



Future Home of
UWI MONA
NEW STUDENT RESIDENCES

138 STUDENT LIVING JAMAICA LIMITED

INVITATION TO THE PUBLIC:

Ordinary Shares And
Cumulative Redeemable
Preference Shares

INVITATION OPENS:

Thursday, 27 November 2014 at 9:00am

AND CLOSES:

Thursday, 4 December 2014 at 4:00pm



INTRODUCTION

THIS PROSPECTUS (THE "PROSPECTUS") IS DATED THURSDAY, 20 NOVEMBER 2014 AND IS ISSUED BY 138 STUDENT LIVING JAMAICA LIMITED (THE "COMPANY") THIS PROSPECTUS IS ISSUED BY THE COMPANY IN JAMAICA ONLY AND IS NOT TO BE CONSTRUED AS MAKING AN INVITATION OR OFFER TO PERSONS OUTSIDE OF JAMAICA TO SUBSCRIBE FOR SHARES OR OTHER SECURITIES. THE DISTRIBUTION OR PUBLICATION OF THIS PROSPECTUS AND THE MAKING OF THE INVITATION OUTSIDE OF JAMAICA MAY BE PROHIBITED BY FOREIGN LAWS.

A copy of this Prospectus was delivered to the Registrar of Companies for registration in accordance with section 40(2) of the Companies Act, 2004 and was so registered on Thursday, 20 November 2014. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on Thursday, 20 November 2014. The FSC has not approved the Shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.



138 STUDENT LIVING JAMAICA LIMITED

Invitation to the Public:

UP TO 98,616,667 ORDINARY SHARES AT J\$4.00

**UP TO 33,680,000 FLOATING RATE CUMULATIVE REDEEMABLE
PREFERENCE SHARES AT J\$5.00**

LEAD BROKER



The Company invites Applications for up to 82,900,000 Ordinary Shares and initially, 33,680,000 Cumulative Redeemable Preference Shares (the "Preference Shares") in the invitation made by it to the general public subject to this prospectus (the "Invitation"). The Company reserves the right to make a further 60,000,000 Preference Shares available in the event of excess demand for Applications for subscription of the 33,680,000 Preference Shares for which Applications are initially invited (the "Overallotment Option").

The full Terms of Issue of the Preference Shares are set out in Appendix 2 of this Prospectus. The Selling Shareholders, inclusive of the Founder and the Key Consultants, also invite Applications for purchase of up to 15,716,667 Ordinary Shares (the "Sale Shares") in the Invitation. The Company is the agent of the Selling Shareholders in the Invitation for the purposes of acceptance of Applications to purchase the Sale Shares.

Up to 83,750,000 Ordinary Shares and 30,000,000 Preference Shares in the Invitation (the "Reserved Shares") are initially reserved for priority application from, and subscription and/or purchase by the following persons (the "Reserved Share Applicants"): (a) up to 80,000,000 Ordinary Shares and 25,000,000 Preference Shares are initially available for subscription and/or purchase by the Strategic Investors; (b) up to 2,500,000 Ordinary Shares and 5,000,000 Preference Shares are initially available for subscription and/or purchase by UWI Staff; and (c) up to 1,250,000 Ordinary Shares for the Lead Broker's Staff. Each Reserved Share is priced at the Invitation Price. If any of the Reserved Shares in any category are not subscribed by and/or purchased by the persons entitled to them, they will be made available for subscription and/or purchase by Reserved Share applicants in the other categories and thereafter, they will become available for subscription and/or purchase by the general public.

The issue of the 82,900,000 Ordinary Shares and up to 13,680,000 Preference Shares by the Company is underwritten by Jamaica Money Market Brokers Limited ("JMMB" and/or the "Underwriter") to an aggregate maximum value of \$400m. The underwriting is subject to the terms and conditions of the Underwriting Agreement described in Section 8.9 (Material Contracts) of this Prospectus. For the avoidance of doubt, the issue of up to 60,000,000 additional Preference Shares by the Company subject to the Overallotment Option and the sale of up to 15,716,667 Sale Shares by the Selling Shareholders is not underwritten by the Underwriter.

Application Forms for use by all Applicants are provided in Appendix 1 of this Prospectus together with notes on how to complete them. The Invitation will open at 9:00 a.m. on the Opening Date, Thursday, 27 November 2014. Application Forms submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed until 9:00 a.m. on the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date, Thursday, 4 December 2014, subject to the right of the Company to: (a) close the Invitation at any time after it opens once Applications for all of the Ordinary Shares and, Preference Shares to be issued by the Company in the Invitation valued at J\$500 million in the aggregate are received; and (b) extend the Closing Date for any reason in its sole discretion, provided that it is not later than 40 days after the publication of this Prospectus for the purposes of Section 48 of the Companies Act. In the case of an early closing, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange ("JSE") at (www.jamstockex.com).

It is the intention of the Company to apply to the JSE to list the Ordinary Shares (inclusive of the Sale Shares) and the Preference Shares on the Main Market of the JSE, however please note that this is not a guarantee that any of the Shares will be admitted to listing.

The making of the relevant applications for listing and their success, is dependent on the full subscription of the 82,900,000 Ordinary Shares and the 13,680,000 Preference Shares in the Invitation that are to be issued by the Company by Applicants and/or the Underwriter, valued at J\$400 million in the aggregate (this amount excludes the Overallotment Option and the proceeds of sale of the Sale Shares by the Selling Shareholders); and (ii) other criteria for admission set out in the JSE Listing Rules. If the Invitation does not raise at least J\$400 million by the Closing Date as aforesaid, all monies received will be refunded. If however the Invitation raises at least J\$400 million from subscription of the said Shares by prospective Applicants and/or the Underwriter but for some reason the Application by the Company to list the Shares is not granted by the JSE, the Company may choose to allot the Shares to Applicants and/or the Underwriter in any case.

See the full terms and conditions of the Invitation in Section 7.5 of the Prospectus.

SHARE CAPITAL

Authorised Ordinary Shares	480,500,000
Authorised Preference Shares	94,500,000
Maximum number of new Ordinary Shares to be issued in the Invitation	82,900,000
Maximum number of Sale Shares in the Invitation to be sold by the Selling Shareholders	15,716,667
Maximum number of Preference Shares to be issued in the Invitation*	33,680,000

CONSIDERATION

Total consideration assuming all Shares in the Invitation are fully subscribed and sold by the persons entitled to them:

98,616,667	Ordinary Shares at \$4 each	\$ 394,466,667
33,680,000	Preference Shares at \$5 each	\$ 168,400,000
Total Consideration in Invitation assuming full subscription and sale		\$ 562,866,667
Due to the Company**		\$ 500,000,000
Due to the Selling Shareholder in respect of the Sale Shares		\$ 62,866,667

*In the event that the Overallotment Option is exercised by the Company it will issue up to a maximum of 93,680,000 Preference Shares in the Invitation ** In the event that the Overallotment Option is exercised by the Company it will raise up to a further \$300,000,000 in the Invitation from the issue of up to 60,000,000 additional Preference Shares

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IMPORTANT INFORMATION ABOUT THE PROSPECTUS

Section 1



1.1 RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus has been reviewed and approved by the Board of Directors of the Company. The Directors of the Company whose names appear in Section 9 of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

This Prospectus has also been reviewed and approved by the Selling Shareholders. To the best of the knowledge and belief of the Selling Shareholders, each of whom have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

Each of the Directors of the Company and each of the Selling Shareholders have signed this Prospectus for the purposes of his or her responsibility as described herein. Such responsibilities are joint and several as contemplated by the Companies Act. See the signatures in Section 16 of this Prospectus.

1.2 CONTENTS OF THIS PROSPECTUS

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

This Prospectus also contains summaries of certain documents, which the Directors of the Company and each of the Selling Shareholders believe to be accurate. Prospective investors may wish to inspect the actual documents that are summarised, copies of which will be available for inspection as described in Section 15. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document. The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

1.3 UNAUTHORISED REPRESENTATIONS

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus which is not contained in this Prospectus. Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.



1.4 INVITATION MADE IN JAMAICA ONLY

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for or purchase any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica may be prohibited by law.

1.5 TAKE PROFESSIONAL ADVICE BEFORE MAKING APPLICATION TO SUBSCRIBE FOR SHARES

This Prospectus is not a recommendation by the Company or the Selling Shareholders (or any of them) that prospective investors should submit Applications to subscribe for or purchase any Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for or purchasing Shares, including but not limited to any tax implications.

Each Applicant who submits an Application acknowledges and agrees that:

- (1) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in Section 7.5), and to gather and review all additional information considered by them to be necessary to verify the accuracy of the information contained in this Prospectus;
- (2) no person connected with the Company

or any of the Selling Shareholders has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application; and

- (3) the Applicant is aware of the merits and risks of subscribing for Shares in the Company notwithstanding the Risk Factors set out in Section 12.

KEY INFORMATION ON THE INVITATION

Section 2



ISSUER:	138 Student Living Jamaica Limited
SELLING SHAREHOLDERS:	Founder and Key Consultants
TOTAL SECURITIES:	<p><u>Ordinary Shares:</u> Up to 82,900,000 Ordinary Shares priced at J\$4.00 each, for subscription (to be issued by the Company). Up to 15,716,667 Sale Shares priced at J\$4.00 each, for sale (by the Selling Shareholders). Inclusive of 83,750,000 Reserved Ordinary Shares.</p> <p><u>Preference Shares:</u> 33,680,000 Preference Shares priced at J\$5.00 each.* Inclusive of 30,000,000 Reserved Preference Shares.</p> <p>See Section 3 for Key Information on the Shares.</p>
PAYMENT:	Payments for all Shares must be made in full on delivery of an Application, together with the J\$134 processing fee due to JCSD. See paragraph 7 of Section 7.5 for full details of payment methods.
APPLICATION:	See Appendix 1 of this Prospectus. There are separate Application Forms for the Ordinary Shares and the Preference Shares. Each Application must be delivered with payment using an Approved Payment Method, for the specified number of Shares plus the JCSD processing fee, to any of the JMMB locations set out in Appendix 3.
TERMS AND CONDITIONS OF THE INVITATION	See Section 7.5 of this Prospectus.
UNDERWRITER:	JMMB as to the 82,900,000 Ordinary Shares and up to 13,680,000 Preference Shares to be issued in the Invitation by the Company only up to an aggregate maximum value of \$400M. The 60,000,000 additional Preference Shares the subject of the Company's Overallotment Option and up to 15,716,667 Sale Shares for sale in the Invitation by the Selling Shareholders are excluded.) Underwriting is subject to the terms and conditions of the Underwriting Agreement described in Section 8.9 of this Prospectus.

TIMETABLE OF KEY DATES:

Registration and Publication

of Prospectus: Thursday, 20 November 2014

Opening Date: Thursday, 27 November 2014

Closing Date:** Thursday, 4 December 2014

APPLICATION FORMS MAY BE SUBMITTED IN ADVANCE OF THE OPENING DATE. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. See paragraph 8 of Section 7.5.

Confirmation of Basis of Share Allotments and Transfers:

All Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) within 3 days of the Closing Date. See the allotment methodology in paragraph 9 of Section 7.5.

Refund Cheques: Available for collection from JMMB Securities Limited at 6 Haughton Terrace, Kingston 10 within 10 working days of the Closing Date.

Final Allotment of Shares and Admission to Main Market of JSE:

Within 15 working days of the Closing Date. If the Shares are not admitted to the Main Market of the JSE and the Company elects to allot them, the Company will do so no later than by 31 December 2014.

INTENTION TO LIST:

It is the intention of the Company to apply to the JSE to list the Shares on the Main Market, however please note that this statement of the Company's intention is not a guarantee that the Shares will be listed. See the conditions for success of the Invitation and the making of the application for listing of the Ordinary Shares and/or the Preference Shares in Section 7.2.

Notes:

**In the event of excess demand for the 33,680,000 Preference Shares for which Applications are initially invited by the Company, the Company has an Overallotment Option to issue up to 60,000,000 additional Preference Shares.*

***The Invitation will close at 4:00 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all Shares in the Invitation for subscription to be issued by the Company (but not the Preference Shares the subject of the Overallotment Option or the Sale Shares) are received from Applicants and/or the Underwriter; and (b) extend the Closing Date for any reason, in its sole discretion, provided that it is not later than 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com).*

KEY INFORMATION ON THE SHARES

Section 3



(1) ORDINARY SHARES

TYPE:	ORDINARY SHARES
ISSUE DATE:	Date of listing of the Ordinary Shares on the Main Market of the JSE or, in the event that the Ordinary Shares are not listed, the date of allotment which shall not be later than 31 December 2014.
DIVIDENDS:	Ordinary dividends will be declared by the Board from time to time subject to the need of the Company to reinvest distributable profits for the purposes of its operations. The Board expects to declare and pay an annual dividend of not less than 95% of profits after tax, after debt service and amounts for debt service and repairs and maintenance are reserved. Dividends are currently expected to commence in 2018, after the construction phases of the UWI student residences as set out in the Concession Agreement are complete (expected to be in the second half of the year 2018).
KEY TERMS OF ISSUE:	The Ordinary Shares will have the usual rights to vote at general meetings of the Company, and to participate in the profits of the Company or in any surplus on winding up, in accordance with the Companies Act and the Articles of Incorporation.

(2) PREFERENCE SHARES

TYPE:	CUMULATIVE REDEEMABLE PREFERENCE SHARES WITH VARIABLE INTEREST (FLOATING RATE PREFERENCE SHARES).
ISSUE DATE:	Date of listing of the Preference Shares on the Main Market of the JSE or, in the event that the Preference Shares are not listed, the date of allotment which shall not be later than 31 December 2014.
MATURITY DATE:	30 years following the Issue Date (being a date in the year 2044).

EARLY REDEMPTION:

The Preference Shares are redeemable on the Maturity Date and not earlier, at the issue price. Any earlier redemption requires the vote of a majority of the holders of the Preference Shares in accordance with the Terms of Issue of the Preference Shares, as this represents a variation of their rights.

FLOATING RATE DIVIDENDS:

Cumulative preferential dividends will be paid at a rate equal to the Government of Jamaica 180 days Weighted Average Treasury Bill Yield plus 3% per annum (WATBY + 3%).

PAYMENT:

Dividends will accrue from the Issue Date and be paid on the 4th anniversary of the Issue Date (payment of accrued amounts in full). Thereafter dividends will accrue and be due and payable semi-annually in arrears until the Maturity Date.

KEY TERMS OF ISSUE:

Each Preference Share will carry the right to receive the floating rate dividends described above, calculated on the Invitation Price of each Share.

On a winding – up each Preference Shareholder will have a right to repayment of capital in priority to the Ordinary Shareholders.

The Preference Shares will not carry the right to vote save in narrowly prescribed circumstances including when the Dividend due has not been paid for more than 12 months; or on a winding up of the Company; or on a proposed variation of the rights of the Preference Shareholders.

The Company also reserves the right to issue additional Preference Shares in the capital of the Company, ranking *pari passu* or otherwise.



COVENANT OF THE COMPANY:

The Company has covenanted for the benefit of the Preference Shareholders that, so long as any Preference Shares remain in issue and are allotted to one or more Preference Shareholders, the Company shall ensure that neither it nor its majority Ordinary Shareholder K Limited and/or either of their respective affiliates or subsidiaries shall own or have any interest in any company or entity having a management, maintenance, land scaping or other service or other contract of a material value with the Company during the term of the concession contemplated by the Concession Agreement entered into by it with the University of the West Indies, Mona for the purposes of the construction of the new student residences.

FULL TERMS AND CONDITIONS OF ISSUE:

See Appendix 2 of the Prospectus.



CHAIRMAN'S LETTER

Section 4

Thursday, 20 November 2014



John Wesley Lee
Chairman

DEAR PROSPECTIVE INVESTORS IN THE COMPANY,

The Board of the Company is pleased to invite you to apply for 98,616,667 Ordinary Shares and up to 33,680,000 Preference Shares in the capital of the Company on the terms set out in this Prospectus. Of those Ordinary Shares, 15,716,667 are Sale Shares available for purchase from the Selling Shareholders for whom the Company acts as agent in the Invitation. An additional 60,000,000 Preference Shares are available subject to the Overallotment Option.

ABOUT THE COMPANY

The Company is a real estate investment company. It was recently formed to undertake a special project, namely the development of 1,584 student residence units dispersed over 11 new high – rise blocks in partnership with UWI at its Mona Campus under a Concession Agreement lasting for up to 65 years.

Under the terms of the Concession Agreement, the Company will design, finance, construct, and operate 1,584 units of student accommodation in 3 development phases. It has procured the required approvals for phase 1 of the project from the Kingston and Saint Andrew Parish Council (KSAC) and has commenced construction.

The Directors are of the view that the Concession Agreement is the first agreement of its kind for the development of student accommodation in Jamaica, being one that is similar to a public - private partnership. It aims to increase the supply of on - campus housing at UWI Mona without requiring the university to incur

any debt to finance its development, or any operational costs in providing the residents with management and other services.

Crucially, at the end of the Concession Agreement, the Company will transfer the residences to UWI (subject to certain conditions), providing UWI with an asset which has an estimated current aggregate value of J\$3.7 billion based on construction costs (exclusive of professional fees).

The Concession Agreement also grants the Company the right of first refusal to design, finance, construct, operate and transfer (subject to certain conditions) an additional 1,584 units of student accommodation if UWI Mona determines that these additional units are required.

The Directors hope to extend the Company's activities within and beyond Jamaica where similar student or other multiple accommodation opportunities exist. If so, the Directors anticipate that these activities will be carried out by the Company or through subsidiaries wholly owned by the Company, and therefore will be for the benefit of all shareholders.

THE INVESTMENT OPPORTUNITY

The Company is seeking to raise up to J\$500 million for its own account by inviting Applications for 82,900,000 new Ordinary Shares and all of the 33,680,000 Preference Shares in the Invitation. In the event of excess demand for the Preference Shares, the Company may issue and allot up to 60,000,000 further Preference Shares pursuant to the Overallotment Option. The Selling Shareholders are also inviting Applications for purchase of 15,716,667 Sale Shares, for which the Company will act as their agent in accordance with the Terms and Conditions of the Invitation at Section 7. Please see that Section for full details of the Invitation.

The Directors and the Selling Shareholders consider that this is a unique opportunity for prospective investors because of the Company's prospective source of income:

- **Represents stability**

Under the Concession Agreement UWI has guaranteed 90% occupancy of the constructed units in any 51 – week period for as long as the Concession Agreement is in place, which is currently contemplated to be a minimum of 30 years and a maximum of 65 years. The Directors anticipate that this contractual guarantee will mitigate the risk typically associated with fluctuations in rental income.

- **Has protection from inflation**

The Concession Agreement allows for the Company to earn a 15% real rate of return by the end of the Concession Agreement period (which is expected to be 30 years but is not to exceed 65 years as described above). The real rate of return is calculated on the cash equity amounts invested by Shareholders in the Company, anticipated to be some J\$767.17 million following a successful Invitation in which all Shares for which subscriptions are invited by the Company are taken up by Applicants and/or the Underwriter. The Directors consider that this contractual benefit will give investors a degree of protection from both price inflation and currency risk within a Jamaican dollar investment instrument.

The Directors also consider that student or other institutional accommodation as an asset class has a greater potential for growth than other commercial real estate for the following reasons:

- **High relative occupancy rates**

The Directors consider, based on data provided by UWI, that university enrolment is not typically affected by economic downturns and may increase as persons consider re-training for the demands of the workforce. Also, student enrolments are rising at a higher level than the supply of desirable student accommodations, particularly at UWI Mona.

- **High relative returns**

The Directors consider that institutional accommodation has the potential to outperform other commercial real estate sectors in terms of returns available to investors, and particularly in the case of the Company due to the guarantee of occupancy levels from UWI Mona.

- **High potential for growth**

The Directors consider that the potential exists for the Company to achieve growth rates above those typically enjoyed by property companies, by entering into arrangements similar to the Concession Agreement with other higher education institutions in the region in the future.

USE OF PROCEEDS

The Board intends to use the proceeds of the Invitation for the following purposes:

- Working capital support for the construction and furnishing of the new student residences at

UWI Mona pursuant to the Concession Agreement.

- To provide cash collateral to the Jamaica Mortgage Bank and National Commercial Bank of not less than J\$325 million pursuant to a Loan Agreement for the purposes of financing the construction of the said student residences.
- Payment of the expenses of the Invitation which are not expected to exceed approximately J\$40 million (inclusive of financial advisory, lead brokerage and underwriting fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and exclusive of GCT) after payment of related expenses.*

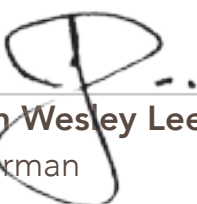
If the Invitation is successful in raising at least J\$400 million for the account of the Company from a subscription of the 82,900,000 Ordinary Shares and 33,680,000 Preference Shares (excluding the proceeds of the Overallotment Option or the sale of any Sale Shares), the Directors intend to make application to the JSE to list all of the Ordinary Shares and the Preference Shares on the Main Market. Please note that this is not a guarantee that the Invitation will be successful, or that any of the Shares will be listed. In the event that the Company raises at least J\$400 million but the application to the JSE to list the Shares is not successful the Company may elect to allot the Shares without the benefit of their listing.

The proceeds of sale of the Sale Shares by the Selling Shareholders, some J\$62.9m, will accrue to the benefit of the Selling Shareholders and not to the Company.

HOW TO MAKE AN APPLICATION FOR SHARES

Those investors who are interested in subscribing for Shares should read this Prospectus in its entirety inclusive of the full terms and conditions of the Invitation set out in Section 7 and the Risk Factors in Section 12 and then complete either or both Application Forms set out in Appendix 1.

ON BEHALF OF THE BOARD OF DIRECTORS and the SELLING SHAREHOLDERS



John Wesley Lee
Chairman

Registered Office: PWC Corporate Services (Jamaica) Ltd, Scotiabank Centre, Corner Duke and Port Royal Streets
Chairman: John W. Lee, Non-Executive Directors: Marnynette Lee, Douglas Stiebel, Hon. Kingsley Thomas, O.J.,
Sharon Donaldson, Debbie-Ann Gordon, Angela Lee Loy

DEFINITIONS USED IN THIS PROSPECTUS

Section 5



TERM	MEANING
Allotment	means the allotment of the Shares in the Invitation to successful Applicants by the Company
Applicant	means a person who submits an Application
Application	means the form of application to be used by all Applicants who wish to make an offer to subscribe for Shares in the Invitation, which is set out in Appendix 1
Approved Payment Method	means any of the methods described at paragraph 7 of Section 7.5
Articles of Incorporation	means the Articles of Incorporation of the Company adopted by the Ordinary Shareholders of the Company
Audited Financial Information	means the opening balance sheet of the Company as at 13 November 2014 and the Auditor's Report thereon
Auditor	means BDO, Chartered Accountants of 26 Beechwood Avenue, Kingston 5 (P.O. Box 351) the independent external auditor of the Company
Auditor's Report	means the independent report of the Auditors set out in Section 10, in relation to the Audited Financial Information
Board	means the Board of Directors of the Company
Closing Date	means the date on which the Invitation closes, being Thursday, 4 December 2014 at 4:00 p.m., subject to the right of the Company to shorten or extend the Closing Date in its sole discretion, provided that the Closing Date is not later than 40 days after publication of this Prospectus in accordance with the Companies Act
Companies Act	means the Companies Act, 2004

DEFINITIONS USED IN THIS PROSPECTUS

Section 5 Continued



TERM	MEANING
Company	means 138 Student Living Jamaica Limited, a company incorporated under the laws of Jamaica (no. 88096) with its registered office c/o PwC Corporate Services (Jamaica) Limited, Scotiabank Centre, Corner Duke and Port Royal Streets (P.O. Box 372) Kingston
Concession Agreement	That certain concession agreement entered into by K Limited and UWI for the purposes of the construction and operation of 1,584 student residences, details of which are set out in Section 8.3
Consultant	means BDO, Chartered Accountants of 26 Beechwood Avenue, Kingston 5 (P.O. Box 351) acting as the consultant to the Company for the purposes of the Unaudited Financial Projections
Directors	means the directors of the Board of the Company whose name and details are set out in Section 9 of this Prospectus
Forward Looking Statements	means the forward looking statements referred to in Section 6 of this Prospectus which are disclaimed by the Company on the terms and for the reasons set out therein
FSC	means the Financial Services Commission of Jamaica of 39 Barbados Avenue, Kingston 5, Jamaica
Financial Information	means the Audited Financial Information and the Unaudited Financial Information
Founder	means K Limited a company incorporated under the laws of Jamaica (no. 40804) with its registered office c/o PwC Corporate Services (Jamaica) Limited, Scotiabank Centre, Corner Duke and Port Royal Streets (P.O. Box 372) Kingston, a company controlled by Chairman John Wesley Lee and his immediate family members inclusive of his spouse, Director Marrynette A. Lee
GCT	means General Consumption Tax charged in accordance with the General Consumption Tax Act of Jamaica

DEFINITIONS USED IN THIS PROSPECTUS

Section 5 Continued



TERM	MEANING
Invitation	means the invitation to subscribe for up to 82,900,000 Ordinary Shares and up to 93,680,000 Preference Shares (inclusive of the Overallotment Option) made by the Company and the invitation to purchase up to 15,716,667 Ordinary Shares (being Sale Shares) made by the Company as agent for the Selling Shareholders to prospective investors, on the terms and conditions set out in this Prospectus generally
Invitation Price	means J\$4 per Ordinary Share and J\$5 per Preference Share in the Invitation inclusive of each Reserved Share, as the context shall require
JCSD	means the Jamaica Central Securities Depository, a company incorporated in Jamaica (number 58658) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
JMMB	means Jamaica Money Market Brokers Limited, a company incorporated in Jamaica (number 44615) with its registered and principal office at 6 Haughton Terrace, Kingston 10, the parent company of JMMB Securities
JMMB Securities	means JMMB Securities Limited, a company incorporated in Jamaica (number 60728) with its registered and principal office at 6 Haughton Terrace, Kingston 10
JSE	means The Jamaica Stock Exchange Limited, a company incorporated in Jamaica (number 6351) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
Key Consultants	means those persons who were issued Ordinary Shares in the Company in lieu of payment for services and for other consideration under the terms of the Subscription and Shareholders' Agreement
Lead Broker's Employees	means any employee of JMMB's group
Main Market	means the main trading platform of the JSE
Opening Date	means the date and time on which the Invitation opens, being 9:00 a.m. on Thursday, 27 November 2014
Ordinary Reserved Shares	means the 83,750,000 Ordinary Shares in the Invitation that are initially reserved for Application from the Reserved Share Applicants at the Invitation Price

DEFINITIONS USED IN THIS PROSPECTUS

Section 5 Continued



TERM	MEANING
Ordinary Shares	means the ordinary shares in the capital of the Company inclusive of the Ordinary Shares and the Sale Shares in the Invitation, as the context may require
Ordinary Shareholders	means holders of the Ordinary Shares
Overallotment Option	means the right of the Company to issue a further 60,000,000 Preference Shares in the Invitation in its sole discretion in the event of excess demand for the 33,680,000 Preference Shares for which Applications for subscription are initially invited
Preference Reserved Shares	means the 25,000,000 Preference Shares in the Invitation that are initially reserved for Application from the Reserved Share Applicants at the Invitation Price
Preference Shares	means the cumulative redeemable preference shares in the capital of the Company that are subject to the Terms of Issue of the Preference Shares set out in Appendix 2
Preference Shareholders	means holders of the Preference Shares
Primary Applicants	means, in the case of joint Applicants or multiple Applicants, the Applicant whose name appears first on the Application Form and who is the Applicant who serves as the primary recipient of notices from the Company
Prospectus	means this document dated Thursday, 20 November 2014 which constitutes a prospectus for the purposes of the Companies Act and the Securities Act
Registrar	means PwC Corporate Services (Jamaica) Limited of Scotiabank Centre, Corner of Duke and Port Royal Streets (P.O. Box 372), Kingston
Reserved Share Applicants	means the Strategic Investors, the UWI Employees and the Lead Broker's Employees
Reserved Shares	means the Ordinary Reserved Shares and the Preference Reserved Shares
Selling Shareholders	means the Founder (as to 4,500,000 Ordinary Shares) and certain Key Consultants (as to 11,216,667 Ordinary Shares) identified in the table in Section 8.7 of this Prospectus

DEFINITIONS USED IN THIS PROSPECTUS

Section 5 Continued



TERM	MEANING
Sale Shares	means up to 15,716,667 Ordinary Shares for which the Company as agent for Selling Shareholders invite Applications in the Invitation
Shares	means the Ordinary Shares or the Preference Shares, as either or both of them as the context shall require
Shareholders	means holders of the Shares
Strategic Investors	means certain investors who wish to subscribe for more than \$40,000,000 in value of the Ordinary Shares and/or the Preference Shares in the Invitation, being Barita Investments Limited, JMMB Fund Managers Limited, Sagicor Investments Jamaica Limited, and Wisynco Group Limited and/or respective nominees
Subscription and Shareholders' Agreement	means that certain Subscription and Shareholders' Agreement entered into by the Company with the Founder and the Key Consultants (details of which are set out in Section 8.7)
Terms and Conditions of the Invitation	means the terms and conditions of the Invitation set out in Section 7.5 of this Prospectus
Terms of Issue of the Preference Shares	means the terms and conditions of issue of the Preference Shares set out in Appendix 2 of this Prospectus
Unaudited Financial Projections	means the management projections of the Company for each of the 12 month financial periods of the Company ended 30 September 2015 – 2025 together with the report of the Consultant thereon
UWI	means the University of the West Indies, Mona a body incorporated by Royal Charter under the Great Seal and duly organized, validly existing and in good standing under the laws of Jamaica
UWI Employees	means teaching staff and/or other employees of UWI not being Restricted Persons as defined in paragraph 1 of Section 7.5 of this Prospectus
UWI Mona	means UWI and/or the UWI Mona physical campus at Mona, Kingston (as the context shall require)
\$	means the Jamaican dollar unless otherwise indicated

In addition to the foregoing, all references in this Prospectus to the singular shall include the plural and all references to the plural shall include the singular and the masculine gender shall include the feminine gender, and vice – versa, in each case, as the context shall require, and clause headings shall be for the sake of convenience only.

SECTION 6: DISCLAIMER – FORWARD LOOKING STATEMENTS

Section 6



Save for the Historical Financial Information contained in this Prospectus, certain matters discussed in this Prospectus inclusive of the Projected Financial Information, contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and pro forma financial information and/or financial projections.

Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made, taking into account any assumptions set out in this Prospectus for that purpose. Although the Directors and the Selling Shareholders believe that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words “anticipates”, “believes”, “expects”, “intends”, “considers”, “pro forma”, “forecast”, “projection” and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and

uncertainties. Once this Prospectus has been signed by or on behalf of the Company and the Selling Shareholders, and prior to the admission of the Shares to listing on the Main Market of the JSE, neither the Company nor the Selling Shareholders undertake to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company’s financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made).

There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company’s and the Selling Shareholders’ control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing in Jamaica and/or the CARICOM region, including actual rates of economic growth, instability and volatility in domestic interest rates and regional and international exchange rates that impact on the strategic business plan of the Company and/or on the Financial Information.
- adverse climatic events and natural disasters.
- actual or perceived deficiencies in the Company’s products or services, unfavourable market receptiveness to the Company’s strategic business plan or its



particular line of products and services, or the availability or relative attractiveness of competitors' alternative products and services.

- changes in any legislation or policy adversely affecting the strategic business plan, or the assumptions on which the Company's Unaudited Financial Projections are based.
- any other factor negatively impacting on the realisation of the assumptions on which the Company's Unaudited Financial Projections are based.
- other factors identified in this Prospectus.
- factors as yet unknown to the Company or any of the Directors or Selling Shareholders.

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in this Prospectus.

THE INVITATION

Section 7



7.1 GENERAL INFORMATION

Prospective investors should read this entire Prospectus carefully.

The Company invites Applications for 82,900,000 Ordinary Shares and 33,680,000 Preference Shares in the Invitation, and in the event of excess demand for the Preference Shares the Company may issue a further 60,000,000 Preference Shares pursuant to the Overallotment Option. The Company is also acting as an agent of the Selling Shareholders in inviting Applications for purchase for 15,716,667 Sale Shares in the Invitation.

Up to 83,750,000 Ordinary Shares and 30,000,000 Preference Shares in the Invitation are Reserved Shares available for initial subscription and/or purchase by the Reserved Share Applicants, being the Strategic Investors, the UWI Employees, and the Lead Broker's Employees.

Those prospective investors who wish to subscribe for Preference Shares should review the Terms of Issue of the Preference Shares in Appendix 2, before completing the Application set out in Appendix 1.

The Invitation will open at 9:00 a.m. on the Opening Date, Thursday, 27 November 2014 and will close at 4:00 p.m. on the Closing Date, Thursday, 4 December 2014 subject to the right of the Company, acting in its sole discretion on behalf of itself and the Selling Shareholders, to: (a) close the Invitation at any time after 9:00 a.m. on the Opening Date once Applications for all of the Shares in the Invitation are received, and (b) extend the Closing Date for any reason in its sole

discretion, provided that it does not extend for more than 40 days after the publication date of this Prospectus for the purposes of the Companies Act. In either case of either an early or extended Closing Date, an informational notice will be posted on the website of the JSE - www.jamstockex.com

7.2 CONDITIONS FOR THE SUCCESS OF THE INVITATION AND THE MAKING OF AN APPLICATION FOR LISTING OF THE SHARES

The minimum amount which, in the opinion of the Directors, must be received by the Company in order to provide for the matters set out in paragraph two of the Third Schedule to the Act is J\$400 million (the "Minimum Amount").

The Minimum Amount represents the subscription of 82,900,000 Ordinary Shares valued at J\$331.6 million and 13,680,000 Preference Shares valued at J\$68.5 million by prospective Applicants and/or the Underwriter by the Closing Date, but it excludes the proceeds of the issue of further Preference Shares by the Company pursuant to the Overallotment Option, or the sale of any Sale Shares on behalf of the Selling Shareholders.

The issue is underwritten by JMMB, the Underwriter, who has given an irrevocable commitment to subscribe for any of the 82,900,000 Ordinary Shares and/or the 13,680,000 Preference Shares that are not taken up by Applicants on the Closing Date of the Invitation up to a maximum of \$400M. The Underwriter has not committed to

purchase any of the Preference Shares to be issued pursuant to the Overallotment Option or the Sale Shares in the Invitation. The Underwriter's commitment is subject to the terms and conditions of that certain Underwriting Agreement that is described in Section 8.9 (Material Contracts).

In the event that the Invitation is successful in raising at least the Minimum Amount as aforesaid, the Company will apply to list all of the Shares on the Main Market of the JSE. This is not a guarantee that the application to list either class of Shares (which must be reviewed and granted by the Listing Committee of the Board of the JSE), will be successful.

If the Invitation is not successful in raising at least the Minimum Amount by the Closing Date (or any extension thereof) the Company will not apply to list either the Ordinary Shares or the Preference Shares on the Main Market of the JSE and all amounts received from Applicants and/or the Underwriter will be refunded.

If the Invitation is successful in raising at least the Minimum Amount by the Closing Date (or any extension thereof) and the Company makes an application to the JSE to list either the Ordinary Shares and/or the Preference Shares on the Main Market that is not granted, the Company may elect to allot the Ordinary Shares and/or Preference Shares to Applicants and/or the Underwriter without the benefit of their listing.

In that event the allotment will take place as soon as practicable after the Closing Date and no later than by 31 December, 2014. Prospective Applicants should note that any unlisted Shares may not be as tradeable as listed Shares and that any future off-market

sales of Shares will attract stamp duty and transfer tax at the combined rate of 6%.

7.3 USE OF PROCEEDS OF THE INVITATION

The Board intends to use the proceeds of the subscriptions of the Ordinary Shares and Preference Shares to be issued in the Invitation, for the following purposes:

- To develop and construct the new student residences at UWI Mona pursuant to the Concession Agreement.
- To provide cash collateral to the Jamaica Mortgage Bank and National Commercial Bank of not less than J\$325 million pursuant to a Loan Agreement for the purposes of financing the construction of the said student residences.
- Payment of the expenses of the Invitation, which the Directors believe will not exceed approximately J\$40 million (inclusive of financial advisory, lead brokerage and underwriting fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and exclusive of GCT) after payment of related expenses.* See Section 13 for further details. The Directors anticipate that all of such expenses are capable of being capitalised.

Please note that the proceeds of sale of the Sale Shares in the Invitation by the Selling Shareholders, some J\$62.9 million, will accrue to the benefit of the Selling Shareholders.

*The aggregate expenses are calculated on the basis of a fundraising by the Company of J\$500 million, exclusive of the Overallotment Option. If the Overallotment Option is exercised the level of aggregate expenses will increase as some of the professional fees to be paid by the Company are percentage based.

7.4 TERMS AND CONDITIONS OF ISSUE OF THE PREFERENCE SHARES

The Preference Shares are issued subject to the terms and conditions of issue set out in Appendix 2 of this Prospectus, such terms having been approved on behalf of the Company.

7.5 TERMS AND CONDITIONS OF THE INVITATION

Those prospective investors who wish to subscribe for and/or purchase the Shares in the Invitation should review the full terms and conditions set out in this section before completing one or both of the Application set out in Appendix 1.

1. Minimum Age of Primary Applicants, Restricted Persons

The Primary Applicant must be at least 18 years old.

In addition certain persons are prohibited from making Applications for any of the Shares in the Invitation. Such persons are the Restricted Persons defined in the Concession Agreement being persons who are senior administrators of UWI (not including senior academic administrators with academic administrative functions only) and / or their spouse(s), children, parent(s) or sibling(s).

By making an Application in the Invitation an Applicant is deemed to confirm and undertake that he/she is not a Restricted Person.

2. Application Form

All Applicants who are purchasing the Shares must submit the Application provided at Appendix 1 to this Prospectus. Additionally, each duly completed and signed Application Form must be accompanied by:

- Copy of Applicant's valid identification (Driver's License, Passport or National ID).
- Copy of Applicant's TRN card.
- Payment for the number of Shares applied for TOGETHER WITH the JCSD processing fee J\$134, made using an Approved Payment Method.

3. Acceptance of Terms and Conditions by Applicants

All Applicants will be deemed to have accepted the terms and conditions of the Invitation set out in this Section 7.5 and the remainder of the Prospectus generally inclusive of the Appendices, which form an integral part hereof.

4. Further Acknowledgments by Applicants

Each Applicant further acknowledges and agrees that:

(a) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 7.5), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;

(b) he/she has not relied on any person other than the Company and the Directors and the Selling Shareholders, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection

with his/her investigation of the accuracy of such information or his/her investment decision;

(c) no person connected with the Company or the Directors or the Selling Shareholders has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application;

(d) they have made their own assessment of the Company, and the merits and risks of subscribing for and/or purchasing the Shares, inclusive of taking advice (or waiving the need for such advice) in relation to: the financial and legal implications of subscribing for and/or purchasing Shares in the Company, and the tax implications thereof, and the Risk Factors set out in Section 12.

5. Minimum Application

Applications from all Applicants (save for the Underwriter) must request a minimum of 1000 Shares (either Ordinary Shares or Preference Shares) and additional requests for Shares be made in multiples of 100. Applications in other denominations will not be processed or accepted.

6. Share Price Information

The Shares in the Invitation (inclusive of the Reserved Shares) are priced as follows:

- J\$4 per Ordinary Share
- J\$5 per Preference Share

Please note a processing fee of J\$134 per Application payable to JCSD applies and is also payable by each Applicant (inclusive

of each Reserved Share Applicant). All Applicants should remember to include the processing fee in their calculations of amounts payable.

7. How to Make Payments – Approved Payment Methods

All Applications must be accompanied by the appropriate payment for the Shares together in the form of either:

(a) a manager's cheque made payable to "Student Living Jamaica Invitation – Ordinary Shares", and/or "Student Living Jamaica Invitation – Preference Shares"; or

(b) authorisation from the Applicant, instructing JMMB to make payment from cleared funds held in an investment account in the Applicant's name at JMMB, to an account held at JMMB in the name of Student Living Jamaica Invitation - Ordinary Shares; or Student Living Jamaica Invitation - Preference Shares; or

(c) transfer in the Real Time Gross Settlement ("RTGS") system to an account held at JMMB in the name of Student Living Jamaica Invitation - Ordinary Shares; or Student Living Jamaica Invitation - Preference Shares, in the case of payments of \$2 million or more; or

(d) transfer via the Automated Clearing House (ACH) to an account held at JMMB in the name of Student Living Jamaica Invitation - Ordinary Shares; or Student Living Jamaica Invitation - Preference Shares; or

(e) transfer via NCB E-Link to an account held at JMMB in the name of Student Living Jamaica Invitation - Ordinary Shares; or Student Living Jamaica Invitation - Preference Shares.

All completed Applications must be delivered to the locations specified at Appendix 3 of this Prospectus on or before 4:00 p.m. (Jamaica time) on the Closing Date.

8. Early Applications and Order of Processing of Applications

Applications submitted to JMMB at the locations specified at Appendix 3 of this Prospectus in advance of the Opening Date will be received and checked for completeness, but not processed. All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date, Thursday, 27 November 2014.

All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).

9. Discretions as to Acceptance of Applications and Allotment of Shares

The Directors anticipate that applications will be dealt with on a first come first served basis, however in the event that the Invitation is oversubscribed (either as to the Applications for Ordinary Shares and/or Applications for Preference Shares), the Company in its sole discretion on its own behalf and on behalf of the Selling Shareholders may:

(a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors shall be required to provide reasons for decisions or be liable to any Applicant or any other person for doing so;

(b) allot any Shares to Applicants (being the

general public and/or one or more category of the Reserved Share Applicants) on a basis to be determined by it in its sole discretion, including on a pro rata basis in the event the Invitation is oversubscribed;

(c) treat, in its sole discretion, any multiple Applications by any person (whether in individual, joint or names of companies controlled by that person) as a single Application;

(d) fill applications for the 82,900,000 Ordinary Shares for which the Company invites subscriptions before filling any Application for Ordinary Shares in the Invitation using the Sale Shares for which the Company as agent for the Selling Shareholders invites purchases; and

(e) all Reserved Shares will be allotted on a first come, first served basis by the Directors of the Company, acting in their sole discretion. Any Reserved Shares not applied for in any category will become available for subscription by Reserved Share Applicants in the other category and thereafter, any remaining Reserved Shares will become available for subscription by the general public.

10. When Binding Contract is Formed

Neither the submission of an Application by an Applicant nor its receipt will result in a binding contract. Only the allotment of Shares by the Company to an Applicant and/or the transfer of Shares by a Selling Shareholder to an Applicant (as the case may be) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the allotted and/or transferred Shares, subject to the Articles of Incorporation of the Company, and the terms and conditions set

out in this Section 7.5 and the Prospectus generally.

11. When Invitation is Successful

If the Invitation is successful in raising at least J\$400 million from Applicants by the Closing Date (or any earlier Closing Date or extension thereof contemplated by this Prospectus) and/or from the Underwriter pursuant to the Underwriting Agreement and the Shares are admitted to trade on the Main Market, all allotments and transfers will be made for credit to the account of the Applicant in the JCSD specified in the Application (whether such Shares represent all or part of those specified by the Applicant in his/her Application). In the event that the Shares are admitted to listing the allotment and/or transfer of Shares for subscription and/or sale in the Invitation will take place on the morning that the Shares are admitted to listing on the Main Market. Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) after the Closing Date. Applicants who wish to receive share certificates must make a specific request to the Registrar through their usual broker.

In the event that the Invitation does not raise at least J\$400 million by the Closing Date (or any extension thereof contemplated by this Prospectus) payments for Shares received from Applicants and/or the Underwriter will be returned or refunded to the persons making them.

An application for listing the Ordinary Shares and the Preference Shares will be made by the Company in the event that the Invitation raises at least \$400 million by the Closing Date (or any earlier Closing Date or extension

thereof contemplated by this Prospectus). Please note that neither the Company nor the Selling Shareholders or the Directors make any guarantee that either or both of the classes of Shares in the Invitation will be admitted to the Main Market.

In the event that the application for listing made in respect of either the Ordinary Shares and/or the Preference Shares is refused the Company may elect to allot such Shares to Applicants in any event, no later than by 31 December 2014. In that case future transfers by successful Applicants and/or the Underwriter will not benefit from the liquidity of trading on the Main Market and such off-market transfers will also attract stamp duty and transfer tax, the current combined rate of which is 6%.

12. Refunds

The Company and the Selling Shareholders will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, to JMMB Securities within 10 working days after the Closing Date or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to JMMB Securities for collection by the Primary Applicant stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so. Please note that:

- (a) interest does not accrue on balances that are to be refunded to Applicants; and
- (b) the J\$134 JCSD processing fee will not be refunded to an Applicant in the event that the Invitation is not successful as aforesaid.

INFORMATION ABOUT THE COMPANY

Section 8



8.1 SPECIAL PURPOSE REAL ESTATE INVESTMENT COMPANY

The Company is a special purpose real estate investment company. It was established by the Founder, its majority shareholder K Limited, which is a company owned and controlled by the Chairman of the Company John Lee and his immediate family members inclusive of his wife Director Marrynette Lee.

Under the direction of John Lee and Marrynette Lee, K Limited has in the past 7 years developed a number of multiple – residential accommodation complexes comprising over 100 units in the aggregate, in and around Kingston and Saint Andrew.

8.2 UNIQUE DEVELOPMENT OPPORTUNITY

New UWI Mona Student Residences

K Limited has signed a Concession Agreement with UWI Mona and has transferred all of its rights and responsibilities thereunder to the Company as a special project vehicle to design, finance, construct, operate and transfer (subject to certain conditions) 1,584 units of student accommodation in 3 phases, on the UWI-Mona campus as follows:

Phase	Number of Units	Anticipated Construction Period
1	576 rooms	September 2014 – July 2015 ¹
2	576 rooms	September 2015 – July 2016
3	432 rooms	September 2016 – July 2017

There is currently a shortage of on – campus student accommodation at the UWI Mona campus, which has in total 3,356 rooms for student accommodation. In the 2013 – 2014 academic year, 5031 first year students applied for the 1,678 available allocated rooms for first year students. The remaining rooms were allocated to returning students.

University enrolment is increasing, and UWI Mona has also reported on its recent strategic initiative to attract more full fee paying students, including international students who typically require on – campus accommodation of suitable quality, to take advantage of its offerings particularly in Law, Medical Sciences and Science & Technology.

The strategy requires UWI to provide its students not only with updated faculty premises but also, an increased stock of relatively affordable, good quality student housing.

¹ Under the Concession Agreement the time for completion of Phase 1 is 1 August 2015, Phase 2 is 1 August 2016, and Phase 3 is 1 August 2017 subject to any extensions of time that may be permitted under its provisions.

² Source: Ground-breaking ceremony at UWI Mona held 18 September 2014.



Construction in Progress

“The importance of this partnership is not simply about providing us at Mona with 1584 new rooms over three years, it marks the beginning of what will hopefully be a new direction for funding tertiary education in Jamaica and the Caribbean.”

Excerpts from the Remarks of Professor Archibald McDonald, Pro Vice Chancellor and Principal
New Hall Ground Breaking Ceremony 18 September 2014



Construction in Progress



Signing of Agreement

Front Row –

Dr. Camille Bell- Hutchinson
- UWI Registrar, Professor
Archibald McDonald - Pro Vice
Chancellor and Principal UWI
Mona, John Lee - Chairman, K
Limited/138 Student Living,
Marrynette Lee - Director K
Limited, Non-Executive Director
138 Student Living.

Back Row –

Professor Ishenkumba Kahwa
- Vice-Principal UWI Mona,
Peter Goldson - Attorney,
Myers, Fletcher and Gordon,
Anneil Coote - Attorney,
Debbie-Ann Gordon and
Associates.



Enith Williams, Project Consultant,
138 Student Living addressing
the audience. Listening keenly is
Dr Camille- Bell Hutchinson, UWI
Registrar, Rev. Devon Dick- Pastor
Boulevard Baptist Church,
Rev. the Hon Ronald Thwaites, MP,
and Minister of Education,
Prof. Archibald McDonald,
Pro Vice Chancellor and
Principal UWI Mona.



Douglas Stiebel, Architect 138 Student Living outlines the design for the residences.

IMAGES FROM THE GROUND BREAKING

Living on campus is not in our opinion an activity that is to be taken lightly or to be discounted in the formation of the university graduate.

Enith Williams, 138 Student Living Jamaica representative, at the Ground breaking Ceremony.



Breaking Ground

Hon. Andre Hylton - MP, Eastern St. Andrew, Lerone Laing - UWI Guild President, Howard Mollison - Chairman, Jamaica Mortgage Bank, Enith Williams - 138 Student Living, Brian Boothe - General Manager, NCB Corporate Banking, Rev. the Hon Ronald Thwaites - MP, and Minister of Education, Prof. Archibald McDonald - Pro Vice Chancellor and Principal UWI Mona, Angela Brown Burke - Her Worship the Mayor of Kingston and St Andrew



1. The Cloisters 2. Wellington Drive Apartments



K LIMITED PROJECT SAMPLES



3. Wellington Drive Apartments



Figure: Buildings' vertical structure (external)

Building Specifications and Artists' Renderings

Each building is anticipated to have the following specifications:

- 6 stories
- 24 hour, 7 day security including Closed Captioned TV (CCTV) and controlled entry
- 24 hour, 7 day on – site management
- Blocks of 144 single rooms, each with en-suite bathroom.
- Rooms arranged in clusters of 12 rooms, sharing a common kitchen, eating and recreational areas
- Cable television in common rooms, and comfortable lounge seating
- Disabled access with specially configured ground floor housing units.
- Free High-Speed Internet and Wi-Fi throughout each building.
- Coin operated laundry with washers and dryers.

Additionally, each residential unit is expected to have the following specifications:

- Average 120 square feet
- Furnished with:
 - One twin sized bed
 - Desk and chair
 - Storage cupboard
- Single Unit
- Small refrigerator
- Built in clothing wardrobe
- Shelves for books etc.

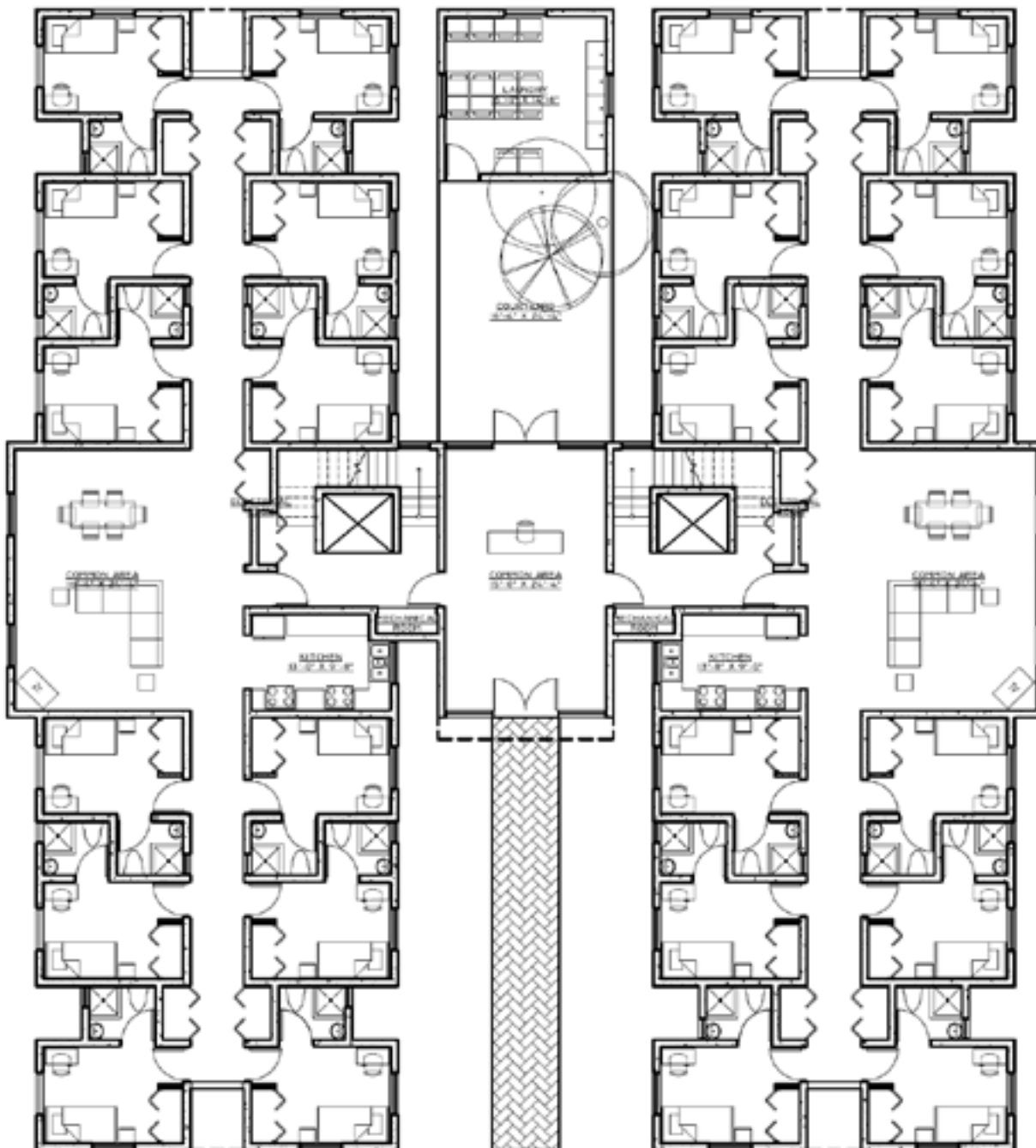


Figure: Ground Floor Plan





“A key element of this project is that the demand exists for on-campus housing, approximately three first year students apply for one available space. Additionally, based on this robust demand, the University is guaranteeing 90% occupancy of the facility - this you will never get in a hotel project”

The Hon. Kingsley Thomas, O.J., Lead Project Consultant and Non-Executive Director of the Company, speaking at the Investor Briefing at the Mona Visitors Lodge, UWI
5 November 2014.

The Project Team

The Company has engaged a contractor, Prime Development Limited (“Prime”), for the construction of Phase 1 of the current project. Prime is responsible for any sub-contractors on the project.

Construction progress and attendant costs have been estimated by Prime and reviewed and approved by Quantity Surveyors Burrowes and Wallace. Additionally in order to mitigate against possible significant increases in the price of construction materials the Company and Prime have agreed that they will forward purchase and stockpile the most significant materials whenever possible to ensure minimal or no adjustment.

The Architect for the purposes of the project is Douglas Stiebel, who is also a non-executive director of the Company. Douglas has over 30 years’ experience as a qualified architect in the USA and Jamaica, and has worked with K Limited on all its developments.

The full project team appointed by the Company is as illustrated in the following tables:



DEVELOPER / LEAD PROJECT MANAGER	THE COMPANY
<p>Lead Project Consultant</p>	<p>The Hon. Kingsley Thomas, O.J.</p> <p>Non – Executive Director of the Company and Key Consultant under the Shareholders’ Agreement.</p> <p>The Hon. Kingsley Thomas is the former head Development Bank of Jamaica Limited (DBJ) and Chairman of the National Housing Trust. See full biography in Section 9.</p>
<p>Project Consultant</p>	<p>Enith Williams</p> <p>Business and Financial Consultant. Key Consultant under the Shareholders’ Agreement.</p> <p>Enith is a Business Consultant with many years of experience working in non-profit, government and private sectors in Jamaica and the USA. She holds an undergraduate degree from Williams College in Massachusetts and completed the curriculum for a Master’s Degree at Fordham University Graduate School in New York City. She was formerly employed by Merrill Lynch in New York City as an International Banker with focus on the Caribbean, Middle East and Africa. She has also worked with the PIOJ, JAMPRO and consulted for the World Bank and IADB. She is currently a Director on the Boards of EX-IM Bank and Barita Investments Ltd.</p>
<p>Contractor</p>	<p>Prime Development Limited</p> <p>Prime was formed in 2001 and is owned and operated by Jamaicans in Kingston. Prime has successfully completed over 30 projects of various sizes since its incorporation inclusive of hotels, residential and commercial properties inclusive of the Elsa Leo-Rhynie Hall at UWI Mona – 600 rooms.</p>



DEVELOPER / LEAD PROJECT MANAGER	THE COMPANY
<p>Architect</p>	<p>Douglas O. Stiebel, Key Consultant under the Shareholders' Agreement.</p> <p>Douglas is a registered Architect and Managing Director of Stiebel and Company Limited. He is also a Non – Executive Director of the Company.</p> <p>Douglas has undertaken several commissions in Jamaica and the Caribbean since his return to Jamaica in 1982. These include resorts, recreational projects, single and multi-family residential dwellings, cinemas, medical facilities and other commercial structures.</p> <p>Stiebel and Company has also been the architect used by K Limited for all its construction development projects.</p> <p>Some of the projects that Douglas and his firm have completed in Jamaica are as follows:</p> <ul style="list-style-type: none"> • Chillin at Old Fort Bay (Mammee Bay) - six 4 bedroom townhouses and six 2 bedroom apartments (Merit Award - The Jamaica Institute of Architects Awards for Excellence in Architecture 2008) • Bracknell Estate (St Andrew) – 11 unit Townhouse Complex (Honourable Mention - The Jamaica Institute of Architects Awards for Excellence in Architecture 2000) • American International School of Kingston • Bella Vista (Lower Jacks Hill) - Eighteen 2 and 3 bedroom apartments in 3 blocks, with single stand-alone residential dwelling • Medical Facility (Hillcrest Avenue) – 10,000 s.f. commercial building • Carib 5 Cinema and Carib Cineplex (Sovereign Centre) • Silver Palm Resort – Mammee Bay

STIEBEL AND COMPANY PROJECT SAMPLES



1. Chillin' Complex Mammee Bay

STIEBEL AND COMPANY PROJECT SAMPLES



2. (AISK) American School of Kingston



DEVELOPER /LEAD PROJECT MANAGER	THE COMPANY
<p>Quantity Surveyor</p>	<p>Burrowes & Wallace. Delvert Wallace, quantity surveyor and Managing Partner and Dean Burrowes, Partner, of the firm Burrowes & Wallace are Key Consultants under the Shareholders’ Agreement.</p> <p>Burrowes & Wallace (formerly B&W Associates) was established in September 1983 and has solid Quantity Surveying and Construction Management experience having worked on a wide variety of building and civil engineering projects, both in Jamaica and overseas. The company has worked with K Limited on all their construction development projects.</p> <p>Some of the projects undertaken by Burrowes & Wallace are as follows:</p> <ul style="list-style-type: none"> • Port Maria Civic Centre, St Mary • First Caribbean International Bank, Hellshire St. Catherine • Twickenham Park Housing Development Phase 2, St. Catherine • Arrivals Forecourt, Shopping Arcade & Tour Bus Shed, Norman Manley International Airport • Courts Superstore Renovations, Constant Spring Road Kingston 10 • Jewel Runaway Bay Hotel Staff Quarters • College Green Housing Development, Kingston 6 • Half Way Tree Transportation Centre, Kingston 10 • Kings Manor Housing Development, 15 Kings Drive Kingston 6 • Red Hills Primary School, Red Hills St. Andrew • Wellington Moor, 31 Wellington Drive Kingston 6
<p>Civil / Structural Engineer</p>	<p>Barrington P. Brown, P.E. (“Barry Brown”) of Barry Brown Limited is a registered Professional Engineer who has been practising Civil and Structural Engineering in Jamaica since graduation from University in 1973. He has had full responsibility for a wide variety of projects from 1973 to the present. Mr. Brown designs or supervises the designs of all projects in the office, and manages most projects through the Construction phase. Some of his projects include:</p> <ul style="list-style-type: none"> • Courts Jamaica Limited retail store – Cross Roads, Kingston • Portmore Hospital and Campus - Portmore • Camp Road Remand Centre – Kingston • Casa Monte Housing Development • Wray and Nephew Excise Warehouses



DEVELOPER / LEAD PROJECT MANAGER	THE COMPANY
Civil / Structural Engineer	<p>Barry Brown of Barry Brown Limited (Cont'd)</p> <ul style="list-style-type: none"> • Wray and Nephew's Appleton Lounge • Horqueta and Maloney Housing Subdivisions - Trinidad and Tobago. <p>Barry Brown is also a Key Consultant under the Shareholders' Agreement.</p>
Engineer	<p>Kevin Donaldson of Donaldson Engineering Limited, Key Consultant under the Shareholders' Agreement.</p> <p>Donaldson Engineering Limited has been in operation since 1967 and are Electrical Engineers and Contractors, Structural Steel Fabricators and Generator Suppliers. The company has worked with K Limited on all their construction development projects. Some of their most recent projects are as follows:</p> <p>General Electrical Installation</p> <ul style="list-style-type: none"> • New Titles Office • U.W.I. Student Housing - European Union • Norman Manley Airport Intransit Lounge • Wendy's Restaurant - Liguanea • Radiotronica Moviles of Jamaica Digicel • Zoukie Trucking • Boulevard Super Centre <p>Structural Steel works</p> <ul style="list-style-type: none"> • Faculty of Natural Science, UWI- Cooper Associates • Bank of Jamaica Coin Museum - Caribbean Construction • Mandeville Hospital - Rizzani De Eccher • Morgue, Hospital Blocks B,C&D, Laundry & Kitchen • Alpha Girl School - McGregor & Levy • St. Ann's Bay Hospital-Elevated Water Storage Tanks Tower, Incinerator & Broiler Room • St. Ann's Bay Hospital - Rizzani De Eccher • Female Surgical Ward and • Water Storage Tank Refurbishment • S.C.R. Coffee Shop, UWI Mona - Telret Const. Co. • Hampton High School for Girls - UDC



See Section 8.9 (Material Contracts) for further details of the Key Consultants and the Subscription and Shareholders' Agreement.

Proposed Officers and Staffing Arrangements

The Company proposes to hire officers and other staff, on a phased basis when the construction phases are completed, for the purposes of its execution of the project in accordance with the Concession Agreement, including but not limited to the following:

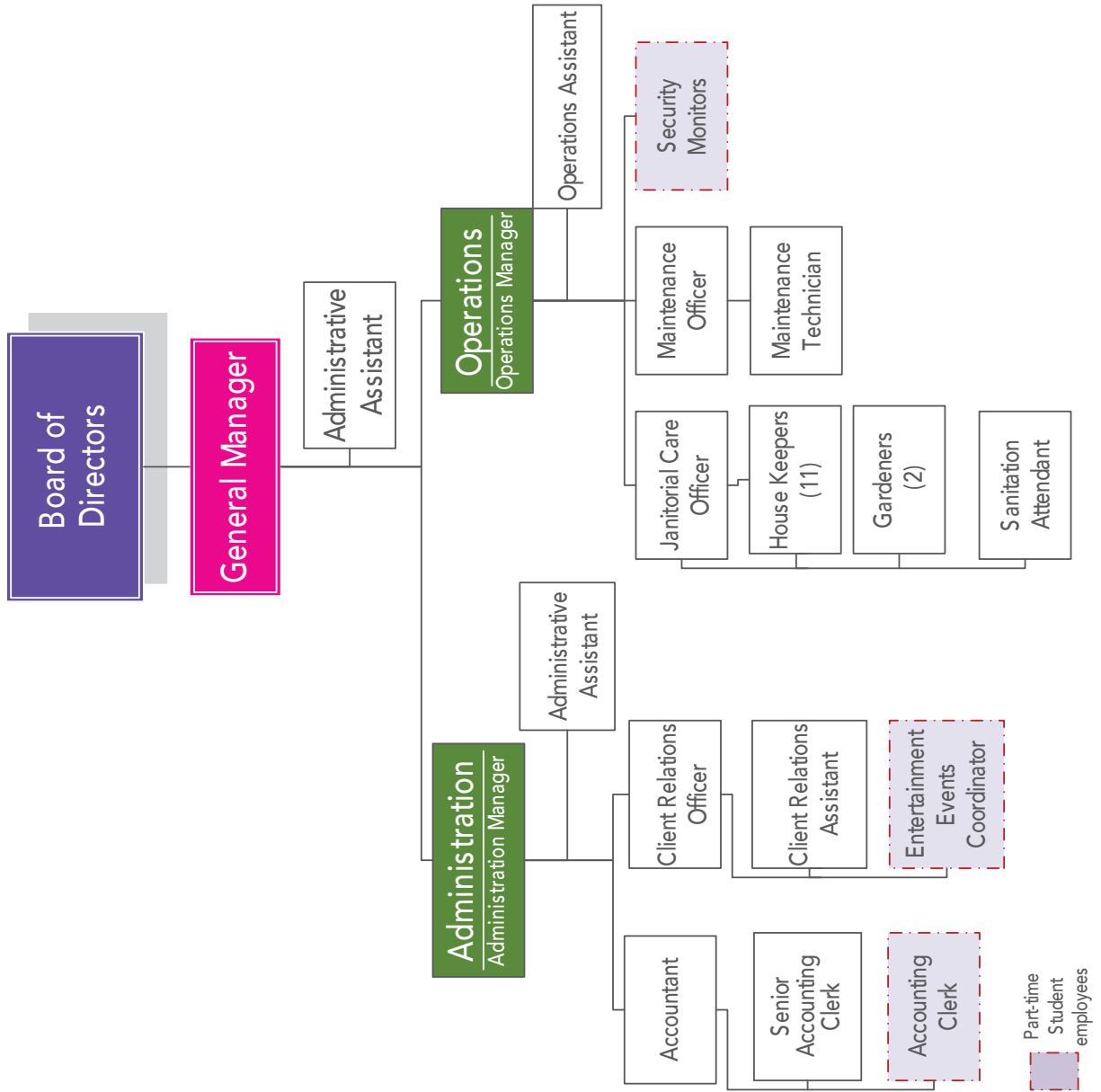
POSITION	RESPONSIBILITIES
<p>General Manager</p>	<ul style="list-style-type: none"> • Business planning and reporting • Managing partnership agreements and ensuring compliance • Main liaison with the University • Directing marketing and client relationship strategy
<p>Administration Manager</p>	<ul style="list-style-type: none"> • Developing and managing the company's plans • Monitoring operating cost and financial reporting • Managing the HR functions • Overseeing the planning and execution of client relations programme
<p>Accountant</p>	<ul style="list-style-type: none"> • Managing accounting function, supervising billing and receivables • Payroll administration • Monitoring expenditure and cash flows • Interfacing with banks, statutory bodies, regulators
<p>Marketing and Client Relations Officer</p>	<p>Developing and managing promotional programmes about the facilities targeting the student population including:</p> <ul style="list-style-type: none"> • Coordinating information and orientation activities • Coordinating viewing of rooms by prospective student tenants • Identifying and building accommodations designed to attract student tenants • Liaising with the office of Student Services to integrate residents into campus life activities • Coordinating social and entertainment events • Liaising with the office of Student Services at UWI Mona



POSITION	RESPONSIBILITIES
Operations Manager	<p>Overseeing the maintenance, security and general upkeep of the facilities including:</p> <ul style="list-style-type: none">• Managing and ensuring compliance with the Concession Agreement relating to maintenance, replacement and emergency matters• Developing and implementing disaster preparedness programme• Negotiating contracts for outsourced services e.g. security, building repairs etc.• Developing large - scale maintenance schedule• Monitoring utilities and liaising with utilities providers

These officers will be supported by various clerical, administrative and maintenance staff members as is illustrated by the chart on the following page.

138 Student Living Jamaica Limited Proposed Organisation Chart as at 30 September 2018



Part-time
Student
employees



The Company anticipates that permanent staff will be engaged on a salaried basis during the period of the Concession Agreement, at the point in time that the construction phases are completed. In addition it is anticipated that benefits will be provided to permanent employees inclusive of share options, accidental death and injury insurance, health insurance, and uniforms along with general coverage for students working on property.

It is also the intention of the Company to contract additional labour such as part time student employees inclusive of Security Monitors and Entertainment / Events Coordinators.

8.3 SUMMARY OF CONCESSION AGREEMENT AND RELATED PROJECT DOCUMENTS

Please note that summary of the Concession Agreement appearing in this section is included in the Prospectus for the convenience of prospective investors only. It is, by its nature, a summary. Accordingly, prospective investors should not rely on the summary for accuracy as to all of the key terms and conditions of the Concession Agreement, the entirety of which will be made available for inspection by prospective investors in accordance with Section 15. Capitalised terms in this Section refer to defined terms of the Concession Agreement, for the avoidance of doubt.

Entry Into Agreement

The Founder of the Company, K Limited, entered into a Concession Agreement with UWI on 3 July 2014. Clause 2.1 provides for

certain clauses of the Concession Agreement to become immediately enforceable. These include clauses in relation to termination payments due by the Company or UWI in the event of termination, and provisions on payment of costs and expenses, confidentiality, arbitration, etc.

Transfer Of Rights And Responsibilities To The Company

The rights and responsibilities of K Limited under the Concession Agreement were formally novated to the Company prior to the issue of this Prospectus.

Each of K Limited, the Founder and the Company are subject to minimum stated capital requirements as set out in the Concession Agreement, as follows:

- Phase 1 - US\$2,279,000 / or as required by Financing Documents
- Phase 2 - US\$1,305,000 / or as required by Financing Documents
- Phase 3 - US\$2,098,000 / or as required by Financing Documents

Additionally the Founder must retain at least 51% of the Ordinary Shares in the Company under the Concession Agreement. Under the Concession Agreement in certain circumstances inclusive of liquidation events of the Company transfers of Ordinary Shares are to be made on a pre-emptive basis and otherwise to third parties with the prior written consent of UWI, however this does not apply to the Invitation.

Effective Date Conditions Precedent

In order for the Concession Agreement to commence in earnest each of the Effective Date Conditions Precedent need to either be met, or waived by both parties so that it becomes a Condition Subsequent.

The Financial Close (construction loan) for Phase 1 has been met.

Certain of the other Effective Date Conditions Precedent inclusive of Insurance Certificates and others are still to be met.

Representations And Warranties

The Concession Agreement contains representations and warranties to the University regarding the Company's valid incorporation and existence, and the fact its entry into the Agreement is a legal, valid and binding act, and others that are customary for an agreement of this nature.

The Project

The Project involves the construction of 1,584 units of student accommodation in 3 phases, on the UWI-Mona campus, in not more than 48 months.

Building Permits And Approvals, Other Standards

The Company has also applied for and obtained the required approvals and building permits for the Project from the KSAC as set out in Section 8.4 below. The Concession Agreement requires it to maintain these and any other Required Consents for the Project in force.

Sub-lease

UWI has undertaken to enter into the Sub-lease in the form set out in Section 7 of the Concession Agreement. See Section 8.8 for further details of the Sub-lease.

Rights And Responsibilities Of The Company

The rights and responsibilities of the Company under the Concession Agreement include but are not limited to the following:

- Securing the necessary financing for the construction and furnishing of the units.
- Complying with Concession Specifications, Good Engineering Practices and Operations, Design and Construction Specifications, quality requirements, and other statutory requirements and regulations at all times during the design, building, operation and maintenance of the buildings.
- Designing the Project and submitting plans to the University and to the relevant authorities for approval within agreed timelines.
- Engaging professional engineers, architects, contractors and others to design and construct the units.
- Maintaining adequate insurance coverage, including the contractors' all risks and construction plant and equipment insurance, advance loss of profit insurance, employer's liability insurance, third party liability insurance and performance bond (for the construction phase) and other insurance for the phase at which the Company is operating under the Service Level Agreement with UWI



Mona in respect of the complex, as set out in Schedule 10 of the Concession Agreement.

- Providing accurate and complete performance information on the construction works to the UWI representative appointed for that purpose, and notices when one or more sections of the building are to be completed for the purposes of the issue of a completion certificate(s).
- Establishing a management and maintenance system for the operation of the units based on guidelines agreed by both parties.
- Delivering copies of all warranty certificates during the construction and furnishing of the Project.
- Prompt payment of project related taxes and other expenses.
- Compliance with all applicable laws, regulations and guidelines.
- Dealing with any land contamination encountered during the construction works.
- Providing rooms for lease to students at rates and on terms agreed by the parties and collecting rents.
- Returning the buildings to UWI at the end of the term of the Sub-lease free of cost.

Rights To Build Further Residences At UWI Mona

The Concession Agreement also grants the Company the right to build certain further student accommodation at UWI Mona as follows:

- The right to construct an additional 1,584 units of student accommodation in the aggregate, in a single project or in multiple projects, provided that it has not committed a breach of the Concession Agreement for which the Agreement may be terminated.³
- The right to submit counter proposals in respect of any new student housing development initiated by either UWI or a third party.⁴
- The right to submit a proposal at any time for the purposes of new student accommodation at the Mona campus provided that it demonstrates evidence of demand for such housing.
- The right for the Project (being the initial construction project the subject of the Concession Agreement, as defined in it) not to be undermined by any other agreement for the construction of student accommodation on the Mona Campus.

Time To Completion Of Project And Extensions

Under the Concession Agreement the Company is required to complete in a timely manner the Project Works, and all Project Phases. The relevant times for completion are as follows:

Project Works:

- Phase 1 - 1 August 2015
- Phase 2 - 1 August 2016
- Phase 3 - 1 August 2017

Extensions of time may be granted by UWI in certain circumstances under the Concession

⁴ As above.

Agreement, on application by the Company. Extensions of not more than 4 months of any long stop date may be granted for changes of law or force majeure events, being events that are specifically set out in the Concession Agreement for that purpose.

Longer extensions as may be required in the circumstances may be granted in the case of a university variation, delays in construction works during any phase, delays in the Financial Closing of any loan facilities.

Liquidated Damages Or Termination For Late Completion Of Phases

Liquidated damages are payable by the Company in respect of failure to achieve completion of the following milestones in a timely manner:

- Time for Final Phase 1 Completion –

August 1, 2015 / within the date falling 15 months after subject to any extensions of time, the latter date being the “Latest Time for Phase 1 Completion

- Time for Final Phase 2 Completion
- Time for Final Phase 3 completion

Liquidated damages are calculated on a daily basis for each delay that is not subject to an agreed extension of time, up to the Latest Time for Completion (as defined in respect of each of Phases 1, 2 and 3). Such damages shall be as the University thinks relevant but the University agrees not to require the Company to pay liquidated damages in respect of certain Phase 1 works. Where the Company is late in its delivery of any phase and it fails to obtain the necessary completion

certificate then, save and except where there is an agreed extension (that in the case of any phase is still within 3 months within the Time for Phase Completion) the Company must pay to UWI by way of liquidated damages in the sum of US\$2,500 per day up to a maximum of 5% of the contract price. After the Latest Time for Completion, UWI is entitled to termination of the Concession Agreement.

Housing Services

The Company has committed to providing certain Housing Services for students at the Site for the duration of the Concession Period. These consist of services inclusive of parking, coin operated laundry facilities, a commissary and others, as set in Schedule 10 of the Concession Agreement (Service Level Agreement). Schedule 8 of the Concession Agreement sets out the form of Licence Agreement to be entered into by residents at the complex.

In providing the Housing Services under the Concession Agreement, UWI requires the Company to have the degree of skill, diligence, prudence and operating practice which would reasonably be expected of a skilled and experienced operator of housing, for the purposes of management and operation of the project complex as a commercial undertaking and for provision of the housing services, amongst other things.

Certain Rights And Responsibilities Of UWI

UWI is responsible for advertising the residences and allotting rooms. The Company will be notified by January of each year of the expected occupancy. In any case, the Concession Agreement provides the Company with a contractual guarantee of



90% occupancy in any 51 – week year. The Directors consider that the said guarantee obliges UWI to guarantee (and pay) to the Company a minimum monthly rental income equivalent to that which would have been earned if the units were 90% occupied by students (as defined in the Concession Agreement), whether or not the units are in fact so occupied.

The Company is entitled to payment of rental amounts under the Concession Agreement (and is to bear the related expenses of collection). UWI is also responsible for remitting to the Company in full all charges for accommodation where such charges are paid directly to the University, within fourteen (14) days of receipt thereof with no set-off except as previously agreed by the Parties in writing. UWI has subsequently verbally agreed with the Company to collect any rental amounts due to the Company in segregated accounts for ease of administration and payment.

UWI has naming rights for the building and its rooms and areas, in accordance with its usual policy. That notwithstanding UWI is to name the Developer (e.g. the Founder and the Company), Operator and Financial Institution that financed the construction on a plaque on the building and its website.

Concession Period And Real After Tax IRR

The Concession Period is defined as commencing on the Effective Date of the Concession Agreement. It is to end on the earlier of the dates on which the Shareholders of the Developer achieve real after tax IRR of 15% as outlined in Schedule 15 of the Concession Agreement, subject to a minimum period based on the tenor of project debt and a maximum period of 65 years. The calculation of real after tax IRR is

defined by a formula. It is also subject to the concession lasting for at least the term of the project debt, being a minimum of 20 years from the Effective Date. The Directors believe based on the Unaudited Financial Projections that it is likely that the Concession Period will

last for 30 years in order to achieve real after tax IRR of 15%.

This is without having regard to events beyond the control of either party, which could cause the Concession Period to go beyond the 30-year period that is projected by the Directors, but not for more than 65 years in any case. Once the target rate of real after tax IRR of 15% is achieved beyond the minimum period of the Concession, the Concession Agreement will automatically terminate.

Under the Concession Agreement the “Internal Rate of Return” or “IRR” is defined as being a value that solves the following equation:

$$\sum_{i=0}^{i=N} -K_i + \frac{D_i}{(1 + IRR)^i} = 0$$

Where:

- (a) **i** is the reference period;
- (b) **N** is the period in which IRR is calculated;
- (c) **K_i** is the equity amount disbursed by the Shareholders in year 1 in equivalent J Dollars at the date of payment; and
- (d) **D_i** is the amount available for distribution to Shareholders in year **i** in equivalent J Dollars at the date of payment. The amounts available for distribution include the return of the Shareholders’ capital in year **i**.

Where the IRR is described as:

- (i) “nominal” IRR, the Concession Agreement requires that calculation take into account the **K_i** and **D_i** flows in nominal terms;

(ii) “real” IRR, the Concession Agreement requires that calculation takes into account Ki and Di flows which have been discounted on the basis of the Jamaican CPI rate documented by the Statistical Institute of Jamaica; and

(iii) “before tax” IRR, the Concession Agreement requires that calculation takes into account Ki and Di flows before corporate tax or withholding tax of any kind on dividends, and

(iv) “after tax” IRR, the Concession Agreement requires that calculation takes into account Ki and Di flows net of any corporate tax or withholding tax of any kind on Shareholder’s distributions;

In calculating IRR, flows shall not include penalty payments or penalty interest.

For the purposes of calculating the IRR component of any termination sum under the Concession Agreement “Ki” shall mean the equity amount which has been disbursed at the date of payment of that termination sum in accordance with the University Documents (as defined in the Concession Agreement) and the IRR takes the value given in Schedule 15 of the Concession Agreement.

The Concession Agreement acknowledges that it will last for at least the term of the project debt, being a minimum of 20 years from the Effective Date. The Directors believe based on the Unaudited Financial Projections that it is likely that the Concession Period will last for at least 30 years in order to achieve real after tax IRR of 15%.

This is without having regard to events beyond the control of either party, which could cause the Concession Period to go beyond the 30 year period that is projected by the Directors,

but not for more than 65 years in any case. Once the target rate of real after tax IRR of 15% is achieved, the Concession Agreement will automatically terminate.

Upside Payments To Be Shared By UWI And The Company

The Concession Agreement provides in its Schedule 15 for an Upside Formula which is defined as follows:

Upside Amounts – means the amount payable by the Company to the University, in respect of a particular Calculation Period in accordance with the Upside Formula.

Calculation Period – means the financial year for the Company. The first Calculation Period shall commence on the Effective Date of the Concession Agreement and end 12 months thereafter.

Subsequent Calculation Periods shall occur in line with each successive financial year of the Company until the last date of the concession period.

To the extent that the certain real after tax IRR thresholds are met as described in paragraphs 1 and 2 below, due to the actual annual rental revenues in the Base Case Model in 01/01/2014 value being exceeded in US\$ terms, such excess will be defined as “Excess Revenues”. The Base Case Model will form the basis for establishing the profile of the Upside Amount to be paid by the Company to the University and those Excess Revenues shall be shared with the University in the following manner:

1. First band: 100% to the Company provided that the Excess Revenues result in real after tax IRR of up to 15%.



2. Second band: 50/50 between the Company and University provided that the Excess Revenues result in real after tax IRR above 15%. The Upside Amounts are payable after the satisfaction of all operating expenses for the project in each Calculation Period. This Upside Formula arrangement will remain in effect until all senior debt obligations in respect of the Concession Agreement are repaid in full, or with the express agreement of the creditors in respect of the liabilities, UWI assumes full responsibility for the liabilities. For the avoidance of doubts, no Upside Amount in excess of the split here above defined shall be paid by the Company to the University until the amounts available to be distributed to the Ordinary Shareholders have resulted in the Ordinary Shareholders achieving a real after tax IRR of 15%.

Operations And Maintenance: Service Level Agreement And Penalty Points

The Service Level Agreement (SLA) imposes obligations on the Company. This deals with the operation and maintenance of health, hygiene, fire, and other regulatory standards and the general maintenance and upkeep of the complex premises. Each of the Company's obligations under the SLA, which is set out in Section 10 of the Concession Agreement is ascribed a certain number of penalty points for failure to comply. Under the Concession Agreement if at any time, and without prejudice to any other right or remedy available to UWI, the Company has committed any material breach of its obligations or 100 Penalty Points have been imposed in any 3 year period, or 42 or more penalty points in any 1 year period, the UWI may give the Company a Warning Notice. This may lead to monitoring by UWI for which the Company must pay all reasonable operating

costs and relevant administrative expenses of UWI.

Step In Rights For UWI In The Event Of Breach

In the event that the Company defaults on its obligations under the Concession Agreement (including the Concession Specifications, as defined) UWI may serve on it a notice of default requiring cure in 30 days, with recourse to expert determination in the event of failure of their agreement for that purpose). UWI also has a right to recover the costs of any necessary work from the Company in the event of its failure to remedy, as well as a right to notify any competent authority.

In order to prevent, mitigate or eliminate an immediate and serious risk to health, security, safety or the environment where such functions are not being properly discharged through the Company under the Agreement UWI may suspend the rights of the Company and enter upon the Site for such period as is necessary. UWI may also take over all or part of the construction, operation and maintenance of the Building. In doing so, UWI is required act reasonably and in proportion to the circumstances of the default.

Compensation Amounts For The Benefit Of The Company

The Company is entitled to a payment of compensation under the Concession Agreement, in the event of a variation to the project proposed by UWI, or a breach by UWI of its obligations under the Agreement, or in the event that the Company's costs of construction, or operation and maintenance of the buildings increase, or result in the Company losing revenue, provided that the Company has mitigated its loss.



Termination By The Company

The Company may terminate the Concession Agreement:

- for persistent and material breach of the Concession Agreement by UWI that is not remedied in 90 days,
- failure by UWI to pay over any amount over US\$200,000 due to the Company that is not in dispute within 90 days of demand,
- commission of a prohibited act by UWI or its agents, and/or
- other circumstances.

Termination By UWI

UWI may terminate the Concession Agreement:

- if the Company or the contractor, or the operator seeks to vary without the consent of UWI any material term of a Project Agreement,
- if the Company receives 3 or more warning notices in any 4 year period under the SLA and the Concession Agreement,

- if the Company becomes insolvent, and/or
- If K Limited ceases to hold 51% of the Ordinary Shares.

Additionally UWI is entitled to **voluntarily** terminate the Concession Agreement by not less than 6 months' and not more than 12 months' written notice.

Termination Payments:

The Concession Agreement distinguishes between the causes of termination events and compensation scenarios, as follows:



TERMINATION EVENT	COMPENSATION
<p>“University Responsibility Termination”</p> <p>Means a termination of the Concession Agreement -</p> <p>(a) By the Company:</p> <ul style="list-style-type: none"> • For UWI not meeting the Effective Date conditions precedent • UWI breach / prohibited act / failure to pay material sum <p>Change of law</p> <p>(b) By UWI:</p> <ul style="list-style-type: none"> • Voluntarily by notice (6 months +) <p>(c) Either party:</p> <ul style="list-style-type: none"> • Expropriation by Government 	<p>1. Prior to Financial Close 1 (obtaining unconditional construction financing)</p> <p>=</p> <p>Actual reasonable verifiable costs incurred by the Company</p> <p>2. On or after Financial Close 1 (as above) but prior to expiry of the Concession Agreement</p> <p>=</p> <p>Developer’s Total Debt, Shareholders’ Contribution Amount and Equity Compensation Amount calculated to yield the Shareholders’ 15% Real After Tax IRR</p> <p>All sums are payable as capital sums and by way of set off against the payments due from the Developer to the University for rental of units and any upside amounts</p>
<p>“Developer Responsibility Termination”</p> <p>Means a termination of the Concession -</p> <p>(a) By UWI:</p> <ul style="list-style-type: none"> • For Company not meeting the Effective Date conditions precedent • For Company breach / prohibited act / failure to pay material sum • Failure by K Limited to maintain a majority holding (51%) and change of control requirements in the Company • For Company entering into liquidation 	<p>1. Before Financial Close 1:</p> <p>Actual reasonable verifiable costs incurred by UWI</p> <p>2. After Financial Close 1:</p> <p>Developer’s Total Debt</p>



TERMINATION EVENT	COMPENSATION
<p>“No Responsibility Termination”</p> <p>By UWI or the Company for failure to meet Effective Date conditions precedent</p> <p>By UWI for prohibited acts by the Company</p> <p>By UWI or the Company for <i>force majeure</i></p>	<p>1. Before Financial Close 1:</p> <p>50% of Shareholders’ Contribution at date of termination</p> <p>2. After Financial Close 1:</p> <p>Developer’s Total Debt, 50% of the Shareholders’ Contribution and Equity Compensation Amount on the 50% Shareholder’ Contribution calculated to yield the Shareholder’ 15% Real After Tax IRR</p>

Any recoveries by the Company under insurance or guarantees or performance bonds or sureties of any sort are to be applied towards reimbursement of payments made by UWI for the purposes of termination.

Indemnity By Company In Favour Of UWI

Under the Concession Agreement, the Company has given UWI an indemnity for any losses or claims arising out of, or in consequence of, the design, construction, operation or maintenance of the complex, or non performance by the Company of any of its obligations under the Concession Agreement, save that any such indemnity will be reduced proportionately in the event of negligence by UWI or its employees etc.

Indemnity By UWI In Favour Of The Company

UWI has also given the Company and its employees, agents and contractors an indemnity for death or personal injury and loss of or damage to property and other claims, resulting from any negligent act or

omission of UWI, except to the extent that such liability arises from the exercise of UWI’s step-in rights in the Concession Agreement.

Disputes

The Concession Agreement provides for disputes between UWI and the Company to be resolved by mutual good faith negotiation, for at least 45 days, before any reference to arbitration. Some provisions of the Agreement refer specifically to expert determination. Otherwise, arbitration is to be invoked for disputes during or after the termination of the concession period which have not been resolved, or certain specified other disputes. The place of arbitration is Jamaica and the arbitration is to be conducted subject to the relevant rules of the International Chamber of Commerce.

8.4 PERMITS, LICENCES, AND CERTIFICATES

The Company was incorporated on 15 August, 2014 as a public company with limited liability (no. 88096). It is in good standing until 12th September, 2015, as confirmed by the Registrar of Companies.

The Company's current permits, licenses and certificates are as follows:

KSAC Building Application No. 2014 – 02001PB00249, Approved Under the Town and Country Planning Act and the Kingston and Saint Andrew Building Act. Approved planning and building permission in respect of the construction of student housing consisting of 576 units on four, six storey blocks with total floor area of 18,227 square metres on a lot size of 14,670.13 metres in accordance with plans date stamped 28 March 2014.

The Application is subject to certain conditions that are standard for a project of this type. The Application will be made available for inspection as set out in Section 15.

8.5 DETAILS OF THE CAPITAL STRUCTURE OF THE COMPANY, ITS DIVIDEND HISTORY, AND THE SHARES IN THE INVITATION

Capital Structure of the Company

As at the date of this Prospectus, the authorised and issued share capital of the Company was as follows:

Authorised: 480,500,000 Ordinary Shares
94,500,000 Preference Shares

Issued: 331,600,000 Ordinary Shares⁵

The Preference Shares in the Invitation were authorized for issue as new cumulative redeemable Preference Shares of the Company, on terms to be set by the Board. At a meeting of the Board held on Thursday, 13 November 2014 the Board set the terms of the Preference Shares, as set out in Appendix 2.

Recent Capital Reorganisation:

At extraordinary general meetings of the Company held on 6 October 2014 and 13 November 2014 the Founder also approved the following actions in respect of the capital structure of the Company:

- The increase of the authorized share capital of the Company by 1,000,000 shares of which 700,000 are designated as Ordinary Shares and 300,000 are designated as Preference Shares.
- The subdivision of each ordinary share into 115 Ordinary Shares.
- The subdivision of each Preference Share into 115 preference shares.
- The re-designation of 60,000,000 Ordinary Shares as cumulative redeemable preference shares.
- The creation of 93,680,000 cumulative redeemable preference shares subject to the Terms of Issue.

⁵ Issued to the Founder and also, to certain Key Consultants for cash and non - cash consideration valued at \$435.565m in the aggregate in lieu of payment of fees for past consultancy services, in accordance with the Subscription and Shareholders' Agreement. See further Section 8.7 for details.

- The authority for the Board to issue and allot the Shares in the Invitation without regard to any pre-emption rights, howsoever arising.
- The conversion of each fully paid Share to stock.

Surrender of Shares by Founder:

After the Recent Capital Reorganisation described above, the Founder surrendered 1,190,030 ordinary shares so as to maintain the relative proportions of shares as between itself and the Key Consultants as set out in Table 8.7.

Dividend History:

The Company has not yet declared dividends.

The Preference Shares will carry cumulative floating rate preferential dividends in accordance with the Terms and Conditions of Issue set out in Appendix 2.

See Section 8.11 for details of the Ordinary Share dividend policy of the Company going forward and the manner of payment of Preference Share dividends.

Articles of Incorporation

The Company adopted Articles of Incorporation in conformity with the requirements of the Jamaica Stock Exchange.

The Articles of Incorporation contain the usual provisions in respect of a public Company but they also prohibit the issue of any shares in the capital of the Company, or the transfer of any share in the capital of the

Company, to Restricted Persons as defined in the Concession Agreement being persons who are senior administrators of UWI (not including a senior academic administrators with academic administrative functions only) and / or their spouse(s), children, parent(s) or sibling(s).

By making an Application in the Invitation an Applicant is deemed to confirm and undertake that it is not a Restricted Person.

8.6 TAXATION

Company

The Company is incorporated as a public company with limited liability under the Companies Act. The Company will be subject to the Income Tax Act. Under Section 13(1) (h) of the Income Tax Act, a company may generally claim tax losses to the extent of 50% of statutory income in any year of assessment. However, this "limit of 50% ... shall not apply ... for the first five years of assessment next following the year of assessment in which the taxpayer commenced a trade, profession or business, as determined by the Commissioner General ...".

Therefore, since the Company is expected to incur tax losses in its first year (being the year in which it is deemed to have "commenced a trade, profession or business"), it will be able to fully utilise these tax losses for the next 5 years (e.g. years 2 to 6 of its business). From year 7 of its business onwards, the Company will be restricted to utilising tax losses to the extent of 50% of statutory income arising in each year.



As a result of its utilisation of tax losses, it is not expected that the Company will incur a tax liability until year 8 of operation, however this is based on the projections and any deviation may result in a tax liability.

Ordinary Shares

Section 30(1)(c) of The Income Tax Act provides that the rate of income tax payable by Jamaican residents on dividend income received by holders of shares of companies listed on the Jamaica Stock Exchange is nil. Notwithstanding the foregoing, the Government announced that dividends on the Ordinary Shares paid to residents of Jamaica are subject to income tax at the rate of 15% as from 1 April 2013.

Preference Shares

Preference Share dividends paid by the Company to Preference Shareholders who are resident in Jamaica are not subject to withholding tax⁶.

On the other hand, Preference Share dividends paid by the Company to Preference Shareholders who are not resident in Jamaica are subject to income withholding tax at the rate of $33\frac{1}{3}$ % if the payment is made to a person other than an individual, or 25% if the payment is made to an individual.

Double Taxation Treaties

Foreign resident Preference Shareholders who reside in countries that have entered into a double taxation treaty with Jamaica may be subject to lower or higher rates of income withholding tax on any Preference

Share dividends they may receive than that applicable to residents of Jamaica. Foreign resident Preference Shareholders will also have income tax on dividends withheld by the Company at source.

Share Transfers

Section 17(1)(d) of the Transfer Tax Act provides that transfers of either Ordinary Shares or Preference Shares made in the ordinary course of business on the JSE will not attract transfer tax. The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.

Off – market transfers of the Ordinary Shares not made on the JSE attract both transfer tax (approximately 5%) and ad valorem stamp duty (approximately 1%).

Seeking Professional Advice

Prospective investors also should seek advice on the taxation of listed companies and their prospective investment in the Shares of the Company from a professional adviser, and should not rely on the summary set out above.

⁶ This treatment applies to dividends that qualify for treatment as a deductible expense of the chargeable income of the issuer in accordance with section 13 of the Income Tax Act



8.7 SHAREHOLDINGS IN THE COMPANY BEFORE AND AFTER THE INVITATION

As at the date of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

Name of Shareholder	Number of Ordinary Shares before Opening Date of Invitation	Percentage of Issued Ordinary Shares before Opening Date of Invitation
K Limited (Founder) (Controlled by Chairman John Lee and his family inclusive of Director Marrynette Lee)	233,409,970	70.39%
Hon. Kingsley Thomas, O.J. (Non Executive Director)	22,500,000	6.79%
Douglas Stiebel (Non Executive Director)	32,600,000	9.83%
Enith Williams	6,250,030	1.88%
Dean Burrowes	6,520,000	1.97%
Delvert Wallace	6,520,000	1.97%
Barrington Brown	8,000,000	2.40%
Kevin Donaldson	800,000	0.24%
Beverly Hennie	3,333,333	1.01%
Patricia McIntosh	3,333,333	1.01%
Novelette Anderson	3,333,334	1.01%
Heline Beach	5,000,000	1.50%
Total	331,600,000 Ordinary Shares	100%

The original Shareholder in the Company was the Founder. All of the other Ordinary Shareholders in the table above are Key Consultants to the Company in the project contemplated by the Concession Agreement that elected to receive Ordinary Shares in lieu of fees for services rendered.

The Board approved the issue of such Ordinary Shares subject to the terms of a Subscription and Shareholders' Agreement between the Founder, the Subscription Shareholders (the Key Consultants save for the Founder) and also, the Company dated 13 November 2014. The issue of the certain shares to the Founder and also the Key Consultants was approved by the Board of the Company on 13 November 2014 noting the contents of an accountant's report prepared for the purposes of Section 38 of the Companies Act by the Auditor, estimating the money value of the consideration. Prior to the making of the Invitation all Ordinary Shares issued to Key Consultants (save for the Founder) were valued at the issue price of J\$353,060,120 in the aggregate⁷ and shares issued to the Founder were valued at \$82,505,000 in the aggregate after the surrender of shares referred to above.

No Preference Shares were issued as at the date of this Prospectus.

After the Invitation is closed, and assuming that the Shares in the Invitation are fully taken up by the public and also, by the Reserved Share Applicants, the percentage shareholdings in the Company will be as follows:

Name of Shareholder	Number of Sale Shares In The Invitation	Number Of Ordinary Shares After Closing Date Of Invitation	Percentage Of Issued Ordinary Shares After Closing Date Of Invitation (Rounded)
K Limited (Founder) (Controlled by Chairman John Lee and his family inclusive of Director Marrynette Lee)	4,500,000 Sale Shares	228,909,970	55.23%
Hon. Kingsley Thomas, O.J. (Non Executive Director)	6,250,000 Sale Shares	16,250,000	3.92%
Douglas Stiebel (Non Executive Director)	2,500,000 Sale Shares	30,100,000	7.26%

⁷ All of the Subscription Shares were issued for non – cash consideration equivalent to the Invitation Price of \$4 per share save for the shares issued to Patricia McIntosh, Novelette Anderson and Beverly Hennie which were issued at a nominal subscription amount per Share.

Name Of Shareholder	Number Of Sale Shares In The Invitation	Number Of Ordinary Shares After Closing Date Of Invitation	Percentage Of Issued Ordinary Shares After Closing Date Of Invitation (Rounded)
Enith Williams	1,000,000 Sale Shares	5,250,030	1.27%
Dean Burrowes	0	6,520,000	1.57%
Delvert Wallace	0	6,520,000	1.57%
Barrington Brown	1,333,333 Sale Shares	6,666,667	1.61%
Kevin Donaldson	133,333 Sale Shares	666,667	0.16%
Beverly Hennie	0	3,333,333	0.80%
Patricia McIntosh	0	3,333,333	0.80%
Novelette Anderson	0	3,333,333	0.80%
Helene Beach	0	5,000,000	1.21%
General Public (<i>inclusive of Reserved Share Applicants</i>)	N/A	82,900,000	23.80%
Total	15,716,667 Sale Shares	414,500,000	100.00%

8.8 INTELLECTUAL AND REAL PROPERTY

As at the date of this Prospectus, the Company had the following interests in intellectual or real property:



REAL PROPERTY

<p>Sub-lease of Premises under Concession Agreement</p>	<p>UWI has undertaken to enter into the Sub-lease in the form of Appendix 7 of the Concession Agreement.</p> <p>Description of the Leased Premises:</p> <ul style="list-style-type: none"> • Phases 1 and 2: land part of HOPE ESTATE and the Mona Campus of the University of the West Indies being part of the land comprised in the Certificate of Title registered at Volume 703 Folio 75 of the Register Book of Titles of the National Land Agency. • Phase 3: To be agreed by the parties. <p>Other terms:</p> <ul style="list-style-type: none"> • Term: the duration of the lease is equal to the duration of the Concession Agreement with the intent that the lease should expire on termination of the Concession Agreement. • Dispute resolution: arbitration in accordance with the Concession Agreement. • Non – registration: on affected titles. • Damage and destruction to leased premises: Company to insure in accordance with s.47 Concession Agreement. • Prohibition on assignment or change in the majority shareholding in the Lessee (Company) without the written consent of UWI Mona <p>Details of Lease from which Sub-lease is granted:</p> <p>Indenture of Lease granted by the Commissioner of Lands, North Street, Kingston in favour of the University of the West Indies on the 11th January 1967 in respect of certain lands part of HOPE ESTATE.</p>
<p>Intellectual Property</p>	<p>Application for registration of trademark (138 Student Living Jamaica) (name and logo) made under the Trademarks Act dated October 2014. In the event that registration is successful the trademark will be valid for a period of 10 years capable of renewal for further periods on payment of a nominal fee.</p> <p>Domain name registrations:</p> <p>www.138studentliving.com www.138studentliving.org www.138studentliving.net www.138studentliving.info</p>

8.9 MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company with the following persons (“counterparties”) in the 2 years preceding the date of this Prospectus:

Date	Counterparty	Consideration	Brief Details
3 July 2014	University of the West Indies Mona	See Section 8.3	Concession Agreement. See Section 8.3 above for details. Additionally, the Related Agreements (as defined therein) when entered into pursuant to the Concession Agreement. These include the Lease Agreement described in Section 8.8 above.
13 November 2014	University of the West Indies Mona	J\$100	Deed of Novation transferring the rights and obligations of the Developer under the Concession Agreement from K Limited to the Company.
15 September 2014	Prime Development Limited	J\$1.3b	Construction Contract Contains terms and conditions that are typical in a facility of this nature.
13 November 2014	Founder Company Key Consultants	J\$435,565,120	<p>Subscription and Shareholders’ Agreement between Founder and Key Consultants.</p> <p>Provides for the issue of Ordinary Shares in the Company for non – cash consideration in lieu of payment of fees for consultancy and other services received by the Company together with Accountants’ Report on consideration provided by BDO in accordance with Section 38 of the Companies Act.</p> <p>The Key Consultants are prohibited from disposing of more than:</p> <ul style="list-style-type: none"> • 50% of their respective holdings of Ordinary Shares in Phase 1 • a further 50% of their remaining holding in Phase 2 • the remainder of their holding in Phase 3 <p>Certain Key Consultants are Selling Shareholders as set out in the table in Section 8.7 above.</p>



Date	Counterparty	Consideration	Brief Details
9 September 2014	<p>Jamaica Mortgage Bank Limited</p> <p>National Commercial Bank Jamaica Limited</p>	<p>J\$1.352 billion, plus interest fixed at 13.5% during the initial term.</p> <p>Commitment fee 1.0%</p> <p>Administration and document fee 0.5%</p> <p>Lead bank fee of 0.5%</p> <p>Calculated exclusive of GCT</p>	<p>Senior construction loan of up to J\$1.352 billion with tenor of 15 months (the Initial term) subject to extension of maturity date by up to 6 months in certain defined circumstances that is subject to an extension fee and a step up fee of 25 basis points each per annum.</p> <p>Principal to be repaid on the earlier of the:</p> <ul style="list-style-type: none"> - Arrangement of long term loan facility through the National Insurance Fund with appropriate commitment letter to be presented within 6 months of disbursement and irrevocable commitment for the balance of funding from First Caribbean as arranger to be provided within 8 months of disbursement, or - Any alternative funding source. <p>Prepayments may be made without penalty on 30 days notice.</p> <p>Borrower to establish Debt Service Reserve Account and Stamp Duty Reserve Account (J\$52m) (latter to be used in event of default by Borrower under facility).</p> <p>Additional default rate of interest of 10% per annum.</p> <p>Security: Promissory Note, Assignment of certain rights under the Concession Agreement, assignment of Contractor's All Risk Insurance, assignment of 10% Performance Bond given in accordance with the Concession Agreement.</p> <p>Contains other terms and conditions that are typical in a facility of this nature.</p> <p>See further Section 8.3 of the agreement.</p>



Date	Counterparty	Consideration	Brief Details
18 September 2014	JMMB Securities Limited	4.0% of the funds raised in the Invitation exclusive of GCT	Engagement Letter. Lead broker and listing agent to the Company in the Invitation. See Section 14 for details.
13 November 2014	Jamaica Money Market Brokers Limited	1.0% of the funds raised in the Invitation, up to a maximum of \$400M exclusive of GCT	Underwriting Agreement having effect from the date of publication of the Prospectus. See Section 14 for details
October 2014	Pricewaterhouse Coopers Tax and Advisory Services Limited	Success fee of 2.0% of the funds raised in the Invitation subject to a minimum amount of J\$500m, exclusive of GCT. The fee is to be credited against an initial fee of \$2m.	Financial advisory services and project management for the Company.



8.9 LITIGATION

As at the date of this Prospectus, there were no material litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings.

8.10 CHARGES REGISTERED AGAINST THE ASSETS OF THE COMPANY

As at the date of this Prospectus, there were no charges registered against the assets of the Company at the Companies Office of Jamaica.

Under the Concession Agreement, the Company may not offer or use the real estate comprised in the project site as security to obtain any loan. Doing so will have the effect of immediately terminating the Agreement. That notwithstanding, the Concession Agreement does not preclude the Company from utilizing its rights in the Sub-Lease as security for any loan to finance the Project in keeping with its Clause 39.2.

8.11 DIVIDEND POLICY

Ordinary Shares

The Board expects to declare and pay an annual dividend of not less than 95% of profits after tax, after setting aside amounts for debt service and repairs-and-maintenance reserves. The Board currently expects for dividends to commence in 2018 after the construction phases of the UWI student residences are complete, subject to the need for re-investment in the Company from time to time.

Preference Shares

The Preference Shares carry a cumulative preferential dividend that will accumulate from the Issue Date, being the date of listing of the shares on the JSE. Such cumulative dividends will accrue from the Issue Date for 4 years and be paid to holders from the 4th anniversary of the Issue Date. Thereafter dividends are expected to accrue and be payable semi-annually in arrears.

BOARD OF DIRECTORS

Section 9



Brief biographical details of the directors appear below. The directors' addresses are set out in Section 14.1 and all of them may be contacted for business purposes at the registered office of the Company.



JOHN W. LEE Chairman

John Lee is the Chairman of the Company and also Chairman of its majority shareholder, K Limited. Together with his wife, Marrynette Lee, John has over the past 8 years presided over 5 projects undertaken by K Limited in relation to multi – unit residential development.

As a former Lead Partner of the Advisory Division of Pricewaterhouse Coopers Jamaica, John has led or been associated with a number of the major financial transactions undertaken in the region in the recent past. These include the structuring of the first 30 year inflation-indexed bond used to finance Highway 2000, lead negotiator in the acquisition of Harmony Cove in Western Jamaica. John has also been the lead advisor or negotiator in major GOJ divestment initiatives including but not limited to those related to the sugar, coffee and hospitality industries.



MARRYNETTE A. LEE Non Executive Director

Marrynette A Lee, a Director of K Limited, has over the last eight years presided over the design and construction of all of the 5 projects undertaken by K Limited. As part of the company's strategy, Marrynette has undertaken the property management of a number of these complexes, circa 100 units, in an effort to ensure that they are maintained to a high standard.

Marrynette is a qualified general insurance professional who previously worked in the industry at the senior management level, thus having a vast amount of experience in risk mitigation.

Marrynette holds a Bachelor of Science (Hons) degree from the University of the West Indies, Mona and an MBA from Manchester Business School (England).



DOUGLAS STIEBEL
Non Executive Director

Douglas Stiebel is a registered Architect and Managing Director of Stiebel and Company Limited, Architects, Planners and Project Managers. He holds a Bachelor of Architecture (Hons.) degree from Howard University, USA, and has practised as an architect in that country and in Jamaica for over 30 years. He is also a past President and current Fellow of the Jamaican Institute of Architects, a past Member of the Town and Country Planning Authority and KSAC Building Committee, and External Examiner at the Caribbean School of Architecture at UTECH. Among his major commissions in Jamaica are Braeton Newtown Phases 4-8, the Kingston Carib Cinema renovation, Bracknell Estate housing development (which was awarded the JIA Honourable Mention 2002), 'Chillin' at Old Fort Bay (which was awarded the JIA Award of Merit 2008) and The American International School of Kingston.



HON. KINGSLEY THOMAS, O.J.
Non Executive Director

Hon. Kingsley Thomas, O.J., is presently the President of the National Water Commission. In the past he has served as Managing Director of the Development Bank of Jamaica Limited (DBJ), and Chairman of the National Housing Trust (NHT). He has also served on the boards of a number of state institutions including the Bank of Jamaica (BOJ), the National Road Operating and Constructing Company (NROCC) and Harmonisation Limited.

During his 13 year tenure at the NHT, the Hon. Mr. Thomas spearheaded the introduction of new housing products including the Inner City Housing Project and Relocation 2000 as well as successfully financing the Rex Nettleford Hall at UWI via a loan offering to UWI. In recognition of his distinguished service to the nation the Hon. Mr. Thomas was awarded the Order of Jamaica in 2002 for his contribution to national developmental projects.



SHARON DONALDSON
Non Executive Director

Sharon Donaldson is the Managing Director of General Accident Insurance Company. She has grown with the Company for 20 years and is primarily responsible for driving its recent growth in underwriting and profits and its traditional strong relationships with local industry and international reinsurers. Sharon is also a Director of Musson (Jamaica) Limited, the parent company to General Accident, Eppley Limited, and Paramount Trading Jamaica Limited, all of which are listed on the JSE's Junior Market.

Sharon holds an LLB from the University of London, England, and an M.B.A from University of Wales. She is a Chartered Accountant, a fellow of the Institute of Chartered Accounts of Jamaica and an attorney at law. She is also a past President of the Jamaica Netball Association.



DEBBIE-ANN GORDON
Non Executive Director

Debbie-Ann Gordon is an Attorney-at-Law, and founder of the law firm Debbie-Ann Gordon & Associates, attorneys to K Limited in all of its past development projects and to the Company.

A practising Attorney since 1995, she is engaged primarily in the areas of commercial and conveyancing law. She served as the Legal Counsel for PricewaterhouseCoopers Jamaica for several years. Debbie-Ann holds a Master of Laws Degree in Taxation with a Minor in Financial Regulation from the University of London and currently lectures on Commercial Law and Conveyancing at the Norman Manley Law School at UWI. She also serves as a member of the Board of Directors of COK Sodality and is a Director of Food for the Poor.



ANGELA LEE LOY
Non Executive Director

Angela Lee Loy is the Founder and Chairman of Aegis Business Solutions Limited, an outsourcing and advisory services company, a Partner of Aegis & Co., an external audit company and Chairman of Eve Anderson Recruitment Limited.

Angela is a Fellow of the Association of Chartered Certified Accountants (ACCA) with over 40 years of professional experience, including 13 years as Partner responsible for the provision of Assurance and Business Advisory Services with PricewaterhouseCoopers Jamaica.

She is a non-executive Director and Chairman of the audit committees for Prestige Holdings Limited as well as Gulf Insurance Limited, President of Trinidad and Tobago Coalition Services Association (TTCSI), Chairman of Social Justice Foundation and Chairman of Music Literacy Trust and Former Chairman of National AIDS Coordinating Committee (NACC) of Trinidad and Tobago.

ENITH WILLIAMS

Independent Co-Opted Member / Key Consultant

Enith is a Business and Financial Consultant, Key Consultant under the Shareholders' Agreement and an Independent Co-Opted Member on the Concession Project Committee.

Enith is a Business Consultant with many years of experience working in non-profit, government and private sectors in Jamaica and the USA. She holds an undergraduate degree from Williams College in Massachusetts and completed the curriculum for a Master's Degree at Fordham University Graduate School in New York City. She was formerly employed by Merrill Lynch in New York City and an International Banker with focus on the Caribbean, Middle East and Africa. She has also worked with the PIOJ, JAMPRO and consulted for the World Bank and IADB. She is currently a Director on the Boards of EX-IM Bank and Barita Investments Ltd.



9.2 DIRECTORS' INTERESTS IN ORDINARY SHARES

The Directors' interests in the Ordinary Shares of the Company (including legal and beneficial holdings) as at the date of this Prospectus, are set out below:

Name Of Director	% Of Issued Shares Before Opening Date Of Invitation	% Of Issued Shares After Closing Date Of Invitation
John Lee *Interest in shares of K Limited (Founder)	70.39%	55.23%
Marrynette Lee *Interest in shares of K Limited (Founder)	70.39%	55.23%
Hon. Kingsley Thomas, O.J. Non Executive Director	6.79%	3.92%
Douglas Stiebel Non Executive Director	9.83%	7.26%

9.3 CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board has established 3 committees. The members of each committee of the Board as follows:

Concession Project Committee	Terms Of Reference
Angela Lee Loy (Independent Chairman)	To oversee the execution of the Concession Agreement by the Company To approve and oversee future projects of the Company
Enith Williams (Independent Co-Opted Member)	
John W. Lee (Member)	

Audit And Compliance Committee	Terms Of Reference
Sharon Donaldson (Independent Chairman)	Oversight of good fiscal discipline, financial reporting, timely disclosure, and listing compliance.
Hon. Kingsley Thomas, O.J. (Independent Member)	
John W. Lee (Member)	

Compensation Committee	Terms Of Reference
Douglas Stiebel (Chairman)	Oversight of the remuneration of directors, officers and employees of the Company.
Sharon Donaldson (Independent Member)	
Angela Lee Loy (Independent Member)	

9.4 EXECUTIVE AND STAFF COMPENSATION AND INCENTIVES

The compensation arrangements are expected to reflect market rates having regard to the relevant individuals' experience and skills. The above arrangements will be subject to the review and approval of the Compensation Committee.

The Company has approved the creation of a pool of 21,815,790 Ordinary Shares for the purposes of incentivizing directors and staff of the Company in future, on terms and conditions to be set by the Board. Pre-emption rights in relation to the allotment of any such Shares have been disapplied, and entitlements in relation to the pool will be determined by the Board at a later date.

9.5 DIRECTORS' FEES

Each Director shall receive fees in the amount that is to be approved by the Compensation Committee referred to above inclusive of reimbursement of reasonable fees and expenses, for attendance at each meeting of the Board of the Company, or any Committee thereof.

MANAGEMENT DISCUSSION AND ANALYSIS

Section 10



10.1 GENERAL BACKGROUND

The Company, 138 Student Living Jamaica Ltd., is a Jamaican company incorporated primarily to execute a Concession Agreement for the design, finance, construction, operation and transfer (subject to certain conditions) of 1,584 units of student accommodation in 3 phases, to be located on the UWI-Mona campus as follows:

Phase	Number Of Units	Anticipated Construction Period
1	576 rooms	September 2014 – July 2015
2	576 rooms	September 2015 – July 2016
3	432 rooms	September 2016 – July 2017

The Company's key objective is to provide all of its Shareholders (both Ordinary Shareholders and Preference Shareholders) with regular and stable dividends.

In the case of the Ordinary Shareholders, the Directors of the Company currently anticipate that dividends of not less than 95% of profits after tax (after and the creation of debt service and repair and maintenance reserves) will begin to be paid after the phases of construction contemplated by the Concession Agreement are complete, commencing in the 4th quarter of 2018. The Directors also presently consider that prospective investors in the Ordinary Shares are capable of earning a favorable real rate of return on their investment, given the contractual benefits provided by UWI to the Company that are set out in the Concession Agreement including:

- Guaranteed 90% occupancy of the student units in a 51 – week year.
- Up to 15% real rate of return on capital invested by the Company.

- Ability to build 1,584 further units.

In the case of the Preference Shareholders in particular, the Company aims to provide them with stable and regular dividends that compare favourably with those being paid in relation to other preference shares that are currently listed on the JSE.

Overall, the Company wants to provide all of its Shareholders with sustainable, long-term growth in profits and dividends, while maintaining an appropriate capital structure. The Company considers that its objectives will be met if it is successful in constructing and operating a quality housing product for UWI students, which has the added benefit of assisting UWI to meet unsatisfied demand for student housing while also allowing UWI to provide its students with a holistic 'on campus' lifestyle.

There is currently a deficit of on-campus student accommodation. In the 2013/2014 academic year, UWI had 3,356 rooms on-campus to offer. Of this amount 50% are allocated to first year students. In the 2013/2014 academic year 5,036 students

applied for the 1,678 rooms allocated for them. This housing deficit has persisted for a number of years and has resulted in students seeking accommodation off-campus. The Directors note that average rents for student off-campus accommodation near UWI currently range from J\$15,000 to J\$40,000 per month and that students who are forced to choose off-campus housing typically incur additional significant expenses, including but not limited to travel and utility expenses and purchase of furnishings.



New UWI Medical Sciences Building

Recently, the Principal of the UWI Mona campus, Professor Archibald McDonald committed to a strategic programme that seeks to attract more local and foreign full-fee paying students, particularly to the faculties of Law, Medical Sciences and Science and Technology (inclusive of Engineering) as well as to Research based postgraduate degrees. In order to support its new strategic direction, UWI Mona has expanded its Medical Science faculty with a state of the art building which cost approximately \$3.5 Billion, and it has also upgraded the Law faculty and has established an Engineering faculty.

The Directors consider that, because UWI Mona's financial resources are required to implement its core strategic programme, it is inhibited from making significant capital expenditure on new student accommodation. As a result, UWI Mona

has entered into a Concession Agreement with the Company's parent K Limited, the Founder, for the design, build, finance, maintain and operate 1,584 units of student accommodation using a public – private partnership approach to financing that is still relatively new to Jamaica. The Company is the Approved Nominee of the Founder for the purposes of the Concession Agreement and the Related Agreements defined in it, and the rights and responsibilities of the Concession Agreement have formally been transferred to the Company by K Limited for the avoidance of doubt.

The Concession Agreement also provides the Company with the right of first refusal to bid for the construction and operation of a further 1,584 units of student accommodation at the Mona campus.⁸ The revenue stream that the Company would enjoy from taking up this further construction option, and related financing costs, are not included in the Unaudited Financial Projections.

10.2 KEY FINANCIAL CONSIDERATIONS

Under the terms of the Concession Agreement, UWI Mona has guaranteed 90% of the total available occupancy of the units in a 51 - week year. The Directors consider that the contractual guarantee is a financial one in terms of the minimum rental income that the Company may expect under the Concession Agreement.

Based on data received from UWI in respect of the 2013/2014 academic year, approximately 5,031 new UWI Mona first year students applied for the 1,678 rooms allocated for them. This allocation of first year rooms also represents approximately 50% of UWI's total number of rooms (50% of rooms allocated to returning students).

⁸ Certain conditions apply including but not limited to the fact that the Company must not have committed a breach of the Concession Agreement. Also, the Company would not enjoy the right to construct such units if they were to be funded out of a donation to UWI Mona.

Taking this into account, the Company currently estimates that there is a current shortfall of approximately 2,000 on - campus rooms for the first year student intake, alone.

The following table shows the average level of occupancy in each Mona hall of residence for the last 5 years, approximately.

Hall	No. Of Rooms	Rooms Occupied	% Occupancy
Taylor	292	292	100
Chancellor	180	180	100
Mary Seacole	250	250	100
**Irvine	270	270	98
Preston	330	330	100
Rex Nettleford	800	800	100
Elsa Leo Rhynie Towers	600	600	100
ABC	194	194	100
Marlene Hamilton	400	400	100
Gerald Lalor PG	40	40	100
Total	3,356	3,356	100

Source: Office of the Principal UWI-Mona

** (Irvine Hall Percentage Occupancy of 98% resulted from an outlier year of 2013 when occupancy dropped to 240 students. The previous years (2010, 2011, 2012 & 2014) the halls were and currently are 100% occupied).

Given the current supply gap, the model set out in the Unaudited Financial Projections has been predicated on achieving at least 97% paid occupancy, which is supported by UWI's historical occupancy rates for student accommodation as shown in the above table.

Also, under the Concession Agreement "Students" are defined as those that are enrolled at the UWI Mona campus, as well as the Edna Manley College of the Visual and Performing Arts and United Theological College (UTC). UWI Mona may also give permission for students from other universities and colleges to occupy the units.

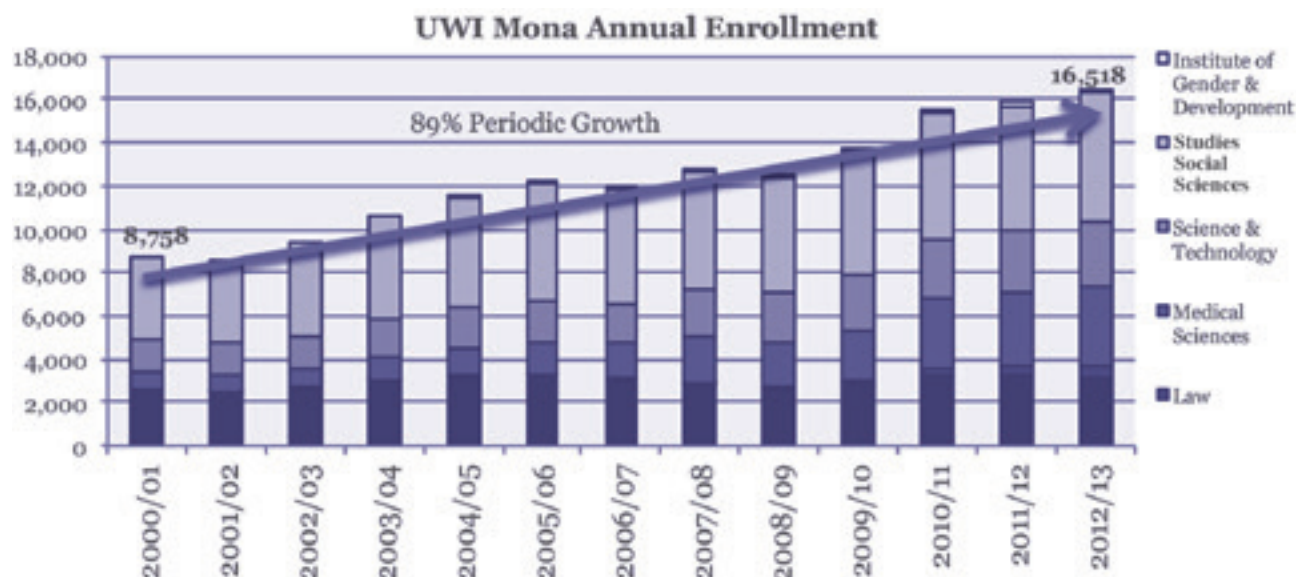
UWI Mona has recently embarked on an aggressive strategy to attract more full-fee paying students to the Mona campus, primarily from countries outside of the Caribbean Region. The target students include international students (and primarily medical students), who will tend to either be on campus all year round, or who have an interest in maintaining their occupancy during holiday periods.

Country	School	Total Enrolled (Estimated)
Anguilla	Saint James School of Medicine	2,500
Antigua & Barbuda	American University of Antigua College of Medicine	1,950
Aruba	Xavier University School of Medicine	n/a
Barbados	American University of Barbados School of Medicine	n/a
Cayman Islands	St. Matthews University School of Medicine	250
Curacao	Avalon University School of Medicine	n/a
Dominica	Ross University School of Medicine	3,551
Grenada	St. George's University School of Medicine	6,000
Jamaica	All American Institute of Medical Sciences	150
St Kitts & Nevis	International University of the Health Sciences	800
St Kitts & Nevis	Medical University of the Americas – Nevis	500
St. Lucia	American International Medical University School of Medicine	n/a
St. Maarten	American University of the Caribbean School of Medicine	n/a
St. Vincent & the Grenadines	American University of St Vincent School of Medicine	n/a
Total		15,701

*n/a – information not available

The above table shows that approximately 16,000 students pursuing medical degrees are enrolled on non - UWI campuses throughout the Caribbean region. The Directors consider that this relatively significant volume of students supports UWI's strategy of attracting more Caribbean and international students to selective faculties and to Medical Sciences in particular.

The Directors note that UWI's strategic plan to increase enrolment is based on its own experience in the period from its financial year 2000 until 2012, during which UWI increased its enrolment by 89% on average across all disciplines. The Directors also note that the key growth faculties in the relevant period were Medical Sciences (up by 331%), Law (up by 816%) and Science & Technology (up by 109%).



10.3 UNAUDITED FINANCIAL PROJECTIONS

The following table shows the Unaudited Financial Projections (income statement) of the Company for the Years FY2015 – FY2025. The statement is based on certain assumptions set out below, which the Directors of the Company and the Selling Shareholders consider to be reasonable. Such assumptions have been examined by the Consultant, BDO, and should be read together with the Consultant’s Report and the Disclaimer on Forward Looking Statements set out in Section 6. Investors are also strongly encouraged to make their own assessment of the Unaudited Financial Projections and the assumptions underpinning them, taking professional advice if they require, before deciding whether to make an Application for Shares in the Invitation.

ASSUMPTIONS - PROJECTED INCOME STATEMENTS

(1) Revenues

**138 Student Living
Projected Income Statement**

expressed in J\$ unless otherwise stated	1 30-Sep-16	2 30-Sep-17	3 30-Sep-18	4 30-Sep-19
Revenue				
Rental Income				
Single units	335,165,673	716,824,239	1,116,083,922	1,181,019,432
Interest income	10,825,982	22,314,388	22,448,376	23,608,921
Total Income	345,991,655	739,138,627	1,138,532,299	1,204,628,353



138 Student Living
Projected Income Statement (cont'd)

	5	6	7	8	9	10
	30-Sep-20	30-Sep-21	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25
	1,329,484,875	1,402,954,885	1,566,114,908	1,632,361,934	1,812,444,162	1,889,156,414
	27,829,339	32,948,777	38,806,513	42,664,529	43,141,892	42,688,256
	1,357,314,213	1,435,903,661	1,604,921,421	1,675,026,463	1,855,586,054	1,931,844,670

(2) Rental Income

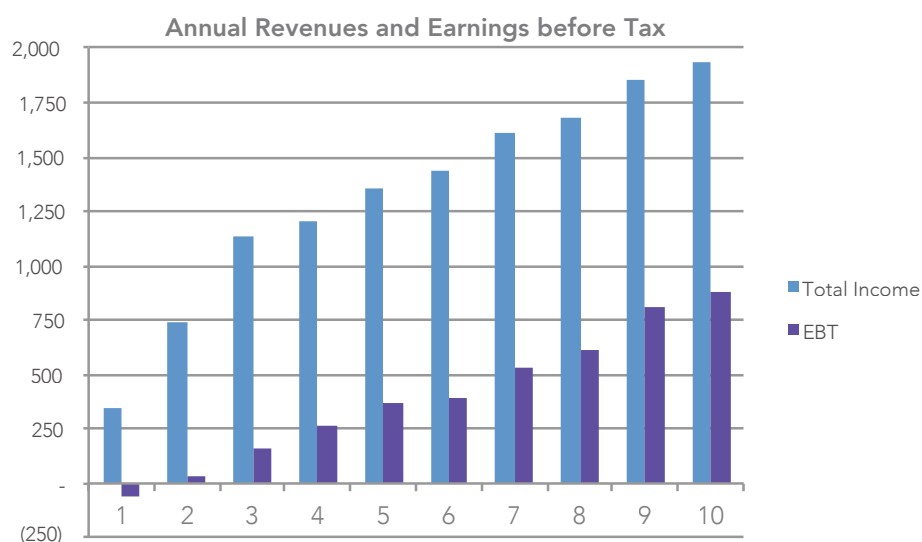
Rental income is currently predicated on a starting point of US\$395 per month per unit converted to J\$ at the spot exchange rate at the time of payment. The US\$ rental rate is increased every two years by 50% of the preceding year’s Jamaican inflation rate (All Jamaica All Divisions Consumer Price Index) as published by the Statistical Institute of Jamaica).

The Concession Agreement provides for an increase in rental rates, based on the Company’s assessment of the market environment, and subject to notification to and approval by UWI. For this purpose, the Directors note that rental income for the existing on-campus units at UWI Mona have increased by an average of 16% over the last 2 years.

UWI Mona has confirmed that any rental income collected by UWI Mona on behalf of the Company will be paid into a separate account established for that purpose.

(3) Interest Income

In addition to rental revenues, the Company currently expects to earn interest income on monies in debt service and repair and maintenance reserve accounts.



(4) Expenses

(a) UWI Land Lease/ Concession Fee

The Company currently expects to pay \$100 million to UWI for the lease of its project lands. This sum is expected to be adjusted annually by a factor equivalent to 50% of the preceding year's inflation rate, based on the All Jamaica All Group Consumer Price Index published by the Statistical Institute of Jamaica.

The \$100 million land lease payment is also based on the premise of 100% occupancy of all 1,584 available rooms in the new project complex. The lease payment will be apportioned based on the 3 phases of construction and delivery of completed rooms, adjusted by the number of occupied rooms. On this basis, land lease expenses for the Company's financial year 2016 are based on 576 rooms that are due to be completed in phase 1 and made available for occupancy in August 2015, while land lease expenses for FY2017 are based on 1152 rooms completed by Phase 2 for occupancy by 2016 and land lease expenses for FY 2018 and thereafter are based on 1584 rooms completed by Phase 3 for occupancy by 2017.

(b) Other Operating Expenses

**138 Student Living
Projected Income Statement**

expressed in J\$ unless otherwise stated	1 30-Sep-16	2 30-Sep-17	3 30-Sep-18	4 30-Sep-19
Expenses				
Electricity	66,955,901	142,816,762	208,097,232	219,905,762
Water	3,623,456	7,728,821	11,261,608	11,900,651
Santitation supplies	281,226	605,948	956,600	1,008,800
Property Management	24,195,826	34,321,808	42,667,604	45,451,665
Security	4,793,625	5,106,409	5,439,602	5,794,536
Insurance	7,831,066	16,418,156	25,304,176	26,129,725
Repairs and maintenance	0	0	0	0
Miscellaneous	5,384,055	10,349,895	14,686,341	15,509,557
Total Operating Expenses	146,453,362	286,302,797	415,220,145	435,992,256



**138 Student Living
Projected Income Statement (cont'd)**

5 30-Sep-20	6 30-Sep-21	7 30-Sep-22	8 30-Sep-23	9 30-Sep-24	10 30-Sep-25
232,389,066	244,900,485	255,261,065	266,057,435	277,317,712	289,055,954
12,576,210	13,253,291	13,813,975	14,398,243	15,007,616	15,642,855
1,061,000	1,113,200	1,165,400	1,217,600	1,269,800	1,322,000
48,417,387	51,576,621	54,941,996	58,526,961	62,345,845	66,413,911
6,172,630	6,575,394	7,004,438	7,461,478	7,948,339	8,466,968
26,982,207	27,862,502	28,771,516	29,710,187	30,679,482	31,680,400
0	5,065,909	0	0	0	0
16,379,925	17,517,370	18,047,919	18,868,595	19,728,440	20,629,104
457,868,246	485,470,249	500,448,664	521,644,910	543,792,965	566,931,722

(i) Electricity

Electricity cost is currently assumed to comprise approximately 50% of the Company's total projected administrative expenses over the period of the Unaudited Financial Projections. The estimates were developed after consultations with Jamaica Public Service Company Limited (JPS) and they are based on typical power usage for the amenities in individual rooms and common areas. Electricity cost is adjusted annually based on expected devaluations in the Jamaican dollar. The Directors also note that renewable energy solutions are being pursued by JPS and UWI Mona and that savings from these or any other alternative energy generation systems have not been factored into the Unaudited Financial Projections, although it is possible that these will be engaged at a future date.

(ii) Staffing

Staffing of the new UWI student residence complex currently represents the second highest estimated expense for the Company in connection with the execution of the project.

It is also the intention of the Directors of the Company to ensure that the experience of residents in its student halls is positive for both local and international students. The Directors consider that the Company's full and part time staff will need to be trained to ensure that they provide residents with the appropriate support.

The Unaudited Financial Projections are based on staffing levels that are initially consisting of a general manager, an administrative manager, operational assistants, and cleaning and grounds staff. As the phases of construction are carried out and the number of rooms increase, the Company anticipates that the staffing complement will show a marginal increase. In addition the Directors propose to employ students on a part - time basis, to act as security monitors and entertainment coordinators. The Directors currently anticipate that all salaries will be adjusted annually by inflation.

(iii) Security

The Unaudited Financial Projections provide for physical security guards at the project complex which will be supplemented by on call security guards as required. The Directors also note that the complex will have the benefit of proximity to campus police.

(iv) Insurance

Insurance premiums are reflected in the Unaudited Financial Projections based on the estimated replacement cost of the buildings, which is adjusted annually by half of the projected annual inflation rate, and prevailing premium rates applicable in the market.

(v) Repairs And Maintenance

Repairs and maintenance expenses, as required by the Service Level Agreement in the Concession Agreement will be paid from the Repair and Maintenance reserve (see (8) below). In addition, the Unaudited Financial Projections consider planned maintenance every 5 years over the life of the concession.

(vi) Miscellaneous Expenses

Miscellaneous expenses are 5% of the total expenses, and the Company intends for such expenses to include annual audit fees, registrar and paying agent fees, internet, cable television in common rooms, and any other costs required for operation of the units as designed.

(c) Financing Costs (See Chart Below)

The Company currently expects that construction cost of the units will be 100% funded by debt that is initially obtained from Jamaica Mortgage Bank and National Commercial Bank. In addition, the Company anticipates that it will procure short - term construction loans to fund the actual construction of phases 2 and 3 of the project. After construction of each phase is complete, the Directors anticipate that the Company will re-finance the associated construction loan with an issue of long - term notes in due course.

**138 Student Living
Projected Income Statement**

expressed in J\$ unless otherwise stated	1 30-Sep-16	2 30-Sep-17	3 30-Sep-18	4 30-Sep-19
EBIT	199,538,292.98	452,835,830	723,312,154	768,636,098
Interest Expense on Debt	270,649,549	424,438,553	478,572,273	478,572,273
Preference Dividend	-	-	84,200,000	21,050,000
EBT	(71,111,256)	28,397,277	160,539,881	269,013,825
Taxes @ 25%	-	-	-	-
Net Profits	(71,111,256)	28,397,277	160,539,881	269,013,825

**138 Student Living
Projected Income Statement (cont'd)**

	5 30-Sep-20	6 30-Sep-21	7 30-Sep-22	8 30-Sep-23	9 30-Sep-24	10 30-Sep-25
	899,445,967	950,433,412	1,104,472,757	1,153,381,552	1,311,793,090	1,364,912,949
	504,572,273	532,958,415	542,577,170	516,290,535	479,280,945	461,338,023
	21,050,000	24,418,000	24,418,000	24,418,000	24,418,000	24,418,000
373,823,694	393,056,997	537,477,587	612,673,018	808,094,144	879,156,926	
	-	-	-	114,455,333	163,310,614	181,076,310
373,823,694	393,056,997	537,477,587	498,217,685	644,783,530	698,080,616	

The financing costs set out in the Unaudited Financial Projections consist of all the interest costs and related fees associated with the construction loans and proposed issuance of long - term notes. The financing costs also include dividends on the preference shares, which are classed as debt instruments of the Company.

(5) Dividend Distributions

The Company currently anticipates that dividends on the Ordinary Shares will be distributed to shareholders at the rate of 95% of profits available for distribution, after debt service, amounts set aside for debt service reserve, and repair and maintenance reserve, and subject to the need to re-invest in the Company from time to time. The Company also anticipates that such dividends will commence in 2018, after construction of all phases is completed.

Ordinary Dividends



The dip in earnings before tax and ordinary dividends in year 9 is due to the commencement of the payment of income taxes.

(6) Upside Sharing Agreement

The Concession Agreement sets out that the Ordinary Shareholders of the Company will receive a real return after tax of 15% on the total cash equity invested in the Company. If that level of return is achieved and if the debt financing agreements entered into by the Company have not yet expired, the Concession Agreement will continue for the period to the expiry of the debt, and this is currently estimated to be 30 years. If this scenario occurs, then the Upside Formula set out in the Concession Agreement would apply. The Upside Formula stipulates that UWI and the Company will share 50/ 50 in any available cash, after shareholders achieve their 15% real after tax return on equity. This means that UWI will begin to get Ordinary Share type distributions from the Company, and at that stage the Ordinary Shareholders will get dividends over and above the 15% real after tax return until the conclusion of the Company’s debt financing contracts. Effectively, the Upside Formula allows for both UWI and Ordinary Shareholders to share any excess profits in the Company arising from the project.

ASSUMPTIONS - PROJECTED BALANCE SHEET

(7) Debt Service Reserve Account

The Debt Service Reserve will be accumulated and adjusted based on the loan payment due for payment within the next 6 months.

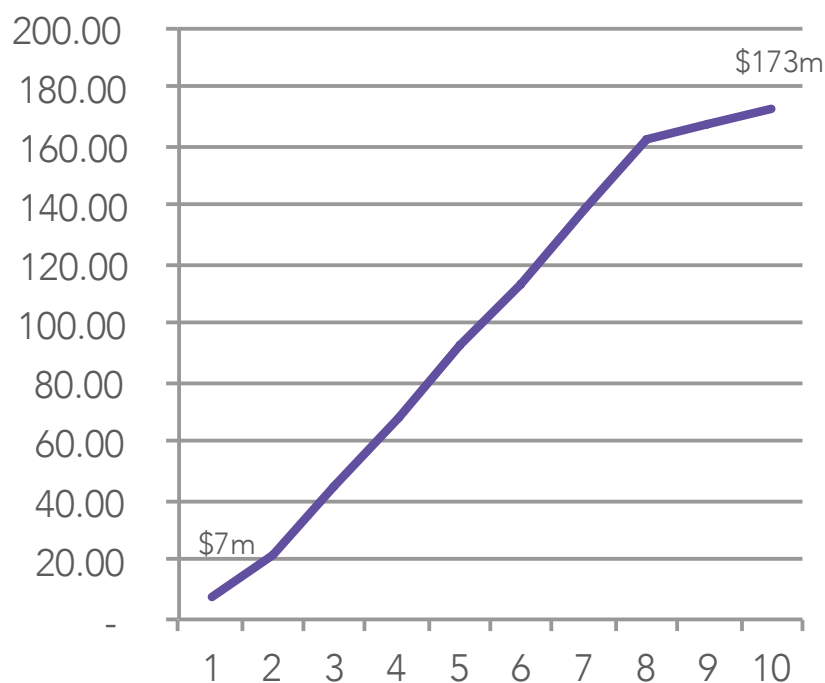
(8) Repair And Maintenance Reserve Account

The Company intends to establish a repair and maintenance reserve to fund the required



routine maintenance of the buildings so that the Company will not have to incur debt or rely on cash flow for this purpose. The estimate of repairs included in the Unaudited Financial Projections takes account of normal wear and tear to comply with the Service Level Agreement in the Concession Agreement. The Unaudited Financial Projections do not cover intentional damage to furnishing or equipment as it is intended that these costs will be recovered from students insofar as possible. The amount set aside in the repair and maintenance reserve is 0.5% of the adjusted property value per annum, up to a maximum of 3% of the then applicable property value in a given year.

Repairs and maintenance reserve account



(9) Cash And Cash Equivalents

The balance reflects the amounts not distributed in dividends to ordinary shareholders.

(10) Investment Property

The investment property balance reflects the construction amounts spent on the buildings. No revaluation has been considered.



(11) Long Term Loan

**138 Student Living
Interest and Principal Repayment**

expressed in J\$ unless
otherwise stated

	Sept-15	Sept-16	Sept-17	Sept-18	Sept-19
Interest Payment	99,058,485	270,649,549	424,438,553	478,572,273	478,572,273
Principal Repayment	-	-	-	-	-
Total Repayment	99,058,485	270,649,549	424,438,553	478,572,273	478,572,273
Principal Balance	1,300,000,000	2,719,307,121	3,828,578,184	3,828,578,184	3,828,578,184

**138 Student Living
Interest and Principal Repayment (cont'd)**

	Sept-20	Sept-21	Sept-22	Sept-23	Sept-24	Sept-25
	504,572,273	532,958,415	542,577,170	516,290,535	479,280,945	461,338,023
		86,666,667	181,287,141	255,238,546	255,238,546	255,238,546
	504,572,273	619,625,082	723,864,311	771,529,080	734,519,491	716,576,569
	3,828,578,184	3,741,911,518	3,560,624,376	3,305,385,831	3,050,147,285	2,794,908,739

Projected Interest Rate during construction Period – 13.5%

Projected Interest Rate during Years 1-4 of long term notes – 12.5%

Projected Interest Rate during Years 5- 9 of long term notes – 14.5%

Projected Interest Rate during Years 9 – 20 of long term notes – 16.5%

Moratorium on Principal Repayment during Years 1-5 of long term notes. Principal Balance amortized over 15 years commencing in year 6 of long term notes

(12) Preference Shares

DETAILS OF PREFERENCE SHARES	
AMOUNT	\$168,400,000
Dividend Wield	180-day WATBY + 3%
Maturity	30 years
Payment Frequency	Dividends semi-annually, redemption at maturity

(13) Terminal Value

It is also contemplated by the Company that at the end of the Concession Agreement period if the Company has not entered into any similar concession agreements. Any accumulated cash in the Company will be returned to the Shareholders,

(14) Projected Exchange Rates

30-Sep-15	30-Sep-16	30-Sep-17	30-Sep-18	30-Sep-19	30-Sep-20	30-Sep-21	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25
122.13	130.98	139.69	148.03	156.43	165.31	174.21	181.58	189.26	197.27	205.62

AUDITED FINANCIAL INFORMATION

As at 13 November 2014

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INDEPENDENT AUDITORS' REPORT

Page 86

To the Members of
138 Student Living Jamaica Limited

Report on the Financial Statements

We have audited the financial statements of 138 Student Living Jamaica Limited set out on pages 88 to 90 which comprise the opening statement of financial position as at 13 November 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

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To the Members of
138 Student Living Jamaica Limited

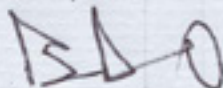
Opinion

In our opinion, the financial statement give a true and fair view of the company's financial position as at 13 November 2014 in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

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

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Jamaica Companies Act, in the manner so required.

A handwritten signature in black ink, appearing to be 'BDO' with a stylized flourish at the end.

Chartered Accountants

13 November 2014



OPENING STATEMENT OF FINANCIAL POSITION

13 NOVEMBER 2014


138 STUDENT LIVING JAMAICA LIMITED
OPENING STATEMENT OF FINANCIAL POSITION
13 NOVEMBER 2014

	<u>Note</u>	<u>2014</u>
		<u>₤</u>
<u>ASSETS</u>		
NON-CURRENT ASSETS:		
Construction in progress	4	<u>435,565,120</u>
<u>EQUITY</u>		
SHARE CAPITAL	5	<u>435,565,120</u>

Approved and authorized for issue by the Board of Directors on 13 November 2014 and signed on its behalf by:



John W. Lee - Chairman



Marrynette A. Lee - Director

NOTES TO THE FINANCIAL STATEMENTS

13 NOVEMBER 2014

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) 138 Student Living Jamaica Limited (138 SL) is a limited liability company incorporated and domiciled in Jamaica. The company was incorporated on 15 August 2014. The registered office of the company is located at Scotiabank, Centre, Corner of Duke and Port Royal Streets, Kingston.
- (b) The company was established to construct and rent living facilities at the University of the West Indies under a 65 year operating lease agreement.

2. REPORTING CURRENCY:

These financial statements are presented in Jamaican dollars which is considered the currency of the primary economic environment in which the company operates (“the functional currency”).

3. SIGNIFICANT ACCOUNTING POLICIES:

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

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

Standards, interpretations and amendments to published standards that are not yet effective.

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but not yet effective. Those considered relevant to the company are as follows:

IFRS 9	Financial Instruments Part 1: Classification and Measurement. – Replaces parts of IAS 39 relating to the classification and measurement of financial assets (effective for annual periods beginning on or after 1 January 2018)
--------	---

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13 NOVEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

IFRS 15 Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2017)

(b) Investment property -

Investment property comprises the cost of buildings which are held for long term rental yields and are not occupied by the company. Investment property is initially stated at cost and subsequently carried at fair value.

4. CONSTRUCTION IN PROGRESS:

Construction in progress consists of construction costs to date of proposed investment property and includes furnishing, structuring fees, loans processing fees, management and professional fees.

5. SHARE CAPITAL:

	<u>2014</u> <u>\$</u>
Authorised –	
480,500,000 ordinary shares at no par value	
94,500,000 cumulative redeemable preference shares	
Stated Capital –	
Issued and fully paid -	
331,600,000 stock units at no par value	<u><u>435,565,120</u></u>

6. COMMITMENTS:

The company has received a loan from the Jamaica Mortgage Bank and National Commercial Bank Jamaica Limited in the sum of J\$1.3 billion and as at the date of these financial statements the amounts have not yet been disbursed and are not reflected in these financial statements.

UNAUDITED FINANCIAL INFORMATION

PROJECTED FINANCIAL STATEMENTS

Ten Years Ending 30 September 2015 - 2025

Section 11

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CONSULTANTS' REPORT

Page 92

To the Directors of
138 Student Living Jamaica Limited

We have reviewed the projections of 138 Student Living Jamaica Limited (138 SL), in accordance with the International Standard on Assurance Engagements 3400. The Examination of Prospective Financial Information to assess the reasonableness of the projected financial statements for the period between 13 November 2014 and 30 September 2025 which are presented on pages 93 to 112. The directors and management are responsible for the projections including the assumptions on which the projections are based.

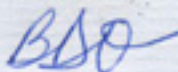
The projections are prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily certain to occur. However, even if the events anticipated under the hypothetical assumptions described above occur, the actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no assurance that the projections will be achieved.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that these assumptions do not provide a reasonable basis for the projection, further in our opinion; the projections are properly prepared on the basis of the assumptions. However, we caution that the company's projected profitability is predicated on its ability to generate projected revenues based on key management assumptions.

BDO will have no responsibility to update this report for events and circumstances occurring after the date of this report.

This engagement is not an audit and as such no assurance regarding the assertions will be expressed. Further, the engagement cannot be relied upon to disclose any errors in management assumptions or judgement that may exist.

The intended purpose of these financial projections is for inclusion in 138 SL's prospectus, and its distribution and use is limited only to the directors of 138 SL, its Broker and the potential finance providers. Consequently readers are cautioned that this projection may not be appropriate for purposes other than that described above.



Chartered Accountants

13 November 2014

PROJECTED STATEMENT OF COMPREHENSIVE INCOME

TEN YEARS ENDING 30 SEPTEMBER 2015 - 2025

	Note	2015 J\$M	2016 J\$M	2017 J\$M	2018 J\$M
REVENUE					
Rental income	5(i)	-	335.16	716.82	1,116.08
Interest income	5(ii)	-	10.83	22.32	22.45
		-	345.99	739.14	1,138.53
DIRECT COST:					
Land lease concession fee	5(iii)	-	33.39	68.95	106.81
EXPENSES:					
Electricity	5(iv)	-	66.96	142.82	208.10
Water	5(v)	-	3.62	7.73	11.26
Sanitation supplies	5(vi)	-	0.28	0.61	0.96
Property management	5(vii)	-	24.20	34.32	42.67
Security	5(viii)	-	4.79	5.11	5.44
Insurance	5(ix)	-	7.83	16.42	25.31
Repairs and maintenance	5(x)	-	-	-	-
Miscellaneous	5(xi)	-	5.38	10.35	14.67
Sub-Total		-	113.06	217.36	308.41
TOTAL OPERATING EXPENSES		-	146.45	286.31	415.22
OPERATING PROFIT		-	199.54	452.83	723.31
Interest expense	5(xii)		270.65	424.44	478.58
Preference dividend	5(xiii)	-	-	-	84.20
			270.65	424.44	562.78
(Loss) /profit before taxation			(71.11)	28.39	160.53
Taxation		-	-	-	-
NET (LOSS)/PROFIT		-	(71.11)	28.39	160.53

PROJECTED FINANCIAL STATEMENTS

SECTION 11



PROJECTED STATEMENT OF COMPREHENSIVE INCOME

TEN YEARS ENDING 30 SEPTEMBER 2015 - 2025

<u>2019</u> J\$M	<u>2020</u> J\$M	<u>2021</u> J\$M	<u>2022</u> J\$M	<u>2023</u> J\$M	<u>2024</u> J\$M	<u>2025</u> J\$M
1,181.02	1,329.48	1,402.95	1,566.11	1,632.36	1,812.44	1,889.16
<u>23.61</u>	<u>27.83</u>	<u>32.95</u>	<u>38.81</u>	<u>42.67</u>	<u>43.15</u>	<u>42.69</u>
<u>1,204.63</u>	<u>1,357.31</u>	<u>1,435.90</u>	<u>1,604.92</u>	<u>1,675.03</u>	<u>1,855.59</u>	<u>1,931.85</u>
<u>110.29</u>	<u>113.89</u>	<u>117.61</u>	<u>121.44</u>	<u>125.40</u>	<u>129.50</u>	<u>133.72</u>
219.91	232.39	244.90	255.26	266.06	277.32	289.06
11.90	12.58	13.25	13.81	14.40	15.01	15.64
1.01	1.06	1.11	1.17	1.22	1.27	1.32
45.45	48.42	51.58	54.94	58.53	62.35	66.41
5.79	6.17	6.58	7.00	7.46	7.95	8.47
26.13	26.99	27.87	28.78	29.71	30.68	31.68
-	-	5.07	-	-	-	-
<u>15.52</u>	<u>16.37</u>	<u>17.50</u>	<u>18.05</u>	<u>18.87</u>	<u>19.72</u>	<u>20.63</u>
<u>325.71</u>	<u>343.98</u>	<u>367.86</u>	<u>379.01</u>	<u>396.25</u>	<u>414.30</u>	<u>433.21</u>
<u>436.00</u>	<u>457.87</u>	<u>485.47</u>	<u>500.45</u>	<u>521.65</u>	<u>543.80</u>	<u>566.93</u>
<u>768.63</u>	<u>899.44</u>	<u>950.43</u>	<u>1,104.47</u>	<u>1,153.38</u>	<u>1,311.79</u>	<u>1,364.92</u>
478.57	504.57	532.96	542.58	516.29	479.28	461.34
<u>21.05</u>	<u>21.05</u>	<u>24.42</u>	<u>24.42</u>	<u>24.42</u>	<u>24.42</u>	<u>24.42</u>
<u>499.62</u>	<u>525.62</u>	<u>557.38</u>	<u>567.00</u>	<u>540.71</u>	<u>503.70</u>	<u>485.76</u>
269.01	373.82	393.05	537.47	612.67	808.09	879.16
-	-	-	-	114.46	163.31	181.08
<u>269.01</u>	<u>373.82</u>	<u>393.05</u>	<u>537.47</u>	<u>498.21</u>	<u>644.78</u>	<u>698.08</u>

"Refer to Consultants Report"

PROJECTED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2015 - 2025

	Note	2015 J\$M	2016 J\$M	2017 J\$M	2018 J\$M
ASSETS					
NON-CURRENT ASSETS					
Investment property	6	<u>1,914.07</u>	<u>3,333.61</u>	<u>4,442.88</u>	<u>4,442.88</u>
CURRENT ASSETS:					
Debt service reserve	7	225.94	212.22	239.28	239.28
Repairs and maintenance reserve	5(x)	-	7.12	22.05	45.05
Cash and bank balances	8	<u>95.56</u>	<u>30.83</u>	<u>17.23</u>	<u>42.83</u>
		<u>321.50</u>	<u>250.17</u>	<u>278.56</u>	<u>327.16</u>
		<u>2,235.57</u>	<u>3,583.78</u>	<u>4,721.44</u>	<u>4,770.04</u>
EQUITY AND LIABILITIES					
EQUITY:					
Share capital	9	767.17	767.17	767.17	767.17
Retained earnings		<u>-</u>	<u>(71.11)</u>	<u>(42.72)</u>	<u>5.88</u>
		<u>767.17</u>	<u>696.06</u>	<u>724.45</u>	<u>773.05</u>
NON-CURRENT LIABILITIES:					
Long term loan	10	1,300.00	2,719.32	3,828.59	3,828.59
Preference shares	9	<u>168.40</u>	<u>168.40</u>	<u>168.40</u>	<u>168.40</u>
		<u>1,468.40</u>	<u>2,887.72</u>	<u>3,996.99</u>	<u>3,996.99</u>
CURRENT LIABILITIES:					
Current portion of long term loan		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,235.57</u>	<u>3,583.78</u>	<u>4,721.44</u>	<u>4,770.04</u>

PROJECTED FINANCIAL STATEMENTS

SECTION 11



PROJECTED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2015 - 2025

<u>2019</u> <u>J\$M</u>	<u>2020</u> <u>J\$M</u>	<u>2021</u> <u>J\$M</u>	<u>2022</u> <u>J\$M</u>	<u>2023</u> <u>J\$M</u>	<u>2024</u> <u>J\$M</u>	<u>2025</u> <u>J\$M</u>
<u>4,442.88</u>	<u>4,442.88</u>	<u>4,442.88</u>	<u>4,442.88</u>	<u>4,442.88</u>	<u>4,442.88</u>	<u>4,442.88</u>
252.28	309.81	361.93	385.76	367.24	358.27	350.25
68.81	93.35	113.61	139.77	162.08	167.37	172.83
<u>13.93</u>	<u>15.28</u>	<u>12.46</u>	<u>15.93</u>	<u>12.76</u>	<u>20.30</u>	<u>22.39</u>
<u>335.02</u>	<u>418.44</u>	<u>488.00</u>	<u>541.46</u>	<u>542.08</u>	<u>545.94</u>	<u>545.47</u>
<u>4,777.90</u>	<u>4,861.32</u>	<u>4,930.88</u>	<u>4,984.34</u>	<u>4,984.96</u>	<u>4,988.82</u>	<u>4,988.35</u>
767.17	767.17	767.17	767.17	767.17	767.17	767.17
<u>13.74</u>	<u>97.16</u>	<u>253.39</u>	<u>488.14</u>	<u>744.00</u>	<u>1,003.10</u>	<u>1,257.87</u>
<u>780.91</u>	<u>864.33</u>	<u>1,020.56</u>	<u>1,255.31</u>	<u>1,511.17</u>	<u>1,770.27</u>	<u>2,025.04</u>
3,828.59	3,741.92	3,560.63	3,305.39	3,050.15	2,794.91	2,539.67
<u>168.40</u>	<u>168.40</u>	<u>168.40</u>	<u>168.40</u>	<u>168.40</u>	<u>168.40</u>	<u>168.40</u>
<u>3,996.99</u>	<u>3,910.32</u>	<u>3,729.03</u>	<u>3,473.79</u>	<u>3,218.55</u>	<u>2,963.31</u>	<u>2,708.07</u>
-	86.67	181.29	255.24	255.24	255.24	255.24
<u>4,777.90</u>	<u>4,861.32</u>	<u>4,930.88</u>	<u>4,984.34</u>	<u>4,984.96</u>	<u>4,988.82</u>	<u>4,988.35</u>

PROJECTED FINANCIAL STATEMENTS

SECTION 11



PROJECTED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TEN YEARS ENDING 30 SEPTEMBER 2015 - 2025

	Share Capital J\$M	Retained Earnings J\$M	Total J\$M
Receipts from share issue	767.17	-	767.17
Income/(deficit) for the period	-	-	-
Balance 30 September 2015	<u>767.17</u>	<u>-</u>	<u>767.17</u>
Income/(deficit) for the period	-	(71.11)	(71.11)
Balance 30 September 2016	<u>767.17</u>	<u>(71.11)</u>	<u>696.06</u>
Income for the period	-	28.39	28.39
Balance 30 September 2017	<u>767.17</u>	<u>(42.72)</u>	<u>724.45</u>
Income for the period	-	160.53	160.53
Dividends	-	(111.93)	(111.93)
Balance 30 September 2018	<u>767.17</u>	<u>5.88</u>	<u>773.05</u>
Income for the period	-	269.01	269.01
Dividends	-	(261.15)	(261.15)
Balance 30 September 2019	<u>767.17</u>	<u>13.74</u>	<u>780.91</u>
Income for the period	-	373.82	373.82
Dividends	-	(290.40)	(290.40)
Balance 30 September 2020	<u>767.17</u>	<u>97.16</u>	<u>864.33</u>
Income for the period	-	393.05	393.05
Dividends	-	(236.82)	(236.82)
Balance 30 September 2021	<u>767.17</u>	<u>253.39</u>	<u>1,020.56</u>
Income for the period	-	537.47	537.47
Dividends	-	(302.72)	(302.72)
Balance 30 September 2022	<u>767.17</u>	<u>488.14</u>	<u>1,255.31</u>
Income for the period	-	498.21	498.21
Dividends	-	(242.35)	(242.35)
Balance 30 September 2023	<u>767.17</u>	<u>744.00</u>	<u>1,511.17</u>
Income for the period	-	644.78	644.78
Dividends	-	(385.68)	(385.68)
Balance 30 September 2024	<u>767.17</u>	<u>1,003.10</u>	<u>1,770.27</u>
Income for the period	-	698.08	698.08
Dividends	-	(443.31)	(443.31)
Balance 30 September 2025	<u>767.17</u>	<u>1,257.87</u>	<u>2,025.04</u>

"Refer to Consultants Report"

PROJECTED FINANCIAL STATEMENTS

SECTION 11



PROJECTED STATEMENT OF CASH FLOWS

30 SEPTEMBER 2015 - 2025

	2015 J\$M	2016 J\$M	2017 J\$M	2018 J\$M
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss)/profit	-	(71.11)	28.39	160.53
Items not affecting cash resources:				
Interest	99.06	270.65	424.44	478.57
Preference dividend	-	-	-	84.20
Taxation	-	-	-	-
Taxation paid	-	-	-	-
	<u>99.06</u>	<u>199.54</u>	<u>452.83</u>	<u>723.30</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Construction costs including furnishing	(1,726.63)	(1,358.13)	(1,084.88)	-
Structuring fees	(30.88)	(30.88)	-	-
Loan processing fee	(30.29)	(30.53)	(24.39)	-
Equity fees	(43.76)	-	-	-
Management and professional fees	(82.51)	-	-	-
Net cash used in/provided by investing Activities	<u>(1,914.07)</u>	<u>(1,419.54)</u>	<u>(1,109.27)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Loan proceeds	1,300.00	1,419.32	1,109.27	-
Issue of Shares	767.17	-	-	-
Issue of Preference shares	168.40	-	-	-
Loan repayment	-	-	-	-
Interest	(99.06)	(270.65)	(424.44)	(478.57)
Preference dividend	-	-	-	(84.20)
Ordinary dividend	-	-	-	(111.93)
Net cash provided by financing activities	<u>2,136.57</u>	<u>1,148.67</u>	<u>684.83</u>	<u>(674.70)</u>
Net INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	321.50	(71.33)	28.39	48.60
Cash and cash equivalents at beginning of year-		<u>321.50</u>	<u>250.17</u>	<u>278.56</u>
CASH AND CASH EQUIVALENTS (NOTE 8)	<u><u>321.50</u></u>	<u><u>250.17</u></u>	<u><u>278.56</u></u>	<u><u>327.16</u></u>

PROJECTED FINANCIAL STATEMENTS

SECTION 11



PROJECTED STATEMENT OF CASH FLOWS (cont'd)

30 SEPTEMBER 2015 - 2025

	<u>2019</u> <u>J\$M</u>	<u>2020</u> <u>J\$M</u>	<u>2021</u> <u>J\$M</u>	<u>2022</u> <u>J\$M</u>	<u>2023</u> <u>J\$M</u>	<u>2024</u> <u>J\$M</u>	<u>2025</u> <u>J\$M</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Net (loss)/profit	269.01	373.82	393.05	537.47	498.21	644.78	698.08
Items not affecting cash resources:							
Interest	478.57	504.57	532.96	542.58	516.29	479.28	461.34
Preference dividend	21.05	21.05	24.42	24.42	24.42	24.42	24.42
Taxation	-	-	-	-	114.46	163.31	181.08
Taxation paid	-	-	-	-	(114.46)	(163.31)	(181.08)
	<u>768.63</u>	<u>899.44</u>	<u>950.43</u>	<u>1,104.47</u>	<u>1,038.92</u>	<u>1,148.48</u>	<u>1,183.84</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Construction costs including furnishing	-	-	-	-	-	-	-
Structuring fees	-	-	-	-	-	-	-
Loan processing fee	-	-	-	-	-	-	-
Equity fees	-	-	-	-	-	-	-
Management and professional fees	-	-	-	-	-	-	-
Net cash used in/provided by investing Activities	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:							
Loan proceeds	-	-	-	-	-	-	-
Issue of Shares	-	-	-	-	-	-	-
Issue of Preference shares	-	-	-	-	-	-	-
Loan repayment	-	-	(86.67)	(181.29)	(255.24)	(255.24)	(255.24)
Interest	(478.57)	(504.57)	(532.96)	(542.58)	(516.29)	(479.28)	(461.34)
Preference dividend	(21.05)	(21.05)	(24.42)	(24.42)	(24.42)	(24.42)	(24.42)
Ordinary dividend	(261.15)	(290.40)	(236.82)	(302.72)	(242.35)	(385.68)	(443.31)
Net cash provided by financing activities	<u>(760.77)</u>	<u>(816.02)</u>	<u>(880.87)</u>	<u>(1,051.01)</u>	<u>(1,038.30)</u>	<u>(1,144.62)</u>	<u>(1,184.31)</u>
Net INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7.86	83.42	69.56	53.46	0.62	3.86	(0.47)
Cash and cash equivalents at beginning of year-	<u>327.16</u>	<u>335.02</u>	<u>418.44</u>	<u>488.00</u>	<u>541.46</u>	<u>542.08</u>	<u>545.94</u>
CASH AND CASH EQUIVALENTS (NOTE 8)	<u>335.02</u>	<u>418.44</u>	<u>488.00</u>	<u>541.46</u>	<u>542.08</u>	<u>545.94</u>	<u>545.47</u>

"Refer to Consultants Report"

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015 - 2025

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) 138 Student Living Jamaica Limited (138 SL) is a limited liability company. The company was incorporated and domiciled in Jamaica on 15 August 2014. The registered office of the company is located at Scotiabank, Centre, Corner of Duke and Port Royal Streets, Kingston.
- (b) The company is established to construct and rent living facilities at the University of the West Indies under a 65 years lease agreement.

2. REPORTING CURRENCY:

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

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout.

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention.

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are discussed below:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd) -

(i) Income taxes

The company plans to be listed on the Jamaica Stock Exchange Main Market and as will be subjected to the appropriate tax rate for the period of these estimates and beyond.

(ii) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

(iii) Investment property

Investment property comprises the cost of buildings which are held for long term rental yields and are not occupied by the company. Investment property is initially stated at cost and subsequently carried at fair value. Cost is based on the cost of construction.

Standards, Interpretations and amendments to published standards not yet effective in the reporting period

During the reporting period, the following standards, amendments and interpretations became effective. Those considered relevant to the company are as follows:

IFRS 9 Financial instruments (effective for annual reporting periods beginning on or after 1 January 2018), introduces new requirements for classifying and measuring financial assets. It also includes guidance and classification and measurement of financial liabilities designated as fair value through profit or loss. The standard also amends some of the requirements of IFRS 7 Financial Instruments: Disclosure, including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

IFRS 14 Presentation of financial statements for Regulatory Deferral Accounts (effective for annual reporting period beginning on or after 1 January 2016), amendments made to revise the way deferred accounts in the statement of comprehensive income is presented.

IFRS 15 Presentation of financial statements for Revenue from Contracts with Customers are presented (effective for annual periods beginning on or after 1 January 2017).

(b) Borrowings and borrowing costs -

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings. Other borrowing costs are recognized as expense in the period in which they are incurred. Borrowing costs that are directly attributable to the construction of investment property are capitalized.

(c) Revenue recognition -

Revenue is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Foreign currency translation -

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. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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 the statement of comprehensive income

(e) Dividends -

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT:

(a) Financial risk factors -

The company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on guidelines set by the Board of Directors together with management and seeks to minimize potential adverse effects on the company's financial performance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(i) Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The company manages its exposure by maintaining only short term investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company manages its foreign exchange risk by holding foreign currency balances.

(ii) 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. As the company has no significant interest bearing assets or liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from deposits and short term instruments and long-term borrowings.

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has limited concentrations of credit risk. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The company manages its credit risk by screening its customers, establishing credit limits and ensuring investments are low-risk or are held with reputable financial institutions.

(iv) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company manages this risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(v) Equity risk

Equity risk arises out of price fluctuations in the equity prices. The risk arises out of holding positions in either individual stocks or in the market as a whole. The Board sets limits on the level of exposure and limits the amounts invested in them.

(vi) Capital risk

Capital risk is the risk that the company fails to comply with mandated regulatory requirements resulting in breach of those requirements. The company's objectives when managing capital are to comply with capital requirements, safeguard the company's ability to continue as a going concern and to maintain strong capital base to support the development of the company.

(vii) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

(b) Fair value estimation -

The fair value of financial instruments traded in an active market is based on quoted market prices at the statement of financial position. The quoted market price used for financial assets held by the company is current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):

(b) Fair value estimation (cont'd) -

The amounts included in the financial statements for cash and cash equivalents reflect their approximate fair value because of the short term maturity of these instruments. Long term liabilities reflect the company's contractual obligations and are carried at amortised cost, which is deemed to approximate the fair value of these liabilities because these liabilities are subject to such terms and conditions as are available in the market for similar instruments.

5. MANAGEMENT ASSUMPTIONS:

(i) Rental income-

138 SL's major source of income will be the rental income from the number of units available for rental in a 51 week period. The income will be based on an assumed 51 week rental cycle with 97% occupancy applied to rental rates. The units will be constructed over a 36 months period in three phases:

- 1st delivery of 576 units, September 2015
- 2nd delivery of 576 units, September 2016
- 3rd delivery of 432 units, September 2017

The rental rates are initially set at US\$395 per unit with the expectation that this rate will increase by inflation every 2 years. The rental is charged in US\$, and it may be paid in Jamaican dollars based on the prevailing exchange rate at the time of payment. As such, rental income is converted using the estimated average exchange rate for the year. Key assumptions for exchange rates and rental rates are depicted in the table below:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Rental Rate in J\$	49,990	53,457	60,533	64,054	72,107	76,091	84,941	88,534	98,301	102,461
Rental Rate in US\$	395	395	421	421	448	448	477	477	509	509
Exchange Rate	126.56	135.34	143.86	152.23	160.87	169.76	177.90	185.42	193.27	201.45

(ii) Interest income:

The interest income relates to projected interest to be earned on excess cash at 5% per annum, and debt service reserve and repairs and maintenance reserves calculated at 8% per annum. The reserve accounts are expected to attract a higher rate of interest, as there is an ability to lock in the interest rate for a longer period, versus an operating account.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

5. MANAGEMENT ASSUMPTIONS (CONT'D):

(iii) Land lease concession fees -

138 SL will pay up to \$100 million (adjusted by 50% of inflation, based on the Consumer Price Index (All Jamaica, All Group) published by the Statistical Institute of Jamaica), as the land lease amount to UWI for the use of its lands.

The \$100 million is based on 100% occupancy of available rooms, up to 1,584 units, planned for this 3 phased project. That is, Phase 1 contemplates 576 units being available for occupancy in August 2015. On this basis, Phase 1 land lease amount would be adjusted downward as a % of the total land lease, which will increase as the other units are constructed and occupied.

(iv) Electricity -

Electricity expense is projected using monthly consumption of 205.4 kW per unit at US\$0.3712 per kWh and is adjusted for level of occupancy. The kWh per unit used was based on estimate received from Jamaica Public Service based on size of the units and expected furnishings and common areas. The estimated rates are expected to increase in line with exchange rate movements.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Energy consumption kWhr per unit per month	199.24	199.24	199.24	199.24	199.24	199.24	199.24	199.24	199.24	199.40
Rate (\$) - increase by exchange rate movements	48.62	51.85	54.95	58.07	61.36	64.67	67.40	70.25	73.23	76.33
Exchange rate movements		6.6%	6.0%	5.7%	5.7%	5.4%	4.2%	4.2%	4.2%	4.2%

(v) Water -

It is expected that each unit will consume approximately 1,000 litres of water (and similarly require sewage for the same amount) per month at a cost of J\$270.22 adjusted for occupancy. The rate per litre is projected to increase in line with exchange movements.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Consumption litre per unit per month	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Rate (\$) - increased by exchange rate movement	0.54	0.58	0.61	0.65	0.68	0.72	0.75	0.78	0.81	0.85
Exchange rate movements		6.6%	6.0%	5.7%	5.7%	5.4%	4.2%	4.2%	4.2%	4.2%

"Refer to Consultants Report"

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

5. MANAGEMENT ASSUMPTIONS (CONT'D):

(vi) Sanitation supplies -

Sanitation supplies are initially set at \$800,000 and are forecast to grow by inflation each year.

(vii) Property management -

Property Management expenses relates to the costs associated with administration and operations. This is expected to increase by 6.5% per annum. Staffing costs represents the second highest expense of the project. The projections assume that the staffing levels will be limited to a general manager, an administrative and operational assistants and the cleaning and grounds staff. As the phases are developed, the staffing complement will increase. In addition to the full time staff members, students will be employed on a part time basis to act as security monitors for the closed captioned TV. Salaries will be adjusted annually by inflation.

It is the intention of 138 SL to ensure that the experience of its residents on hall is positive and wholesome. As such, the staff will be carefully selected to ensure that the right image of 138 SL is on display and translates to a more complete on campus experience for local and international residents.

(viii) Security -

Security will be provided and supplemented by on call security and on campus police.

(ix) Insurance -

Insurance, which is estimated on the replacement cost of the building, which is adjusted annually by half of the projected annual inflation rate.

(x) Repairs and maintenance -

The repair and maintenance reserve is a cash account that will be set up to deal with required maintenance of the building. The purpose of the cash reserve is to reduce the possibility for unexpected shocks to the income statement that could negatively affect dividend distributions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

5. MANAGEMENT ASSUMPTIONS (CONT'D):

(x) Repairs and Maintenance -

The Concession agreement contains a Service Level Agreement that details how the repairs, maintenance and general operations should be carried out. This is important to ensure that the students receive a certain standard of living on hall and reduces the ambiguity of what UWI expects. Where 138 SL does not handle maintenance or operations accordingly, then penalty points are imposed and if the problem is persistent or pervasive, then warning notices are issued, which may result in termination of the Concession Agreement.

The estimate of repairs included in the financial model takes account of normal wear and tear to comply with the Service Level Agreement in the Concession Agreement. The projections do not cover intentional damage to furnishing or equipment as these costs will be recovered from students.

(xi) Miscellaneous -

Miscellaneous expenses are 5% of the total expenses, and are intended to cover internet, cable and any other costs required for running the halls of residence.

(xii) Interest expense -

Interest will be based on projected step up interest rate ranging between 12.5% - 16.5% per annum payable quarterly in arrears on the long term debt. In addition, the construction loan costs are included, estimated at effective rates of up to 7%.

(xiii) Dividend distribution -

Dividends will be distributed to shareholders at the rate of 95% of available cash, after debt service and subject to financing arrangements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

6. INVESTMENT PROPERTY:

The company expects to construct 1,584 units suitable for students by 2017. The investment is based on a land lease arrangement between the company and the University of the West Indies under a Concessionary Agreement with a lease life of 65 years. The first set of units to be constructed is 576 units which will be available by July 2015.

- 3 Year multi-phase construction period.
 - Phase 1- 576 units - Sept 2014 – July 2015
 - Phase 2- 576 units - Sept 2015 – July 2016
 - Phase 3- 432 units – Sept 2015 – July 2017

7. DEBT SERVICE RESERVE:

The Debt Service Reserve will be accumulated and adjusted based on the loan payment due for payment within the next 6 months.

8. CASH AND CASH EQUIVALENTS:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash and Bank Balances	95.56	30.83	17.23	42.83	13.93	15.28	12.46	15.93	12.76	20.30	22.39
Debt Service Reserve	225.94	212.22	239.28	239.28	252.28	309.81	361.93	385.76	367.24	358.27	350.25
Repairs and Maintenance Reserve	-	7.12	22.05	45.05	68.81	93.35	113.61	139.77	162.08	167.37	172.83
Cash and Cash Equivalents	321.50	250.17	278.56	327.16	335.02	418.44	488.00	541.46	542.08	545.94	545.47

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

9. SHARE CAPITAL:

The company plans to issue 82,900,000 ordinary shares at \$4.00 per share, to the public with offer capitalization of \$331,600,000 which represents 20% ownership of the company.

The company plans to issue 33,680,000 cumulative redeemable preference shares at \$5.00 per share, with offer capitalization of \$168,400,000. These shares will attract interest rate calculated at 180 day Weighted Average Treasury Bill Yield' (WATBY +3%) with a maturity for 30 years (November 2044).

Prior to the share issue, share capital has been issued to professionals based on the value of work performed by the Professionals/Directors in lieu of shares in the entity.

Initial Offering

	2015 J\$M
Founding members shares	435.56
Proceeds from Ordinary shares	331.61
Proceeds of preference shares	<u>168.40</u>
	935.57
Preference shares – reclassified to long term loan	<u>(168.40)</u>
	<u><u>767.17</u></u>

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Balance b/f		767.17	767.17	767.17	767.17	767.17	767.17	767.17	767.17	767.17	767.17
IPO	331.61	-	-	-	=	=	=	=	=	=	=
Equity issues to professionals (founding members)	435.56		-	-							
	767.17	767.17	767.17	767.17	767.17	767.17	767.17	767.17	767.17	767.17	767.17

The expected returns on capital Investment:

- (i) It is expected that ordinary dividends will commence in 2018 and will be given 95% of after tax profit for that year and thereafter
- (ii) Preference dividend for the years 2014 to 2017 will be accumulated and be paid in 2018 and annually thereafter. Dividend yield on preference shares will be indexed to the Government of Jamaica 180 day Weighted Average Treasury Bill Yield (WATBY)' plus a premium of three percent.

"Refer to Consultants Report"

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 SEPTEMBER 2015 - 2025

9. SHARE CAPITAL (CONT'D):

Preference Shares Option:

In the event that the Overallotment Option is exercised by the company it will issue up to a maximum of 93,680,000 Preference Shares in the Invitation. In the event that the Overallotment Option is exercised by the company it will raise up to a further \$300,000,000 in the Invitation from the issue of up to 60,000,000 additional Preference Shares.

10. LONG TERM LOANS:

138 SL has obtained a construction loan in the amount of J\$1.3 billion, funded by Jamaica Mortgage Bank and National Commercial Bank to facilitate the construction of Phase 1 of the Project. This is to be repaid by the long term Loan at the end of the 15 months tenure. It is anticipated that the construction loan will be renewed for Phases 2 and 3. It is assumed that construction costs will be \$3.7 billion cumulative for Phases 1-3 where 1,584 units (300 square foot each) will be built at a cost of \$7,377 per square foot. The total construction costs also include structuring and loan processing fees of 3.5%.

This represents Senior Construction loan with the Banks secured interest to rank pari passu. The loan is granted to partially finance the construction of 576 units of one (1) bedroom student accommodation at the University of the West Indies, Mona. Interest is repayable at 13.5% percent fixed for fifteen months from the initial drawdown. Interest is based upon a 365-day year on the day-to-day outstanding balance of principal and is payable quarterly in arrears, commencing on the last business day of each quarter.

The long term loan is denominated in Jamaican dollars and is expected to increase at each Phase of the Project, at the estimated costs of construction, adjusted for inflation. There will be a moratorium on the principal for the first five years of each facility, with equal repayment of principal for the remaining life of the loan. The loans will be secured by the concession flows, Step-In Rights on the Concession and 6 months debt service reserve account.

RISK FACTORS

Section 12



Risk In Relation To First Issue

This being the first public issue of Shares by the Company, no formal market for either the Ordinary or Preference Shares has been established. The Invitation Price for each of the Ordinary and Preference Shares has been determined by the Directors on the advice of JMMB Securities as lead broker and financial adviser to the Company. The Invitation Price should not be taken to be indicative of the market price of either the Ordinary or Preference Shares after they are listed on the Jamaica Stock Exchange. No assurance can be given regarding active or sustained trading in either the Shares of the Company or regarding the price at which either of the Shares will be traded subsequent to listing of the Shares on the Jamaica Stock Exchange.

Listing

There is also no assurance that either of the Shares will remain listed on the JSE. Although it is currently intended that the Shares will remain listed on the JSE, there is no guarantee of the continued listing of the Shares. Among other factors, the Company may not continue to satisfy any future listing requirements of the JSE. Accordingly, Shareholders will not be able to sell their Shares on the JSE if the Shares are no longer listed on the JSE.

Risk Relating To Marketability Of The Shares

The Shares, even if listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to “cash-out” may not be able to do so or may only be able to do so at a discount.

Trading Prices And Other Volatility

The trading price of either or both of the Shares may fluctuate significantly after their listing on the Main Market (or irrespective of it). Some of the reasons for fluctuations in the prices of the Shares include but are not limited to:

- announcements of developments related to the Company’s business, or UWI;
- the issue of additional Shares by the Company from time to time;
- the level of student enrolment and/or demand by students eligible for residence under the Concession Agreement, albeit that occupancy is guaranteed at a certain level under the Concession Agreement;
- changes in the law regarding several matters including but not limited to taxation, rights of landlords and tenants, planning and the environment.

The Shares may experience flat trading, being very infrequent or insignificant volumes of trading, either or which may extend beyond the short term and which may be dependent on the Company’s financial performance, as well as on investors’ confidence and other factors over which the Company has no control. In either case the market price of the Shares may be negatively affected or constrained from growing.

Also, the Jamaican stock market is relatively small and the market in the Shares is expected to be relatively thin compared to larger capital markets, trades in small quantities of either

or both of the Company's Shares can trigger wide swings (up or down) in the market price of either or both of the Shares and make it easier for the stock price to be manipulated.

Risks Relating To The UWI Student Residences

Renovation work, repair and maintenance or physical damage to the UWI student residences may disrupt the operations of the Company and collection of rental income or otherwise result in an adverse impact on the financial condition of the Company

The quality and design of the UWI student residences is expected to directly influence the rental rates the Company is able to charge under the Concession Agreement, as is the demand for space from students (albeit that a high level of occupancy is guaranteed under the Concession Agreement). Collection of rental income is the right of the Company and it is expected that both the Company (and UWI) will maintain segregated accounts for this purpose (UWI in particular in the event that it collects income on the Company's behalf so as to minimise any risk of non – payment of rental to the Company). Those facts notwithstanding, the income of the Company may be impacted by such quality and design issues, relatively low occupancy, and rental collection issues.

The student residences may also need to undergo renovation works from time to time to retain their attractiveness to students and in order satisfy the operational obligations on the Company under the Concession Agreement, and may also require ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations.

The costs of maintaining the student residences and the risk of unforeseen maintenance or repair requirements will tend to increase over time as the residences age. The business and operations of the student residences may suffer disruption as a result of renovation works and it may not be possible to collect the full rate of, or, as the case may be, any rental income on the space affected by such renovation works.

Physical damage to the student residences resulting from fire or other causes may lead to a significant disruption to the business and operations of the Company. Furthermore, students may terminate their leases prematurely in the event that such physical damage persists for an extended period of time. The foregoing may impose unbudgeted costs on the Company and may result in an adverse impact on the financial condition and results of operations of the Company and its ability to service its loan obligations or pay dividends on the Preference Shares or dividends on the Ordinary Shares. The inability of the Company to meet its obligations could result in a termination of the Concession Agreement which may result in a loss to the Ordinary Shareholders as per the termination clauses described in Section 8 of the Concession Agreement.

The UWI Student Residences may also be adversely affected if the property manager for the UWI Student Residences does not provide adequate management and maintenance.

Should the property manager fail to provide adequate management and maintenance of the property manager, this may result in a lower than expected occupancy and could also result in a termination of the Concession Agreement. The occurrence of any or both of

these events will adversely affect the financial condition and results of operations of the company reducing the ability of the company to service its loan obligations or pay dividends on the preference shares or dividends on the ordinary shares.

Non - Diversification Risk

The business model and scale of the Company is not diversified, and the operations of the Company depend on its Concession Agreement with UWI. The success of the Company is dependent on the timely completion of the Project (as defined in the Concession Agreement) and the earning of the projected real Internal Rate of Return.

The Company is taking steps to increase the range of its product offerings of multi – unit institutional dwellings and the Concession Agreement affords it certain rights to expand its offerings at UWI Mona by a further 1,584 units provided that the Company is not in breach of the Concession Agreement and in other defined circumstances.

Notwithstanding the foregoing and the fact that the Company is seeking to build out its business model in other parts of the Caribbean, there is currently a fundamental lack of diversification resulting from its reliance on a single construction project controlled by a single counterparty institution, UWI, although common in the commercial construction industry, which could magnify losses in the event that they crystallize.

Construction Risk

This category of risks comprises matters that can arise in the course of construction of the Company's student residences at UWI Mona,

including the following:

- risk of inadequate financing of the construction phase by the Company
- significant increases in the price of construction materials
- variations to the agreed project designs by UWI
- lack of competent project coordination
- construction delays and failure to meet Concession Agreement completion milestones
- failure in quality standards required by the Concession Agreement
- inexperienced construction workers / inadequately skilled construction workers
- risk of disputes between the Company and UWI
- risk of disputes between the Company and the contractor

Such risks may cause the Company to incur liability to UWI under the Concession Agreement due to non-performance breach of warranty or standard, or for UWI to step in to mitigate any risks arising out of a construction related problem, or cause UWI to terminate the Concession Agreement.

New Property Class / Start – Up Company And Property Development Risk

Neither the Company nor its majority shareholder K Limited has a history of operating large - scale “for let” student accommodation or other institutional accommodation as at the date of this Prospectus. For this purpose, it is a “start – up”. The Company was incorporated in 15 August 2014. The lack of a long established operating history will make it more difficult for investors to assess the Company's future performance. There is no assurance that the

Company will be able to generate sufficient revenue from operations to pay dividends or that results of operations will be in line with those set out in the “Unaudited Financial Projections”.

The Company is also subject to the risks normally associated with property development including, without limitation:

- timely receipt of necessary regulatory approvals
- timely completion of construction (including risks beyond the Company’s control, such as weather or labour conditions or material shortages)
- general market and letting risk (albeit that a certain level of occupancy is contractually guaranteed by UWI under the Concession Agreement)

These and other risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities which could have an adverse affect on the results of operations of the Company. No representation is made as to the future performance of the Company and there is no assurance that the Company will realise its objectives.

Long Term Finance Risk

The Company must re-finance its construction loan and procure permanent long term financing in order to meet the time for completion of each phase of construction under the Concession Agreement. The availability of such financing may be limited, or it may be not be possible for the Company to procure it on favourable terms or at all, which could have an adverse affect on the Company’s

ability to comply with its obligations under the Concession Agreement, and on the results of operations of the Company.

Operational Risk

The Company is required to operate the project buildings at UWI Mona following their construction, in accordance with the standards set out in the Concession Agreement. Failure to do so could cause the Company to incur liability to UWI, or for UWI to step it to operate the buildings if it deems that there is a risk to health, safety or otherwise, or for UWI to terminate the Agreement.

The Company is also subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God social unrest). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk.

This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity or any other risk that affects the operation of the buildings at UWI Mona in accordance with the Concession Agreement.

The Directors consider that the Company is prudent and that it insures itself against some (but not all) of these risks. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage may be available or it is not economical to do so.

Macro Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behaviour of capital markets including the JSE and the value of the Company's Shares may also be adversely affected.

New Regulatory Rules Or Standards

The business of the Company is not currently regulated. The business may become subject to existing or new rules or standards that are onerous from the point of view of the Company and this may affect its operations and its profitability.

New Accounting Rules Or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Jamaican Companies Act.

Risk Of Catastrophic Events

The Company is insured against claims for property damage arising out of natural disasters and other catastrophes, which may have a significant impact on the Company. Natural disasters and other catastrophes can be caused by various events including, but not limited to, hurricanes, earthquakes, tornadoes, wind, hail, fires and explosions,

and the incidence and severity of natural disasters and other catastrophes are inherently unpredictable and may affect the ability of the Company to operate, or the level of income it is able to earn from its operations.

Effective Control Of The Company By Certain Of The Directors

Neither the allotment of Ordinary Shares or Preference Shares as a result of the Invitation will confer legal or effective control of the Company on Applicants. The Company is controlled by K Limited, in which Managing Director John Lee and his wife, Executive Director Marrynette Lee are interested, and which holds 55.23%

Admission Of The Shares To The Main Market Of The JSE

After the Closing Date, and assuming that the Company is able to raise J\$400 million as a result of the Invitation from Applicants and/or the Underwriter no later than by the Closing Date, the Company will make an application to the JSE to admit both the Ordinary Shares and the Preference Shares to the Main Market. The application for listing is dependent on the success of the Invitation in raising the stated funds in the stated time and other criteria set out in the JSE Rules. Neither the Company nor the Directors are able to guarantee the success of the Invitation or the admission of either or both the Ordinary Shares and the Preference Shares to the Main Market.

PROFESSIONAL ADVISERS TO THE COMPANY

Section 13



Lead Broker to the Company in the Invitation

JMMB Securities Limited
6 Haughton Terrace
Kingston, Jamaica

Underwriters

Jamaica Money Market Brokers Limited
6 Haughton Terrace
Kingston, Jamaica

Special Counsel to the Lead Broker in the Invitation

Harrison & Harrison
Attorneys at Law
16 Hope Road
Kingston, Jamaica

Financial Advisers to the Company

PricewaterhouseCoopers Tax and Advisory
Services Limited
Scotiabank Centre
Corner of Duke and Port Royal Streets
Kingston, Jamaica

Auditors and Consultants to the Company

BDO
Chartered Accountants
26 Beechwood Avenue
Kingston, Saint Andrew, Jamaica

Attorneys to the Company

Debbie-Ann Gordon & Associates
Attorneys at Law
79 Harbour Street
Kingston, Jamaica

Special Counsel to the Company in the Invitation

Patterson Mair Hamilton
Temple Court, 85 Hope Road
Kingston, Jamaica

Registrars and Transfer Agents for the Shares

PwC Corporate Services (Jamaica) Limited
Scotiabank Centre
Corner of Duke and Port Royal Streets
Kingston, Jamaica

STATUTORY AND GENERAL INFORMATION

Section 14



14.1 STATUTORY INFORMATION REQUIRED TO BE SET OUT IN THIS PROSPECTUS BY THE THIRD SCHEDULE TO THE COMPANIES ACT

Provisions Of Articles of Incorporation

1. The Company has no founders or management or deferred shares.
2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.
3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:
 - (a) The remuneration of the Directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or any committee of the Directors or general meetings of the Company in connection with the business of the Company. (Article 77)
 - (b) A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 79)
 - (c) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. (Article 89(3))
 - (d) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the company. (Article 89(5))

- (e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. Any director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit and may vote as a director in respect of the exercise of any of the powers of this Article conferred upon the directors notwithstanding that he is or may be or become interested therein. (Article 94)
- (f) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. (Article 119)
3. The Company was incorporated with registered office c/o PwC Corporate Services (Jamaica) Limited, Scotiabank Centre, Corner of Duke and Port Royal Streets, Kingston, Jamaica.
4. The names and addresses of the Directors are as follows:
- John W. Lee, 20 Wellington Drive, Kingston 6, Saint Andrew, Jamaica
 - Marrynette A. Lee, 20 Wellington Drive, Kingston 6, Saint Andrew, Jamaica
 - Hon. Kingsley Thomas, O.J., 45 Gallery Way, Kingston 5, Jamaica
 - Douglas Steibel, 28 Munroe Road, Kingston 6, Saint Andrew, Jamaica
 - Sharon Donaldson, 9 Waterloo Mews, Kingston 10, Saint Andrew, Jamaica
 - Debbie-Ann Gordon, 79 Harbour Street, Kgn CSO, Jamaica
 - Angela Lee-Loy 25 Riverside Drive, Apt # 93, Pt. Cumanana Carenage, Republic of Trinidad and Tobago
5. The minimum amount required to be raised out of the proceeds of the Invitation (inclusive of calling on the underwriting commitment described in paragraph 16 below if necessary) to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is J\$400 million.
6. The Invitation will open at 9:00 a.m. on Thursday, 27 November 2014 and will close at 4:00 p.m. on the Closing Date, Thursday, 4 December 2014 subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the Closing Date in the sole discretion of the Company, for any reason whatsoever, provided that it is not later than 40 days after the issue of this Prospectus.
7. Save as set out below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company. The Company has approved the creation and disapplied pre-emption rights in respect of a pool of 21,815,790 Ordinary



Shares to be allotted for the purposes of incentivizing the directors, officers and staff of the Company on terms and conditions to be set by the Board.

8. As at 13 November 2014, being the date to which the Audited Financial Information of the Company is made up to, the Company had no investments or current assets.

9. As at 13 November 2014, being the date to which the Audited Financial Information of the Company is made up to, the Company had no investments inclusive of cash deposits. The Company has J\$300m of equity share capital that was subscribed for consideration other than cash.

10. As at 13 November 2014, being the date to which the Audited Financial Information of the Company is made up to, the Company had no indebtedness.

11. The Company has not paid any dividends since its incorporation. The dividend policy of the Company is described in Section 8.11.

12. There is no property that is currently proposed to be purchased or acquired by the Company which is to be paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.

13. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed J\$40 million (inclusive of financial advisory fees, lead

brokerage, underwriting and related legal fees, special counsel's legal fees, auditors' fees, the Registrar's fees, stamp duties and other document filing fees in Jamaica, initial listing and other JSE and JCSD fees and exclusive of GCT). Of those expenses the most material are the brokerage and underwriting fees set out below.

14. Within the last 2 years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter or person in connection with the sale of Shares in the Company save for the following:

- Sagicor Investments Jamaica Limited and/or their associated or affiliated companies for the purposes of the subscription by the Strategic Investor in their group, being a brokerage commission of 0.70% on an aggregate subscription of \$150,000,000 of Ordinary and/or Preference Shares
- JMMB Securities, by virtue of an engagement letter dated 18 September 2014. Under the terms of the engagement JMMB Securities is entitled to receive (a) fees of 4.0% of the value of the total amount raised from Applications for Shares in the Invitation; and
- Jamaica Money Market Brokers by virtue of an Underwriting Agreement dated 17 November 2014 in respect of underwriting fees of 1.0% of \$400,000,000. All fees referred to herein are payable in cash unless stated otherwise and quoted exclusive of GCT, and disbursements.

15. The material contracts of the Company are set out in Section 8.9.

16. The external auditors of the Company are BDO, Chartered Accountants.

17. BDO, Chartered Accountants have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of their name in the context in which it is included.

18. The Company was incorporated as a public company under the Companies Act, 2004 on 15 August 2014 and has recently begun trading. The Company has no subsidiaries.

19. There is no amount for goodwill, patents, or trademarks shown in the financial statements of the Company and there is no contract for sale and purchase, which would involve any goodwill, patents or trademarks.

20. Save as set out in paragraph 14 above, within the 2 preceding years no commission has been paid, nor will any such commission be payable to anyone for subscribing for or agreeing to subscribe, or procuring or agreeing to procure subscriptions, or sales, of any Shares or debentures of the Company.

21. The Ordinary Shares of the Company have inter alia the rights to vote, and participate in any dividend declared on such Shares by the Board, and in any surplus on winding up, and other rights customarily associated with such Shares.

The Preference Shares of the Company have voting rights in limited circumstances as described in the Terms of Issue at Appendix 3.

DOCUMENTS AVAILABLE FOR INSPECTION

Section 15



Copies of the following documents may be inspected by appointment only, at the law offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date:

1. The Articles of Incorporation of the Company adopted 13 November 2014.
2. The Material Contracts, Permits and Licenses described in Section 8.
3. The Audited Financial Information and the Unaudited Financial Projections.
4. The consent of the Auditor and Consultant to the inclusion of their names and references thereto in the form and context in which they appear in this Prospectus.

DIRECTORS' AND SELLING SHAREHOLDERS' SIGNATURES

Section 16



The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of this Prospectus:

Signature
John W. Lee

Signature
Marrynette A. Lee

Signature
Douglas Stiebel

Signature
Hon. Dr. Kingsley Thomas, O.J.

Signature
Sharon Donaldson

Signature
Debbie - Ann Gordon

Signature
Angela Lee Loy

The Selling Shareholders whose signatures appear below are also individually and collectively responsible for the contents of this Prospectus:

Signature
John W. Lee, Director
For K Limited

Signature
Marrynette A. Lee, Director
For K Limited

Signature
Douglas Stiebel

Signature
Hon. Dr. Kingsley Thomas, O.J.

Signature
Enith Williams

Signature
Barry Brown

Signature
Kevin Donaldson



APPENDIX

Sections 1 -3



APPENDIX 1 APPLICATION FORM – 138 STUDENT LIVING JAMAICA LTD ORDINARY SHARE OFFER 2014

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

“Persons Restricted From making an Application in the Invitation”

Certain persons are prohibited from making Applications for any of the Shares in the Invitation. Such persons are the Restricted Persons defined in the Concession Agreement being persons who are senior administrators of UWI (not including senior academic administrators with academic administrative functions only) and / or their spouse(s), children, parent(s) or sibling(s). By making an Application in the Invitation an Applicant is deemed to confirm and undertake that it is not a Restricted Person.

To: 138 STUDENT LIVING JAMAICA LIMITED (“138 Student Living” or the “Company”)

Re: **Shares for Subscription** in respect of up to 82,900,000 units of Ordinary shares being offered made pursuant to the Prospectus dated and registered Thursday, 20 November 2014. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated into this Application Form by reference. I/We hereby apply for shares in 138 Student Living on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of J\$4.00 each. Application must be for a minimum subscription amount of 1,000 shares valued at J\$4,000.00 with increments in multiples of 100 shares valued at \$400.00. I/we make payment for the total price of my/our subscription and the JCSD processing fee of J\$134.00 via the method(s) selected below:

PLEASE TICK THE RELEVANT PAYMENT METHOD(S):-

SUBSCRIPTION PAYMENT (J\$)	FEE PAYMENT (J\$)
<input type="checkbox"/> J\$ Bank Draft drawn on a Jamaican commercial bank payable to “Student Living Jamaica Invitation – Ordinary Shares”	<input type="checkbox"/> J\$ cheque totalling J\$134.00 payable to JMMB Fee Settlement Account
<input type="checkbox"/> Debit my/our JMMB J\$ Account <input type="text"/>	<input type="checkbox"/> Debit my/our JMMB J\$ Account <input type="text"/>
<input type="checkbox"/> Transfer via RTGS/ACH as detailed below at Note 2 (c)	

I/We agree to accept the same or any smaller number of shares in respect of which this Application may be accepted, subject to the terms and conditions in the Prospectus and the constitutive documents of 138 Student Living Jamaica Limited, by which I/we agree to be bound. I/We request you to sell and transfer to me/us the number of shares that may be allocated to me/us at the close of the said Invitation upon the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated and issued to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD).

INSTRUCTIONS TO COMPLETING APPLICATION FORM: ALL FIELDS ARE RELEVANT AND MUST BE COMPLETED.

<input type="text"/>	<input type="text"/>	<input type="text"/>	PLEASE INDICATE THE TYPE OF APPLICATION: <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> COMPANY
JCS D ACCOUNT NUMBER	BROKER	BROKER ACCOUNT NUMBER	

<input type="text"/>	<input type="text"/>
TITLE	PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)

<input type="text"/>	<input type="text"/>
TAXPAYER REGISTRATION NUMBER	CITIZENSHIP

<input type="text"/>
MAILING ADDRESS LINE 1

<input type="text"/>
MAILING ADDRESS LINE 2

<input type="text"/>	<input type="text"/>	<input type="text"/>
CITY (E.G. KINGSTON)	POSTAL CODE (E.G KGN 6)	COUNTRY CODE

<input type="text"/>	<input type="text"/>	<input type="text"/>
TELEPHONE NUMBER (HOME)	TELEPHONE NUMBER (WORK/CELL)	TELEPHONE NUMBER (CELL)

I WISH TO RECEIVE COMMUNICATION VIA EMAIL EMAIL ADDRESS _____

SIGNED _____ DATE SIGNATURE AFFIXED: _____

COMPANIES (COMPANY SEAL OR STAMP REQUIRED):
DIRECTOR: _____ DIRECTOR/SECRETARY: _____ DATE SIGNATURES AFFIXED: _____

PLEASE CONTINUE ON REVERSE TO COMPLETE APPLICATION FORM

This section for Registrar Use only	
Batch #: _____	Serial #: _____

TERMS OF ISSUE OF CUMULATIVE REDEEMABLE FLOATING RATE PREFERENCE SHARES



Appendix 2

In These Terms Of Issue:

Act	means the Companies Act, 2004 and any amendment thereof
Agreed Rate	means an amount that is equivalent to the Government of Jamaica 180 days Weighted Average Treasury Bill Yield plus 3% per annum (WATBY + 3) calculated on the issue price of each Preference Share on the Issue Date
Business Day	means a date, not being a Saturday, Sunday or public holiday when banks are open for business in Jamaica
Company	means 138 Student Living Jamaica Limited, a company incorporated under the laws of Jamaica (no. 88096) with its registered office c/o PwC Corporate Services (Jamaica) Limited, Scotiabank Centre, Corner Duke and Port Royal Streets (P.O. Box 372) Kingston
Issue Date	The date of listing of the Preference Shares on the Main Market of the JSE or in the event that the Preference Shares are not listed and the Company elects to allot the Preference Shares in any case, the date of allotment.
Maturity Date	The date falling 30 Years following the Issue Date (being a date in the year 2044)
Registrar, Transfer and Paying Agent	means PwC Corporate Services (Jamaica) Limited, a company incorporated under the laws of Jamaica with its registered office at Scotiabank Centre, Corner Duke and Port Royal Streets (P.O. Box 372) Kingston

The preference shares shall be denominated as the “Cumulative Redeemable Floating Rate Preference Shares 2044” (the “Preference Shares”) conferring upon the registered holders thereof the following rights and shall be subject to the following restrictions, namely:

(1) As To Dividend Income:

The right to a preferential dividend at the Agreed Rate, on a cumulative basis such that any preferential dividend due to be paid and remaining unpaid shall remain due and owing until it is repaid in full, which preferential dividend shall accrue and be calculated as follows:

(a) For 4 years following the Issue Date, the preferential dividend shall accrue at the Agreed Rate and be payable to registered holders on the last Business Day of June 2018;

(b) Thereafter, dividends shall accrue and be payable at the Agreed Rate per annum until the Maturity Date, semi-annually in arrears, on the 30th day of the month or if such day falls on a day other than a Business Day then on the prior Business Day (the "Dividend Payment Date").

For the avoidance of doubt the accrual of each dividend shall be calculated with reference to the Agreed Rate prevailing before the commencement of any "Dividend Calculation Period" as defined herein:

(i) the first Dividend Calculation Period shall be the period commencing on the Issue Date and ending on date falling 6 months thereafter, and

(ii) the next and each subsequent Dividend Calculation Period shall be the period commencing on the 1st day following the first Dividend Payment Date and ending on the last Business Day of each calendar month immediately preceding the next Dividend Payment Date; provided however, that in either case:

(x) if any Dividend Calculation Period would otherwise end after the Maturity Date, such Dividend Calculation Period shall end on the Maturity Date;

(y) whenever the last day of any Dividend Calculation Period would otherwise occur on a day other than a Business Day, the last day of such Dividend Calculation Period shall be shortened to occur on the prior Business Day.

(2) As To Repayment Of Capital:

The right on a winding up of the Company or other return of capital to repayment in Jamaican Dollars in priority to any payment to the holders of ordinary shares and pari passu with all other preference shares and/or preference stock units in the capital of the Company of:

(a) any arrears or accruals of the preferential dividend on the Preference Shares that is due to be paid at the Agreed Rate whether declared or earned or not or calculated down to the date of such repayment in accordance with paragraph (1) hereof; and

(b) a right to return of the amount paid up in respect of each Preference Share on the Issue Date, in each case, as at the date fixed by the Board for the purposes of such repayment and in priority to any repayment of capital to the holders of the ordinary shares but to no further or other right to share in the secured assets, or any surplus assets, of the Company on a winding up.

(3) As To Voting:

Save as provided herein and in paragraph (4) below the Preference Shares shall NOT carry the right to vote at any general meeting of the Company EXCEPT:

(a) in circumstances where the dividend on the Preference Shares is due to be paid in accordance with these Terms of Issue and such dividend remains unpaid for a period greater than 12 months; and/or

(b) a resolution to wind-up the Company has been tabled for consideration in accordance with the Act; and/or

(c) on a proposed variation of rights of the holders of the Preference Shares in accordance with paragraph (4) below,

AND in any such event, every holder of Preference Shares present in person or by proxy shall have one (1) vote, and on a poll every holder of a Preference Share, present in person or by proxy, shall have one (1) vote for each Preference Share of which he is the holder.

(4) As To Further Issues Of Preference Shares (Or Any Other Preference Shares):

The Company may without any consent or sanction of the holders of the Preference Shares create and issue further preference shares, the same to be converted into preference stock units either:

(a) ranking pari passu and identically in all respects and so as to form one class with the existing Preference Shares; and/or

(b) ranking pari passu therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the Preference Shares,

provided always that if the Company shall have issued and there be outstanding any further preference stock units not being Preference Shares in accordance with the above, then such further preference shares shall be deemed to constitute a separate class of shares for the purposes of the Articles of Incorporation of the Company.

Subject to the provisions of this paragraph the rights attaching to the Preference Shares may not be varied either while the Company is a going concern, or during or in contemplation of a winding-up of the Company without the consent in writing of the holders of three-fourths (3/4) of the issued Preference Shares or without the sanction of an Extraordinary Resolution passed at a separate meeting of that class, but not otherwise.

To every such separate meeting all of the provisions of the Articles of Incorporation of the Company relating to general meetings of the Company or to proceedings thereat shall, mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy five (5%) in nominal amount of the issued Preference Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum) and that the holders of Preference Shares shall, on a poll, have one vote in respect of each Preference Share held by them respectively.

For the avoidance of doubt, at any such meeting every holder of a Preference Share present in person or by proxy shall have one (1) vote, and on a poll every holder of a Preference Share, present in person or by proxy, shall have one (1) vote for each Preference Share of which he is the holder.

(5) As To Redemption:

The Preference Shares shall be issued as redeemable Preference Shares and, subject to the provisions of the Act and the terms and conditions set out in this paragraph (5), redemption of all of the Preference Shares in issue shall be effected on the Maturity Date at a price per Preference Share that is equivalent to the issue price on the Issue Date and otherwise on terms that are specified by the Board of the Company for that purpose. In the case of any such redemption the Company shall give the holders of the Preference Shares not less than 30 days' notice of mandatory redemption.

General Provisions For Redemptions:

Any circular or notice issued by the Company for the purposes of this paragraph (5) shall:

- (a) fix the date, time and place for the redemption of the Preference Shares;
- (b) specify the redemption price, and that redemption is mandatory;
- (c) provide instructions to the registered holders of the Preference Shares to deliver to the Company any evidence of ownership of the Preference Shares specified in the notice, provided always that the Company may in its sole discretion refuse to accept such evidence of ownership, or accept

such substituted evidence of ownership as it considers reasonable for the purposes of redemption whether or not such substituted evidence is provided by the registered holder or is otherwise available to the Company;

(d) in the case of a circular, be posted to the registered holders of the Preference Shares not less than twenty one (21) and not more than thirty (30) days prior to the date of redemption, and in the case of a notice such notice shall also appear in a national newspaper in Jamaica at least 21 days prior to the date of redemption;

(e) in the case of a proposed redemption of Preference Shares not comprising all of the Preference Shares then in issue, the Company shall provide for redemption pro rata to holdings at the time of redemption, and

(f) provide for payment of any arrears of dividends calculated at the Agreed Rate up to a date fixed by the Company and set out in the circular or notice (as the case may be).

As from the time of the issue of any circular or notice of redemption the Preference Shares specified in the said circular or notice shall cease to accrue dividends, save and except in respect of any Preference Shares in respect of which payment due on such redemption was refused.

In the event that at any such time for redemption the Company is permitted to redeem only some of the Preference Shares, it shall redeem such Preference Shares at such time and it shall redeem the remaining Preference Shares at any time subject to these Terms, and in the sole discretion of the Company.

Payments by the Company to the registered holders of the Preference Shares for the purposes of this paragraph 5 shall be made in cash.

On redemption of any Preference Shares, and subject always to the provisions of the Act, the said Preference Shares may be:

(i) cancelled or held in treasury and in either case, such Preference Shares shall be capable of re-issue; and/or

(ii) converted into shares and/or stock units of any other class of share capital into which the authorised share capital of the Company is or may at that time be divided of a like nominal amount (as nearly as may be) as the shares and/or stock units of such class then in issue or into unclassified shares and/or stock units of the same nominal amount as the Preference Shares.

All redemption payments shall be made gross of any applicable fees and taxes (save for withholding taxes required to be held at source under Jamaican law), and brokerage fees and Jamaica Stock Exchange fees (as applicable).

(6) Other rights:

The Preference Shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote, save as set out below and in these Terms of Issue generally.

The Company represents, warrants and covenants for the benefit of the Preference Shareholders that, so long as any Preference Shares remain in issue and are allotted to one or more holders, the Company shall procure that neither it nor its majority Ordinary Shareholder K Limited and/or either of their respective affiliates or subsidiaries shall own or have any interest in any company or entity having a management, maintenance, landscaping or other service or other contract of a material value with the Company during the term of the concession contemplated by the Concession Agreement entered into by it with the University of the West Indies, Mona for the purposes of the construction of the new student residences.

(7) Conversion to Preference Stock Units on Issue:

As it is intended that the Cumulative Redeemable Preference Shares shall be converted to Preference Stock Units on issue, references in these terms to "Preference Shares" shall be construed to mean on issue of the same, "Preference Stock Units".

JMMB LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED

Appendix 3



Knutsford Boulevard Branch

11 Knutsford Boulevard
New Kingston
Kingston 5
Tel: 876 960-3911

Personal Portfolio Management Centre (PPM CENTRE)

23 Phoenix Avenue, Kingston 10

Haughton Avenue Branch

5 Haughton Avenue
Kingston 10
Tel: 876 920-5050

Brown's Town Agency

Unit 3, Burlington Point
2 Church Street
Brown's Town, St. Ann
Tel: 876 917-8721

Junction Agency

Shop 2, Roye's Plaza
Main Street, Junction
St. Elizabeth
Tel: 876 965-8005

Ocho Rios Branch

Guardian Life Building
2 Graham Street
Ocho Rios, St. Ann
Tel: 876 795-3651

Portmore Branch

47-48 West Trade Way
Portmore Town Centre
Portmore, St. Catherine
Tel: 876 939-3205

Mandeville Branch

23 Ward Avenue
Mandeville, Manchester
Tel: 876 625-2351

Montego Bay Branch

Suite 1 Fairview Office Park
Alice Eldemire Drive
Montego Bay, St. James
Tel: 876 979-6052

May Pen Branch

Shop 28B, Bargain Village Plaza
35 Main Street
May Pen, Clarendon
Tel: 876 786-0101

Santa Cruz Branch

Shop # 2 Oasis Plaza, Coke Drive
Santa Cruz, St. Elizabeth
Tel: 876 966-2512

MERCHANT BANK LOCATIONS

Head Office & New Kingston Branch

6-8 Grenada Way
Kingston 5

Montego Bay Branch

25 Church Street
Montego Bay, St. James

Ocho Rios Branch

2 Graham Street
Ocho Rios, St. Ann

Notes



20 Wellington Drive, Kingston 6
Jamaica, West Indies

Telephone: 876 620 6881