

MEDIA RELEASE

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CariCRIS assigns 'adequate creditworthiness' ratings for PROVEN Investments Limited

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned the Corporate Credit Ratings of **CariBBB** (Foreign and Local Currency) on the regional rating scale, and **jmA** on the Jamaica national scale to PROVEN Investments Limited (PIL or the Company). The regional scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in Jamaica and the wider Caribbean is **adequate**. The national scale ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in Jamaica is **good**.

PIL's ratings reflect its continued good financial performance despite reduced profitability relative to the prior year which included the positive impact of the sale of a portfolio asset. The financial performance is underpinned by good asset quality, a diversified investment portfolio, strengthened funding profile characterized by low funding costs and comfortable capitalization. The ratings are further supported by the Company's adequate policies and procedures, enhanced by the implementation of an Enterprise Risk Management Framework. These rating strengths are tempered by PIL's market reach capabilities limited by their small though growing asset base and the uncertainty in the global economic environment which affects PIL's major countries of operations.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is premised on our expectation of continued good financial performance over the next 12 to 15 months, supported by its 20% equity interest in JMMB Group Limited (JMMBGL)¹ along with increased income arising from new acquisitions expected in FY2022². Further, with the gradual recovery of global economic activity as coronavirus (COVID-19) restrictions are relaxed and vaccines are successfully rolled out, investor confidence is expected to be boosted leading to a rise in investments yields.

¹ JMMBGL is currently rated as **CariBBB** (foreign currency) on the regional rating scale.

² Financial year runs from April 1 to March 31.

Rating Sensitivity Factors

Factors that could, individually or collectively, lead to an improvement in the ratings and/ or Outlook include:

- An improvement in the GOJ's credit rating over the next 12-15 months
- A material reduction in gearing ratio to the order of less than 4 times for 3 consecutive years

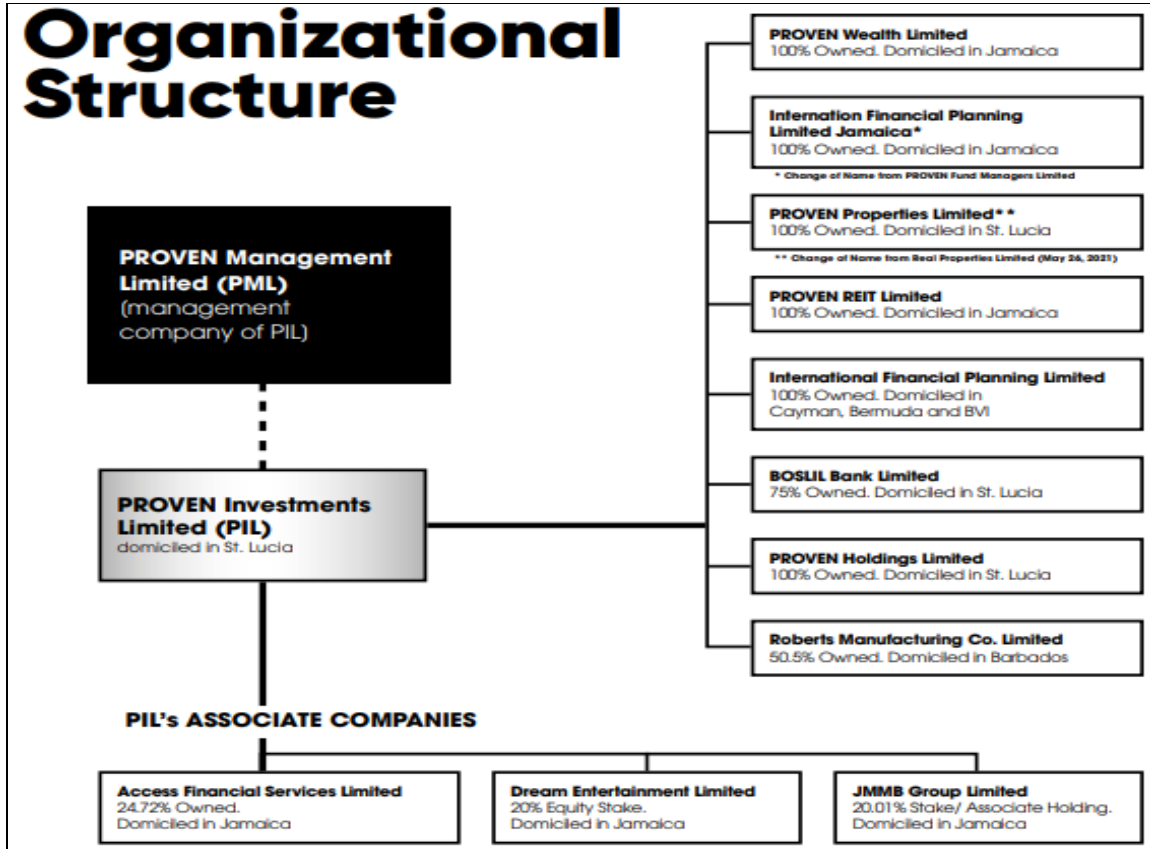
Factors that could, individually or collectively, lead to a lowering of the ratings and/ or Outlook include:

- Economic environment negatively impacting revenue streams leading to losses.
- A systemic increase in liquidity pressures in the environment leading to funding withdrawals from large institutional investors
- Cost to Income ratio weakens to 75% and over
- A deterioration in the GOJ's credit rating over the next 12-15 months

About the company:

PROVEN Investments Limited (PIL) was incorporated in February 2010 as an International Business Company (IBC) in Saint Lucia. Its assets and operations are managed by PROVEN Management Limited (PML), the Investment Manager, whose registered office is in Kingston, Jamaica. In July 2011, PIL was listed on the Jamaica Stock Exchange (JSE). The Company's primary activities include the holding of investments in portfolio companies; consisting primarily of core holdings in the Wealth Management & Banking Sector, Real estate and other opportunistic investments spanning traditional and alternative asset classes. The Wealth Management and Banking segment maintains a relatively large exposure to tradeable securities for investment purposes while also holding managing off balance sheet assets under management (AUM) on behalf of its clients for a fee. PIL primary objective is to acquire fairly priced businesses, create value and thereafter extract value through either cashflows to PIL or a direct exit of the investment. In this regard, PIL is structured as follows:

PROVEN Investments Limited
Corporate Structure as at March 2021



Source: Proven Investments Limited

The ordinary shares of the Company are widely held, with the top 10 shareholders accounting for 23.1% of issued and outstanding ordinary shares as at March 31st 2021. In addition to the ordinary shares, the Company also has two classes of preference shares in issue, namely: (1) Manager's Preference Shares - 10,000 in issue that entitles the holders to 25% of the profits and gains of the Company in each financial year in excess of an Annual Earnings Hurdle; (2) 300,000,000 8.25% authorized Cumulative Redeemable Preference Shares and (3) 700,000,000 authorized Cumulative Redeemable Preference Shares. The latter preference shares carry no voting rights at a General Meeting. The holders of the 10,000 Managers' Preference Shares account for 50% of the voting rights in PIL on matters other than the Investment Manager's fees. These shares are held by MPS Holding Limited (MPS), an investment holding company incorporated in St. Lucia as an IBC. This structure is typical and similar to a Fund structure and mirrors a General

Partner arrangement of the private equity asset manager, with a management fee being distributed to the manager of the portfolio.

PROVEN's investment strategy has evolved over its 10-year existence, where initially the focus was primarily an international diversified carry trade strategy, however overtime this has transitioned. The three (3) main segments under which PROVEN creates value for its shareholders are (i) Banking and Wealth management, (ii) Real estate and (iii) opportunistic investments, capturing areas such as manufacturing and tourism. Most of the portfolio's assets still lie in the Wealth Management & Banking segment due to the Company's core competence and expertise in this sector. As it pertains to real estate, PIL develops, sells, buys and holds commercial and residential real estate assets for both income and capital appreciation. PIL's investments in the Banking and Wealth Division are regarded as quasi permanent, while other investments typically target a 3-5 year holding period. The investments are typically in the English-speaking Caribbean, have strong cashflow generating ability and are operated by experienced entrepreneurs and/or management teams. PIL manages its portfolio actively and drives strategic direction of its portfolio companies as a means of creating shareholder value and managing risk. As a part of the due diligence process, all investment decisions are vetted by an investment management committee which determines the viability of opportunities presented to the firm.

For more information on PIL's ratings, please visit www.caricris.com or contact:

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