Barita

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ADDITIONAL PUBLIC OFFER

PROVEN INVESTMENTS LIMITED

Barita Investments Limited
15 St. Lucia Way, Kingston
Tel #: 1-888-429-5333

Proven Investments Limited

Company Overview:

Proven Investments Limited ("PIL")(the "Company") is a private equity firm incorporated as an International Business Company (IBC) under the laws of Saint Lucia on November 25th, 2009. The company was formed to provide shareholders with the benefits of the prospect of US$ dividend payments and a tax-efficient investment asset. The Company's investment scope is primarily focused on the Caribbean Basin, with investments in Jamaica, Cayman, and St. Lucia, to date. PIL is seeking to raise approximately US$30 million in an Additional Public Offering of 134,124,037 shares.

Investment Rationale:

Since its inception, PIL has created shareholder value through the acquisition of stakes in various businesses, through efficient investment vehicles. Essentially, PIL has returned value to shareholders by engaging in risk-adjusted investments within the investment mandate, while maximizing shareholder value by diversifying operations among industries. Thus far, PIL has acquired portfolio companies in the financial services sector and the real sector throughout the Caribbean.

Given the current economic environment, characterized by low interest rates and increased uncertainty, PIL has shifted from the carry trade business to more private equity and real estate ventures, thereby allowing for diversification benefits to be realized - particularly as it relates to the "spreading" of risk. Given the business model of PIL wherein capital is used to acquire strategic assets, this APO is expected and should make the stock accessible to a wider pool of investors. At present, only a small subset of listed companies pursue private equity investments which makes PIL an attractive security for investors who want the liquidity the stock market provides as well as exposure to non-listed companies that can provide value. Currently, PIL is in the final stages of acquiring 50.5% of Roberts Manufacturing Company Limited from Massy Properties (Barbados) Ltd, which will further diversify PIL's holdings.

While PIL has been able to successfully execute their investment mandate historically, this does not guarantee future results. Within the context of the global market place, PIL's expsoure to the financial sector and necessary need for capital to continue expanding its portfolio companies, can make them susceptible to capital market tightening. To the extent that PIL is not able to readily liquidate their position in portfolio companies to obtain liquidity, and a potential slow down in capital market liqudity is

Action:	Participate
Industry Outlook	Positive
General Public Offer Price	J$33.50/USD$0.2300
Fair Value	US$0.2903
Potential total return Upside (%)	26.23%
Current P/E (12M Trailing)	14.20X
Current P/B (6M 2021)	1.28X

Financial Summary (US$)

	2018	2019	2020	TTM
Revenue	36.15 Mn	37.72 Mn	70.23 Mn	59.00 Mn
Net Income (Parent Company Owners)	5.68 Mn	6.72 Mn	29.97 Mn	10.98 Mn
Total Assets	574.56 Mn	623.32 Mn	612.98 Mn	621.89 Mn
Total Equity (Parent Company Owners)	85.09 Mn	90.72 Mn	99.,01 Mn	121.86 Mn

Financial Ratios

	2018	2019	2020	TTM
Return on Equity	6.68%	7.41 %	30.38 %	9.01%
Non-Interest Income as a % of Revenue	89.86 %	87.17 %	80.93 %	89.26%
Leverage Ratio	1.01X	1.01X	1.62X	1.82X

realized, then the viability of PIL's current business model will be tested. The global fallout from COVID-19 would have showcased both PIL's susceptability to economic shocks due to their portfolio companies, but the company has been able to withstand the effects due to their level of diversification and high liquidity throughout the crisis.

We conducted a valuation exercise on the shares of PIL which yielded an average fair value estimate of **US$0.2903** with a valuation range of between **US$0.2759** to **US$0.3048** implying a potential capital gain of **26.23%** over a 2 year horizon. Assuming the midpoint of BOJ's inflation target of **5%**, the real return to shareholders would be **21.23%.** This fair value estimate reflects expectations that the Company will be able to optimally deploy the capital raised through this offer over the immediate term as outlined. We believe this investment may be best suited for investors with a medium to long-term horizon whose portfolios could benefit from diversifying into private equity company with exposure to regional financial services, the real sector and real estate. Giving consideration to the pros and cons of this investment coupled with the results of the valuation exercise we believe investors should PARTICIPATE in this offer.

Offer Summary:

Issuer	**Proven Investments Limited**
Offer (if upsized)	Additional Public Offer of up to **134,124,037** Ordinary Shares: **I.** **66,447,270** Ordinary Shares are available to the General Public **II.** **67,676,767** Ordinary Shares are Reserved as follows: a. **22,222,222** Shares are reserved for subscription by Existing Shareholders[1] b. **45,454,545** Shares are reserved for subscription by Key Investors[2]
Arranger, Lead Broker & Co-Broker	**Lead Arranger & Broker: Proven Wealth Limited** **Co-Broker: NCB Capital Markets Limited**
Subscription Price	**I.** General Public Applicants: J$33.50 per share and US$0.2500 per share **II.** Key Investors Applicants: J$32.10 per share and US$0.2200 per share **III.** Existing Shareholders: J$32.80 per share and US$0.2250 per share
Minimum Subscription	**I.** Investors applying for shares must request a minimum of 1,000 shares per applicant
Use of Proceeds	The estimated net proceeds of the offer (if upsized) is **US$29,374,000** which will be used towards funding a **US$45 million** pipeline of **real estate** and **private equity** transactions.
Dividend Policy	The Directors anticipate that not less than 50% of the Company's annual after-tax profits will be distributed as dividends, subject to the requirement for re-investment of its profits to finance potential growth and to ensure sustained development, as well as due compliance with the solvency and liquidity criteria set by the Company's Investment Policies. It is anticipated that dividends will be paid either quarterly or semi-annually.

Historical Capital Raises:

Given that the Company operates in the area of private equity, raising capital is a common feature of its operations since capital raises allow the company to fund its acquisitions. PIL has undergone multiple capital raises since it's incorporation in 2010 and the historical breakdown is shown below:

1 The registered holders of the Existing Ordinary Shares as recorded in the share registry records of the Company as at the date of the Prospectus

2 key suppliers and clients of the Company and/or other members of the Sygnus Group of Companies, as determined by the Directors of the Company

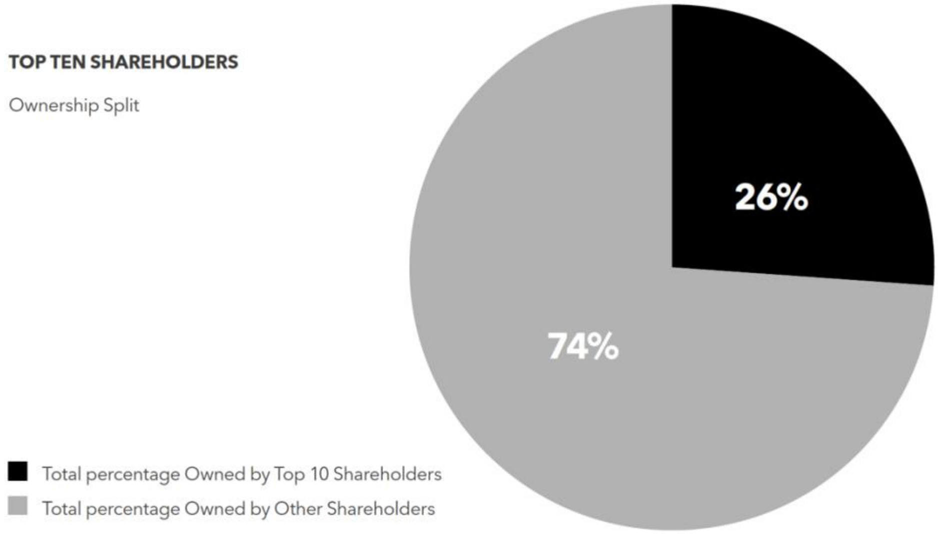
Date	Event	Shares Issued
January 2010	Private Placement via exempt distribution	200,000,000 ordinary shares having US$0.01 par value
July 2010	Rights issue conducted as a Private placement via exempt distribution	94,951,884 ordinary shares having US$0.01 par value
December 2011	Offering to existing members only	200,000,000 cumulative redeemable 8% preference shares having US$0.01 par value and maturing in 2016 (redeemed)
May 2014	Rights Issue	73,737,971 ordinary shares having US$0.01 par value
April 2015	Rights issue & conditional offer to existing shareholders	182,905,922 ordinary shares having US$0.01 par value
December 2016-January 2017	Public Offering	400,000,00 cumulative redeemable 8.25% preference shares having US$0.01 par value and maturing 2021 (redeemed)
July 2017	Rights Issue	73,712,186 ordinary shares having par value US$0.01 par value

Current Capital Structure and Share Breakdown:

Class	Authorised	Issued Units	Authorized
Ordinary Shares having US$0.01 par value	2,999,990,000	625,307,963	US$29,999,900.00
Manager's Preference Shares	10,000	10,000	US$100.00
Cumulative Redeemable Preference Shares having US$0.01 par value	1,000,000	Nil	US$10,000,000

Description	Number of Shares
Existing Outstanding Shares	625,307,963
Non-Reserved Share Applicants	66,447,270
Key Investors	45,454,270
Existing Shareholders	22,222,222
Total	759,432,000

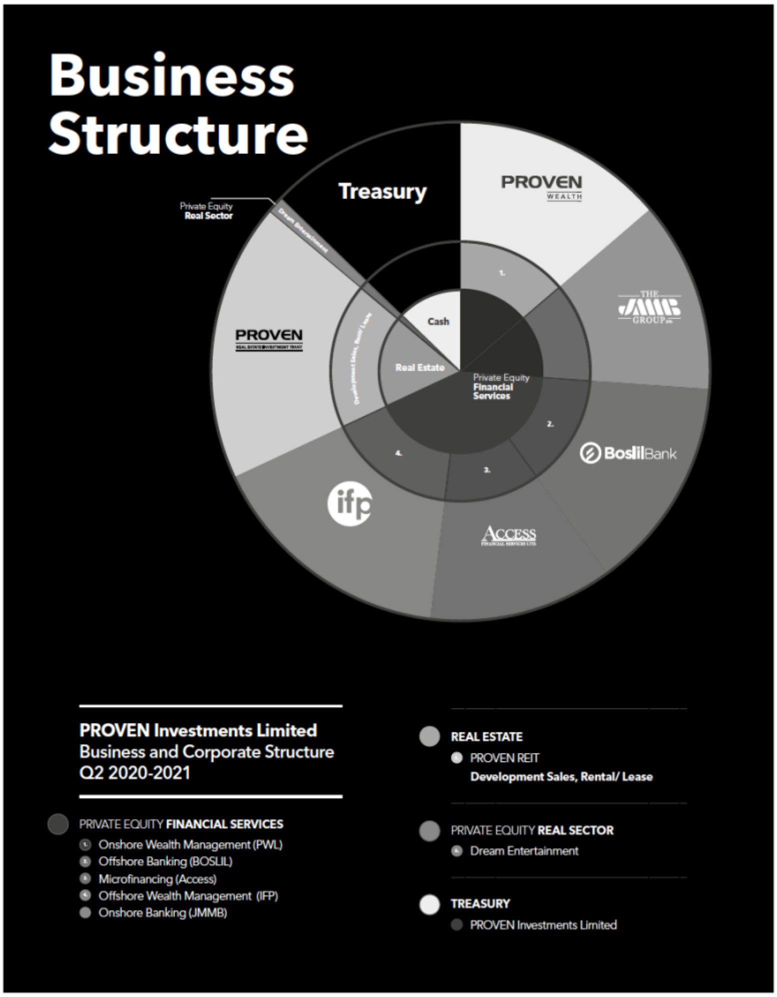
Top 10 Shareholders as at September 30, 2020



Name	Number of Shares	Percentage
Barita Investments Limited – Long A/C (Trading)	31,265,399	5.0000%
Peter Bunting	30,087,130	4.8116%
Marco Miret	16,309,146	2.6082%
Ozymandias Limited	15,085,706	2.4125%
Pelican Investment Company	14,172,821	2.2665%
Alydar Limited	12,926,511	2.0672%
Mabet Holdings	11,183,608	1.7885%
Christoper Williams	10,784,952	1.6373%
Tajebe Limited	10,238,097	1.6373%
Winston Hepburn	10,046,344	1.6066%

Business Economics

The Company commenced operations in February 2010 with the successful injection of US$20 million in private equity through a private placement of ordinary shares. Since then, PIL has successfully completed additional capital raisings in the form of rights issues to the tune of US$67 million and over US$200 million in debt securities.



PIL's primary business model was centred on holding tradable securities for investment purposes as well as the pursuit of private equity opportunities as they arise, provided they were within the Company's investment and risk parameters. This strategy has evolved and has been refined to reflect PIL's current and more prominent strategy of private equity. The Company's three distinct private equity investment strategies include:

1. Strategic private equity investments in the financial services sector and real sector
2. Real estate investment and development in the commercial and residential segments
3. Treasury/Proprietary investment which captures capital structure, cashflow and liquidity management, which is structured around supporting the two other core categories. The 'carry trade[3]' portfolio is captured within this strategy and represents investments in a portfolio of highly liquid, tradable securities, which provide adequate liquidity to assist in the funding of the execution of the private equity and real estate strategies as needed.

Group Investments and Strategy

PIL currently holds a diverse portfolio of investments (including its ownership of its subsidiaries and shares in its associated companies) which it manages strategically to create and extract value for the ultimate benefit of its shareholders.

PIL's investment philosophy is guided by the preservation of shareholders' capital while delivering additional risk-adjusted returns. In line with this, PIL has developed internal policies and guidelines that determine the parameters, exposures and duration of each investment. The investment selection involves fundamental in-depth research and analysis, targeting investment opportunities that will provide added value and growth over a long-term horizon.

Targeted investments will meet the following criteria:

- A solid track record in their industry
- An established reputation and product
- A history of profitability
- Viable expansion plans for the future.

[3] A carry trade is a trading strategy that involves borrowing at a low-interest rate and investing in an asset that provides a higher rate of return.

Portfolio & Associate Company Breakdown:

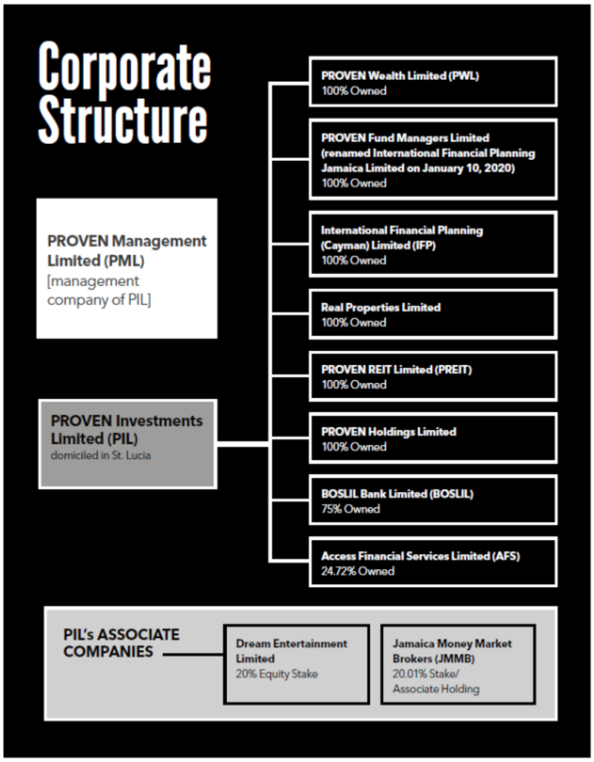
Proven Wealth Limited ("PWL") • Subsidiary Company (100% share ownership) • Is an integrated wealth, asset and funds management company operating in Jamaica. • PWL successfully manages investments valued at over US$1 billion, whilst delivering consistent returns and expert advice in over two decades of operation for its individual and corporate clients.	Boslil Bank Limited ("Boslil") • Subsidiary company (75% share ownership) • Is an international bank based in St. Lucia, offering a full suite of financial products and services to its customers. • Some of the products and services offered by Boslil include multicurrency accounts, demand deposits, money market accounts, term deposit accounts and credit cards.
International Financial Planning (Cayman) Limited ("IFP") • Subsidiary company (100% share ownership). • Is a licensed securities dealer and independent financial planning company with offices in Bermuda, BVI and Caymans Islands. • Currently has total assets under management of US$160Mn. • IFP provides impartial and independent investment advice on a range of investment products and strategies best suited include retirement planning, regular medium-term savings, university fees planning's as well as lump sum investments.	Dream Entertainment Limited ("Dream Entertainment") • Associated Company (20% share ownership) • First investment into the entertain and tourism sector. • Dream Entertainment is the largest producer of musical festivals, parties and proprietary events in the Caribbean.
JMMB Group Limited ("JMMBGL") • Associated Company (20% share ownership) • JMMBGL's operations span commercial banking, investment advisory services, pension fund management and administration, collective investment scheme management and securities dealing. • JMMBGL announces that it acquired a shareholding in Sagicor Financial Company Limited ("Sagicor") as a result of its investment in Alignvest Acquisition II Corporation resulting in JMMBGL owning and controlling common shares representing approximately 22.5% of the issued and outstanding common shares of Sagicor.	Real Properties Limited • Subsidiary Company (share ownership) • Real Properties Limited is a wholly owned St. Lucian IBC managed by Jamaican subsidiary Proven REIT • Real Properties Limited is a real estate holding company that owns either directly or indirectly through its subsidiaries all the real estate investment assets developed under the Proven REIT.
Access Financial Services ("AFS") • Associated Company (24.72% share ownership) • AFS is a leading microfinancing firm with an island-wide retail network of twenthy-four (24) branches. • Recently completed the acquisition of Embassy Loans Inc., a Florida based consumer finance company which offers auto equity loans throughout the state of Florida in the U.S.	

Investment Manager

Proven Management Limited ("PML"), is incorporated in Jamaica and is licensed and regulated by the FSC as a securities dealer. PML acts as the management company of PIL which means PML manages all aspects of the PIL's investable resources, as well as the Company's assets and liabilities. As the management company for PIL, PML is paid a management fee equal to 2% of the average net asset value of PIL per annum as compensation.

MPS Holdings Limited ("MPS"), an investment holding company incorporated in St. Lucia as an IBC, with the same shareholders as PML, holds the 10,000 Manager's Preference Shares in PIL which carry the rights, terms and conditions set out in PIL's Memorandum of Association. The Manager's Preference Shares collectively hold 50% of the voting rights in PIL on matters other than the Investment Manager's fees (on which each Manager's Preference Share carries one vote).

The Managers Preference Shares also carry the right to a dividend equal to 25% of PIL's profits earned in excess of the Hurdle Rate, payable quarterly. The Hurdle Rate is a percentage return on PIL's average equity in each of its financial years, set annually at the 12 Month LIBOR rate prevailing at the beginning of its financial year plus 200bps, with a permanent ceiling of 6%.



Strategic Outlook and Investment Opportunity

Given the recent development of Proven over the last decade, management has engineered and renewed a new strategic vision that will guide their short to medium-term investment direction. This investment strategy will be guided by:

1. Business Transformation
    - This involves improving the existing foundation whilst growing organically. The goal is to maximize the value creation and extraction with respect to portfolio companies through both organic and inorganic growth.
2. Sustainability
    - This involves a keen focus on continued growth through acquisition and ensuring that PIL remains relevant. This will be executed through the strategic adoption of technology, exploration of investment opportunities in fintech[4] and investments within the non-financial service sectors.

To achieve the goals listed above, management over the last year has:

1. Worked with the Investment Manager to strengthen its capacity to be a knowledge centre for the benefit of PIL and provide support to portfolio companies in all functional aspects of the business including, IT, Risk Management, Marketing and Communication and HR.
2. Implemented a Deal Execution and Integration Management Framework to optimize value creation and extraction.
3. Promoted human capital development aimed at building a culture of high performance.

[4] Financial technology (Fintech) is used to describe new tech that seeks to improve and automate the delivery and use of financial services.

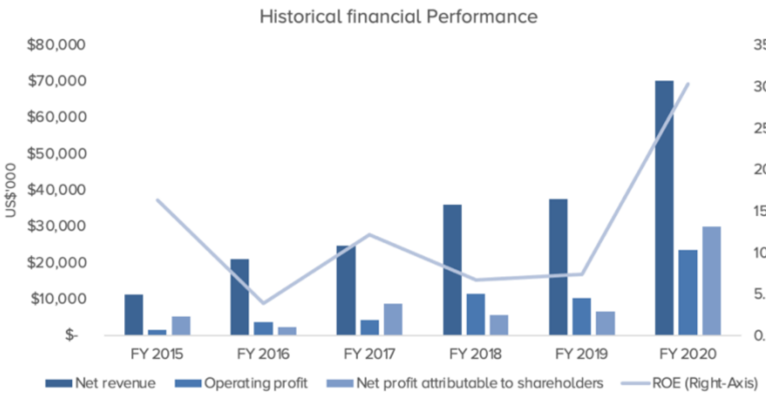
This equity raise essentially adds equity capital to the company's balance sheet which can then be deployed towards PIL's strategic acquisitions. If successful with this APO, PIL plans to deploy capital towards the following:

1. Allocation of additional capital to the real estate strategy to enable the execution of the development projects
2. Acquisitions locally and regionally in the Financial Services and Real Sector

Financial Performance Summary

Revenue & Profitability (March 31st, 2020: FY'20)

PIL has experienced strong top-line growth over the FY 2015 - FY 2019 on the back of their sustainable private equity strategy, carry trade portfolio and trading strategies aligned with their investment mandate. In Q3'19, PIL decreased it's equity stake in Access Financial Services (AFS) by 50% to 24.17%. This in effect explains why the company saw growth in their Net interest Income (NII) by a compounded annual growth rate (CAGR) of 25.09% to US$18.73 million as at March 2019. However, the decrease in their equity stake in AFS led to a lower NII of US$11.17 million for FY'20. Despite this, in a low interest rate, this showcases PIL's ability to generate a healthy spread under their carry trade policy. The company's non-interest income continues to account for a larger component of overall revenues as the Company pivots away from repo business. The growth in Non-Interest Income was primarily supported by a CAGR of 75.30% in Fees and Commission that accounts for approximately 25% of Non-Interest Income. The increase in non-interest income is supported by the economic operating environment that supports the growth in the individual portfolio company business lines and the actual growth in portfolio companies. The combination of the growth in portfolio companies and PIL's investment mandate has led to an increase in Net Revenue by a CAGR of 34.9% to US$37.72 million.

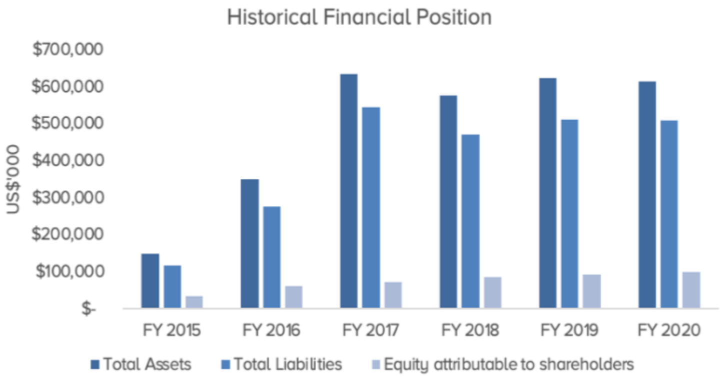


In FY'20 the company would have recognized an extraordinary gain from the partial sale of their stake in AFS, resulting in a US$24.93 million gain on disposal. This then pushed the FY'20 Net Revenue to US$70.23 million (normalized: US$42.30 million).

Operating Expense

With the expansion of portfolio companies, PIL has also increased its operating expenses. Operating expenses have grown by a CAGR of 36.7% to US$46.52 million. This growth was driven particularly by staff costs that saw growth of 35.2% to US$12.87 million. This growth in staff costs was as a result of the growth and recognition of portfolio companies by PIL. Synergies created between the portfolio companies has led to a steady decrease in the efficiency ratio from 85.6% in FY'15 to 66.3% in FY'20. The net effect has led to a growth in Operating Profit to US$23.70 million (normalized: operating loss of US$1.22 million), a CAGR of 70.6% during the period under review. Given the company's Master Preference Share, they have steadily paid out dividends with regards to this agreement. After accounting for one-off gains and losses from disposals and acquisitions of portfolio companies and taxes, Net Profit Attributable to Owners saw an increase to US$11.04 million in FY'20.

Liquidity and Solvency



Total assets amounted to US$612.99 million as at March 31, 2020, which declined marginally from the US$623.32 million reported as at March 31, 2019. The year-over-year shift in the composition of total assets mainly emanated from a 13.5% reduction in the Investment Securities portfolio over the period along with shifts in Investment in Associates to account for the revised recognition of AFS. The reduction in the investment securities holding was deliberate to optimize the risk-return dynamics taking into consideration the flat yield curve and credit spread risk. These portfolio rebalancing initiatives also enabled an improvement in the overall liquidity positioning particularly in the final quarter, which was aimed at bolstering the Company's ability to successfully navigate the uncertainties associated with the COVID-19 pandemic while also providing sufficient cash resources to take advantage of opportunities that may arise due to depressed asset prices. As a result of these initiatives, cash and cash equivalent increased 36.93% year-over-year to US$94.62 million. Liabilities also remained flat at US$507.56 million as at March 31, 2020, from US$510.18 million as at March 31, 2019. Notes Payable forms a large component of the Company's liabilities, with these Notes Payables being comprised of Structured Notes, Margin Loans Payable, Long-term loans and 'others'. PIL utilizes these Notes Payable to finance their operations.

Shareholders' Equity Attributable to Owners of the Company increased by 9.13% to US$99.01 million as at March 2020 from US$90.73 million as at March 2019. The change is attributed to a significant increase in retained earnings arising from core growth and net impact of activities associated with Portfolio Assets, namely JMMBGL and AFS. The dislocation of asset prices throughout March due to the effects of the COVID-19 pandemic negatively impacted the Investment revaluation reserve resulting in a loss of US$14.87 million compared to a gain of US$2.69 million for the same period last year. However, this was offset by Retained Earnings which registered more than a two-fold increase compared to the period ended March 2019.

<u>6-Months Performance (September 30th, 2020: 6M'21)</u>

PIL registered credible performance for the six months ended September 30th, 2020, despite the overarching impact with COVID-19. Net profit attributable to shareholders for the period amounted to US$4.80 million, down 17.5% compared to the normalized profit of US$5.81 million in the corresponding period. This decline reflects the decrease in Net Interest Income and Fees and Commission Income, emanating from the reduced equity stake in AFS and lower business activity caused by the pandemic. Management has stated that while the trajectory of the economic recovery remains uncertain as the negative effects of COVID-19 continues, they remain well-positioned for recovery due to their continued implementation of their risk mitigaton measures along with maintenance of adequate liquidity levels.

Total assets amounted to US$621.90 million as at September 30, 2020, which represents a decrease of -3.7% relative to the US$645.60 million reported as at September 30, 2019. The year-over-year decline mainly emanated from a reduction in Investment Securities, Investment Property and Resale Agreements. Management decided to reduce the Investment Securities holding to maximize the company's liquidity position and reduce risk given the uncertainty of macroeconomic factors. Liabilities also decreased (-6.3%) to US$492.51 million as at September 30, 2020 from US$525.81 million as at September 30, 2019, mainly as a result of a reduction in Client liabilities and Notes Payables.

Shareholders' Equity Attributable to Owners of the Company increased by 7.0% to US$121.86 million as at September 30, 2020 from US$113.94 million as at September 30, 2019. The change is attributed to a 10.0% growth in retained earnings arising from core growth and the net impact of activities associated with selected Portfolio Assets. The dislocation of asset prices due to the COVID-19 pandemic negatively impacted the Investment revaluation reserve year-over-year as it declined by 55.7% to US$3.03 million from US$6.84 million reported in the comparable period last year. However, this represents a significant improvement from the US$5.25 million loss in revaluation reserve recorded as at June 30, 2020.

Fair Value and Recommendation:

We performed a valuation exercise on the shares of PIL using two (2) distinct valuation methods; Price-to-Earnings (P/E) Method and Price-to-Book (P/B) Method. The valuation methods assumed an investment horizon of two (2) years and utilized our estimates for the Company's performance in FY 2022.

Valuation Summary		
P/B Valuation	$	0.3048
P/E Valuation	$	0.2759
Average Estimated Fair Value Price	$	0.2903
Implied Price Upside		**26.23%**

We decided to use FY 2022 as we believe that the underlying value of the company's pipeline will be realized by the 2022 FY. Our base case estimates Net Income attributable to shareholders of US$11.98 million which translates to an earnings per share ("EPS") of US$0.0168. Our FY 2022 Net Income attributable to shareholders estimate is based on the expected effects of the successful deployment of the capital raised through this APO into the proposed pipelines. When the P/E multiple for PIL's peers of 16.47X is applied to forecasted FY 2022 EPS an estimated fair value of US$0.2759 is produced.

Our resulting base case estimate for FY 2021 Book Value is US$144.26 million which translates to a Book Value per share of US$0.2018. This book value estimate is informed by an expected capital raise of US$19.40million in FY 2021 through the APO, recognition of 50.5% of Robert Manufacturing's Co. Net Asset Value in FY2021 and a profit retention ratio of 50% for both FY 2021-FY 2022. When the P/B multiple for PIL's peers of 1.51X is applied to forecasted FY 2022 Book Value an estimated fair value of US$0.3048 is produced.

The average fair value estimate of both methods is US$0.2903 with an implied price upside of 26.23%.

Investment Positives & Risks

Investment Positives	Investment Risks
Strong Track Record: Since private placement capital raise in 2010, PIL has successful executed it's mandate of acquiring undervalued assets, enhancing it's portfolio and exiting when appropriate. This is observed in PIL's expanding list of portfolio companies, which now numbers four (4) along with two (2) associate companies. This has led to a steady increase in Return on Equity above the 6% permanent ceiling hurdle rate.	**Market Conditions**: Given the recent depressed price movements both locally and internationally, PIL's carry trade portfolio strategy will become stressed.
Portfolio Diversification: PIL has increased the portfolio within the last decade, and now bolster portfolio companies spanning both the real estate and financial sector within the Caribbean region.	**Illiquidity of Portfolio Companies:** As PIL continues to increase capital in their portfolio companies, it may become increasingly difficult to exit as compared to more liquid financial securities.

Management Team: PIL has a strong management team with deep expertise in the capital markets and multiple real-economy industries.	**Negative Market Sentiment:** Within the context of the still ongoing COVID-19 pandemic, negative market sentiments could still weigh on PIL's market price.