



1834 INVESTMENTS LIMITED

(formerly The Gleaner Company Limited)

Shareholders' Report

On behalf of the Board of Directors, we are pleased to present the audited financial statements of 1834 Investments Limited ("1834") for the twelve months to March 31, 2018.

Group Financial Highlights:

- Net profit after tax of \$82 million (2017: \$12 million)
- Revenues of \$161 million (2017: \$199 million)
- Earnings per stock unit (cents) of 6.76 (2017: 1.02)
- Total Equity of \$1,704 million (2017:\$1,777 million)
- Dividends per stock unit of \$0.08 (2017: \$0.12)

1834 Investments Limited recorded profits of \$82 million after tax from its consolidated operations in real estate and investments over the 12 months to March 31, 2018. Earnings of 6.76 cents/share were driven by gains on the disposal of property and equity investments, and by interest and rental income generated from the company's investment portfolio. During the period the company continued to streamline its operations for greater efficiency and commenced the process to wind-up its non-operational subsidiaries. Accordingly, the overseas subsidiary 1834 Investments (Canada) Inc. was dissolved (subsequent to the year-end) and four other dormant subsidiary companies are in the process of wind up. The company also negotiated the early termination of an onerous fifteen year obligation to provide office accommodation to Radio Jamaica Limited in Canada and Montego Bay (created pursuant to the 2016 media business amalgamation with Radio Jamaica Limited) and has sold/is selling its properties in these locations.

Income

The group's total revenues of \$161 million declined 19% over the prior year due to lower interest income and reduced year over year gains from asset disposals. A decline in local interest rates and two early US bond redemptions by issuers contributed to the \$15M or 32% reduction in interest income. Gains realized on disposal of investments reduced by \$36 million, which was offset in part by a write-back of amounts due to the former related party The Gleaner Company (USA) Ltd.

August 27, 2018



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Expenses

Group expenses of \$117 million increased 12% or \$13 million over the prior year. The variance was driven by one-off expenses incurred for the aforementioned early termination of a fifteen year obligation to Radio Jamaica Limited and by higher professional fees, which were offset by reduced administration costs. In the period the company engaged a new accounting firm to streamline its financial reporting. The effort required to transition the group's accounts has been significantly greater than anticipated and has contributed to various delays in reporting. The company expects to resolve these issues in the short-term.

Balance Sheet

Group net equity available to shareholders was \$1,704 million which provided a return on average equity of 5%. Book value per share was \$1.41 at the year-end.

Your Board of Directors approved the payment of a dividend of \$0.08/share or \$97 million in the financial year, providing a 6.7% dividend yield based on the March 29, 2018 closing share price. No final dividend was recommended in respect of the 2017/18 financial year.

A handwritten signature in black ink, appearing to read 'Oliver F. Clarke', written over a horizontal line.

Hon. Oliver F. Clarke, OJ
Chairman

A handwritten signature in black ink, appearing to read 'Joseph M. Matalon', written over a horizontal line.

Joseph M. Matalon, CD
Vice-Chairman

August 27, 2018