

# **PORTLAND JSX LIMITED (PJX)**

## **MINUTES OF THE 2<sup>nd</sup> ANNUAL GENERAL MEETING OF PJX HELD AT THE OFFICES OF McNAMARA CORPORATE SERVICES INC., CNR. FLAMBOYANT DRIVE & ALMOND ROAD, RODNEY BAY, GROS ISLET, ST LUCIA ON WEDNESDAY, THE 11<sup>TH</sup> DAY OF JULY, 2018 AT 12:00 NOON**

Present:	Holly Hughes-McNamara	Chairman (St. Lucia)
	Doug Hewson	Board Chairman (Canada)
	Patricia Francis	Director (Jamaica)
	Patrick McDonald	Director (Jamaica)
	Jonathan Murphy	Director (Cayman)
	Rhory McNamara	Secretary (MCSI, St. Lucia)
In Attendance:	Robert Almeida	Managing Partner, Portland Private Equity
	Joe Vescio	Managing Partner, Portland Private Equity
	Nigel Chambers	KPMG Representative
	Yanique Banton	KPMG Representative
	Anna Young	Assistant Company Secretary

### **1. CALLED TO ORDER AND WELCOME**

The meeting was called to order at 12 noon. Director Hughes-McNamara, who presided as Chairman of the meeting, welcomed the shareholders and other persons present to the second annual general meeting of the Company. She then proceeded to introduce the members of the Board and management who were participating from both the satellite location and by Skype.

The Chairman sought and received the shareholders' permission to have the notice convening the meeting taken as read. She asked shareholders who wished to speak to clearly state their names for the record while noting that only these individuals could move or second motions and vote at the meeting.

### **2. PURPOSE OF MEETING**

The Chairman stated the purpose for which the meeting was convened as to seek the approval of the shareholders to the resolutions set out in the notice of the meeting. These she summarised as:

- (i) The adoption of the audited financial statements of the Company for the year ended February 28, 2018.
- (ii) The re-appointment of the retiring Auditors KPMG and the authorisation of the Directors to determine their remuneration.
- (iii) Approval of the payment of the Directors' fees as shown in the 2018 audited accounts.

Before taking questions on the annual report and financial statements, the Chairman pointed out that as the Company was a St. Lucian International Business Company, there was no requirement for the Auditors' Report to be read prior to approval hence the same would be taken as read.

Shareholder Orrett Staple noted his observations and then posed a number of questions on the audited accounts. His observations were (1) the absence of a corporate governance statement confirming the number of Board and Board Committee meetings held in the year (2) no indication as to whether a Board performance evaluation was undertaken; and (3) the need for the Management Discussion and Analysis to provide more information to shareholders. He then turned to the questions on the audited accounts:

- **Financial Investments.** The Company recorded a fair value gain on financial assets of approximately \$2.1M which the Auditors indicated was recorded in the profit and loss account.
- **Page 37, Note 2(v) – Interim Financial Information.** Interest Income of \$20,831 for the period ended August 31, 2017 was not recognized in the said period (and was not considered material by the auditors) but was included in the nine months ended November 30, 2017. Mr. Vescio explained that the amount was an accounting error that was not fully disclosed or picked up in the interim period. However, it had been adjusted prior to the Company's financial year end and included in the 2018 audited accounts.
- **Page 42, Note 7 – Receivables.** In relation to the composition of prepayments reported at \$53,333 for both financial years 2018 and 2017, Mr. Vescio pointed out that the reported sum represented insurance and other similar expenses. As the exact breakdown of this figure was not immediately accessible, he *undertook to provide the details at a later point*. The auditors' representative, Mr. Nigel Chambers, referred the meeting to Note 2(a)(i)(ii)(i) and confirmed that the \$53,333 included prepaid insurance, management fees and other expenses. Upon review, it was determined that the amount represented prepaid management fees. In response to the query regarding IFRS 9 and its impact on prepayments, he explained that while Mr. Staple's deduction of the Standard was correct, in the case of PJX there would be no impact on the line item but rather a change in the model for calculating the impairment of financial assets.
- **Pages 34 and 43, Note 11 – Operating Expenses.** Increase in Directors' fees from \$13,563 prior year to \$27,500 (102%) and management fees moving from 2% of Limited Partners' commitments to 1.75% (Note 1(2)). On the former, Mr. Vescio stated that the Company now had its full complement of Directors which accounted for the increase in fees in the financial year. In respect of management fees, the reduction reflected the terms of the advisory agreement.
- **Return to Shareholders.** No dividend had been declared in the year because the Company was just about breaking even having suffered a loss of \$1.6M in 2017 and despite a profit of \$1.9M in the reporting financial year. To support this point, Mr. Almeida referred Mr. Staple to the Statement of Financial Position on page 29 which showed an accumulated deficit of \$19,782. He then turned to page 30 and pointed out that a significant part of the Company's profit (\$2.1M) was made up of fair value adjustments which was not cash but unrealised gains that was not distributable. This notwithstanding, it was the Company's intention to make a distribution to its shareholders as the portfolio became more cash generating.

Mr. Staple then raised the matter of a stock dividend in lieu of a cash payment but Mr. Almeida stressed that the Company was not in a position to pursue this method as this would require a significant cash injection.

Mr. Staple observed that as at July 10, 2018, the share price was \$9.06 (down from the original price of \$11.00) but that not many shares were being offered for sale in the market. A discussion then ensued on the fall in the price of the share wherein Shareholder Vincent Edwards pointed to the difficulty he experienced in getting more shares to buy through stockbrokers who seemed unwilling to promote the stock due to insufficient available information in the market and market speculation.

There being no other questions from the floor, the Chairman thanked Mr. Staple for his contribution and assured the meeting that the Board would take appropriate steps to ensure that his observations and those of other shareholders would be given serious consideration. She also took the opportunity to sincerely apologise on behalf of the Board for the inadvertent omission of pages 1-3 of the Auditors' Report, copies of which were made available at the satellite location.

Turning to the formal business of the meeting, the Chairman read each of the proposed resolutions as set out hereunder:

#### 4. **BUSINESS OF THE MEETING**

##### **Resolution #1 - Audited Financial Statements, Directors and Auditors' Reports**

**THAT the Audited Financial Statements of the Company for the year ended February 28, 2018, together with the Reports of the Directors and the Auditors thereon, be and are hereby adopted.**

Mr. Staple proposed that the resolution be adopted and Shareholder Arthur Ellison seconded the proposal. The resolution was then put to the shareholders and carried unanimously.

##### **Resolution #2 - Re-appointment of Auditors**

**THAT KPMG, Chartered Accountants of 204 Johnsons Centre, #2 Bella Rosa Road, Gros Islet, Saint Lucia, having agreed to continue in office as Auditors of the Company, be and are hereby re-appointed to hold such office until the next annual general meeting of the Company AND THAT their remuneration be determined by the Directors.**

Shareholder Michael Hendricks moved for the passing of this resolution and the motion was seconded by Shareholder Mark Barton. The Chairman then put the resolution to a vote and it was unanimously approved.

##### **Resolution #3 - Remuneration of Directors**

**THAT the amount shown in the audited accounts of the Company for the year ended February 28, 2018 as remuneration to the Directors for their services as Directors be and is hereby approved.**

Mr. Hendricks moved for the passing of this resolution and the motion was seconded by Mr. Barton. The Chairman then put the resolution to a vote and it was carried unanimously.

6. **ANY OTHER BUSINESS**

(1) **Directors' Shareholding**

Mr. Vincent Edwards remarked on the Directors not owning shares in the Company and questioned whether there was a relevant policy in place. In response, Mr. Almeida confirmed that there was no policy but pointed out that the Board Chairman Douglas Hewson and the Managing Partners of Portland Private Equity were investors in PCF II in which the Company was invested. Director McDonald took the opportunity to explain the purpose of independent directors of a publicly listed company which was primarily to protect the interest of the Company as a whole for the benefit of its shareholders. It was against this fiduciary responsibility that the independent directors of the Company did not themselves hold shares.

(2) **Alternative Investment Strategies**

Shareholder Claudja Williams wanted to know whether alternative investment strategies were considered in addition to PCF II. She was informed by Mr. Almeida that the Company's only significant asset was its investment in PCF II but that the Board would consider other strategies going forward once the existing assets were transformed into cash.


(3) **AGM Minutes**

Mr. Staple reminded that the minutes of general meetings should be made available to shareholders and that these minutes should not only contain the resolutions but also the discussions that took place at the meeting.

7. **TERMINATION**

There being no other business brought for discussion, the Chairman proposed that the meeting be terminated. Mr. Barton moved the motion to terminate which was seconded by Mr. Staple and carried.

The meeting ended at 1:05 p.m.

  
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CHAIRMAN

Approved October 10, 2018

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DATE