



February 29, 2024
FOR IMMEDIATE RELEASE

PRESS RELEASE

CORNERSTONE GROUP REORGANISATION

Barita Investments Limited to be involved in Cornerstone Group Reorganization

Further to Press Release dated March 17, 2023 following the Bank of Jamaica's ("BOJ") issuance of a non-objection letter on Friday, March 10, 2023 regarding the reorganisation of the Cornerstone Group of companies ("Cornerstone Group" or the "Group") the Group has taken steps to implement the reorganisation, in order to comply with the requirements of the Banking Services Act, 2014 ("BSA"). Under section 69 of the BSA, any group of companies which includes a deposit-taking institution and another financial institution, is required to reorganise itself so that the financial institutions are held by a financial holding company.

Accordingly, the reorganisation is being effected to ensure that all regulated entities within the Group are held under a single holding company to enable consolidated supervision under the BSA by the BOJ. Under the proposed new structure, Barita Investments Limited ("Barita"), Barita Unit Trusts Management Company Limited and Cornerstone Trust & Merchant Bank Limited ("CTMB") will be held and operated under a newly formed company intended to serve as the financial holding company ("FHC") for the Group. The reorganisation will be undertaken as court sanctioned schemes of arrangement (the "Schemes") and will involve the following:

- i. Cornerstone Financial Holdings Limited ("CFHL"), the parent and majority shareholder of Barita, will assume the assets and liabilities of its sister and mirror company, Cornerstone United Holdings Jamaica Limited ("CUHJL"). The amalgamation of CUHJL and CFHL will effectively result in the implementation of the "mirror principle", which has underpinned the operations of both Cornerstone entities since CFHL's incorporation. The amalgamation of CUHJL and CFHL will result in the existing shareholders, who currently hold an equal number of shares in each Cornerstone entity ("mirror principle") owning one set of shares in the combined entity ("CFHL"), post amalgamation;
- ii. The newly formed FHC will be created as a subsidiary of CFHL;
- iii. The FHC will become the direct parent company for Barita and CTMB and will accordingly be issued shares in Barita and CTMB with the shares previously held in CTMB and Barita post the amalgamation being cancelled;
- iv. The FHC will issue shares to CFHL in exchange for receiving the ordinary share interests in CTMB and Barita previously owned by CFHL;
- v. The Cornerstone shareholders in CFHL will continue to hold their shares in CFHL in the same proportion as they did prior to the implementation of the Schemes. CFHL will become the ultimate holding company for the Group.



On December 15, 2023, in order to effect the Schemes, an application was filed in the Supreme Court of Judicature of Jamaica seeking the Court's approval of the Schemes. In order for the Court to approve the Schemes the majority of the shareholders of the Group companies that will be affected by the Schemes will need to approve the applicable Scheme. To that end on February 20, 2024, the Supreme Court issued orders (the "Orders") for Barita and CUHJL to each convene meetings of their shareholders to allow the shareholders to consider and vote on the Schemes.

Accordingly, Barita and CUHJL intend to convene the relevant meetings of their shareholders, pursuant to the Orders, to facilitate voting on the Schemes of Arrangement. At that time, we will provide the shareholders with the following scheme documents (the "Scheme Documents") for them to consider the matters on which they will be asked to vote:

- Notice of the Court sanctioned Meetings;
- Proxy Forms; and
- Scheme Booklet setting out the Schemes of Arrangement and Explanatory Statement which, among other things, sets out the rationale for the Schemes.

Once the Scheme Documents have been prepared, we will place a notice in a newspaper advising of the details for the Court sanctioned Meeting of Barita shareholders. Additionally, the Scheme Documents will, inter alia, be placed on Barita's website as well as the JSE's website.

The Group will be sharing more information with its stakeholders at the appropriate juncture regarding its progress through the steps in relation to the reorganization process.

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Malindo Wallace
Group Chief Legal Officer &
Company Secretary