

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR**  
**ENDED DECEMBER 31, 2019**

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
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## Chairman's Report to the Shareholders

Year Ended December 31, 2019

Dear Shareholders,

We are pleased to present you with a synopsis of the first year of operations of the MPC Caribbean Clean Energy Limited (Company or MPCCEL). It was a year of establishing, growth and expansion.

### *Year in review*

On 14 January 2019, the Company was listed on both the Jamaican and Trinidad and Tobago Stock Exchanges. The IPO successfully raised 6,033,740 USD in the Jamaican Market and another 5,390,420 USD in the Trinidad & Tobago Market. Some of the largest investors in the IPO include the Development Bank of Jamaica, funds managed by Sagicor Group Jamaica Limited and the Teachers Credit Union of Trinidad and Tobago. Following an obligatory know your customer (KYC) process, conducted by Walkers Compliance and Regulatory Services Limited, MPCCEL was accepted as an investor member in MPC Caribbean Clean Energy Fund LLC (CCEF or the Fund) on 28 March 2019.

The deferred underwriting costs of 2018, in the amount of 177,864 USD, associated with the listing of the Company on both the TTSE and JSE, have been activated in the first quarter of 2019.

In 2019 the expenses of the Company exceeded the approved budget by approximately 24,000 USD (+13%). The additional expenses are related to some increased administrative costs attributable to the implementation phase of several services. The budget for the regular course of business of around 188,000 USD, approved for 2019, was found to be an accurate forecast for the related activities in 2020.

As an investor member, the Company participated in the first distribution of the Fund. In line with the distribution policy of MPCCEL, the board of directors approved a distribution amounting to 1,014,877 USD on 30 August and were distributed on 27 September 2019.

The underlying assets, Tilawind and Paradise Park of the Company's investment in the Fund met its operational and financial expectations in 2019. At the end of the year, Tilawind exceeded its forecasted energy production by 2.3%. Paradise Park started commercial operations in June 2019 and reached its target energy production and sales levels after a start-up phase in November 2019. We emphasize, that at the peak of its construction activities, the project employed more than 300 personnel. Over 70 per cent of workers were from Jamaica, mainly from the surrounding communities. Paradise Park was recognized by the Caribbean Renewable Energies Forum (CREF), in September 2019 as the "Best Utility Scale Solar Park" of 2019.

In the fourth quarter the Company was seeking to increase the share capital by issuing new Class B shares through a renounceable Rights Issue in November 2019. The Rights Issue was subsequently closed on 10 January 2020 and 10,242,382 of new Class B shares at 1.00 USD per share were issued and listed.

## *Financial Summary*

### Auditor's review

During the auditor's review of the financial statement made, they were not able to obtain sufficient evidence to support the valuation gains, which have been reported previously. The valuations on which the previous valuation gains have been reported, have been compiled by an independent accredited valuation company. Due to the structure of the Fund, which invests predominantly through shareholder loans instead of equity, the lack in valuation gains caused, the distributions received in September 2019, which have been funded by shareholder loans, had to be reclassified from dividend income to a capital repayment. Based on this, the distribution of the company to the Shareholders has been reclassified to a capital repayment. However, no impairment was recognized on the underlying investment. The deviations from the fourth quarter unaudited financial statement presented in the beginning of the year show now an income of 272,407 USD instead compared to previous 1,893,063 USD, resulting in an accumulated deficit of 197,402 USD compared to previous 408,377 USD retained earnings. Due to the reclassifications of distributions received as well as distributions paid, the investment in the Fund was adjusted from 11,528,186 USD to 9,907,530 USD and the share capital was adjusted from 11,120,204 USD to 10,105,327 USD.

### Budget

The budget for the regular course of business approved for 2019 was found to be a good estimate and was only slightly adjusted. Adjustments had to be made due to increased listing fees as well as increasing costs of marketing / sponsoring. Therefore, the directors approved a budget over 193,000 USD for 2020.

### Income

In the past year an income amounting to 272,407 USD was accounted for. The reported income reflects the company's share in the income reported by the Fund.

In 2019, the ultimate investment companies of Tilawind and Paradise Park earned combined asset based revenues of 10.96 million USD resulting in a EBITDA of 7.22 million USD (on 100% shareholding basis).

### *Environment and Social Governance activities and initiatives*

A series of contributions were made during the year to the communities such as the donation of 4 million JMD ( 30,700 USD) by Paradise Park to the hospital of Savannah La Mar during the inauguration of the Project in October. This will be used to finance the purchase of a picture achieving and communication system, allowing for improved efficiency of the hospital's x-ray analysis.

Tilawind aims to make donations to cultural activities and schools located in the vicinity of the wind farm as part of its ESG plan. In 2019, the project supported local cultural events such as the festivity of San Antonio de Padua and the Christmas celebrations in the municipality of Tilarán by donating food with a total value of 8,000 USD.

### *2020 Outlook*

After a satisfactory KYC process, MPCCEL will make a second investment into the Fund. The investment will equal the net proceeds raised in the Rights Issue minus liquidity reserves. A Question and Answer session will be organized in the fourth quarter of this year for the interested public, including shareholders and analysts.



Fernando Zuniga  
Chairman of the Board of Directors

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder  
MPC Caribbean Clean Energy Limited

### **Opinion**

We have audited the financial statements of MPC Caribbean Clean Energy Limited (the "Company"), which comprise the statement of financial position as of 31 December, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year ended 31 December, 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Listings on Jamaica and Trinidad and Tobago Stock Exchanges**

Following the Directors resolution on 5 November, 2018 to approve the initial public offer of up to 50,000,000 of the Company's Class B Redeemable Participating and Voting Shares without par value ("the IPO"), the IPO of Class B Shares at the Jamaican (JSE) and Trinidad & Tobago (TTSE) Stock Exchanges raised a total amount of USD 11,424,160. The ratification of the new Class B shareholders and the drawdown of the subscription funds received following the IPO were agreed upon by a resolution of the Board of Directors dated 22 January, 2019.

### **Investment in MPC Caribbean Clean Energy Fund LLC, at fair value**

The Company invested proceeds from the IPO of approximately USD 10,650,000 into MPC Caribbean Clean Energy Fund LLC in March 2019. The Company records its investment in MPC Caribbean Clean Energy Fund LLC at fair value, based its proportionate share of the net asset value (total equity) of MPC Caribbean Clean Energy Fund LLC.

### **Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholder  
MPC Caribbean Clean Energy Limited

***Responsibilities of the Directors for the Financial Statements (continued)***

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholder  
MPC Caribbean Clean Energy Limited

***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

***Other Information***

The directors are responsible for the other information presented with the financial statements. The other information comprises the information included in the Chairman's Report to the Shareholders and the Director / Officer Shareholding / Top 10 Shareholders, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Other Matter***

This report has been prepared for and only for the MPC Caribbean Clean Energy Limited and its shareholders in accordance with the terms of our engagement letter dated 6 January, 2020 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Philip Atkinson.

*BDO Barbados*

Barbados  
22 June, 2020


**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Statement of Financial Position**

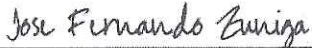
As at December 31, 2019  
 (Expressed in United States dollars)

	<u>NOTES</u>	<u>2019</u> USD	<u>2018</u> USD
<b>Assets</b>			
Investment in MPC Caribbean Clean Energy Fund LLC, at fair value	4	9,907,530	-
Cash and Cash Equivalents		89,436	403
Deferred underwriting costs		-	177,864
Prepayments		3,656	4,667
<b>Total Assets</b>		<u>10,000,622</u>	<u>182,934</u>
<b>Liabilities And Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accruals		31,884	159,715
Accounts payable		5,754	131,020
Due to related party	5	55,059	149,280
<b>Total Liabilities</b>		<u>92,697</u>	<u>440,015</u>
<b>Shareholders' Equity</b>			
Share capital	6	10,105,327	1
Accumulated deficit		(197,402)	(257,082)
<b>Total Equity</b>		<u>9,907,925</u>	<u>(257,081)</u>
<b>Total Liabilities And Shareholders' Equity</b>		<u>10,000,622</u>	<u>182,934</u>

The accompanying notes form an integral part of these financial statements.

Approved and authorised for issue by the Board of Directors on 22nd day of June 2020

DocuSigned by:  
  
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 By: Guardian Nominees (Barbados) Limited  
 Title: Director  
 Per: W.A. Smit / Amanda G. McKay

DocuSigned by:  
  
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 By: Jose Fernando Zuniga Galindo  
 Title: Chairman



**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Statement of Comprehensive Income**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

	<u>NOTES</u>	<u>2019</u>	<u>2018</u>
		USD	USD
<b>Investment Income</b>			
Net change in unrealized gain on investment in MPC Caribbean Clean Energy Fund LLC		272,407	-
<b>Total Investment Income</b>		<u>272,407</u>	<u>-</u>
<b>Expenses</b>			
Accountancy fees		11,241	7,705
Administrative fees		42,676	14,419
Advertising costs		34,985	-
Audit fees		18,000	15,000
Bank charges		3,926	1,076
Director's fees		20,639	6,533
Entertainment		113	-
Legal & professional fees		54,726	205,282
License fees		500	500
Corporate fees		1,750	1,333
Insurance expense		21,663	-
Other expenses		2,508	-
<b>Total Expenses</b>		<u>212,727</u>	<u>251,848</u>
<b>Comprehensive Income / (Loss) before Taxation</b>		<u>59,680</u>	<u>(251,848)</u>
<b>Taxation</b>	<b>7</b>	-	-
<b>Net Comprehensive Income / (Loss)</b>		<u>59,680</u>	<u>(251,848)</u>
		USD	USD
<b>Basic earnings / (loss) per share</b>	<b>8</b>	0.01	(251,848.00)

The accompanying notes form an integral part of these financial statements.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Statement of Changes in Shareholders' Equity**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

	<b>Class A Share Capital</b>	<b>Class B Share Capital</b>	<b>Accumulated Deficit</b>	<b>Total</b>
	USD	USD	USD	USD
<b>Balance as at January 1, 2018</b>	1	-	(5,234)	(5,233)
Net comprehensive loss for the year	-	-	(251,848)	(251,848)
<b>Balance as at December 31, 2018</b>	1	-	(257,082)	(257,081)
Issuance of participating shares <b>(Note 6)</b>	-	11,120,203	-	11,120,203
Net comprehensive income for the year	-	-	59,680	59,680
Distributions <b>(Note 9)</b>	-	(1,014,877)	-	(1,014,877)
<b>Balance as at December 31, 2019</b>	<b>1</b>	<b>10,105,326</b>	<b>(197,402)</b>	<b>9,907,925</b>

The accompanying notes form an integral part of these financial statements.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Statement of Cash Flows**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

	<b>2019</b>	<b>2018</b>
	USD	USD
<b>Cash flows from operating activities</b>		
Net comprehensive income/(loss) for the year	59,680	(251,848)
Adjustments for non-cash income and expenses:		
Purchase of on investment in MPC Caribbean Clean Energy Fund LLC	(10,650,000)	-
Net change in unrealized gain on investment in MPC Caribbean Clean Energy Fund LLC	(272,407)	-
Distribution received (Note 9)	1,014,877	-
Changes in operating assets and liabilities:		
Decrease/(increase) in prepayments	1,011	(3,084)
Decrease/(increase) in deferred underwriting cost	177,864	(177,864)
(Decrease)/increase in accounts payable	(125,266)	130,715
(Decrease)/increase in accruals	(127,831)	157,178
(Decrease)/increase in due to related party	(94,221)	145,306
<b>Net cash (used in) / provided by operating activities</b>	<b>(10,016,293)</b>	<b>403</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of redeemable shares	11,120,203	-
Distribution paid (Note 9)	(1,014,877)	-
<b>Net cash provided by financing activities</b>	<b>10,105,326</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>89,033</b>	<b>403</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>403</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>89,436</b>	<b>403</b>

The accompanying notes form an integral part of these financial statements.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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Note 1 – COMPANY BACKGROUND

MPC Caribbean Clean Energy Limited (the "Company") was incorporated on November 8, 2017, under the laws of Barbados and operates as an International Business Company as defined by the International Business Companies Act 1991 - 24. With effect from January 1, 2019, the International Business Companies Act 1991-24 was repealed. The Company continues as a Regular Business Company under the Companies Act Cap. 308.

The Company was formerly known as CCEF (Barbados) Feeder Limited having changed its name on August 31, 2018. The Company principally engages in investment holding.

The Company is part of a "master-feeder" structure whereby it invests substantially all of its assets in MPC Caribbean Clean Energy Fund LLC ('MPC CCEF' or 'the Fund'), a Limited Liability Company incorporated under the laws of Cayman Islands. The investment objective of MPC CCEF is to generate attractive risk adjusted returns with an emphasis on capital protection, generating stable cash yields, and capital appreciation, through investments primarily in solar PV and wind farm assets in the Caribbean. At December 31, 2019, the Company owned 68% of MPC CCEF.

MPC Clean Energy Ltd. acts as the Manager of MPC CCEF (the "Company Manager"). Investment decisions for MPC CCEF are made by the Company Manager. In connection with its appointment as Company Manager and its exercise of investment discretion for MPC CCEF, the Company Manager has appointed MPC Renewable Energies GmbH, a 100% subsidiary of MPC Capital AG, as an investment adviser to the Company Manager.

Following the Directors resolution on November 5, 2018 to approve the initial public offer of up to 50,000,000 of the Company's Class B Redeemable Participating and Voting Shares without par value ("the IPO") at and for the price of JA\$135.00 per Share in Jamaica and US\$1.00 per share in Trinidad and Tobago, the IPO of Class B Shares at the Jamaican and Trinidad & Tobago Stock Exchanges raised a total amount of USD 11,424,160. On January 14, 2019 the Company was admitted to commence trading by both the Trinidad and Tobago Stock Exchange (TTSE) and the Jamaica Stock Exchange's (JSE) Main Market, and the US Dollar Equity Markets. The ratification of the new Class B shareholders and the drawdown of the subscription funds received following the IPO were agreed upon by a resolution of the Board of Directors dated January 22, 2019. Funds raised in the IPO, amounting to approximately USD 10,650,000, were invested into MPC CCEF in March 2019.

The Company's registered number is:- 42056

The Company's registered office address is:-

Suite 1, Ground Floor  
The Financial Services Centre  
Bishop's Court Hill

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**2.1 Basis of Preparation**

The financial statements are presented in USD (United States Dollar), which is the functional currency of the Company and have been prepared in accordance with the International Financial Reporting Standards ("IFRS") circulated by the International Accounting Standards Board ("IASB").

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**2.1 Basis of Preparation (Continued)**

The financial statements are prepared on a going concern basis which anticipates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company will continue to rely on its shareholders and / or outside financing to meet its commitments.

**2.2 Use of accounting estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. These estimates are based on historical experience and management's best knowledge of current events and are reviewed on an ongoing basis. Actual results could differ from those estimates. The effect of a change in an accounting estimate is included in the determination of income during the period reported.

**2.3 Adoption of New and Revised Standards and Interpretations**

During the year ended December 31, 2019, the Company has adopted the following standards, amendments and interpretations which became effective during the year:

- IFRIC 23 Uncertainty over Income Tax Treatments (effective January 1, 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective January 1, 2019)

The adoption of the above standards, amendments and interpretations has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared or presented.

The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 10 (Amended 2014) Consolidated Financial Statements (effective date to be determined by the IASB)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

**2.4 Foreign currency translation**

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'United States Dollars' (USD), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**2.5 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of ninety days or less when purchased.

**2.6 Financial Instruments**

Financial Assets

(i) Recognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within net realised and change in unrealised gain/(loss) on investment in MPC CCEF.

The Company classifies its investment in MPC CCEF at fair value through profit or loss ("FVTPL"). Cash and cash equivalents are classified as financial assets at amortised cost.

(ii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Financial Liabilities

(i) Recognition

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity under conditions that are potentially unfavourable to the entity. The Company includes in this category accounts payable, accruals and due to related party.

(ii) Derecognition

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities at fair value through profit or loss

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company records its investment in MPC CCEF at fair value, based on its proportionate share of the net asset value (total equity) of MPC CCEF.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**2.7 Share capital**

Management and participating shares are classified as equity.

**2.8 Distributions**

Proposed distributions to holders of redeemable participating shares are recognised in the statement of changes in shareholders' equity when they are appropriately authorised and no longer at the discretion of the Company. This typically occurs when a proposed distribution is ratified by the Directors.

**2.9 Revenue recognition**

Gains and losses from changes in fair value of financial assets at fair value through profit and loss are included in the Statement of Comprehensive Income in the period which they arise.

**2.10 Expense recognition**

Accounts payables are recognized initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

**2.11 Related parties**

Transactions between the Company and related parties are accounted for as related party transactions if one of the parties has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**2.12 Underwriting costs**

Cost incurred in connection with stock exchange listings may include registration and other regulatory fees, amounts paid in legal, accounting and other professional advisers, printing costs and stamp duties. Such costs are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. At December 31, 2018 deferred underwriting costs amounting to USD 177,864 were recorded in the Company's Statement of Financial Position and deducted from equity following receipt of subscription funds upon the initial public offering (Note 1 and Note 6).

**2.13 Taxation**

The taxation charged is determined on the basis of tax effect accounting using the liability method, which takes account of any material differences arising from the inclusion of items of income and expenditure in taxation computations of a period different from those in which they are included in the financial statements and to the extent that a material liability or asset is expected to crystallise in the foreseeable future.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**2.13 Taxation (continued)**

The Company currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Withholding tax at the Barbados Revenue Authority rate of 15% has been recorded on interest income received in the period. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

Note 3 – INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including future expectations.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

- Fair value estimation

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

Financial instruments carried at fair value in the financial statements are measured in accordance with a fair value hierarchy. This hierarchy is as follows:

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.



**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

**Note 3 – INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT**  
(Continued)

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The following table analyses within the fair value the Company's assets and liabilities measured at fair value as at December 2019.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Financial instruments measured at fair value through profit or loss</b>				
Investment in MPC CCEF	-	-	9,907,530	9,907,530
	-	-	<b>9,907,530</b>	<b>9,907,530</b>

**Note 4 – INVESTMENT ACTIVITIES**

MPC CCEF prioritises investments in solar PV and wind projects, ranging from 10 MW to 100 MW in size, in the Caribbean and Central American regions, more specifically in the member states, associate members and observers of the Caribbean Community (CARICOM) and Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, as these countries are characterised by a growing demand for electricity, high prevailing energy costs, enabling environments and relatively low levels of competition.

In April 2018, MPC CCEF acquired a 68.8% shareholding in EREC Investment Ltd., a Barbadian company holding 49.99% of shares in Eight Rivers Energy Company Limited (“EREC”), a company engaged in the development and construction of the Paradise Park, a utility-scale solar farm situated on a 200-acre ground-leased site in Jamaica. The project reached financial close in June 2018 and, following construction and development, the plant begun operating in June 2019.

In 2018 the Company also entered into an agreement with ANSA McAL Limited for the joint acquisition of Tilawind Wind Farm, a 21MW utility-scale wind farm consisting of seven Vestas V90-3.0MW Wind Turbine Generators (WTGs) in Costa Rica, owned and operated by Tilawind Corporation S.A, a Costa Rican corporation limited by shares. The joint venture purchase was acquired through a Barbados international business company named CCEF ANSA Renewable Energies Holdings Limited. Effective April 26, 2019, the investment in the Costa Rican Wind Farm was commercially completed.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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**Note 5 – RELATED PARTY BALANCES AND TRANSACTIONS**

The following transactions were carried out with related parties:

**(a) Due to related party**

The loan from the related party is unsecured, interest free, has no stated terms of repayment and includes: (i) Payments of fees by MPC Renewable Energies GmbH on behalf of the Company during the period ended December 31, 2019 and the related balances payable by the Company to MPC Renewable Energies GmbH as at December 31, 2019, and (ii) Directors fees (per agreements with Directors).

The carrying value of the 'Due to related party' is as follows:

	<u>2019</u>	<u>2018</u>
	USD	USD
At January 1	149,280	3,974
Related party payments of expenses	144,051	145,306
Reimbursement payments to related party	<u>(238,272)</u>	<u>-</u>
At December 31	<u>55,059</u>	<u>149,280</u>

**(b) Key management compensation**

Total remuneration to the Board of Directors and other members of key management (including salaries and benefits) for the year ended December 2019 was USD 20,639 (December 2018: USD 6,533).

**Note 6 – SHARE CAPITAL**

On incorporation in 2017 the Company was authorized to issue an unlimited number of shares without nominal or par value of USD 1 Class designated as common shares. As at December 31, 2017, 1 share was issued and fully paid. On January 4, 2018 the Company's share capital was amended as follows:- (a) to issue an unlimited number of voting, non-participating shares re-designated as Class A shares with no par value (also known as "Management Shares") (b) to issue an unlimited number of Class B redeemable participating and voting shares with no par value (also known as "Participating Shares") (c) to issue an unlimited number of Class C redeemable participating and voting shares with no par value (also known as "Participating Shares"). Subsequently, on October 17, 2018 an amendment removed the Class C shares. At the same time, the rights of the Class B shares were varied primarily so that they may be redeemed by the Directors in the By-Laws from time to time and that they shall be listed on the Jamaica Stock Exchange, the Trinidad and Tobago Stock Exchange and/or any other exchange that the Directors may deem appropriate.

On January 14, 2019 the Company was admitted to commence trading by both the Trinidad and Tobago Stock Exchange (TTSE) and the Jamaica Stock Exchange's (JSE) Main Market, and the US Dollar Equity Markets. At the statement of financial position date, 5,390,420 redeemable Class B shares on the Trinidad and Tobago Stock Exchange (TTSE) were subscribed and fully paid up at a price of USD 1 per share, and 6,033,740 redeemable Class B shares on the Jamaica Stock Exchange's (JSE) Main Market were subscribed and fully paid up at a price of USD 1 per share.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

Note 6 – SHARE CAPITAL (Continued)

As at December 31, 2019, there are 11,424,160 Class B redeemable participating and voting shares without par value in issue. During the year-ended December 31, 2019, underwriting costs amounting to USD 303,957 and directly attributable to the issuance of the Class B shares were deducted from equity, of which USD 126,093 and USD 177,864 related to costs incurred during the years ended December 31, 2019 and 2018 respectively. In addition, on September 25, 2019, a distribution of USD 1,014,877 was made to the holders of Class B redeemable participating shares (Note 9), resulting in total Share Capital of USD 10,105,326 as at December 31, 2019.

At the statement of financial position date, 1 Class A share and 11,424,160 Class B shares were subscribed and fully paid up.

The Class A (Management Share) is held by the Company Manager. The ultimate owner of the Company Manager is MPC Muenchmeyer Petersen Capital AG, a publicly listed German company (ISIN: DE000A1TNWJ4).

Note 7 – TAXATION

The tax on the Company's net income differs from the statutory Barbados tax rate of 5.5% (2018 - 2.5% - 0.25%)

	<u>2019</u>	<u>2018</u>
	USD	USD
Income / (loss) before taxation	59,680	(251,848)
Tax calculated at 5.5% (2018 - 2.5% -0.25%)	3,282	(6,296)
Expenses not deductible for tax purposes	35	-
Expenses deductible for tax purposes	(55,818)	-
Tax effect of losses	52,501	6,296
	<u>-</u>	<u>-</u>

With effect from January 1, 2019, the International Business Companies Act 1991-24 was repealed. The Company continues as a Regular Business Company ("RBC") under the Companies Act Cap. 308, thereby being subject to corporation tax at a rate not exceeding 5.5%.

Note 8 – EARNINGS PER SHARE

	<u>2019</u>	<u>2018</u>
	USD	USD
Net Income/(loss) before tax	59,680	(251,848)
Weighted average number of shares used as the denominator	11,424,160	1
Earnings per share for profit attributable to the Class B equity holders of the Company	<u>0.01</u>	<u>(251,848.00)</u>

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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**Note 9 – DISTRIBUTIONS RECEIVED AND PAID**

On August 21, 2019, the Directors of MPC CCEF resolved to make a distribution in the amount of USD 1,014,877 to the Company. The distributable amount originated from MPC CCEF's investment in a Costa Rican Wind Farm and from the repayment of a loan. The distribution was made by MPC CCEF and received by the Company on August 28, 2019. Subsequently, a corresponding distribution amounting to USD 1,014,877 was made to the shareholders of the Company on September 25, 2019.

**Note 10 – CAPITAL MANAGEMENT**

The Company's objective when managing capital is to maintain adequate levels of funding to support its operational activities and maximize member value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue or redeem shares and pay dividends to shareholders.

**Note 11 – RISK MANAGEMENT**

**Financial Risk**

Due to the nature of the master-feeder structure, the Company's investment in MPC CCEF may expose it to various types of risk, the amounts of which are not apparent from the financial statements. The most important types of financial risk to which the Company is exposed to are; market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The following summary is not intended to be a comprehensive outline of all risks and investors should refer to the Prospectus for a detailed discussion of the risks inherent in the Company.

**- Market risk**

Market risk embodies the potential for both losses and gains and includes interest rate risk, price risk, and currency risk. The Company's strategy on the management of investment risk is driven by the Company's investment objective. The Company's market risk is managed on a daily basis by the Company Manager in accordance with the Company's Bylaws.

**- 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. The Company's interest rate risk is managed on a daily basis by the Company Manager in accordance with policies and procedures in place. The Company's direct exposure to interest rate risk is on cash balances. Interest rate risk on cash is not considered to be significant for the Company therefore no sensitivity analysis has been prepared.

**- Price risk**

Price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Company's financial instruments are carried at fair value through profit and loss, all changes in market conditions will directly affect net income. The Company Manager is responsible for continuously monitoring the Company's exposure to price risk through its investments in MPC CCEF. If the market prices increase or decrease by 10% with all other variables held constant, the value of investment would increase or decrease by \$990,753 as a result of gains or losses on the investment designated as FVTPL.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
(Expressed in United States dollars)

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Note 11 – RISK MANAGEMENT (Continued)

**Currency risk**

The Company only invests in financial instruments that are denominated in United States Dollar, its functional currency, but enters into service agreements denominated in currencies other than United States Dollar. Consequently, the Company is exposed to limited risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fees from service agreements in other currencies. At the reporting date, the carrying amount of the Company's net financial assets and financial liabilities held in individual foreign currencies is insignificant. Consequently, no sensitivity analysis has been prepared.

**Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. As at December 31, 2019, some of the Company's financial assets potentially expose it to credit risk. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

The Company's cash balances are primarily with CIBC FirstCaribbean International Bank (Bahamas) Ltd., an unrated bank. The Company does not expect any losses as a result of this concentration of credit risk.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

All of the Company's financial liabilities fall due within one year.

Note 12 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and volatility in financial markets across the world, including signals of an uptick in illiquid or inactive markets, which may cause a change in valuation methodology and/or technique as well as the observability of inputs to be used in valuation techniques. Depending on the severity and length of the outbreak, this pandemic could present material uncertainty and risk with respect to the Company, including an adverse effect on MPC Caribbean Clean Energy Limited's operations and its financial condition, the ability of MPC Caribbean Clean Energy Limited to provide underlying financial information in a timely manner, expected declines in the valuation of its investments, collectability of amounts due from others, and its overall performance. The rapid development and fluidity of this situation precludes management from making an estimate as to the ultimate adverse impact of the pandemic on the value of the Company's investment, liquidity, financial condition, and results of operations for fiscal year 2020.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Notes to the financial statements**

For the financial year ended December 31, 2019  
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Note 12 – SUBSEQUENT EVENTS (Continued)

On January 31, 2020, following a 2 for 1 renounceable rights issue which was offered in Trinidad & Tobago and Jamaica on January 10, 2020, 10,242,382 Class B Ordinary Shares of the Company were listed on the Trinidad & Tobago and Jamaica Stock Exchanges, thus increasing the number of the Company's Class B redeemable participating and voting shares to 21,666,542. The shares were subscribed and fully paid up at a price of USD 1 per share. Underwriting costs amounting to USD 262,304, directly attributable to the issuance of the Class B shares, were deducted from equity following receipt of the subscription funds.

**MPC CARIBBEAN CLEAN ENERGY LIMITED**  
**Director/Officer Shareholding / Top 10 Shareholders**

For the financial year ended December 31, 2019  
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MPC CARIBBEAN CLEAN ENERGY LIMITED TOP 10 SHAREHOLDINGS As at December 31, 2019			
NAME	JOINT HOLDER/ CONNECTED INTERESTS	VOLUME	PERCENTAGE
TEACHERS CREDIT UNION CO-OPERATIVE SOCIETY		3,000,000	26.3%
SAGICOR POOLED FIXED INCOME		2,692,300	23.6%
CARIBBEAN CLEAN ENERGY FEEDER LIMITED		2,100,000	18.4%
DEVELOPMENT BANK OF JAMAICA		1,000,000	8.8%
SAGICOR BALANCED FUND		769,230	6.7%
JNBS PENSION TRUSTEES		623,000	5.5%
SAGICOR EQUITY FUND		384,610	3.4%
FINANCIAL ADVISORY SERVICES		100,000	0.9%
JN GENERAL INSURANCE COMPANY		100,000	0.9%
JN INDIVIDUAL RETIREMENT		76,000	0.7%

MPC CARIBBEAN CLEAN ENERGY LIMITED DIRECTOR SHAREHOLDINGS' As at December 31, 2019			
NAME	JOINT HOLDER/ CONNECTED INTERESTS	VOLUME	PERCENTAGE
Gerard A. Borely		-	-
Alastair Dent		-	-
Steven D. Marston		-	-
A. Mark D. Hart		-	-
Jose Fernando Zuniga Galindo		-	-
Guardian Nominees (Barbados) Limited		-	-