



KINGSTON WHARVES LIMITED

**MINUTES OF ANNUAL GENERAL MEETING
HELD ON THURSDAY, JUNE 18, 2020 AT 10:00 A.M.
AT THE TOTAL LOGISTICS FACILITY
AT 195 SECOND STREET, NEWPORT WEST, KINGSTON 13**

Present were:

Mr Jeffrey Hall	-	Chairman
Mr Grantley Stephenson	-	Deputy Chairman
Mr Bruce Brecheisen	-	Director
Mr Kim Clarke	-	Director
Dr Marshall Hall	-	Director
Mr Mark Williams	-	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:

Mr Alvin Henry	-	Former Director
Ms Clover Moodie	-	Group Chief Financial Officer
Mr Stephan Morrison	-	Corporate Secretary/ Legal Counsel
Mr Peter Williams	-	Partner – PriceWaterhouseCoopers (PWC)
Ms Allison Bernard	-	PriceWaterhouseCoopers (PWC)
Mrs Jodenia Ferguson-Bryan	-	Financial Controller, KWL
Mrs Frances Mighty Hutchinson	-	Internal Audit Manager, KWL
Mrs Denise Walcott-Samuels	-	Human Resource & Administration Manager, KWL
Mr Dean Pantou	-	Chief Accountant, KWL
Ms Giselle Riley	-	Financial Reporting & Analysis Manager, KWL
Shareholders	-	See Appendix 1

Call to order

The Chairman called the meeting to order at 10:00 a.m. and extended a warm welcome to the shareholders that were present in person and by proxy 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 members present at the meeting agreed to take the notice of the meeting found on page 6 of the Annual Report as read.

Submission of Proxies and Corporate Representatives

Shareholders were reminded that proxies were 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 which amounted to 67% of all voting shareholders, was available for inspection.

Auditors' Report

The report of the Auditors to the members was read by Mr. Peter Williams of PriceWaterhouseCoopers (PWC).

Minutes of 2019 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

Shareholders were introduced to the other members of the Board, and senior management staff of the KWL group.

The Chairman expressed gratitude to the Board for its sound judgment and oversight in 2019. He also acknowledged the significant contribution of the Company's former CEO, Mr. Stephenson. The Chairman also expressed his appreciation for Mr Stephenson's continued contribution through his new role as the Deputy Chairman of the Company, after demitting office as CEO at the beginning of January 2020.

The Chairman also welcomed Mr. Mark Williams, who has been promoted to the role of Chief Executive Officer and has also been appointed to the Board of Directors.

On behalf of the Board and the Company, the Chairman went on to acknowledge and express our gratitude to Mr Alvin Henry, who after fifteen years of sterling service to the Company, retired as a Director of the Company in April 2020.

Directors' Report and CEO's Presentation

The meeting agreed to take the Directors' Report as read, and the Chairman then invited Mr. Williams to make a presentation on the Company's performance for the year 2019 and the outlook for 2020.

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

- i. record revenues of J\$7.9 billion, a 9% increase over the previous year;
- ii. Operating Profit increased by 26% to \$3.1 billion in 2019;
- iii. In 2019, we declared dividends of \$772.31 Million, an increase of 20% over 2018 and the highest dividend since we listed on the JSE in 1995; and
- iv. Earnings per share in 2019 was \$1.82, also 34% above 2018.

Mr. Williams noted that in 2019, the Terminal Division accounted for 72% of earnings, while the Logistics Division earned 28% of revenues. He also noted that automobile units had

increased by 20% over the previous year, marking a year of record performance in the motor vehicle business; bulk cargo volumes increased by 6%; and break bulk or project cargo volumes increased by 13%.

The CEO shared that the Company contributed J\$3 million to the Government's COVID-19 response measures, as part of a larger donation in conjunction with the Jamaica Producers Group.

The Company executed a J\$100 million project to reconstruct and rehabilitate drains in a section of the Newport West to alleviate longstanding flooding problems in the area.

Nearing the end of the first quarter, the COVID-19 crisis hit the local and global economy, devastating many businesses. The Company activated its business continuity and COVID-19 Management Strategy at the first emergence of the virus on the global scene.

The CEO reported that the Company's management strategy comprised four phases—**Dodge**, addressing the immediate COVID-19, health, safety and business continuity situation facing our workforce, customers and business partners; **Defend**—dealing with near term cash management; supply chain and sales resiliency issues;. **Restore**—maintain the core business to a sustainable scale and profit level even in the event of a prolonged COVID-19 crisis, and **Re-invent**, re-imagine winning in the new normal . The CEO also outlined the COVID-19 risk mitigation actions taken by the Company.

The CEO also shared that in the midst of managing the immediate crisis, the Company continued its forward planning. He shared that Kingston Wharves had officially made the transition from a Free Zone to a Special Economic Zone, having gained its SEZ designation towards the tail end of 2019. This status affords the Company the opportunity to capitalise on emerging opportunities and to move forward with greater confidence in pursuit of our growth agenda.

The CEO noted that infrastructure readiness through expanding, rehabilitating and developing the Company's plant is high on the agenda for 2020, as it is a key pillar of its profit and service delivery push. KWL plans to expend J\$1.4 Billion on infrastructure projects in 2020. The Company just concluded a major multi-million dollar maintenance-dredging project of the seabed in the vicinity of our terminal to remove debris and enhance our berthing capacity. Other Key projects in the pipeline for 2020, include work on additional protection for our berths, upgrading aprons, and rehabilitating our container yard.

The Company is also moving ahead with its modular warehouse complex slated for Ashenheim Road. The site has been cleared and prepared, with construction to begin shortly on the first phase. This phase will be a 3PL logistics and cold storage facility which will enable us to maximise opportunities from the global cold storage business, which one source estimated will be valued at US\$212 billion by 2025. This facility will add capacity to KW's warehouse and logistics services and support the country's food security.

In closing his presentation, the CEO underscored that the Kingston Wharves ship remains steady; despite all the upheavals in global trade, the Company maintains a strong balance sheet and our business model is one which is positioned for growth and profitability.

Shareholder Q&A

Following the conclusion of Mr. William's presentation, the Chairman invited questions from shareholders who could not be present at the AGM due to the COVID-19 pandemic, but had submitted written questions to the Company beforehand, and also questions from shareholders who were present at the meeting.

Mr Orrette Staple submitted written questions beforehand and in it he thanked to Mr. Stephenson for the tremendous job he did as CEO of the Company and he also welcomed our new CEO, Mr. Williams.

The following written questions were submitted by Mr Staple:

Question 1 – Note 21, Page 124

Mr. Chairman, the amount of J\$470 million has been advanced to the joint venture of SSL Reit. Explain why this investment at this time.

RESPONSE

The Chairman noted that the company was renamed KW Warehousing Services Limited before allowing the Company's CFO to answer the question.

The CFO explained that the Company advanced a loan to KW Warehousing Services Limited and at the time of the loan, the Company was 50% joint venture partners in KW Warehousing Services Limited. The loan was used to refinance the purchase of the warehouse which the Company considered to be a key warehousing facility. Following the acquisition of the remaining shares, this loan became an inter-company loan facility. Given the attractive yields, Management believes that the loan was one of the best use of the funds.

The Chairman also added that an important strategic objective of the Company is to build out the logistics capabilities in and around the port of Kingston and Newport West.

Question 2 – Page 120

Mr. Chairman, the group acquired a subsidiary comprising land for J\$250 million, plant and building for J\$320 million, totalling J\$570 million. Where is the subsidiary located and what benefits will accrue to our group.

RESPONSE

The Chairman explained that this was the same facility mentioned in the previous answer called KW Warehousing Services Limited. He elaborated that there was a wide range of trade being facilitated through Jamaica, and that the Company wanted to be able to accommodate.

Question 3 – Page 133

Mr. Chairman, during the year in review transactions with related parties amounted to \$2,927,757 billion versus \$2,745,881 billion in 2018. Explain how this is done so that non-related parties competing for the same services can feel comfortable in their participation.

RESPONSE

The CEO explained that the related parties were shipping agents that act on behalf of international shipping lines. He further explained that the tariff rates are negotiated based on

volume and cargo type that is governed by our published general tariffs. He assured shareholders that no stakeholder would be disadvantaged because the Company has been very transparent in the operation of its business and will continue to act transparently.

Question 4 – Page 134

Mr. Chairman, what accounts for this extremely high provision of J\$16,464,000 million and J\$11,290,000 million for the Group and Company?

RESPONSE

The Chairman referred the question to the CFO, and asked her to comment whether she would characterize the provision as extremely high?

The CFO opined that the provision of J\$16 million and J\$11 million is not considered high in the context of the Company's revenues. She highlighted that the Company's loan loss provision is actually less than 1% of its total revenues for the year and it has also seen an improvement year over year. The CFO assured the shareholders that Management takes the matter of receivables very seriously regardless of whether it is due from related or unrelated parties.

Question 5

Mr. Chairman, what is the value of unclaimed dividends. Explain what is happening to this amount as at now.

RESPONSE

The CFO stated that the value of unclaimed dividends stands at approximately \$15 million as at May 2020. She shared that the sum remains due and payable to our shareholders who for whatever reason have not yet claimed them. The CFO also noted that the Company's Articles of Incorporation does provide that if a dividend remains unclaimed for a period of 12 years, then those unclaimed dividends will accrue to the Company.

Question 6

Mr. Chairman, Logistics Hub was always high on the agenda of Kingston Wharves. With less shipping companies entering Jamaica at this time how is this item "Logistics Hub" being impacted and what is the true picture of Kingston Wharves future as we go forward in these harsh economic times?

RESPONSE

The CEO highlighted that 80% of global trade continues to move by sea, so even in this pandemic trade will continue to move by sea. The Company is positioning itself not just as a local company but also as a regional and global company.

The Chairman observed that COVID-19 was accelerating certain trends. Among those trends will be ecommerce. People are using ecommerce as a direct alternative to direct retail. As that grows, the Company's leadership sees an opportunity for Kingston Wharves to be a participant and facilitator in the trade of direct shipment of packages to businesses and private individuals. All of this requires the correct enabling environment, and Kingston Wharves has sought to position its assets strategically by becoming a Special Economic Zone (SEZ). This

will allow us to make use of the appropriate tax treatments for activities taking place within the SEZ. It is within that context that we remain committed to the Logistics Hub opportunity.

Mr. Livingston Young sought clarification regarding borrowings from companies controlled by directors/members or related by virtue of common directorship at note 25 (b) (iii). He also queried on note 25 (c) regarding Key Management compensation and note 26 regarding Trade and Other Receivables.

RESPONSE

The CFO explained that the Company obtained a loan facility from a related party in our to purchase land. Amounts represented the sums owed as at 2018 and 2019 respectively.

The Chairman explained the compensation figures at note 25 (b) (iii) related to salaries, short term employee benefits and pension benefits.

The CFO explained that note 26 reflects the Group and the Company's total trade receivables made on credit and are therefore collected at a later date. It also accounts for amounts set aside due to IFRS 9, which requires that Companies make a loss provision.

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 Mrs Clover Moodie which was seconded by Mr. Mark Williams:

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 unanimously on a motion by Mr Garfield Parris which was seconded by Mr. Livingston Young:

THAT as recommended by the Directors, the interim dividend of Twenty-Three cents (\$0.23) per share paid on August 19, 2019 and of Thirty-One cents (\$0.31) per share paid on January 16, 2020, be and are hereby declared as final, and no further dividend be paid in respect of the year under review.

Ordinary Resolution No. 3 – Rotation and Election of Directors

The directors retiring from office by rotation pursuant to Article 107 of the Company's Articles of Incorporation are Messrs. Charles Johnston, Marshall Hall, Robert Scavone and Dorian Valdes. All the retiring Directors, being eligible, offer themselves for re-election.

The following resolution was passed unanimously on a motion by Mr Roger Hinds which was seconded by Mr. Stephen Bell as proxy for S.B.D. LLC:

THAT Mr. Charles Johnston be and is hereby re-elected a Director of the Company.

The following resolution was passed unanimously on a motion by Mr. Livingston Young which was seconded by Mr. Roger Hinds:

THAT Dr. Marshall Hall be and is hereby re-elected a Director of the Company.

The following resolution was passed unanimously on a motion by Mr. Livingston Young which was seconded by Mr Roger Hinds:

THAT Mr. Robert Scavone be and is hereby re-elected a Director of the Company.

The following resolution was passed unanimously on a motion by Mr. Stephen Bell as proxy for S.B.D. LLC which was seconded by Mr. Roger Hinds:

THAT Mr. Dorian Valdes be and is hereby re-elected a Director of the Company.

The following resolution was passed unanimously on a motion by Mr Garfield Parris which was seconded by Mr. Roger Hinds:

THAT Mr. Mark Williams who retires after having been appointed to the Board since the last Annual General Meeting, be and is hereby elected a Director of the Company.

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

The following resolution was passed unanimously on a motion by Mr. Stephen Bell as proxy for S.B.D. LLC which was seconded by Mr. Roger Hinds:

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 was passed unanimously on a motion by Mr. Livingstone Young which was seconded by Ms Valrie Campbell:

THAT the amounts shown in the accounts of the company for the year ended December 31, 2019 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 11:25 a.m.

APPENDIX 1

List of Non-Director Shareholders in Attendance In-Person

1. Ms Clover Moodie
2. Ms Valrie Campbell
3. Mr Garfield Parris
4. Mr Steve Daley
5. Mr Livingston Young
6. Mr Clinton Allen
7. Ms Tamara A. Dennis-Desgouttes
8. Mr Stephen Bell (proxy for S.B.D. LLC)
9. Mr Stephan Morrison (proxy for Maritime & Transport Services Limited)
10. Mr Stephan Morrison (proxy for A.E Parnell & Co. Ltd.)
11. Mr Jeffrey Hall (proxy for Jamaica Producers Group Limited)

List of Directors Present In-Person

1. Mr Jeffrey Hall
2. Mr Grantley Stephenson
3. Mr Mark Williams

List of Directors Present by Video Conference

1. Mr Bruce Brecheisen
2. Mr Kim Clarke
3. Dr Marshall Hall
4. Mr Roger Hinds
5. Mr Charles Johnston
6. Mr Harriat Maragh
7. Mrs Kathleen Moss
8. Mr Robert Scavone
9. Mr Dorian Valdes