Cornerstone

August 22, 2023

CORNERSTONE TAKES COURT ACTION TO DEFEND ITS REPUTATION AGAINST BASELESS AND DEFAMATORY ALLEGATIONS

Cornerstone United Holdings Jamaica Limited (CUHJL) and **Cornerstone Financial Holdings Limited (CFHL)** (together "Cornerstone") note with concern the spate of articles, six (6) to be exact, written by a media house regarding a claim, which we proactively filed on May 22, 2023 in the Supreme Court, to put to rest false allegations made against Cornerstone and two of its senior officers.

We support factual and accurate reporting, and therefore it is crucial for us to emphasize key points that have either been excluded from, or obscured in, the articles, particularly within the headlines. These seemingly calculated exclusions and sensationalized headlines may have created a distorted perception of the situation that has the potential to besmirch the reputation of our businesses and our officers.

1. Cornerstone filed the claim in the Supreme Court.

2. Cornerstone's filing of the claim demonstrates our transparency and intent to lay bare the falsehoods grounded in these allegations.

3. Cornerstone proactively filed the claim to defend and protect its business and reputation; it is asking the Supreme Court to rule on several matters, including the legality of the transaction entered into between CUHJL and Mrs Rita Humphries-Lewin, the subject of these baseless allegations.

4. Cornerstone vehemently denies the allegation that it coerced or pressured Mrs Humphries-Lewin to enter into the transaction.

5. The transaction was initiated in April 2021 through the execution of a term sheet describing the transaction to Mrs Humphries-Lewin and her husband, Mr Lewin. On this basis, transaction documents were prepared and presented to the Lewins and executed/witnessed by both of them in June 2021. Significantly, just before the execution of the transaction in September 2021 a notice of the impending execution of the transaction was sent to Mrs Humphries-Lewin, which she signed and returned ahead of the execution of the transaction.

6. The Lewins had the transaction documents in their possession for some time before their execution, with the expressed undertaking from Mr. Karl Lewin that they would seek legal counsel.

7. Prior to the execution of the transaction in question, Mrs Humphries-Lewin was not a shareholder of Cornerstone. Therefore, as would be the case with any new shareholder, the offer of ordinary shares to Mrs Humphries-Lewin to facilitate her becoming a new shareholder of Cornerstone, had to be priced in line with fair market value (US$10.80). This was done to ensure that existing shareholders, all of whom had been shareholders for years, were treated fairly. The price of US$1.40 was related to a separate transaction (a rights issue) which was executed before Mrs Humphries-Lewin became a shareholder and involved the existing shareholders of the company at that point in time. The price of the rights issue was simply agreed by the existing shareholders with no need for a valuation given that they each had set entitlement to a certain number of ordinary shares determined based on their respective shareholdings, under the same terms. Other rights issues were done in the same way in previous years before the entry of Mrs Humphries-Lewin into Cornerstone was contemplated.

8. Significantly, prior to the consummation of the transaction in September 2021, Cornerstone never received any indication, written or otherwise, and had no reason to believe, that Mrs Humphries-Lewin had dementia or mental incapacity at all, which has been clearly documented in our sworn statements filed in the Supreme Court.

9. Cornerstone wishes to make clear that our attorneys wrote a letter dated December 5, 2022 in which we roundly rejected a request by Mrs Deborah Mordecai Edwards, the niece, for monies totaling US$20 million in relation to the transaction, which was valued at US$15 million. We proactively shared a copy of this letter with the Financial Investigations Division (FID), the Financial Services Commission, the Bank of Jamaica, and the Office of the Director of Public Prosecutions. By taking this step, we unmistakably signaled our desire for regulatory authorities to examine the allegations thoroughly, and that we have nothing to hide. In fact, we anticipate and welcome any reviews by the regulators into the matter, having brought it to their attention, so that this matter can be definitively put to rest.

10. To set the record straight, though the transaction was conducted and executed in accordance with good order, ethics and governance, our attorneys engaged with the niece's attorneys and advised that if there was buyer's remorse, we were prepared, in good faith, to consider reversing the transaction due to the deep respect that our Group has for Mrs Humphries-Lewin. The niece's response was to reject the return of Barita shares and to repeat the demand for a US$20 million cash payment, amounting to over 30% more than the US$15 million transaction value. This request was made against the backdrop of the threat of a fraud report to the FID at which point Cornerstone terminated any further engagement with the niece's attorneys and brought the matter to the attention of the authorities.

11. The Cornerstone Boards and the senior officers in question fully understand their fiduciary responsibilities. The Boards (including the Barita Board) wish to reaffirm that the officers are persons of sound character and integrity, and there is complete confidence placed in them executing their duties. Cornerstone confirms that the transaction was legitimately and validly undertaken, properly executed, and done to the highest standards of ethics and integrity.

12. Cornerstone has the utmost respect for Mrs Humphries-Lewin, who created the foundation for Barita Investments Limited's success that Cornerstone has built on. We want to clarify that the legal action is not directed at Mrs Humphries-Lewin but at those who, in making unfounded allegations in relation to the transaction, seek to use it to damage the organization that she and Cornerstone have worked so hard to build.

With the matter now before the courts, we are constrained from going into further details with respect to the matter. Nevertheless, we wish to highlight that our Boards have received legal advice from highly esteemed senior attorneys who have confirmed that our position is a strong one and therefore reasonably believe that the courts will vindicate our position.

Cornerstone and its two portfolio companies, Barita Investments Limited and Cornerstone Trust & Merchant Bank Limited, stand resolute and remain two of the strongest players in the financial sector. Our unwavering strength and resilience will enable us to continue to significantly contribute to the industry's stability and to the nation-building process. Rest assured that notwithstanding these and other unfounded allegations, claims, and attacks directed at the Group and its senior officers, Cornerstone will not be deterred from its mission and commitment to serving its customers and stakeholders with the highest levels of dedication and integrity.

By order of the Chairman
Cornerstone United Holdings Jamaica Limited
Barita Investments Limited