COMMERCIAL DIVISION
DEC 15 2023
SUPREME COURT

Filed on behalf of: The Claimants
Exhibit: PS-1
Affidavit No.: 1
Sworn by: Paul Simpson
Date Sworn: 15.12.2023
Date Filed: 15.12.2023

AFFIDAVIT OF PAUL SIMPSON IN SUPPORT OF FIXED DATE CLAIM FORM AND WITHOUT NOTICE APPLICATION FOR LEAVE TO CONVENE MEETING

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

IN THE COMMERCIAL DIVISION

CLAIM NO. 2023 SU CD 00602

IN THE MATTER of Cornerstone United Holdings Jamaica Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of Barita Financial Group Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of Cornerstone Trust & Merchant Bank Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of Barita Investments Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of composite Schemes of Arrangement under sections 206 to 208 of the Companies Act, 2004

I, **PAUL SIMPSON**, being duly sworn make oath and say as follows that:

1. For the purpose of this affidavit, my address is 17 St. Lucia Way, Kingston 5 in the parish of Saint Andrew. I am a director of each of the Claimants, Cornerstone United Holdings Jamaica Limited, Barita Financial Group Limited, Barita Investments Limited and Cornerstone Trust & Merchant Bank Limited (together referred to herein as the "Scheme Companies") and the Chief Executive Officer of the first mentioned company, and I am duly authorized by the Board of Directors of each of the Claimants to swear to this affidavit on their behalf.

2. The facts and matters contained in this affidavit, in so far as they are within my personal knowledge are true and in so far as they are not within my personal knowledge are true to the best of my information and belief. Where the facts have been sourced by me from documents and records or provided by other parties, I identify those sources.

3. I exhibit and mark **"PS-1"** for identification, an indexed bundle of the documents to which I refer in this affidavit.

THE PARTIES

4. I procured the incorporation of Cornerstone United Holdings Jamaica Limited ("CUHJL") under the laws of Jamaica on April 1, 2015 and Cornerstone Financial Holdings Limited ("CFHL"), an affiliate entity was incorporated under the laws of Saint Lucia on November 24, 2017 (as Cornerstone Investments Holdings Limited) and was continued to Barbados on February 26, 2020. Both CUHJL and CFHL are holding companies and both have the same directors. I will refer to both companies as the "Cornerstone Companies".

5. Both CUHJL and CFHL have the same shareholders, whose shareholdings in both companies are mirrored pursuant to the terms of a Shareholder Confirmation Agreement dated June 19, 2018 entered into by the Cornerstone Companies and their shareholders ("Mirror Principle") as at the date of said Agreement. A copy of the Shareholder Confirmation Agreement is included in **"PS-1"**. It was important for the shareholdings and shareholders of both Cornerstone Companies to be the same at all times, given the intention to eventually amalgamate both companies to facilitate consolidated supervision by the Bank of Jamaica ("BOJ"), as is contemplated by the Banking Services Act, 2014 of Jamaica ("BSA").

6. CFHL owns 75.1870% of Barita Investments Limited ("Barita") and CUHJL owns 100% of Cornerstone Trust & Merchant Bank Limited ("CTMB") as at the date hereof. Each Cornerstone Company owns a non-financial entity, both of which are domiciled in the United States and all of which together with, Barita Unit Trusts Management Company Limited ("BUTM"), a wholly-owned subsidiary of Barita and Barita Financial Group Limited ("BFGL") a subsidiary of CFHL, form the Cornerstone Group.

7. CTMB is a deposit taking institution that is licensed by the BOJ under the BSA while Barita and BUTM are securities dealers licensed by the Financial Services Commission ("FSC") under the Securities Act. I will refer to these companies as the "Regulated Companies".

FINANCIAL HOLDING COMPANY APPLICATION

8. I have been advised by my Attorneys-at-Law that pursuant to section 69 of the BSA a financial holding company shall be established under certain circumstances, including where two or more financial institutions operating in Jamaica are members of a financial group and one of them is a deposit taking institution and do verily believe that CTMB, Barita and BUTM are members of a financial group under the BSA and are required to be held under a financial holding company.

9. To comply with this requirement, the Cornerstone Companies are required to organize the affairs of the Cornerstone Group so as to include establishing a financial holding company to, amongst other things, facilitate consolidated supervision by the BOJ. CUHJL on February 4, 2022 submitted, on behalf of the financial holding company designate, an application and restructuring business case (the "FHC Application") to the BOJ for a financial holding company licence. As part of the FHC Application a plan proposing the restructuring of the Cornerstone Group was submitted for approval by the BOJ. The BOJ issued its non-objection to the restructuring of the Cornerstone Group in a letter dated March 10, 2023 ("BOJ Non-Objection Letter"). A copy of the BOJ Non-Objection Letter is included in "**PS-1**".

10. Accordingly, BFGL was incorporated in Jamaica on September 15, 2023 as a subsidiary of CFHL to be the financial holding company of the Cornerstone Group (subject to being issued a licence by the BOJ) as required under the BSA. As the financial holding company, upon the implementation of the Scheme, subject to the Court's approval, BFGL will become the parent company of the Regulated Companies.

PARTICULARS OF THE SCHEME COMPANIES

11. The particulars of the Scheme Companies are as follows:

    a. Cornerstone United Holdings Jamaica Limited – this company was incorporated on April 1, 2015 and currently has two wholly-owned subsidiaries in the form of Cornerstone Trust & Merchant Bank Limited ("CTMB") and Cornerstone United Holdings USA Inc. ("CUHU"). CTMB is a licensed deposit-taking institution regulated by the BOJ. By virtue of owning CTMB, CUHJL is also subject to the regulatory oversight of the BOJ.

CUHU is a company incorporated in the State of Florida in the United States for the purpose of holding all the Information Technology assets of the Cornerstone Group. At the close of business on September 30, 2023, (being the latest practical date prior to the date of the Schemes and remains unchanged as at the date hereof) the authorized and issued share capital of CUHJL were as follows:

Type	Authorised	Issued
Ordinary shares	Unlimited	81,733,794
Preference shares	Unlimited	17,320,000

b. Barita Financial Group Limited – This company was incorporated on September 15, 2023 as a wholly owned subsidiary of CFHL. It is the designated financial holding company and upon implementation of the Schemes will become the parent company of the Regulated Companies. At the close of business on September 15, _2023, (being the latest practical date prior to the date of the Schemes and remains unchanged as at the date hereof) the authorized and issued share capital of BFGL were as follows:

Type	Authorised	Issued
Ordinary shares	Unlimited	2
Preference shares	Unlimited	nil

c. Barita Investments Limited – This is a publicly listed company on the Jamaica Stock Exchange ("JSE") which is 75.1870% owned by CFHL as at the date hereof. It was founded by Rita Humphries-Lewin in 1977 and has the distinction of being one of the oldest stock brokerage companies in Jamaica. The company is licensed by the FSC as a Securities Dealer, is a member dealer of the JSE and is licensed as a Primary Dealer and Cambio Dealer by the BOJ. The majority of Barita's ordinary shares, that is approximately 75%, was acquired by CFHL from Rita Humphries-Lewin in August 2018. The company offers various products and services including unit trust products through its wholly owned subsidiary, Barita Unit Trusts Management Company Limited, which is a licensed securities dealer as well. At the close of business on September 30, 2023, (being the latest practical date prior to the date of the Schemes and remains unchanged as at the date hereof) the authorized and issued share capital of Barita were as follows:

Type	Authorised	Issued
Ordinary shares	14,000,000,000	1,220,388,243
Preference shares	1,000,000,000	100,000,000

d. Cornerstone Trust & Merchant Bank Limited – This company was incorporated in 1969 as Solnar Limited with its activities geared towards providing deposit taking, lending and leasing activities to clients of a leading law firm in Jamaica. In 1992 the shareholders decided to position the company as a full-fledged merchant bank to take advantage of an expanding financial services market. MF&G Trust & Finance became the new name, highlighting strong and enviable ties with its parent law firm. This allowed the company to emerge as a separate entity with its own reputation in the financial services marketplace. The company's assets, which were then less than J$200 million, have increased in the intervening period, confirming the wisdom of this decision and increasing client confidence in the company. At the close of business on September 30, 2023, (being the latest practical date prior to the date of the Scheme and remains unchanged as at the date hereof), the authorised and issued share capital of CTMB were as follows:

Type	Authorised	Issued
Ordinary shares	20,000,000	18,000,000
Preference shares	126,100,000	29,100,000

THE SCHEMES OF ARRANGEMENT

12. Consequently, the Cornerstone Companies have proposed to restructure/reorganise the Cornerstone Group by way of a court-sanctioned composite schemes of arrangement (the "Schemes of Arrangement") under section 206 of the Companies Act, 2004 of Jamaica.

13. The restructuring that is to be implemented under the Schemes of Arrangement will involve the amalgamation of CFHL and CUHJL with CFHL being the surviving entity pursuant to a Scheme Implementation Deed. It will also result in the newly incorporated BFGL becoming the parent company of the Regulated Companies and the financial holding company (subject to being issued a licence by the BOJ) with its shares being held by CFHL, making CFHL its parent company.

14. Further details regarding the current structure, the proposed structure and implementation process of the Schemes of Arrangement are included in the Schemes of Arrangement and Explanatory Statement included in **"PS-1"**.

15. The proposed restructuring has been done in a fair and reasonable manner so as to ensure that it does not cause prejudice to the respective Claimants and their members in that:

   a. CUHJL – On the amalgamation of the Cornerstone Companies, CFHL will be the surviving entity and the ultimate holding company of the Cornerstone Group, with the ordinary shares held by members of CUHJL being cancelled and extinguished. By virtue of the Mirror Principle the shareholders of CFHL, whose shareholdings are the same as CUHJL's will retain their exact shareholding in CFHL, which would have assumed the business of CUHJL. Any existing legal proceedings by or against CUHJL will not be affected and will be continued, prosecuted and enforced against CFHL as if such proceedings were brought by or against CFHL to the intent that CFHL shall in all respect stand in the place of CUHJL as plaintiff/claimant, defendant, appellant, respondent, intervener or relevant other party. Further, any existing legal proceedings by or against CFHL will not be affected by its assumption of CUHJL's business.
   b. Barita – Upon implementation of the Schemes the minority shareholders of Barita will continue to hold their interest in Barita and will therefore not be affected by the Schemes. CFHL, who prior to the implementation of the Schemes was the majority shareholder of Barita, will pass its shareholding in Barita to BFGL, the proposed FHC, in exchange for ordinary shares in BFGL.
   c. CTMB – Upon implementation of the Schemes CFHL, the new holder of the ordinary shares in CTMB, consequent on the amalgamation, will pass its shareholding in CTMB to BFGL, the proposed FHC, in exchange for ordinary shares in BFGL.

16. I have further been advised by my Attorneys-at-Law and do verily believe that if the orders sought in the Fixed Date Claim Form are not granted, the Cornerstone Group will not be able to properly restructure its affairs to facilitate the operation of the Regulated Companies under a financial holding company, and will therefore not be able to comply with the BSA.

17. If the Cornerstone Group is not allowed to operate as a financial holding company, CTMB will be deemed to be operating in contravention of the BSA and may be subject to sanctions by the BOJ. This will also have a negative impact on the operation of the other Regulated Companies, and the

Cornerstone Group by extension, with the likely result of the shareholders suffering economic disadvantages.

18. In the circumstances, the Claimants respectfully request that this Honourable Court grant the orders sought in the Fixed Date Claim Form in support of which I make this affidavit.

Sworn to by the said)
PAUL SIMPSON)
)
At 60 Knutsford Blvd, Kingston 5)
ST. Andrew)
On the 15 day of December 2023)
Before me: Tratisca Graham

JUSTICE OF THE PEACE
FOR THE PARISH OF: ST. Andrew

PAUL SIMPSON

FILED by BRAHAM LEGAL, of Suites 1 and 2, 32 Lady Musgrave Road, Kingston 5, in the parish of Saint Andrew, Attorneys-at-Law for the Applicants whose address for service is that of their said Attorneys-at-Law (Attention: Mr Ransford Braham, Attorney No. 2584. Telephone: 876 927-9061. Email: ransford.braham@braham.legal.

EXHIBIT PS-1

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

IN THE COMMERCIAL DIVISION

CLAIM NO. 2023 SU CD

IN THE MATTER of Cornerstone United Holdings Jamaica Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of Barita Financial Group Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of Cornerstone Trust & Merchant Bank Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of Barita Investments Limited and the Holders of its Ordinary Shares

A N D

IN THE MATTER of composite Schemes of Arrangement under sections 206 to 208 of the Companies Act, 2004

The following documents are included and referred to in the Affidavit of Paul Simpson sworn to on xx day of December 2023:

Documents	TAB
1. Existing structure of the Cornerstone Group	A
2. Proposed structure after implementation	B

	of the Schemes	
3.	Schemes of Arrangement	C
4.	Explanatory Statement	D
5.	Shareholder Confirmation Agreement	E
6.	Bank of Jamaica's Non-objection	F

DATED THE 15 DAY OF DECEMBER 2023

Tratisca Graham
JUSTICE OF THE PEACE
ST Andrew

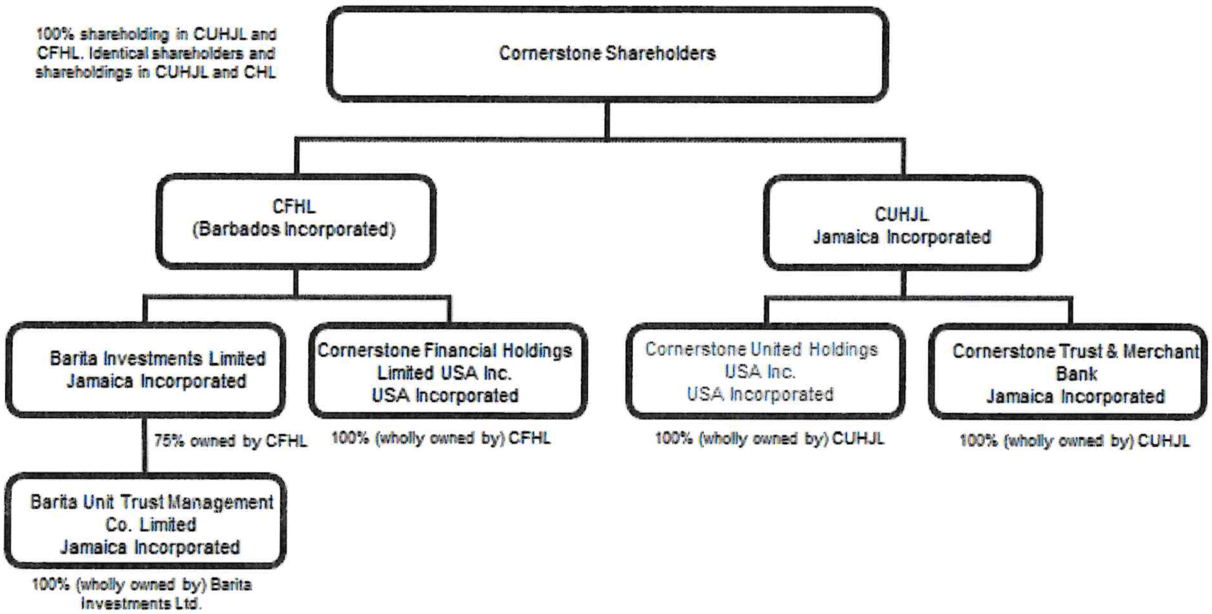
PAUL SIMPSON

FILED by BRAHAM LEGAL, of Suites 1 and 2, 32 Lady Musgrave Road, Kingston 5, in the parish of Saint Andrew, Attorneys-at-Law for the Applicants whose address for service is that of their said Attorneys-at-Law (Attention: Mr Ransford Braham, Attorney No. 2584. Telephone: 876 927-9061. Email: ransford.braham@braham.legal.

A

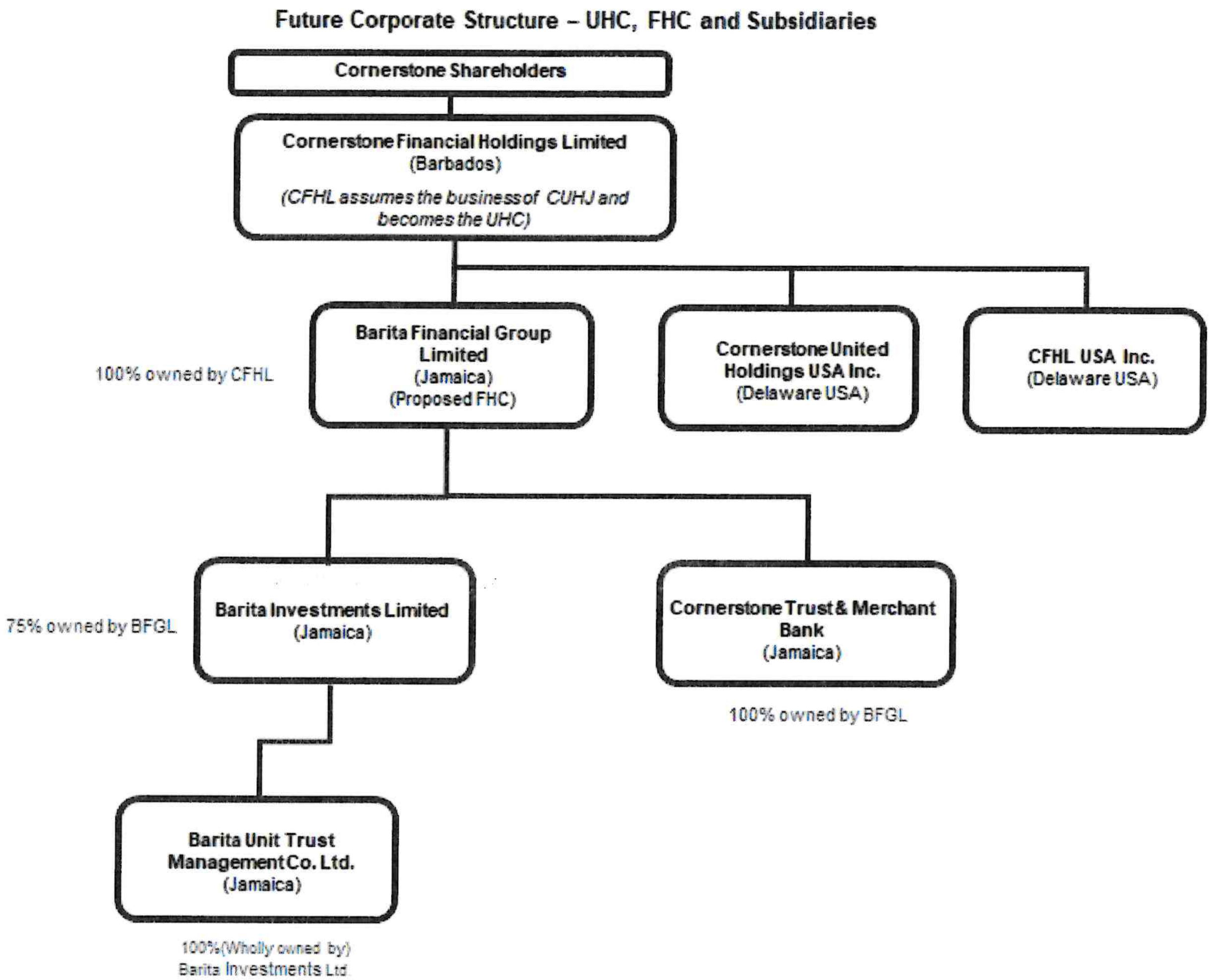
EXISTING STRUCTURE OF THE CORNERSTONE GROUP

Current Corporate Structure – UHC, FHC and Subsidiaries



B

PROPOSED STRUCTURE AFTER IMPLEMENTATION OF THE SCHEMES



C

SCHEMES OF ARRANGEMENT

1. THE SCHEMES OF ARRANGEMENT

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA
IN THE COMMERCIAL DIVISION

CLAIM NO.

IN THE MATTER of (i) Cornerstone United Holdings Jamaica Limited (ii) Cornerstone Trust & Merchant Bank Limited; (iii) Barita Investments Limited; and (iv) Barita Financial Group Limited

AND IN THE MATTER of the Companies Act, 2004

SCHEMES OF ARRANGEMENT UNDER SECTIONS 206-208 OF THE COMPANIES ACT, 2004

AMONG

(1) CORNERSTONE UNITED HOLDINGS JAMAICA LIMITED AND THE HOLDERS OF ITS ORDINARY SHARES;

(2) BARITA FINANCIAL GROUP LIMITED AND THE HOLDERS OF ITS ORDINARY SHARES;

(3) BARITA INVESTMENTS LIMITED AND THE HOLDERS OF ITS ORDINARY SHARES; AND

(4) CORNERSTONE TRUST & MERCHANT BANK LIMITED AND THE HOLDERS OF ITS ORDINARY SHARES

1.1. Interpretation

1.1.1. In these Schemes, unless inconsistent with the subject or context, the following expressions shall respectively bear the following meanings:

"Affiliates"	any company that directly or indirectly, controls, is controlled by or is under common control with Cornerstone Financial Holdings Limited and for this purpose "controls" (including the terms "controlled by" and "under common control with") means possession, direct or indirect, of the power to vote 50% or more of the voting stock of such company or companies or to direct or cause the direction of the management and policies of such company;
"Amalgamation of CUHJL"	means the transfer of the whole of CUHJL's business (i.e. its assets and liabilities) to CFHL and the assumption by CFHL of said business with CFHL thereafter being the surviving entity;
"Amalgamating Undertaking"	means the entire business of CUHJL as a going concern and includes all properties, assets, licences, rights, benefits, incentives (including application therefor), exemptions, subsidies, concessions, refunds and powers of CUHJL;
"Barita"	means Barita Investments Limited, a securities dealer licensed under the Securities Act;
"Barita Articles"	means the articles of incorporation for the time being of Barita;
"Barita Cancelled Shares"	means the 917,573,142 ordinary stock units in the capital of Barita held by CFHL as at the date hereof or such other number of the Existing Barita Ordinary Shares held by CFHL to be cancelled and extinguished pursuant to the Barita Scheme;
"Barita's Register of Members	means the register of members of Barita required to be maintained pursuant to the Companies Act;
"Barita Scheme"	means the proposed scheme of arrangement between Barita and its shareholders with or subject to such modification, or addition or condition approved or imposed by the court and agreed to by the affected Scheme Company;
"Barita Shareholders"	means the persons registered as the holders of Existing Barita Ordinary Shares whose names appear in the register of members immediately prior to the Effective Date;

"BFGL"	means Barita Financial Group Limited, which if the Schemes are sanctioned, will become the new financial holding company for the Regulated Companies, subject to BOJ approval;
"BFGL Scheme"	means the proposed scheme of arrangement between BFGL and its shareholders with or subject to such modification, or addition or condition approved or imposed by the court and agreed to by the affected Scheme Company;
"BOJ"	means the Bank of Jamaica;
"BSA"	means the Banking Services Act, 2014;
"CFHL"	means Cornerstone Financial Holdings Limited;
"Circular"	means this document;
"Companies Act"	means the Companies Act of Jamaica, 2004;
"Company Registrar"	means JCSD Trustee Services Limited or other registrar of Barita for the time being;
"Cornerstone Companies"	means Cornerstone United Holdings Jamaica Limited and Cornerstone Financial Holdings Limited;
"Court"	means the Supreme Court of Judicature of Jamaica;
"Court Sanctioned Meeting"	means meeting(s) of the members of a Scheme Company or the holders of any class of Scheme Shares issued by a Scheme Company convened by a direction of the Court made pursuant to section 206 of the Companies Act, 2004 to consider and, if thought fit, approve the Scheme relative to a Scheme Company, as the case may be, including any adjournment of such meeting(s);
"CTMB"	means Cornerstone Trust & Merchant Bank Limited, a merchant bank established and existing under the BSA;
"CTMB Articles"	means the articles of incorporation for the time being of CTMB;

"CTMB Cancelled Shares"	means the 18,000,000 ordinary share units in the capital of CTMB that will be held by CFHL (after implementation of the Amalgamation of CUHJL) to be cancelled and extinguished pursuant to the CTMB Scheme;
"CTMB's Register of Members"	means the register of members of CTMB required to be maintained pursuant to the Companies Act;
"CTMB Scheme"	means the proposed scheme of arrangement between CTMB and its shareholders with or subject to such modification, or addition or condition approved or imposed by the Court and agreed to by the affected Scheme Company;
"CUHJL"	means Cornerstone United Holdings Jamaica Limited;
"CUHJL's Articles"	means the articles of incorporation for the time being of CUHJL;
"CUHJL Cancelled Shares"	means the 81,733,793 ordinary share units in the capital of CUHJL held by the CUHJL shareholders as at the date hereof to be cancelled and extinguished pursuant to the CUHJL Scheme;
"CUHJL's Register of Members"	means the register of members of CUHJL required to be maintained pursuant to the Companies Act;
"CUHJL Scheme"	means the proposed scheme of arrangement between CUHJL and its shareholders with or subject to such modification, or addition or condition approved or imposed by the Court and agreed to by the affected Scheme Company;
"CUHJL Shareholders"	means the persons registered as the holders of Existing CUHJL Ordinary Shares whose names appear in the register of members immediately prior to the Effective Date;
"Effective Date"	means the date on which the Schemes becomes effective in accordance with its terms;

"Eligible Person"	means each person registered as the holder of Existing Barita Ordinary Shares in its register of shareholders immediately prior to the Effective Date;
"Encumbrance"	means any mortgage, charge, pledge, lien or other security interest, or any other type of preferential arrangement to secure any obligation, any retention of title, easement, or right of way over real property, or any other encumbrance over property or any agreement to create any of the foregoing;
"Existing Barita Ordinary Shares"	means the existing ordinary shares in the capital of Barita Investments Limited;
"Existing BFGL Ordinary Shares"	means the existing ordinary shares in the capital of Barita Financial Group Limited;
"Existing CTMB Ordinary Shares"	means the existing ordinary shares in the capital of Cornerstone Trust & Merchant Bank Limited;
"Existing CUHJL Ordinary Shares"	means the existing ordinary shares in the capital of Cornerstone United Holdings Jamaica Limited;
"FHC"	means Barita Financial Group Limited, a company incorporated under the laws of Jamaica, being the proposed financial holding company (as contemplated by the BSA) of the Regulated Companies;
"FSC"	means the Financial Services Commission;
"JCSD Depository"	means the securities depository operated and maintained by the Jamaica Central Securities Depository Limited;
"JMD" or "J$"	means the lawful currency of Jamaica;
"JSE"	means the Jamaica Stock Exchange;
"Liabilities"	means all the obligations of CUHJL including the obligations more specifically set out in sub-section 1.4.1;
"Mirror Principle"	means the arrangement, pursuant to the Shareholder Confirmation Agreement dated June 19, 2018 entered into between and among the Cornerstone Companies and their

	shareholders, by which it was agreed that the shareholding and share structure of CFHL would at all times correspond exactly to the shareholding and share structure of CUHJL;
"New Barita Ordinary Shares"	means the fully paid-up ordinary shares in the capital of Barita proposed to be allotted and issued to BFGL as a result of the Barita Scheme;
"New BFGL Ordinary Shares"	means the fully paid-up ordinary shares in the capital of BFGL proposed to be allotted and issued to CFHL as a result of the BFGL Scheme;
"New CTMB Ordinary Shares"	means the fully paid-up ordinary shares in the capital of CTMB proposed to be allotted and issued to BFGL as a result of the CTMB Scheme;
"Order Date"	means the date on which the Order to summon a meeting of a Scheme Company is made or, if later, the date on which the Order is expressed to take effect;
"Pledged Shares"	means Existing Barita Ordinary Shares which have been pledged by CFHL in favour of a Secured Party;
"Proxy Form"	means the forms of proxy for use by shareholders in relation to the Court Sanctioned Meetings;
"Reduction of Capital"	means the process by which the share capital of a Scheme Company is cancelled or reduced;
"Registrar"	means the Registrar of Companies of Jamaica;
"Regulated Companies"	means Barita Investments Limited, Barita Unit Trusts Management Company Limited, Cornerstone Trust & Merchant Bank Limited and Barita Financial Group Limited (subject to being issued a licence by the BOJ);
"Restricted Jurisdiction"	means countries outside of Jamaica in which it would not be lawful for CUHJL or Barita to send the Scheme Booklet and other Scheme Documents without complying with other legal requirements of such jurisdiction;

"Schemes"	means the proposed composite schemes of arrangement pursuant to sections 206-207 of the Companies Act in its present form with any modifications thereof or addition thereto or condition approved or imposed by the Court and agreed to by the Scheme Companies;
"Scheme Companies"	means the following Subsidiaries or Affiliates of CUHJL, including CUHJL, namely: Cornerstone Trust & Merchant Bank Limited Barita Investments Limited Barita Financial Group Limited and **"Scheme Company"** means any one of them;
"Scheme Documents"	means this document setting out the composite Schemes, the Explanatory Statement, Notices of the Court Sanctioned Meetings, forms of Proxy and any other document which is required to be circulated to members of a Scheme Company;
"Scheme Implementation Deed"	means the scheme implementation deed between CFHL and the Scheme Companies relating to the implementation of the Schemes;
"Scheme Record Time"	means 6:00 p.m. on the Business Day before the Effective Date;
"Scheme Shares"	means as respect any Scheme Company the shares issued by such Scheme Company which are to be cancelled or otherwise affected by the Schemes;
"Scheme Shareholders"	means holders of Scheme Shares whose names appear in the register of members of a Scheme Company at the Scheme Record Time;
"Secured Parties"	means any third party in whose favour CFHL has pledged any of its Existing Barita Ordinary Shares in respect of an obligation owed to that secured party or for any other reason;
"Subsidiary"	means with reference to a company, has the meaning ascribed thereto in section 151 of the Companies Act, 2004;

"Tax Liabilities" means all present and future taxes, levies, imposts, duties, fees or withholdings of whatsoever nature and wherever levied, charged or assessed including income tax, property tax, general consumption tax, transfer tax, stamp duty, custom duty, withholding tax, employee payroll taxes, (including National Housing Trust contribution, education tax, national insurance contribution, HEART contributions) motor vehicle registration fees and all other forms of taxes, registration fees or other imposts imposed by Governmental authority in Jamaica or elsewhere and all interest, penalties, fines, surcharges payable in connection- with, or in respect of, any of the foregoing.

1.1.2. In this composite Schemes, unless the context otherwise requires, references to one gender shall include the other gender and the singular shall include the plural and vice versa;

1.1.3. Headings and bold type font are for convenience only and shall be ignored in the interpretation of this document;

1.1.4. References to the word "include" or "including" shall be construed without limitation;

1.1.5. The terms "herein", "hereof", "hereby", "hereto" or other cognate expression shall be deemed to refer to this entire Scheme document or a specified clause in this Scheme document, as the context may require;

1.1.6. References to "the Articles of Incorporation" of a company shall include the Articles of Association and Memorandum of Association of such Company if it has not adopted Articles of Incorporation following the Companies Act 2004 coming into effect and references to "the Articles of Association" and "Memorandum of Association" of a Company shall include the Articles of Incorporation of such company if it has adopted Articles of Incorporation following the Companies Act, 2004 coming into effect;

1.1.7. A reference to a document (including this Scheme) includes all amendments, supplements to, or replacements or novations of, that document;

1.1.8. A term defined in, or for the purposes of the Companies Act, 2004 shall have the same meaning when used in the Schemes;

1.1.9. A reference to any time is, unless otherwise indicated, a reference to such time of the day in Jamaica;

1.1.10. A reference to a party to a document includes that party's successors and assigns;

1.1.11. When the day on or by which any act or thing is to be done is not a Business Day that act or thing shall be done on or by the next Business Day.

1.2. Introduction

1.2.1. CUHJL, BFGL, Barita and CTMB have each agreed to appear by Counsel at applicable Court hearings to consent to the composite Schemes relative to it or as the Schemes may affect it and to undertake to the Court to be bound by the terms of the Schemes relative to it or as the Schemes may affect it and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by any of them or on their behalf for the purpose of giving effect to the Schemes.

1.2.2. The Board of Directors of each of the Scheme Companies has, by resolution duly passed, authorized each such Company to undertake the Schemes of Arrangement set forth herein.

1.3. Particulars of Scheme Companies/ Preliminary Statements

1.3.1. <u>CUHJL Particulars</u>

1.3.1.1. CUHJL is a company incorporated under the laws of Jamaica. At the close of business on September 30, 2023, (being the latest practical date prior to the date of the Schemes and remains unchanged as at the date hereof), the authorised and issued share capital of CUHJL were as follows:

Type	Authorised	Issued
Ordinary shares	Unlimited	81,733,794
Preference shares	Unlimited	5,720,000

In respect of the above table, CUHJL has issued Five Million Seven Hundred and Twenty Thousand (5,720,000) non-cumulative preference shares that are not redeemable. These non-cumulative non-redeemable preference shares are unaffected by the Schemes.

1.3.1.2. The profits of CUHJL available for dividend and determined to be distributed in respect of any year or other financial period are applicable in paying dividend for such year or period to the holders of the Existing CUHJL Ordinary Shares from time to time, subject to prior payment of dividends payable in respect of the cumulative non-redeemable preference shares described above.

1.3.1.3. In the event of CUHJL being wound up, the surplus assets available for distribution among the members belong and are distributable to the holders of the Existing CUHJL Ordinary Shares from time to time, subject to the rights of the holders of the non-cumulative, non-redeemable preference shares described above.

1.3.1.4. The Existing CUHJL Ordinary Shares confer the following voting rights on the holders thereof, namely:

(a) On a show of hands every holder thereof present in person or by proxy shall have one vote;
and

(b) On a poll every holder thereof present in person or by proxy shall have one vote
for each Existing CUHJL Ordinary Share of which he is the holder.

1.3.1.5. CUHJL is a privately-held company, and as at the last practical date prior to the date of this Schemes of Arrangement document, the top ten (10) largest shareholders as reflected in the CUHJL Register of Members are set out in the table below and these shareholders together own 90.77% of the Scheme Shares in CUHJL. The remaining 9.23% of the company's ordinary shares are held by five (5) members.

Shareholders	**Number of Existing CUHJL Ordinary Shares Held**	**Percentage Shareholding**
Productive Active Solutions Limited	34,478,362	42.18%

Arnold Aiken	7,255,130	8.88%
Nigel Chen See	7,134,628	8.73%
Phillip Lee	6,752,344	8.26%
Mark Myers	4,628,080	5.66%
Hugh Coore	3,842,109	4.70%
Duncan Stewart	2,742,405	3.36%
Jacqueline Stewart Lechler	2,742,405	3.36%
James Godfrey	2,341,969	2.87%
Sagicor Investments Jamaica Limited	2,265,520	2.77%
	74,182,952	**90.77**

1.3.2. Barita Particulars

1.3.2.1. Barita is a publicly listed company incorporated under the laws of Jamaica and licensed as a securities dealer under the Securities Act. At the close of business on September 30, 2023, (being the latest practical date prior to the date of the Schemes and remains unchanged as at the date hereof), the authorised and issued share capital of Barita were as follows:

Type	Authorised	Issued
Ordinary shares	14,000,000,000	1,220,388,243
Preference shares	1,000,000,000	100,000,000 (non-redeemable)

In respect of the above table, Barita has One Billion, Two Hundred and Twenty Million, Three Hundred and Eighty-Eight Thousand Two Hundred and Forty-Three (1,220,388,243) issued and fully paid ordinary shares and One Billion (1,000,000,000) authorized preference share capital from which the 4% non-redeemable preference shares have been issued. These non-redeemable preference shares are unaffected by these Schemes.

Of the 1,220,388,243 issued and fully paid ordinary shares 14,257,727 are held by the Cornerstone Group Employee Share Trust.

1.3.2.2. The profits of Barita available for dividends and determined to be distributed in respect of any year or other financial period are applicable in paying dividends for such year or period to the holders of the Existing Barita Ordinary Shares from time to time, subject to prior payment of dividends payable in respect of the Non-Redeemable Preference Shares described above.

1.3.2.3. In the event of Barita being wound up, the surplus assets available for distribution among the members belong and are distributable to the holders of the Existing Barita Ordinary Shares from time to time, subject to the rights of the holders of the non- redeemable preference shares described above.

1.3.2.4. The Existing Barita Ordinary Shares confer the following voting rights on the holders thereof, namely:

(a) On a show of hands every holder thereof present in person or by proxy shall have one vote;
and

(b) On a poll every holder thereof present in person or by proxy shall have one vote
for each Existing Barita Ordinary Share of which he is the holder.

1.3.2.5. Barita is a publicly listed company, whose ordinary shares are listed on the JSE. At the close of business on December 12, 2023 (the last practical date prior to the date of this Schemes of Arrangement document), the top ten (10) largest shareholders as reflected in the Barita Register of Members are set out in the following table below and these shareholders together own 90.8413% of the Existing Barita Ordinary Shares. The remaining 9.1587% of the company's ordinary shares are held by members of the public.

Shareholders	**Number of Existing Barita Ordinary Shares Held**	**Percentage Shareholding**
Cornerstone Financial Holdings Limited	917,573,142	75.1870%
First Citizens Investments Services Limited	90,795,154	7.4399%

Rita Humphries-Lewin	26,319,240	2.1566%
Credit Union Fund Management Company Limited	17,127,519	1.4034%
Cornerstone Group Employee Share Trust	14,257,727	1.1683%
Tweedside Holdings Limited	14,073,348	1.1532%
National Insurance Fund	8,191,553	0.6712%
Trevor Heaven Holdings Limited	7,787,075	0.6381%
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	6,274,458	0.5141%
Karl P. Wright	6,217,218	0.5094%
	1,108,616,434	**90.8413**

1.3.2.6. The non-redeemable preference shares of Barita are held privately.

1.3.3. <u>CTMB Particulars</u>

1.3.3.1. CTMB is a private company incorporated under the laws of Jamaica and licensed as a merchant bank under the Banking Services Act, 2014. At the close of business on September 30, 2023, (being the latest practical date prior to the date of the Schemes and remains unchanged as at the date hereof), the authorised and issued share capital of CTMB were as follows:

Type	Authorised	Issued
Ordinary shares	20,000,000	18,000,000
Preference shares	126,100,000	29,100,000

In respect of the above table, CTMB has Eighteen Million (18,000,000) issued and fully paid ordinary shares and One Hundred and Twenty-Six Million One Hundred Thousand (126,100,000) preference share capital from which Twenty-Five Million (25,000,000) preference shares, Two Million Five Hundred Thousand (2,500,000) 5% denominated non-cumulative preference shares and One Million Six Hundred Thousand (1,600,000) 20% USD denominated non-cumulative preference shares have been issued. These preference shares are unaffected by this Schemes.

1.3.3.2. The profits of CTMB available for dividends and determined to be distributed in respect of any year or other financial period are applicable in paying dividends for such year or period to the holders of the Existing CTMB Ordinary Shares from time to time, subject to prior payment of dividends payable in respect of the preference shares described above.

1.3.3.3. In the event of CTMB being wound up, the surplus assets available for distribution among the members belong and are distributable to the holders of the Existing CTMB Ordinary Shares from time to time, subject to the rights of the holders of the preference shares described above.

1.3.3.4. The Existing CTMB Ordinary Shares confer the following voting rights on the holders thereof, namely:

(a) On a show of hands every holder thereof present in person or by proxy shall have one vote;
and

(b) On a poll every holder thereof present in person or by proxy shall have one vote for each Existing CTMB Ordinary Share of which he is the holder.

1.3.3.5. CTMB is a privately-held company, and as at the last practical date prior to the date of this Schemes of Arrangement document, its sole shareholder is CUHJL.

1.3.3.6. The preference shares of CTMB are held privately.

1.3.4. <u>BFGL Particulars</u>

1.3.4.1. BFGL is a private company incorporated under the laws of Jamaica. At the close of business on September 15, 2023, (being the latest practical date prior to the date of the Schemes and remains unchanged as at the date hereof), the authorised and issued share capital of BFGL were as follows:

Type	Authorised	Issued
Ordinary shares	Unlimited	2
Preference shares	Unlimited	Nil

In respect of the above table, BFGL has Two (2) issued and fully paid ordinary shares.

1.3.4.2. The profits of BFGL available for dividends and determined to be distributed in respect of any year or other financial period are applicable in paying dividends for such year or period to the holders of the Existing BFGL Ordinary Shares from time to time.

1.3.4.3. In the event of BFGL being wound up, the surplus assets available for distribution among the members belong and are distributable to the holders of the Existing BFGL Ordinary Shares from time to time.

1.3.4.4. The Existing BFGL Ordinary Shares confer the following voting rights on the holders thereof, namely:

(a) On a show of hands every holder thereof present in person or by proxy shall have one vote;

And

(b) On a poll every holder thereof present in person or by proxy shall have one vote

for each Existing BFGL Ordinary Share of which he is the holder.

1.3.4.5. BFGL is a privately-held company, and as at the last practical date being September 15, 2023, prior to the date of this Schemes of Arrangement document, its sole shareholder is CFHL and this remains unchanged.

1.4. Composite Schemes

1.4.1. <u>CUHJL Scheme</u>

1.4.1.1. The share capital of CUHJL shall be reduced by cancelling and extinguishing all the Existing CUHJL Ordinary Shares save one (1) held by Paul Simpson, that is Eighty One Million Seven Hundred and Thirty-Three Thousand Seven Hundred and Ninety-Three (81,733,793) Existing CUHJL Ordinary Shares ("CUHJL Cancelled Shares").

1.4.1.2. Following the cancellation of the Eighty One Million Seven Hundred and Thirty-Three Thousand Seven Hundred and Ninety Three (81,733,793) of the Existing CUHJL Ordinary Shares referred to at sub-paragraph 1.4.1.1 above taking effect, and notwithstanding anything to the contrary in the CUHJL Articles, an amount equal to the nominal value of the CUHJL Cancelled Shares shall be deducted from the share capital account of CUHJL and credited to the capital reserve account of CUHJL.

1.4.1.3. Subject to the Reduction of Capital referred to in sub-paragraphs 1.4.1.1 and 1.4.1.2 above having taken effect, all the assets and liabilities of CUHJL shall be vested in CFHL and CFHL will assume said assets and liabilities, including the capital reserves.

1.4.1.4. Forthwith and contingently upon cancellation of the Eighty One Million Seven Hundred and Thirty-Three Thousand Seven Hundred and Ninety Three (81,733,793) of the aforesaid Scheme Shares and the capital reserve account of CUHJL being credited as stated in sub-paragraph 1.4.1.2 above, all the Amalgamating Undertaking shall, as a going concern in accordance with the General Consumption Tax Act and Regulation 18 of the General Consumption Tax Regulations, be transferred to, and be vested in CFHL, without any further act, instrument or deed, so as to become, as from the Effective Date, the undertaking of CFHL and in consideration of such transfer and vesting of all the liabilities and reserves of CUHJL shall be transferred to, and assumed by, CFHL and become liabilities and reserves of CFHL.

1.4.1.5. Forthwith and contingently upon completion of the matters required to be done in sub-paragraphs 1.4.1.1, 1.4.1.2, 1.4.1.3 and 1.4.1.4 above, CUHJL shall be automatically dissolved and struck off the Register of Companies without winding-up pursuant to section 208 of the Companies Act, 2004.

1.4.1.6. Consequent on the cancellation of ordinary shares in CUHJL and vesting of the Amalgamation Undertakings in CFHL, the shareholders of CUHJL will suffer no diminution in value by virtue of the Mirror Principle.

1.4.1.7. With effect from the Effective Date:

1.4.1.7.1. each existing share certificate representing a holding of ordinary share unit in CUHJL shall cease to be valid in respect of such holding and CUHJL Shareholders shall be bound, at the request of CUHJL, to deliver up their share certificates to CUHJL for cancellation or destruction of such share certificates;

1.4.1.7.2. In respect of CUHJL ordinary share units held by the CUHJL Shareholders the Secretary shall cancel the CUHJL Shareholders' entitlement to such CUHJL ordinary share units in the company's Register of Members;

1.4.1.7.3. As regards CUHJL ordinary shares referred to in sub-paragraph 1.4.1.7.2 above the Secretary of CUHJL shall be and is hereby authorized to make or arrange to be made, the necessary entries in CUHJL's Register of Members to cancel the Eighty One Million Seven Hundred and Thirty-Three Thousand Seven Hundred and Ninety Three (81,733,793) Existing CUHJL Ordinary Shares.

Consideration for the Transfer of the Amalgamating Undertaking

1.4.1.8. The sole consideration for the vesting of the Amalgamating Undertaking in CFHL referred to in sub-paragraphs 1.4.1.3 and 1.4.1.4 shall be the transfer to, or assumption by, CFHL of the Liabilities.

1.4.1.9. The Liabilities shall be transferred to, and assumed by, CFHL simultaneously upon vesting of the Amalgamating Undertaking as part and parcel of the Amalgamating Undertaking and shall include all liabilities (i) whether or not provided for in the books of CUHJL; (ii) whether known or unknown as at the Effective Date; (iii) whether actually incurred or contingent as at the Effective Date and shall include without limitation:

1.4.1.9.1. liabilities under loans and other banking and credit facilities of any kind and liabilities under finance or capital lease;

1.4.1.9.2. Tax Liabilities (whether due or deferred and penalties, interest and other sums payable thereon or in connection therewith);

1.4.1.9.3. liabilities for fines or penalties payable under any law;

1.4.1.9.4. liabilities to employees for salaries, wages, bonuses, termination payments, redundancy payments, pay in lieu of holiday, notice pay, overtime pay, expense reimbursement, medical or health benefit, pension contributions and the like;

1.4.1.9.5. damages, compensation, judgment debts, arbitration awards, legal costs and expenses;

1.4.1.9.6. all other debts, liabilities and obligations of CUHJL.

1.4.1.10. It shall not be necessary to obtain the consent of any creditor or third party or other person who is a party to any contract or arrangement by virtue of which any Liability has arisen in order to give effect to this provision.

Encumbrances

1.4.1.11. All Encumbrances (if any) existing prior to the Effective Date on any of the property comprised in the Amalgamating Undertaking which secure any Liability or protect the interest of any party or is registered upon any public register (including but not limited to the Register of Titles, the Island Record Office, the Security Interests in Personal Property Register and the register of charges maintained by Registrar of Companies under section 93 of the Companies Act) and the motor vehicle register shall continue to relate and attach to any property (real or personal) to which the Encumbrance related or attached to prior to the Effective Date and shall continue to relate and attach to such property in the hands of CFHL. The absence of any formal amendment which may be required by any lender, trustee or other third party shall not affect the operation of this provision.

Legal Proceedings

1.4.1.12. All proceedings of whatsoever nature (whether legal or otherwise, including any suits, appeals, arbitrations, execution proceedings, claims or petitions) by or against CUHJL shall not abate or be discontinued or be in any way prejudicially affected by reason of the transfer of the Amalgamating Undertaking or anything else contained in this Schemes but the said proceedings shall on or after the Effective Date be continued, prosecuted and enforced by or against CFHL as if such proceedings were brought by or against CFHL to the intent that CFHL shall in all respect stand in the place of CUHJL as plaintiff/claimant, defendant, appellant, respondent, intervener or relevant other party.

1.4.1.13. All proceedings before any statutory or quasi-judicial authority or tribunal by or against CUHJL whether pending or arising before the Effective Date shall be continued and/or enforced by or against CFHL as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against CFHL.

1.4.2. Barita Scheme

1.4.2.1. Forthwith and contingently upon the vesting of CUHJL's assets and liabilities in CFHL referred to at sub-paragraphs 1.4.1.2, 1.4.1.3 and 1.4.1.4 above Nine Hundred and Seventeen Million Five Hundred and Seventy-Three Thousand One Hundred and Forty Two (917,573,142) of the Existing Barita Ordinary Shares held by CFHL or such other number of the Existing Barita Ordinary Shares held by CFHL shall be cancelled ("Barita Cancelled Shares").

1.4.2.2. Forthwith and contingently upon the cancellation of the Barita Cancelled Shares referred to at sub-paragraph 1.4.2.1 above taking effect, and notwithstanding anything to the contrary in the Barita Articles, an amount equal to the nominal amount of the Barita Cancelled Shares shall be deducted from the share capital account of Barita and credited to the capital reserve account of Barita and such capital reserve shall be capitalized and applied in paying up in full such number of new ordinary shares as shall be equal to the number of Barita Cancelled Shares (the "New Barita Ordinary Shares"), which new shares shall be allotted and issued (free from all Encumbrances) and credited as fully paid to BFGL in substitution for the Barita Cancelled Shares.

1.4.2.3. The New Barita Ordinary Shares shall be issued in the manner set out at sub-paragraph 1.5 hereof credited as fully paid, such that one (1) New Barita Ordinary Share shall be issued for each Existing Barita Ordinary Share held by CFHL. Each New Barita Ordinary Share shall:

1.4.2.3.1. bear the same rights, benefits and obligations in respect thereof as the Barita Cancelled Shares; and

1.4.2.3.2. be credited as fully paid up and represented by the existing share capital paid up on the Barita Cancelled Shares.

1.4.2.4. The New Barita Ordinary Shares issued to BFGL shall immediately upon their issue be converted into stock units.

1.4.2.5. With effect from the Effective Date:

1.4.2.5.1. each existing share certificate representing a holding of stock unit in Barita by CFHL shall cease to be valid in respect of such holding and CFHL shall be bound, at the request of Barita, to deliver up its share certificate(s) to Barita for cancellation or destruction of such share certificate(s);

1.4.2.5.2. in respect of Barita stock units held by CFHL in the JCSD Depository, the JCSD Depository shall be instructed to cancel CFHL's entitlement to such Barita stock units;

1.4.2.5.3. as regards Barita's stocks referred to in sub-paragraph 1.4.2.5.2 above the Secretary of Barita shall be and is hereby authorized to make or arrange to be made, the necessary entries in Barita's Register of Members to cancel the aforementioned Nine Hundred and Seventeen Million Five Hundred and Seventy Three Thousand One Hundred and Forty Two (917,573,142) Existing Barita Ordinary Shares held by CFHL or such other number of the Existing Barita Ordinary Shares held by CFHL and register the issuance to BFGL of the corresponding New Barita Ordinary Shares.

1.4.3. <u>CTMB Scheme</u>

1.4.3.1. Forthwith and contingently upon the vesting of CUHJL's assets and liabilities in CFHL referred to at sub-paragraphs 1.4.1.2, 1.4.1.3 and 1.4.1.4 all of the Existing CTMB Ordinary Shares shall be cancelled ("CTMB Cancelled Shares").

1.4.3.2. Forthwith and contingently upon the cancellation of the CTMB Cancelled Shares referred to at sub-paragraph 1.4.3.1 above taking effect, and notwithstanding anything to the contrary in the CTMB Articles, an amount equal to the nominal amount of the CTMB Cancelled Shares shall be deducted from the share capital account of CTMB and credited to the capital reserve account of CTMB and such capital reserve shall be capitalized and applied in paying up in full such number of new ordinary shares as shall be equal to the number of CTMB Cancelled Shares (the "New CTMB Ordinary Shares"), which new ordinary shares shall be allotted and issued (free from all Encumbrances) and credited as fully paid to BFGL in substitution for the CTMB Cancelled Shares.

1.4.3.3. The New CTMB Ordinary Shares shall be issued and credited as fully paid, such that one (1) New CTMB Ordinary Share shall be issued for each Existing CTMB Ordinary Share held by CFHL. Each New CTMB Ordinary Share shall:

1.4.3.3.1. bear the same rights, benefits and obligations in respect thereof as the CTMB Cancelled Shares; and

1.4.3.3.2. be credited as fully paid up and represented by the existing share capital paid up on the CTMB Cancelled Shares.

1.4.3.4. With effect from the Effective Date:

1.4.3.4.1. each existing share certificate representing a holding of ordinary share unit in CTMB by CFHL and/or CUHJL shall cease to be valid in respect of such holding and CFHL and/or CUHJL shall be bound, at the request of CTMB, to deliver up its share certificate(s) to CTMB for cancellation or destruction of such share certificate(s);

1.4.3.4.2. in respect of CTMB ordinary share units held by CFHL and/or CUHJL the Secretary shall cancel CFHL's and/or CUHJL's entitlement to such CTMB ordinary share units in the company's Register of Members;

1.4.3.4.3. as regards CTMB's shares referred to in sub-paragraph 1.4.3.4.2 above the Secretary of CTMB shall be and is hereby authorized to make or arrange to be made, the necessary entries in CTMB's Register of Members to cancel the aforementioned Eighteen Million (18,000,000) Existing CTMB Ordinary Shares and register the allotment and issuance to BFGL of the corresponding New CTMB Ordinary Shares;

1.4.3.4.4. CTMB shall execute and deliver to BFGL a share certificate in respect of the New CTMB Ordinary Shares.

1.4.4. BFGL Scheme

1.4.4.1. Forthwith and contingently upon the cancellation of the CTMB Cancelled Shares and the Barita Cancelled Shares, referred to at sub-paragraphs 1.4.2.1 and 1.4.3.1 above and the issue and allotment of New Barita Ordinary Shares and New CTMB Ordinary Shares referred to at sub-paragraphs 1.4.2.2 and 1.4.3.2, BFGL shall issue and allot to CFHL Eighty One Million Seven Hundred and Thirty-Three Thousand Seven Hundred and Ninety-Two (81,733,792) BFGL ordinary shares (free from all Encumbrances) and credited as fully paid ("New BFGL Ordinary Shares").

1.4.4.2. The New BFGL Ordinary Shares shall be issued and credited as fully paid in the ratio of one to one for each existing CFHL ordinary share in issue as at the Effective Date taking into account the Existing BFGL Ordinary Shares. Each New BFGL Ordinary Share shall bear the same rights, benefits and obligations in respect thereof as the Existing BFGL Ordinary Shares.

1.4.4.3. With effect from the Effective Date:

1.4.4.3.1. as regards the New BFGL Ordinary Shares referred to in sub-paragraphs 1.4.4.1 and 1.4.4.2 above the Secretary of BFGL shall be and is hereby authorized to make or arrange to be made, the necessary entries in BFGL's Register of Members; and

1.4.4.3.2. BFGL shall execute and deliver to CFHL a share certificate in respect of the New BFGL Ordinary Shares.

1.5. Further Provisions Applicable to the Schemes

1.5.1. Manner of Allotting and Issuing New Barita Ordinary Shares

1.5.1.1. In respect of CFHL, whose holdings of Existing Barita Ordinary Shares had been deposited in the JCSD as at 5:00 p.m. (local time) on the Business Day immediately prior to the Effective Date, the New Barita Ordinary Shares shall be allotted and issued in the name of the JCSD, and the JCSD will be instructed to credit those shares (through the JCSD account of the stockbroker through which CFHL's holdings of Existing Barita Ordinary Shares were held) to a sub-account in BFGL's name at the JCSD. CFHL, who has some of its Existing Barita Ordinary Shares pledged in favour of Secured Parties with the JCSD (through the relevant participant), will be required to notify the respective Secured Party that the Pledged Shares will be cancelled pursuant to the Barita Scheme (which will render the pledge ineffective), thereby requiring CFHL to make alternative security arrangements as CFHL and the Secured Party may mutually agree.

1.5.1.2. Where any of the Existing Barita Ordinary Shares to be cancelled were held in certificated form as at 5:00 p.m. on the Business Day immediately prior to the Effective Date, subject to paragraph 1.5.1.3 below, any stock certificates required to be sent by Barita to BFGL shall be sent through the post in prepaid envelopes at the risk of BFGL, addressed to BFGL at the address appearing in Barita's Register of Members at 5:00 p.m. on the Business Day immediately preceding the Effective Date.

1.5.1.3. On the Effective Date all share certificates representing CFHL's holding of Barita Cancelled Shares shall cease to have effect. Unless Barita elects to waive this requirement, after the Effective Date, any Existing Barita Ordinary Shares held in certificated form by CFHL, as referred to at paragraph 1.5.1.2 above, shall be surrendered to Barita in respect of CFHL's Existing Barita Ordinary Shares as a condition of the issue by Barita to BFGL of a share certificate in respect of the New Barita Ordinary Shares and Barita shall be entitled to have such share certificates cancelled.

1.5.2. All deliveries of notices or any other documents required to be delivered pursuant to these Schemes shall be effected by posting same in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the register of members (or, in the case of joint holders, to the address of the joint shareholder whose name shall first appear in the register of members of the relevant Scheme Company in respect of such joint holding).

1.5.3. These composite Schemes shall be conditional upon the Court granting approval of the Schemes. CUHJL may consent on behalf of all persons concerned to any modification of, or addition to, the Schemes or to any condition that the Court may approve or impose.

1.5.4. The Effective Date

1.5.4.1. Subject to the satisfaction of the condition set out in paragraph 1.5.3 hereof, the Schemes shall become operative as soon as an official copy of the order of the Court sanctioning the Schemes under section 206 of the Companies Act shall have been duly delivered to the Registrar of Companies for registration.

DATED THIS day of 202__

CORNERSTONE UNITED HOLDINGS JAMAICA LIMITED

PER____________________________________

Mark Myers

Chairman

D

EXPLANATORY STATEMENT

Pursuant to Section 207 of the Companies Act, 2004
ISSUED IN RESPECT OF COMPOSITE SCHEMES OF ARRANGEMENT AMONG
CORNERSTONE UNITED HOLDINGS JAMAICA LIMITED
BARITA FINANCIAL GROUP LIMITED
BARITA INVESTMENTS LIMITED
CORNERSTONE TRUST & MERCHANT BANK LIMITED
and
their ORDINARY SHAREHOLDERS

2. Explanatory Statement

2.1. Definitions & Interpretations

2.1.1. In this Document the following terms shall have the following meanings; unless stated otherwise:

"Minister" means the Minister with portfolio responsibility for finance;

"Scheme Resolution" means the resolutions to be voted on at the Court Sanctioned Meetings for approval of the Schemes;

2.2. Introduction/ Background

2.2.1. Pursuant to an Order dated made by the Supreme Court of Judicature of Jamaica in Claim No. (the "Order"), meetings ("Court Sanctioned Meetings") of the ordinary shareholders of Cornerstone United Holdings Jamaica Limited ("CUHJL") and Barita Investments Limited ("Barita") are being convened for the purpose of considering and, if thought fit, approving , with or without modification, the proposed Schemes of Arrangement (the "Schemes") between and among the Scheme Companies i.e. CUHJL, BFGL, Barita and CTMB, and the Scheme Shareholders pursuant to section 206 of the Companies Act, 2004. A copy of the Schemes approved by the Boards of Directors of the Scheme Companies is enclosed with this document.

2.2.2. In terms of CTMB and BFGL, given that they are wholly owned subsidiaries of CUHJL and CFHL respectively and that under their articles of incorporation they are permitted to obtain the approvals of their members in writing signed by all the members entitled to receive notice and vote at general meetings it is proposed that the authorized representatives of those members, being companies, approve their respective Scheme in writing in lieu of convening a meeting for that purpose.

2.2.3. In terms of the Order, the Court Sanctioned Meetings will be conducted as in-person meetings at 10 a.m. and 12 p.m. on for CUHJL and Barita, respectively. The physical venue will be the Spanish Court Hotel, 1 St. Lucia Avenue, Kingston 5 in the Parish of Saint Andrew, Jamaica or such other venue in the corporate area of Kingston and Saint Andrew as determined by the Boards of Directors. Further details of the meeting arrangements are described in paragraph 2.7 below.

2.2.4. By the Order, Mr. Mark Myers, the Chairman of the Boards of Directors of CUHJL and Barita has been appointed chairman of the Court Sanctioned Meetings but, in his absence or his unwillingness to act, Mr. Paul Simpson, Deputy Chairman and Director of Barita and CUHJL, respectively will take the chair and in his absence or unwillingness to act Mr. Duncan Stewart, Chairman of the Board Investment Committee of Barita, will take the chair, in the case of Barita and Mr. Nigel Chen See, in the case of CUHJL.

2.2.5. This statement explaining the terms of the Schemes is being provided as required by section 207 of the Companies Act, 2004.

2.2.6. In accordance with the provisions of section 206 of the Companies Act, 2004, the Schemes will be acted upon only if a simple majority in number of the CUHJL Shareholders and Barita Shareholders, present in person or by proxy at each of the Court Sanctioned Meetings and representing three-fourths ($3/4^{th}$) in value of the votes cast on the applicable resolution, vote to approve the Schemes.

2.3. Particulars of CFHL and the Scheme Companies

2.3.1. The Cornerstone Group currently consists of two (2) privately held investment holding companies that are incorporated in Barbados and Jamaica respectively. That is Cornerstone Financial Holdings Limited ("CFHL") and CUHJL. They own 75.1870% of Barita and 100% of Cornerstone Trust & Merchant Bank Limited ("CTMB") respectively. They were founded with the objective of building a sustainable investment platform with intergenerational applications and a focus on driving shareholder value, economic growth, transforming lives and helping to shape the future. CFHL and the Cornerstone Companies were founded by Paul Simpson, who is the President and Chief Executive Officer of the Group.

2.3.2. Cornerstone i.e. CUHJL and CFHL, focuses on providing its shareholders exposure to a group of value oriented, scalable, complementary financial services companies committed to continuously challenging the status quo by delivering unparalleled frictionless stakeholder experiences through innovation. Cornerstone's preferred investment ethos has been to prudently manage risk adjusted returns through partnering with the principals of its target portfolio companies, which has to date resulted in accretions in post investment valuations through added scale and synergies. Cornerstone is obsessed with the creation of sustained differential value for its stakeholders through the effective deployment of human and financial capital throughout its portfolio companies.

2.3.3. As the parent companies of Barita and CTMB, the Cornerstone Companies are involved in charting and enabling the strategic plans and direction of their subsidiaries. This has been possible through the assistance of an exceptional team of professionals, who each bring astute specialized skills and expertise to their key areas of responsibility.

2.3.4. Given the current structure of the Cornerstone Group it will be reorganised to address the requirement under the BSA that every group of companies containing two or more financial services entities, one of which is a deposit taking institution, must hold all its regulated entities under one financial holding company to enable consolidated supervision by the BOJ. The restructuring will also address the current parallel ownership structure of CTMB and Barita.

2.3.5. Accordingly, the reorganisation of the Cornerstone Group will involve and impact the following Group companies:

2.3.5.1. *CUHJL* – the current holding company of CTMB, whose business, that is its assets and liabilities, will be assumed by CFHL and will thereafter be dissolved;

2.3.5.2. *BFGL* – Pursuant to the Schemes this company was specifically incorporated to be the FHC, and has CFHL as its parent company and will itself become the parent company for the other regulated entities within the Group and is intended to ultimately be listed on the JSE;

2.3.5.3. *Barita* - a securities dealer listed on the JSE which is currently the subsidiary of CFHL, will become a subsidiary of the proposed FHC; and

2.3.5.4. *CTMB* - a merchant bank wholly owned by CUHJL which, after the reorganisation, will become a subsidiary of the proposed FHC.

2.3.6. While the primary purpose of the reorganization is to comply with the requirements of the BSA so as to facilitate consolidated supervision by the BOJ, the Boards of Directors of CUHJL and CFHL have determined that there are other benefits that will redound to the Cornerstone Group from the proposed reorganization which will involve taking advantage of synergistic opportunities through, inter alia, improved operational efficiencies and attendant cost reduction. It will also enable the realignment of culture across the Group.

2.4. The Proposed Reorganisation

2.4.1. CUHJL and CFHL are owned by the same shareholders who own their shares in both companies in the same percentage. Under section 69 of the BSA, a financial holding company shall be established and consolidated supervision shall apply where two or more financial institutions operating in Jamaica are members of a financial group and one of them is a deposit taking institution. CTMB is a deposit taking institution. In order to comply with the requirements of the BSA both Barita and CTMB are required to be held by a financial holding company as part of a financial group.

2.4.2. CUHJL acquired 80% of the ordinary shares of CTMB, a merchant bank and deposit taking institution, in 2015 and acquired the remaining 20% in 2019. CFHL, its sister company, in 2018 acquired 75% of Barita, a licensed securities dealer. The acquisitions by the Cornerstone Companies created a parallel ownership structure which created the need for the reorganization of the Group.

2.4.3. The structure of the reorganisation has received the requisite non-objection from the BOJ in a letter dated March 10, 2023 consequent on the BOJ having completed an initial assessment with respect to the proposed structure. The issue of the non-objection is a prelude to the consideration of an FHC application submitted to the BOJ on February 4, 2022 for an FHC Licence. The BOJ is currently conducting a comprehensive due diligence assessment of the Cornerstone Group as part of its process for determining whether to issue such a licence.

2.5. Mechanics of the Composite Schemes

The Schemes of Arrangement is being done pursuant to section 206 of the Companies Act of Jamaica, 2004 (the "Act"). The directors of CFHL and the Scheme Companies consider that in their respective opinions, the interests of such companies and their ordinary shareholders would be best served if the Cornerstone Group reorganized as a financial group with the regulated entities held by a financial holding company when implemented. The basic transactional steps involved are as follows:

2.5.1. CUHJL and CFHL, the two Cornerstone Companies will be amalgamated, pursuant to the terms of the Scheme Implementation Deed entered into by CFHL and the Scheme Companies, so that consequent on the amalgamation CFHL will be the surviving entity and arising from the amalgamation the assets of CUHJL will be assumed and vested in CFHL. Accordingly, CFHL, as part of the Amalgamating Undertakings, will acquire the ordinary shares of CTMB, which will thereby become a wholly owned subsidiary of CFHL.

2.5.2. In consideration for acquiring the Amalgamation Undertakings and as part of the Schemes of Arrangement, pursuant to the Scheme Implementation Deed, CFHL will assume the Liabilities of CUHJL.

2.5.3. As part of the Schemes and pursuant to the Scheme Implementation Deed entered into by CFHL and the Scheme Companies, CFHL's ordinary share interest in CTMB and Barita will become vested in BFGL as outlined in sub-paragraph 2.5.4 below with the effect that BFGL thereafter becomes the sole owner of CTMB and the majority shareholder of Barita, holding 75.1870% of its ordinary shares.

2.5.4. In consideration for the cancellation of CFHL's Eighteen Million (18,000,000) ordinary shares (100% shareholding) and Nine Hundred and Seventeen Million Five Hundred and Seventy three Thousand One Hundred and Forty Two (917,573,142) ordinary shares (75.1870% shareholding) (or such other number of the Existing Barita Ordinary Shares held by CFHL) in CTMB and Barita, respectively, and the issue of a corresponding amount of CTMB and Barita ordinary shares to BFGL, BFGL will issue and allot Eighty One Million Seven Hundred and Thirty-Three Thousand Seven Hundred and Ninety-Two (81,733,792) New BFGL Ordinary Shares to CFHL for the benefit of CFHL (credited as fully paid up).

2.5.5. The New Barita Ordinary Shares issued will carry the same rights, benefits and obligations as the Existing Barita Ordinary Shares. As BFGL will be the parent company of Barita and its subsidiary and CTMB, Barita Shareholders will suffer no economic disadvantages relative to their current position.

2.5.6. If the Schemes are approved, the combined group structure will be as set out at Appendix 4 of the Scheme Booklet.

2.5.7. As a result of the above transactions:

2.5.7.1. CFHL will assume the assets and liabilities of CUHJL and will become the ultimate holding company of the Cornerstone Group;

2.5.7.2. BFGL, the newly incorporated company, will become the financial holding company (subject to being issued a licence by the BOJ), and a wholly-owned subsidiary of CFHL;

2.5.7.3. Barita and CTMB will become direct subsidiaries of BFGL, the proposed FHC;

2.5.7.4. CUHJL's assets and liabilities having become vested in CFHL, CUHJL will thereafter be dissolved.

2.6. Results of the Reorganisation

2.6.1. Effect on Barita: The reorganization will cause the regulated entities within the Cornerstone Group to become organised under the ownership of a financial holding company, as mandated by the BSA, thereby facilitating consolidated supervision by the BOJ. It will also facilitate enhanced operational efficiency across the Group.

2.6.2. Effect on Cornerstone shareholders and Barita Shareholders: The reorganisation will have no adverse effect on the Cornerstone shareholders and Barita Shareholders. The Barita Shareholders, save for CFHL, will continue to hold their shares in Barita, which will remain listed on the JSE and so no value will leave shares held by the Barita minority Shareholders both before and after the reorganisation. CFHL's shareholding, pursuant to the Schemes will now be held by BFGL. The Cornerstone shareholders, who each maintain the same number of ordinary shares in both CUHJL and CFHL under the Mirror Principle, will not lose any value by virtue of the cancellation of their ordinary shares in CUHJL. Their shareholding in CFHL will remain unchanged, and CFHL, having assumed the assets and liabilities of CUHJL, will now reflect the aggregate value of both companies.

2.6.3. Effect on the Cornerstone Group of companies as a whole: The Cornerstone Group structure post the reorganization, will now be in conformance with the requirements of the BSA. By virtue of the movement of the regulated entities under the FHC, future regulated financial businesses can be easily established under the FHC without affecting Barita and CTMB and future unregulated business could be acquired or built out under the ultimate holding company ("UHC", i.e. CFHL) without disturbing the financial group or without impacting Barita and CTMB or without value leaving the Barita Shareholders.

2.7. Court Sanctioned Meetings

2.7.1. CFHL and the Scheme Companies have entered into a Scheme Implementation Deed setting out their collective agreement to pursue and implement the Schemes as part of a proposed corporate reorganisation. In the Scheme Implementation Deed the parties have all agreed to expeditiously and diligently pursue all required approvals and the sanction of the Court necessary to bring the Schemes into effect. Effecting the Schemes will involve the following procedural steps:

2.7.1.1. Preparation and filing of an application in the Supreme Court of Judicature of Jamaica for Orders directing CUHJL and Barita to convene general meetings of their shareholders to consider and vote upon the proposed Schemes. That application was duly made on December 15, 2023 and the Court made the requisite Orders for CUHJL and Barita to convene meetings of the shareholders of those companies to consider and vote upon the Schemes of Arrangement. The Orders were made on ________________________.

2.7.1.2. The Court Sanctioned Meetings must be held, but prior to the convening of such Meetings, the notices of the Meetings together with a copy of the proposed Schemes and an Explanatory Statement explaining how the proposed Schemes will work must be sent to the CUHJL Shareholders and Barita Shareholders. This document is the Explanatory Statement.

2.7.1.3. At the Court Sanctioned Meetings, the Schemes will be discussed and CUHJL Shareholders and Barita Shareholders will have the opportunity to ask questions. The requisite resolutions to approve the proposed composite Schemes will be considered and voted on. The proposed Schemes will be treated as approved by the CUHJL Shareholders and Barita Shareholders if more than 50% of the shareholders for each company who vote on the resolutions (either in person or by proxy) and holding among themselves not less than 75% of the votes cast on the resolution, vote in favour of the Schemes at each Court Sanctioned Meeting.

2.7.1.4. Following the Court Sanctioned Meetings, a report showing the results of the relevant voting will be prepared by the chairperson of each Court Sanctioned Meeting and a further application will be made to the Supreme Court requesting that the proposed Schemes be sanctioned. Assuming that the proposed Schemes are approved by a vote of the requisite statutory majorities of CUHJL Shareholders and Barita Shareholders referred to in paragraph 2.7.1.3 above, the Court would generally be expected to sanction the Schemes.

2.7.1.5. In the event the Court sanctions the Schemes as approved by the CUHJL Shareholders and Barita Shareholders who voted in each Court Sanctioned Meeting, the Schemes will become binding on all CUHJL Shareholders and Barita Shareholders, whether or not they attended the respective Meetings.

2.7.1.6. If the Schemes are sanctioned by the Court, a copy of the relevant Court Order must be filed with the Registrar of Companies and, upon such filing, the Schemes will take effect automatically – that is to say (i) the Amalgamation Undertakings of CUHJL will be transferred to CFHL; (ii) CFHL's ordinary shareholdings in Barita and CTMB will be transferred to BFGL; (iii) the Existing Barita Ordinary Shares and Existing CTMB Ordinary Shares held by CFHL will be cancelled and New Barita Ordinary Shares and New CTMB Ordinary Shares will be issued to BFGL; (iv) New BFGL Ordinary Shares will be issued to CFHL; and (v) thereafter CUHJL will be dissolved and struck off the Register of Companies.

2.7.2. It is proposed that the Court Sanctioned Meetings be held as in-person meetings at the Spanish Court Hotel, 1 St. Lucia Avenue, Kingston 5 or at such other suitable place and time in the corporate area of Kingston and Saint Andrew as the Directors of CUHJL and Barita deem fit.

2.7.3. In case you are unable to attend the Court Sanctioned Meetings you are asked to complete the relevant form of proxy (in which you can direct the proxy holder how you wish him to vote) and send it to:

In the case of CUHJL:	In the case of Barita:
The Corporate Secretary Cornerstone United Holdings Jamaica Limited 10th Floor, PanJam Building 60 Knutsford Boulevard Kingston 5, St. Andrew Jamaica	The Corporate Secretary Barita Investments Limited 15 St. Lucia Way Kingston 5, St. Andrew Jamaica

2.7.4. Even if you plan to attend the Court Sanctioned Meetings in person, if you want to make sure that your vote is counted then it would be prudent to complete and return a proxy as stated above. By taking that precaution, if you actually attend the meeting in person, your proxy would be voided and you could vote in person. However, if you fail to attend the meeting in person your proxy would be counted.

2.7.5. CUHJL and Barita reserve the right to stamp unstamped proxies on their own. Stamping may occur before or after the Court Sanctioned Meetings.

2.7.6. A corporate shareholder may, by resolution of its board of directors, attend the applicable Court Sanctioned Meeting by appointing a corporate representative to attend on its behalf.

2.7.7. This Explanatory Statement is being given to you as a Scheme Shareholder as required by section 207 of the Act prior to the Court Sanctioned Meetings, so that the essentials of the Schemes and any other relevant information can be provided to the applicable Scheme Shareholders ahead of the Court Sanctioned Meetings.

2.8. Subsequent Transaction

2.8.1. The composite Schemes of Arrangement will be undertaken in a two-step process with the first step entailing arrangement set out at Section 4 of the Scheme Booklet. The second step will involve the delisting of Barita on the JSE and the listing of BFGL, which will become the parent company of Barita and CTMB once the first step has been implemented, as proposed herein, and the financial holding company, subject to being issued with the FHC licence by the BOJ. The implementation of the second step will be the subject of a separate scheme of arrangement which will be undertaken once these Schemes of Arrangement has been fully implemented.

2.8.2. As outlined at paragraph 2.5.3 herein, as the proposed financial holding company BFGL will reflect the assets of both Barita and CTMB. As such, at the relevant point in time, once step 2 is completed by way of a follow-up scheme of arrangement, all shareholders in Barita will see their interest move from Barita to BFGL, its parent company, and by virtue of that will also acquire an interest in CTMB.

2.8.3. As indicated above, step 2 will also be undertaken by way of a scheme of arrangement and will involve cancellation of minority shareholders' ordinary shares in Barita and in consideration of such cancellation BFGL will thereafter issue shares to the existing Barita minority Shareholders. The new ordinary shares to be issued to the Barita minority Shareholders is intended to be listed on the JSE.

2.8.4. While it is the intention of Barita and BFGL to pursue the transactions mentioned at 2.8.2 and 2.8.3 above, it is not guaranteed that these transactions will be pursued in the manner set out above, or at all. No date has been set for the undertaking of these transactions, which are intended to be done upon completion of the reorganization of the Group under the Schemes.

2.9. Creditors and other Stakeholders

2.9.1. **CUHJL** - The liabilities of creditors of CUHJL will be assumed by CFHL on the assumption of CUHJL's business by CFHL. Liabilities of CUHJL and CFHL that were secured by Barita shares prior to the reorganization will continue to be so secured. As such there will be no prejudice to the creditors of CUHJL and CFHL. Further, the implementation of the Schemes will not breach any covenants under any finance agreements, including preference share subscription or similar such agreements. BFGL will issue corporate guarantees to the CFHL and CUHJL creditors whose debts were, pre-the reorganization, secured by Barita ordinary shares, which guarantees will be supported by charges over the requisite Barita ordinary shares acquired by BFGL post the reorganization.

2.9.2. **Barita** - The Schemes will have no material effect on creditors and other stakeholders of Barita, including its preference shareholders, as no value will leave the company and the only material change will be a change of direct ownership and control from CFHL to BFGL. The implementation of the Schemes will not breach any covenants under any finance agreements, including preference share subscription or similar such agreements. The company is solvent and well capitalized and will remain so after the implementation of the Schemes.

2.9.3. **BFGL** - BFGL is a newly created company that is owned by CFHL, and by virtue of the implementation of the Schemes will become the owner of the Barita ordinary shares owned by CFHL prior to the implementation of the Schemes. BFGL currently has no liabilities and will not assume any liabilities arising from the implementation of the Schemes.

2.9.4. **CTMB** - The Schemes will have no material effect on creditors and other stakeholders of CTMB, including its preference shareholders, as no value will leave the company and the only material change will be a change of direct ownership and control from CUHJL to BFGL. The implementation of the Schemes will not breach any covenants under any finance agreements, including preference share subscription or similar such agreements. The company is solvent and well capitalized and will remain so after the implementation of the Schemes.

2.9.5. Accordingly, the Schemes will not have a material effect on any creditor of CUHJL neither will their interest be prejudiced by the undertaking of the reorganisation.

2.10. Directors and Senior Officers

2.10.1. Appendix 8 of the Scheme Booklet provides a profile of the directors who sit on the Boards of the various Scheme Companies and CFHL. If the Schemes are implemented it is intended that the Boards of the Regulated Companies will be strengthened via the appointment of external persons with expertise in areas spanning audit, risk management and technology. Mr. Paul Simpson is the Group Chief Executive Officer and he along with the other Cornerstone executives are involved in charting and enabling the strategic plans and directions of the Cornerstone Group of companies. A profile of the Cornerstone Executive Team is provided at Appendix 9 of the Scheme Booklet.

2.11. Proforma Financial Statement of Group

2.11.1. The latest available financial statements for Barita as at September 30, 2023 have already been released and are available on the JSE's website at www.jamstockex.com and Barita website at www.barita.com. The audited financial statements for Barita for each of the five reporting dates September 30, 2018 through September 30, 2022 are set out at Appendix 6 of the Scheme Booklet. Barita's auditors have certified that the above data relating to the audited financial statements are accurate extracts from the audited financial statements as at the dates and for the periods to which they relate and have agreed to the inclusion of their certificate in the Scheme Booklet. A copy of their certificate and their agreement for the use thereof is attached as Appendix 7 in the Scheme Booklet.

2.11.2. The latest available financial statements for CUHJL and CTMB along with the audited financial statements for each of the five reporting dates September 30, 2018 through to September 30, 2022 are among the documents available for inspection. The financial position of CUHJL's creditors will not be adversely affected by the Schemes.

2.11.3. The Schemes do not seek to reduce or diminish in any way the value of shareholders in Barita, CUHJL or CTMB. The financial position of Barita's, CUHJL's and CTMB's creditors will not be adversely affected by the Schemes.

2.12. Taxation

2.12.1.1. The transactions contemplated by the composite Schemes, which will involve the matters set out at paragraph 2.5 above will not, as far as Cornerstone has been advised, have a tax impact on Eligible Persons resident in Jamaica. We have been advised that the transactions listed above qualifies for exemption from transfer tax.

2.12.2. In addition, as there are no transfers of shares taking place under the Schemes, there is no exposure to Jamaica transfer tax or stamp duty in respect of the transactions contemplated by the composite Schemes.

2.12.3. The assumption of the business of CUHJL by CFHL should not be subject to general consumption tax for the vesting of the business in CFHL ought to be treated as a going concern by one registered taxpayer (CUHJL) to another (CFHL) where the CUHJL assets will be used by CFHL in carrying on the same business as that carried on by CUHJL without any break in the business.

2.12.4. While the above statements represent Cornerstone's understanding of the relevant taxation issues as at the date of this Explanatory Statement, Scheme Shareholders are encouraged to seek independent tax advice regarding the potential impact of the implementation of the composite Schemes.

2.13. Summary of Risk Factors

2.13.1. The following is a summary of some of the risks arising from the reorganization of the Cornerstone Group. This summary does not purport to be an accurate or complete summary of all such risks. The order in which the risk factors are presented below is not necessarily indicative of their importance:

2.13.1.1. The reorganization will involve the incorporation of one new company and the dissolution of another within the Cornerstone Group; namely Barita Financial Group Limited (which was incorporated on September 15, 2023) and Cornerstone United Holdings Jamaica Limited, respectively. It is intended that BFGL will be regulated by the BOJ, subject to the issue of an FHC licence by the BOJ and ultimately be listed on the JSE, therefore the upkeep and administration of this new company is likely to increase the Group's administration costs notwithstanding the intended dissolution of CUHJL.

2.13.1.2. The new Group structure assumes that no Group company will earn income arising in Barbados and that the Group company domiciled in Barbados (i.e. CFHL) will be resident in Barbados for tax purposes and is expected to incur minimal income tax liability in Barbados. In order to achieve the foregoing tax position, companies domiciled in Barbados will be required to establish sufficient economic and physical presence in Barbados in order to satisfy the requirements of the Barbadian Economic Substance Act and will be required to make an Economic Substance Declaration to the Barbadian authorities annually. If a Barbadian-based company fails to meet the economic substance test in any financial year, the relevant Minister may serve a notice of compliance upon the company and if it shall fail to comply with such notice within fourteen (14) days of such notice being served it would be liable to be fined for each month or part thereof during which the default continues and if the default runs for two consecutive years the company may be struck from the register.

2.13.1.3. The existence of the Cornerstone Group's parent company in Barbados is likely to lead to the movement, storage, use of and processing of data (including personal data) across borders. This could give rise to increased risk of data breaches due to governmental regulations, conflicting legal requirements in different countries, differing views regarding personal privacy rights, and difference in data security standards.

2.13.1.4. The reorganization may not be successfully completed or may take longer and/or cost more than anticipated.

2.14. Schemes Conditional on:

2.14.1. The Schemes are conditional and subject to:

2.14.1.1. The Schemes being approved by the requisite majorities of the Barita Shareholders and CUHJL Shareholders, as required pursuant to the Companies Act;

2.14.1.2. The Supreme Court of Jamaica having sanctioned the Schemes.

2.15. General Information

2.15.1. BFGL was incorporated in Jamaica on September 15, 2023 under the Companies Act as a private company with unlimited authorized capital specifically to facilitate implementation of the Schemes. Two (2) ordinary shares of no par value have been issued to CFHL.

2.15.2. Having been formed specifically for the purpose of implementing the proposed Schemes, BFGL does not carry on, nor has it ever carried on, any trading activities since its incorporation. BFGL does not have, nor has it ever had, any employees. If the Schemes are implemented, it is intended that BFGL will function purely as a holding company for the financial group, in compliance with the understandings arrived at the with the BOJ, as previously mentioned. As such, the risks to which holders of the New BFGL Ordinary Shares will be exposed are no different in nature to those to which the holders of Existing BFGL Ordinary Shares are presently exposed.

2.15.3. When do the Schemes takes effect?: The Schemes will take effect when an official copy of the Court Order mentioned above is filed with the Companies Office of Jamaica. On doing so (i) the assets and liabilities of CUHJL will become vested in CFHL; (ii) the Barita ordinary shares owned by CFHL and the CTMB ordinary shares it acquired from CUHJL will be automatically cancelled and new ordinary shares of equivalent amounts issued by Barita and CTMB to BFGL; and (iii) new ordinary shares will be issued by BFGL to CFHL.

2.15.4. What do Barita Shareholders need to do? Existing Barita Shareholders, save for CFHL, will not be affected by the Schemes and do not need to do anything. The Existing Barita Ordinary Shares held in their JCSD accounts with their broker will remain unaffected. For CFHL, its Existing Barita Ordinary Shares will be cancelled, and new ordinary shares issued by Barita to BFGL.

2.15.5. Cost to Barita Shareholders: In undertaking the Schemes no cost will be borne by Barita Shareholders.

2.16. Litigation Matters

2.16.1. **Cornerstone Companies**: As at the date hereof CUHJL and CFHL are involved as claimants in four court matters and in two of those matters they are seeking redress for defamatory statements made in relation to the companies by Mrs Deborah Ann Mordecai Edwards, the Gleaner Company (Media) Limited and Mr Jovan Johnson, a Gleaner reporter. The defamatory statements arose out of a letter sent to the Bank of Jamaica in or around March of 2022 by Mrs Deborah Ann Mordecai Edwards in which certain allegations were made with respect to a transaction involving the Cornerstone Companies and Mrs Rita Humphries-Lewin.

In relation to the third matter, as at the date hereof the Cornerstone Companies have filed documents in the Supreme Court of Jamaica seeking a declaratory judgment in relation to the transaction involving Mrs Rita Humphries Lewin referred to above. The Cornerstone Companies have asked the Court to adjudicate on the validity and legitimacy of the transaction. In the unlikely event that the transaction is set aside or unwound by the Court, the cost relating to the setting aside or unwinding of the transaction would not have a material effect on the Cornerstone Companies.

As at the date hereof CFHL is involved in a lawsuit brought against it in the High Court of Barbados by Sagicor Investments Jamaica Limited ("SIJL"), a minority shareholder of the company in relation to ordinary shares issued by CFHL to the participants of a rights issue undertaken by CUHJL during 2020, which issue was done pursuant to an agreement for the share structure and shareholding of CUHJL and CFHL to correspond at all times exactly to each other. Having opted not to participate in the CUHJL rights issue, SIJL like other non-participating shareholders, was not issued shares in CFHL, however, it has alleged that the issue of ordinary shares by CFHL to the participants of the CUHJL rights issue was an exclusion to non-participating shareholders, which it claims has resulted in a prejudicial dilution of its interest in CFHL. In the unlikely event of SIJL being successful in its claim the judgment in relation to this matter would not be material.

Given that shareholders in the Cornerstone Companies hold an equivalent number of shares in both companies, ensuring that their shareholdings in both companies are the same at all times, the assumption of CUHJL's business by CFHL will not prejudice the shareholders of either companies, as their holdings in CUHJL will be reflected in CFHL upon the amalgamation of both companies. Therefore, no value will be lost by any shareholder and therefore the Schemes will not have any adverse impact or implications for the various matters being litigated.

2.16.2. **Barita:** As at the date hereof Barita is involved as a claimant in two lawsuits in which it is seeking redress for defamatory statements made in relation to the company by Mrs Deborah Ann Mordecai Edwards, the Gleaner Company (Media) Limited and Mr Jovan Johnson, a Gleaner reporter. The defamatory statements arose out of a letter sent to the Bank of Jamaica in or around March of 2022 by Mrs Deborah Ann Mordecai Edwards in which certain allegations were made with respect to a transaction involving the Cornerstone Companies and Mrs Rita Humphries-Lewin.

2.16.3. **BFGL:** As at the date hereof BFGL is not involved in any litigation, arbitration or legal proceedings.

2.16.4. **CTMB:** As at the date hereof CTMB is not involved in any litigation, arbitration or legal proceedings the outcome of which could have a material effect on its financial position or prospects.

E

CORNERSTONE

SHAREHOLDER CONFIRMATION AGREEMENT

THIS AGREEMENT is made on the 19th day of June 2018 AMONG

(1) **THE PARTIES appearing in the SCHEDULE** hereof (the "**Shareholders**")

(2) **Cornerstone United Holdings Jamaica Limited ("CUHJL"); and**

(3) **Cornerstone Investments Holdings Limited ("CIHL");**

(CUHJL and CIHL being herein together called the "Companies")

WHEREAS:

A. The Shareholders are the registered and beneficial holders of all the issued shares in CUHJL and CUHJL is the 80% owner of MF&G Trust & Finance Limited ("MF&GT&F").

B. The Shareholders have caused CIHL to be incorporated as a vehicle to acquire 75% of the shares in Barita Investments Limited ("Barita") and determined that for convenience only a few of them would initially be registered shareholders of CIHL but that those few would hold the shares in CIHL on trust for all the Shareholders.

C. The Shareholders have also agreed to a major restructuring of CUHJL which involves (a) revoking any existing shareholders agreement(s) that may exist among them and entering into a new comprehensive Shareholders Agreement with Republic Financial Holdings Limited ("Republic"), and (b) applying to the Bank of Jamaica ("BOJ") for permission to merge Barita and CIHL into the same corporate group as CUHJL and MF&GT&F.

D. The Shareholders now wish to confirm their aforesaid agreements in writing.

SCHEDULE
The Shareholders

1 **Arnold Aiken,** Business Executive of 8 Earls Court, Kingston 8, in the parish of Saint Andrew.

2 **Paul Simpson,** Business Executive of 44 Trafalgar Road, Kingston 5, in the parish of St. Andrew.

3 **Dr. Carl Bruce** Neurosurgeon of Tony Thwaites Wing, University Hospital of the West Indies, Mona, Kingston 7 in the parish of Saint Andrew.

4 **Nigel Chen See,** Business Executive of 60 Constant Spring Road Kingston 10, in the parish of Saint Andrew.

5 **Hugh Coore,** Business Executive of 14 Lady Hamilton Drive, Kingston 19 in the parish of Saint Andrew.

6 **James Godfrey,** Business Executive of 23 DeCarteret Road, Mandeville, in the parish of Manchester.

7 **Phillip Lee,** Business Executive of 8 East Kings House Road, Kingston 6, in the parish of Saint Andrew.

8 **Dr. Mark Minott** Medical Practitioner of 6 Pinkney Green, Kingston 6 in the parish of Saint Andrew.

9 **Mark Myers,** Business Executive of Norbury Villas, 12 Norbury Drive Kingston 8, in the parish of Saint Andrew.

10 **Jaqueline Stewart-Lechler** Business Executive of 49 ½ South Camp Road, Kingston 4, in the parish of Kingston.

11 **Duncan Stewart** Business Executive of 49 ½ South Camp Road Kingston 4, in the parish of Kingston.

SIGNED by the said)
DUNCAN STEWART)
in the presence of:-)

....
WITNESS

....
DUNCAN STEWART

SIGNED by the said)
JACQUELINE)
STEWART-LECHLER)
in the presence of:-)

....
WITNESS

....
JACQUELINE STEWART-LECHLER

SIGNED by the said)
ARNOLD AIKEN)
in the presence of:-)

....
WITNESS

....
ARNOLD AIKEN

SIGNED by the said)
DR. CARL BRUCE)
in the presence of:-)

....
WITNESS

....
DR. CARL BRUCE

Executed for and on behalf of **CORNERSTONE INVESTMENTS HOLDINGS LIMITED** by JAMES GODFREY in the presence of:	))))))	JAMES GODFREY

WITNESS

F

GOVERNOR

BANK OF JAMAICA
NETHERSOLE PLACE
P.O. BOX 621
KINGSTON, JAMAICA, W.I.

10 March 2023

Mr Mark Myers
Chairman
Cornerstone United Holdings Jamaica Limited
17 St Lucia Way
Kingston 5

Dear Mr Myers:

Cornerstone United Holdings Jamaica Limited's Application to Reorganise the Group

Bank of Jamaica ("the Bank") writes further to your application letter dated 4 February 2022, and the series of correspondence ending with our letter on 27 February 2023.

It is our understanding that Cornerstone United Holdings Jamaica Limited ("Cornerstone") requested the Bank's non-objection to undertake a group re-organization to address a regulatory concern regarding the parallel ownership of Cornerstone Trust & Merchant Bank and Barita Investments Limited by Cornerstone shareholders.

This writing serves to confirm that, pursuant to section 7(1)(c)(ii) of the Banking Services Act, 2014 (BSA), the Supervisory Committee at its meeting held on 1 March 2023 raised no objection to the proposed reorganisation of the Cornerstone Group on condition that the off-balance sheet vehicles (Barita Finance Limited and MJR Real Estate Holdings Limited) be consolidated in the financial group for prudential reporting purposes pursuant to section 71(2) of the BSA.

The Bank extends its best wishes as Cornerstone embarks on the proposed restructuring activities.

Yours sincerely,

Richard Byles

Copy: Dr Jide Lewis, Deputy Governor