KINGSTON WHARVES LIMITED

**MINUTES OF ANNUAL GENERAL MEETING**
**HELD ON THURSDAY, JUNE 20, 2019 AT 10:00 A.M.**
**AT THE AC KINGSTON HOTEL**

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**Present were:**

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| Mr. Jeffrey Hall | - | Chairman |
| Mr. Grantley Stephenson | - | CEO/Director/Shareholder |
| Mr. Bruce Brecheisen | - | Director |
| Mr. Kim Clarke | - | Director |
| Dr. Marshall Hall | - | Director |
| Mr. Alvin Henry | - | Director |
| Mr. Roger Hinds | - | Director |
| Mr. Charles Johnston | - | Director |
| Mr. Harriat Maragh | - | Director |
| Mrs. Kathleen Moss | - | Director |
| Mr. Robert Scavone | - | Director |
| Mr. Dorian Valdes | - | Director |

**In attendance were:**

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| Ms. Clover Moodie | - | Group Chief Financial Officer |
| Mr. Mark Williams | - | Chief Operating Officer |
| Ms. Anna I. Harry | - | Corporate Secretary/ Legal Counsel |
| Mr. Peter Williams | - | Partner – PriceWaterhouseCoopers (PWC) |
| Ms. Allison Bernard | - | PriceWaterhouseCoopers (PWC) |
| Mr. Dean Panton | - | Chief Accountant, KWL |
| Mrs. Jodenia Ferguson-Bryan | - | Internal AuditMmanager, KWL |
| Ms. Giselle Riley | - | Senior Accountant, KWL |
| Shareholders | - | See Appendix 1 |

**Call to order**

The Chairman called the meeting to order at 10:05 a.m. and extended a warm welcome to the shareholders as well as the company's Auditors and other invited guests.

**Confirmation of Quorum**

The Secretary confirmed that the required quorum was present and that the meeting could proceed to business.

**Notice of Meeting**

The meeting agreed that the notice of the meeting found on page 6 of the Annual Report be taken as read.

**Submission of Proxies and Corporate Representatives**

Shareholders were reminded that proxies should have been deposited with either the Company Secretary or the Registrar at least 48 hours prior to the date of the meeting. The Chairman also advised shareholders that a list of those proxies was available for inspection.

**Minutes of 2018 AGM, Articles of Incorporation and Share Register**

The Chairman advised the meeting that the Minutes of the last AGM, the Company's Articles of Incorporation and the shareholders' register were available for inspection. He reminded shareholders that for the purpose of recording the Minutes they were required to state their names, and he informed those in attendance that only registered shareholders or their appointed proxies or corporate representatives were allowed to participate and vote, if necessary.

**Introduction of Board Members and Senior Management**

Thereafter shareholders were reintroduced to the other members of the Board, as well as to other senior management staff of the KWL group.

The Chairman expressed gratitude to the Board for its sound judgment and oversight in 2018. He also lauded the CEO, Mr. Stephenson, and the Company's Management team and staff for the Company's outstanding results since Mr. Stephenson's assumption of leadership of the Company in 2003.

**Auditors' Report**

The report of the Auditors to the members was read by Mr. Peter Williams of PriceWaterhouseCoopers (PWC). The Chairman invited members to submit their views on the reading of the Report at the AGM.

**Directors' Report and CEO's Presentation**

The meeting agreed to take the Directors' Report as read, and the Chairman then invited Mr. Stephenson to make a presentation on the company's performance for the year 2018 and the outlook for 2019.

The CEO's presentation highlighted the following elements of the Group's performance:

a. record revenues of J$7.2b;
b. 576% growth in Operating Profit over the last 15 years, and 18% growth since 2017;
c. 757% growth in dividends over the last 15 years, and 18.4% growth over 2017; in this regard, shareholders were advised that the Board had declared an interim dividend of J$0.23 per share to shareholders on record as of July 22, 2019, payable on August 19, 2019, representing a 15% increase over the interim dividend declared in June 2018; and
d. 1475% growth in share price over the past 15 years.

Mr. Stephenson noted that in 2018, the Terminal Division accounted for 74% of earnings, while the Logistics Division earned 26% of revenues. He also noted that automobile units had increased by 12%, marking a year of record performance in the motor vehicle business; bulk cargo volumes increased by 45%; and break bulk or project cargo volumes increased by 20%.

Members were assured that the Logistics Division is growing, and the CEO attributed this growth to expansion of facilities, increased service offerings, and creditable performance in the handling of FCL and LCL cargo. He also emphasised the role played by staff training, and maximisation of operational efficiency through relocation of warehouses, and investments in equipment and technology, in securing the results achieved. He noted that both the Total Logistics Facility (TLF) and the Global Auto Logistics Centre (GALC) had completed a full year of operations in 2018. He highlighted that the opening of the TLF had facilitated offering of a wider range of logistics services and improved handling of FCL and LCL cargo, as well as relocation of activities from on-dock warehouses. He also highlighted that the GALC was a leading revenue generator for the Company in 2018, with over 500 units added to yard capacity, as well as the capacity to offer customs processing and inventory management in a one-stop-shop service for leading players in the local automotive market.

Mr. Stephenson also highlighted the following technological initiatives that had facilitated the strong performance in 2018:

a. Implementation of an appointment system for FCL commercial customers;
b. Deployment of a new motor vehicle management system; and
c. Development of a mobile app.

The CEO also noted that the Company had deepened its strategic partnerships with shipping lines and NVOCCs in order to move both the Terminal and Logistics businesses forward, and had continued its efforts to contribute to nation building through sponsorship of the Under-15 cricket competition, the Governor General's I Believe Initiative, the Union Gardens Basic School, and Missionaries of the Poor.

In commenting on the performance in Q1 2019, Mr. Stephenson highlighted that the Terminal Division had experienced increases in revenue and operating profit of 10% and 35% when compared with Q1 2018, while the Logistics Division had experienced growth of 21% and 78% respectively. He also noted that the major developmental plans for the year include:

a. rebuilding of Berth 3, expected to commence in Q4 2019;
b. upgrading of 2 other berths following completion of Berth 3;
c. commencement of a J$100m drainage improvement project in the Newport West area;
d. completion of transition to full SEZ operations; and
e. ground-breaking for construction of a 300,000 sq. ft. warehouse on Ashenheim Road**.**

In closing his presentation, the CEO expressed optimism regarding the Company's future, even in the face of fierce competition in port and logistics markets, and expressed gratitude to the shareholders for their confidence, and to the committed staff, Management team, and Board of Directors.

**Shareholder Q&A**

Following the conclusion of Mr. Stephenson's presentation, the Chairman invited questions from the shareholders.

Mr. Livingston Young sought clarification regarding the motor vehicle operations and how issues with operability or roadworthiness of motor vehicles are dealt with. He was advised that mechanics are employed by the company to deal with any such issues which may arise when vehicles arrive at KWL, and vehicles are usually assessed both before leaving their port of origin and on arrival in Jamaica to ensure that cars meet standards imposed by the respective Governments. He was assured that KWL's risk in this regard is well-managed.

Mr. Livingston also sought and obtained clarification in relation to the Related Party Note in the Accounts.

Mr. Orrette Staple congratulated the team on the 2018 results, and commended directors on their record of attendance at meetings in 2018, and on the results of the Board evaluation exercise. He also commended the quality of the MD&A in the Annual Report, and expressed pleasure on the appointment by KWL of its first female Terminal Manager.

Mr. Staple requested an explanation for the increase in post-employment benefit, and he was advised that this was due to an increase in the fair value of the assets of the Pension Fund, due to increases in the value of the Fund's equity holdings. He also sought an explanation regarding the restriction of cash flow of J$189m referred to in the accounts, and he was advised that this related to the release of funds which were being held by the Bank of Nova Scotia Jamaica to secure overruns in construction of TLF; as there were no overruns, the cash was released to the Company.

Mr. Staple commended the management of expenses year over year, but expressed the view that in light of the rate of increase in revenues and profits year over year, the dividend payment could be higher; other members supported this suggestion. In response, the Chairman noted that the nature of the business requires a foundation of fixed capital, and the aim of the Board and Management is to use those assets diligently to drive profit growth. He assured members that a significant amount of time is spent managing revenue growth and cost efficiency, and he assured them that dividend payments are constantly assessed against overall capital spend, earnings, and available cash resources. He also assured members that dividends will continue to be reviewed regularly, with a view to keeping them in line with profit and revenue growth, and the Board will continue to be careful to time dividends based on the full year's performance and market risks, such as currency risk and operational risk due to the possibility of adverse weather conditions.

Mr. Staple also sought an explanation for the 18% reduction in Group trade receivables and 24% increase in loss allowance reflected in the accounts. He was advised that the former reflects very good financial management, as the Company has improved collection of receivables, while the latter reflects the introduction of IFRS 9 during the year, the effect of which has been that the basis of provisioning has changed , so that once a credit invoice is raised, provision must now be made.

Michael Edwards enquired whether consideration is being given to change the pension arrangements from a Defined Benefit to a Defined Contribution Scheme. He was advised that the operation of the Pension Fund and its assets are reviewed periodically, taking into account a number of factors including maintaining the competitiveness of KWL as an employer, promoting the security of employees, managing the risks to the Company of operating a Defined Benefit scheme, management of pension assets, and oversight of pension fund. Based on that assessment, the Board is of the view that the likelihood of a drain on the resources of the Company as a result of operating a Defined Benefit scheme is low.

Mr. Edwards also enquired as to what portion of the increase in management remuneration is tied to the long-term success of the business. He was assured that the Board pays attention to the base level of compensation offered to attract talent, and that there is a performance-based incentive scheme based on performance of the business financially and operationally. He also noted that the Company has established an Employee Share Ownership Plan which gives full-term employees an interest in the Company, thereby increasing their commitment to the performance of the company.

Mr. Dalphyne Jackson expressed gratitude for the increase in the pension benefit which took retroactive effect from January 1, 2018, and requested that future increases be paid in a more timely manner. He also enquired regarding the prospects for expansion of the facility at Tinson Pen and for collaboration with the Chinese. He was assured that the scope for expansion of the motor vehicle business are being explored, and that in light of the number of infrastructure projects being undertaken in the area, including road improvement program, and waterfront development, KWL is open to doing business with companies across the world, including Chinese companies.

Mr. John Hall commended the financial performance and enquired whether any consideration is being given to attempting to improve the P/E ratio by way of a bonus issue or share split. He was advised that while the Board and Management have been and will continue to be focused on increasing earnings by being a Company of substance, using assets to produce tangible earnings and benefits, the prospects for share restructuring will be reviewed.

Mr. John-Daniel Martin enquired regarding the Company's recruitment of Engineers, and he was assured that there is heavy investment in recruiting and developing people, including via attendance at university fairs, advertisement of vacancies, anddevelopment of a program for training of recruits across different disciplines. Mr. Martin commended the Company on the level of growth and its contribution to moving the country forward.

Mr. Andrew Woolery enquired whether there are current or intended upgrades of security to arrest the import of guns, ammunition, and illicit goods. He was advised that cargo is scanned and inspected by the Jamaica Customs Agency, and there are substantial security systems in place. He was assured that there will continue to be heavy investment in security, and that the Board recognises the duty to receive and monitor reports of breaches, and relies on in-house experts to assist with managing the security requirements of the port.

Mr. Young sought and obtained clarification regarding the Company's operating leases and deferred income tax assets and liabilities.

Following the question-and-answer segment, attention reverted to the formal agenda and the following resolutions were tabled and passed.

**Ordinary Resolution No. 1 – Audited Financial Statements and Director's Reports**
The following resolution was passed unanimously on a motion by Mr. Staple which was seconded by Mr. Young:

> THAT the Audited Financial Statements for the year ended December 31, 2018 and the reports of Directors and Auditors circulated with the notice convening the meeting be adopted.

**Ordinary Resolution No. 2 – To approve and ratify dividend payments**
The following resolution was passed by a majority vote of the members on a motion by Mrs. Evelyn Sangster-Barnes which was seconded by Mr. Charles Johnston:

> THAT as recommended by the Directors, the interim dividend of twenty cents ($0.20) per share paid on August 17, 2018 and of twenty-five cents ($0.25) per share paid on January 11, 2019, be and are hereby declared as final, and no further dividend be paid in respect of the year under review.

Mr. Young dissented.

**Ordinary Resolution No. 3 – Rotation of Directors**
Mr. Stephenson was invited to read the 3rd Resolution to the meeting. On a motion by Mr. Staple, which was seconded by Mr. Young, the members unanimously agreed to re-elect the retiring directors en bloc. The resolution to re-elect the directors was also passed unanimously in the following terms on a motion by Mr. Young which was seconded by Mr. Trevor Riley:

> THAT the retiring Directors, Messrs. Jeffrey Hall, Bruce Brecheisen, and Kim Clarke, and Mrs. Kathleen Moss be and are hereby re-elected Directors of the Company.

**Ordinary Resolution No. 4 – To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors.**

The following resolution, proposed by Mr. Riley and seconded by Mr. Jackson, was passed unanimously:

> THAT PriceWaterhouseCoopers, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

**Ordinary Resolution No. 5 – To fix fees of the Directors**

The following resolution, proposed and seconded by Messrs. Riley and Jackson respectively, was also passed unanimously:

> THAT the amounts shown in the accounts of the company for the year ended December 31, 2018 as fees paid to the Directors for their services as directors, be and are hereby approved.

**Termination**

There being no further business, the Chairman terminated the meeting at 11:40 a.m. and invited those in attendance to partake in the refreshments provided.

**APPENDIX 1**
**List of Non-Director Shareholders in attendance**

1. Mark Williams
2. Anna Harry
3. Trevor Riley
4. Steve Daley
5. Michael Hendricks
6. Patricia E. Ramikie
7. Lanzel Bloomfield
8. Evelyn Sangster- Barnes
9. Livingston Young
10. Dalphyne Jackson
11. Bradley Evans
12. Michael Edwards
13. Mark Edwards
14. Valrie Campbell
15. Neville Newby
16. Errol Whittaker
17. Daniel Gillings
18. Jerry Banton
19. Marcia Campbell
20. Garfield Parris
21. Condell Stephenson
22. E. Martin
23. Orrette Staple
24. Errol Thorpe
25. Minette Bryan
26. Clayton Morgan
27. John E. Hall
28. Tamara Dennis- Desgoutts
29. Kerry-Ann Diviney
30. Deanna Desgoutts
31. Clinton Allen
32. Dennise Williams
33. Allan Marsh
34. Maurice C. Saunders
35. Andrew Wollery
36. Madgie Walters
37. John-Daniel Martin
38. Yvonne Williams
39. H. McNeil
40. Arlene Jarrett
41. Everton Sealy
42. Hubert Maragh
43. Gary Campbell
44. Kimberley Williams
45. Marvin Hector
46. Annette Puran Headman
47. Elethia Ricketts
48. Charles Lewis
49. Clive Bernard
50. Seafreight Line (represented by Daniel Vargas)
51. SBD LLC (represented by Bruce Brecheisen)
52. Jamaica Producers Group Limited (represented by Charles Johnston)
53. SJIML A/C 442 (represented by Adrian Stokes)
54. SJIML A/C 3119 (represented by Adrian Stokes)
55. Heather Rose (represented by Vascianna Cummings)