



Williams Caribbean Capital

GREEN BOND FRAMEWORK

MAY 2019

Distribution List:

IADB

Bond Trustee

Royal Fidelity

Strictly in Confidence



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1 Background

1.1 Summary Overview

Williams Caribbean Capital, a Williams Industries company, is creating the Caribbean's foremost solar energy business by raising funds via green energy bonds and using these proceeds to deploy commercial PV Solar whilst providing world standard dependable reporting to stakeholders.

Williams Renewable Energy Limited, a special purpose company organized under the laws of Barbados, and its 100% shareholder Williams Caribbean Capital have constructed and are already operating over 4.7 MWp of rooftop solar installations located in Barbados, financed through fully subscribed local bond issuances in 2018:

Williams Caribbean Capital plans to expand by issuing incremental green energy bonds to deploy further PV Solar to conclude their BDS\$40m program to deploy 12 MWp of PV Solar in Barbados

1.1.1 Williams Caribbean Capital ("WCC") and Williams Caribbean Capital Barbados ("WCCB")

WCC and WCCB are investment holding businesses incorporated in Barbados. They were founded by former Digicel CEOs Barry O'Brien, Ciarán Burke and by Williams Industries Director David Staples. WCC and WCCB have the same ownership. WCC is an international business company and WCCB is a local Barbados company whereby WCC is used to conduct international business outside of Barbados whereby WCCB is used to conduct business in Barbados.

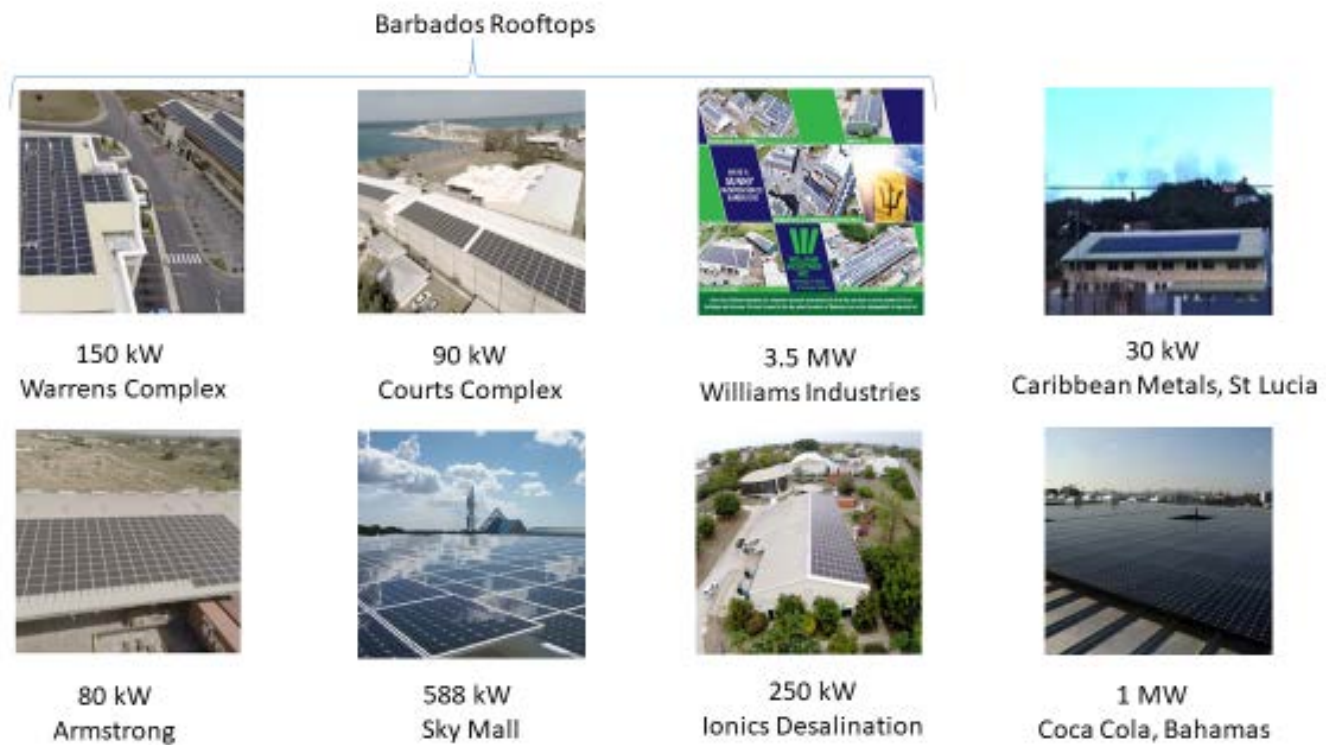
Both WCC and WCCB are referred to as Williams Caribbean Capital. ("WCC")

1.2 Key Partners

1.2.1 Williams Solar

Williams Solar, the trading name for Williams Evergreen Ltd., is the largest and most experienced developer of solar photovoltaic (PV) systems in Barbados, having installed over 150 PV systems to date. Williams Solar is a member of the Williams Industries Group of Companies and a sister company to Williams Electrical Ltd., a leading electrical contracting firm in Barbados.

Sample Williams Solar Projects



Selection of Williams Solar as key partner

Williams Caribbean Capital has selected Williams Solar as their preferred solar development partner to deploy the proposed solar PV projects. Williams Solar’s team are experienced energy professionals who have successfully delivered many similar PV solar projects across Barbados. However, WCC will also issue requests for proposals to Williams Solar and other solar energy development companies to ensure that it is receiving the best value.

Williams Caribbean Capital will reserve the right to replace Williams Solar as a preferred supplier with an alternative solar energy development company.

1.2.2 Key Partners

WCC’s key partners are Royal Fidelity Merchant Bank & Trust Limited, a 50/50 venture with Royal Bank of Canada (RBC) as Trustee and fund raising partner; CIBC First Caribbean International Bank (CIBC) as banker; Inter-American Development Bank (IADB) as potential bond guarantor, PricewaterhouseCoopers (PwC) as auditors; Williams Solar as installation and maintenance partner and Williams Electrical as preferred electrical contractor.

1.3 Example of Success

Funded by the fully subscribed 2018 green bond program, Williams Caribbean Capital deployed PV Solar on over 250,000 square feet of commercial rooftops of Williams Industries in Barbados. The electrical output from these PV Solar systems is 3.5 MWp which offsets the entire electricity usage of the Williams Industry Group.

Williams Industries is reaping the rewards from this in positive PR, rental income and a shareholding in a valuable business, the below being an example of a PR campaign run by Williams Industries on Barbados Independence Day, 30th Nov 2018.



2 Framework Overview

2.1 Use of Proceeds

Williams Caribbean Capital business model is to use the proceeds of the issuance of green energy bonds to deploy PV Solar on commercial rooftops and land in Barbados and elsewhere in the Caribbean. WCC via a 100% owned Barbados special purpose vehicle (the “SPV” or the “Company”), plans to continue to construct and operate additional PV Solar green projects on rooftops and land which will be financed through the issuance of incremental green energy bonds, with over 80% of the bond issuances proceeds being allocated to the EPC contractor to acquire the necessary PV Solar equipment such as PV Solar panels and Invertors and to complete the equipment installations.

2.2 Project Evaluation and Selection

The WCC Executive Management and Williams Solar will conduct project selection and evaluation process based on conformance with specific eligibility criteria which will be verified by the Trustee and fund-raising partner

2.2.1 Eligibility Criteria

The eligibility criteria will include:

- Location where a PV Solar project can maximize the generation potential
 - South facing rooftops without any shading are optimal
- Whereby the landlord is willing to sign the appropriate lease agreement;
 - 20 year leases are required
- Approvals will be sought such as Government Electrical Engineering Department (GEED) Certificates and Barbados Light and Power approvals.
 - To ensure no adverse effects on the existing electricity grid or power generation
- Whereby the necessary Installation of Production Meter are present.
 - Avoids the need to install such meters

- In the case of ground-mount systems WCC will obtain necessary planning permission from “Town and Planning” authority in Barbados who take environmental and social risks as a key criteria prior to granting planning permission for PV Solar deployments
 - In order to ensure that there are no environmental issues

2.3 Management of Proceeds

2.3.1 Bond Trustee

A reputable Bond Trustee and fund-raising partner is appointed. The bond Trustee is responsible for the registration, transfer and payment of bond notes. The bond Trustee maintains separate accounts, monitor bond note document requirements and provide monthly statements. The bond Trustee approves amendments to any legal documents and acts on behalf of the bond note holders if the borrower/issuer violates bond documents or any bond covenants.

The present selected bond Trustee is Royal Fidelity (RF) which is 50% owned by Royal Bank of Canada (RBC). RF are expected to continue as Bond Trustee.

The Bond Trustee issues a private placement memorandum (PPM) on the bond program to the potential bond investors. The investors primarily invest based on this information.

The PPM specifies the PV Solar projects

- Size of the projects in MW and their locations
- Planned allocations of funds including Capex and Opex
- Forecast financials (all costs and returns)
- Forecast timeframe for deployment of the PV Solar installations
- Identifies all risks and mitigations

2.3.2 Fund Flow

The SPV, which is administered by WCC, and issues the green energy bonds and subsequently own both the debt and the PV systems deployed. Qualified investors in the green energy bonds pay their investment to the Bond Trustee who subsequently transfers all the funds to the SPV following the issuance. The SPV uses the funds to deploy the PV solar. Administered by the WCC, the SPV generates revenue from the deployed PV Solar which enable it to repay the interest and principal on the green energy bonds via the Bond Trustee.

2.4 Reporting and Monitoring

There are two main level of reporting

1. Annual Audited Accounts
2. Quarterly updates against the PPM

2.4.1 Annual Audited Accounts

The present auditors are PricewaterhouseCoopers (PwC) and this is expected to continue. The first annual audited accounts and annual report were completed for the year ending 31 December 2018 and were made available for review by investors via the Bond Trustee in May 2019. All annual reports will be available to investors for future years ending 31st of December and will be issued to investors on or before 30 June in the year following.

The annual report includes an audited statement of income, financial position, cash flow, and notes to the statements providing details for various line items

2.4.2 Quarterly Updates

The quarterly updates to the Bond Trustee provide an updated with a comparison against the PPM forecast and reports on:

- Progress on the PV Solar deployment including the number of MW deployed
- Financials including revenue and costs
- A profit and loss, cash flow and balance sheet on a quarterly basis.

- Financial ratios such as minimum senior debt service coverage ratio (DSCR) and all bond trustee covenants.

Due to the issuance to investors on the PPM, there is complete transparency as to where the proceeds from the bond notes will be invested.

As long as the bond notes and any subsequent green bond notes, issued by WCC through the SPV, remain outstanding, the Company will furnish to the trustee for the bond notes the annual audited accounts and the quarterly reporting which report on (i) the allocation of the proceeds on a portfolio level as specified in the PPM program (ii) confirmation that the use of proceeds of the Notes is in compliance with the PPM, Green Bond Framework, as well as impact metrics, where feasible, such as MW of PV solar installed and/or MWh of solar energy generated.

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