

THE CONCESSION AGREEMENT FOR THE FURTHER DEVELOPMENT, OPERATION, EXPANSION AND SUBSEQUENT TRANSFER OF THE KCT



April 7, 2015

The Concession Agreement

A Concession Agreement was signed today, April 7th between the Port Authority of Jamaica (PAJ) and Kingston Freeport Terminal Limited (KFTL), a Special Purpose Vehicle [SPV], formed to accept the KCT Concession.

The KFTL is jointly owned by the members of the Consortium, Terminal Link [TL] and CMA CGM with equity interests of 40% and 60% respectively.

The Agreement will give KFTL a 30-year term concession with the right to Finance, Expand, Operate, Maintain and Transfer the Kingston Container Terminal (KCT) at the end of the concession period.

The Agreement will also see the Concessionaire dredging the access channel to the Kingston Harbour and the basin of the KCT to allow for the handling of the larger vessels that will transit the Panama Canal after its expansion. The transfer of the operating control to the Concessionaire is expected to take place shortly after financial close of the transaction which is expected to be completed

within 6-8 months after signing. The Government will not provide a guarantee for the transaction.

Under the agreement, the Port Authority will receive an upfront payment equivalent to the value of the equipment at the Terminal which are to be handed over to the Concessionaire for operation, a fixed annual payment paid quarterly in advance representing a lease payment for the facility and variable fee payable monthly in advance. These fees represent payment for the use of the facilities and will allow the Authority and the Country to share in the improved operations of the business. The Government will also benefit from the payment of income and other related taxes.

During the Concession period, the PAJ will retain the responsibility for maintenance dredging of the channel and for enacting regulations and policies in support of the development of the Greater Port of Kingston and the ports of Jamaica.

The Kingston Container Terminal

The Kingston Container Terminal is widely considered by Jamaicans to be one of the island's prime assets. Constructed over several decades and in several stages, the Terminal was developed in response to the containerization of cargo and has grown in step with the expansion of the transshipment of containerized cargo in the hemisphere. Throughout its history, it has been one of the leading transshipment terminal in the region.

In all of past construction and expansion projects, the PAJ has benefited from a Guarantee from the Government of Jamaica in order to secure the required financing. Because of current policy decision to no longer issue Government Guarantees to back the debt raised by statutory agencies, an alternative approach to financing the development and expansion of the port by providing a Concession Agreement to a leading Global Terminal Operator has been pursued.

In addition, the Concessionaire has been asked to undertake the capital dredging of the access channel and the basin. This ensures that the Port of Kingston will continue to grow, expand and maintain its competitive position with strong participation from the international private sector.



Kingston Freeport Terminal Limited

Kingston Freeport Terminal Limited, the limited liability company was formed to accept the KCT Concession on behalf of the TL Consortium, consisting of Terminal Link and CMA CGM.

The company is registered in Jamaica under Jamaican Laws and exists for the sole purpose of entering into the Concession Agreement for the long Term Concession to Finance, Expand, Operate, Maintain and Transfer the Kingston Container Terminal.

The Members of The TL Consortium

CMA CGM is a global leader in container shipping. CMA CGM being cognizant of the importance of terminals in the shipping industry has made significant investments in port operations at strategic locations across the globe.

Their port operating companies are CMA Terminals, which is wholly owned by CMA CGM and Terminal Link, which is a joint venture of CMA CGM (51%) and China Merchant Holdings International (49%).

Both TL and CMA Terminals are in their own right recognized as global terminal operators (GTO) and together according to *Drewry 2014 Annual Report of Global Container Terminal Operators* ranked 11th among the top 20 GTO worldwide in 2013. This ranking is expected to improve to the 7th or 8th place by 2017 on completion of new terminals currently under development and the acquisitions and concession agreements currently being negotiated including the KCT.

Terminal Link's portfolio currently consists of interest in 14 terminals worldwide and handled over 12 million TEUs in 2014.

(Source <http://www.cma-cgm.com/the-group/activities/shipping/terminals>)



The company operates terminals on every continent with total capacity under management of approximately 25 million TEU's.

The company has a number of new container terminals under development in the Netherlands, India and Nigeria.

All of the CMA CGM terminals are common user terminals, meaning that all the shipping lines calling on the terminals benefit from the same quality service and treatment without discrimination.

Currently, at these terminals, the volumes processed are equally split between cargo carried on CMA CGM vessels and third party customers. The company's strategy is to secure sizeable volumes from CMA CGM and other shipping line shareholders/partners in the Terminal to develop the Terminal and mitigate risk. Third party customers are then attracted by offer of best in class quality of service at the strategically located terminals. This allows the company to further improve utilization and enhance terminal operations by diversification of customers' portfolio. The organization has a strong focus on safety, security and the environment.



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