

# Material Change Notice

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For the six months ended June 30, 2020, Cave Shepherd & Co. Limited recorded a loss of \$(37.7) million attributable to equity holders of the company. This loss is primarily due to the negative impact of the COVID-19 pandemic on its travel retail associate Duty Free Caribbean (Holdings) Ltd. a company in which Cave Shepherd & Co. Limited has a forty per cent (40%) equity interest.

Since the global recession of 2008/2009 Duty Free Caribbean (Holdings) Ltd. has incurred significant losses and based on its current projections, the Board of Directors of Cave Shepherd & Co. Limited has made the decision to fully write down its investment in this company. The total write-down is \$(39.6) million which includes the current period operational losses, and the write-down of its loan and equity capital. The Board has also decided not to inject any further funds into Duty Free Caribbean (Holdings) Ltd. which will likely result in Cave Shepherd & Co. Limited having a substantially diminished shareholding, with the possibility of a full withdrawal.

The net assets of Cave Shepherd & Co. Limited as at June 30, 2020 are \$80 million a decrease from \$117 million as at December 31, 2019.

The write-down of Cave Shepherd & Co. Limited's investments in Duty Free Caribbean (Holdings) Ltd. is a 'non-cash' accounting entry and has no impact whatsoever on our cash and liquid reserves, which are more than sufficient for Cave Shepherd & Co. Limited's ongoing operations. While they will reduce the level of investments on the balance sheet, the actual financial impact is quite limited.

Cave Shepherd & Co. Limited remains strong and profitable, with a portfolio of well run businesses that have formed the foundation of its performance in recent years and will continue do so in the years ahead.



John M.B. Williams  
Chief Executive Officer  
Cave Shepherd & Co. Limited



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