



# MAKING MONEY WORK FOR YOU.

**CIRCULAR LETTER RELATING TO A RENOUNCEABLE  
RIGHTS ISSUE OF 77,897,303 ORDINARY SHARES  
BY BARITA INVESTMENTS LIMITED**

The New Ordinary Shares the subject of the Letter of Provisional Allotment have been provisionally allotted to Shareholders of the Company as Rights. The Offer herein is RENOUNCEABLE and Shareholders are permitted to renounce their Rights. Provisional allotments may also be split as provided for in the Letter of Provisional Allotment. Excess Shares, being the New Ordinary Shares the subject of the Letter of Provisional Allotment not accepted by the allottee or renouncee may be placed in the **Excess Shares Pool**. **The Directors of Barita Investments Limited intend that Excess Shares shall NOT be offered to the public but may be made available to persons, and on the terms described herein.**

Copies of this Circular Letter to Ordinary Shareholders dated August 19, 2019 and the accompanying Letter of Provisional Allotment have been delivered to the Companies Office of Jamaica for registration and were registered on August 20, 2019. The Issuer has filed a Registration Statement concerning this Rights Issue with the Financial Services Commission of Jamaica. Copies of this Circular Letter to Ordinary Shareholders and the accompanying Letter of Provisional Allotment have been delivered to the Financial Services Commission for registration and were registered on August 21, 2019.

Neither of the Companies Office of Jamaica nor the Financial Services Commission has approved the offered securities nor expressed any opinion in relation to this Circular Letter or the accompanying Letter of Provisional Allotment. Any representation to the contrary is an offence under the laws of Jamaica.

**CIRCULAR LETTER RELATING TO A RENOUNCEABLE RIGHTS ISSUE  
OF  
77,897,303  
ORDINARY SHARES  
BY  
**Barita**  
INVESTMENTS LIMITED  
15 ST. LUCIA WAY  
KINGSTON 5**

**DATED THE 19TH DAY OF AUGUST 2019**



**ARRANGER**  
Sagcor Investments Jamaica Limited  
85 Hope Road, Kingston 6



**REGISTRAR**  
Jamaica Central Securities Depository  
40 Harbour Street, Kingston



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**CIRCULAR LETTER TO  
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**Barita**  
MAKING MONEY WORK FOR YOU.

## NOTICE ON FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Circular Letter, including without limitation, the discussions of future plans and financial projections, contain forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although in making any such statements Barita Investments Limited (herein "**Barita Investments**" or the "**Company**") believes that its expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Applicants are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". When used in this Circular Letter, such words and similar verbal expressions, as they relate to Barita Investments and its business, are intended to identify those forward-looking statements. By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our forward-looking statements will not materialize.

All phases of our business are subject to important uncertainties, risks and other influences, certain of which factors are beyond Barita Investments' control. Any one of these factors, or a combination of them, could cause actual results to differ materially from those in forward-looking statements. These factors include, without limitation, the following:

- economic, social and other conditions in any jurisdiction in which Barita Investments may invest or operate, including actual rates of economic growth in such economies, local, regional or global instability, interest rate or exchange rate volatility;
- adverse climatic events and natural disasters;
- Barita Investments' ability to gain access to capital financing at an acceptable cost, or business opportunities that meet Barita Investments' investment criteria;
- changes in regulatory policy adversely affecting the business model expected to be employed by Barita Investments;
- any other factor(s) negatively impacting on the realization of the assumptions on which Barita Investments' financial projections are based; and
- other factors identified in this Circular Letter.

We caution that the foregoing list of risk factors is not exhaustive and other factors not set out above could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, Applicants and others should carefully consider the foregoing factors and other uncertainties and potential events. Once this Circular Letter has been signed by or on behalf of Barita Investments Limited, Barita Investments undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in Barita Investments' anticipated financial or actual or anticipated regulatory position, or to reflect the occurrence of unanticipated events.

## PROFESSIONAL ADVISORS TO THE OFFER



### ARRANGER & BROKER

85 HOPE ROAD  
KINGSTON 6, JAMAICA  
TEL: (876) 929-5583  
FAX: (876) 946-1208

### PRIMARY CONTACT

MISCHA MCLEOD-HINES / NATALIE BROWN  
misha\_mcleodhines@sagicor.com  
natalie\_brown@sagicor.com  
TEL: (876) 764-0325 / (876) 733-8993



### ATTORNEY TO THE BROKER

TEMPLE COURT, 85 HOPE ROAD  
KINGSTON 6, JAMAICA  
TEL: (876) 920-4000  
FAX: (876) 920-0244

### PRIMARY CONTACT

ARTHUR HAMILTON & KIMBERLY HOSUE  
ahamilton@pmhlaw.net  
khosue@pmhlaw.net  
TEL: (876) 920-4000



### REGISTRAR

40 HARBOUR STREET, P.O. BOX 1084  
KINGSTON, JAMAICA  
TEL: (876) 967-3271  
FAX: (876) 924-9090

### PRIMARY CONTACT

MICHELLE SIRDAR / ANNETTE HEADMAN  
michelle.sirdar@jamstockex.com  
annette.headman@jamstockex.com  
TEL: (876) 967-3271

## **CHAIRMAN'S MESSAGE**

Dear Shareholders

### **INTRODUCTION**

On behalf of the Board of Directors (the "Board") of Barita Investments Limited ("Barita Investments" or the "Company"), I am pleased to again offer you the opportunity to further expand your participation in the Company, by participating in this Rights Issue of Ordinary Shares.

The proceeds of the last Rights Issue undertaken by the Company was put to productive use through the financing of a number of strategic initiatives, which have contributed to Barita Investments' financial performance in the June 2019 quarter.

By way of this Rights Issue, Barita Investments intends to raise additional equity funding of approximately J\$3,505,378,635.00 by offering existing Shareholders, the right to subscribe for further Shares in proportion to their existing shareholdings. At an extraordinary general meeting of the Company held on July 26, 2019 the Company authorized the Directors of the Company to implement a Rights Issue for purposes of the raising of additional capital for the benefit of the Company. The purpose of this Circular Letter is to set out the background and conditions to this Rights Issue and the reason for it. We will also explain why your Board believes the Rights Issue is, at this time, in the best interest of the Company and the Shareholders.

The continuing satisfying results of Barita Investments' performance and continued growth over the years is extensively documented in the Management Discussion and Analysis section of this Circular Letter and would also have been addressed in our quarterly and annual filings on the Jamaica Stock Exchange.

### **REASON FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

We intend to use the proceeds of this Rights Issue to further strengthen the Company's capital base in order to:

1. better pursue viable opportunities for investments in non-traditional asset classes;
2. strengthen the Company's deal underwriting capacity required to support growth of its investment banking activities; and
3. finance the expansion of the Company's footprint regionally, both by growing the business and by acquisitions and mergers where possible.

We would like to thank you for your continued support and look forward to your favourable consideration to participate in this Rights Issue Offer as detailed in Section 8 of this Circular Letter.

Yours sincerely

  
**Mark Myers**  
Chairman



# SUMMARY OF TERMS

<b>Issuer:</b>	<b>Barita Investments Limited (“Barita Investments” or the “Company”)</b>
<b>Securities:</b>	At least 77,897,303 New Ordinary Shares (herein in this Circular Letter described as the “ <b>New Ordinary Shares</b> ”)
<b>Offer Price:</b>	J\$45.00 per New Ordinary Share
<b>How Payable:</b>	In full on application
<b>New Ordinary Share Allotment:</b>	11 New Ordinary Share(s) for every 100 Existing Ordinary Share(s) currently held. Fractions of New Ordinary Shares will be disregarded. <b>The Company has reserved the right to upsize the offer by offering up to 38,948,652 additional New Ordinary Shares (i.e. up to 50% of the number of shares in the aggregate allotted to Existing Shareholders) to each Existing Ordinary Shareholder.</b>
<b>Principal Amount:</b>	Up to J\$3,505,378,635.00 (with the right reserved to upsize the Offer)
<b>Use of Proceeds:</b>	The Company intends to use the proceeds of the Offer to better pursue viable opportunities for investment that are aligned with Barita Investments’ strategic goals and also for general corporate purposes.
<b>Record Date:</b>	August 20, 2019
<b>Offer Opens:</b>	September 2, 2019
<b>Last Date for Renunciation and/or Splitting:</b>	September 10, 2019
<b>Offer Closes:</b>	For acceptance by Existing Ordinary Shareholders, September 13, 2019. For applications for <b>Excess Shares</b> , September 20, 2019
<b>Provisional Allotment Expires:</b>	September 13, 2019
<b>Governing Law:</b>	Jamaica
<b>Intention to List on JSE:</b>	The Company intends, immediately following the closing of the Offer, to make application to the Jamaica Stock Exchange for the listing of the New Ordinary Shares issued pursuant to the Letter of Provisional Allotment.

## **LETTER TO SHAREHOLDERS**

**August 19, 2019**

To the Existing Ordinary Shareholders (as herein described)

Dear Shareholder,

**Re: Renounceable Rights Issue of at least 77,897,303 Ordinary Shares**

### **1. INTERPRETATION**

In this Circular Letter:

**"Allottee"** means an Existing Ordinary Shareholder in whose favor New Ordinary Shares have been provisionally allotted.

**"the Company"**, or **"Barita Investments"** means Barita Investments Limited;

**"Excess Shares"** means the New Ordinary Shares that are not taken up by Existing Ordinary Shareholders/Renounees by the date on which the Offer closes which may be released into the Excess Shares Pool;

**"Excess Shares Pool"** means the aggregate of all Excess Shares;

**"the Existing Ordinary Shareholders"** means the holders of the Existing Ordinary Shares;

**"the Existing Ordinary Shares"** means the **708,157,308** Ordinary Shares in the capital of the Company held by the Existing Ordinary Shareholders;

**"New Ordinary Shares"** means at least 77,897,303 ordinary shares in the capital of the Company to be offered (by way of provisional allotment under a Rights Issue) to Existing Ordinary Shareholders, the subject of this Circular Letter;

**"Offer"** means the offer made by the Company to sell New Ordinary Shares (by way of provisional allotment under a Rights Issue) on the terms and conditions set forth in this Circular Letter;

**"Renounees"** means third parties in whose favour Allottee(s) has renounced all or a part of the respective provisional allotment;

**"the Rights Issue"** means the offer made by the Company to Existing Ordinary Shareholders to subscribe for the New Ordinary Shares;

**"Record Date"** means August 20, 2019;

**"Underwriter"** means Sagicor Investments Jamaica Limited which has accepted underwriting commitments with respect to New Ordinary Shares placed in the Excess Shares Pool that are not made the subject of subscription(s) by Existing Ordinary Shareholders.



## 2. INTRODUCTION

- 2.1 Pursuant to the authority granted to the Directors of the Company (the “Directors”), the Directors have resolved that the Company issue additional ordinary shares, part of the authorised capital of the Company, currently unissued, the same to be offered by way of provisional allotment under a Rights Issue to the Existing Ordinary Shareholders on such terms (including the number of New Ordinary Shares, the price per New Ordinary Share, the proportion of New Ordinary Shares to be offered (by way of provisional allotment) in relation to the Existing Ordinary Shares held by Existing Ordinary Shareholders and the Record Date for determining the eligibility of Existing Ordinary Shareholders to subscribe for the New Ordinary Shares) as determined by the Directors and/or pursuant to the private placement of New Ordinary Shares, AND further that all such New Ordinary Shares not taken up by the Existing Ordinary Shareholders to whom the Offer (by way of provisional allotment) is made, and/or Renounees may be allotted and/or by way of private placement, and/or issued on terms and conditions as the Directors may consider expedient.
- 2.2 An offer is now being made (by way of provisional allotment under a Rights Issue) with respect to at least 77,897,303 ordinary shares in the capital of the Company (such shares are referred to in this Circular Letter as “New Ordinary Shares”), the same being offered (by way of provisional allotment) to the Existing Ordinary Shareholders whose names appear on the Register of Members at the close of business on the Record Date at the price of J\$45.00 per share, in the proportion of 11 New Ordinary Share(s) for every 100 Existing Ordinary Shares then held by an Existing Ordinary Shareholder. The Company retains the right to upsize the offer by offering additional New Ordinary Shares to each Existing Ordinary Shareholder. In the event that the offer is upsized, notice of such upsizing shall be published on the JSE website at [www.jamstockex.com](http://www.jamstockex.com).
- 2.3 The Offer is contained in a Letter of Provisional Allotment being sent to Existing Ordinary Shareholders whose names are on the Register of Members at the close of business on the Record Date at the price of J\$45.00. This Circular Letter provides information regarding the Company which may be relevant to Existing Ordinary Shareholders in deciding whether to accept the rights to New Ordinary Shares offered (by way of provisional allotment under a Rights Issue) in the enclosed Letter of Provisional Allotment and/or by Renounees. The Circular Letter and Letter of Provisional Allotment will be sent by registered mail to Shareholders resident in Jamaica and by air-mail to Shareholders who reside outside of Jamaica.
- 2.4 As at the date of this Circular Letter, the following represents the authorized and issued capital of Barita Investments:
- Authorized:**  
14,000,000,000 ordinary shares of no par value  
1,000,000,000 preference shares
- Issued and Fully Paid Up:**  
**708,157,308** ordinary shares  
100,000,000 preference shares

### 3. ABOUT BARITA INVESTMENTS LIMITED



Barita Investments was incorporated in Jamaica on September 2, 1977. Its registered office is located at 15 St. Lucia Way. The Company is licensed by the Financial Services Commission, is a member of the Jamaica Stock Exchange and a Primary Dealer and Cambio Dealer for the Bank of Jamaica.

Its primary business activities are Equities and Fixed Income Trading, Foreign Currency Trading, Wealth Management, Investment Research and Unitized Portfolio Management via its wholly owned subsidiary Barita Unit Trusts Management Company Limited. Today, Barita Investments Limited and its subsidiary Barita Unit Trusts Management Company Limited, handles over J\$80 billion dollars of funds under management, with a complement of 93 members of staff. Barita Investments serves its clients island-wide through its Head Office in Kingston and two (2) branches in Mandeville and Montego Bay.

In August 2018, Cornerstone Investments Holdings Limited (an international business company incorporated under the laws of St. Lucia) acquired majority shares in Barita Investments. It continues the Company's mission and vision to be a premier investment services group in Jamaica and the Caribbean.

#### 4. PROFILE OF THE BOARD OF DIRECTORS

##### **MARK MYERS | CHAIRMAN**



An astute businessman, Mark Myers is the Managing Director of Restaurants of Jamaica Ltd. Mr. Myers holds a Bachelor of Science degree in Operations, Transportation and Distribution management from Syracuse University's School of Management. A believer in contributing to the development of his country, he has served on several boards to include the Bank of Jamaica, Jamaica Trade and Invest Limited and the Jamaica Observer Limited.

##### **PAUL SIMPSON | DEPUTY CHAIRMAN**



Mr. Simpson is the founder of companies within the Cornerstone Group. He is an Investment Banker with over 13 years of experience having worked in the Caribbean, the United States and Europe in various senior roles. He holds a double major in Computer Science and Geology and an MBA from the University of the West Indies. He sits on various government, private and charity boards including the Youth Arm of UNESCO YMCA and the Jamaica Tourist Board where he is the Chairman of the Finance and Audit Committee.

##### **IAN MCNAUGHTON MANAGING DIRECTOR/ COMPANY SECRETARY**



Mr. McNaughton is a finance and management specialist with over 25 years of experience. He joined Barita Investments in 2008 as Financial Controller and Corporate Secretary and served as General Manager from November 2009. Since September 2013, Mr. McNaughton has served as the Managing Director. He is also the current Chairman of the Jamaica Stock Exchange and Director of the Jamaica Central Securities Depository. He is a Director of the Harbour View Football Club and also serves on the board of EDUCOM Credit Union.

##### **ROBERT DRUMMOND | DIRECTOR**



Mr. Drummond is a business executive and management consultant with over 30 years of experience leading and advising organizations through major strategic transformations. He has held executive appointments at prominent companies in Jamaica and the US, including First Global Financial Services Limited, NIKE, American Express and ITT Sheraton. As a strategy implementation specialist, he has contributed significantly through his research and publications including "Managing Resistance to Change" and "Organizational Turnarounds". He holds an MBA from Harvard Business School.

##### **RITA HUMPHRIES-LEWIN | DIRECTOR**



Mrs. Humphries-Lewin has been at the forefront of Jamaica's stock broking industry for over 45 years and is the Founder and Former Chairman of Barita Investments. As the first female Chairman of a stock exchange in the Caribbean, she led the JSE in 1984 and again in 1995-2000. During her tenure, she spearheaded the establishment of the JCSD in 1998 and the development of electronic trading on the JSE in 2000. She was honoured with a Doctor of Education in Leadership by Mico University, for her contribution to early childhood development. Mrs. Humphries-Lewin is the Business Lifetime Achievement Award recipient for the Gleaner Honour Awards 2016.

##### **DUNCAN STEWART | DIRECTOR**



Mr. Stewart is the General Manager of Stewart Motors Ltd. and he is also involved in leading related family businesses, Stewart's Auto Sales Ltd. and its affiliated companies, Stewart's Auto Paints Ltd., Tropic Island Trading Company Ltd. and Silver Star Motors Ltd. Duncan is also a director of the Automobile Dealers Association and the Richard and Diana Stewart Foundation. Currently, he is a sponsor of the family charity, Kind Hearts, which is run by his children and their cousins.

##### **JAMES GODFREY | DIRECTOR**



Mr. Godfrey is the Co-Founder and Managing Director of S&G Road Surfacing Materials Ltd. With over 30 years entrepreneurial experience, Mr. Godfrey has built the entity into one of Jamaica's leading asphalt manufacturing and road work solutions companies. Since its inception S&G Road Surfacing Materials Ltd.'s portfolio of completed projects includes parking lots, driveways, multipurpose courts, roadways, roundabouts and related infrastructure projects in partnership with National Works Agency, Gore Development Limited and China Harbour Engineering Corporation.

#### 4. PROFILE OF THE BOARD OF DIRECTORS (CONT'D)



##### **PHILLIP LEE | DIRECTOR**

Mr. Phillip Lee is Group Managing Director for the companies owned and operated by the Lee family. These include Labels & Boxes Ltd. and Rotoflex Jamaica Ltd. which are the leading manufacturers of labels and packaging material in Jamaica. Phillip Lee has over 30 years of experience in the industry and his companies supply many of the largest Jamaican manufacturers including GraceKennedy Ltd., Red Stripe and Salada Foods Jamaica Ltd. He has been involved in numerous successful packaging projects for these companies and continues to be consulted by the owners of major brands for his expertise.



##### **CARL DOMVILLE | DIRECTOR**

Mr. Domville is the former Chief Operating Officer and Group Treasurer of the Seprod Group of Companies. A Chartered Accountant, he currently serves as a Director of Radio Jamaica Limited (RJR); The Gleaner Company Limited and is also a Trustee of the Seprod et al Superannuation Scheme. He is also a former President of the Jamaica Cooperative Credit Union League Limited.

## 5. CORPORATE GOVERNANCE

The Company's corporate governance structure is led by its experienced Board of Directors. Supporting the Board are various board and management sub-committees consisting of individuals with relevant subject matter expertise. A short description of the key roles and functions of each is set out below:

### ***Barita Investments Board of Directors***

- Overseeing the establishment of appropriate systems and controls designed to ensure that the investment and business activities are consistent with the strategies of the Company and that the implementation of these strategies remain in the best interests of Barita Investments' Shareholders;
- The engagement of the Managing Director and oversight of his performance and effectiveness; and
- Review of the Company's investment activities and holdings at Board Meetings.

### ***Investments Committee***

- Making recommendations to Barita Investments' Board on Investment Policies & Procedures consistent with Company policy;
- Has investment decision-making responsibility in accordance with the Investment Policy; and
- Meets fortnightly to examine and determine the direction of the various markets for both the clients and the Company.

### ***Audit Committee***

- Provides a conduit between internal auditors and the Board regarding the strengthening and maintenance of internal processes via internal controls and operating compliance with established policies; and
- Being the primary liaison between the Board and the external Auditors.

### ***Managing Director***

- Developing strategic operating plans that reflect the longer-term objectives and priorities established by the Board;
- Ensuring that the operating objectives and standards of performance are not only understood but owned by the management and other employees;
- Closely monitoring the operating and financial results against plans and budgets; and
- Assuming full accountability to the Board for all Company operations.

## 6. THE BARITA INVESTMENTS TEAM

Barita Investments brings together one of the most experienced teams in the local financial sector, who in aggregate have successfully managed billions of dollars of investments, delivering consistent returns and expert financial advice over the past 40 years. Members of the Barita Investments team have had significant prior experience in establishing, managing and developing new businesses and returning significant financial benefits to their investors. The team's experience spans asset management, corporate finance, investment banking, financial advisory services, stock brokerage, pension fund management, unit trust management and extensively covers functional administrative disciplines including IT, Human Resources, Sales and Risk Management. The team includes the following persons:

### **PAULA BARCLAY** GENERAL MANAGER

Mrs. Barclay joined Barita Investments in April 2019 in the capacity of General Manager. In this role she will focus primarily on customer experience, expansion of the Barita customer base, revenue generation, marketing, as well as expansion of the branch network. Most of her experience was garnered at the GraceKennedy Group. Her previous roles included Group Treasurer, Managing Director of First Global Leasing; as well as General Manager, Chief Credit Risk Officer, Senior Vice President for Personal and Business Banking and Vice President of Corporate Banking at First Global Bank. At First Global Financial Services Limited she served in the capacity of Vice President for Pension Fund Management and Vice President for Business Development. She also served on various boards and committees that governed the GraceKennedy Group. Mrs. Barclay pursued a first degree in Management Studies at the University of the West Indies and her MBA at Barry University in Florida.

### **RAMON SMALL-FERGUSON** VICE PRESIDENT, ASSET MANAGEMENT & RESEARCH

Mr. Small-Ferguson joined Barita Investments in April 2019 as the Vice President, Asset Management & Research. Prior to joining Barita Investments he spent over 6 years at Jamaica National Group where he started as an Investment Analyst. He held several positions while there including Portfolio Manager before being promoted to Chief Investment Strategist & Head of Research. In that role he led the Company's Global Investment Research Unit and charted strategy that guided the investment of the equivalent of approximately US\$390M in global and local investment assets. Mr. Small-Ferguson holds a Bachelor of Business Administration in Finance & Marketing from the University of Technology. He also holds the CFA designation and is a certified Financial Risk Manager.

### **BOB RUSSELL** PORTFOLIO MANAGER

Mr. Russell joined Barita Investments in June 2019 as the Portfolio Manager for Fixed Income. Prior to joining Barita Investments he spent 5 years at the PetroCaribe Development Fund as Investment and Treasury Manager. Prior to that he spent 9 years at Mayberry Investment Ltd, having joined as a management trainee where he spearheaded the development and management of several products before leaving as Vice President of Research and Special Projects. Bob holds a B.Sc. Degree in Civil Engineering from the UWI and spent 5 years practicing with West Indies Home Contractors. He also holds an M.B.A in Business Administration from the University of Texas at Austin and also holds the CFA designation and is a certified Financial Risk Manager.

### **DALTON CAMPBELL** ASSISTANT VICE PRESIDENT, OPERATIONS

Mr. Campbell joined Barita Investments in 2003 as Operations Assistant and was later appointed to the position of Senior Supervisor. In November 2014, he was promoted to the post of Operations Manager with responsibility for the Back-Office Operations including Settlement and Securities. In April 2019 he was promoted to the position of Assistant Vice President, Operations. Dalton holds a B.Sc. in Mathematics from Northern Caribbean University.

### **CLAUDINE ANDERSON** RISK & COMPLIANCE MANAGER

Ms. Anderson joined Barita Investments in 2003 as a Cambio Trader and in 2005 was appointed to the post of Operations Manager. In November 2014, she was promoted to the post of Risk & Compliance Manager. She has over 30 years of experience in the financial sector, having held various positions in commercial, merchant and investment banks. She holds an MBA in Finance and Banking from Manchester Business School and is a Fellow and Certified Professional Member of the International Compliance Association.

### **SONIA OWENS** HEAD, TREASURY & FINANCIAL INSTITUTIONS

Mrs. Owens joined Barita Investments in 1984 and held several positions over the years including Trading and Investments Manager, culminating in her most recent promotion to Head, Treasury & Financial Institutions. She holds a Bachelor of Science Degree in Banking and Finance from the University of the West Indies, has attended several professional training courses with JIM, JIB, CI Financial and Euro Finance and has completed an MBA at Edinburgh Business School.

**DIANNE CLUNIE-WALLACE**  
ASSISTANT VICE PRESIDENT - MARKETING

Mrs. Clunie-Wallace joined Barita Investments in July of 2004 as the Marketing Manager and in August of 2005, was promoted to the position of Marketing and Client Services Manager. In April 2019 she was promoted to the position of Assistant Vice President of Marketing. She holds a Bachelors of Arts in Business Administration (Marketing Major) from the University of Technology and an MBA from Nova Southeastern University.

**MICHELLE MCRAE**  
HEAD OF INFORMATION TECHNOLOGY

Ms. McRae joined Barita Investments in 1992 as a Systems & Software Consultant. In November 2013, she was appointed as Manager of Software Development. In April 2019 she was promoted to the position of Head of Information Technology. Michele holds a Bachelor of Science Degree in Management Studies from the University of the West Indies and a Master of Science Degree in Computer Based Management & Information Systems.

**ANGELIA THOMPSON**  
HUMAN RESOURCES MANAGER

Mrs. Thomson joined Barita Unit Trusts Management Company Limited in 2001 as an Administrative Officer and in 2005 was transferred to Barita Investments as the Human Resources Manager. She has many years of experience in the administrative field and has completed several courses in human resource management.

**DIONNE ENNIS**  
SENIOR MANAGER -OPERATIONS, BARITA UNIT TRUST

Ms. Ennis joined Barita Investments in 2004 and has served in the capacity of Cambio Assistant and Client Services Representative and has worked in several accounting positions across Barita Investments. In her current role as Operations Manager of the Barita Unit Trusts, she is responsible for the successful completion of Unit Trusts Funds projects and provides daily oversight in support of effective coordination with all key stakeholders. She was promoted to Senior Manager, Operations in April 2019. Dionne holds a BA. in Business Administration from the University of Technology, certificate in Portfolio Management (Fitz Ritson and Associates), the Jamaican Securities Course (JIM), Certificate Mastery in Applying Project Management (Project Management Global Institute) and is a graduate degree candidate.

**GENEIEVE HARTY**  
MONTEGO BAY BRANCH MANAGER

Mrs. Harty joined Barita Investments in August 2002 as an Account Executive and was promoted in 2005 to the position of Manager, Montego Bay Branch. She holds a BSc. in Management Studies from the University of the West Indies and a Bachelors of Laws (LLB) from the University of Technology and a Certificate in Compliance from the International Compliance Association. Geneieve is a graduate of the Norman Manley Law School and was called to the bar in December of 2016.

**VANESSA LAWRENCE-WILLIAMS**  
MANDEVILLE BRANCH MANAGER

Mrs. Lawrence-Williams joined Barita Investments in 2002 as the Manager of its 1st branch, Mandeville. Being a goal-oriented individual, she established and developed the Barita Investments' brand within the central region of Jamaica. She holds an MBA in Finance from Manchester Business School and is a graduate of UTECH. She started her career in 1988 at National Commercial Bank Limited and since then has worked with several financial institutions.

**DENNIS ORGILL**  
PENSIONS MANAGER

Mr. Orgill joined Barita Unit Trusts Management Company Limited in 2001 as the Sales Manager. He spent four years in that position and left the Company for a few years. In November 2012 he returned to the Company as a Sales Consultant and in November 2014 was appointed as Pension Manager. Dennis holds a B.Sc. in Mathematics and Physics and is a Fellow of the Life Management Institute. He has extensive sales and management experience having worked at the senior management level in the insurance industry in Jamaica, the United States and in Barbados.

**PETULA CLARKE**  
PRIVATE WEALTH MANAGER

Ms. Clarke joined Barita Investments in January 2007 as a Fund Executive/Senior Investment Advisor and her strength in relationship building and tenacity in sales negotiation, resulted in her being promoted to the post of Business Development Manager. She is currently the Private Wealth Manager for the Barita Investments. With a career spanning over a decade in the financial services industry, she has maximized on her expertise and insight into mastering Unit Trust Funds Management, Equities Trading, Pension Administration and Portfolio Management. Petula holds a B.Sc in Business Administration and has completed a series of progressive training courses; culminating in certificates in Sales & Investment Advice on Canadian Mutual Funds as well as Securities Trading.

## 7. MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended June 30, 2019, Barita Investments continued to deliver increased value to its customers and shareholders reporting a J\$1.3 billion or 690.7% improvement in year-to-date (YTD) profits to J\$1.4 billion versus J\$180.6 million for the corresponding period in the 2018 Financial Year. The year-to-date performance follows a 78.9% increase in net profits in FY 2018 to J\$363.2 million, from J\$203 million in FY 2017.

As at June 2019, Barita Investments had J\$9.3 billion in Equity, up J\$6.0 billion or 187.4% year-over-year (YoY) and J\$31.1 billion in Total Assets (up J\$13.9 billion or 81.0% YoY). The Financial Year (FY) to date has been characterized by several milestone achievements. These include:

### ● **New Ownership:**

The majority acquisition of the company by Cornerstone Investments Holdings Limited on August 28, 2018.

### ● **New Business Line:**

Barita Investments launched its Investment Banking Business in December 2018. In six (6) months of operation, the Investment Banking arm raised over J\$6.0 billion on behalf of our clients and generated over J\$331.3 million in Revenues.

### ● **Improved Financial Strength:**

In March 2019 Barita Investments successfully raised approximately J\$4.0 billion in new equity capital through a Non-Renounceable Rights Issue. During the June quarter the Company's capital base was further bolstered through the successful private placement of J\$1.0 billion in Non-Redeemable Preference Shares.

### ● **Record Profitability:**

The three (3) quarters to date have each consecutively represented record quarterly performances with respect to profitability for the Company.

### ● **Market Beating Stock Performance:**

Barita Investments' stock, which trades under the symbol BIL, has risen by **136.9%** from September 2018 to June 2019 to close at J\$44.27. During the period the Jamaica Stock Exchange's (JSE) Main Market returned **30.6%**.

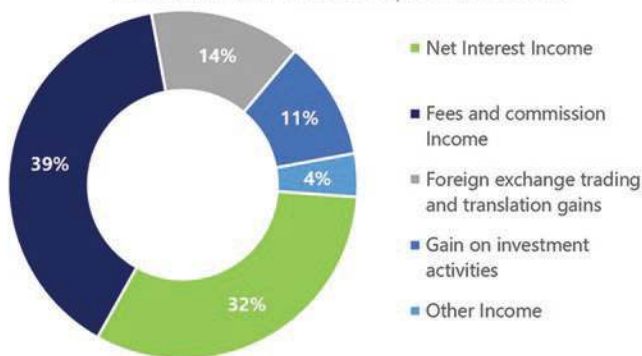
Management intends to continue its strategy of revenue growth and diversification coupled with cost containment throughout the rest of the FY with particular focus in growing the legacy Asset Management Business and the newly launched Investment Banking Business.



**2018 Financial Performance**

For the financial year ending September 30, 2018 (FY 2018) Barita Investments grew its Net Profits by 78.9% to J\$363.2 million, from J\$203.0 million in the 2017 financial year. The growth was largely driven by a 29.4% reduction in Interest Expense (J\$598.2 million relative to J\$847.4 million for the 2017 financial year), a 6.2 % increase in Fee & Commission Income (J\$505.2 million relative to J\$475.7 million), and a 313.3 % increase in Foreign Exchange Trading Gains (J\$187.9 million relative to J\$45.5 million). Additionally, no impairment charges were reported during the year.

**Operating Revenue Segments**  
Financial Year Ended September 2018

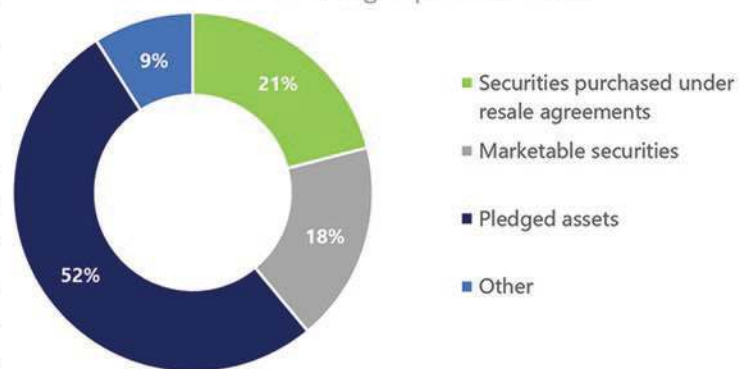


Net Interest Income rose by 47.2% to J\$422.3 million as a 10.0% YoY decline in Interest Income to J\$1.0 billion was offset by the 29.4% reduction in related expenses. However, Non-Interest Income grew 7.2% to J\$882.4 million YoY. The percentage of Non-Interest Income to Total Revenues grew from 42.1% in 2017 to 46.4% in 2018. Continuing the revenue diversification drive, Fees & Commission Income closed the year higher at J\$505.2 million reflecting an increase of 6.2 % YoY. Foreign Exchange Trading and Translation Gains rose significantly by 313.3% to J\$187.9 million, an increase of J\$142.5 million YoY. Gain on Sale of Investments and Other Income decreased by 47.4 % to J\$136.4 million and 4.6 % to J\$21.0 million YoY respectively, while Dividend Income rose 54.3% to J\$31.8 million YoY.

We saw a reduction in Total Expenses of 2.2% YoY to J\$761.0 million despite increases in Staff Costs & Administrative Costs of 13.2% and 11.3% YoY respectively, as there were no impairment charges during the period. Our efficiency ratio for 2018 was 58.3%, down from 61.1% when the one-off impairment in 2017 is removed.

Total balance sheet assets grew 18.0% to J\$18.7 billion during FY 2018, relative to J\$15.9 billion as at September 2017 year end. This was primarily driven by a J\$3.2 billion increase in investment securities to J\$17.1 billion. Total Liabilities increased by 21.0 % to J\$15.8 billion YoY, driven largely by a J\$2.3 billion increase in repurchase agreements to J\$14.3 billion. Shareholder's Equity rose J\$131.8 million YoY to J\$2.9 billion as Retained Earnings grew J\$456.6 million or 40.7% to J\$1.6 billion, while Fair Value Reserves declined J\$328.9 million to J\$275.9 million. During the year, the Company paid out J\$311.7 million in dividends.

**Balance Sheet Assets**  
Financial Year Ending September 2018



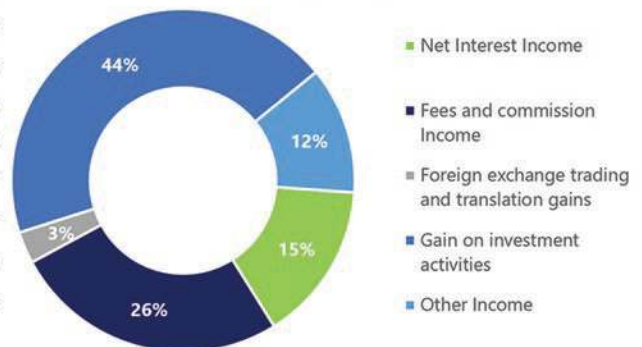
**9 Months FY 2019 Financial Performance**

For the nine months ended June 30, 2019 (9M FY 2019) Barita Investments continued to sustain a robust uptrend in Net Profits of J\$1.4 billion, a J\$1.3 billion or 690.7% rise relative to the J\$180.6 million reported for the corresponding period in FY 2018. The sharp improvement was primarily attributable to a J\$2.0 billion (234.5%) YoY increase in Revenue; this was driven by Revenue diversification and enhancement from the addition of new product lines, coupled with improvement in our traditional revenue sources. Net Interest Income registered a J\$129.9 million (42.3%) increase YoY for 9M FY 2019 to J\$436.9 million due to a combination of increased portfolio size and improved Net Interest Margin management. Fees & Commissions rose by J\$357.2 million (98.0%) YoY to J\$721.6 million, largely driven by a 7.5% increase in Fees from Fund Management to J\$390.3 million as well as J\$331.3 million in Arranger Fees emanating from the newly launched Investment Banking Business. The management of the Company's proprietary portfolio produced J\$1.2 billion YTD in Realized and Unrealized Trading Gains, a J\$1.1 billion YoY increase. Foreign Exchange Trading activity contributed J\$106.9 million in Realized Gains YTD, an increase of J\$37.5 million over the corresponding period in the last financial year due largely to increased trading activity. Other Income contributed J\$310.5 million to Revenue due largely to a one off item.

Operating Expenses for the 9M FY 2019 period stood at J\$748.1 million, a J\$206.6 million or 38.1% YoY increase. The increase was largely driven by strategic growth objectives, specifically an additional J\$131.1 million in Staff Costs for talent acquisition to support revenue enhancement and diversification efforts, more than offset by the resulting gains; and a related rise in administrative costs associated with increased marketing efforts and facility improvements. Our efficiency ratio for the nine months to June 2019 displayed a sharp improvement to 29.4%, from 64.3% in the corresponding period in 2018.

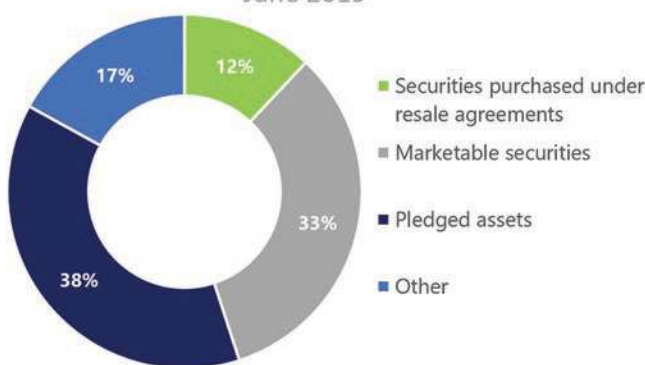
**Operating Revenue Segments**

June 2019



**Balance Sheet Assets**

June 2019



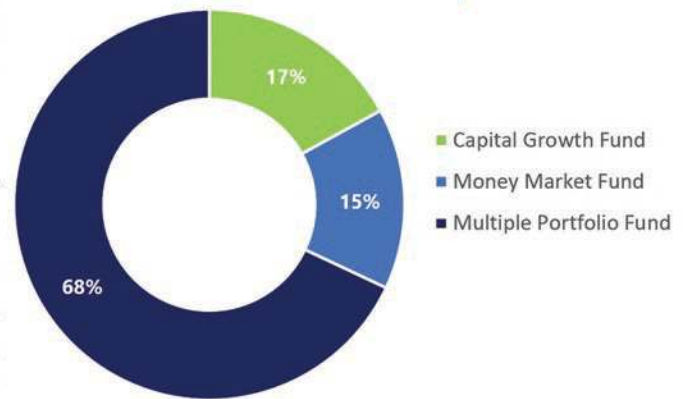
Attributable largely to a \$10.7 billion growth in investment securities Barita Investments' Total Assets increased 81.0 % to \$31.1 billion as at June 30, 2019. Total Liabilities grew 56.4% or \$7.9 billion to \$21.8 billion, with a \$7.2 billion increase in repo liabilities to \$19.5 billion. Shareholders' Equity during the period increased \$6.0 billion or 187.4% to \$9.3 billion. The YoY rise in Total Shareholders' Equity was primarily fueled by the injection of approximately J\$4.0 billion in new capital raised in the previous rights issue, as well as accumulated profits YTD. Additionally, in Q3 2019, Barita Investments raised a total of J\$1.0 billion through the sale of one hundred million (100,000,000) preference shares priced at J\$10.00 each. The Company was granted

exemption from the registration of a prospectus or offer document for the issue, which was registered by the Financial Services Commission under the Exempt Distributions Guidelines.

**Barita Unit Trusts Management Company Limited**

Barita Unit Trusts Management Company Limited, the Fund Management arm of the Barita Group, currently manages unit trust funds of J\$13.4 billion with plans to further innovate and expand the product offering to meet the growing and diverse needs of our investors. The suite of options includes seven carefully tailored and well diversified products packaged within three funds, the *Capital Growth Fund*, *Money Market Fund*, and *Multiple Portfolio Fund* which serves as an umbrella fund for five (5) differentiated portfolios. These Funds carry a solid track record of generating excellent returns with the Capital Growth Fund recording the best performance among local Equity Unit Trusts in the 2018 calendar year.

**Unit Trust Product Composition**



**BIL Stock Performance**

Barita Investments has seen appreciable growth in its stock price since listing on the JSE Main Market in 2010. Investors who bought the stock which trades under the symbol BIL at the Initial Public Offer price of \$2.50 would have benefitted from a near eighteen-fold increase in the share’s price to \$44.27 as at the end of June 2019. This has far outpaced the market returns over the period. The stock has displayed a 52- week high close price of J\$54.94 and a 52-week low of \$8.00 per share. Notably the stock has returned 391.9% over the 12 months to June 30, 2019.



Audited and interim financial statements for the Company can be found on the Jamaica Stock Exchange website, by copying and pasting the URLs below:

<https://www.jamstockex.com/barita-investments-limited-2018-annual-report/>

<https://www.jamstockex.com/wp-content/uploads/2019/07/BIL-Financials-as-at-June-30-2019.pdf>

## 8. NEW ORDINARY SHARES/THE OFFER

- 8.1 The Directors of the Company intend that additional capital be raised by equity financing provided on the issue of the New Ordinary Shares in the capital of the Company taken up in this Rights Issue to further strengthen the Company's capital base in order to (a) better pursue viable opportunities for investments in non-traditional asset classes (b) strengthen the Company's deal underwriting capacity required to support growth of its investment banking activities; and (c) finance the expansion of the company's footprint regionally, both by growing the business and by acquisitions and mergers where possible.
- 8.2 The Directors of the Company have therefore decided that it is appropriate at this time to issue and allot unissued ordinary shares in the capital of the Company, the New Ordinary Shares.
- 8.3 The New Ordinary Shares are being offered to the Existing Ordinary Shareholders in the proportion of 11 New Ordinary Share for every 100 Existing Ordinary Share(s) held by Existing Ordinary Shareholders, held as of the Record Date by such Existing Ordinary Shareholder. Fractions of New Ordinary Shares will be disregarded.
- 8.4 The New Ordinary Shares are being offered to Existing Ordinary Shareholders at a price of J\$45.00 per New Ordinary Share.
- 8.5 The New Ordinary Shares, when issued, shall rank pari passu with the Existing Ordinary Shares.
- 8.6 The Letter of Provisional Allotment accompanying this Circular Letter states the number of New Ordinary Shares provisionally allotted to you, being also the maximum number of New Ordinary Shares for which you may subscribe pursuant to your rights (the "**Rights**") under the Letter of Provisional Allotment. The Letter of Provisional Allotment also contains full instructions for the acceptance of the New Ordinary Shares provisionally allotted to you and sets out the procedure to be adopted in the event of the splitting of some of your Rights. **You are permitted to renounce your Rights.** If you are not accepting all or part of the New Ordinary Shares allotted to you and/or you are in doubt as to what action you should take in relation to the Letter of Provisional Allotment, you should consult a licensed investment advisor or licensed securities dealer without delay as **the Offer (by way of provisional allotment under a Rights Issue) expires at 4:00 p.m. on September 13, 2019.**
- 8.7 **The Directors intend that Excess Shares shall NOT be offered to the public.** The Excess Shares, being any or all of the New Ordinary Shares the subject of the Letter of Provisional Allotment not accepted by the allottee(s)/Renounees may be placed in a pool of shares (the "**Excess Shares Pool**") and New Ordinary Shares in the Excess Shares Pool may be disposed of to existing stockholder(s) of the Company wishing to acquire a greater number of New Ordinary Shares than allotted, and/or to the Underwriter(s) pursuant to agreed underwritten commitment(s). Excess Shares and/or Ordinary Shares in the capital of the Company may be disposed of by the Company by exempt distribution pursuant to Guidelines SR-GUID-08/05-0016 published by the Financial Services Commission. **If any person is invited by the Arranger to apply for New Ordinary Shares in the Excess Shares Pool, such applicant should follow the instructions in the Letter of Provisional Allotment with respect to the applications for Excess Shares.**
- 8.8 The Offer, the subject of this Circular Letter, is more particularly set out in the Letter of Provisional Allotment being sent to Existing Ordinary Shareholders whose names are on the Register of Members at the close of business on the Record Date. The offer is renounceable and a provisional allotment may also be split by any given Shareholder.

## 9. RISK EXPOSURES AND RISK MANAGEMENT STRATEGIES

In addition to other information set forth in this Rights Issue Circular, Shareholders should, before taking up any of their Rights carefully consider the risks described below. These risks are not the only ones facing Shareholders. Additional risks not presently known to the Directors or that the Directors may presently consider to be immaterial may also impair Barita Investments' operations.

This Rights Issue Circular also contains forward-looking statements that involve risks and uncertainties. Barita Investments' actual results could differ materially from those anticipated as a result of certain factors, including the risks faced by Barita Investments described below and elsewhere in this Circular.

### 9.1 *Primary Risk Factors*

By its nature, Barita Investments' activities are principally Equities Trading, Fixed Income Trading, Unit Trusts, Pension Fund Management, Asset Management and Foreign Exchange Trading. The Company's activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and operational risk. The aim is, therefore, to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance.

Barita Investments' risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. Included in this framework are the functions performed by the Investment Management Committee of Barita Investments. The Investment Management Committee oversees Barita Investments' compliance with the risk management policies and procedures approved by the Board and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

In addition to this, Barita Investments' Board of Directors has established the Audit and Compliance Committee, which is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities for:

- The integrity of the Company's financial statements;
- The Company's policies, programs and procedures to ensure compliance with the relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct, policies, other relevant standards and best practice;
- The Company's efforts to comply with legal obligations arising from material agreements and undertakings;
- The qualifications and independence of the Company's external auditors; and
- The performance of Barita Investments' internal audit function and its external auditors.

**The key risks to which the Company is exposed and the manner in which it manages them are as follows:**

- **Credit Risk** - Credit risk is the risk of default by an obligor. This risk is managed primarily by reviews of the financial status of each obligor. Credit risk may be disaggregated into three (3) types of risk:

- **Default (Counterparty) Risk** – the possibility that the issuer will fail to meet its payment obligations or other contractual covenants. Technical default may occur due to the issuer’s violation of other agreed terms (e.g. failure to maintain a certain financial ratio at/above a pre-determined level).
- **Credit Spread Risk** – measured by the amount of yield differential above the return on a benchmark, default-free security (e.g. Treasury bills) demanded by investors to compensate for buying the riskier security. The risk is that the riskier security might offer a lower than required premium.
- **Downgrade Risk** – risk that a bond will be reclassified as a riskier security by a credit rating agency (e.g. Standard & Poor’s). A downgrade in the rating of a security usually leads to a fall in its market price.

**To mitigate credit risk exposure, the Company:**

- Seeks to ensure that no credit rating for an asset falls below the minimum approved rating. Credit ratings are sourced from international rating agencies such as S&P, Moody’s or CariCris, or from internal credit research; and
- Ensures that the assets are diversified across various issuers (e.g. countries, corporations) subject to limitations on the maximum exposure to any one issuer.

**Liquidity Risk** - Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Barita Investments’ approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management procedures which are used include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

**The Company's liquidity management process includes:**

- Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding if required;
- Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Optimizing cash returns on investment;
- Monitoring statement of financial position liquidity ratios against internal requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and
- Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

**Market Risk** - Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. These arise mainly from changes in interest rate, foreign currency rate and equity prices and will affect the Company's income or the value of its holdings of financial instruments. Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposure is measured using sensitivity analysis. Market risk includes the following:

- **Currency Risk** - Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. Barita Investments is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaican dollar (J\$) and Euro (€). The Company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept at the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.
- **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. Barita Investments manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

- **Price Risk** - Equity price risk arises from equity securities held by the Company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of Barita Investments' investment strategy is to maximize investment returns.

**Operational Risk** - Operational Risk is the risk arising from execution of an enterprise's business functions and in particular the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events such as:

- **Internal Fraud** - misappropriation of assets, tax evasion, intentional mismarking of positions, bribery; External Fraud - theft of information, hacking damage, third-party theft and forgery;
- **Employment Practices and Workplace Safety** - discrimination, workers compensation, employee health and safety;
- **Clients, Products, & Business Practice** - market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning;
- **Damage to Physical Assets** - natural disasters, terrorism, vandalism;

- **Business Disruption & Systems Failures** - utility disruptions, software failures, hardware failures;
- **Execution, Delivery, & Process Management** - data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets.

Barita Investments' robust corporate governance structure ensures tight and frequent monitoring of operational practices and processes to ensure efficiency and effectiveness and accuracy of the systems and procedures that are in place. It also allows for swift remedial action if and when necessary.

## 9.2 **Other Risk Factors**

### **Regulatory uncertainties**

Changes in approach by regulators of companies in the Group in relation to existing regulatory requirements or the introduction of new regulations, may affect Barita Investments' operations and affect its profitability.

### **Taxation uncertainties**

The tax structure which provides one of the advantages of investing in Barita Investments to Applicants who are resident in Jamaica or other CARICOM states that are parties to the CARICOM Double Taxation Treaty, may be subject to change in the future, a factor over which Barita Investments has no control.

### **Share Price volatility**

The Shares, if listed on the JSE as intended, may experience significant volatility in price, which may extend beyond the short term and which may be dependent on Barita Investments' performance, investors' confidence and other factors over which Barita Investments has no control.

### **Foreign Exchange risk factor**

Investors in the Shares shall assume and bear the full foreign exchange rate risk. An investor's investment, if made in United States Dollars, may be eroded, in Jamaican Dollar terms, if the Jamaican Dollar was to revalue against the United States Dollar.

### **Issue of additional shares**

The Directors of the Company may hereafter authorize the issue of additional ordinary shares in the Company. Such shares, once issued, may rank pari passu with the existing ordinary shares and may be listed on the JSE or on any other stock exchange(s). Additional shares so issued could affect the market price of the Shares currently being offered.

### **Payment of dividends**

The payment of dividends on the Shares will be primarily dependent on Barita Investments' future profitability and will be at the discretion of the Directors. In addition, the Company may pay dividends in either Jamaican Dollars or United States Dollars, at the sole discretion of the Directors. While Shareholders may indicate to the Company their preferred currency of payment of dividends by making an election at the time of applying for Shares, the Directors retain the right to make, and shall make, the final determination as to the currency of payment of such dividends as may be declared from time to time in respect of the ordinary shares in the capital of the Company.



**Macro-economic policies**

Changes in fiscal and monetary policies by the Government of Jamaica may create opportunities as well as challenges for Barita Investments.

**New accounting rules or standards**

Barita Investments 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 changes in the way Barita Investments reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

**Risks associated with international conditions**

Barita Investments' financial results may be adversely affected by international risks, such as:

- international political and economic conditions;
- changes in Government regulations in various countries;
- trade barriers; and
- adverse tax consequences.

**10. Intention of Major Shareholders Regarding the Rights Issue**

Barita Investments' majority Shareholder, Cornerstone Investments Holdings Limited (holding 80.08% of issued Shares in Barita Investments) is fully supportive of the Rights Issue and has indicated that it intends to take up its Rights in full and reserves the right to apply for additional New Ordinary Shares from the Excess Shares Pool if other Barita Investments' Shareholders fail to take up New Ordinary Shares provisionally allotted.

## 11. LARGEST SHAREHOLDERS

As June 30, 2019 the holders on the register with the ten largest holdings of Existing Ordinary Shares are as follows:

### (a) Pre-Rights Issue

TOP TEN SHAREHOLDERS	NO. OF SHARES	% SHAREHOLDING
Cornerstone Investments Holdings Limited	567,117,978	80.08%
Rita Humphries-Lewin	62,701,277	8.85%
Barita Unit Trusts Management Co. Ltd.	10,753,848	1.52%
John O. Minott	7,343,553	1.04%
George William Cooper	5,355,262	0.76%
Karl P. Wright	5,000,000	0.71%
FirstCaribbean International Securities Limited A/C B.U.T.	4,707,429	0.66%
Karl Lewin	4,249,042	0.60%
Agnes B. Humphries	4,000,000	0.56%
Nigel Coke	3,214,955	0.45%
<b>SUB-TOTAL</b>	<b>674,443,344</b>	<b>95.23%</b>
Other Shareholders	33,713,964	4.77%
<b>TOTAL</b>	<b>708,157,308</b>	<b>100.00%</b>

### (b) Proposed holdings post-Rights Issue (assuming all Stockholders take up their full rights)

TOP TEN SHAREHOLDERS	NO. OF SHARES	% SHAREHOLDING
Cornerstone Investments Holdings Limited	629,500,956	80.08%
Rita Humphries-Lewin	69,598,417	8.85%
Barita Unit Trusts Management Co. Ltd.	11,936,771	1.52%
John O. Minott	8,151,344	1.04%
George William Cooper	5,944,341	0.76%
Karl P. Wright	5,550,000	0.71%
FirstCaribbean International Securities Limited A/C B.U.T.	5,225,246	0.66%
Karl Lewin	4,716,437	0.60%
Agnes B. Humphries	4,440,000	0.56%
Nigel Coke	3,568,600	0.45%
<b>SUB-TOTAL</b>	<b>748,632,112</b>	<b>95.23%</b>
Other Shareholders	37,422,500	4.77%
<b>TOTAL</b>	<b>786,054,612</b>	<b>100.00%</b>

## 12. DIRECTORS INTERESTS

Our Directors' interests in Existing Ordinary Shares of the Company as at June 30, 2019 are as follows:

DIRECTORS NAMES	SHAREHOLDING	CONNECTED SHAREHOLDERS	% SHAREHOLDING
Rita Humphries-Lewin	62,701,277	---	8.8542%
Carl Domville	1,711,583	---	0.2417%
Ian McNaughton	165,073	---	0.0234%
Mark Myers	0	---	0
Paul Simpson	0	---	0
Duncan Stewart	0	---	0
Robert Drummond	0	---	0
James Godfrey	0	---	0
Phillip Lee	0	---	0

### 13. STATUTORY, REGULATORY & LEGAL MATTERS

The Company operates within a highly regulated environment. Set out below is a summary of the relevant regulators and the corresponding legislation that applies to the Company's operations. All references to the respective pieces of legislation below is to be taken to include a reference to any and all applicable amendments thereto:

#### THE FINANCIAL SERVICES COMMISSION

- The Financial Services Commission Act, 2001
- Securities Act, 2001
- The Securities (Collective Investment Scheme) Regulations, 2013
- The Pensions (Superannuation Funds & Retirement Schemes) (Registration, Licensing & Reporting) Regulations ("Registration, Licensing and Reporting Regulations")
- The Pensions (Superannuation Funds & Retirement Schemes) (Governance) Regulations ("Governance Regulations")
- The Pensions (Superannuation Funds & Retirement Schemes) (Investment) Regulations ("Investment Regulations")
- Pensions (Superannuation Funds & Retirement Schemes) (Specified Pension Fund & Specified Pension Schemes) Regulations ("Specified Plans Regulations")


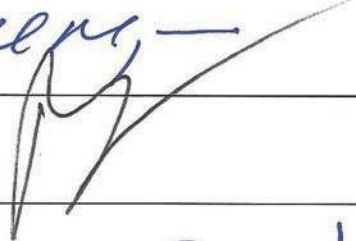

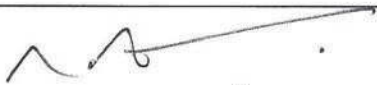
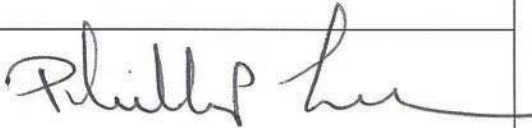
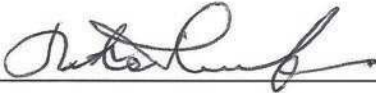

#### THE FINANCIAL INTELLIGENCE DIVISION AND THE DEPARTMENT OF PUBLIC PROTECTION

- The Income Tax Act
- Deposit Insurance Act, 1998
- Companies Act, 2004
- Terrorism Prevention Act, 2005
- Proceeds of Crimes Act, 2007
- Financial Investigations Division Act, 2010
- Terrorism Prevention (Reporting Entities) Regulations, 2010
- Credit Reporting Act, 2010

### 14. GENERAL

- 14.1 Save as mentioned herein, since May 8, 2019 no share or loan capital of the Company has been or is proposed to be issued and no commission, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company. No capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 14.2 As at the date of this Circular Letter, the Company is not involved in any litigation.
- 14.3 An estimate of fees associated with this Rights Issue is provided below:  
J\$65,000,000.00
- 14.4 Copies of the following documents may be inspected at the offices of the Company at 15 St Lucia Way, Kingston 5 on any weekday (Monday to Friday) during the hours of 9:00 a.m. to 12:00 noon, until the close of the Offer as stated herein.
- a) The constitutive documents of the Company;
  - b) Audited Financial Statements of the Company for the year ended 2018; and
  - c) Unaudited management accounts for the nine months ending June 30, 2019.

This Circular Letter has been executed by the Directors whose signatures appear below under and by virtue of authority given by the Directors of the Company as of the 19<sup>th</sup> day of August, 2019.

Name of Director	Signature
Mark Myers	
Paul Simpson	
Duncan Stewart	
Godfrey James	
Robert Drummond	
Phillip Lee	
Rita Humphries-Lewin	
Carl Domville	
Ian McNaughton	

**APPENDIX 1**

Statistical summary of Barita Investments' Audited Financial Data

As a publicly traded company on the Jamaica Stock Exchange all trade information in relation to Barita Investments is published on the JSE website at [www.jamstockex.com](http://www.jamstockex.com). Barita Investments Audited Financial Statements may also be viewed at

<http://www.barita.com/about-barita/financials/annual-reports>

A statistical summary of Barita Investments' audited financial data for the financial years 2015 through 2018 and the unaudited management financials for June 2019 are included for your convenience in the table below.

Barita Investments Limited					
SUMMARY OF AUDITED AND INTERIM FINANCIAL STATEMENTS					
Consolidated Statement of Comprehensive Income Summary	Unaudited	Audited			
	2019 June \$'000	2018 September \$'000	2017 September \$'000	2016 September \$'000	2015 September \$'000
<b>Revenues</b>					
Interest income	1,035,747	1,020,466	1,134,309	1,264,418	891,345
Interest expense	598,845	598,178	847,438	898,365	626,043
Net interest income	436,902	422,288	286,871	366,053	265,302
Fees & commission income	721,603	505,210	475,726	343,553	170,896
Dividend income	20,888	31,779	20,590	25,554	13,779
Foreign exchange trading & translation gains	88,588	187,945	45,479	96,390	100,339
Gain on sale of investments and trading profits	1,235,653	136,454	259,320	179,284	346,272
Operating income	2,503,634	1,283,676	1,087,986	1,010,834	896,588
<b>Total revenues</b>	<b>3,414,665</b>	<b>1,902,841</b>	<b>1,957,420</b>	<b>1,915,812</b>	<b>1,531,316</b>
<b>Expenses</b>					
Staff costs	402,272	385,410	340,584	340,486	271,134
Administration	345,814	375,566	337,504	324,275	250,179
Impairment of available-for-sale investment	80,725	-	100,159	4,692	-
<b>Total expenses</b>	<b>828,812</b>	<b>760,976</b>	<b>778,247</b>	<b>669,453</b>	<b>521,313</b>
Total operating expenses (exc. impairment)	748,087	760,976	678,088	664,761	521,313
Profit before tax	1,987,008	543,687	331,735	341,079	372,698
Taxation	559,326	180,446	128,715	133,863	130,636
<b>Net Profit</b>	<b>1,427,683</b>	<b>363,241</b>	<b>203,020</b>	<b>207,216</b>	<b>242,062</b>
Consolidated Statement of Financial Position Summary					
	June 2019 \$'000	2018 Restated \$'000	2017 \$'000	2016 \$'000	2015 \$'000
<b>Assets</b>					
Cash and bank balances	1,281,934	333,685	429,123	339,863	217,002
Resale agreements	3,680,807	3,935,491	3,387,706	2,685,639	2,296,371
Marketable securities & pledged assets	22,242,059	13,173,118	10,557,489	10,375,133	9,487,697
Receivables	517,021	267,422	679,196	538,708	549,876
Loans receivables	1,817,095	414,334	354,558	424,541	291,243
Due from related companies	120,915	72,069	76,813	55,714	59,310
Property, plant and equipment	313,785	243,533	269,364	228,078	226,367
Investments	755,000	55,000	55,000	55,000	55,000
<b>Total Assets</b>	<b>31,075,696</b>	<b>18,724,216</b>	<b>15,874,055</b>	<b>14,771,674</b>	<b>13,234,139</b>
<b>Liabilities</b>					
Repurchase agreements	19,539,035	14,314,319	12,030,842	11,471,723	10,861,027
Payables	1,112,138	814,647	563,923	409,581	210,394
Taxation payable	163,673	44,612	96,280	55,175	123,040
Deferred tax liabilities	929,896	586,041	358,983	316,533	130,973
<b>Total Liabilities</b>	<b>21,808,461</b>	<b>15,816,472</b>	<b>13,071,143</b>	<b>12,277,403</b>	<b>11,381,508</b>
<b>Shareholder's Equity</b>					
Share capital	5,547,318	740,427	736,304	736,304	736,304
Capital reserves	120,632	93,133	93,133	69,799	69,799
Fair value reserves	832,410	275,936	604,884	500,551	17,077
Retained earnings	2,546,747	1,578,121	1,121,464	967,490	809,324
<b>Total Shareholder's Equity</b>	<b>9,267,234</b>	<b>2,907,744</b>	<b>2,775,912</b>	<b>2,494,271</b>	<b>1,852,631</b>
Ratios & Share Information					
	June 2019	2018	2017	2016	2015
Net profit margin	41.8%	19.1%	10.4%	10.8%	15.8%
Operating expense/Operating income	29.9%	59.3%	62.3%	65.8%	58.1%
Effective tax rate	28.1%	33.2%	38.8%	39.2%	35.1%
Return on equity	17.4%	12.8%	7.7%	9.5%	13.7%
Return on total assets	5.2%	1.9%	1.3%	1.4%	1.8%
Earnings per share	\$2.26	\$0.82	\$0.46	\$0.47	\$0.55
Book value per Share	\$13.09	\$6.58	\$6.28	\$5.64	\$4.19
Share price	\$44.27	\$18.69	\$7.75	\$4.20	\$2.20
Dividends Paid (\$'000)	411,040	308,609	48,618	31,211	31,211

**APPENDIX 2**

**LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED  
(SAGICOR INVESTMENTS JAMAICA LIMITED)**

BRANCH	LOCATION
Sagicor Investments - Hope Road (Head Office)	85 Hope Road Kingston 6
Sagicor Investments - Dominica Drive	17 Dominica Drive Kingston 5
Sagicor Investments - Montego Bay	Shop B8, 21B Fairview Shopping Centre, Bogue Estates, Montego Bay, St. James
Sagicor Investments - Duke and Tower Street	17a Duke Street Kingston
Sagicor Investments - Half-Way Tree	6C Constant Spring Rd Kingston
Sagicor Investments - Liguanea	106 Hope Road Kingston
Sagicor Investments - Tropical Plaza	Shop #25, 12 1/2 & 14 Constant Spring Rd Kingston
Sagicor Investments- Ocho Rios	Unit 5&6 Eight Rivers Town Centre, Buckfield Ocho Rios, St. Ann
Sagicor Investments - Savanna-La-Mar	Great George St. Savanna-La-Mar, Westmoreland
Sagicor Investments - Mandeville	5-7 Ward Ave Mandeville, Manchester
Sagicor Investments - May Pen	6B Manchester Ave May Pen, Clarendon
Sagicor Investments - Black River	Corner High and School Streets Black River, St. Elizabeth
Sagicor Investments - Portmore	Portmore Pines Plaza Shop# 34, Portmore St. Catherine

LOCATIONS FOR SELECT BRANCHES OF BARITA INVESTMENTS LIMITED  
(AS "SELLING AGENTS")

HEAD OFFICE/BRANCH	
BARITA INVESTMENTS LIMITED	15 St. Lucia Way Kingston 5
BARITA INVESTMENTS LIMITED	Shop 2A Manchester Shopping Centre 17 Caledonia Road Mandeville Manchester
BARITA INVESTMENTS LIMITED	Suite S304, Baywest Shopping Centre Harbour Street Montego Bay St. James

LOCATIONS FOR SELECT BRANCHES OF THE BANK OF NOVA SCOTIA JAMAICA  
LIMITED AND SCOTIA INVESTMENTS JAMAICA LIMITED (AS "SELLING AGENTS")

BANK	BRANCH
The Bank of Nova Scotia Jamaica Limited	Spanish Town 6 March Pen Road Shops 26 & 26, Oasis Shopping Centre St. Catherine
Scotia Investments Jamaica Limited	Head Office 7 Holborn Road, Kingston 10
The Bank of Nova Scotia Jamaica Limited	Ocho Rios Main Street, Ocho Rios, St. Ann
The Bank of Nova Scotia Jamaica Limited	Half-Way-Tree 82 - 84 Half Way Tree Road, Kingston 10
The Bank of Nova Scotia Jamaica Limited	Mandeville 1a Caledonia Road, Mandeville, Manchester
Scotiabank Group Financial Centre	Constant Spring 132-132A Constant Spring Rd. Kingston 8
The Bank of Nova Scotia Jamaica Limited	Savanna-La-Mar 72 Great George Street Savanna-La-Mar
The Bank of Nova Scotia Jamaica Limited	Liguanea 125-127 Old Hope Road P.O. Box 45, Kingston 6
The Bank of Nova Scotia Jamaica Limited	Negril Negril Square
The Bank of Nova Scotia Jamaica Limited	New Kingston 2 Knutsford Boulevard Kingston 5
The Bank of Nova Scotia Jamaica Limited	Montego Bay Fairview Financial Centre 1 Port Avenue, Bogue, Montego Bay, St. James



LOCATIONS FOR SELECT BRANCHES OF JMMB BANK LIMITED AND  
JAMAICA MONEY MARKET BROKERS LIMITED (AS “SELLING AGENTS”)

BANK	BRANCH
JMMB Investments - Jamaica Money Market Brokers Ltd.	6 Haughton Terrace, Kingston 10
JMMB Investments - Jamaica Money Market Brokers Ltd.	Haughton Avenue 5 Haughton Avenue, Kingston 10
JMMB Investments - Jamaica Money Market Brokers Ltd.	Knutsford Boulevard 11 Knutsford Boulevard, Kingston 5
JMMB Investments - Jamaica Money Market Brokers Ltd.	Junction Agency Shop 2, Roye's Plaza Main Street, Junction, St. Elizabeth
JMMB Investments - Jamaica Money Market Brokers Ltd.	Mandeville Branch 23 Ward Avenue Mandeville, Manchester
JMMB Investments - Jamaica Money Market Brokers Ltd.	Montego Bay Suite 1, Fairview Office Park Alice Eldemire Drive, Montego Bay, St. James
JMMB Investments - Jamaica Money Market Brokers Ltd.	May Pen Shop 28B, Bargain Village Plaza 35 Main Street, Clarendon
JMMB Investments - Jamaica Money Market Brokers Ltd.	Ocho Rios Guardian Life Building 2 Graham Street, Ocho Rios, St. Ann
JMMB Investments - Jamaica Money Market Brokers Ltd.	Portmore 47 – 48 West Trade Way, Portmore Town Centre, Portmore, St. Catherine
JMMB Investments - Jamaica Money Market Brokers Ltd.	Santa Cruz Shop No. 2 Oasis Plaza, Coke Drive, Santa Cruz, St. Elizabeth
JMMB Bank (Jamaica) Ltd.	Head Office 6 – 8 Grenada Way, Kingston 5
JMMB Bank (Jamaica) Ltd.	Knutsford Boulevard 11 Knutsford Boulevard, New Kingston , Kingston 5
JMMB Bank (Jamaica) Ltd.	Montego Bay 25 Church Street, Montego Bay, St. James
JMMB Bank (Jamaica) Ltd.	Ocho Rios 2 Graham Street, Ocho Rios, St. Ann