent to which the occupancy guarantee has been satisfied.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(a) Critical judgements in applying the group's accounting policies (cont'd)

The legal opinion indicates that groups and students not included in the definition of 'Students' and which were sourced by the group independently of UWI should not be included in the calculation. Management has proceeded in recognizing revenue related to the 90% occupancy guarantee on that basis.

(b) Key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Fair value estimation

Certain assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique are.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(i) Fair value estimation (cont'd)

Transfers of items between levels are recognised in the period they occur.

The group measures financial instruments at fair value -

The fair value of financial instruments that are not traded in an active market are deemed to be determined as follows:

- (i) The face value, less any estimated credit adjustment, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables, payables, redeemable preference shares and short term loan.
- (ii) The carrying value for financial asset - service concession rights is based on fair value using a revenue base approach.

The carrying value of long term liabilities approximates their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(ii) Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact income tax and deferred tax provisions in the period in which such determination is made.

(iii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Significant judgement is also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

138 STUDENT LIVING JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(iv) Financial asset-service concession rights

Financial asset-service concession rights is carried in the statement of financial position at market value. The group uses independent qualified appraisers to value the financial asset-service concession rights triennially, and the intervening periods by the directors. The valuation approach takes into consideration various assumptions and factors including; the level of current and future occupancy rent rates, a discount rate and inflation rate. A change in any of these assumptions and factors could have a significant impact on the valuation of the financial asset-service concession rights.

5. FINANCIAL RISK MANAGEMENT:

The group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the group and the methods used to measure them.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and cash equivalents
- Payables
- Short term loans
- Long term loans
- Redeemable preference shares
- Financial asset - service concession rights

138 STUDENT LIVING JAMAICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category

Financial assets

	<u>The Group</u>		<u>The Company</u>	
	<u>Amortised Cost</u>		<u>Amortised Cost</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Receivables	992,568	1,058,679	628,607	723,020
Cash and cash equivalents	<u>101,423</u>	<u>55,948</u>	<u>88,642</u>	<u>43,445</u>
	<u>1,093,991</u>	<u>1,114,627</u>	<u>717,249</u>	<u>766,465</u>

	<u>The Group</u>		<u>The Company</u>	
	<u>Fair value through other comprehensive income</u>		<u>Fair value through other comprehensive income</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial asset - service concession rights	<u>9,000,000</u>	<u>8,509,828</u>	<u>6,800,000</u>	<u>7,037,180</u>
Total financial assets	<u>10,093,991</u>	<u>9,624,455</u>	<u>7,517,249</u>	<u>7,803,645</u>

Financial liabilities

	<u>The Group</u>		<u>The Company</u>	
	<u>Amortised Cost</u>		<u>Amortised Cost</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Payables	109,970	318,984	49,356	190,768
Long and short term loans	3,584,263	4,190,228	2,434,153	2,902,348
Redeemable preference shares	<u>172,642</u>	<u>172,642</u>	<u>172,642</u>	<u>172,642</u>
Total financial liabilities	<u>3,866,875</u>	<u>4,681,854</u>	<u>2,656,151</u>	<u>3,265,758</u>

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NOTES TO THE FINANCIAL STATEMENTS

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors

The Board of Directors has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US\$ foreign currency cash and cash equivalents. The group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The table below summarises the exposure to Jamaican dollar equivalents foreign currency risk at 30 September.

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At 30 September				
Financial assets:				
Cash and cash equivalents	<u>39,747</u>	<u>33,906</u>	<u>34,841</u>	<u>29,633</u>
Total financial assets	<u>39,747</u>	<u>33,906</u>	<u>34,841</u>	<u>29,633</u>

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and short term deposits accounts adjusts their translation at the year-end for 4% (2023 - 4%) depreciation and a 1% (2023 - 1%) appreciation of the Jamaican dollar against the various currencies. The changes below would have no impact on other components of equity.

The Group

<u>Currency</u>	<u>% Change in Currency Rate 2024</u>	<u>Effect on Profit before Taxation 2024 \$'000</u>	<u>% Change in Currency Rate 2023</u>	<u>Effect on Profit before Taxation 2023 \$'000</u>
USD	+1	(397)	+1	(339)
USD	<u>-4</u>	<u>1,590</u>	<u>-4</u>	<u>1,356</u>

The Company

<u>Currency</u>	<u>% Change in Currency Rate 2024</u>	<u>Effect on Profit before Taxation 2024 \$'000</u>	<u>% Change in Currency Rate 2023</u>	<u>Effect on Profit before Taxation 2023 \$'000</u>
USD	+1	(348)	+1	(296)
USD	<u>-4</u>	<u>1,394</u>	<u>-4</u>	<u>1,185</u>
Price risk				

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group is not exposed to this risk and as such, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the group to cash flow interest rate risk, whereas fixed rate instruments expose the group to fair value interest rate risk.

The group's short term deposits are due to mature within 12 months of the reporting date, while the group's long term loan are repriced within 6 months of the reporting date.

Interest rate sensitivity

There is a significant exposure to interest rate risk on long term loan within the short term. A 0.25% decrease/1% increase in interest rates on Jamaican dollar loans would result in a \$35,843,000 decrease/\$8,961,000 increase in the group profit before tax and \$6,086,000 increase/\$24,342,000 decrease in the profit before tax for the company. A 0.5% increase/0.25% decrease in 2023 would result in - \$20,941,000 decrease/\$10,476,000 increase in the group profit before tax and - \$14,512,000 decrease/\$7,256,000 increase in the profit before tax for the company.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, short term deposits and bank balances.

Receivables

Revenue transactions in respect of the group's primary operations are settled in cash. For its operations done on a credit basis, the group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of receivables, short term deposits and cash and bank balances in the statement of financial position.

Expected credit losses on trade receivables

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The trade receivables were analyzed in compliance with IFRS 9 and the amount presented in the financial statements appears reasonable and in compliance with the required standard.

The group estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables as at 30 September.

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NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Expected credit losses on trade receivables (cont'd)

30 September 2024

<u>The Group</u>			
<u>Aging</u>	<u>Gross Carrying Amount \$'000</u>	<u>Expected Loss Rate %</u>	<u>ECL Allowance \$'000</u>
0-30 days	15,011	1.00	150
31-60 days	2,453	4.19	105
61-90 days	347	3.82	10
Over 90 days	<u>33,651</u>	21.35	<u>7,192</u>
	51,462		7,457
UWI Interest Income	155,820	4.51	6,480
Occupancy Guarantee	187,144	6.51	12,184
UWI Mona - other	<u>701,932</u>	3.00	<u>20,335</u>
	<u>1,096,358</u>		<u>46,456</u>

30 September 2023

<u>The Group</u>			
<u>Aging</u>	<u>Gross Carrying Amount \$'000</u>	<u>Expected Loss Rate %</u>	<u>ECL Allowance \$'000</u>
0-30 days	13,897	1.00	139
31-60 days	3,728	3.27	122
61-90 days	586	11.09	65
Over 90 days	<u>29,695</u>	21.98	<u>6,529</u>
	47,906		6,855
UWI Mona -			
UWI Interest Income	56,564	4.99	2,822
Occupancy Guarantee	413,568	2.16	8,972
UWI Mona - other	<u>597,651</u>	2.44	<u>14,566</u>
	<u>1,115,689</u>		<u>33,215</u>

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NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Expected credit losses on trade receivables (cont'd)

Movements in the impairment allowance for trade receivables are as follows:

	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
At 1 October	33,215	33,100
Reversal of provision	-	60
Receivables written off during the year as uncollectible	(1,225)	(4,884)
Provision for expected credit losses	14,290	4,939
Other provision	<u>176</u>	<u>-</u>
At 30 September	<u>46,456</u>	<u>33,215</u>

30 September 2024

The Company

<u>Aging</u>	<u>Gross</u> <u>Carrying Amount</u> <u>\$'000</u>	<u>Expected</u> <u>Loss Rate</u> <u>%</u>	<u>ECL Allowance</u> <u>\$'000</u>
0-30 days	12,721	1.00	127
31-60 days	1,639	4.26	70
61-90 days	47	4.55	2
Over 90 days	<u>20,791</u>	20.90	<u>4,346</u>
	35,198		4,545
UWI Mona -			
UWI Interest Income	65,555	3.00	1,967
Occupancy Guarantee	<u>187,144</u>	6.51	<u>12,183</u>
	<u>287,897</u>		<u>18,695</u>

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NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Expected credit losses on trade receivables (cont'd)

30 September 2023

<u>The Company</u>			
<u>Aging</u>	<u>Gross Carrying Amount \$'000</u>	<u>Expected Loss Rate %</u>	<u>ECL Allowance \$'000</u>
0-30 days	10,578	1.00	106
31-60 days	1,993	4.18	83
61-90 days	542	4.44	24
Over 90 days	<u>19,445</u>	17.26	<u>4,161</u>
	32,558		4,374
90% Occupancy Guarantee	<u>437,364</u>	2.33	<u>10,215</u>
	<u>469,922</u>		<u>14,589</u>

Movements in the impairment allowance for trade receivables are as follows:

	<u>2024 \$'000</u>	<u>2023 \$'000</u>
At 1 October	14,589	15,997
Receivables written off during the year as uncollectible	(270)	(4,572)
Provision for expected credit losses	<u>4,376</u>	<u>3,164</u>
At 30 September	<u>18,695</u>	<u>14,589</u>

(iii) Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis.
- (ii) Maintaining a portfolio of short term deposits balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the group's financial liabilities, based on contractual undiscounted payments, is as follows:

	The Group			
	Within 1 Year \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
30 September 2024				
Payables	109,970	-	-	109,970
Long term loans	699,292	2,769,219	1,005,552	4,474,063
Redeemable preference Shares	37,405	29,924	511,908	579,237
Short term loans	<u>134,329</u>	<u>-</u>	<u>-</u>	<u>134,329</u>
Total financial liabilities (contractual maturity dates)	<u><u>980,996</u></u>	<u><u>2,799,143</u></u>	<u><u>1,517,460</u></u>	<u><u>5,297,599</u></u>
30 September 2023				
Payables	318,984	-	-	318,984
Long term loans	733,656	3,124,345	1,325,884	5,183,885
Redeemable preference shares	29,924	29,924	519,389	579,237
Short term loans	<u>337,112</u>	<u>-</u>	<u>-</u>	<u>337,112</u>
Total financial liabilities (contractual maturity dates)	<u><u>1,419,676</u></u>	<u><u>3,154,269</u></u>	<u><u>1,845,273</u></u>	<u><u>6,419,218</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

	The Company			
	Within 1 Year \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
30 September 2024				
Payables	49,356	-	-	49,356
Long term loans	449,772	1,778,056	766,784	2,994,612
Redeemable preference shares	37,405	29,924	511,908	579,237
Short term loans	<u>134,329</u>	<u>-</u>	<u>-</u>	<u>134,329</u>
Total financial liabilities (contractual maturity dates)	<u><u>670,862</u></u>	<u><u>1,807,980</u></u>	<u><u>1,278,692</u></u>	<u><u>3,757,534</u></u>
30 September 2023				
Payables	190,768	-	-	190,768
Long term loans	471,146	1,943,698	1,050,914	3,465,758
Redeemable preference shares	29,924	29,924	519,389	579,237
Short term loans	<u>337,112</u>	<u>-</u>	<u>-</u>	<u>337,112</u>
Total financial liabilities (contractual maturity dates)	<u><u>1,028,950</u></u>	<u><u>1,973,622</u></u>	<u><u>1,570,303</u></u>	<u><u>4,572,875</u></u>

(d) Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the group is subject.

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2024

6. INCOME:

Income represents revenue from the rental of dormitory accommodations. Long term rentals represents 91% (2023: 90%) of the group's revenue and 99% (2023: 94%) of the company's revenue. Short term rental represents 9% (2023: 10%) of the group's revenue and 1% (2023: 6%) of the company's revenue.

7. OTHER OPERATING INCOME:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	106,242	57,643	48,714	24,398
Other income	<u>49,181</u>	<u>39,731</u>	<u>117,449</u>	<u>70,388</u>
	<u>155,423</u>	<u>97,374</u>	<u>166,163</u>	<u>94,786</u>

8. EXPENSES BY NATURE:

Total administrative and other expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Staff costs (note 9)	235,568	205,908	211,038	187,801
Gain on disposal	(3)	-	(3)	-
Advertising	1,774	1,949	1,551	1,792
Security services	269	583	269	583
Land lease	85,161	83,559	58,828	59,144
Cleaning	1,150	1,327	679	949
Audit fees	8,742	8,021	5,488	5,016
Legal and professional fees	14,289	10,491	14,260	10,337
Directors' fees	8,640	6,620	8,640	6,620
Trustee fees	7,527	7,910	4,241	4,686
Bank charges	17,384	15,816	13,106	12,047
Repairs and maintenance	40,483	38,978	25,863	31,183
Stationery and office supplies	3,690	3,770	3,690	3,770
Short term rental meals, travelling and entertainment	-	11,100	-	7,046
Computer software	7,435	7,491	7,435	7,491
Utilities	196,967	140,653	144,152	92,280
Insurance	37,534	20,816	26,021	14,467
Telephone, internet and cable	107,029	80,018	73,801	46,556
Foreign exchange (gain)/loss	3,891	2,938	3,402	1,827
Other operating expenses	24,379	20,459	15,992	16,594
Motor vehicle expenses	2,561	2,188	2,561	2,188
Depreciation	<u>520</u>	<u>597</u>	<u>520</u>	<u>597</u>
	<u>804,990</u>	<u>671,192</u>	<u>621,534</u>	<u>512,974</u>
Impairment losses on financial assets-				
Financial assets	631	1,154	596	974
Trade receivables	<u>15,781</u>	<u>6,337</u>	<u>5,867</u>	<u>3,564</u>
	<u>16,412</u>	<u>7,491</u>	<u>6,463</u>	<u>4,538</u>

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	189,018	166,203	164,497	148,149
Statutory deductions	22,407	19,691	22,407	19,691
Staff benefits	24,143	20,014	24,134	19,961
	<u>235,568</u>	<u>205,908</u>	<u>211,038</u>	<u>187,801</u>

The average number of persons employed by the group during the year was 110 (2023 - 112).

10. FINANCE COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest expense	<u>331,787</u>	<u>360,863</u>	<u>230,754</u>	<u>249,094</u>

11. TAXATION EXPENSE:

(a) Taxation for the year comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current year expense	14,713	15,903	-	-
Over provision of income tax	(2,984)	-	-	-
Deferred taxation (note 15)	<u>19,790</u>	<u>(4,509)</u>	<u>(12,985)</u>	<u>(8,970)</u>
Taxation charge/(credit) in income statement	<u>31,519</u>	<u>11,394</u>	<u>(12,985)</u>	<u>(8,970)</u>

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NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2024

11. TAXATION EXPENSE (CONT'D):

- (b) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before taxation	<u>376,318</u>	<u>354,395</u>	<u>152,508</u>	<u>149,277</u>
Tax calculated @ 25%	94,080	88,599	38,127	37,319
Adjusted for the effects of: Items not deducted for tax purposes	49,209	30,522	31,689	23,449
Net effect of other charges and allowances	<u>(111,770)</u>	<u>(107,727)</u>	<u>(82,801)</u>	<u>(69,738)</u>
Taxation charge/(credit) in income statement	<u>31,519</u>	<u>11,394</u>	<u>(12,985)</u>	<u>(8,970)</u>

- (c) Subject to agreement with the Commissioner General, Tax Administration Jamaica, the company has tax losses of \$536,142,000 (2023 - \$526,589,000) and the group has tax losses of \$638,827,000 (2023 - \$686,871,000) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of these losses.

12. EARNINGS PER STOCK UNIT:

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at year end which amounted to 521,952,000 (2023 - 414,500,000).

	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Net profit attributable to stockholders	<u>344,799</u>	<u>343,001</u>
Earnings per stock unit	<u>\$ 0.66</u>	<u>\$ 0.83</u>

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NOTES TO THE FINANCIAL STATEMENTS

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13. FINANCIAL ASSET - SERVICE CONCESSION RIGHTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At cost	5,526,926	5,493,281	3,883,637	3,856,537
Addition	45,379	33,645	39,353	27,100
Adjustment	(240)	-	(240)	-
	<u>5,572,065</u>	<u>5,526,926</u>	<u>3,922,750</u>	<u>3,883,637</u>
Fair value movement				
1 October	2,982,902	2,949,430	3,153,543	3,223,164
Amount recognised in other comprehensive income	<u>445,033</u>	<u>33,472</u>	<u>(276,293)</u>	<u>(69,621)</u>
30 September	<u>3,427,935</u>	<u>2,982,902</u>	<u>2,877,250</u>	<u>3,153,543</u>
Amount recognised in the statement of financial position	<u>9,000,000</u>	<u>8,509,828</u>	<u>6,800,000</u>	<u>7,037,180</u>

(a) The properties are professionally valued every three years and by directors in the intervening years. The resulting valuations at 30 September 2024 were fair valued at \$6.8B for 138 Student Living Limited and \$2.2B for 138 SL Restoration Limited. The surplus or deficit arising was taken to other comprehensive income.

(b) The valuation methodology employed for the assessment of the fair value of the subject is an investment approach via a discounted cash flow where the following are undertaken:

Firstly, a projection of net income over the proposed periods of the Concession Agreements to determine the likely termination dates of these Agreements - as per the achievements of a net IRR's on which they are predicated, is undertaken; and

Secondly, a DCF is undertaken of those likely net incomes over the projected terms for both agreements in order to establish the fair value of each.

Specific Valuation Assumptions:

The following assumptions are made:

- A rental growth factor of 3.5% per annum is assumed, as the subject types of accommodation generally do not show better rental growth overtime locally and are tied to a US dollar denomination already making it fairly unstable in Jamaican dollar terms;
- Given the current levels of rentals and occupancies achieved, it is assumed that no further development of the balance of rooms as per the agreement will be executed in the foreseeable future.

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NOTES TO THE FINANCIAL STATEMENTS

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13. FINANCIAL ASSET - SERVICE CONCESSION RIGHTS (CONT'D):

Specific Valuation Assumptions (Cont'd):

- Expenses are projected to grow at an anticipated rate of 4% per annum - in line with a stabilised long term rate of inflation;
- The projected period for an after tax 15% and 12.5% IRR for Concessions Agreements 1 and 2 respectively was assessed at 30 and 21 years, respectively;
- Discount rate of ranging between 10% and 11% are used for the relevant cash flows as against current institutional investor target rates of 9% to 10.5% for more traditional investment real estate. Student housing tends to show lower growth rates in terms of income but are fairly stable and offer earnings that often run 'less cyclical' in their performance to more traditional investment properties, hence having the effect of reducing the 'overall risk' in real estate portfolios.
- The income that is capitalised is the net operating income from the property, which does not include taxes (except property tax where relevant), interest on loans, depreciation or appreciation.

14. PROPERTY, PLANT AND EQUIPMENT:

	<u>The Group and the Company</u>
	<u>Motor Vehicles</u>
	<u>\$'000</u>
At cost 30 September 2023	
and 30 September 2024	<u>3,093</u>
Depreciation -	
1 October 2022	1,976
Charge for the year	<u>597</u>
30 September 2023	2,573
Charge for the year	<u>520</u>
30 September 2024	<u>3,093</u>
Net book value -	
30 September 2024	<u>-</u>
30 September 2023	<u>520</u>

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15. DEFERRED INCOME TAXES:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred tax liability	(38,939)	(5,949)	(16,403)	(5,949)
Deferred tax assets	<u>204,301</u>	<u>191,101</u>	<u>160,793</u>	<u>137,354</u>
Net deferred tax assets	<u>165,362</u>	<u>185,152</u>	<u>144,390</u>	<u>131,405</u>

The movement in deferred taxation is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	185,152	180,643	131,405	122,435
(Charge)/credit for the year (note 11)	<u>(19,790)</u>	<u>4,509</u>	<u>12,985</u>	<u>8,970</u>
Balance at end of year	<u>165,362</u>	<u>185,152</u>	<u>144,390</u>	<u>131,405</u>

Deferred tax is due to the following temporary differences:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest receivable	38,969	5,949	16,403	5,949
Interest payable	(3,394)	(3,533)	(1,866)	(1,831)
Preference Payable	(19,070)	-	(19,070)	-
Expected credit losses	(22,160)	-	(5,822)	-
Unused tax losses	<u>(159,707)</u>	<u>(187,568)</u>	<u>(134,035)</u>	<u>(135,523)</u>
Balance at end of year	<u>(165,362)</u>	<u>(185,152)</u>	<u>(144,390)</u>	<u>(131,405)</u>

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16. INVESTMENT IN SUBSIDIARY:

	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
Investment of the company in the subsidiary:		
138 SL Restoration Limited	<u>466,000</u>	<u>466,000</u>

17. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
Receivables	51,462	47,906	35,198	32,558
Advance to contractor	4,995	1,236	4,908	1,198
Prepayments and deposits	2,941	1,571	2,959	1,553
138 SL Restoration Limited	-	-	416,740	267,687
Other receivables	11,932	30,341	11,787	29,139
UWI Mona	<u>1,053,117</u>	<u>1,067,783</u>	<u>260,920</u>	<u>437,364</u>
	1,124,447	1,148,837	732,512	769,499
Less: Provision for expected credit losses	(46,456)	(33,215)	(18,695)	(14,589)
	<u>1,077,991</u>	<u>1,115,622</u>	<u>713,817</u>	<u>754,910</u>

Included in the amount receivable from UWI Mona is \$701,932,000 (2023 - \$597,651,000) which represents claim made under the Concession Agreement for recovery of revenue foregone by the group consequent on UWI variation of the configuration of some double occupancy units in the Irvine Hall residence into single occupancy units. The amount of the claim is necessarily an estimate and may be settled at a significantly different amount. Such difference would be recorded in the period in which it is determined. A provision of \$20,335,000 (2023 - \$14,566,000) is recognised in respect of this claim.

18. CASH AND CASH EQUIVALENTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
Short term deposit	23,670	-	23,670	-
Foreign currency accounts	16,077	33,906	11,171	29,633
Jamaican currency current accounts	61,539	21,928	53,664	13,698
Cash in hand	<u>137</u>	<u>114</u>	<u>137</u>	<u>114</u>
	<u>101,423</u>	<u>55,948</u>	<u>88,642</u>	<u>43,445</u>

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18. CASH AND CASH EQUIVALENTS (CONT'D):

- (b) Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent long and short-term loans:

	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
At 1 October	2,902,348	2,999,003
Cash-		
Loan received	125,000	100,000
Loan repaid	(593,195)	(224,421)
	(468,195)	(124,421)
Non-cash		
Interest capitalised	-	27,766
At 30 September	<u>2,434,153</u>	<u>2,902,348</u>

19. SHARE CAPITAL:

	<u>The Group and the Company</u>	
	<u>2024</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>
Authorised -		
Unlimited (2023: 480,500,000) ordinary shares at no par value		
Unlimited (2023: 94,500,000) cumulative redeemable preference shares		
Stated capital -		
536,855,600 (2023: 414,500,000) ordinary shares		
issued and fully paid	1,186,465	721,153
34,528,500 preference shares issued and fully paid	<u>172,642</u>	<u>172,642</u>
	<u>1,359,107</u>	<u>893,795</u>
Shares issued to professionals for other than cash		
(share based payment)	<u>435,565</u>	<u>435,565</u>
Initial public offering	505,691	505,691
Less: IPO transactions costs	(47,461)	(47,461)
	<u>458,230</u>	<u>458,230</u>
Additional public offering	510,476	-
Less: APO transactions costs	(45,164)	-
	<u>465,312</u>	<u>-</u>
Closing balance	1,359,107	893,795
Less redeemable preference shares required by IFRS to		
be accounted for as liabilities in the financial statements	(172,642)	(172,642)
	<u>1,186,465</u>	<u>721,153</u>

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NOTES TO THE FINANCIAL STATEMENTS

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19. SHARE CAPITAL (CONT'D):

At the end of the reporting period, the company's issued and fully paid up ordinary share capital stood at 536,355,600 (2023 - 414,500,000). This includes shares allotted in the initial public offering in November 2014 of 82,900,000 at a price of \$4.00 per share.

As part of the initial public offering, the company also offered 33,680,000 cumulative redeemable preference shares at \$5.00 per share. Arising from the over-subscription for these shares, an additional 848,000 shares were issued to subscribers. Dividend yield on preference shares is indexed to the Government of Jamaica 180 day weighted average Treasury Bill yield plus a premium of three percent. The paid up share capital for both classes is net of transaction cost incurred of \$47,461,000, an amount of \$29,506,000 was included in the financial asset - service concession rights.

By an ordinary resolution dated 20 March 2023, the company increased its authorised share capital from 480,500,000 ordinary shares at no par value and 94,500,000 cumulative redeemable preference shares to unlimited authorised share capital.

An additional public offering took place in October 2023 of 122,355,600 ordinary shares represented by 42,673,700 general shares at a price of \$4.40 per share and 79,681,900 reserved shares at a price of \$4.05 per share.

Share based payment

Share based payment arrangements are measured at the fair value of the goods or services received or the fair value of the equity instruments granted using the option pricing model, the inputs to that model being the share price, exercise price and the expected dividends.

The share based payment is recognised as part cost of the financial asset - service concession rights with a corresponding increase in equity.

The share based payment arrangement entered on 13 November 2014 issued ordinary shares in lieu of payment for fees for consultancy and other services.

The members are prohibited from disposing of more than:

- 50% of their respective holdings of ordinary shares in Phase 1
- A further 50% of their remaining holdings in Phase 2
- The remainder of their holdings in Phase 3

20. FAIR VALUE RESERVE:

This represents fair value movement in financial asset - service concession rights.

21. OTHER RESERVE:

This represents the value of shares in subsidiary, 138 SL Restoration Limited, acquired for consideration other than cash.

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22. LONG TERM LOANS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Series 1	1,036,079	1,116,529	1,036,079	1,116,529
Series 2A	335,710	407,590	335,710	407,590
Series 2B	937,364	1,059,204	937,364	1,059,204
Series B	288,450	307,050	-	-
Series D	861,660	980,830	-	-
	3,459,263	3,871,203	2,309,153	2,583,323
Less - current portion	(435,844)	(435,844)	(274,240)	(274,240)
	<u>3,023,419</u>	<u>3,435,359</u>	<u>2,034,913</u>	<u>2,309,083</u>

Long term loans represent notes issued through CIBC FirstCaribbean International Bank, with JCSD Trustee Services Limited being the Trustee for the note holders, with fifteen (15) years tenure and a two (2) year extension was granted and seven (7) years carrying interest at a fixed rate of 8.5%. During the financial year 2021, series 2A and 2B secured note were restructured and approved by the Bondholders for maturity date to be 29 June 2027 in lieu of 29 June 2025 at a fixed rate of 7.5%.

Series 1 secured note was also restructured and approved by the bondholders for maturity date to be 20 September 2032 in lieu of 20 September 2030. Series D secured note was restructured and approved by the bondholders for maturity date to be 31 May 2028 in lieu of 31 May 2026.

Series B secured note was restructured and approved by the bondholders for maturity date to be 30 September 2032 in lieu of 30 September 2030.

The loan facilities are secured by the following:

- (a) Debenture over the fixed and floating assets of the issuer inclusive of the building under Phase1.
- (b) Assignment of rights under Concession Agreement to cover Phase 1 of the project.
- (c) Assignment of all insurance policies.
- (d) Assignment of lease for the benefit of the note holders.
- (e) Debt service reserve account with at least one period debt service.
- (f) Promissory notes
- (g) Maintenance reserve account with minimum value of deposits of up to 3% of the total value of the building.

The subsidiary, 138 SL Restoration Limited also raised funding for the renovation works for Gerald Lalor Hall and the reconstruction of Irvine Hall through long term instruments issued through Victoria Mutual Wealth Management and Money Masters Limited to raise up to \$2.795 billion for a period of 15 years.

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NOTES TO THE FINANCIAL STATEMENTS

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23. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade payables	10,806	20,797	10,259	19,505
Rent deposit	237,164	219,707	169,859	162,060
Due to contractor	5,000	5,000	-	-
Loan interest	13,576	14,129	7,466	7,322
Interest payable (related to dividend on preference shares)	76,279	56,778	76,279	56,778
University of The West Indies	82,689	282,406	27,855	160,068
Other	<u>40,879</u>	<u>31,901</u>	<u>40,484</u>	<u>32,152</u>
	<u>466,393</u>	<u>630,718</u>	<u>332,202</u>	<u>437,885</u>

24. SHORT TERM LOANS:

	<u>The Group and the Company</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Sagicor revolving loan	50,000	56,259
Sagicor corporate note	75,000	162,766
VM Bridge loan	<u>-</u>	<u>100,000</u>
	<u>125,000</u>	<u>319,025</u>

Sagicor Bank Jamaica Limited extended an unsecured line of credit for twelve months at an interest rate of 8% per annum with a maturity date of 31 October 2023. This was repaid during the year and a new unsecured line of credit for twelve months at an interest rate of 8% per annum with maturity date of 15 November 2024 was obtained. The other Sagicor loan is unsecured at a rate of interest of 9.5% per annum and matures 30 June 2025. The VM Bridge loan was repaid during the year.

25. RELATED PARTY TRANSACTIONS AND BALANCES:

	<u>The Group and the Company</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Transactions during the year</u>		
138 SL Restoration Limited - payments made	<u>398,812</u>	<u>275,367</u>
138 SL Restoration Limited - Reimbursements	<u>249,760</u>	<u>239,273</u>
Key management compensation -		
Key management includes senior manager -		
Salaries and other short-term employee benefits	<u>40,352</u>	<u>38,500</u>
Directors' emoluments -		
Fees	<u>8,640</u>	<u>6,620</u>

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25. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

	<u>The Company</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Year end balances</u>		
With related company:		
Due from 138 SL Restoration Limited		
(included in receivables)	<u>416,740</u>	<u>267,678</u>

26. **NET PROFIT:**

	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
Reflected in the financial statements of:		
The company	165,493	158,247
Subsidiary	<u>179,306</u>	<u>184,754</u>
	<u>344,799</u>	<u>343,001</u>

27. **LEASE COMMITMENTS:**

Lease commitments to be paid annually over the life of the Concession Agreement, is subject to the agreed terms contained therein and at 1,584 rooms (100% build out) at the end of phase 3, the company will be liable to pay \$100,000,000 per annum adjusted for 50% of the annual Jamaican Consumer Price Index, unpaid rooms and residents breaking contracts. Payments during the year were calculated based on the number of rooms and the other adjustable factors mentioned. Rooms completed to date total 1008.

138 SL Restoration Limited lease commitment is based on the maximum 722 rooms as a percentage of 1,584 rooms and \$100,000,000 adjusted for the Consumer Price Index and other factors mentioned above.

28. **DIVIDENDS:**

The Company at its Board of Directors' meeting on 19 December 2022 declared a dividend of 13 cents (\$0.13) per stock unit which was paid on 23 February 2023 to shareholders on record at the close of business on 6 January 2023. No dividends were declared during the current year.