

This document is a prospectus ("Prospectus") for the purposes of the Companies Act, 2004 (the "Act"). This Prospectus is dated Monday, 30 March 2015, and issued by Caribbean Energy Finance Company Limited (the "Company"). A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act, 2004 and was so registered on Monday, 30 March 2015. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on Monday, 30 March 2015. The FSC has not approved the Shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.



Caribbean Energy Finance Company Limited

Up to 64,684,602 Ordinary Shares for Subscription Priced at J\$7.30 per share

The Company invites Applications for subscription for up to 64,684,602 new Ordinary Shares in the capital of the Company (the "Shares") in the Invitation. Up 41,359,257 to Ordinary Shares in the Invitation are initially reserved for application by the general public, and up to 23,325,345 Ordinary Shares in the Invitation (the "Reserved Shares") are initially reserved for priority application from, and subscription by the following persons (the "Reserved Share Applicants"): (a) up to 20,679,630 Ordinary Shares for key partners of the Company (the "Key Partners") (the "Key Partners Reserved Shares") to be allotted to Applicants who wish to subscribe for large amounts of Ordinary Shares in the Invitation worth over J\$1m in the aggregate at a discounted price of J\$7 per Share; and (b) up to 1,000,000 Ordinary Shares for non – executive Directors of the Board (excluding the Founders) (the "Board Applicants") at a discounted price of J\$0.40 per Share (limit 333,333 Shares per Board Applicant); and (c) up to 1,000,000 Ordinary Shares for staff and senior managers of the Company (including the Chief Executive and the Operations Manager) (the "Staff Applicants") at a discounted price of J\$0.40 per Share (limit 500,000 Shares per Staff Applicant); and (c) up to 645,715 Ordinary Shares for M/VL Stockbrokers Limited ("M/VL"), lead broker to the Company in the Invitation (the "M/VL Reserved Shares") which has elected to take a portion of its fees in the form of the M/VL Reserved Shares to be issued at a discounted price of J\$7.00. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them, they will be made available for subscription by Reserved Share applicants in the other categories and thereafter, they will become available for subscription by the general public. See Section 6.4 for full details of the terms and conditions in the Invitation.

The Company has recently begun trading. In order to be successful it must carry out the strategic goals: see the Risk Factors set out in Section 2 for details. This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for Shares.

An Application Form for use by all Applicants is provided at the end of this Prospectus together with notes on how to complete it. The Invitation will open at 9:00 a.m. on the Opening Date, Monday, April 13 2015. Application Forms submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed until 9:00 a.m. on the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date, Monday, 4 May 2015, subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all of the Ordinary Shares in the Invitation are received; and (b) extend the Closing Date for any reason in its sole discretion, provided that the Closing Date is not later than 40 days after the date of issue of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange ("JSE") at (www.jamstockex.com).

It is the intention of the Company to apply to the JSE to list the Shares on the Junior Market, however please note that this statement of the Company's intention is not a guarantee that the Shares will be admitted to listing. The making of the application for listing by the Company to the JSE, and its success, is dependent on the ability of the Company to raise at least J\$231 million in the Invitation from (i) the subscription of Shares by Applicants; and (ii) other criteria for admission set out in the JSE Rules. If the Shares in the Invitation are not subscribed as aforesaid within 40 days of the issue of the Prospectus in accordance with section 48 of the Companies Act, or if the Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

DETAILS OF SHARE CAPITAL

| | |
|--|--|
| Authorised | 500,000,000 Ordinary Shares 500,000,000 Preference Shares |
| Issued prior to the Invitation | 107,582,854 Ordinary Shares |
| Maximum to be issued in the Invitation, fully paid | 64,684,602 Ordinary Shares |
| Total Shares in issue following Invitation assuming full subscription | 172,267,456 Ordinary Shares |
| General public: 41,359,257 Ordinary Shares at the Invitation Price of \$7.30 | J\$ 301,922,576.10 |
| Key Partners Reserved Shares: 20,679,630 Ordinary Shares at the discounted price of \$7.00 | J\$ 144,757,410.00 |
| Board Reserved Shares: 1,000,000 Ordinary Shares at the discounted price of \$0.40 | J\$ 400,000.00 |
| Staff Reserved Shares: 1,000,000 Ordinary Shares at the discounted price of \$0.40 | J\$ 400,000.00 |
| M/VL Reserved Shares: 645,715 Ordinary Shares at the discounted price of \$7.00 | J\$ 4,520,005.00 |
| Total Consideration in Invitation assuming full subscription | J\$451,999,991.10 |

Web: www.cefc.com | Facebook: www.facebook.com/cefc | Twitter: @cefc

TABLE OF CONTENTS

| | | |
|------------|---|----|
| Section 1 | Important Information | 3 |
| Section 2 | Summary of The Invitation | 4 |
| Section 3 | Chairman's Letter | 6 |
| Section 4 | Definitions used in this Prospectus | 9 |
| Section 5 | Disclaimer – Forward Looking Statements | 13 |
| Section 6 | Terms and Conditions | 15 |
| Section 7 | Information about the Company | 20 |
| Section 8 | Board of Directors | 30 |
| Section 9 | Management Discussion and Analysis | 35 |
| Section 10 | Financial Information | 38 |
| Section 11 | Risk Factors | 79 |
| Section 12 | Professional Advisors to the Company | 84 |
| Section 13 | Statutory and General Information | 85 |
| Section 14 | Documents available for Inspection | 88 |
| Section 15 | Signatures | 89 |
| Appendix 1 | Application | 90 |
| Appendix 2 | Locations where Applications may be submitted | 93 |

SECTION 1: IMPORTANT INFORMATION

RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus has been reviewed and approved by the Board of Directors of the Company. The Directors of the Company whose names appear in Section 8 of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

Each of the Directors of the Company has signed this Prospectus for the purposes of their responsibilities as described herein. Such responsibilities are joint and several as contemplated by the Companies Act. See the signatures in Section 15 of this Prospectus.

CONTENTS OF THIS PROSPECTUS

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

This Prospectus also contains summaries of certain documents, which the Board of Directors of the Company believes to be accurate. Prospective investors may wish to inspect the actual documents that are summarised, copies of which will be available for inspection as described in Section 14. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document. The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

UNAUTHORISED REPRESENTATIONS

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus which is not contained in this Prospectus. Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

INVITATION MADE IN JAMAICA ONLY

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica is prohibited by law.

TAKE PROFESSIONAL ADVICE BEFORE MAKING APPLICATION TO SUBSCRIBE FOR SHARES

Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for Shares, including but not limited to any tax implications. Each Applicant who submits an Application acknowledges and agrees that: (1) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in section 6), and to gather and review all additional information considered by them to be necessary to verify the accuracy of the information contained in this Prospectus; (2) no person connected with the Company has made any representation concerning the Company not contained in this Prospectus, on which the Applicant has relied in submitting their Application; and (3) the Applicant is aware of the merits and risks of subscribing for Shares in the Company notwithstanding the Risk Factors set out in Section 11.

SECTION 2: SUMMARY OF THE INVITATION

| | | | | | | | |
|--|--|--|-----------------------|----------------------|------------------------|-----------------------|--------------------|
| ISSUER: | Caribbean Energy Finance Company Limited | | | | | | |
| TOTAL SECURITIES: | Up to 64,684,602 Ordinary Shares of which up to 23,325,345 are Reserved Shares. | | | | | | |
| PRICE: | - J\$7.30 per Ordinary Share payable by members of the general public. - J\$7.00 per Key Partner Reserved Share and M/VL Reserved Share. - J\$0.40 per Board Reserved Share and Staff Reserved Share. Payments for all Shares must be made in full on delivery of an Application together with the J\$134 processing fee due to JCSD (which includes GCT). | | | | | | |
| APPLICATION: | See Appendix 1 of this Prospectus. | | | | | | |
| TERMS AND CONDITIONS: | See Section 6.4 of this Prospectus. | | | | | | |
| PAYMENTS: | See paragraph 8 of Section 6.4 for full details of payment methods and the U.S. currency payment options. Payment must be delivered for the number of Shares specified on the Application to the Lead Broker or any of the Selling Agents, at the locations listed in Appendix 2. | | | | | | |
| TIMETABLE OF KEY DATES: | <table><tr><td><u>Registration and Publication of Prospectus:</u></td><td>Monday, 30 March 2015</td></tr><tr><td><u>Opening Date:</u></td><td>Monday, 13 April, 2015</td></tr><tr><td><u>Closing Date*:</u></td><td>Monday, 4 May 2015</td></tr></table> <p><u>APPLICATION FORMS MAY BE SUBMITTED IN ADVANCE OF THE OPENING DATE.</u> Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis.</p> <p><u>Confirmation of basis of Share Allotments:</u> All Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) within 3 days of the Closing Date.</p> <p><u>Refund Cheques:</u> Available for collection from the Lead Broker or the Selling Agent where the Application was initially made, within 10 working days of the Closing Date.</p> <p><u>Final Allotment of Shares and Admission to Junior Market of JSE**:</u> The Company aims to allot the Shares following the making of a successful application to the JSE for their admission to the Junior Market. Such application is conditional on the success of the Invitation in raising J\$231 million by the Closing Date or any extension thereof, which shall not be later than 40 days after the issue of this Prospectus. If the application to the JSE is successful the allotment will be made on the morning of the date that the Shares are admitted to trading.</p> | <u>Registration and Publication of Prospectus:</u> | Monday, 30 March 2015 | <u>Opening Date:</u> | Monday, 13 April, 2015 | <u>Closing Date*:</u> | Monday, 4 May 2015 |
| <u>Registration and Publication of Prospectus:</u> | Monday, 30 March 2015 | | | | | | |
| <u>Opening Date:</u> | Monday, 13 April, 2015 | | | | | | |
| <u>Closing Date*:</u> | Monday, 4 May 2015 | | | | | | |
| RISK FACTORS: | <p><u>START UP COMPANY ONLY:</u></p> <p>The Company has recently begun trading. Its strategic business plan involves the provision of alternative energy generation equipment leasing and maintenance services, and energy efficiency audit services, to commercial and institutional clients in Jamaica and the wider Caribbean region. In order to earn any revenue, the Company must successfully</p> | | | | | | |

SECTION 2: SUMMARY OF THE INVITATION (continued)

carry out the strategic business plan. In the event that it does so in accordance with the assumptions set out in the Projected Financial Information set out in Part 2 of Section 10, the Directors anticipate that the Company will begin to generate revenues and profits in the calendar year 2015.

RISK FACTORS (Continued) :

PROJECTED FINANCIAL INFORMATION ONLY:

As the Company has only recently begun trading, it has only presented Historical Financial Information in the form of the Opening Balance Sheet in Part 1 of Section 10 of this Prospectus. The Company has relatively few assets at the present time.

The Company has also set out Projected Financial Information in Part 2 of Section 10 of this Prospectus which is based on certain assumptions and expectations of the Directors, and it contains forward - looking statements (see Section 5 of this Prospectus in relation to such forward looking statements). Further, if any of the Directors' assumptions and expectations for the purposes of the Projected Financial Information prove to be inaccurate, the Company's financial position, cash flows and profits could differ from those presented in this Prospectus.

Notwithstanding the Projected Financial Information, in the event that the Company does not carry out all of its strategic goals, its revenues, financial position, cash flows and profits will be adversely affected and it may run out of funds and be required to cease trading and enter into liquidation proceedings, following which holders of the Shares may not receive the full amount they have paid for subscription of their Shares at the Invitation price, or any surplus, or any monies whatsoever.

PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO READ SECTION 11 OF THIS PROSPECTUS FOR A FULL SUMMARY OF RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE COMPANY.

Notes:

*The Invitation will close at 4:00 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all Shares in the Invitation are received; and (b) extend the Closing Date for any reason, in its sole discretion, provided that it does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the JSE (www.jamstockex.com).

**It is the intention of the Company to apply to the JSE to list the Shares on the Junior Market. Please note that this statement of the Company's intention is not a guarantee that the Shares will be listed. The Company's application for listing of the Ordinary Shares is also dependent on criteria for admission set out in the JSE Rules. If the Invitation does not raise at least J\$231 million by the Closing Date (or any extension thereof as contemplated by this prospectus), or if the Shares are not listed on the Junior Market for any reason whatsoever, the Company will refund all payments it has received from Applicants.

SECTION 3: CHAIRMAN'S LETTER



CARIBBEAN ENERGY FINANCE
COMPANY LIMITED

Address: 7 Stanton Terrace, Kingston 6, Jamaica | **Telephone:** 876.361.3213, 876 527.813 |
Web: www.cefccl.com | **Facebook:** www.facebook.com/cefccl | **Twitter:** @CEFCL

Monday, 30 March 2015

DEAR PROSPECTIVE INVESTORS IN THE COMPANY,

The Board of the Company, Caribbean Energy Finance Company Limited is pleased to invite you to apply for up to 64,684,602 Shares in the capital of the Company on the terms set out in this Prospectus.

ABOUT THE COMPANY

The Company is a local entity that has recently begun to trade. In accordance with its strategic business plan, it proposes to offer alternative energy generation equipment leasing and maintenance services, and energy efficiency audit services, to both commercial and institutional clients in Jamaica and the wider region. In preparation for this, the Company has signed certain options to enter into lease agreements with prospective customers who require financing for the purchase of a renewable energy generation system, which the Directors intend to extend the exercise date of, and exercise, after raising the necessary capital for the execution of its business plan from its initial subscribers, and Applicants in the Invitation.

The Directors intend for the business of the Company to focus initially on the provision of solar photo – voltaic (“solar PV”) energy equipment but the Directors also intend to consider the provision of equipment for other proven renewable energy technologies in future, based on demand and feasibility. The Directors propose for the Company to commence its operations in Jamaica initially and thereafter, to seek out opportunities for expansion in the larger Caribbean region.

The Directors intend to also seek out opportunities to partner with developers of renewable energy technology whose potential customers require financial support for investment in a system, in the form of leasing services. In many cases, the business relationship will fit with the format of a design, build, sell and maintain requirement for the ultimate client. The Company will provide the financing for the project and administer the leasing activity required to support the effort.

Directors: Leo Williams (Chairman), Andrew Adams (Non – Executive), Karlene Bailey (Non – Executive), Robert Jones (Non – Executive), Damian Lyn (Non - Executive). Company Secretary: Fayval Williams.

The Directors intend to target customers, or “hosts”, who wish to establish alternative energy generation projects, that are capable of generating energy for their own use and possibly, interconnection to the local grid. The Directors anticipate that such projects will assist the hosts to reduce their overall energy expenditures over time.

The Directors believe that a likely host will be any commercial concern that is a relatively large power consumer, operating any wherein the Caribbean region.

For any host, the Company will provide services inclusive of an energy efficiency audit, and a custom renewable energy solution, which provides efficiency savings over the use of traditional power supplied by the local grid. The Company will finance systems that are connected to the local utility grid as well as systems that are totally independent of it.

The Directors consider that the Government of Jamaica’s current “alternative energy” promotion agenda inclusive of the promotion of hydro - generation, solar – generation, wind – energy generation and the use bio-fuels, is a positive one for the purposes of the strategic business plan of the Company.

The Directors anticipate that, following a successful Invitation, the Company will begin to earn revenues and profits from its lease and maintenance services in the calendar year 2015 (see the Projected Financial Information for further details).

Please read section 7 of this Prospectus for more information on the Company and its operations.

The Directors have also formulated what they consider to be an attractive dividend policy, further details of which are set out in section 7.12.

USE OF PROCEEDS

The Company is seeking to raise up to J\$452 million by inviting Applications for up to 64,684,602 Ordinary Shares in the Invitation.

The Board intends to use the proceeds of the Invitation for the following purposes:

- establishing the business premises of the Company in Kingston
- payment of start - up expenses inclusive of salaries for 3 executives initially, including the Chief Executive
- purchase of solar photovoltaic (solar PV), and other renewable energy generation equipment for onward leasing to commercial and other customers in Jamaica;
- marketing, and development of opportunities to originate lease solar and other renewable energy generation equipment to commercial and other customers in Jamaica and elsewhere in the Caribbean
- payment of the expenses of the Invitation, which the Directors believe will not exceed J\$ 11 million (inclusive of legal fees, accountant’s fees, Registrar’s fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and exclusive of GCT) after payment of related expenses.

Directors: Leo Williams (Chairman), Andrew Adams (Non – Executive), Karlene Bailey (Non – Executive), Robert Jones (Non – Executive). Damian Lyn (Non - Executive). Company Secretary: Fayval Williams.

The Lead Broker has elected to take some of its fees in the form of the M/VL Reserved Shares.

The Directors are making application to the JSE to list the Ordinary Shares of the Company on the Junior Market. The application is conditional on the success of the Invitation in raising at least J\$231 million by the Closing Date, and on other criteria set out in the Junior Market Rules made by the JSE.

HOW TO MAKE AN APPLICATION FOR SHARES

Those investors who are interested in subscribing for Shares should read this Prospectus in its entirety inclusive of the full terms and conditions of the Invitation set out in Section 6.4 and the Risk Factors in section 11 and then complete the Application set out in Appendix 1.

ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Leo Williams", is written over a horizontal line.

Leo Williams, Chairman

Directors: Leo Williams (Chairman), Andrew Adams (Non – Executive), Karlene Bailey (Non – Executive), Robert Jones (Non – Executive). Damian Lyn (Non - Executive). Company Secretary: Fayval Williams.

SECTION 4: DEFINITIONS USED IN THIS PROSPECTUS

| <u>TERM</u> | <u>MEANING</u> |
|-------------------------------|---|
| Allotment | means the allotment of the Shares in the Invitation to successful Applicants by the Company |
| Applicant | means a person (being an individual or a body corporate resident in Jamaica) who submits an Application |
| Application | means the form of application to be used by all Applicants who wish to make an offer to subscribe for Shares in the Invitation, which is set out in Appendix 1 |
| Articles of Incorporation | means the Articles of Incorporation of the Company adopted by the shareholders of the Company on 27 March 2015, in a form suitable for a public company under the Act |
| Audited Financial Information | means the Opening Balance Sheet of the Company |
| Auditor | means BDO, the independent external auditor of the Company |
| Auditor's Report | means the independent report of the Auditors set out in Section 11, in relation to the Audited Financial Information |
| Barita Investments | means Barita Investments Limited a company incorporated in Jamaica (number 24390) with its registered and principal office at 15 St. Lucia Way, Kingston 5, Jamaica |
| BDO | means BDO, Chartered Accountants, of 26 Beechwood Avenue, Kingston, Saint Andrew, the independent auditors of the Company |
| Board | means the Board of Directors of the Company |
| Board Reserved Shares | means 1,000,000 Shares in the Invitation that are initially reserved for priority application from the non – executive Directors excluding the Founders) |
| Companies Act | means the Companies Act, 2004, as it may be amended from time to time |
| Company | means Caribbean Energy Finance Company Limited, a company incorporated in Jamaica (number 74,690) with its registered and principal office at 7 Stanton Terrace, Kingston 6, Saint Andrew, Jamaica |

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| Consultant's Report | means the report of BDO, acting as consultants (and not auditors) to the Company, that is set out in Section 11 of this Prospectus in respect of the Projected Financial Information |
| Closing Date | means the date on which the Invitation closes, being Monday, 4 May 2015 at 4:00 p.m., subject to the right of the Company to shorten or extend the Closing Date in its sole discretion, provided that the Closing Date is not be later than 40 days after the date of first issue of this Prospectus for the purposes of section 48 of the Companies Act |
| Community & Workers of Jamaica Co-operative Credit Union | means <u>Community & Workers of Jamaica Co-operative Credit Union with its principal office at 51 Half Way Tree Road, Kingston 10, Jamaica</u> |
| Credit Union Fund Management Company Limited | means <u>Credit Union Fund Management Co. a company incorporated in Jamaica (number 70859) with its registered and principal office at 2a Manhattan Road, Kingston 5, Jamaica</u> |
| Directors | means the directors of the Board of the Company whose name and details are set out in Section 8 of this Prospectus |

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|----------------------------|--|
| Forward Looking Statements | means the forward looking statements referred to in Section 5 of this Prospectus which are disclaimed by the Company on the terms and for the reasons set out therein |
| FSC | means the Financial Services Commission of Jamaica of 39 Barbados Avenue, Kingston 5, Jamaica |
| Financial Information | means the Audited Financial Information and the Projected Financial Information |
| GCT | means General Consumption Tax charged in accordance with the General Consumption Tax Act of Jamaica |
| Invitation | means the invitation to subscribe for up to 64,684,602 Ordinary Shares (inclusive of the Reserved Shares) that is made by the Company to prospective investors, on the terms and conditions set out in this Prospectus |
| Invitation Price | means J\$7.30 per Ordinary Share in the Invitation that is not a Reserved Share |
| JCSD | means Jamaica Central Securities Depository Limited, a company incorporated in Jamaica (number 58658) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica |
| JSE | means The Jamaica Stock Exchange Limited, a company incorporated in Jamaica (number 6351) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica |

| | |
|---------------------------------|--|
| Junior Market | means the Junior Market trading platform of the JSE established April 2009 |
| Key Partners | means the key partners being Applicants who apply for more than J\$1m in value of the Shares in the Invitation as determined by the Board in its sole discretion |
| Key Partners Reserved Shares | means up to 20,679,630 Reserved Shares in the Invitation that are initially reserved for priority application by the Key Partners |
| Lead Broker | means M/VL |
| M/VL | means M/VL Stockbrokers Limited, a company incorporated in Jamaica (number 37614) with its registered and principal office at 2 Grenada Crescent, Kingston 5, Jamaica |
| M/VL Reserved Shares | means up to 645,715 Reserved Shares in the Invitation that are initially reserved for priority application by M/VL at the discounted price of \$7 per Share |
| NCB Capital Markets | means NCB Capital Markets Limited a company incorporated in Jamaica (number 37771) with its registered and principal office at The Atrium, 32 Trafalgar Road, Kingston 10, Saint Andrew |
| Opening Date | means the date on which the Invitation opens, being 9:00 a.m. on Monday, 13 April 2015 |
| Opening Balance Sheet | means the opening balance sheet of the Company following its recent commencement of trading, dated 31 December 2014, as audited by the Auditors |
| Ordinary Shares | means the authorized and issued ordinary shares in the capital of the Company inclusive of the Ordinary Shares in the Invitation, as the context may require |
| Ordinary Shareholders | means holders of the Ordinary Shares |
| Projected Financial Information | means the unaudited projected financial information of the Company for the years ended 31 December 2015 to 2019 (inclusive) that is based on the Directors' assumptions set out therein, and the Consultant's Report thereon |
| Prospectus | means this document which constitutes a prospectus for the purposes of the Companies Act and the Securities Act |
| Registrar | means JCSD |
| Reserved Share Applicants | means the persons entitled to apply for the Reserved Shares in any one or more categories, or any of them as the context shall require |

| | |
|-----------------------|---|
| Reserved Shares | means the 23,325,345 Ordinary Shares in the Invitation that are initially reserved for application from the Reserved Share Applicants including the Board Reserved Shares, the Key Partners Reserved Shares, M/VL Reserved Shares and the Staff Reserved Shares |
| Reserved Share Prices | means the discounted prices for the Reserved Shares in the Invitation set out in paragraph 7 of Section 6.4 |
| Selling Agents | means the selling agents of the Lead Broker for the purposes of the Invitation, being NCB Capital Markets, Credit Union Fund Management Company, Community & Workers of Jamaica Co-operative Credit Union (being a sub-agent of the selling agent Credit Union Fund Management Company), and Barita Investments |
| Shares | means the Ordinary Shares |
| Shareholders | means holders of the Ordinary Shares |
| Terms and Conditions | means the terms and conditions of the Invitation set out in Section 6 of this Prospectus |
| \$ | means the Jamaican dollar unless otherwise indicated |

In addition to the foregoing, all references in this Prospectus to the singular shall include the plural and all references to the plural shall include the singular; and the masculine gender shall include the feminine gender, and vice – versa, in each case, as the context shall require, and clause headings shall be for the sake of convenience only.

SECTION 5: DISCLAIMER – FORWARD LOOKING STATEMENTS

Save for the Historical Financial Information contained in this Prospectus, certain matters discussed in this Prospectus inclusive of the Projected Financial Information, contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and pro forma financial information and/or financial projections.

Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made, taking into account any assumptions set out in the Projected Financial Information and elsewhere in this Prospectus for that purpose. Although the Directors believe that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words "anticipates", "believes", "expects", "intends", "considers", "pro forma", "forecast", "projection" and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Shares to listing on the Junior Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made).

There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing in Jamaica and the CARICOM region, including actual rates of economic growth, instability and volatility in domestic interest rates and regional and international exchange rates that impact on the strategic business plan of the Company and/or on the Projected Financial Information
- adverse climatic events and natural disasters
- actual or perceived deficiencies in the Company's products or services, unfavourable market receptiveness to the Company's strategic business plan or its particular line of products and services, or the availability or relative attractiveness of competitors' alternative products and services
- changes in any legislation or policy adversely affecting the strategic business plan, or the Projected Financial Information
- any other factor negatively impacting on the realisation of the assumptions on which the Company's Projected Financial Information are based
- other factors identified in this Prospectus
- factors as yet unknown to the Company or any of the Directors

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in this Prospectus.

SECTION 6: TERMS AND CONDITIONS OF THE INVITATION

6.1 GENERAL INFORMATION

Prospective investors should read this entire Prospectus carefully.

The Company invites Applications for up to 64,684,602 Ordinary Shares in the Invitation, of which up to 41,359,257 Shares are available for initial subscription by the general public at the Invitation Price of J\$7.30 per Share, and up to 23,325,345 Shares are Reserved Shares available for initial subscription by the Reserved Share Applicants at the discounted Reserved Share Prices as set out in paragraph 7 of section 6.4 below. If any of the Reserved Shares are not subscribed by the Reserved Share Applicants who are entitled to them, they will be offered to the other Reserved Share Applicants and thereafter, to the general public.

The Invitation will open at 9:00 a.m. on the Opening Date, Monday, 13 April 2015 and will close at 4:00 p.m. on the Closing Date, Monday, 4 May 2015 subject to the right of the Company to: (a) close the subscription list at any time after 9:00 a.m. on the Opening Date once Applications for all of the Shares in the Invitation are received, and (b) extend the Closing Date for any reason in its sole discretion, provided that it does not extend beyond the expiration of 40 days after the publication of this prospectus for the purposes of section 48 of the Act. In either case an informational notice will be posted on the website of the JSE - www.jamstockex.com

The Company intends to make application to list the Ordinary Shares on the Junior Market, conditional on the success of the Invitation in raising at least J\$231 million no later than by the Closing Date, as set out in the paragraph above. If the Company's Shares are listed on the Junior Market the Directors anticipate that the Company will benefit from a remission of any income tax that would otherwise have been payable by the Company in the first 5 years after listing.

6.2 MINIMUM FUNDRAISING CONDITION

For the purposes of the requirement for disclosure set out in section 48 of the Act, the minimum amount which, in the opinion of the Directors, must be received by the Company in order to provide for the matters set out in paragraph two of the Third Schedule to the Act is J\$231 million.

6.3 USE OF PROCEEDS OF THE INVITATION

The Company seeks to raise J\$452 million by inviting Applications for subscription for up to 64,684,602 Ordinary Shares from prospective investors in the Invitation.

The Board intends to use the proceeds of the Invitation in order to build out the operations of the Company inclusive of:

- establishing the business premises of the Company in Kingston
- payment of start - up expenses inclusive of salaries for 3 executives initially, inclusive of the Chief Executive
- purchase of solar photovoltaic (solar PV), and renewable energy generation equipment for onward leasing to commercial and other customers in Jamaica

- marketing, and development of opportunities to originate lease solar and other renewable energy generation equipment to commercial and other customers in Jamaica and elsewhere in the Caribbean
- payment of the expenses of the Invitation, which the Directors believe will not exceed J\$11 million (inclusive of legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and exclusive of GCT) after payment of related expenses.

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6.4 TERMS AND CONDITIONS OF THE INVITATION

Those prospective investors who wish to subscribe for Shares should review the full terms and conditions of the Invitation set out in this section before completing the Application set out in Appendix 1.

1. Status and Minimum Age of Applicants

The primary Applicant (being the first named joint or several holder specified on the Application) must be at least 18 years old .

2. Application Form

All Applicants must submit the Application provided at Appendix 1 to this Prospectus. Additionally, Reserved Share Applicants must specify their status on the Application and provide reasonably verifiable proof of their identity.

3. Acceptance of Terms and Conditions by Applicants

All Applicants will be deemed to have accepted the terms and conditions of the Invitation set out in this section 6 and the Prospectus generally.

5. Further Acknowledgments by Applicants

Each Applicant further acknowledges and agrees that:

- they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 6), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- they have not relied on any person other than the Company and the Directors, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection with their investigation of the accuracy of such information or their investment decision;
- no person connected with the Company has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application; and

¹ The Lead Broker has elected to take some of its fees in the form of the M/VL Reserved Shares.

² The average price per Share subscribed by the Founders is J\$0.0473.

- (d) they have made their own assessment of the Company, and the merits and risks of subscribing for Shares, inclusive of taking advice (or waiving the need for such advice) in relation to: the financial and legal implications of subscribing for Shares in the Company, which is a start – up company, and the tax implications thereof, and the Risk Factors set out in section 11.

6. Minimum Application

Applications from the general public must request a minimum of 1,000 Shares and be made in multiples of 500. Applications in other denominations will not be processed or accepted.

7. Share Price Information

All Ordinary Shares available for subscription by the general public are priced at the Invitation Price of J\$7.30 per Share.

The Key Partners Reserved Shares for subscription by Key Partners, being persons who subscribe for J\$1m or more in Shares and/or other persons, subject always to the discretion of the Directors, are priced at the discounted price of J\$7.00 per Share.

The M/VL Reserved Shares are priced at the discounted price of J\$7.00 per Share.

The Board Reserved Shares for subscription by non – executive Directors (excluding the Founders) are priced at the discounted price of \$0.40 per Share (limit 333,333 Shares per Applicant).

The Staff Reserved Shares for subscription by staff and senior managers of the Company (including the Chief Executive and the Operations Manager) (the “Staff Applicants”) are priced at the discounted price of \$0.40 per Share (limit 500,000 Shares per Staff Applicant).

JCSD Processing Fee Applies

A processing fee of J\$134 (inclusive of GCT) per Application payable to the Registrar of the Company JCSD applies and is also payable by each Applicant (inclusive of each Reserved Share Applicant). All Applicants should remember to include the processing fee in their calculations of amounts payable to the Company.

8. How to Make Payments

All Applications must be accompanied by the appropriate payment in the form of either:

- (a) a manager's cheque made payable to the Lead Broker or any of the Selling Agents referring to the Invitation, or
- (b) authorisation from the Applicant on the Application, instructing the Lead Broker or any Selling Agent, to make payment from cleared funds held in an investment account in the Applicant's name at such institution, or
- (c) transfer in the Real Time Gross Settlement (“RTGS”) system to the Lead Broker or any Selling Agent, in the case of payments of \$2 million or more.

All completed Applications (inclusive of Applications where payment is made by RTGS) must be delivered to the Lead Broker or any of the Selling Agents at any of the locations specified at

Appendix 2 of this prospectus on or before 4:00pm (Jamaica Time) on the Closing Date (as the case may be).

US dollar payments may be made to the Lead Broker or any Selling Agent. The applicable exchange rate will be determined by the Lead Broker or the Selling Agent on the date of payment.

The Lead Broker is M/VL and the Selling Agents are NCB Capital Markets, Credit Union Fund Management Company, Community & Workers of Jamaica Co-operative Credit Union and Barita Investments. See the full list of locations at Appendix 2.

9. Early Applications and Order of Processing of Applications

Applications submitted in advance of the Opening Date will be received and checked for completeness, but not processed. All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date. All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).

10. Company's Discretions as to Acceptance of Applications and Allotment of Shares

The Company may:

- (a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors or agents shall be required to provide reasons for decisions or be liable to any Applicant or any other person for doing so;
- (b) allot Shares to Applicants on a basis to be determined by it in its sole discretion, including on a *pro rata* basis in the event the Invitation is oversubscribed; and
- (c) treat multiple Applications by any person (whether in individual or joint names) as a single Application.

11. When Binding Contract is Formed

Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Shares by the Company to an Applicant for credit in their account in the Jamaica Central Securities Depository as described below, on the morning of listing of the Shares (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares, subject to the Articles of Incorporation of the Company, and the terms and conditions set out in this Section 6.4 and the Prospectus generally.

12. When Invitation is Successful

If the Invitation is successful in raising J\$231 million or more by the Closing Date (as it may be extended on the terms set out in this Prospectus) and the Shares are admitted to trade on the Junior Market, Applicants will be allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Applications. Applicants may refer to the notice that will be

posted on the website of the JSE (www.jamstockex.com) after the Closing Date. Applicants who wish to receive share certificates must make a specific request to the Registrar. In the event that Company does not raise at least J\$231 million by the Closing Date and/or the Shares are not admitted to trading on the on the Junior Market, all payments for Shares received from Applicants will be returned or refunded to the persons making them.

13. No guarantee of listing

Neither the Company nor the Directors make any representation, warranty or guarantee that the Shares will be listed on the Junior Market of the JSE, or in the event that the Shares are so listed, that any particular return or other benefit will accrue to the Company.

14. Refunds

The Company will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, within 10 working days after the Closing Date or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to the Lead Broker or the Selling Agent where the Application was first received, for collection by the Applicant (or in the case of multiple Applicants by the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so. Please note that the J\$134 processing fee will not be refunded.

SECTION 7: INFORMATION ABOUT THE COMPANY

7.1 The Company and its History

The Company was incorporated on 31 August 2007 as Caribbean Wind Energy Limited, however it did not begin to trade until it began its preparations for the Invitation and as such, it is a “start – up”.

The Company was originally incorporated for the purposes of responding to a Government proposal for renewable energy generation (with a particular focus on wind – energy) and was left as a ‘shell’ until it recently began trading. The founding Directors of the Company, Leo Williams and Damian Lyn, conducted research into renewable energy technologies and developed a strategic business model to provide customers with financing solutions for implementation of renewable energy generation systems in Jamaica and throughout the Caribbean region. The Directors changed the name of the Company to Caribbean Energy Finance Company Limited and with the approval of its shareholders and also, the approval of the Registrar of Companies given in accordance with the Act as part of a re-launch of its operations as a specialist finance company.

7.2 The Company’s strategic business plan

Proposed activities

If the Invitation is successful in raising at least J\$231 million by the Closing Date, the Company intends to use the net proceeds to conduct the following activities:

- Providing energy audit services to clients who seek an assessment of their energy performance. This activity is typically a prelude step before a significant capital expenditure on a system.
- Offering asset finance leases for the purposes of the purchase of new solar photovoltaic and other alternative energy generation systems that meet its design, performance, operations and other standards, having regard to their demonstrated capacity and energy saving capabilities.
- Offering lease re-financing of existing alternative energy generation systems that meet the Company’s criteria (asset sale – and lease – backs)
- Providing lease customers with ongoing systems maintenance services

Finance lease arrangements

The Company intends to offer finance leases on prevailing market terms taking into account standard credit assessment practices. Prior to entering into any lease arrangement the executive management of the Company will review a potential client’s operations, historical financial performance, credit capacity, and other relevant information in order to manage credit risk. The Directors also expect to utilize credit bureaux services where appropriate.

Customer default

In the event of a default by any customer, the Company expects to be able to reclaim the generation equipment as its owner, under the terms of the lease. The Company may also seek to recover its costs via refurbishment and re-leasing / onward sale of the reclaimed equipment in the secondary market.

Key Suppliers

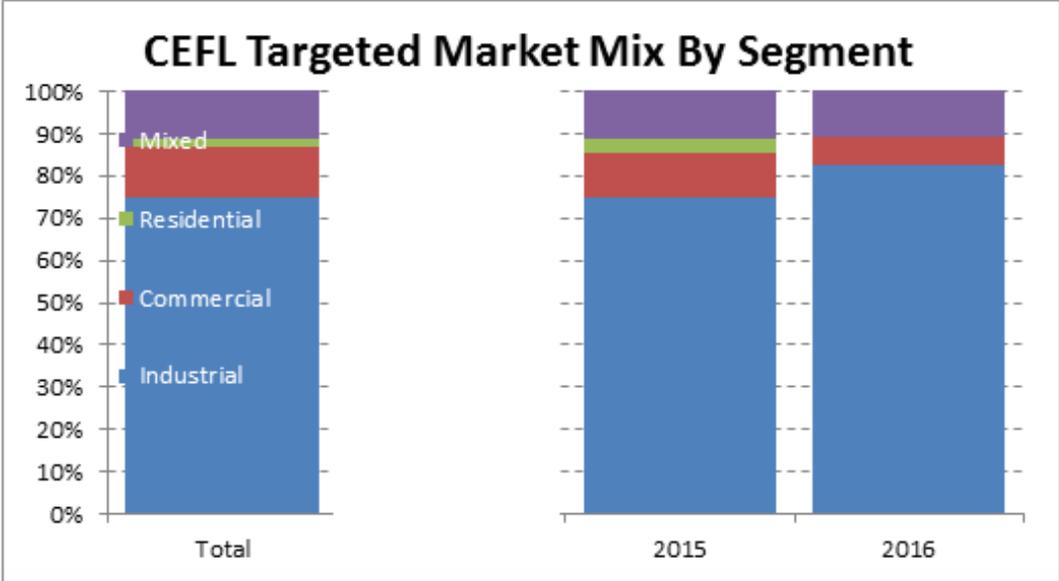
Part of the Directors’ strategic plan involves the establishment of relationships with key suppliers, being developers and distributors of alternative energy generation products who require an asset finance

product provider in order to support their sales to customers. The Directors anticipate that all of its key suppliers will be able to both extend and honour manufacturers' warranties on the customers' systems that are financed by the Company.

The Directors have taken steps to establish such a relationship with Alternative Power Sources Limited (APS) a company connected to Non – Executive Director and significant Shareholder Damian Lyn and his associates. APS is both an exclusive dealer and co-distributor of several brands of renewable energy generation equipment in Jamaica and other islands, inclusive of Schneider Electric Inc., Calpak Solar Water Heater™, Outback Power Systems Inc., Bergey Turbines (wind power), Ningbo Qixin (solar panels) Power-One Inc., and Trojan Batteries. There are no remunerative arrangements between the Company and APS for the purposes of the relationship and the Directors do not anticipate that it will be necessary to enter into such arrangements with APS or other key suppliers in the future. The Directors are also taking steps to establish and develop relationships with key suppliers other than APS as they consider that this will benefit the Company by expanding the number of opportunities available to it by adding to its potential customer base.

Target Clients

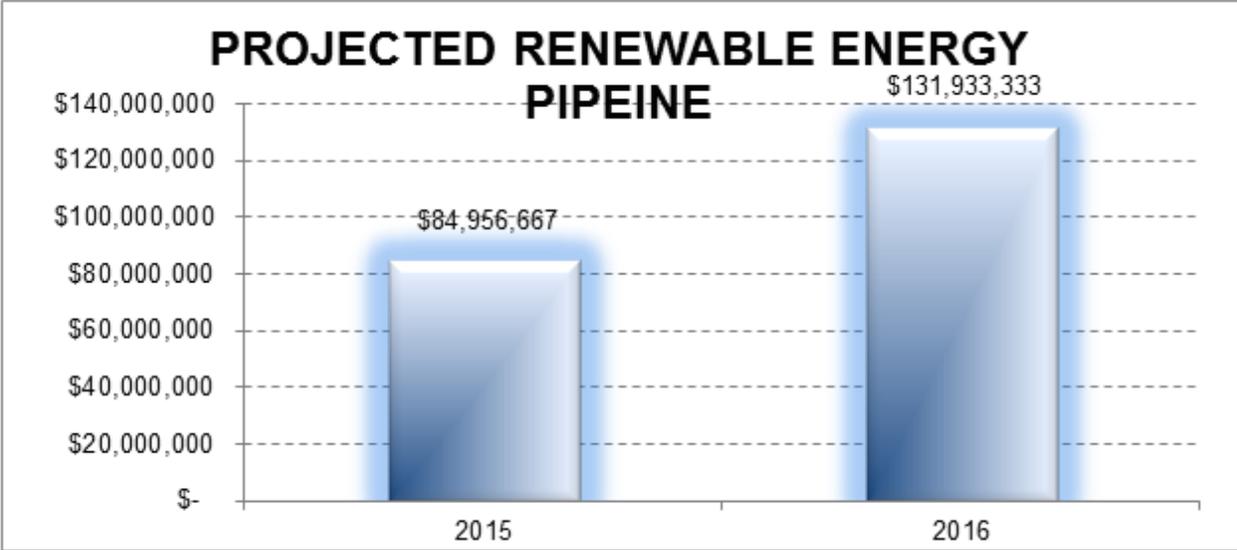
The Company's target client base includes relatively large energy users inclusive of industrial concerns, commercial firms and larger residential clients, who wish to use and finance renewable energy technologies to provide an alternative power source for their respective premises. These clients may also include developers or their clients, who require custom design and installation services, as well as ongoing maintenance services. The chart below illustrates the Company's survey of the Caribbean market for renewable energy equipment showing target clients by segment (mixed use premises, residential customers, commercial customers and industrial customers) from year 1 (2014) to year 2 (2015) to year 3 (2016):



The Company also intends to target customers with existing alternative energy generation systems that are already delivering alternative power who may wish to sell and lease back their assets for business efficiency purposes.

Directors' best estimates of potential market size

The Directors consider that there are significant opportunities available to the Company based on their own market research of potential purchasers of renewable energy technologies in Jamaica and the larger Caribbean region, which takes into account the opportunities available to the Company in Jamaica via its option agreements with potential customers (see "The business of the Company as at the date of this Prospectus", below) and its actual and potential key suppliers' best estimates based on actual and potential sales to identified customers. The Directors estimate that across the Caribbean region the market for all renewable energy technologies in calendar years 2015 and 2016 will reach US\$85m and US\$132m respectively as illustrated by the graph below:

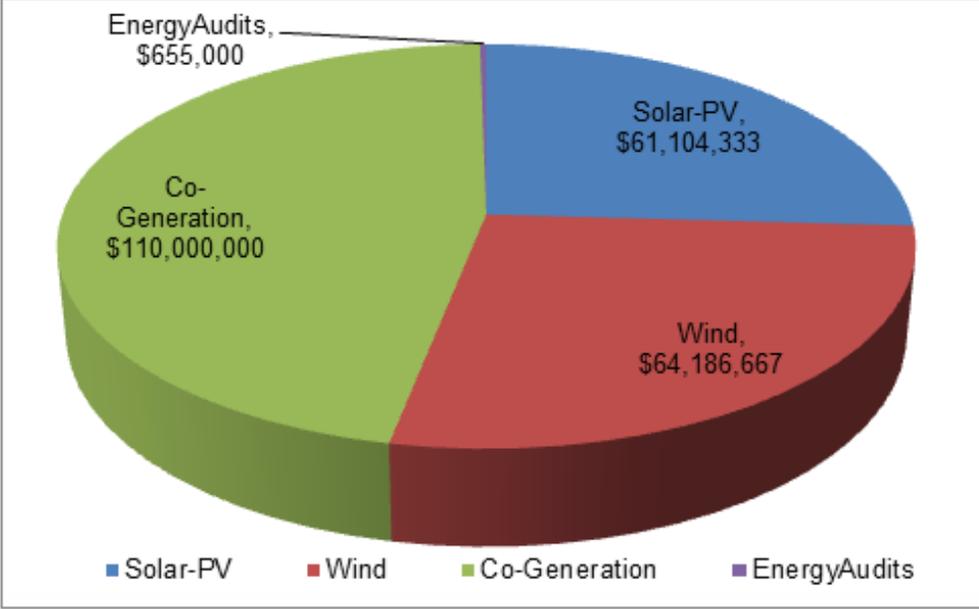


The Directors anticipate that the net proceeds of the Invitation will provide the Company with capital to facilitate purchases of renewable energy generation equipment for its planned operations as set out in the Projected Financial Information. Once the proceeds of the Invitation are invested, the Directors expect that the Company will be able to generate revenues and profits from leasing and maintenance services incrementally as demonstrated in the Projected Financial Information set out in Part 2 of Section 10.

Technologies targeted by the Company

The Directors note that the term "renewable energy" is often used to refer to an assortment of technologies including but not limited to solar - and wind – energy generation technologies. This Prospectus uses the term "renewable energy" which the Directors consider to be more expansive in its coverage of such technologies. For the purposes of the strategic business plan of the Company, the Directors intend to originate finance leases for generation systems that utilize technologies that are suited for smaller scale industrial clients, commercial clients and significant residential clients that are based in Jamaica initially, and also, those based in the larger Caribbean region in due course.

The Directors consider that the greater part of the renewable energy generation systems initially purchased by the Company for onward leasing will utilize solar PV technology as the installation times are generally more efficient, as compared to other technologies. Over time however, it is expected that the Company's portfolio will expand to a more diversified a mix of alternative energy generation technologies and revenue streams as shown below.



In furtherance of its strategic goals, at the date of the Prospectus the Company has executed option agreements with potential customers in relation to approximately US\$4.8 million of renewal energy system finance lease projects which it intends to exercise following a successful Invitation and listing of the Shares, using part of the net proceeds to purchase the necessary generation assets.

It also intends to utilize part of the net proceeds of the Invitation to market the Company and to originate new business.

The Company currently trades from the offices of Williams and Associates Limited, a consultancy firm controlled by Chairman Leo Williams. Following a successful Invitation the Company also intends to use part of the net proceeds seek to establish its operations in Kingston, initially with 3 employees inclusive of a Chief Executive Officer, a financial controller and a senior sales agent all of whom are expected to join the Company shortly after a successful Invitation.

The Directors consider that executives and any other staff of the Company should be appropriately remunerated with reference to market rates for persons with similar skills and experience, with incentives linked to performance. The Directors anticipate that at some stage, the Board will establish an Ordinary Share based performance incentive scheme and has the authority to allot up to 1 million Ordinary Shares for that purpose without regard to pre-emption rights of any Shareholder (inclusive of any Shareholder who successfully subscribes for Shares in the Invitation).

7.3 Permits, licences, and certificates

The Company's current permits, licenses and certificates are as follows:

Tax Compliance Certificate

The Company has a Tax Compliance Certificate from the Ministry of Finance and Planning that is current to June 24, 2015. The certificate confirms that the Company has satisfied the statutory requirements in respect of income tax (including Pay As You Earn income tax), General Consumption Tax, Special Consumption Tax (as applicable), Education Tax, National Insurance Scheme, National Housing Trust and H.E.A.R.T. contributions for the cited period.

The Directors anticipate that it will be the obligation of their lease customers, to secure all permits and approvals required for the purposes of their alternative energy generation installations with provision of appropriate evidence to the Company by virtue of a contractual requirement on the customer in its standard form lease document.

7.4 Incorporation Details

The Company was incorporated on 31 August 2007 as a private company with limited liability (no. 74,690). The business of the Company is not currently regulated.

7.5 Capital Structure of the Company

(1) Capital Structure of the Company

As at the date of this Prospectus, the authorised and issued share capital of the Company was as follows:

| | |
|---|------------------------|
| • Authorised Shares | 500,000,000 Ordinary |
| | 500,000,000 Preference |
| Shares | |
| • Issued prior to the Invitation Shares | 107,582,854 Ordinary |

If the Invitation is fully subscribed the share capital of the Company will be as follows:

| | |
|--|-----------------------------|
| • <u>Maximum to be issued in the Invitation Shares</u> | <u>64,684,602 Ordinary</u> |
| • Maximum to be in issue after fully subscribed Invitation Shares | 172,267,456 Ordinary |

(2) Recent Capitalisation and Restructuring

The Company was founded by Chairman Leo Williams and Non – Executive Director Damian Lyn each of whom are also Shareholders, each of them having subscribed for 50 million Ordinary Shares in the Company to date, for a total consideration of J\$4,730,000.²

² The average price per Share subscribed by the Founders is J\$0.0473.

The Company recently issued 7,582,854 Ordinary Shares valued at J\$41,705,689 in the aggregate to certain subscription shareholders (being the shareholders set out in the first table in section 7.7 save for the Founders Chairman Leo Williams and Non – Executive Director Damian Lyn). A company connected to Damian Lyn trading as Anything Solar subscribed for J\$24.2m in the subscription round, and the Directors approved this issue for non – cash consideration being solar PV equipment, in accordance with section 38 of the Companies Act. In the subscription round each Ordinary Share was subscribed at \$5.50.

The Company also re-registered as a public company in accordance with the Companies Act, and adopted new Articles of Incorporation for that purpose on 27 March 2015.

(3) Possible Dilution by Further Issues to Certain Investors: Disapplication of Pre-emption Rights

The Company has dis-applied pre-emption rights for the purposes of the issue of 8,613,372 Ordinary Shares. This means that the Company has permission to make dilutive issues of Ordinary Shares up to that amount, and if it does so that will have an effect on the holdings set out in the tables in section 7.7 (Shareholdings in the Company Before and After the Invitation).

The Company has obtained the permission for the purposes of the issue of Ordinary Shares to certain persons in future, namely:

- (a) institutional investors in the Company who may wish to subscribe for Ordinary Shares in future. The Company has been in discussions with foreign and domestic institutional investors who have expressed an interest in subscribing for Ordinary Shares following a successful Invitation, and once the Ordinary Shares are admitted to listing on the Junior Market of the JSE. The allotment of the said amount Ordinary Shares is under the control of the Board of Directors, which has a duty to consider the best interests of the Company (being the interests of the Shareholders as a whole) in entering into any arrangement with an institutional investor for the purposes of the issue of the Ordinary Shares in question, and
- (b) its management and staff for the purposes of a share incentive plan to be established by the Company.

(4) Dividend History

The Company has paid no dividends since its incorporation. The dividend policy of the Company going forward is set out in section 7.12 below.

(5) Preference Shares

500,000,000 redeemable preference shares have been authorized for issue on terms to be set by the directors. The Board anticipates that these shares will be issued from time to time in order to raise capital, taking into account the most advantageous terms at the relevant time, to fund the finance operations of the Company for time to time, and that the issues will not be dilutive as the preference shares are likely to have the typical limited voting rights associated with a fixed income debt – type instrument.

7.6 Taxation

(1) Junior Market Companies Generally

If the Invitation is successful in raising at least J\$231 million by the Closing Date, the Company will make application to list the Ordinary Shares on the Junior Market. If the application and listing is successful, the Directors anticipate that the Company will be able to take advantage of a special concessionary tax regime under which the Company will not be liable to pay any corporate income tax for 5 years after listing.

The Minister of Finance announced on 29 October 2013 that companies that have listed on the Junior Market of the JSE prior to 1 January 2014 will continue to enjoy their current benefits for the remainder of the unexpired incentive period. Companies that list on the Junior Market after 1 January 2014 (including, potentially, the Company) will only be eligible for a remission of all corporate income tax for a 5 – year period from the date of listing.

The Minister also announced that a mechanism is to be developed to allow for the capping of tax expenditures that will arise from this special scheme of tax relief. No details have yet been made available to the public in relation to the capping and whether it will apply to all Junior Market Companies, or only those that list on or after 1 January 2014.

(2) Ordinary Shares

Section 17(1)(d) of the Transfer Tax Act provides that transfers of Ordinary Shares made in the ordinary course of business on the JSE will not attract transfer tax. The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.

Off – market transfers of the Ordinary Shares not made on the JSE attract both transfer tax and stamp duty, the combined rate of which is currently approximately 6%.

Section 30(1)(c) of The Income Tax Act provides that the rate of income tax payable on dividend income received by holders of shares of companies listed on the Jamaica Stock Exchange is nil. Notwithstanding the foregoing, the Government recently announced that dividends on the Ordinary Shares paid to residents of Jamaica are subject to income tax at the rate of 15% as from 1 April 2013. Such tax is to be withheld at source.

On the other hand dividends paid by the Company to Shareholders who are not resident in Jamaica are subject to income withholding tax at the rate of 33¹/₃% if the payment is made to a person other than an individual, or 25% if the payment is made to an individual. Foreign resident Shareholders who reside in countries that have entered into a double taxation treaty with Jamaica may be subject to lower or higher rates of income withholding tax on any dividends they may receive than that applicable to residents of Jamaica. Foreign Shareholders' dividends will also be subject to withholding at source.

Prospective investors also should seek advice on the taxation of listed companies and their prospective investment in the Shares of the Company from a professional adviser, and should not rely on the summary set out above.

7.7 Shareholdings in the Company Before and After the Invitation

As at the date of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

| Name of Shareholder | Number of Shares before Opening Date of Invitation | % of Issued Shares before Opening Date of Invitation |
|--|---|---|
| Leo Williams (Chairman) | 50,000,000 | 46.476% |
| Damian Lyn (Director) | 50,000,000 | 46.476% |
| Subscription Shareholders ³ | 7,582,854 | 7.048% |
| Total | 107,582,854 | 100.000% |

After the subscription lists for the Invitation are closed, and assuming that the Invitation is fully subscribed by the public and also, by the Reserved Share Applicants, the percentage shareholdings in the Company will be as follows:

| Name of Shareholder | Number of Shares after Opening Date of Invitation | % of Issued Shares after Opening Date of Invitation (rounded) |
|----------------------------|--|--|
| Leo Williams (Chairman) | 50,000,000 | 29.10% |
| Damian Lyn (Director) | 50,000,000 | 29.10% |
| Subscription Shareholders | 7,582,854 | 4.40% |
| General Public | 41,359,257 | 24.00% |
| Key Partners | 22,679,630 | 13.20% |
| M/VL | 645,715 | 0.40% |
| Total | 172,267,454 | 100.00% |

As noted above, the Company has disapplied pre-emption rights for the purposes of the further issue by the Board of 8,613,372 Ordinary Shares. If the Board does so the percentage holdings set out above will be further diluted.

7.8 Intellectual and Real Property

As at the date of this Prospectus, the Company has no interests in intellectual or real property.

7.9 Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons ("counterparties") in the 2 years preceding the date of this Prospectus:

³ Being those Subscription Shareholders named in Schedule One to the Subscription and Shareholders' Agreement: see section 7.9 (Material Contracts).

| Date | Counterparty | Amount | Brief Details |
|-------------------------------|--|--|---|
| 30 November 2014 | Certain Subscription Shareholders as set out in Schedule One | \$41,705,689 (cash and non – cash consideration) | Subscription of 7,582,854 Ordinary Shares in the Company valued at \$5.50 per share. |
| 18 February 2014 (as amended) | M/VL Stockbrokers Limited | 2% of the funds raised in the Invitation, exclusive of GCT | Lead brokerage for the Invitation which M/VL has elected to receive half of this fee in the form of the M/VL Reserved Shares. |

The material contracts include the Company's course of dealing with Alternative Power Sources Limited (APS), a company connected to Non – Executive Director and significant Shareholder Damian Lyn, and his associates. There is no written contractual arrangement between the Company and APS, which the Directors anticipate will initially be the predominant supplier of customers to the Company, and no remunerative obligation on the Company in respect of the introduction of customers to it by APS.

Additionally, the Company has entered into certain option agreements with several potential finance lease clients consisting mainly of tourist attraction and other tourism operators in Jamaica, who either have existing alternative energy installations to sell and lease back from the Company for the purposes of business efficiency, or wish to lease new installations. The option agreements are exercisable by the Company and the Directors intend to do so following a successful Invitation, when part of the net proceeds will be applied to provide the necessary capital for launching these lease relationships. The Directors note however that some of the options have lapsed due to the passage of time, although the Directors have maintained relationships with the relevant potential clients and they are confident that the majority the potential customers who have signed options will be willing to proceed. See also the Risk Factors in Section 12.

The Company is also in discussions with other potential key suppliers at the date of the Prospectus, for the purposes of the origination of further lease finance business in other business sectors.

7.10 LITIGATION

As at the date of this Prospectus, there were no material litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings.

7.11 CHARGES REGISTERED AGAINST THE ASSETS OF THE COMPANY

As at the date of this Prospectus, there were no charges (within the meaning of section 93 of the Companies Act) registered against the public file of the Company maintained by the Companies Office of Jamaica.

7.12 DIVIDEND POLICY

The Board expects to declare and pay an annual dividend on the Ordinary Shares that amounts to not less than 25% of its net profits available for distribution, subject to the need for re-investment in the Company from time to time.

For the purposes of reinvestment in the Company, the founding shareholders, Damian Lyn and Leo Williams, undertake to waive some (but not all) of their rights to dividends declared on the Ordinary Shares for a period of ten (10) years from the date of this Prospectus, such that the funds are reinvested in the Company or distributed to other shareholders (as the founders may choose in their sole discretion from time to time).

SECTION 8: BOARD OF DIRECTORS

8.1 DETAILS OF THE DIRECTORS

Brief biographical details of the Directors, Mentor and Managers of the Company appear below. The Directors' residential addresses are set out in Section 13.1 and all of them may be contacted for business purposes at the registered office of the Company.



Andrew W. Adams
(Non – Executive Director appointed November 2014)

Andrew Adams is currently the Director of the Housing Fund in the Ministry of Transport Works and Housing.

Previously, Mr. Adams was the Chief Financial Officer of Facey Commodity Consumer Group of the Facey group of companies which operates throughout the Caribbean. He has worked in the field of finance for over 20 years, and he has particular experience in start –up, business development, financial reporting, administration, budgeting and planning, and both expense and human resource management.

Prior to joining the Facey group, Mr. Adams served as Group Chief Accountant for the Jampearl group of companies between 2001 and 2005, which includes investments made by Director Damien Lyn and his associates in Alternative Power Sources Limited, a key supplier of the Company, as well as investments in a broad cross section of other sectors inclusive of engineering, construction, supermarkets and restaurants. He also served in senior accounting roles in both the Morgan's and the Jamaica Producers groups of companies.

Mr. Adams has also served as lecturer in Accounting, Finance and Information Technology at Maragh's Institute of Business (ACCA and CAT Programs, year 2003-2005) and hold qualifications in Association of Accounting Technicians (AAT) year 2000, Association of Certified Accountants (CAT) 2002 and presently perusing level III (finals) of the Association of Chartered Certified Accountants (ACCA).



Karlene E. Bailey
(Mentor and Non – Executive Director appointed November 2014)

Karlene Bailey is currently a lecturer in finance and banking at the University of Technology of Jamaica, and a management consultant offering financial advisory, business and strategic planning, training and mentorship to her clients. Prior to this, Ms. Bailey worked in the financial services sector for some 9 years, where she gained experience in the areas of strategy, portfolio management, economics and business planning. She is a former member of the Board of Directors of Kingston Wharves Limited and served on that company's Audit and Business Development Committees, as well as acting as the Chairperson of the Contracts Committee.

Ms. Bailey is a Director of the Board of Advantage General Insurance Company since 2013, and serves as the Chairperson for the Investment and Audit and Compliance Committees.

Miss Bailey holds a Bachelor of Science degree in Management Studies, with Minors in Economics and Accounting from the University of the West Indies and a Master degree in Economics from La Universidad Católica Santo Domingo. She is currently a doctoral candidate in Business Administration at the University of the West Indies..

Ms. Bailey will also act as the independent Mentor of the Company for the purposes of the Junior Market Rules, with oversight responsibility for establishment of appropriate systems, controls and procedures for the purposes of the financial reporting, corporate governance and other requirements set out in the Junior Market Rules.



Damian X. Lyn
(Non - Executive Director appointed August 2013)

Damian Lyn has over 27 years of business experience in general management, finance, retail management, project management and business and technical consulting, and is the Chief Executive Officer of the Jampearl group of companies which are controlled by him and his associates. In the past seven years he has concentrated his efforts on energy management consulting projects. He has consulted on, sponsored and led business, construction and renewable energy projects in Jamaica, Trinidad, The Bahamas and Bermuda.

Mr. Lyn is also Managing Director of Alternative Power Sources Limited, a renewable energy company based in Jamaica that has installed over 360 alternative energy generation systems in Jamaica as authorised exclusive or co- distributor for products including Schneider Electric Inc., Calpak Solar Water Heater™, Outback Power Systems Inc., Bergey Turbines (wind power), Ningbo Qixin (solar panels), Power-One Inc., and Trojan Batteries.

Mr. Lyn is presently pursuing credentials as a Certified Energy Manager (CEM) and is a former President and Treasurer of the Jamaica Solar Energy Association and a member of The Association of Energy Engineers; the National Energy Council of Jamaica; the Jamaica Society of Energy Engineers and The Solar Energy Industries Association, USA. Mr. Lyn holds a BSc. in Economics from McMaster University. He also pursued graduate studies at the Emile Woolf School of Accountancy in London, England prior to returning to Jamaica to help to manage his family's various business interests. He holds a number of renewable energy industry – related certifications including the following:

- Appalachian State University - Micro Hydro Design and Construction Southwest Wind power Certified Installer.
- University of Central Florida (FSEC) – Solar Water Heating Systems Certification, Certified BP Solar PV Module Installer, Accreditation towards National PV Installer Certification.



Leo A. Williams
(Chairman appointed August 2007)

Leo Williams is the Executive Director of Williams & Associates Investments Limited, an investment advisory firm that seeks to attract capital to businesses in Jamaica and the Caribbean region. The firm assisted in the conceptualization and capitalization of the first REIT in the Caribbean that now trades on the Jamaica Stock Exchange, being Kingston Properties Limited.

Prior to starting his firm, Mr. Williams was the International Business Development Manager of JMMB Limited and the founding Managing Director of JMMB Securities Limited. Mr. Williams has considerable experience of the Jamaican stock market, and as a portfolio manager, market analyst, business strategist and management consultant. Mr. Williams is a graduate of Princeton University. He has studied the Jamaican stock market from as early as 1988 with his Wharton final study covering the IPO of Telecommunications Of Jamaica in that year. Mr. Williams holds an MBA in finance from the Wharton School, a M.Sc. in Systems Engineering and a M.A. in International Studies (all from the University of Pennsylvania).

Mr. Williams is a former director of the JSE. He currently serves on the board of directors of its subsidiary company, the JCSD, and he is also the Chairman of the Princeton Alumni Association for Jamaica.



Robert Jones
(Non - Executive Director appointed November 2014

Mr. Jones is currently the founding member of Hand & Mind LLC, a company providing engineering enrichment for students in New York, NY. He is an entrepreneur, consultant, former corporate executive, and engineer with more than 25 years of multi-functional experience spanning consumer goods, retail, industrial, and education sectors. Former employers include multinationals such as Alcoa, PepsiCo, and Procter & Gamble. Mr. Jones has a keen interest in sustainability. He has achieved LEED Green Associate certification from the Green

Building Certification Institute and has consulted for the New York State Energy & Research Development Authority. Mr. Jones earned a BS degree in Chemical Engineering at Massachusetts Institute of Technology and a MBA degree at Harvard Business School.

SENIOR MANAGERS

Byron L. Ward
Chief Executive Officer



Byron L. Ward is due to be appointed as the Chief Executive Officer of the Company following a successful Invitation. He brings to the Company his commercial and legal experience, having more than 30 years' experience at the bar covering litigation, family law, corporate law and governance.

Mr. Ward was admitted to practice as an attorney in October 1983. Mr. Ward spent some years working in private practice before moving in – house to work as legal counsel and corporate secretary, most recently with the Jamaica National group (1995 – 2013) where he served over 15 boards in the latter capacity.

Mr. Ward is a graduate of the University of the West Indies (LL.B.) and the Norman Manley Law School (CLE). He has also completed certificate courses at the University of California at Berkeley (management) and the Commonwealth Association in Corporate Governance (corporate governance).

Stephanie Shawn Foo

Operations Manager

Stephanie Shawn Foo is due to be appointed as the Operations Manager of the Company following a successful invitation. She is a management professional with particular experience in small business set - up, staff recruitment, accounts payable and accounts receivable, and customer service.

She has held positions with Advanced Family Medical Services (a private medical facility) as its Administrative Manager; LIMCO Engineering and Contract Services Limited as its Administrative Manager; and with Rizzani De Eccher as an Assistant Accountant.

Ms. Shawn Foo will be responsible for developing and maintaining the Company’s internal compliance inclusive of maintaining financial and accounting records and for investor relations communications as well.

8.2 DIRECTORS’ INTERESTS IN ORDINARY SHARES

The Directors’ interests in the Ordinary Shares of the Company (including legal and beneficial holdings) as at the date of this Prospectus, are set out below:

| Name of Director | Number of Shares before Opening Date of Invitation | % of issued Shares before Opening Date of Invitation | % of issued Shares after Closing Date of successful Invitation |
|----------------------------|---|---|---|
| Leo Williams (Chairman) | 50,000,000 | 46.475% | 29.40% |
| Damian Lyn (Director) | 50,000,000 | 46.475% | 29.40% |

Damian Lyn and Leo Williams have committed not to take up any Shares in the Invitation.

8.3 CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board has established 2 committees in accordance with the Junior Market Rules of the JSE. The members of each committee of the Board and a summary of its terms of reference are as follows:

| Audit and Compliance Committee | Terms of Reference |
|---------------------------------------|--|
| Andrew Adams (Independent Chairman) | Oversight of good fiscal discipline, financial reporting, timely disclosure, and compliance. |
| Robert Jones (Independent Member) | |
| Karlene Bailey (Independent Member) | |

| Compensation Committee | Terms of Reference |
|-------------------------------------|--|
| Damian Lyn (Chairman) | Oversight of the remuneration of directors, officers and employees of the Company. |
| Andrew Adams (Independent Member) | |
| Karlene Bailey (Independent Member) | |

8.4 EXECUTIVE COMPENSATION

The Company currently has no employees. Following a successful Invitation it intends to establish its business operations in Kingston, and to engage 3 executives initially comprising a chief executive officer, an operations manager, and a customer service manager. The compensation arrangements are expected to reflect market rates having regard to the relevant individuals' experience and skills.

The Directors also intend to establish a Share based incentive scheme for executives and staff of the Company in due course, and the Directors have authority to allot up to 8,613,372 Ordinary Shares without regard to any pre-emption rights in favour of other Shareholders (including successful Applicants for Shares in the Invitation).

The above arrangements will be subject to the review and approval of the Compensation Committee.

8.5 DIRECTORS' FEES

Each Director receives nominal fees and reimbursement of reasonable fees and expenses, for attendance at each meeting of the Board of the Company, or any Committee thereof. The Mentor does not receive additional fees for such attendances.

SECTION 9: MANAGEMENT DISCUSSION AND ANALYSIS

Review of Projected Financial Information and certain assumptions on which it is based

The Company intends to begin operations in 2015 upon completion of a successful Invitation, and following the admission of the Shares to trading on the Junior Market of the JSE.

Strategic business plan

The strategic business plan of the Company involves the entry into and administration of finance leases for renewable energy equipment in Jamaica and the Caribbean region. The Company's target clients are firms that wish to own clean energy systems using a finance lease approach for business efficiency purposes, given that such systems otherwise involve relatively significant purchase amounts.

For instance, a solar photovoltaic (solar PV) generation system for a typical local concern could, in the view of the Directors, have a current acquisition cost of approximately US\$120,000 and would service up to approximately 50KW of clean energy. A more intensive user of power, such as a potential customer involved in industrial activity or one with a large commercial operation such as a distribution warehouse, could easily require a solar generation system that costs US\$500,000 or more to purchase and install. Such a company, as a client of the Company (the lessor) would make monthly payments as a lessee and according to international accounting practices would have the asset and allowable depreciation expense both of which are significant benefit. Clients may wish to utilize the smaller cash amounts that would otherwise have been spent on the acquisition of fairly costly equipment for operating purposes.

The Directors consider that the strategy of the Company is to enter into a symbiotic relationship with key partners who are a distributors and who require a finance lease provider such as the Company for the purposes of the successful sale of their renewable energy generation systems. The types of renewable energy systems that will be leased by the Company will include systems distributed by, for example, Alternative Power Sources Limited (APS), a company connected to Director Damian Lyn, as well as systems developed by other providers. For this purpose the Company is taking steps to ensure that there are appropriate procedures in place to qualify its partners and clients and for the purposes of maintenance of appropriate confidentiality and conflict - free approval procedures for the Company's customer operations.

Commencement of operations following a successful Invitation

In preparation for the commencement of its operations, the Company has entered into a number of option agreements with potential lessees of alternative energy producing equipment valued at approximately US\$5.2m (some of which have lapsed and are due to be extended as to the time for exercise of the option). The Company is currently taking steps to regularize same.

The Company's operations in the first operating quarter of 2015 will be focused on establishing a physical presence, qualifying its developer partners and their respective clients and beginning the process of acquiring suitable equipment for inclusion in its leasing portfolio. The Directors intend for the net proceeds of the Invitation to be applied to the purchase of systems for the purposes of the option agreements with a small amount spent locally on salary and labour.

Overview of projected operations

The Projected Financial Information is presented in US\$ over the first 5 years of operations, because the Directors anticipate that over the relevant period, a growing portion of the business of the Company will be generated from the Caribbean region outside of Jamaica. The Directors anticipate that the business of the Company in Jamaica will be conducted in Jamaican dollars, on 10 - year lease terms but payments to the Company would not be exposed to exchange rate depreciation. The Jamaican dollar lease rates from the Company to its clients are expected to be variable and adjusted with exchange rate changes. The Company is expected to generate business from Jamaica initially and the Directors propose to expand the lease business into the Caribbean market opportunistically.

The Directors anticipate that foreign currency (inclusive of US\$) lease rates may be offered by the Company, primarily to non - Jamaican clients and may be fixed although in some cases, may vary. The Directors expect that the Company's leasing rates will adjust with market conditions for similar products with similar customer risk profiles.

The Directors anticipate that lease payments received from clients after entry into the initial stream of capital leases will drive its first operating quarter 2015 revenues and by the end of the financial year will result in some small profits, which are expected to grow as the Company successfully originates further leases. As with many leasing companies, gearing provides an opportunity to expand the capital available for operating purposes. To the extent that the spreads are maintained, the Company can enhance its projected earnings further. Over the first 5 years, the cumulative annual growth rate of revenues is projected to grow at approximately 11% per year with the gearing projected to be available.

The Directors anticipate that the Company's initial lease business will be dominated by solar photovoltaic (solar PV) energy equipment leases, which are part of the option agreements entered into by the Company with its potential customers, the standard terms of which include obligations for the proper and consistent maintenance of the relevant equipment and insurance by the customer. The Directors anticipate that the standard term of its leases will be 10 years. They note that the related equipment can last up to 25 years in the case of solar panels and wiring, while any related electronics are generally rated to last approximately 10 years. Part of the maintenance payments by the lessors will be applied to fund the replacement of critical components such as the inverters which make up the largest part of the spend on electronic items and can last up to 10 years.

The Directors also consider that the Company has an opportunity to earn additional revenue from the provision of maintenance services which are to then be sub-contracted to authorized representatives and specialist contractors that have the requisite training, experience and credentials to deliver the service standards required during the warranty period on the equipment including but not limited to APS and other authorized brand representatives. The Directors have provided for maintenance to be a requirement under the lease commitments entered into by its clients.

In the 5 - year period from 1 January 2015 to 31 December 2019 represented in the Projected Financial Information, the Directors anticipate that the take up rate by lessees of maintenance contracts with the Company will be well above 50% and could average at 70% of the clients who are sold systems. The company further anticipates that with a 25% reduction in warranty costs for the second 10 - year term, the re-subscription rates will be maintained at that 70% level. The Directors have also provided that annual system maintenance costs will be approximately 16% of the total average system purchase cost. The

Directors expect that such fees will be set at a level that covers maintenance and repair to preserve the equipment value and extend its operating life. For instance, since inverters play a central role in such systems the Projected Financial Information provides for a replacement at the end of their expected life, being 10 years. This is not a standard convention in the market but the Directors consider that it will be a standard feature of the contracts entered into by the Company and its customers.

A further 12% administrative charge to cover the management activities related to the maintenance agreements within the company is included in the revenue stream shown in the Projected Financial Information.

It is projected that maintenance fees will comprise over 50% of the total revenues in each year of the Projected Financial Information based on the sales of systems accumulated in the portfolio. Once systems have transitioned from the leased stage to the fully owned stage, the revenues of the Company under the lease will cease but maintenance in many cases will continue (the Directors have assumed that 70% of the systems will continue with maintenance service after the lease period for the purposes of the Projected Financial Information).

The largest anticipated cost in the Administrative category for the business going forward will include executives' compensation and eventually, as the Company grows, other staff salaries. The Directors consider that appropriate remuneration is necessary given that the Company will function primarily as a service entity that must demonstrate technical competence, speedy product delivery, efficient customer service and sound, standardized processes which control costs. The Company's operations will commence with a complement of 3 staff that will join the Company on completion of a successful Invitation: a Chief Executive Officer, an Operations Manager, and a Customer Service Manager. At the end of the first year, the Company expects to take on additional credit credentialed staff and business development staff. In time the Company plans to offer incentive based pay utilizing the Shares of the Company.

The Directors anticipate that the performance of the Company as set out in the Projected Financial Information will increase by an average of 11,5% per year. It is also important to note that the Company does project some amount of liability not long after a successful Invitation and before the end of the first anniversary period, and that it anticipates that it will grow incrementally. The Directors will review the appropriate amount of leverage from time to time as the business grows in actuality, bearing in mind potential opportunities and relevant costs.

Once the capital from the offer and any subsequent gearing has been fully invested, there are additional opportunities in the region within the renewable energy space that will require further financial solutions. The directors intend to guide the company toward being able to select the best fit for the Company's experience and skill set and to continue developing financial products to tap and expand the growth, effectiveness and presence of various renewable energy processes to the market. This may require approaching the capital markets for additional funding targeted to specific geographies or technologies and possibly larger opportunities. Additional business in this category will enhance the performance of the Company significantly as a vibrant on-going concern.

SECTION 10: FINANCIAL INFORMATION

AUDITED FINANCIAL INFORMATION

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2014

I N D E X

| | <u>Page</u> |
|---|-------------|
| Independent auditors' report to the members | 1-2 |
| <u>FINANCIAL STATEMENTS</u> | |
| Statement of Comprehensive Income | 3 |
| Statement of Financial Position | 4 |
| Statement of Equity | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7-15 |

INDEPENDENT AUDITORS' REPORT

To the Members of
Caribbean Energy Finance Company Limited
Formerly Caribbean Wind Energy Limited

Report on the Financial Statements

We have audited the financial statements of Caribbean Energy Finance Company Limited formerly Caribbean Wind Energy Limited set out on pages 3 to 15 which comprise the statement of financial position as at 31 December 2014, and the statements of income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes, designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Energy Finance Company Limited
Formerly Caribbean Wind Energy Limited

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2014, and of its financial performance, changes in equity and cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

We have obtained all information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper accounting records have been kept, and the financial statements, which are in agreement therewith, give the information required by the Act in the manner so required.

A handwritten signature in black ink, appearing to be 'BDO' with a stylized flourish extending to the right.

Chartered Accountants

2 January 2015

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FROM PERIOD OF INCORPORATION 21 AUGUST 2007 TO 31 DECEMBER 2014

| | <u>Note</u> | <u>2014</u> <u>US\$'000</u> |
|---|-------------|--------------------------------|
| INTEREST INCOME | | 0.02 |
| ADMINISTRATIVE AND OTHER EXPENSES | 5 | <u>(94.66)</u> |
| NET LOSS FOR THE PERIOD, BEING TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | <u>(94.64)</u> |

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2014

| | <u>Note</u> | <u>2014</u> <u>US\$'000</u> |
|--------------------------------------|-------------|--------------------------------|
| <u>ASSETS</u> | | |
| NON-CURRENT ASSETS: | | |
| Property, plant and equipment | 6 | 16.03 |
| Lease receivables | 7 | <u>216.57</u> |
| | | <u>232.60</u> |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 8 | 214.75 |
| Recoverable | | <u>0.01</u> |
| | | <u>214.76</u> |
| | | <u>447.36</u> |
| <u>EQUITY AND LIABILITIES</u> | | |
| SHAREHOLDERS' EQUITY: | | |
| Share capital | 9 | 414.66 |
| Deficit | | (<u>94.64</u>) |
| | | <u>320.02</u> |
| NON CURRENT LIABILITY: | | |
| Shareholders' loan | 10 | <u>92.55</u> |
| CURRENT LIABILITY: | | |
| Payables | 11 | <u>34.79</u> |
| | | <u>447.36</u> |

Approved and authorized for issue by the board of directors on 2 January 2015 and signed on its behalf by:


Leo Williams - Director


Damian X Lyn - Director

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY

FROM PERIOD OF INCORPORATION 21 AUGUST 2007 TO 31 DECEMBER 2014

| | <u>Share Capital US\$'000</u> | <u>Deficit US\$'000</u> | <u>Total US\$'000</u> |
|-----------------------------|---------------------------------------|-----------------------------|---------------------------|
| Issue of shares | 414.66 | - | 414.66 |
| Net loss for the period | <u>-</u> | <u>(94.64)</u> | <u>(94.64)</u> |
| Balance at 31 December 2014 | <u>414.66</u> | <u>(94.64)</u> | <u>320.02</u> |

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

STATEMENT OF CASH FLOWS

FROM PERIOD OF INCORPORATION 21 AUGUST 2007 TO 31 DECEMBER 2014

| | <u>2014</u> <u>US\$'000</u> |
|--|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Net loss | (94.64) |
| Changes in operating assets and liabilities - | |
| Payables | 34.79 |
| Taxation recoverable | <u>(0.01)</u> |
| Net cash used in operating activities | (<u>59.86</u>) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Purchase of property, plant and equipment | (16.03) |
| Investment | <u>(216.57)</u> |
| Net cash used in investing activities | <u>(232.60)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Issue of share capital | 414.66 |
| Shareholders' loan | <u>92.55</u> |
| Net cash provided by financing activities | <u>507.21</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | |
| AT END OF PERIOD | <u>214.75</u> |

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- a) Caribbean Energy Finance Company Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 7 Stanton Terrace, Kingston 6. The company was incorporated on 21 August 2007.
- (b) The principal activities of the company are lease financing in renewable energy assets and energy audits.
- (c) The company changed its name from Caribbean Wind Energy Limited to Caribbean Energy Finance Company Limited by way of Special Resolution dated 6 October 2013.
- (d) These financial statements do not reflect any trading activities as the company is still in start up phase.

2. REPORTING CURRENCY:

These financial statements are presented in United States dollars, the rationale for which is that a significant portion of the company's business will emanate from outside of Jamaica. Some of the business' operations that will be provided in Jamaica will be done in JA\$ at JA\$ lease rates and will be indexed to US\$ parameters to protect against exposure to exchange rate depreciation. The split of business between Jamaica and the rest of the world will vary over time.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout.

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are discussed below:

(i) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

(ii) Income taxes

The company plans to be listed on the Jamaica Stock Exchange Junior Market and as such would be exempt from income tax for the period of five years.

(iii) Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset are reviewed at least at each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the company.

(iv) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Standards, Interpretations and amendments to published standards effective in the reporting period

During the reporting period, the following standards, amendments and interpretations became effective. Those considered relevant to the company are as follows:

IAS 32(Amendment), Financial Instruments: Presentation' (effective for annual periods beginning on or after 1 January 2014) - Amendments relating to the offsetting of assets and liabilities. This amendment has no significant impact on the company's financial statement.

IAS 36, 'Impairment of Assets' (effective for annual periods beginning on or after 1 January 2014. Amendments arising from *Recoverable Amount Disclosure for Non -Financial Assets*. This amendment has no significant impact on the company's financial statements.

Standards, interpretations and amendments to published standards those are not yet effective.

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but which were not yet effective. Those which are considered relevant to the company are as follows:

IAS 16 'Property, plant and equipment' (effective for annual periods beginning on or after 1 January 2014). Amendments relating to clarification of acceptable method of depreciation and amortisation.

IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 addresses classification and measurement of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification of financial assets under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 also removes the requirement to separate embedded derivatives from financial assets hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value.

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Standards, interpretations and amendments to published standards those are not yet effective.

For financial liabilities IFRS 9 retains most of IAS 39 requirements including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit and loss, unless this creates an accounting mismatch.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017). IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Management is currently assessing the impact on the company's financial statements.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in the future periods, is unlikely to have any material impact on the financial statements.

(b) Foreign currency translation -

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the period date, monetary assets and liabilities denominated in foreign currency are translated using the exchange rate ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(c) Property, plant and equipment -

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the year of their estimated useful lives. Annual rates are as follows:

Furniture and equipment

10% - 33 1/3%

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity of another entity.

Financial assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and reevaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise cash and cash equivalents.

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost using the effective interest method. These liabilities are classified as payables and included in current liabilities on the statement of financial position.

(e) Impairment -

The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or the cashgenerating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognized in the statement of revenue and expenses.

(f) Cash and cash equivalents -

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short term highly liquid investments with original maturities of three months or less, net of bank overdraft.

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. FINANCIAL AND CAPITAL RISK MANAGEMENT:

(a) Financial risk factors -

The company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on guidelines set by the Board of Directors together with management and seeks to minimize potential adverse effects on the company's financial performance.

(i) Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The company manages its exposure by maintaining only short term investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company manages its foreign exchange risk by holding foreign currency balances.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the company has no significant interest bearing assets or liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from deposits and short term instruments.

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has limited concentrations of credit risk. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The company manages its credit risk by screening its' customers, establishing credit limits and the rigorous follow-up of receivables; and ensuring investments are low-risk or, are held with reputable financial institutions.

(iv) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company manages this risk by keeping committed credit lines available.

(v) Equity risk

Equity risk arise out of price fluctuations in the equity prices. The risk arises out of holding positions in either individual stocks or in the market as a whole. The Board sets limits on the level of exposure and limits the amounts invested in them.

(vi) Capital risk

Capital risk is the risk that the company fails to comply with mandated regulatory requirements resulting in breach of those requirements. The company's objectives when managing capital are to comply with capital requirements, safeguard the company's ability to continue as a going concern and to maintain strong capital base to support the development of its business.

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(vii) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

5. EXPENSES BY NATURE:

| | <u>2014</u> <u>US\$'000</u> |
|-----------------------------|--------------------------------|
| Legal and professional fees | 76.48 |
| Commission | 6.52 |
| Credit report fee | 1.86 |
| Audit and accounting fees | 12.44 |
| Foreign exchange gain | (3.38) |
| Rates and taxes | 0.67 |
| Bank charge | <u>0.07</u> |
| | <u>94.66</u> |

6. PROPERTY, PLANT AND EQUIPMENT:

| | <u>2014</u> <u>US\$'000</u> |
|-----------------------------|--------------------------------|
| At cost - | |
| Furniture and fixtures | 11.24 |
| Computer and equipment | <u>4.79</u> |
| Balance at 31 December 2014 | <u>16.03</u> |

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

| | | |
|-----|--|--------------------------------|
| 7. | LEASE RECEIVABLES: | <u>2014</u> <u>US\$'000</u> |
| | Lease receivables | <u>216.57</u> |
| 8. | CASH AND CASH EQUIVALENTS: | <u>2014</u> <u>US\$'000</u> |
| | National Commercial Bank Limited | <u>214.75</u> |
| 9. | SHARE CAPITAL: | <u>2014</u> <u>US\$'000</u> |
| | Authorised capital - J\$1 billion | |
| | Issued and fully paid - 107,582,852 ordinary shares at no par value | <u>414.66</u> |
| 10. | SHAREHOLDERS' LOAN: | |
| | This loan represents amount advanced by shareholders which will be converted to shares on approval of the IPO. | |
| 11. | PAYABLES: | <u>2014</u> <u>US\$'000</u> |
| | Accrued expenses | <u>34.79</u> |

PROJECTED FINANCIAL INFORMATION

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

PROJECTED FINANCIAL STATEMENTS

FIVE YEARS ENDING 31 DECEMBER 2015 - 2019

I N D E X

| | <u>Page</u> |
|--|-------------|
| Consultants' report to the Directors | 1 |
| <u>PROJECTED FINANCIAL STATEMENTS</u> | |
| Statement of Comprehensive Income | 2 |
| Statement of Financial Position | 3 |
| Statement of Changes in Shareholders' Equity | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Projected Financial Statements | 6 - 21 |

CONSULTANTS' REPORT

To the Directors of
Caribbean Energy Finance Company Limited
Formerly Caribbean Wind Energy Limited

We have reviewed the projections of Caribbean Energy Finance Company Limited (CEFCL) Formerly Caribbean Wind Energy Limited, in accordance with the International Standard on Assurance Engagements 3400. The Examination of Prospective Financial Information to assess the reasonableness of the projected financial statements for the period between 1 December 2014 and 31 December 2019 which are presented on pages 2 to 21. The directors and management are responsible for the projections including the assumptions on which the projections are based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that these assumptions do not provide a reasonable basis for the projections, further in our opinion, the projections are properly prepared on the basis of the assumptions. However, we caution that the company's projected profitability is predicated on its ability to generate projected revenues based on key management assumptions.

The projections are prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily certain to occur. However, even if the events anticipated under the hypothetical assumptions described above occur, the actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no assurance that the projections will be achieved.

BDO will have no responsibility to update this report for events and circumstances occurring after the date of this report.

This engagement is not an audit and as such no assurance regarding the assertions will be expressed. Further, the engagement cannot be relied upon to disclose any errors in management assumptions or judgement that may exist.

The intended purpose of these financial projections is for inclusion in CEFCL's prospectus, and its distribution and use is limited only to the directors of CEFCL, its Broker and the potential finance providers. Consequently readers are cautioned that this projection may not be appropriate for purposes other than that described above.



Chartered Accountants

5 January 2015

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

PROJECTED STATEMENT OF COMPREHENSIVE INCOME

FIVE YEARS ENDING 31 DECEMBER 2015 - 2019

| | <u>Note</u> | (Actual) <u>2014</u> US\$'000 | <u>2015</u> US\$'000 | <u>2016</u> US\$'000 | <u>2017</u> US\$'000 | <u>2018</u> US\$'000 | <u>2019</u> US\$'000 |
|---|-------------|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| REVENUE | 6 | | | | | | |
| Lease income | 6(i) | - | 719.82 | 767.01 | 792.19 | 818.55 | 850.37 |
| Maintenance income | 6(ii) | - | 1,018.80 | 1,119.96 | 1,235.93 | 1,374.31 | 1,537.99 |
| Interest Income | 6 (iii) | <u>0.02</u> | <u>1.48</u> | <u>0.46</u> | <u>0.65</u> | <u>1.86</u> | <u>3.03</u> |
| Total revenue | | <u>0.02</u> | <u>1,740.10</u> | <u>1,887.43</u> | <u>2,028.77</u> | <u>2,194.72</u> | <u>2,391.39</u> |
| EXPENSES | | | | | | | |
| Administrative | 7 | 94.66 | 162.27 | 160.99 | 161.64 | 162.34 | 163.12 |
| Maintenance | 8 | - | 909.64 | 999.97 | 1,103.51 | 1,227.06 | 1,373.21 |
| Bad debts | 9 | <u>-</u> | <u>28.79</u> | <u>30.68</u> | <u>31.69</u> | <u>32.74</u> | <u>34.01</u> |
| Total expenses | | 94.66 | 1,100.70 | 1,191.64 | 1,296.84 | 1,422.14 | 1,570.34 |
| Interest | | - | 234.38 | 217.81 | 200.00 | 180.85 | 160.27 |
| Depreciation | | <u>-</u> | <u>3.87</u> | <u>3.89</u> | <u>3.80</u> | <u>4.60</u> | <u>4.43</u> |
| | | <u>94.66</u> | <u>1,338.95</u> | <u>1,413.34</u> | <u>1,500.64</u> | <u>1,607.59</u> | <u>1,735.04</u> |
| (Loss)/profit before taxation | | (94.64) | 401.15 | 474.09 | 528.13 | 587.13 | 656.35 |
| Taxation | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive (loss)/income for the year | | <u>(94.64)</u> | <u>401.15</u> | <u>474.09</u> | <u>528.13</u> | <u>587.13</u> | <u>656.35</u> |

"Refer to Consultants' Report"

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

PROJECTED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2015 - 2019

| | | (Actual) 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|------|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Note | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| ASSETS | | | | | | | |
| NON-CURRENT ASSETS: | | | | | | | |
| Property, plant and equipment | 10 | 16.03 | 22.15 | 19.38 | 15.77 | 17.90 | 13.76 |
| Lease receivables | 11 | <u>216.57</u> | <u>6,867.88</u> | <u>7,001.74</u> | <u>7,086.76</u> | <u>7,203.08</u> | <u>7,560.07</u> |
| | | <u>232.60</u> | <u>6,890.03</u> | <u>7,021.12</u> | <u>7,102.53</u> | <u>7,220.98</u> | <u>7,573.83</u> |
| CURRENT ASSETS: | | | | | | | |
| Lease receivables | 11 | - | 806.50 | 924.47 | 1,103.18 | 1,304.83 | 1,319.53 |
| Other receivables | | 0.01 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Cash and cash equivalents | 12 | <u>214.75</u> | <u>80.39</u> | <u>66.96</u> | <u>78.70</u> | <u>70.31</u> | <u>63.11</u> |
| | | <u>214.76</u> | <u>896.89</u> | <u>1,001.43</u> | <u>1,191.88</u> | <u>1,385.14</u> | <u>1,392.64</u> |
| | | <u>447.36</u> | <u>7,786.92</u> | <u>8,022.55</u> | <u>8,294.41</u> | <u>8,606.12</u> | <u>8,966.47</u> |
| EQUITY AND LIABILITIES | | | | | | | |
| SHAREHOLDERS' EQUITY: | | | | | | | |
| Share capital | 13 | 414.66 | 4,548.54 | 4,548.54 | 4,548.54 | 4,548.54 | 4,548.54 |
| Retained earnings | | (94.64) | <u>305.51</u> | <u>778.60</u> | <u>1,305.73</u> | <u>1,891.86</u> | <u>2,547.21</u> |
| | | <u>320.02</u> | <u>4,854.05</u> | <u>5,327.14</u> | <u>5,854.27</u> | <u>6,440.40</u> | <u>7,095.75</u> |
| NON CURRENT LIABILITY: | | | | | | | |
| Long term loan | 14 | - | 2,683.22 | 2,429.19 | 2,156.11 | 1,862.54 | 1,546.96 |
| Shareholders' loan | 15 | <u>92.55</u> | - | - | - | - | - |
| | | <u>92.55</u> | <u>2,683.22</u> | <u>2,429.19</u> | <u>2,156.11</u> | <u>1,862.54</u> | <u>1,546.96</u> |
| CURRENT LIABILITY: | | | | | | | |
| Current portion of long term loan | 14 | - | 220.89 | 237.46 | 255.27 | 274.42 | 295.00 |
| Payables | | <u>34.79</u> | <u>28.76</u> | <u>28.76</u> | <u>28.76</u> | <u>28.76</u> | <u>28.76</u> |
| | | <u>34.79</u> | <u>249.65</u> | <u>266.22</u> | <u>284.03</u> | <u>303.18</u> | <u>323.76</u> |
| | | <u>447.36</u> | <u>7,786.92</u> | <u>8,022.55</u> | <u>8,294.41</u> | <u>8,606.12</u> | <u>8,966.47</u> |
| | | "Refer to Consultants' Report" | | | | | |

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

PROJECTED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FIVE YEARS ENDING 31 DECEMBER 2015 - 2019

| | <u>Note</u> | <u>Share Capital US\$'000</u> | <u>Retained Earnings US\$'000</u> | <u>Total US\$'000</u> |
|--|-------------|---------------------------------------|---|---------------------------|
| Receipt from share issue | | 414.66 | - | 414.66 |
| Deficit for the period | | - | (94.64) | (94.64) |
| Balance 31 December 2014 | | <u>414.66</u> | <u>(94.64)</u> | <u>320.02</u> |
| Receipt from share issue | | 4,041.33 | - | 4,041.33 |
| Conversion of Shareholders loan to shares | | 92.55 | - | 92.55 |
| Income for the period | | - | 401.15 | 401.15 |
| Dividends | 16 | - | (1.00) | (1.00) |
| Balance 31 December 2015 | | <u>4,548.54</u> | <u>305.51</u> | <u>4,854.05</u> |
| Income for the period | | - | 474.09 | 474.09 |
| Dividends | | - | (1.00) | (1.00) |
| Balance 31 December 2016 | | <u>4,548.54</u> | <u>778.60</u> | <u>5,327.14</u> |
| Income for the period | | - | 528.13 | 528.13 |
| Dividends | | - | (1.00) | (1.00) |
| Balance 31 December 2017 | | <u>4,548.54</u> | <u>1,305.73</u> | <u>5,854.27</u> |
| Income for the period | | - | 587.13 | 587.13 |
| Dividends | | - | (1.00) | (1.00) |
| Balance 31 December 2018 | | <u>4,548.54</u> | <u>1,891.86</u> | <u>6,440.40</u> |
| Income for the period | | - | 656.35 | 656.35 |
| Dividends | | - | (1.00) | (1.00) |
| Balance 31 December 2019 | | <u>4,548.54</u> | <u>2,547.21</u> | <u>7,095.75</u> |

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED
Formerly
CARIBBEAN WIND ENERGY LIMITED
PROJECTED STATEMENT OF CASH FLOWS
YEARS ENDING 31 DECEMBER 2015 - 2019

| | (Actual) | | | | | |
|---|------------------|--------------------|-----------------|-----------------|------------------|------------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Net (loss)/profit | (94.64) | 401.15 | 474.09 | 528.13 | 587.13 | 656.35 |
| Items not affecting cash resources: | | | | | | |
| Interest | - | 234.38 | 217.81 | 200.00 | 180.85 | 160.27 |
| Depreciation | - | 3.87 | 3.89 | 3.80 | 4.60 | 4.43 |
| Taxation paid | - | - | - | - | - | - |
| | <u>(94.64)</u> | <u>639.40</u> | <u>695.79</u> | <u>731.93</u> | <u>772.58</u> | <u>821.05</u> |
| Change in operating assets | | | | | | |
| Payables | 34.79 | (6.03) | - | - | - | - |
| Other receivables | (0.01) | (9.99) | - | - | - | - |
| Lease receivables | (216.57) | (7,430.81) | (251.83) | (263.73) | (317.97) | (371.69) |
| Net cash (used in)/provided by | | | | | | |
| Operating activities | <u>(181.79)</u> | <u>(7,446.83)</u> | <u>(251.83)</u> | <u>(263.73)</u> | <u>(317.97)</u> | <u>(371.69)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Purchase of plant, property and equipment | (16.03) | (9.99) | (1.12) | (0.19) | (6.73) | (0.29) |
| Net cash used in investing activities | <u>(16.03)</u> | <u>(9.99)</u> | <u>(1.12)</u> | <u>(0.19)</u> | <u>(6.73)</u> | <u>(0.29)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | |
| Loan proceeds | - | 3,125.00 | - | - | - | - |
| Issue of Shares | 414.66 | 4,133.88 | - | - | - | - |
| Shareholders loan | 92.55 | (92.55) | - | - | - | - |
| Loan repayment | - | (247.89) | (237.46) | (255.27) | (274.42) | (295.00) |
| Interest | - | (234.38) | (217.81) | (200.00) | (180.85) | (160.27) |
| Ordinary dividend | - | (1.00) | (1.00) | (1.00) | (1.00) | (1.00) |
| Net cash provided by/(used in) financing activities | <u>507.21</u> | <u>6,683.06</u> | <u>(456.27)</u> | <u>(456.27)</u> | <u>(456.27)</u> | <u>(456.27)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 214.75 | (134.36) | (13.43) | 11.74 | (8.39) | (7.20) |
| Cash and cash equivalents at beginning of year | - | 214.75 | 80.39 | 66.96 | 78.70 | 70.31 |
| CASH AND CASH EQUIVALENTS (NOTE 12) | <u>214.75</u> | <u>80.39</u> | <u>66.96</u> | <u>78.70</u> | <u>70.31</u> | <u>63.11</u> |

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Caribbean Energy Finance Company Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 7 Stanton Terrace, Kingston 6. The company was incorporated on 21 August 2007.
- (b) The principal activities of the company are lease financing in renewable energy assets and energy audits.
- (c) The company changed its name from Caribbean Wind Energy Limited to Caribbean Energy Finance Company Limited by way of Special Resolution dated 6 October 2013.
- (d) The company is seeking to be listed on the Jamaica Stock Exchange Junior Market and therefore, no tax computation has been prepared for these projections. If approved, the company would be entitled to a remission of taxes for five (5) years.

2. REPORTING CURRENCY:

These financial statements are presented in United States dollars, the rationale for which is that significant portion of the company's business will emanate from outside of Jamaica. Some of the business operations will be done in JA\$ at JA\$ lease rates and will be indexed to US\$ parameters to protect against exposure to exchange rate depreciation. The split of business between Jamaica and the rest of the world will vary over time.

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout.

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

3. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation -

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are discussed below:

(i) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

(ii) Income taxes

The company plans to be listed on the Jamaica Stock Exchange Junior Market and as such would be exempt from income tax for the period of five years.

(iii) Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset are reviewed at least at each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the company.

(iv) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

(v) Leases

Leases of property where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance charges are expensed in the statement of comprehensive income over the lease period. Leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Assets will be held under a finance lease in the statement of financial position and are presented as a receivable at an amount equal to the net investment in the lease.

(b) Foreign currency translation -

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the period date, monetary assets and liabilities denominated in foreign currency are translated using the exchange rate ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(c) Property, plant and equipment -

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Annual rates are as follows:

| | |
|-------------------------|---------------|
| Furniture and equipment | 10% - 33 1/3% |
|-------------------------|---------------|

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Financial instruments -

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity of another entity.

Financial assets

The company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise cash and cash equivalents.

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost using the effective interest method. These liabilities are classified as payables and included in current liabilities in the statement of financial position.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED**NOTES TO THE PROJECTED FINANCIAL STATEMENTS****31 DECEMBER 2015 - 2019****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(e) Impairment -**

The carrying amounts of the company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognized in the statement of revenue and expenses.

(f) Cash and cash equivalents -

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short term highly liquid investments with original maturities of three months or less, net of bank overdraft.

(g) Trade and other receivables -

Trade receivables are carried at amortised cost less provision made for impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Other receivables are stated at amortized cost less impairment losses.

(h) Trade and other payables -

Trade payables are stated at amortized cost.

(i) Provisions -

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Borrowings and borrowing costs -

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and the redemption value is recognised in the statement of comprehensive income account over the period of the borrowings. Borrowing costs are recognized as expense in the period in which they are incurred.

(k) Revenue recognition -

Revenue is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis unless collectibility is doubtful.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT:

(a) Financial risk factors -

The company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on guidelines set by the Board of Directors together with management and seeks to minimize potential adverse effects on the company's financial performance.

(i) Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The company manages its exposure by maintaining only short term investments.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(i) Market risk (cont'd)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company manages its foreign exchange risk by holding foreign currency balances.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the company has no significant interest bearing assets or liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from deposits and short term instruments.

(iii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has limited concentrations of credit risk. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The company manages its credit risk by screening its customers, establishing credit limits and the rigorous follow-up of receivables; and ensuring investments are low-risk or, are held with reputable financial institutions.

(iv) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company manages this risk by keeping committed credit lines available.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED**NOTES TO THE PROJECTED FINANCIAL STATEMENTS****31 DECEMBER 2015 - 2019****4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):****(a) Financial risk factors (cont'd) -****(v) Equity risk**

Equity risk arises out of price fluctuations in the equity prices. The risk arises out of holding positions in either individual stocks or in the market as a whole. The Board sets limits on the level of exposure and limits the amounts invested in them.

(vi) Capital risk

Capital risk is the risk that the company fails to comply with mandated regulatory requirements resulting in breach of those requirements. The company's objectives when managing capital are to comply with capital requirements, safeguard the company's ability to continue as a going concern and to maintain strong capital base to support the development of its the company.

(vii) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

(b) Fair value estimation -

The fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED**NOTES TO THE PROJECTED FINANCIAL STATEMENTS****31 DECEMBER 2015 - 2019****4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):****(b) Fair value estimation (cont'd) -**

The amounts included in the financial statements for cash and cash equivalents, receivables and payables reflect their approximate fair value because of the short term maturity of these instruments.

Long term liabilities reflect the company's contractual obligations and are carried at amortised cost, which is deemed to approximate the fair value of these liabilities because these liabilities are subject to such terms and conditions as are available in the market for similar instruments.

5. MANAGEMENT ASSUMPTIONS:**• Initial Funding on the JSE**

The IPO will issue common shares for investment capital in the company. This capital will be converted to US\$ and most likely spent on equipment which will be imported into the country. Some amount of the value raised will be spent locally on salary and labour but this will be shielded from depreciation while held in US\$ before being spent.

• Lease Term

The leases entered into will be for equipment that will in the case of the panels and wiring last up to 25 years. The electronics are rated to last approximately 10 years. Part of the maintenance payments by the lessors will be to fund the replacement of critical components such as the 10 year invertors which make up the largest part of the spend on electronics. The longest lease term will be 10 years. Leases however can be extended for less than 10 years.

• Use of Funds

The capital from the IPO will be fully utilised in the first year. It will be placed into use for funding leases. While the equipment is under lease agreement, it is assumed that the Lessors will execute maintenance agreements with CEFCL for the equipment. The lease revenues will be used to contract the services of local maintenance staff who will perform routine maintenance service on the equipment in accordance with the original equipment manufacturers' (OEM) recommendations and warranty provisions.

“Refer to Consultants' Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

5. **MANAGEMENT ASSUMPTIONS (CONT'D):**

- **Additional Funding**

It is anticipated that the funding for future years will come from a perpetual pool of preference shares issued and retired up to 5 years later. The individual tranches of funding may be tied to the specific renewable energy technology or geographic zone for which the spending will be targeted. The prospectus and the IPO however will only reference that this mechanism is contemplated.

- **Borrowing**

The company will be authorized to borrow against the strength of its Statement of Financial Position. Initially, no borrowing is anticipated. The borrowings that will be effected will only be at rates that permit attractive market rates for leases. Hence, it is likely that borrowing will only be done against the US portion of revenues that are anticipated.

- **Timing of Cash Flows**

The timing of the cash flows are 'generally' assumed to be at the end of the stated periods, for example, Year 0 is the Year 2014 and the IPO will take place in the last month of the year, December 2014. Similarly, the funds will be spent in the Year 2015. For this expenditure however the spending will take place in the first six (6) months of the year. Lease payments are modelled as if they appear on the last day of the financial year. This is a conservative assumption as in fact they will appear on the last day of each month within the year.

- **Split of Capital Portion and Income Portion of Payments**

Each payment from the lessee will be split into two portions. The capital portion will be shown on the statement of financial position and the income portion will be shown on the statement of comprehensive income.

- **Financial Year End is December 31 of each Year**

The fiscal year period matches the calendar year period.

"Refer to Consultants' Report"

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

6. REVENUE:

Revenue is to be realised from three main streams as outlined below:

- **Lease Income**

It is anticipated that the lease rates will be generally 10% or greater depending on the market conditions. Lease rates will be variable when offered in local currency and fixed if offered in US\$ currency generally. When the lease rates vary, they will be indexed to the Weighted Average Treasury Bill Yields (WATBY) plus a premium which could be 2% to 3%. At the present time, WATBY is about 8% in local JA\$ and the 2-3% would put the lease rates at 10%-11% per annum.

It is expected that each lessee will make a down payment on the system cost that will amount to 10% at minimum. Higher down payments will be accepted up to 50% of the system cost for preferential lease rates. These cases have not been modeled and in this regard, would represent a conservative assumption.

- **Maintenance Income**

The systems that will be targeted by the company will be both systems developed by Developer as well as systems developed by others. In some cases, the lessees will want to have the maintenance covered in the lease activity combined with the equipment costs. In those cases, there is a revenue opportunity for CEFCL to earn sales from the maintenance streams as well. Since the service of maintenance will be sub-contracted to companies with the capabilities and track record for delivering maintenance and doing so respecting the equipment warranties in place where applicable.

Administrative charge will be added to the maintenance cost to give the revenue stream shown.

- **Interest Income Earned on Cash Balances**

It is assumed that cash is invested in Government of Jamaica paper at the prevailing yields for short term paper and in US currency whenever possible.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

7. ADMINISTRATIVE EXPENSES:

| | <u>2015</u> US\$'000 | <u>2016</u> US\$'000 | <u>2017</u> US\$'000 | <u>2018</u> US\$'000 | <u>2019</u> US\$'000 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Directors' fees | 0.99 | 0.97 | 0.95 | 0.93 | 0.92 |
| Salaries and related expenses (a) | 80.94 | 82.50 | 84.08 | 85.70 | 87.87 |
| Rent and rates | 2.75 | 2.70 | 2.65 | 2.60 | 2.56 |
| Telephone | 2.38 | 2.33 | 2.29 | 2.24 | 2.21 |
| Audit and accounting | 2.55 | 2.54 | 2.53 | 2.51 | 2.52 |
| Advertising and promotion | 0.49 | 0.48 | 0.46 | 0.45 | 0.44 |
| Security | 4.06 | 4.00 | 3.94 | 3.89 | 3.85 |
| Office and general expenses | 0.97 | 0.94 | 0.92 | 0.89 | 0.87 |
| Transportation expenses | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
| Staff welfare and training | 3.78 | 3.77 | 3.77 | 3.76 | 3.77 |
| Staff medical insurance | 16.58 | 16.02 | 15.48 | 14.96 | 13.57 |
| Bank charges | 0.62 | 0.60 | 0.61 | 0.60 | 0.59 |
| Foreign and local travel | 7.14 | 7.14 | 7.14 | 7.14 | 7.19 |
| Keyman insurance | 0.49 | 0.48 | 0.47 | 0.46 | 0.45 |
| Professional fees | 14.29 | 14.15 | 14.02 | 13.88 | 13.83 |
| Laundry and cleaning | 0.13 | 0.13 | 0.12 | 0.12 | 0.12 |
| Wages | 12.38 | 12.62 | 12.86 | 13.11 | 13.44 |
| Water | 0.12 | 0.12 | 0.11 | 0.11 | 0.12 |
| Printing and stationery | 1.90 | 1.85 | 1.79 | 1.73 | 1.69 |
| Subscriptions and contributions (b) | 6.23 | 4.22 | 4.07 | 3.93 | 3.81 |
| Electricity | <u>3.43</u> | <u>3.38</u> | <u>3.33</u> | <u>3.28</u> | <u>3.25</u> |
| | <u>162.27</u> | <u>160.99</u> | <u>161.64</u> | <u>162.34</u> | <u>163.12</u> |

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

7(a). SALARIES AND STAFF RELATED EXPENSES:

The largest anticipated cost for the company will be the category of salaries for staff. This is so because the CEFCL is primarily a service entity that will rely on technical competence, speed and efficiency, customer service and standardized processes which will control costs. As a result, the staff will begin operations with a complement of 3 persons: a CEO, a Chief Accountant, and a Customer Service Representative who will develop into a manager position over time. The leasing officer is the 4th position which will be phased in after the first year has been completed. In order to ensure salaries remain competitive with respect to the market, and that performance is encouraged continually, the strategy of incorporating an ESOP will be introduced over time. The pool of shares will be allocated however from the IPO and is expected to remain in place perpetually or until the Board decides an alternate course should be followed.

7(b). SUBSCRIPTIONS AND CONTRIBUTIONS:

This contains the initial listing fees to the Jamaica Stock Exchange as well as the annual recurring cost following the initial year's listing.

8. MAINTENANCE EXPENSES:

This represents the value of the sub-contracted maintenance activity which will be sold by the company. It has provided that the annual payments for the maintenance on a system will be approximately 16% of the capital cost.

With the inverters on the system playing such a central role in the delivery of energy to the lessees, it is regarded as a vitally important service standard that the payments for maintenance will cover the cost of replacing the inverters at the end of their expected 10 year life. This is not a standard convention in the market but will be a standard feature of the contracts offered by CEFCL and we expect with developers as well.

Consequently, the company anticipates that the take rate on maintenance contracts will be well above 50% and could average 70% of the clients who are sold the systems. The company further anticipates that with a 25% reduction in warranty costs for the second 10 year term, the re-subscription rates will be maintained at that 70%. This is in light of the industry's convention that panels can generate electricity for over 20 years and will be replaced under warranty if the output should fall below the industry standard of 1% degradation per year over that 20 year period.

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

9. BAD DEBT EXPENSE:

It is anticipated that the credit process will require registration with the Credit Bureau for every client - company or individual. The portion of the receivables that will be considered bad debt will be a percentage of the leases written in a particular year.

10. PROPERTY, PLANT AND EQUIPMENT:

| | <u>2015</u> US\$'000 | <u>2016</u> US\$'000 | <u>2017</u> US\$'000 | <u>2018</u> US\$'000 | <u>2019</u> US\$'000 |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Cost: | | | | | |
| Opening balance | 16.03 | 26.02 | 27.14 | 27.33 | 34.06 |
| Additions | <u>9.99</u> | <u>1.12</u> | <u>0.19</u> | <u>6.73</u> | <u>0.29</u> |
| Closing balance | <u>26.02</u> | <u>27.14</u> | <u>27.33</u> | <u>34.06</u> | <u>34.35</u> |
| Accumulated depreciation: | | | | | |
| Opening balance | - | 3.87 | 7.76 | 11.56 | 16.16 |
| Charges | <u>3.87</u> | <u>3.89</u> | <u>3.80</u> | <u>4.60</u> | <u>4.43</u> |
| Closing balance | <u>3.87</u> | <u>7.76</u> | <u>11.56</u> | <u>16.16</u> | <u>20.59</u> |
| Net Book Value | <u>22.15</u> | <u>19.38</u> | <u>15.77</u> | <u>17.90</u> | <u>13.76</u> |

11. LEASE RECEIVABLES:

| | <u>2015</u> US\$'000 | <u>2016</u> US\$'000 | <u>2017</u> US\$'000 | <u>2018</u> US\$'000 | <u>2019</u> US\$'000 |
|-----------------------|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Lease receivables | 7,674.38 | 7,926.21 | 8,189.94 | 8,507.91 | 8,879.60 |
| Less: current portion | (<u>806.50</u>) | (<u>924.47</u>) | (<u>1,103.18</u>) | (<u>1,304.83</u>) | (<u>1,319.53</u>) |
| Net receivables | <u>6,867.88</u> | <u>7,001.74</u> | <u>7,086.76</u> | <u>7,203.08</u> | <u>7,560.07</u> |
| | “Refer to Consultants’ Report” | | | | |

CARIBBEAN ENERGY FINANCE COMPANY LIMITED
Formerly
CARIBBEAN WIND ENERGY LIMITED
NOTES TO THE PROJECTED FINANCIAL STATEMENTS
31 DECEMBER 2015 - 2019

12. CASH AND CASH EQUIVALENTS:

| | <u>2015</u> <u>US\$'000</u> | <u>2016</u> <u>US\$'000</u> | <u>2017</u> <u>US\$'000</u> | <u>2018</u> <u>US\$'000</u> | <u>2019</u> <u>US\$'000</u> |
|--------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Cash at bank and in hand | <u>80.39</u> | <u>66.96</u> | <u>78.70</u> | <u>70.31</u> | <u>63.11</u> |

13. SHARE CAPITAL:

The company plans to issue an additional 64,684,602 shares at \$7.30 with reserved shares at J\$7.00.

| | <u>US\$'000</u> |
|---------------------------------|-----------------|
| Founder's share | 21.81 |
| Pre IPO Ordinary Share issued | 392.85 |
| Conversion of shareholders loan | 92.55 |
| Proceeds from shares | <u>4,041.33</u> |
| Total capitalization | <u>4,548.54</u> |

“Refer to Consultants’ Report”

CARIBBEAN ENERGY FINANCE COMPANY LIMITED

Formerly

CARIBBEAN WIND ENERGY LIMITED

NOTES TO THE PROJECTED FINANCIAL STATEMENTS

31 DECEMBER 2015 - 2019

14. LONG TERM LOAN:

The Company is seeking financing from a major financial institutions for approximately USD\$3,125M in order to meet It's anticipated demand for solar energy equipment. For purposes of this projections the loan is expected to be repaid over ten years at 7.5 percent per annum.

| | <u>2015</u> <u>US\$'000</u> | <u>2016</u> <u>US\$'000</u> | <u>2017</u> <u>US\$'000</u> | <u>2018</u> <u>US\$'000</u> | <u>2019</u> <u>US\$'000</u> |
|-----------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Long term loan | 2,904.11 | 2,666.65 | 2,411.38 | 2,136.96 | 1,841.96 |
| Less: current portion | (220.89) | (237.46) | (255.27) | (274.42) | (295.00) |
| | <u>2,683.22</u> | <u>2,429.19</u> | <u>2,156.11</u> | <u>1,862.54</u> | <u>1,546.96</u> |

15. SHAREHOLDERS' LOAN:

The loan represents amount advance by shareholders which will be converted to shares on approval of the IPO.

16. DIVIDENDS:

It is anticipated that actual dividends will be determined per the company dividend policy which states that dividends will be assessed "subject to the needs of the business to reinvest from time to time."

"Refer to Consultants' Report"

SECTION 11: RISK FACTORS

Start - up company

The Company is not a newly incorporated company but it is a start up company that has only recently begun to trade. In order to earn revenue, the Company must successfully carry out the strategic business plan described in section 7.2 of this Prospectus. In the event that it does so, the Directors anticipate that the Company will begin to earn revenues and profits in the calendar year ending 31 December 2015. In the event that the Company does not carry out all of its strategic goals, its revenues, financial position, cash flows and profits will be adversely affected and it may not generate any income or profit, and it may also run out of funds entirely and be required to cease trading and enter into liquidation proceedings, following which holders of the Shares may not receive the full amount they have paid for subscription of their Shares at the Invitation price, or any surplus, or any monies whatsoever. See also “Financial Information”, below.

Also, the Company and the Directors may in future decide, in their sole discretion, to change the types of products the Company offers, or the terms on which it offers them, or the overall nature of its business operations.

Options to execute lease agreements with prospective customers

The local market for lease financing of renewable energy products is developing in Jamaica and the Company’s competitors include established local banking institutions, as well as other finance providers.

Certain of the option agreements signed by the Company with prospective lease customers have lapsed as to the time for exercise by the Company, as a result of delays to its proposed Invitation. The Directors of the Company have maintained good relationships with the majority of affected prospective customers and note that they may agree to extend the exercise period, or choose to proceed directly to a lease arrangement.

The Directors note that it is unlikely that any of the option agreements could be enforced to require prospective customers to sign leases, rather the option agreements were drawn and executed in order to document an intention to proceed, and to support the Unaudited Financial Information. If any prospective customers who signed options chose not to proceed to enter into a lease, the Company’s proposed lease portfolio (valued at approximately US\$5.2million) would be smaller and its future revenues and profits would also be affected.

Financial Information

The Financial Information includes the Projected Financial Information that sets out the Directors’ expectations of income generation and profits based on certain assumptions and forward looking statements as set out in Part 2 of Section 10 of this Prospectus. If those assumptions and forward - looking statements prove to be inaccurate, the Company’s financial position, cash flows and profits could differ from what is presented.

Key Personnel

It is important that the Company attracts and retains appropriately skilled persons in order to operate its business, and to promote its growth. It is also important for the Company to replace personnel whose

employment may be terminated for any reason within a reasonable time. In Jamaica, competition for qualified personnel can be intense, as there are a limited number of people with the requisite skills, knowledge and experience. The Company will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on the Group's future prospects.

Key supplier risk

Director Damian Lyn and his associated vehicle Alternative Power Sources Limited (APS), is the principal initial supplier of introductions and potential customers to the Company for the purposes of the fulfillment of its strategic business plan. The arrangements between the Company and APS are undocumented and have developed as a result of a course of dealing. Following a successful Invitation the Board intends to document the relationship on arm's length terms subject to the approval of the independent directors or senior executives under appropriate confidentiality arrangements, who shall be entitled to seek professional advice for that purpose. The arrangement and similar arrangements entered into by the Company are not expected to be remunerative.

It may be the case that the arrangement between the Company and APS inhibits it from developing relationships with other key suppliers and potential introducers of customers to the business, if such other persons are competitors of APS who are deterred from doing business with the Company. In order to mitigate this risk the Board and Mr. Lyn intend to institute procedures such that any information that is given to the Company by any key supplier is strictly confidential to the executives.

The Company may also be reliant on APS, either solely or in combination with few other key suppliers, for the purposes of the origination of its finance lease business, particular in the early days of the implementation of the Company's strategic business plan as described in Section 7.2.

If the Company's relationship with APS was compromised or terminated its revenues and profits would suffer. If the Company is not able to establish relationships with key suppliers other than APS, or if any of its key supplier relationships in future (including but not limited to its relationship with APS) were terminated, the Company may not generate sufficient revenues to carry out its strategic business plans as set out in Section 7.2 and its results would be different to those set out in the Projected Financial Information.

Availability of funding for operations contemplated by the strategic business plan

The successful operations of the Company depend on its ability to procure funds with which it may commence the operations contemplated by its strategic business plan, including for the purposes of its purchase of solar energy generating equipment assets with part of the net proceeds resulting from a successful Invitation. Going forward, the Company's ability to execute its strategic business plan as set out in Section 7.2 requires it to generate sufficient revenues from the origination of finance leases and provision of related services. Irrespective of the foregoing the Company may be required to raise further capital which may involve the Company taking on debt, or a strategic partner.

Customer Default

The successful operations of the Company will depend on its customers' ability to pay amounts due to the Company under finance lease arrangements in a timely manner, as contemplated by the strategic

business plan of the Directors. Any delay or default by a customer will affect the income and cash flows of the Company, as well as its profitability and financial position.

Under existing and proposed contractual lease arrangements with customers, the Company intends to remain as the owner of the leased equipment used by its customers and it intends to protect its rights to take back such equipment in the event of default under appropriate contractual provisions for that purpose. The Company may, however, experience difficulty in reclaiming and/or realizing the value of any such assets, which may also become obsolete with the passage of time, and this too may affect the profitability and overall financial position of the Company.

Lack of Diversification

The business model and scale of the Company will make it difficult for it to maintain a diversified credit portfolio. This lack of diversification could magnify losses in the event that the Company's performance differs from what is set out in the Projected Financial Information.

Macro Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behavior of capital markets including the JSE and the market for securities the Company holds in its investment portfolio.

If such policies become onerous from the point of view of the Company or its clients this could require the Company to change the types of products it offers, or the terms on which it offers them, or the overall nature of its business operations.

New Regulatory Rules or Standards

The business of the Company is not currently regulated. The business may become subject to existing or new regulatory rules or standards depending on the type of credit products it offers. If such regulatory rules or standards become onerous from the point of view of the Company or its clients this could require the Company to recapitalize, or to change the nature of its business operations, and in any case, changes in such regulatory rules or standards may affect its long - term profitability.

If such policies become onerous from the point of view of the Company or its clients this could require the Company to change the terms on which it offers clients leases, or the overall nature of its business operations.

New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Jamaican Companies Act.

Operational Risk

The Company is also subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God social unrest). This definition also includes systemic risk (including the risk of accounting

errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity or any other risk that affects the volume of visitor arrivals to the island. The Directors consider that the Company is prudent and that it insures itself against some (but not all) of these risks. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage maybe available or it is not economical to do so.

Risk of Catastrophic Events

Property and casualty insurers are subject to claims for property damage and business interruption arising out of natural disasters and other catastrophes, which may have a significant impact on their results of operations and financial condition. Natural disasters and other catastrophes can be caused by various events including, but not limited to, hurricanes, earthquakes, tornadoes, wind, hail, fires and explosions, and the incidence and severity of natural disasters and other catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of 2 factors: the total amount of insured exposure in the area affected by the event and the severity of the event. Most natural disasters and other catastrophes are localised; however, hurricanes, earthquakes and floods have the potential to produce significant damage in widespread areas.

Control of the Company by certain of the Directors

The Ordinary Shares in the Invitation will not confer legal or effective control of the Company on Applicants. The Company is controlled by certain Shareholders namely Directors Leo Williams (Chairman) and Damian Lyn (Managing Director) and/or vehicles controlled by or connected the each of them and their respective associates.

Admission of the shares to the Junior Market of the JSE

After the Closing Date, and assuming that the Company is able to raise J\$231 million as a result of the Invitation the Company will make application to the JSE to admit the Shares to the Junior Market. The application for listing is dependent on the success of the Invitation in raising the stated funds in the stated time and other criteria set out in the Junior Market Rules. However, the Company is not able to guarantee the success of the Invitation or the admission of the Shares to the Junior Market.

Junior Market Taxation

If the Shares are admitted to the Junior Market, the Company will benefit from a 10 year concessionary tax regime that starts from the date of listing: in the first 5 years, the Company will be eligible for a full remission of corporate income tax, and in the subsequent 5 year period, it will be eligible for a partial (50%) remission of corporate income tax. In order to take advantage of the concession, the Company must remain listed on the JSE for at least 15 years.

The Minister of Finance announced on 29 October 2013 that companies that have listed on the Junior Market of the JSE prior to 1 January 2014 will continue to enjoy their current benefits for the remainder of the unexpired incentive period. Companies that list on the Junior Market after 1 January 2014 (including,

potentially, the Company) will only be eligible for a remission of all corporate income tax for a 5 – year period from the date of listing.

The Minister also announced that a mechanism is to be developed to allow for the capping of tax expenditures that will arise from this special scheme of tax relief. No details have yet been made available to the public in relation to the capping and whether it will apply to all Junior Market Companies, or only those that list on or after 1 January 2014.

Volatility in Price of Ordinary Shares / Flat Trading

Following their proposed admission to trading on the JSE the Ordinary Shares may experience volatility in their market price, or flat trading, being very infrequent or insignificant volumes of trading, either or which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control. In either case the market price of the Shares may be negatively affected or constrained from growing.

SECTION 12: PROFESSIONAL ADVISERS TO THE COMPANY

Lead Broker to the Company in the Invitation

M/VL Stockbrokers Limited
2 Grenada Crescent
Kingston 5, Saint Andrew

Selling Agents of the Lead Broker

NCB Capital Markets Limited
The Atrium, 32 Trafalgar Road
Kingston 10, Saint Andrew

Credit Union Fund Management Company Limited

2a Manhattan Road
Kingston 5

Community & Workers of Jamaica Co-operative Credit Union Limited

51 Half Way Tree Road
Kingston 10

Barita Investments Limited
15 St. Lucia Way
Kingston 5

Auditors

BDO, Chartered Accountants
Beechwood Avenue
Kingston, Saint Andrew

Attorneys to the Company in the Invitation

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6, Saint Andrew

Registrars and Transfer Agents for the Shares

Jamaica Central Securities Depository
40 Harbour Street
Kingston, Saint Andrew

SECTION 13: STATUTORY AND GENERAL INFORMATION

13.1 Statutory information required to be set out in this Prospectus by section 42 and the Third Schedule to the Companies Act

1. The Company has no founders or management or deferred shares.
2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.
3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:
 - (a) The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or any committee of the Directors or general meetings of the Company in connection with the business of the Company. The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interest of the Company, or undertaking any work additional to that usually required of Directors of a company similar to the Company. (Article 82)
 - (b) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 84)
 - (c) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (Article 97(5))
 - (d) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the company. (Article 97(7))
 - (e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the

- Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 100)
- (f) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. (Article 123)
4. The names and addresses of the Directors are as follows:
 Leo Williams 7 Stanton Terrace, P.O. Box SP61685, Kingston 6, Jamaica
 Damian Lyn, 4 Strathairn Avenue, Kingston 10, Jamaica
 Andrew Adams, 13 South Road, Kingston 10
 Robert Jones, 90 Rockledge Avenue, Mount Vernon, NY 10550, USA
 Karlene Bailey, 5 Winchester Road, Kingston 10 Jamaica
5. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is \$231,000,000.
6. The Invitation will open for subscription at 9:00 a.m. on Monday, 13 April 2015 and will close at 4:00 p.m. on the Closing Date, Monday, 4 May 2015 subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the Closing Date in the sole discretion of the Company, for any reason whatsoever, provided that it is not later than 40 days following the issue of this Prospectus for the purposes of section 48 of the Companies Act.
7. All Applicants who are members of the general public will be required to pay the Invitation Price of J\$7.30 per Share in full on Application. Reserved Share Applicants will be required to pay the discounted Reserved Share Prices per Reserved Share in full on Application, as set out in paragraph 7 of section 6.4 above. No further sum will be payable on allotment.
8. Save as set out in paragraphs 16 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.
9. As at 31 December 2014, being the date to which the Opening Balance Sheet of the Company is made up to, the Company held the following investments:
- | | |
|-------------------------------|----------------------|
| Cash and equivalents | US\$ 21.657 m |
| Property, plant and equipment | US\$ 1.603 m |
| Total | US\$ 23.260 m |
10. There is no amount for goodwill, patent, or trademarks shown in the financial statements of the Company, being the Opening Balance Sheet, and there is no contract for sale and purchase, which would involve any goodwill, patent or trade marks.
11. As at 31 December 2014, being the date to which the Opening Balance Sheet of the Company is made up to, the indebtedness of the Company was as follows:
- | | |
|---|----------------------|
| Current liabilities: Payables | US\$ 3.479 m |
| Non-current liabilities: Shareholders' loan | US\$ 9.255 m |
| Total | US\$ 12.734 m |
12. The Company has not paid any dividends since its incorporation. The dividend policy of the Company is described in Section 7.13.

13. There is no property that is currently proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.
14. Save as set out in paragraph 16 below within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.
15. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed J\$11 million (inclusive of brokerage fees, legal fees, auditors' fees, the Registrar's fees, stamp duties and other document filing fees, initial listing and other JSE and JCSD fees and exclusive of GCT). Of those expenses the most material are the lead brokerage fees set out in paragraph 16, and the fees for legal advisory services of Patterson Mair Hamilton, Attorneys-at-law, which amount to J\$7m exclusive of GCT and disbursements.
16. Within the last 2 years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter or person in connection with the sale of Shares in the Company save for the following:
 - M/VL who is entitled to receive fees of 2.0% of the value of the total amount raised from Applications for Shares in the Invitation, some of which are to be taken in the form of the M/VL Reserved Shares, which assume the Shares in the Invitation are fully subscribed; and
 - The Selling Agents, who are each entitled to receive commission from the Lead Broker equivalent to 1.0% of the value of the total amount each specific Selling Agent raises from Applications for Shares in the Invitation.

All fees referred to herein are payable in cash unless stated otherwise and quoted exclusive of GCT, and disbursements.
17. The material contracts of the Company are set out in Section 7.9.
18. The external auditors of the Company are BDO, Chartered Accountants, of 26 Beechwood Avenue, Kingston.
19. BDO have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of their name in the context in which it is included.
20. The Company was incorporated on 31 August 2007 but it only began trading recently in preparing for the Invitation. The Company has no subsidiaries.

SECTION 14: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by appointment only, at the law offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date:

1. The Articles of Incorporation of the Company adopted by the Company on 27 March 2015.
2. The Material Contracts described in section 7.9.
3. The Opening Balance Sheet and the Projected Financial Information.
4. The consent of the auditors to the inclusion of each of their names and references thereto in the form and context in which they appear in this Prospectus.

SECTION 15: DIRECTORS' SIGNATURES

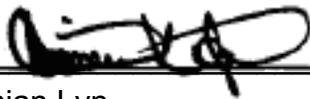
The Directors whose signatures appear below are individually and collectively responsible for the contents of this Prospectus:



Leo Williams



Andrew Adams



Damian Lyn



Karlene Bailey



Robert Jones

APPENDIX 1: APPLICATION FORM

Appendix 1

Application Form

- M/VL Reserved Shares
- Key Partners Reserved Shares
- Key Partners Reserved Shares
- Key Partners Reserved Shares



PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: CARIBBEAN ENERGY FINANCE COMPANY LIMITED (“CEFCL” or the “Company”)

Re: Invitation for Subscription in respect of up to 64,684,602 Ordinary shares at J\$7.30 each made pursuant to the Prospectus dated and registered March 30, 2015 . I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference.

I/We hereby apply for ordinary shares in Caribbean Energy Finance Company Limited on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of J\$7.30 each, and I/we attach my/our payment (*inclusive* of processing fees of J\$134.00) for J\$ or I/we request my broker to make payment on my/our behalf from cleared funds held by them in our names in account numbered _____, with them. I/We hereby instruct my/our broker to debit my/our account with the sum of J\$ for the purposes of my/our subscription of ordinary shares and processing fee as indicated above.

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of CEFCL, by which I/We agree to be bound. I/We request you to sell and transfer to me/us the number of shares which may be allocated to me/us at the close of the said Invitation the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD).

INSTRUCTIONS TO COMPLETING APPLICATION FORM: All fields are relevant and must be completed. A JCSD Account Number must be provided in order for the application to be processed.

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PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)

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| TITLE | TAXPAYER REGISTRATION NUMBER | JCSD ACCOUNT NUMBER | BROKER CODE | RESIDENCY | NATIONALITY |

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OCCUPATION OR, IF EMPLOYED BY THE COMPANY PLEASE STATE YOUR POSITION, OR STATUS IF YOU ARE A PRIORITY SHARE APPLICANT

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MAILING ADDRESS LINE 1

PRIMARY HOLDER DETAILS

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MAILING ADDRESS LINE 2

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MAILING ADDRESS LINE 3

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| CITY (E.G. KINGSTON) | POSTAL CODE (E.G. 6) | COUNTRY |

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| 8 | 7 | 6 | | | | | | | |
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TELEPHONE NUMBER (HOME)

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TELEPHONE NUMBER (WORK)

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TELEPHONE NUMBER (CELL)

SIGNATURES:

INDIVIDUAL: _____

DATE SIGNATURE AFFIXED: _____

COMPANIES (COMPANY SEAL OR STAMP REQUIRED):
DIRECTOR: _____

DIRECTOR/SECRETARY: _____

DATE SIGNATURES AFFIXED: _____



JOINT HOLDER INFORMATION

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FIRST NAMED JOINT HOLDER

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OCCUPATION

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TAXPAYER REGISTRATION NUMBER

SIGNATURE

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SECOND NAMED JOINT HOLDER

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OCCUPATION

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TAXPAYER REGISTRATION NUMBER

SIGNATURE

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THIRD NAMED JOINT HOLDER

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OCCUPATION

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TAXPAYER REGISTRATION NUMBER

SIGNATURE

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. All completed applications must be delivered to M/VL Stockbrokers Ltd or any of the Selling Agents listed in Appendix 2.
2. Applications that are **not** from the Reserved Share pool must be for a minimum of 1,000 shares with increments in multiples of 500 shares. Applications in other denomination will **not** be processed or accepted.
3. All applicants must attach their payment for the specified number of Shares they have applied for, in the form of either:
 - A. A Manager’s cheque made payable to M/VL Stockbrokers Ltd or any of the Selling Agents.
 - B. Authorization on the Application Form from the Applicant instructing the Lead Broker or any of the Selling Agents to make payment from cleared funds held with the respective Lead Broker or Selling Agent in an investment account in the Applicant’s name.
 - C. Transfer in Real Time Gross Settlement (“RTGS”) system to M/VL or any of the Selling Agents, in the case of payments of \$2 million or more.
4. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder **must** sign the Application Form at the place indicated.
5. All Applicants must be at least 18 years old and must attach a certified copy of their T.R.N. card or Jamaican Driver’s Licence displaying the T.R.N.
6. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to a successful applicant will be credited to his account at the Jamaica Central Securities Depository (“JCSD”). If the applicant does not have a JCSD account, one will be created and the allotted shares deposited to that account. Applicants may refer to the notice posted on the JSE website (www.jamstockex.com) for instructions on confirming Share Allotments.
7. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.

THIS SECTION FOR USE BY BROKER ONLY

DATE APPLICATION RECEIVED: _____

TIME RECEIVED: _____

PAYMENT METHOD: CHEQUE / AUTHORISATION LETTER

CHEQUE NUMBER OR LETTER DATE: _____

PAYMENT VALUE: _____

POOL: _____

BROKER STAMP AND SIGNATURE:

APPENDIX 2: LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED

M/VL

M/VL Stock Brokers Limited

19 Holborn Road
Kingston 10
T: 876-926-4319/ 876-960-1616/ 876-9601570



Credit Union Fund Management Co.

2a Manhattan Road
Kingston 5
T: 876-926-7767



Community & Workers of Jamaica Co-operative Credit Union

Email: info@cwjcu.com
Website: <http://www.cwjcu.com>

C&WJ Head Office
51 Half Way Tree Road
Kingston 10
T: 876-936-3800

C&WJ East Parade Branch
9 East Parade
Kingston
T: 876-936-3800

C&WJ Newport West Branch
4 Fourth Avenue
Newport West, Kingston
T: 876-937-4580

C&WJ May Pen Branch
C.J. Stuart Building
Mainstreet
Maypen, Clarendon
T: 876-986-2289/ 876-986-2090

C&WJ Lionel Town Branch
Mainstreet
Lionel Town, Clarendon
T: 876-986-3021

C&WJ Kellits Branch
Mainstreet
Kellits, Clarendon
T: 876-966-8998

C&WJ Jamaica Branch
Jamaica
Halsehall, Clarendon
T: 876-986-7324

C&WJ Sav-La-Mar Branch
79 Great George Street
Savanna-La-Mar, Westmoreland
T: 876-955-2331

C&WJ Whitehouse Branch
Mainstreet
Whitehouse, Westmoreland
T: 876-963-5494

C&WJ Negril Branch
Plaza de Negril, Westmoreland
T: 876-957-4165

C&WJ Grange Hill Branch
Grange Hill Square
Grange Hill, Westmoreland
T: 876-955-1122

C&WJ Mandeville Branch
Shop 16 & 17 Leaders Plaza
Mainstreet
Mandeville, Manchester
T: 876-936-3800

C&WJ St. Ann's Bay Branch
11 King Street
St. Ann's Bay, Saint Ann
T: 876-936-3800

C&WJ Montego Bay Branch
1 King Street
Montego Bay, Saint James
T: 876-936-3800



Barita Investments Limited

Email: barita@cwjamaica.com
Website: <http://www.barita.com/>

Barita Head Office
15 St. Lucia Way
Kingston 5
T: 1-888-429-5333 / 876-926-2681/ 876-926-6673

Barita Mandeville Branch
Shop 2A Manchester Shopping Centre
Mandeville, Manchester
T: 876-625-0021/ 876-625-0031

Barita Montego Bay Branch
Suite S301, Baywest Shopping Center
Harbour Street
Montego Bay, Saint James
T: 876-940-7101/ 876-971-4527



NCB Capital Markets Limited
Website: <http://www.ncbcapitalmarkets.com/>

NCB Atrium
32 Trafalgar Road
New Kingston
Kingston 10

T: 876-960-7108

NCB Knutsford Boulevard
1-7 Knutsford Boulevard
New Kingston
Kingston 5
T: 876-733-5063/ 876-733-5043

NCB Half Way Tree
94 Half Way Tree Road
Kingston 10
T: 876-906-6547/ 876-968-0821

NCB Hagley Park
211 Halgey Park Road
Kingston 11
T: 876-754-2492

NCB Cross Roads
90-94 Slipe Road
PO Box 5
Kingston 5
T: 876-960-4904

NCB Manor Park
184 Constant Spring Road
Kingston 8
T: 876-969-0248

NCB Washington Boulevard Super Center
45 Elmer Street
Kingston 20
T: 876-934-1638

NCB Duke and Barry Street
37 Duke Street
Kingston
T: 876-948-3952

NCB University Branch
Mona Campus
Kingston 7
T: 876-970-1667

NCB Spanish Town
St. Jago Shopping Center
St. Catherine
T: 876-749-2492/ 876-749-2035

NCB Portmore
Lot 13-14 West Trade Way
Portmore, St. Catherine
T: 876-746-5104/ 876-704-8455

NCB Matildas Corner
Northside Plaza
PO Box 72, Kingston 6
T: 876-936-1300/ 876-936-1341

NCB Savanna-La-Mar
68 Great Georges Street
PO Box 10, Savanna-La-Mar
T: 876-918-0935/ 876-955-9073

NCB Browns Town
17 Mainstreet
Browns Town, Saint Ann
T: 876-917-6292

NCB Ocho Rios
40 Main Street
Ocho Rios, Saint Ann
T: 876-974-3559

NCB May Pen
41 Main Street, PO Box 29
May Pen, Clarendon
T: 876-960-7108

NCB Mandeville
8 Perth Road
Mandeville, Manchester
T: 876-625-6698/ 876-962-3653

NCB Saint Ann's Bay
19-21 Main Street
Saint Ann's Bay, Saint Ann
T: 876-972-0879/ 876-972-1275

NCB Santa Cruz
7 Coke Drive
Santa Cruz, PO, St. Elizabeth
T: 865-966-2347

NCB Lucea
Main Street
Lucea, Hanover
T: 876-956-2153

NCB Baywest Centre
Harbour Street
Montego Bay, Saint James
T: 876-971-8988/ 876-952-1583

NCB Morant Bay
39 Queen Street
PO Box 3
Morant Bay, Saint Thomas
T: 876-703-6769

FOR IMMEDIATE RELEASE:

**ADDENDUM
TO THE PROSPECTUS OF CARIBBEAN ENERGY FINANCE COMPANY
LIMITED (the “Company”)**



CARIBBEAN ENERGY FINANCE
COMPANY LIMITED

This is an addendum to the prospectus issued by the Company dated 30 March 2015 in respect of an Invitation for subscription of up to 64,684,602 Ordinary Shares in the capital of the Company.

The list of Selling Agents for the Invitation has been revised. They are as follows:

1. Barita Investments Limited
2. Credit Union Fund Management Company Limited
3. M/VL Stockbrokers Limited

NCB Capital Markets Limited is no longer a Selling Agent.

Dated the 2nd day of April, 2015