
PROSPECTUS
2020

OFFER FOR SALE

By

National Road Operating And Constructing Company Limited ("NROCC")

Of

8,000,000,000 ORDINARY SHARES at US$0.01 or J$1.41 per ORDINARY SHARE[1]

With the right to "upsize" the Offer by an additional

2,000,000,000 Ordinary Shares in the event of oversubscription (Payable In Full On Application)

And

UNDERWRITTEN as to 79.69% of the 8,000,000,000 Ordinary Shares being offered for sale

In

Transjamaican Highway Limited
(The "Company")
Dated: 31 January 2020

Registered Office: 2 Goodwood Terrace, Kingston 10, Jamaica
Tel No: 876 925-0848

This Offer contains 5,362,962,963 reserved shares at J$1.41 or US$0.01 per Ordinary Share and 2,637,037,037 shares offered to the general public at J$1.41 or US$0.01 per Ordinary Share

[1] All Jamaican Dollar conversions are based on the Bank of Jamaica (BOJ) weighted average selling rate as at 29 January 2020, which was J$140.9131 : US$1. Note, numbers have been rounded.

PROSPECTUS

This Prospectus is issued by National Road Operating and Constructing Company Limited and is dated the 31 January 2020. A copy of this Prospectus having attached thereto the material contracts referred to in Sections 9,11 and 12 was delivered to the Registrar of Companies for registration pursuant to Section 40(2) of the Companies Act 2004 and was so registered on 31 January, 2020. 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 for registration pursuant to Section 26 of the Jamaica Securities Act and was so registered on 31 January, 2020. The Financial Services Commission has neither approved this Prospectus nor has the Commission passed upon the accuracy or adequacy of this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation or offer to any person outside of Jamaica to subscribe or apply for any of the Shares. The Directors of NROCC are the persons responsible for the information contained herein. To the best of the knowledge and belief of such 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 does not omit anything likely to affect the import of such information. Each of such Directors accepts responsibility accordingly.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus.

PROSPECTUS

This Offer for Sale Prospectus is issued by National Road Operating and Constructing Company Limited ("NROCC"). NROCC invites applications for the purchase of up to 8,000,000,000 ordinary shares ("the Sale Shares') in the Transjamaican Highway Limited (the "Company") pursuant to this Offer for Sale made by it to the general public subject to this Prospectus.

Up to 5,362,962,963 Shares in the Offer for Sale (the "Reserved Shares") are initially reserved for priority application from, and purchase by the following persons (the "Reserved Share Applicants"):

a. up to 88,888,889 Shares are reserved for purchase by employees of The Company and its key operating parties ("the Concession Companies") at a Purchase Price of J$1.41or US$0.01 per Share;

b. up to 296,296,296 Shares are reserved for purchase by eTag customers for Highway 2000 East-West leg on record as at February 14, 2020 at a Purchase Price of J$1.41 or US$0.01 per Share;

c. up to 829,629,630 Shares are reserved for purchase by public sector employees (as defined herein) at a Purchase Price of J$1.41 or US$0.01 per Share;

d. up to 2,074,074,074 Shares are reserved for purchase by the Underwriters at a Purchase Price of J$1.41 or US$0.01 per Share; and

e. up to 2,074,074,074 Shares are reserved for purchase by Registered Pension Funds at a Purchase Price of J$1.41 or US$0.01 per Share.

Except for the Underwriters, if any of the Reserved Shares in any category stated above are not purchased by the relevant Reserved Applicants the excess will be made available for purchase by the Applicants in the other reserve categories at the Purchase Price, and thereafter, they will become available for purchase by the general public at the Purchase Price. This policy will be applied across all categories of Reserved Shares as set out in paragraphs (a) to (e) above. For the avoidance of doubt, the Underwriters may only upsize their share allocation from the shares available to the general public.

NROCC also reserves the right to "upsize" the Offer by offering an additional 2,000,000,000 Shares in the capital of the Company ("the Upsized Share Block") to purchasers in the Offer for Sale. In the event that the Offer is "upsized" notification thereof shall be made by way of a notice in the daily newspaper(s) and on the websites of the Jamaica Stock Exchange ("JSE") (https://www.jamstockex.com), the Lead Broker (http://www.ncbcpitalmarkets.com/), Co-Broker (https://jmmb.com/) and NROCC (https://h2kjamaica.com.jm/home). If the Offer is "upsized" then shares will be allocated on a pro rata basis to all investors.

Applications should be made via GoIPO (https://goipo.jncb.com/) and Moneyline (https://moneyline.jmmb.com/presonal/) for JMMB customers or any other digital platform as may be notified by NROCC.

A limited amount of the hard copies of this Prospectus will be available at the offices of the JSE, the Lead Broker, Co-broker and Selling Agents. However, the Prospectus will be available for download at https://www.jamstockex.com/, http://www.ncbcpitalmarkets.com, https://jmmb.com/ and https://h2kjamaica.com.jm/home.

The Offer for Sale will open at 9:00 a.m. on the Opening Date, 17 February 2020. Applications submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed until 9:00 a.m. on 17 February 2020 ("the Opening Date"). The Offer for Sale will close at 4:30 p.m. on 9 March 2020 ("Closing Date"), subject to the right of NROCC to: (a) close the Offer for Sale at any time after it opens, once it has received applications for all of the Shares the subject of the Offer for Sale or (b) extend the Closing Date for any reason in its sole discretion, provided that it is not later than 40 days after the issue of this Prospectus for the purposes of Section 48 of the Companies Act. In the case of an early closing, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange ("JSE") at (www.jamstockex.com) and other media platforms.

NROCC understands that it is the intention of the Company to apply to the JSE to list the whole of the issued ordinary share capital of the Company inclusive of the Shares included in this Prospectus ('the Shares") on the US$ Main Market of the JSE with a cross-listing on the J$ Main Market of the JSE. However, please note that this is a statement of intent and not a guarantee that the Shares will be so listed/cross-listed. NROCC offers no guarantee that any of the Shares will be admitted to listing.

As per Rule 402 of the JSE Main Market Rules, if at the time of applying for a listing on the JSE there are not at least 100 shareholders holding Shares in the Company, the JSE may refuse the application for listing and in such case or any other case in which the JSE refuses the Company's application for listing, the Offer for Sale will be withdrawn and all monies received will be refunded to Applicants without interest. In addition, the making of the relevant application(s) for listing on the US$ Main Market of the JSE and the cross-listing on the J$ Main Market of the JSE and the success of such application(s) is dependent on this condition and other conditions for admission set out in the JSE Listing Rules.

See the full terms and conditions of the Offer for Sale in **Section 6** this Prospectus.

SHARE CAPITAL

SHARE HOLDING	ORDINARY SHARES	PREFERENCE SHARES
Authorised	Unlimited	2,700,000,000
Issued as at the date of this Prospectus	12,501,000,000	2,700,000,000
Offer for Sale if not upsized	8,000,000,000	Nil
Current owner of shares: NROC	100%	100%
Maximum available to be sold by NROCC if the Offer for Sale is upsized	10,000,000,000	Nil
% of share capital being sold pursuant to this Offer for Sale (if not upsized)*	64%	0%
% of share capital being sold pursuant to this Offer for Sale (if upsized)*	80%	0%

*Percentages (%) are rounded to the nearest decimal point

Details of the Issued Share Capital of the Company prior to and after the Offer for Sale, assuming that applications for all of the Shares the subject of the Offer have been received, is set out in **Section 10** of this Prospectus. NROCC estimates that post transaction, new shareholders (i.e. members of the general public and the Reserved Shares Applicants) will own approximately between 64% and 80% of the issued ordinary share capital of the Company, depending on whether the Offer is upsized.

BREAKDOWN OF OFFER CAPITALISATION

If Option to upsize is not exercised

CATEGORY	AMOUNT (US$)	AMOUNT (J$)	% OF SHARES
Reserved Shares Applicants:			
Concession Companies Employees: 88,888,889 shares at a Price of J$1.41 or US$0.01 per Share	888,889	125,333,334	0.7%
E-Tag Customers: 296,296,296 shares at a Price of J$1.41 or US$0.01 per Share	2,962,963	417,777,778	2.4%
Public sector workers: 829,629,630 shares at a Price of J$1.41 or US$0.01 per Share	8,296,296	1,169,777,778	6.6%
Underwriters: 2,074,074,074 shares at a Price of J$1.41 or US$0.01 per Share	20,740,741	2,924,444,444	16.6%
Registered Pension Funds: 2,074,074,074 shares at a Price of J$1.41 or US$0.01 per Share	20,740,741	2,924,444,444	16.6%
General Public: 2,637,037,037 shares at a Price of J$1.41 or US$0.01 per Share	26,370,370	3,718,222,222	21.1%
Total	**80,000,000**	**11,280,000,000**	**64.0%**

If Option to upsize is exercised

CATEGORY	AMOUNT (US$)	AMOUNT (J$)	% OF SHARES
Reserved Shares Applicants:			
Concession Companies Employees: 111,111,111 shares at a Price of J$1.41 or US$0.01 per Share	1,111,111	156,666,667	0.9%
E-Tag Customers: 370,370,370 shares at a Price of J$1.41 or US$0.01 per Share	3,703,704	522,222,222	3.0%
Public sector workers: 1,037,037,037 shares at a Price of J$1.41 or US$0.01 per Share	10,370,370	1,462,222,222	8.3%
Underwriters: 2,592,592,593 shares at a Price of J$1.41 or US$0.01 per Share	25,925,926	3,655,555,556	20.7%
Registered Pension Funds: 2,592,592,593 shares at a Price of J$1.41 or US$0.01 per Share	25,925,926	3,655,555,556	20.7%
General Public: 3,296,296,296 shares at a Price of J$1.41 or US$0.01 per Share	32,962,963	4,647,777,777	26.4%
Total	**100,000,000**	**14,100,000,000**	**80.0%**

Even if all the Shares are fully allocated to Applicants in the Offer for Sale it is possible that each category of Reserved Share Applicants will not take up their full allotment of Reserved Shares and accordingly the shareholding after the Offer for Sale will likely differ from the foregoing offer capitalisation breakdown set out above.

Note that the respective Purchase Price is NOT subject to the JCSD charges of approximately J$163.10 (US$1.24) inclusive of GCT in respect of each Application. This fee has been waived for this transaction.

REORGANIZATION OF THE COMPANY'S SHARE CAPITAL

Capital Structure of the Company – at acquisition

CLASS OF SHARES	NO. OF SHARES AUTHORIZED	NO. OF SHARES ISSUED	STATED CAPTIAL ($US)
Ordinary Shares	27,000,000	27,000,000	27,000,000
Preference Shares	1	1	27,000,000
Total			**54,000,000**

By resolution in writing signed by NROCC, as sole shareholder, the share capital of the Company was reorganized as follows:

a. the authorized capital was increased to an unlimited amount;

b. each of the 27,000,000 ordinary shares were sub-divided into approximately 463 ordinary shares to produce 12,501,000,000 ordinary shares;

c. NROCC subscribed for an allotment of 2,700,000,000 8% Cumulative Redeemable Preference Shares at a subscription price of the Jamaican dollar equivalent of US$0.01 per share and the Company applied the subscription sum to repurchase the single preference share held by NROCC at a repurchase price of US$27,000,000.

Capital Structure of the Company

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

SHAREHOLDING TYPE	AUTHORIZED	ISSUED SHARES	RIGHTS
Ordinary Shares	Unlimited	12,501,000,000	Rights typically attaching to ordinary shares including rights to: • receive notice of, attend and vote at general meetings of the Company; • participate in any dividend declared by the Board (after payment of Preference Share dividends); • participate in a surplus on a winding up (after payment to Preference Shareholders).
Preference Shares	2,700,000,000	2,700,000,000	The Preference Shares rank in advance of the Ordinary Shares for the purposes of any dividends declared by the Board. The right of the Preference Shareholders to receive dividends is cumulative (so arrears are allowed until sufficient funds are available to make payment, and subject to the terms of the financing agreements of TJH) The Preference Shares also rank in advance of the Ordinary Shares for the purposes of any return on capital by the Company in the event of its winding up. The Preference Shares have no voting rights (except for wind-up matters only) at general meetings of the Company.

SHAREHOLDINGS PRE-OFFER FOR SALE

The current shareholding of the Company after the sub-division and increase of its Authorized Share Capital, is as follows:

SHAREHOLDER	SHARE TYPE	ISSUED SHARES BEFORE SUBDIVISION OF AUTHORISED SHARE CAPITAL	ISSUED SHARES AFTER SUBDIVISION OF AUTHORISED SHARE CAPITAL	PERCENTAGE OWNERSHIP
NROCC	Ordinary Shares	27,000,000	12,501,000,000	100%
NROCC	Preference Shares	1	2,700,000,000	100%

SHAREHOLDINGS POST-OFFER

Upon closure of the Offer for Sale, assuming all categories of the Sale Shares in the Offer for Sale are purchased by the public and the Reserved Share Applicants, the respective shareholders and their respective percentage shareholdings in the Company will be as follows:

SHAREHOLDING	If Option to upsize is not exercised		If Option to upsize is exercised	
	NUMBER OF ORDINARY SHARES	OWNERSHIP*	NUMBER OF ORDINARY SHARES	OWNERSHIP*
NROCC	4,501,000,000	36.0%	2,501,000,000	20.0%
Concession Companies	88,888,889	0.7%	111,111,111	0.9%
e-Tag customers	296,296,296	2.4%	370,370,370	3.0%
Public Sector Workers	829,629,630	6.6%	1,037,037,037	8.3%
Underwriters	2,074,074,074	16.6%	2,592,592,593	20.7%
Registered Pension Funds	2,074,074,074	16.6%	2,592,592,593	20.7%
General Public	2,637,037,037	21.1%	3,296,296,296	26.4%
Total	**12,501,000,000**	**100.0%**	**12,501,000,000**	**100.0%**

*Percentages (%) are rounded to the nearest decimal point

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IMPORTANT DISCLAIMERS

IF YOU ARE IN DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, SECURITIES DEALER, INVESTMENT ADVISOR, BANK MANAGER, ATTORNEY-AT-LAW, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS

This Prospectus has been reviewed and approved by the Board of Directors of NROCC. The Directors of NROCC are responsible for the information contained herein. To the best of the knowledge and belief of NROCC 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.

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.

CONTENTS OF THE 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 NROCC believes are accurate.

Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available for inspection as described in **Section 23.** 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.

No person is authorized to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

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 apply to purchase any Shares. No action has been taken to register or qualify the Shares for sale outside Jamaica. The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. **The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.**

BROKERS ETC.

The Lead Broker (in its capacity as such), Co-Broker (in its capacity as such), and any other selling and collection agents or dealers that may be appointed have not, and are not expected to, separately verify the information contained in this Prospectus. The Lead Broker, Co-Broker or any other Selling Agent or dealer may not make any representation, expressed or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. **PROSPECTIVE INVESTORS SHOULD ENSURE THAT THEY UNDERSTAND THE RISKS THAT MAY AFFECT THE COMPANY (SEE RISK FACTORS AS SET OUT IN SECTION 19) AND/OR THE SHARES AND THE EXTENT OF THEIR OWN ABILITY TO BEAR RISK IN LIGHT OF THEIR FINANCIAL CIRCUMSTANCES.**

ELECTRONIC PROSPECTUS

For convenience, the website addresses of certain parties have been provided in this Prospectus. Except as expressly set forth in this Prospectus, no information on such websites should be deemed to be incorporated in, or form part of this Prospectus and NROCC takes no responsibility for the information contained on such websites. The JSE has approved the publication of this Prospectus on its website and accordingly is expected to upload the Prospectus to its website (www.jamstockex.com). This should not be construed that the JSE has approved or is in any way responsible for the contents of this Prospectus.

This Prospectus may be sent to you in electronic form. You are reminded that documents transmitted via that medium may be altered or changed during the process of transmission and consequently neither NROCC nor the Lead Broker, Co-Broker or other selling agent nor any of their respective directors, officers, employees or advisers accept any responsibility whatsoever in respect of any difference between the Prospectus delivered to any prospective investors in electronic form and the hard copy version registered with the Registrar of Companies.

LEGAL EFFECT OF ISSUING THE PROSPECTUS

NOTWITHSTANDING ANYTHING HEREIN AND IN PARTICULAR THE USE OF THE MARKET TERM "OFFER" AND OTHER COGNATE EXPRESSIONS, THIS PROSPECTUS DOES NOT CONSTITUTE AND IS NOT INTENDED TO BE AN OFFER BY OR ON BEHALF OF NROCC TO SELL ANY OF THE SHARES. IT IS INSTEAD AN INVITATION TO TREAT. AN INVESTOR WHO SUBMITS AN APPLICATION SHALL BE DEEMED TO BE MAKING AN OFFER TO NROCC TO PURCHASE SHARES IN THE COMPANY FROM NROCC. NROCC MAY OR MAY NOT ACCEPT SUCH AN OFFER. ACCEPTANCE OF ANY SUCH OFFER WILL OCCUR ONLY BY WAY OF ALLOCATION OF SHARES BY NROCC IN RESPONSE TO AN APPLICATION. IN SUBMITTING AN APPLICATION EACH PROSPECTIVE INVESTOR ACKNOWLEDGES THE FOREGOING LEGAL EFFECT OF THE PROSPECTUS AND OF THEIR APPLICATION.

SEEK PROFESSIONAL ADVICE BEFORE MAKING APPLICATION TO PURCHASE SHARES

This Offer for Sale is not a recommendation by NROCC or the Company that prospective investors should submit an Application to purchase Shares in the Company. Prospective investors in the Company are expected to make their own assessment of the Company, and the merits and risks associated with the purchase of 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 applies for Shares acknowledges and agrees that:

i. He/she/it has 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 him/her/it to be necessary to verify the accuracy of the information contained in this Prospectus;

ii. He/she/it has not relied on NROCC or the Company or any other persons in connection with his/her/its investigation of the accuracy of such information or his/her/its investment decision;

iii. No person connected with NROCC or the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her/its Application; and

iv. The Applicant is aware of the merits and risks of purchasing Shares in the Company notwithstanding the **Risk Factors set out in Section 19.**

- section II -

SUMMARY OF KEY INFORMATION ON OFFER FOR SALE

This summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices. Recipients are advised to read this entire Prospectus carefully before making an investment decision about the transactions herein. Each recipient's attention is specifically drawn to the **Risk Factors in Section 19** of this Prospectus and the disclaimers at the beginning of this Prospectus. If you have any questions arising out of this Prospectus or if you require any explanations, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

TJH or the "Company"	Transjamaican Highway Limited
Business of TJH	The development, operation, and maintenance of Highway 2000 East-West toll roads.
Security	Ordinary stock units of no-par value, each in the capital of the Company (sometimes herein referred to as the Shares)
Purchase Price	J$1.41 per Share or US$0.01 per Share
No. of Shares	8,000,000,000 Ordinary Shares, subject to the option to upsize
Use of Proceeds	NROCC intends to use part of the Offer for Sale proceeds to pay the Offer for Sale and Listing Expenses, and to redeem the Equity Bridge Notes, the proceeds of which were applied to purchase the ordinary shares in TJH from the previous shareholders. NROCC in conjunction with the Ministry of Finance and the Public Service will decide on how the balance is to be utilized.
Application Guide	See Appendix 1 of the Prospectus
Dividends	NROCC anticipates that the Company will pursue a dividend policy whereby it shall declare and pay an annual dividend that will generally be up to the maximum allowable under the Companies Act after making adequate allowance for (i) working capital to allow the Company to continue its normal operations under the Concession Agreement; and (ii) compliance with applicable covenants under Financing Agreements which may bind the Company, from time to time. As would be the case with any company paying dividends on shares, the Company's dividend policy is subject to the availability of sufficient distributable income and/or reserves for each financial year. It is expected that the Company will reserve the right to amend its dividend policy as the need arises. NROCC considers that the Company at this stage is a brownfield investment with limited construction risk. NROCC believes any excess cash subsequent to satisfying the Company's financial obligation and other investment prospects will be available for distribution. The Company's projections considered 3 primary cases which vary based on expected changes in traffic patterns namely: Low Case, Base Case and High Case. The projections do not include any potential upside from Phase 1C or renewal of concession agreement upon expiry. Based on the projected operating profits, distributable reserves and cashflows, the Company is projecting dividends yield (based on the Offer Price) ranging from: • Average of 5.3% to 8.7% in 2020-2025 • Average of 24.5% to 35.8% thereafter • Overall average of 18.8% to 27.8% for the total period of 2020-2036
Payment Method	Payable in full on application.
Terms and Conditions	See Section 6 of this Prospectus
Acceptable Payment Method	As set out in the Application Guide. Absolutely no cash payments will be accepted.

This summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices. Recipients are advised to read this entire Prospectus carefully before making an investment decision about the transactions herein. Each recipient's attention is specifically drawn to the **Risk Factors in Section 19** of this Prospectus and the disclaimers at the beginning of this Prospectus. If you have any questions arising out of this Prospectus or if you require any explanations, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

Listing	The Directors of the Company have passed resolution to apply for a listing of the Shares on the US$ Main Market of the JSE with a cross-listing on the J$ Main Market of the JSE, and to make such application(s) immediately following the closing of the Offer for Sale. NROCC offers no guarantee that the Shares will be so listed/cross-listed but if they are not admitted for listing/ cross-listing the Offer for Sale will be withdrawn and all purchase monies will be re-funded without interest
Timetable of Key Dates	Registration of Prospectus at the Companies Office of Jamaica: On or about 31 January 2020 Registration of Prospectus at the FSC:On or about 31 January 2020 Publication of Prospectus: On or about 3 February 2020 Opening Date: 9:00 A.M. 17 February 2020 Closing Date: 4:30 P.M. 9 March 2020
Interpretations:	Currency amounts referred to in this Prospectus are in Jamaican dollars or United States dollars unless stated otherwise.
Early Applications	All applications including early applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date, and shall be processed pro rata. if in total they cover all of Shares offered for sale.
Confirmation of Basis of Allocation	All Applicants may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date (or the extended Closing Date, as the case may be).
Unaccepted Applications	Applicants whose applications were not accepted will be notified of this via email (as provided in GoIPO or any other digital platform).
Refunds	Refunds will be sent to the Applicant's broker account within ten (10) working days of the Closing Date and in any event within 48 days after the issue of this Prospectus.
Confirmation of Completion of Purchase	Confirmation of allocation of Shares to successful Applicants will be mailed to them by the JCSD within ten (10) days of the Closing Date.
Basis of Allocation	Allocation will not be on a "first come first served basis". Instead Shares will be allocated after close of the Offer at 4:30 p.m. on 9 March 2020 but NROCC reserves the right to close the Offer earlier upon giving prior notice and may extend the closing in certain circumstances. Shares will be allocated in two stages: Stage 1 a. Concession Companies Employees will be allocated shares from the Concession Companies Employees Reserve Pool on a "pro-rata" basis until all Reserved Share Applications in this pool are met in full or Shares in this Reserved Pool are fully allocated; b. eTag Customers will be allocated shares from the E-Tag Customers Reserve Pool on a "pro-rata" basis until all Reserved Share Applications in this pool are met in full or Shares in this Reserved Pool are fully allocated; c. Public Sector Employees will be allocated shares from the Public Sector

This summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices. Recipients are advised to read this entire Prospectus carefully before making an investment decision about the transactions herein. Each recipient's attention is specifically drawn to the **Risk Factors in Section 19** of this Prospectus and the disclaimers at the beginning of this Prospectus. If you have any questions arising out of this Prospectus or if you require any explanations, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

Basis of Allocation (cont'd)

Employees Reserve Pool on "pro-rata" basis until all Reserved Share Applications in this pool are met in full or Shares in this Reserved Pool are fully allocated;

d. Underwriters will be allocated shares from the Underwriters Reserve Pool based on the amounts that they have previously committed to apply for; and

e. Registered Pension Funds will be allocated shares from the Registered Pension Funds Reserve Pool based on the amounts that they apply for.

Except for the Underwriters, if any of the Reserved Shares in any category stated above are not purchased by the relevant Reserved Applicants the excess will be made available for purchase by the Applicants in the other reserve categories at the Purchase Price, and thereafter, they will become available for purchase by the general public at the Purchase Price. This policy will be applied across all categories of Reserved Shares as set out in paragraphs (a) to (e) above. For the avoidance of doubt, the Underwriters may only upsize their share allocation from the shares available to the general public.

Stage 2

a. The General Public will be allocated shares from the General Public Reserve Pool on a "bottom-up" basis in tranches of 10,000 Shares until all Applications in this pool are met in full or Shares in this Pool are fully allocated.

If there is an upsizing of the Offer, the additional shares will be allocated on a pro-rata basis across both Reserved Pools and General Public Pool. Multiple Applications by the same Applicant shall be treated as a single Application for the purpose of allocation. For this purpose, Applicants will be regarded as a being the same where it is either the same individual or corporate Applicant, or, in the case of joint applicants, the joint holders identified are the same.

Underwriting

Approximately 79.69% of the 8,000,000,000 Ordinary Shares being offered for sale (assuming that the Offer is not upsized) has been underwritten by the Underwriters up to a maximum of the price of the Jamaican dollar equivalent of US$63.75 million (J$8,983,210,125).

- section III -

LETTER TO PROSPECTIVE INVESTORS

DEAR PROSPECTIVE INVESTORS:

We are pleased to invite you to purchase up to 8,000,000,000 Ordinary Shares in the capital of TJH, with the right to upsize the offer by an additional 2,000,000,000 Shares in the event of oversubscription on the terms and conditions set out in this Prospectus. Of those shares, 5,362,962,963 are reserved shares for Reserved Share Applicants, and 2,637,037,037 are available to the general public. For the first time in Jamaica's history, the opportunity exists for members of the public to own a share of one of Jamaica's most important infrastructural developments. Highway 2000 East-West was the first toll road to be built and operated in Jamaica and was transformative in shortening the commute between Kingston and May Pen and Kingston and Portmore.

Previously, TJH was owned jointly by Bouygues Travaux Publics, Vinci Construction, IFC, and Proparco. Vinci Constructions and Bouygues Travaux Publics, have both designed, financed, built and operated a total of 3,564km of roads in 14 countries. Given the importance of this asset, the Government of Jamaica ("GOJ"), through us (NROCC), a state-owned entity, purchased 100% of the ordinary shares in TJH on 23 December 2019. This acquisition has created the opportunity to make this Offer for Sale of up to 80% of the Company (assuming the offer is upsized) to you my fellow Jamaicans.

While the ownership of TJH has changed hands, there will be continuity in the operations and management of the Toll Road in that Jamaican Infrastructure Operators ("JIO" or "the Operator"), a company jointly owned by Bouygues and Vinci whose management has over 50 years of experience both in internationally and regionally, will continue to operate and manage the Toll Road under an Operating & Maintenance Agreement.

About the Company

The Company was formed in 2001 and its current business activity is the development, operation and maintenance of a tolled road network in Jamaica known as the "Highway 2000 East-West". Highway 2000 East-West is a 49.9km tolled motorway with two distinct corridors: T1 – 43.45km between Kingston and May Pen, and T2 – 6.5km between Portmore and Kingston.

The Company, as concessionaire, operates the Highway 2000 East-West under concession agreement dated 21 November 2001 (Amended and Restated 28 January 2011 and on 29 January 2020) granted by NROCC (the "Concession Agreement"). The concession is for a period of 35 years, with 17 years remaining to expiry. Under the 2020 Amended & Restated Concession Agreement, TJH:

a. has an option to renew the concession for a further term of 35 years, subject to payment of a renewal concession fee to be determined pursuant to a prescribed formula.
b. was granted a first right of refusal to secure a similar concession to maintain, operate and/or own, when complete, the leg of Highway 2000 that will extend from May Pen to Williamsfield (Phase 1C). This new leg of the highway will extend the length of the Toll Road by approximately 50%.

The Company operates four toll plazas which are located at May Pen, Vineyards (at Old Harbour), Spanish Town and Portmore. The annual vehicle volume is approximately 24 million for the period to December 31, 2019, which has experienced a robust growth of 4.9% Compounded Annual Growth Rate ("CAGR") over the last 5 years, moving from 19 million in 2014. An independent traffic study commissioned by the Company in December 2019, indicates that this growth trend is expected to continue.

Management Team and Operating Continuity

TJH has a proven management team with a combined experience of over 50 years in the areas of infrastructure development, operation and management, finance, and management. The internal team consists of 8 individuals who remain committed to the long-term management and maintenance of the toll roads.

The operation and maintenance of the Toll Road has been outsourced to JIO (a company jointly owned by Vinci & Bouygues) two of the former shareholders in TJH) pursuant to the terms of Operating and Maintenance Agreement (the "O&M Agreement"), which has been in place for since September 2003 and was Amended & Restated as 20 December 2019. This agreement remains in effect and is renewable at 5 year intervals. JIO's operations consist of over 200 employees who are responsible for road maintenance, toll collection, patrolling, security and surveillance among other activities.

Financial Performance

The Company has a strong historical financial performance, with revenues of US$52.4 million and EBITDA of US$34.7 million for the year ended December 31, 2018, representing a CAGR of 10.7% and 15.8%, respectively between 2014 and 2018. As a result of operational improvements in the last five years, operating expenses have increased at a slower rate than revenues, allowing EBITDA margins to increase from 55.2% in the year ended December 31, 2014 to 66.1% in the year ended December 31, 2018. The year-to-date performance to September 2019 indicates that the EBITDA margin is 65.1%. The financial performance of the Company is expected to further improve due to the following factors:

- Improved traffic projections with an expected average growth rate of approximately 2.3% over the rest of the concession period and is supported by a study done by Steer Davies Gleave Incorporated ("Steer"), (the Company's independent traffic consultant) in December 2019.
- The Company has been in operation for over 18 years and so the risks associated with the Toll Road have been identified and managed. The Company has no mandatory major capital expenditures apart from periodic and routine maintenance until 2034.
- Concurrently with this Offer for Sale the Company has started the process of refinancing its existing long-term debt. The refinancing was triggered in part by change of control provisions as well as the ability to obtain more favourable terms. This refinancing is being done in the form of a bond pursuant to Rule 144A and Regulation S of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The features of this refinancing (if successful) include:

    - Lower financing costs.
    - Release of certain restrictive debt service covenants resulting in more funding being available for operations and distribution to shareholders.
    - Extension of debt maturity period beyond 2029 under the immediately preceding debt structure.

Key Investment Highlights

This offering presents a unique opportunity for investors to participate in the ownership of the first toll road, an integral piece of Jamaica's infrastructure with key investment highlights being:

- **Attractive traffic profile with strong, stable historical traffic volumes and gross toll collections.** In the last 7 years, historical traffic and toll collections data for the Toll Road reflect sustained growth with limited volatility. We expect that Jamaica's current traffic profile combined with its projected positive outlook will result in a steady increase in demand for safe and efficient transit options and increased traffic flow on the Toll Road.
- **Equitable Concession Agreement** predicated on a contractual framework that balances the economic consideration of operations and value provided to users. The Concession Agreement provides for CPI Adjusted and J$/US$ Exchange Rate-Linked Toll Rates. In addition, subject to certain exceptions provided in the Concession Agreement, NROCC is liable to compensate the Company for revenue lost if the Jamaican Government promotes transportation means that compete with the Toll Road or does not approve toll rate adjustments in line with the Concession Agreement.
- **Exclusive rights to own and operate the Toll Road** until 2036 and **the exclusive option to** extend such period for an additional 35 years for a fee payable to NROCC. In addition, the Company has an exclusive TO first right of refusal to own and operate the upcoming 28.0km long May Pen to Williamsfield leg of the highway (Phase 1C). This represents a potential upside to investors and has not been factored into the proposed Offer Price.
- **Experienced transportation infrastructure operator with access to global best practices.** JIO, (the Operator) has operated the Toll Road for the past 17 years since its inception. JIO has extensive experience in the type of construction necessary for the Toll Road both locally and from the global access of its shareholders. On its own, JIO maintains an Integrated Management System that is certified to quality ISO 9001:2015 and environmental ISO 14001:2015 standards. Through VINCI, the JIO benefits from extensive experience in the development and operation of infrastructure projects around the world.
- **Attractive return on Investment.** An investment in the Company based on the current offer price is expected to yield an Internal Rate of Return (IRR) of 13% – 14%. This is above the benchmark for brownfield toll roads which ranges from 8% – 12% based on industry studies[2].

[2] Source: JP Morgan Asset Management March 31, 2015 and UBS – Power, Utilities and Infrastructure, Indicative Returns, November 2019

- **Brownfield business model with limited construction, operational and liquidity risk going forward.** It is a mature toll road with no major mandatory capital expenditures apart from periodic maintenance as required under the concession agreement. Therefore, any excess cash subsequent to satisfying the Company's financial obligations for debt and operations may be available for distribution to investors. In addition, the Company has limited liquidity risk as a result of its toll collection system. On average, approximately 70.0% of its toll collections are collected in cash and approximately 30.0% are collected via pre-paid electronic toll collection.
- **Medium to long-term objectives of the Company.** TJH will in due course explore other areas of the concession such as secondary developments (including housing) near the highway. Furthermore, the Company intends to reorganise itself into a group of companies to take advantage of regional opportunities in construction and other infrastructure.

Use of Proceeds

NROCC, with the approval of the Government, is undertaking this Offer for Sale to generate funds which NROCC intends to use to:

a. pay for the Offer for Sale & Listing Expenses;
b. repay the debt in respect of the Bridge Notes, the proceeds of which were used to purchase the TJH Shares from the previous shareholder. One of the primary objectives of this Offer for Sale is to facilitate the achievement of the Government's strategic objective to promote **direct public ownership by ordinary Jamaicans of key strategic assets of the country.** To facilitate this, NROCC accessed a short-term bridge facility by way of an exempt distribution of notes ("the Equity Bridge Notes") arranged by NCBCM.
c. NROCC and the Ministry of Finance & the Public Service will decide on how the balance is to be utilized.

Dividend Policy

We understand that the Company will pursue a dividend policy that addresses the Company's working capital needs, any other investment needs in accordance with the Concession Agreement, good practices, the Companies Act and the various covenants arising from its existing and future debt obligations. Based on this policy, the Company is projecting dividend yields (based on the Offer Price) ranging from:

- Average of 5.3% to 8.7% in 2020-2025
- Average of 24.5% to 35.8% thereafter
- Overall average of 18.8% to 27.8% for the total period of 2020-2036

How to Purchase Shares

Those investors who are interested in purchasing Shares should read this Offer for Sale in its entirety inclusive of the full terms and conditions of the Offer for Sale set out in **Section 6** and the **Risk Factors in Section 19** and then complete the Application process online as set out in Appendix 1 hereof.

NROCC is pleased to offer to you shares in a company that has contributed significantly to national development and is a key part of the Government of Jamaica's 2030 development goals. You are being invited to participate in the commercial activities of the Company and to derive the benefits from the investment solicited by the Offer for Sale in this Offer for Sale.

Yours sincerely,

On behalf of NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED,

Phillip Henriques
Chairman

- section IV -

DEFINITIONS

AADT	means Annual Average Daily Traffic
Act	means the Companies Act, 2004
Applicant	means a person (being an individual or a body corporate, whether a Reserved Share Applicant, or a member of the general public) who submits an Application in accordance with the terms and conditions of this Offer for Sale
Arranger	means NCB Capital Markets Limited ("NCB Capital Markets"), a securities dealer, duly licensed under the laws of Jamaica, with offices at "The Atrium", 32 Trafalgar Road, Kingston 10, Jamaica
Auditor's Report	means the report of Ernst & Young, Jamaica, Chartered Accountants set out in **Sections 14 and 20**
Board of Directors	the Board of Directors of the Company or, where the context so permits, any Committee of the Board of Directors, details of which are set out in **Section 13** of the Offer for Sale
Brownfield Investment	means an infrastructure investment or project that is already in place and operational
Bottom Up	means that all Applications (large or small) up to the first 10,000 Shares will be met. Applications in excess of 10,000 will then be met in similar fashion in increments of 10,000 until all Applications are met or all the Shares are allocated. Notwithstanding the foregoing NROCC reserves the right to make adjustments to the general allocation policy to ensure fair and equitable allocation with an emphasis on a wide distribution of the Shares especially among Retail Applicants
Capped Toll Level	means the maximum rate that can be charged by TJH at any time, calculated as the Initial Toll Level adjusted by the escalation formula in Schedule 15 (Tolling Policy) of the Concession Agreement
CAGR	means Compound Annual Growth Rate
Co-Broker	means JMMB Securities Limited ("JMMBSL"), a securities dealer, duly licensed under the laws of Jamaica, with offices at 6 Haughton Avenue, Kingston 10, Jamaica
Collection Agent	means Paymaster Limited
Collateral	means substantially all the assets of TJH that are pledged as security for the Notes
Company or TJH	means Transjamaican Highway Limited, a company duly incorporated under the Laws of Jamaica, bearing company number: 64928 and whose registered office is located at 2 Goodwood Terrace, Kingston 10, Jamaica
Companies Act	means the Companies Act, 2004 as amended from time to time
Concession Agreement	means the Concession Agreement signed between TJH and NROCC for the development, operation, and maintenance of the Toll road between Kingston and May Pen, and Kingston and Portmore. This was further restated and amended on or about 29 January 2020

Concession Companies	means the parties involved in the development, operation, and maintenance of the TJH Concession, being: a. National Road Operating and Constructing Company Limited; b. Transjamaican Highway Limited; and c. Jamaican Infrastructure Operator Limited
Concession Term/ Concession Period	means a period of 35 years under the Concession Agreement commencing November 21, 2001 and ending November 21, 2036
Closing Date	means the date on which the Offer for Sale closes, being 4:30 p.m. on 9 March 2020 or such earlier or later time, as the case may be
CPI	means Consumer Price Index, which is a measure of the average change in prices over time that consumers pay for a basket of goods and services, commonly known as inflation
Directors	means the directors (including any alternate director) of the Company as at the date of this Offer for Sale
ECA Financing	means Funding provided under an 18 February 2011 common loan term agreement by the European Investment Bank (”EIB”), Inter-American Development Bank (”IDB”), International Finance Corporation (”IFC”) and Société de Promotion et de Participation pour la Coopération Economique S.A. (”Proparco”)
EBITDA	means Earnings before Interest, Tax, Depreciation and Amortization
eTag Customers	means Customers owning an electronic tag for Highway 2000 East-West as at February 14, 2020
Equity Bridge Notes	means a short-term bridge facility by way of an exempt distribution of notes in the aggregate sum of US$72,000,000 granted to NROCC and arranged by NCB Capital Markets Limited to facilitate NROCC’s purchase of TJH’s Ordinary Shares
FY	means financial year ending December 31
FSC	means the Financial Services Commission of Jamaica
GCT	means General Consumption Tax which is valued added tax on consumption and levied at a rate of 16.5%.
GOJ or the Government	means the Government of Jamaica
GDP	means Gross Domestic Product
Highway 2000	means the road infrastructure development comprising Highway 2000 East-West and Highway 2000 North-South
Highway 2000 East-West	means the toll road between Kingston and May Pen, and Kingston and Portmore
Highway 2000 North-South	means the toll road connecting Kingston to Ocho Rios

Historical Financial Data	means the figures set out in **Sections 14, 15 and 20,** including those extracted from the audited financial statements of the Company for each of the financial reporting periods ended December 31 in the years 2014 to 2018, the Unaudited Financial Statements of the Company in respect of the period of the nine (9) months to September 30, 2019
Initial Toll Level	means the toll level set in J$ in January 2001 for Class 1 vehicles
IFRS	means International Financial Reporting Standards
IRR	means Internal Rate of Return
JCSD	means the Jamaica Central Securities Depository Limited
J$/JMD	means Jamaican Dollar
JIO (or the Operator)	means Jamaican Infrastructure Operators Limited, operators of Highway 2000 East-West tolled roadways developed by TJH
JSE	means the Jamaica Stock Exchange
Lead Broker	means NCB Capital Markets Limited ("NCB Capital Markets"), a securities dealer, duly licensed under the laws of Jamaica, with offices at "The Atrium", 32 Trafalgar Road, Kingston 10, Jamaica
Main Market	means the JMD Main Market and the USD Main Market, both of the JSE
NCB Syndicated Bridge Loan Facility	means a syndicated loan facility Lead arranged by NCB Capital Markets Limited and Co-arranged and managed by the National Commercial Bank Jamaica Limited ("NCBJ") for an aggregate principal sum of US$133,622,000 granted to TJH under a Syndicated Loan Agreement dated December 6, 2019 for the purposes of repaying the ECA Financing
The Notes	means Fundraising being undertaken pursuant to the U.S. Securities Act, which will be used to among other things to repay the NCB Syndicated Bridge Loan Facility and NROCC Bridge Loan
NROCC	means National Road Operating and Constructing Company Limited
NROCC Bridge Loan	means a promissory note in the aggregate principal sum of US$16,378,000 granted to TJH by NROCC on 20 December 2019 for the purposes of repaying the ECA Financing. This facility expires on 20 December 2020
NROCC Directors	means the directors, for the time being, of NROCC
Offer for Sale	means the invitation to Applicants to purchase 8,000,000,000 Shares on the terms and conditions set out in **Section 6** of the Offer for Sale
"Offer for Sale is Successful"	means the Offer for Sale raises at least J$8,983,210,125 or US$63.75 million from subscriptions by Applicants (including, if applicable, the Underwriter in satisfaction of its underwriting commitment described under the "Statutory & General Information" at **Section 22** below) by the Closing Date

O&M Agreement	means the Operation & Maintenance Agreement between JIO and TJH
Opening Date	means the date on which the Offer in respect of the Offer for Sale opens, being 9:00 a.m. on 17 February 2020
Phase 1C	means proposed section of Highway 2000 spanning 28km from May Pen to Williamsfield
PPP	means Public Private Partnership
Prospectus	means this document, which constitutes an Offer for Sale for the purposes of the Companies Act, 2004 and the Jamaica Securities Act
Proparco	means Société de Promotion et de Participation pour La Coopération Economique, a development agency majority-owned by Agence Française de Developpment (the French Development Agency) and headquartered in Paris, France
Preference Shares	means the 8.0% J$ cumulative redeemable preference shares in the capital of the Company as described in **Section 10**
Purchase Price	means J$1.41 per Share or US$0.01 per Share
Public Sector Employees	means a person employed by any Ministry or central government department or local government body, or any public body (as defined under the Public Bodies Management and Accountability Act), or any executive agency (as defined under the Executive Agencies Act) or any school or educational institution under the administrative control of the Government
Registered Pension Fund	means a superannuation fund approved by FSC approved retirement scheme
Registrar and Transfer Agent	means the Jamaica Central Securities Depository Limited or such other person as may be appointed by NROCC from time to time to provide to NROCC registrar and paying agency the services of registrar and paying agent for NROCC
Reserved Shares	means up to 5,362,962,963 Shares in the Offer for Sale which are specifically reserved for application from, and purchase by, the Reserved Share Applicants at the Purchase Price
Reserved Share Applicants	means the persons (as referred to herein) who are entitled to purchase Reserved Shares in their respective categories, namely: a. Employees of the Concession Companies b. eTag Customers c. Public Sector Employees d. Underwriters e. Registered Pension Funds
Selling Agents	means the following companies: a. Barita Investments Limited b. Victoria VM Wealth Management Limited c. Proven Investments Limited d. Scotia Investments Limited e. Sagicor Investments Limited f. Stocks and Securities Limited g. Mayberry Investments Limited h. MVL Stockbrokers Limited i. JN Fund Managers Limited j. Jamaica Money Market Brokers Limited

	Contact information for the respective Selling Agents can be found in Appendix 6. A list of Selling Agents and Collection Agent will be published on the NCBCM's (https://ncbcapitalmarkets.com), JMMB's (https://jmmb.com) and NROCC's website (https://h2kjamaica.com.jm/home).
Sale Shares	means the 8,000,000,000 Ordinary Shares of no-par value in the capital of the Company, offered by NROCC for purchase in the Offer for Sale on the terms and conditions set out in this Offer for Sale, and the expression "Shares" shall include the Reserved Shares where the context permits
Shareholders	means for the purpose of this Offer for Sale means the holders of ordinary shares in the capital of the Company prior to their conversion to stock units and thereafter the holder of stock units in the capital of the Company
Shares (and Ordinary Shares)	means the Ordinary Shares of no-par value in the capital of the Company, inclusive of the 8,000,000,000 Sale Shares that are now offered for sale by NROCC pursuant to this Prospectus
Steer Davies Gleave Incorporated ("Steer")	means Independent Traffic Consultants to TJH
Terms and Conditions of the Offer for Sale	means the terms and conditions for Applicants set out in **Section 6** of the Prospectus
Toll Road	means Highway 2000 East-West
The Toll Agency (The Toll Authority)	means the body responsible, under the Toll Road Act, for regulating the operations and maintenance of toll roads and monitoring the compliance of the concessionaires.
Unaudited Financial Statements	means the unaudited financial statements of the Company for 3rd Quarter ended September 30, 2019 that are set out in **Sections 15 and 20** of the Prospectus
The Upsized Share Block	means an additional 2,000,000,000 Shares in the capital of the Company that could be made available to purchasers in the Offer for Sale
Underwriter	Means: a. NCB Capital Markets Limited, 32 Trafalgar, Kingston, Jamaica duly registered as an underwriter under the Jamaica Securities Act. b. Jamaica Money Market Brokers Limited ("JMMB"), a securities dealer, duly licensed under the laws of Jamaica, with offices at 6 Haughton Avenue, Kingston 10, Jamaica
US$/USD	means United States Dollar
2019 Bridge Loans	means the NCB Syndicated Bridge Loan Facility and the NROCC Bridge Loan

- section V -

DISCLAIMER

FORWARD-LOOKING STATEMENTS

Save for the Historical Financial Information contained in this Prospectus, certain matters discussed in this Prospectus, contain forward-looking statements including but not limited to use of proceeds, future plans or future prospects and pro-forma financial information. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although the Directors of NROCC and Independent Traffic Consultants, Steer 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" 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 NROCC, and prior to the admission of the Company to the Main Market, NROCC and Steer, undertake 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 disclosures 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 NROCC and Steer's control. These factors include, without limitation, the following:

- Economic, social and other conditions prevailing both within and outside of Jamaica, including actual rates of growth of the Jamaican, regional and global economies, instability, high domestic interest rates or exchange rate volatility;
- Adverse climatic events and natural disasters;
- Changes in any legislation or policy adversely affecting the revenues and/or expenses of the Company;
- Actual or perceived deficiencies in the Company's services, unfavourable market receptiveness to the Company's strategic business plan or its line of services, or the availability or relative attractiveness of competitors' alternative services. Changes in any legislation or policy adversely affecting the revenues or expenses of the Company;
- Any other factor negatively impacting on the realisation of the assumptions on which the Company's forward-looking statements are based;
- Other factors identified in this Prospectus; and
- Other factors not yet known to NROCC or Steer.

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.

Recipients are advised to read carefully this Prospectus in its entirety before making an investment decision about the transactions herein. **Each recipient's attention is specifically drawn to the Risk Factors in Section 19 of this Prospectus and the disclaimers at the beginning of this Prospectus.**

- section VI -

THE OFFER FOR SALE

GENERAL INFORMATION

NROCC is seeking to raise up to J$11,280,000,000 or US$80,000,000 from the sale of 8,000,000,000 Sale Shares in this Offer for Sale at the Purchase Price of J$1.41 or US$0.01 per Share.

Up to 5,362,962,963 of the Sale Shares are Reserved Shares that are specifically reserved for application from, and purchase by, the Reserved Share Applicants. Any Reserved Shares not taken up by the Reserved Share Applicants shall be made available for allocation upon applications from, and purchase by, the general public.

Further, NROCC has reserved the right to "upsize" the Offer by offering an additional 2,000,000,000 Shares in the capital of the Company to purchasers in this Offer for Sale at the Purchase Price of J$1.41 or US$0.01 per Share. If the Offer is "upsized" then shares will be allocated on a pro rata basis to all investors.

If not less than 6,375,510,000 Sale Shares are purchased by successful applicants, then TJH has undertaken that it will make an application to the JSE for the Shares to be admitted to the US$ Main Market and cross-listed on the J$ Main Market. If the application is successful, it is anticipated that the Shares will be admitted to trading within twenty-one (21) days of the Closing Date.

In the event that the Shares are not admitted to trade on the JSE Main Markets, all applications will be cancelled, and applicants will be refunded all payments made in relation thereto.

Prospective investors should read this Prospectus in its entirety before making decisions to apply for Shares. Those prospective investors who wish to apply for Shares should also refer to the full terms and conditions set out in this Section 6 before completing an Application to purchase.

MINIMUM FUNDRAISING

The shares are not being offered for subscription by the Company and instead they are offered by way of secondary sale by NROCC. Accordingly, paragraph 2 of Part I of the Third Schedule to the Companies Act, 2004 does not apply. Nevertheless, NROCC has determined that minimum amount required to be raised out of the proceeds of the Offer for Sale to satisfy certain contractual obligations of NROCC is US$63,750,000 or the Jamaican currency equivalent. If that minimum amount is not raised, NROCC will withdraw the Offer for Sale. The Offer for Sale is underwritten up to the minimum amount mentioned above.

USE OF PROCEEDS

NROCC intends to use part of the Offer for Sale proceeds to pay for the i) Offer for Sale and Listing Expenses and ii) to redeem the Equity Bridge Notes the proceeds of which were used to purchase the Shares in TJH from the previous ordinary shareholders of the Company. NROCC and the Ministry of Finance and the Public Service will decide on how the balance is to be utilised.

NROCC estimates that the expenses in the Offer for Sale and Listing Expenses will not exceed US$4,500,000 (J$634,500,000) (inclusive of financial advisory, lead brokerage and arranger fees, underwriting fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty and transfer tax, initial listing fees, marketing expenses, and exclusive of GCT where applicable).

Assuming all categories of Shares in the Offer for Sale are fully purchased, the expected proceeds and uses are as follows:

USES	AMOUNT (US$)	AMOUNT (J$)
Offer for Sale & Listing Expenses	4,500,000	634,500,000
Repayment of Equity Brigde Notes the proceeds of which were used to purchase the TJH Shares from the previous shareholder	72,000,000	10,152,000,000
NROCC and the Ministry of Finance & the Public Service will decide on how the balance is to be utilised.	3,500,000	493,500,0000
Total	**80,000,000**	**11,280,000,000**

KEY DATES

DESCRIPTION	DATES
Prospectus Publish Date	On or about 3 February 2020
Roadshow	7 February 2020 - 14 February 2020
Opening Date	17 February 2020
Closing Date	9 March 2020
Announcement of basis of allocation	Within 6 days of the Closing Date
Allocation and refunds	Within 10 days of the Closing Date
Expected commencement of trading (if the Offer for Sale is successful)	Within 30 days of the Closing Date
Expected dispatch of investor statements and any refund if required	Within 10 days of the Closing Date
Normal trading of shares	Within 45 days of the Closing Date

TERMS AND CONDITIONS FOR APPLICANTS

1. All Applicants (whether Reserved Share Applicants or members of the general public) must submit an Application for this Prospectus. Reserved Share Applicants must indicate their status when applying and verifiable proof of such status must be attached.
2. All Applicants will be deemed to have accepted the terms and conditions of the Offer for Sale and any other terms and conditions set out in this Prospectus, including any terms and conditions set out in this **Section 6** and **Appendix 1.**
3. Each Applicant acknowledges and agrees that:
   a. he/she/it has been afforded a meaningful opportunity to review the Prospectus (including the **Risk Factors set out in Section 19** and terms and conditions set out in this **Section 6**), and to gather and review all additional information considered by him/her/it to be necessary to verify the accuracy of the information contained in this Prospectus;
   b. he/she/it has not relied on NROCC or any other connected persons in connection with his/her investigation of the accuracy of such information or his/her/its investment decision; and
   c. no person connected with NROCC has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her/its Application.

Applicants from the general public must be for a minimum of 1,000 Shares and amounts over that shall be in increments of 1,000 Shares for J$ applications. Investors applying for shares in US$ must apply for a minimum of 100,000 Ordinary Shares and amounts over that shall be in increments of 10,000 Ordinary Shares. Applicants from the general public in other denominations will not be processed or accepted. Applicants from the general public in excess of 1,000 but which are not in increments of 1,000 will be accepted to the nearest 1,000 Shares and any excess application sum will be refunded without interest.

4. The full amount payable for the Shares for which you are applying (being the number of Shares, multiplied by the Purchase Price per Share) must be paid in USD or JMD using one of the following options for each currency.

Payment Information – Lead Broker

Payments in JMD

i. By Real Time Gross Settlement System ("RTGS System") or Automated Clearing House ("ACH") for amounts below J$1,000,000.00 to the Broker using the following information, and evidence of such payment uploaded to GoIPO or any other digital platform:

NCB CAPITAL MARKETS LIMITED

1. Bank: National Commercial Bank Jamaica Limited ("NCBJ")
2. BIC: JNCBJMKX
3. Branch: 1-7 Knutsford Boulevard (New Kingston)
4. Account Name: NCB Capital Markets Limited
5. Beneficiary Address: NCB Atrium, 32 Trafalgar Road, Kingston 10
6. Account number: 291024688

(Transjamaican Highway Limited: Please include the applicant's name, account number, GoIPO reference number and JCSD account number and TRN in the transaction details of the RTGS or ACH)

ii. Applicants who have an NCBJ bank account may use NCBJ online or do a direct deposit in an NCBJ branch using the above banking information and evidence of such payment uploaded to GoIPO.

iii. Applicants who have an investment account with the Lead Broker (i.e. NCB Capital Markets Limited) may indicate to the Lead Broker when applying that the Lead Broker applies funds standing to the credit of such Applicant against the Offer for Sale price payable for Shares proposed to be purchased.

iv. Payment may also be made via a J$ Manager's Cheque drawn on a Jamaican commercial bank made payable to the Broker and will be accepted only in respect of payments less than J$1,000,000.00.

Payments in USD

i. For wire transfers to the Lead Broker, use the following information, and include evidence of such payment in your GoIPO application:

1. Intermediary Bank: Bank of New York
2. Intermediary Bank Address: 1 Wall Street, New York, NY 10265
3. ABA#: 021-000-018 OR
4. Swift Code: IRVTUS3N
5. Beneficiary Bank Name: National Commercial Bank Jamaica Limited
6. Beneficiary Bank Account: 8033407727
7. Beneficiary Name: NCB Capital Markets Limited
8. Beneficiary Account Number: 291024696

ii. Applicants who have an NCBJ USD bank account may use NCBJ online or do a direct deposit in an NCBJ branch using the below banking information and evidence of such payment attached to their application.

NCB CAPITAL MARKETS LIMITED

1. Bank: National Commercial Bank Jamaica Limited
2. BIC: JNCBJMKX
3. Branch: 1-7 Knutsford Boulevard (New Kingston)
4. Account Name: NCB Capital Markets Limited
5. Beneficiary Address: NCB Atrium, 32 Trafalgar Road, Kingston 10
6. Account Number: 291024696

iii. Applicants who have an investment account with the Lead Broker (i.e. NCB Capital Markets Limited) may indicate to the Lead Broker when applying that the Lead Broker applies funds standing to the credit of such Applicant against the Offer for Sale price payable for Shares proposed to be purchased.

iv. Payment may also be made via a US$ Manager's Cheque drawn on a Jamaican commercial bank made payable to the Lead Broker.

PAYMENT INFORMATION CO-BROKER

RTGS and ACH TRANSFER DETAILS FOR JMMB CLIENTS ONLY	
RTGS – RETAIL AND CORPORATE CLIENTS	**ACH TRANSFER**
Beneficiary Bank: JMMB Bank	Beneficiary Bank: JMMB Bank (Jamaica) Limited
Beneficiary Bank's BIC: JMJAJMJN	Beneficiary Bank's Address: 6- 8 Grenada Way, Kingston 5 (Head Office)
Account name: JMMB Investments	Beneficiary Transit number: 00002-062
Account Number: 0002000152396	Beneficiary: (insert primary applicants name/TJH Offer for Sale)*
Payment Details: (insert primary applicants name/JMMB EMMA account number/TJH Offer for Sale)*	Account Number:(insert JMMB EMMA account number)*
A RTGS fee of J$250.00 is to be added to the subscription amount	Type of Account: Checking

After the transfer is completed, please send an email to centralized_processing@jmmb.com with details of the transfer (i.e. TJH Offer for Sale Applicants Name, Date of Transfer, Amount Transferred, EMMA account to be credited & Transaction Reference No.)

5. Where you make an Application through a Selling Agent (see list on page 21 and contact details in Appendix 6) such Selling Agent will agree the payment method with you. If you already have an account with your Selling Agent such Selling Agent may agree to debit your account with the purchase price or may take payment by cheque or other payment method.

6. All Shares in the Offer for Sale are priced at the Purchase Price of J$1.41 or US$0.01 per Share.

7. By submitting an Application each Applicant agrees to take up and pay for the number of Shares applied for or such lesser number of Shares as may be allocated to him by NROCC pursuant to the terms and conditions set out in this Prospectus.

8. Applications submitted in advance of the Opening Date with the exception of anchor investors (early applications) will be received but not processed until the Opening Date. All advance applications will be treated as having been received at 9:00 a.m. on the Opening Date, 17 February 2020, and shall be processed pro rata. Applications received from 9:00 a.m. onwards on the Opening Date and up to the Closing Date will be processed pro rata.

9. For the purposes of Paragraph 7 above, the Directors of NROCC, in their sole discretion, may:

   a. Accept or reject any Application in whole or part without giving reasons, and neither NROCC nor the Directors shall be liable to any Applicant or any other person for doing so; and
   b. Allocate Shares to Applicants on a basis to be determined by it in its sole discretion. Multiple applications by any person (whether in individual or joint names) may be treated as a single application.

10. Neither the submission of an Application by an Applicant nor its receipt by NROCC will result in a binding contract between the Applicant and NROCC. Only the confirmation of receipt of an application for Shares by the Registrar on behalf of NROCC to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract and the Applicant will be deemed to have agreed to purchase the number of Shares applied for or such lesser number may be allocated to him at the Purchase Price, subject to the Articles of Incorporation and the terms and conditions set out in this Prospectus.

11. If the Offer for Sale is successful in raising at least J$8,983,210,125 or US$63,750,000 as per Rule 402 of the Jamaica Stock Exchange Main Market Rules, and the Shares are admitted to trade on the Main Market, successful Applicants will be allocated Shares for credit to theiraccount in the Jamaica Central Securities Depository. Applicants may refer to the informational notice that will be posted on the website of the JSE (www.jamstockex.com) after the Closing Date.

12. With respect to refunds that are for non-NCB Capital Markets Limited customers, NROCC will endeavor to make refunds to your respective brokers for the amounts refundable to Applicants whose applications were not accepted, or whose applications are only accepted in part, within ten (10) days after the Closing Date or as soon as practicable thereafter. In the case of NCB Capital Markets Limited customers, NROCC will endeavor to make refunds to your NCB Capital Markets Limited brokerage account for the amounts refundable to Applicants whose applications were not accepted, or whose applications are only accepted in part, within ten (10) days after the Closing Date (or the extended Closing Date, as the case may be) or as soon as practicable thereafter.

13. Applicants must be at least eighteen (18) years old. However, Applicants who have not yet attained the age of eighteen (18) years, may apply jointly with Applicants who are at least eighteen (18) years of age.

14. Contact Information for Key Personnel in the Offer for Sale:

   a. **NCB Capital Markets Limited**, "The Atrium", 32 Trafalgar Road, Kingston 10: **Mr. Herbert Hall,** Vice President Investment Banking, 876-935-2238
   b. **JMMB Securities Limited,** 6 Haughton Terrace, Kingston 10: **Mr. Karl Townsend,** Chief Country Officer-Capital Markets Unit, Jamaica, 876-704-6520

- section VII -

HIGHWAY 2000

Highway 2000 is one of Jamaica's Millennium Projects[3] and involves the construction of a multi-laned tolled highway and is expected to link Kingston to Montego Bay, through the Parishes of Kingston and St. Andrew, St. Catherine, Clarendon, Manchester, St. Elizabeth, Westmoreland and St James. Highway 2000 will also connect Bushy Park and Ocho Rios, traversing the parishes of St. Catherine and St. Ann.

The total length of the highway will be approximately 230 km, with an anticipated right-of-way of 100m. The Highway 2000 Project was originally conceived to:

- Connect the Northern and Southern coasts and thus major cities across Jamaica;
- Expand tourism to the rest of the island by linking major attractions; and
- Boost economic growth.

NROCC, incorporated on 2 February 1995, is a wholly owned Government Company formed under the Companies Act and has responsibility for ensuring the implementation of Highway 2000. Highway 2000 is being implemented under a Public Private Partnership (PPP) framework and has two main segments.

- the East-West Highway ("Highway 2000 East-West"), concession awarded to TJH in an international tender in 2001.
- the North-South Link ("Highway 2000 North-South"), concession awarded to China Harbour Engineering Company Ltd. ("CHEC") in 2011 under a private initiative format.

At a total cost to date of approximately US$1.3 billion, Highway 2000 remains the largest infrastructure project ever implemented in Jamaica.

IMPLEMENTATION

The construction of Highway 2000 was divided into two phases: Phase 1 and Phase 2.

- Phase 1 was divided into three sub-phases: (i) Phase 1A (a 32.9-km-long road between Kingston and Sandy Bay; a 6.5-km-long road between Kingston and Portmore - Portmore Causeway), (ii) Phase 1B (a 10.5-km-long road between Sandy Bay and May Pen) and (iii) Phase 1C (a 28.0-km-long road between May Pen and Williamsfield).
- Phase 2 was divided into two sub-phases: (i) Phase 2A (a 66.1-km-long road between Spanish Town and Ocho Rios) and (ii) Phase 2B (an approximately 80-km-long road between Williamsfield and Montego Bay).

On 21 November 2001, NROCC granted TJH the right to design, build, operate and maintain Phase 1 of the Highway 2000 pursuant to a Concession Agreement. Additionally, in accordance with the initial terms of that Concession Agreement, TJH had the right of first refusal to design, build, operate and maintain Phase 2 of Highway 2000. This right for Phase 2A, which was not exercised by the Company, expired on January 28, 2011. In addition, the rights for Phase 1C and Phase 2B have expired under the Concession Agreement.

NROCC granted CHEC the right to design, build, operate and maintain Phase 2A under a concession agreement dated as of 21 June 2012, between NROCC and Jamaica North South Highway Company Limited for the North-South Highway. Seperately, NROCC granted CHEC a contract to build Phase 1C with NROCC as the Developer. The construction of Phase 1C is scheduled to start in 2020 and is expected to be completed by 2022. As of the date of this Prospectus NROCC has not engaged any third-party for purposes of designing, building or operating or maintaining the Phase 2B road between Williamsfield and Montego Bay.

THE CONCESSION AGREEMENT

The original concession agreement between NROCC and TJH was dated 21 November 2001. It covered the following Phases of Highway 2000; namely:

a. Phase 1A (Kingston to Sandy Bay);
b. Phase 1B (Sandy Bay to Williamsfield);
c. Phase 2A (Spanish Town to Ocho Rios (right of first refusal only); and
d. Phase 2B (Williamsfield to Montego Bay Phase 2B (right of first refusal only).

The Concession Agreement was amended and restated on 28 January 2011 (the First Amended and Restated Concession Agreement) to:

a. redefine Phase 1B as Sandy Bay to May Pen and introduce Phase 1C as May Pen to Williamsfield;
b. to recognize the change in the funding to develop Phase 1B of the Concession;
c. recognize the expiration of the right of first refusal in respect of Phase 2; and
d. the surrender of the right to execute, manage and operate Phase 1C.

[3] Source: NROCC, Caribbean Development Bank – Highway 2000 Case Study

The Second Amended and Restated Concession Agreement was amended and restated as of 29 January 2020 to:

a. waive any claim or right to compensation by TJH in respect of the widening of Nelson Mandela Highway and the completion and commissioning of the North-South Highway (Phase 2A);
b. acknowledge waiver of the right of first refusal by TJH to implement Phase 2B;
c. remove the right to compensation from the Grantor for Developer default;
d. grant a right of first refusal to TJH to manage and operate Phase 1C on completion as part of its concession;
e. grant an option to renew the Concession Agreement for a further 35 years on certain terms and conditions including payment of a renewal concession fee to be determined in accordance with an agreed regime;
f. Acknowledge, for the avoidance of doubt, that routine and periodic maintenance of roads within the Relevant Transport Corridors, even if the result is to increase the speed limits on such roads, will not trigger a right to compensation payment under the Concession Agreement; and
g. Permit the transfer of shares in TJH (A) pursuant to any charge over shares granted to secure the NCB Syndicated Bridge Loan Facility and/or the Notes or (B) pursuant to trading on the JSE or on any recognised Stock Exchange.

HIGHWAY 2000 EAST WEST

Breakthrough Private Investment in Jamaica Leading the way for Future Infrastructure Developments.

Highway 2000 East-West was the first toll road in Jamaica. The current traffic levels confirmed the viability of this self-sustaining project and that in appropriate circumstances consumers are willing to pay for quality services. The success story of the Highway 2000 East-West concession spurred international interest in the Jamaican infrastructure. During the past decade, foreign investment has been channelled into Jamaica's infrastructure, specifically in the toll road, airport and sea port assets.

Objectives
The Company's primary objectives in the development and operation of Highway 2000 East-West are to:

- Serve as a catalyst for economic activity
- Provide direct and efficient links between the major economic center and reduce congestion on the existing road system
- Increase motorist safety and reduce vehicle operating costs through the use of higher standards of highway design
- Reduce population pressures on the major urban centers and facilitate commuting from suburban and rural areas

Highway 2000 East-West has provided Jamaica with the following benefits so far:

Improved Logistics Connectivity

Highway 2000 East-West serves as the main link between Jamaica's highly populated industrial centre (the Corporate Area of Kingston and Saint Andrew) and the neighboring parishes. It is the only toll road concession covering a route comprised of the most densely populated parishes in Jamaica, namely St. Andrew, St. Catherine and Clarendon, which comprises about 52.84% of the total Jamaican population according to estimates from STATIN based on data as at 2018.

Highway 2000 East-West has significantly improved logistics connectivity across Jamaica as follows:

- It was designed in accordance with international standards allowing for faster and safer travel.
- Supports road safety by providing a separate and contained environment.

This translates into significant reductions of travel times between destinations as well as lower vehicle maintenance costs and less fuel expenditure. Estimated time saving provided by Highway 2000 East-West are shown below:

Time Savings[4]		AM		PM	
(Minutes)	Via	E/B	W/B	E/B	W/B
May Pen – Spanish Town	A2	46	49	46	48
	T1	25	24	23	23
Difference		21	25	23	25
Spanish Town – Kingston	A1	23	16	19	17
	T1	14	11	11	12
Difference		9	5	8	5

Positive Economic Impact [5]

As one of the largest infrastructure projects to date, Highway 2000 is estimated to have a significant economic impact on Jamaica over the medium and long-term. The Toll Road has played, and will continue to play, an integral role in Jamaica's economic development. As of the date of this Prospectus, the Toll Road is estimated to have resulted in the following benefits:

- Medium term: over US$200 million in nominal GDP, which translates to c.3.0 percentage points increase in real GDP growth;

- Long-term: over US$265 million in GDP; and
  - The development of Highway 2000 is estimated to have attracted a large amount of Foreign Direct Investment into the Jamaican economy.
  - Has created significant direct and indirect employment opportunities during the construction and operation phases.
  - contributed to the urban development of areas west of Kingston, identified as "growth centres" by Jamaica's National Environment and Planning Agency ("NEPA").

- Spurred new investments in secondary towns that are now within commuting distance of the Corporate Area of Kingston and Saint Andrew. For example, May Pen has seen significant population growth over the past decade, with new housing developments being built close to the Highway. This has contributed to the reduction of population pressure on the metropolitan areas and increased traffic on the Toll Road.

SUPPORT VISION 2030 JAMAICA

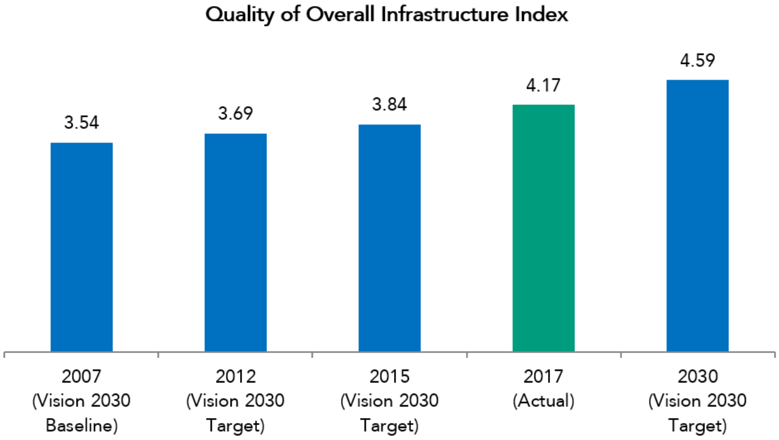
Jamaica's national infrastructure plan, "Vision 2030", states that one of the "National Strategies for Economic Prosperity" involves completing the island-wide highway network and improving the flow of traffic in urban centers.

The development of Highway 2000 East-West has been a key milestone in this process, particularly in the context of fiscal constraints for infrastructure investment following the Global Financial Crisis of 2009. Prior to the development of Highway 2000, Jamaica had experienced an anemic economic growth characterized by "under" investment in infrastructure. After the reengagement of the IMF

[4] TJH: Based on October 2019 data. E/B=East Bound, W/B=West Bound, A1= Mandela Highway, A2 = Negril to Kingston
[5] Highway 2000 project – Phase 1 Summary Project Report July 2002

in 2008, the Government of Jamaica undertook a programme of fiscal rationalization, with an objective of increasing private participation in critical infrastructure.

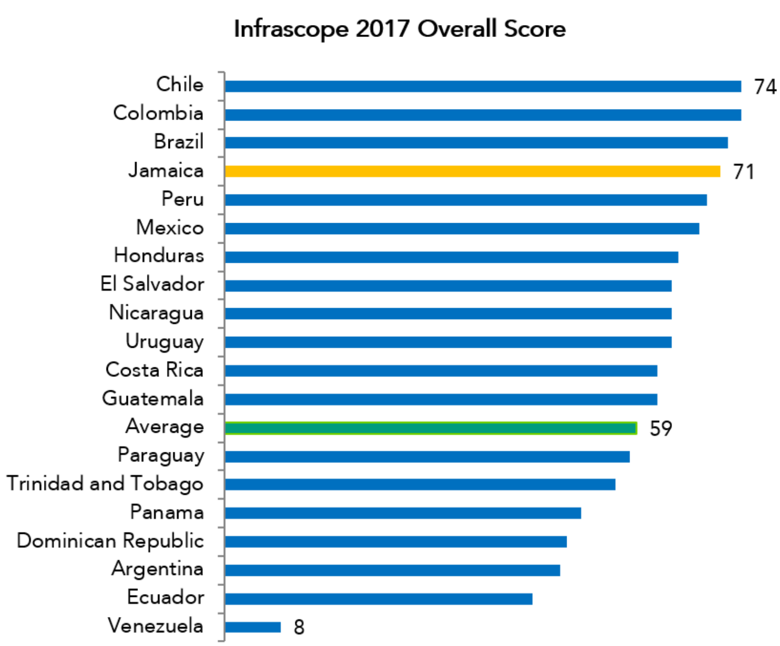
Vision 2030 sets a target to achieve a score equivalent to the lower range of the top 30 countries by 2030. The improvement in infrastructure has allowed Jamaica to move forward in the Global Competitiveness Index [6], from ranking 78th in 2007 to 70th in 2017. The Toll Road has supported, and will continue to support, the country's infrastructure and housing developments, playing a fundamental role in Jamaica's pursuit of achieving certain of its Vision 2030 targets.



Facilitated the creation of an Infrastructure Regulatory Framework

The regulatory improvements required for the development of Highway 2000 allowed Jamaica to create a successful framework for the long-term procurement of infrastructure in the region. Despite lacking an existing regulatory framework for the development of public-private partnerships, the Government of Jamaica seized the opportunity of structuring Highway 2000 as an ideal time to introduce revolutionary changes including: the creation of NROCC, the establishment of the Toll Road Act and subsequently of the Toll Authority Agency.

Jamaica's regulatory overhaul allowed it to create a successful framework for the long-term procurement of infrastructure in the region. The Infrascope Index [7] ranks Jamaica in 4th place in Latin America and the Caribbean in the overall score of the counties with the best framework for the development of PPPs.



[6] Source: Global Competitiveness Index (World Economic Forum), Economist Intelligence Unit
[7] The Infrascope Index is a benchmarking tool that evaluates the capacity of countries to implement sustainable and efficient public-private partnerships ("PPP") in key infrastructure sectors, principally transport, electricity, water and solid waste management.

REGULATORY ENVIRONMENT

The key regulatory bodies / regulations for the Toll Road are summarized below:

AREA	COMMENTARY
NROCC	NROCC's principal business is to represent the Jamaican Government's interest under the toll road concession agreements, which includes monitoring the Company's performance to ensure compliance with the requirements of the Concession Agreement and monitoring any new toll roads added to the network.
The Toll Roads Act	The Toll Roads Act which was passed in February 2002, established the legal framework for the development, financing, construction, operation and maintenance of the toll roads in Jamaica by the private sector. Pursuant to the terms of the Toll Road Act, oversight of toll roads is governed by the Ministry of Transport and Works (the "Ministry"), through the toll authority agency (the "Toll Agency"). Under the Toll Roads Act, concession agreements may be issued to a person authorized by the Ministry to operate and manage a toll road. A concessionaire, depending on the terms of its concession agreement, may also assign or delegate its all or some only of its rights under a concession agreement to a third-party subject to the prior approval of the Minister. A concessionaire must maintain the toll road and comply with design, construction, maintenance and operating standards prescribed by the Ministry.
The Toll Agency (The Toll Authority)	The Toll Authority's function is to (i) regulate the operation and maintenance of toll roads, (ii) monitor compliance of concessionaires, (iii) advise the Ministry on matters of general policy, design, construction, and regulation and (iv) perform any other functions required by the Ministry. The Toll Agency has the right to commence legal proceedings against any person for any offence defined under the Toll Roads Act or its related regulations and may recover damages thereunder.
Toll Orders	The Ministry has authority under the Toll Roads Act to make toll orders (the "Toll Orders"), whereby he can designate any road as a toll road (subject to the public access restriction explained below) and define the terms of concessions offered for the design, construction and maintenance of toll roads. Under the terms of the Toll Roads Act, no road can be designated a toll road where there is no established alternative route accessible to the public. Through Toll Orders, the Ministry can specify, in respect of a Toll Road, the maximum amount of tolls to be levied during a concession period, the duration of any concession period being offered, the location of toll collections points, and the classes of vehicles and persons subject to toll collection. Prior to making a Toll Order, the Ministry shall require a proposed concessionaire to deliver to him such documents as he may deem fit in order to make the Toll Order and he will inform members of the public and any interested group of the proposed Toll Order by publishing notice thereof in a daily newspaper and invite them to make written submissions on the proposed Toll Order.
Toll Regulator	The Ministry may designate a person, group or public body to serve as the Toll Regulator. Concessionaires are required to apply to the Toll Regulator for permission to levy tolls and approval of toll rates. Under the Toll Roads Act, the Toll Regulator must obtain written approval from the Ministry before granting permission to a concessionaire to levy tolls. The Toll Roads Act provides for the Operator to request a variation of the toll rate ("Toll Level") once every twelve months. The application for a variation of the Toll Level is to be made by the concessionaire/developer to the Toll Regulator no later than two months prior to the anniversary of the last adjustment. A copy of this application is sent to the Ministry, NROCC and the Toll Agency.

- section VIII -

THE COMPANY

BACKGROUND AND OVERVIEW

The Company's current business activity is the development, operation and maintenance of the toll road in Jamaica known as the "Highway 2000 East-West" under a concession agreement, between NROCC, as grantor, and the Company as concessionaire. The Concession Agreement was originally dated 21 November 2001 but was amended and restated on January 28, 2011 and again on 29 January 2020 (see further **Section 9**). The original concession term under the Concession Agreement was 35 years commencing 2001 with 16 years remaining in the original agreement. The Amended and Restated Concession Agreement of 2020 grants the Company an option to renew, on certain terms and conditions, for a further 35 years and the Right of First Refusal to fully or partially own and/or operate Phase 1C (see further **Section 9**).

Highway 2000 East-West is a network of Jamaican tolled roadways developed by the Company and operated and managed on behalf of the Company by Jamaican Infrastructure Operator (JIO) under an Operations & Maintenance Agreement (see further **Section 9**). It is the first tolled roadway to be developed in Jamaica. It consists of approximately 49.9 km of roadway connecting (i) the capital city of Kingston with May Pen, with a connection to Spanish Town, through highway T1 (also known as the Kingston – May Pen corridor or the "T1 Corridor") and (ii) the capital city of Kingston with the Portmore (also known as the Portmore Causeway or the Port of Kingston Causeway), the "T2 Corridor".

The first section of the Highway 2000 East-West opened in 2003 and was 13 km in length. The second section was completed between 2004 and 2006. The final 10.5 km-long opened in 2012. The French construction company, Bouygues Travaux Publics, Jamaican Branch (the "EPC Contractor") constructed the Highway 2000 East-West for a cost of approximately US$387 million. No major construction works have been required since 2012 and no additional construction works are required under the terms of the Concession Agreement until the hand back works at the end of the Concession Period.

MISSION AND VISION

Mission Statement: TJH's mission is to leverage its experience in concession and PPP Agreements to provide, operate, and maintain infrastructure solutions using global best practices that create stakeholder value by enabling sustainable economic development throughout the Caribbean.

Vision Statement: To become the most reliable provider of infrastructure solutions in the Caribbean region.

TIMELIME FOR THE DEVELOPMENT OF THE HIGHWAY 2000 EAST WEST CONCESSION

The Toll Road is part of Jamaica's "Highway East-West 2000" infrastructure project. The chart below presents the history of the Toll Road's development.

1998
The Development Bank of Jamaica commissioned a feasibility study for a national highway project. Highway 2000 is identified as one of the "Millennium Projects".

1999
September: Highway 2000 Project was officially launched.
October: Government of Jamaica ("GOJ") issued a Request for Expressions of Interest.

2000
March: GOJ issued a Request for Qualification. Four firms were pre-qualified and were invited to submit bids for the construction of the Project.

2001
May: Due to market feedback, GOJ decided to split the Project into four (4) phases: 1A, 1B, 2A and 2B.

June: Bouygues Travaux Publics was awarded as preferred bidder and incorporated Transjamaican Highways Ltd ("TJH").

November: Project documents, including the Concession Agreement, were executed.

2002
NROCC was established with the purpose of overseeing the development of Jamaica's new highway network.

The Toll Road Act which established the legal framework for the development of toll roads in Jamaica, was enacted.

February: Bouygues Travaux Publics awarded as EPC Contractor.

October: Financial closing and initiation of construction.

2003
September: First leg (13 km) between Bushy Park in St Catherine and Sandy Bay in Clarendon opened.

O&M Agreement signed with JIO.

December: US$130 loan provided by Royal Bank of Trinidad and Tobago

2004
December: Kingston to Bushy Park section (21 km) opened.

2006
July: Government agreed to provide a toll tariff subsidy for the newly opened Kingston—Portmore Causeway (6.5 km).

2008
The toll tariff subsidy for the new Portmore Causeway eliminated

2011
January: The Original Concession Agreement was amended and restated.

February: Refinancing from Multilateral Development Banks successfully closed

NROCC acquired one prefered share in TJH, entitling them to 50% of declared distributions

2012
August: Sandy Bay to May Pen section (10.5km) opens.

2016
July: Mandela Highway widening project commenced. This was completed in 2019.

2020
January: Second Amended and Reinstated Concession Agreement and O&M Agreement executed..

CORPORATE STRUCTURE

Transjamaican Highway Limited is a limited liability company incorporated on November 14, 2001 and domiciled in Jamaica. It has its registered office at 2 Goodwood Terrace, Kingston 10, Jamaica. It has no subsidiaries.
Previously, TJH was owned jointly by Bouygues Travaux Publics, Vinci Construction, IFC, and Proparco, according to the following share ownership:

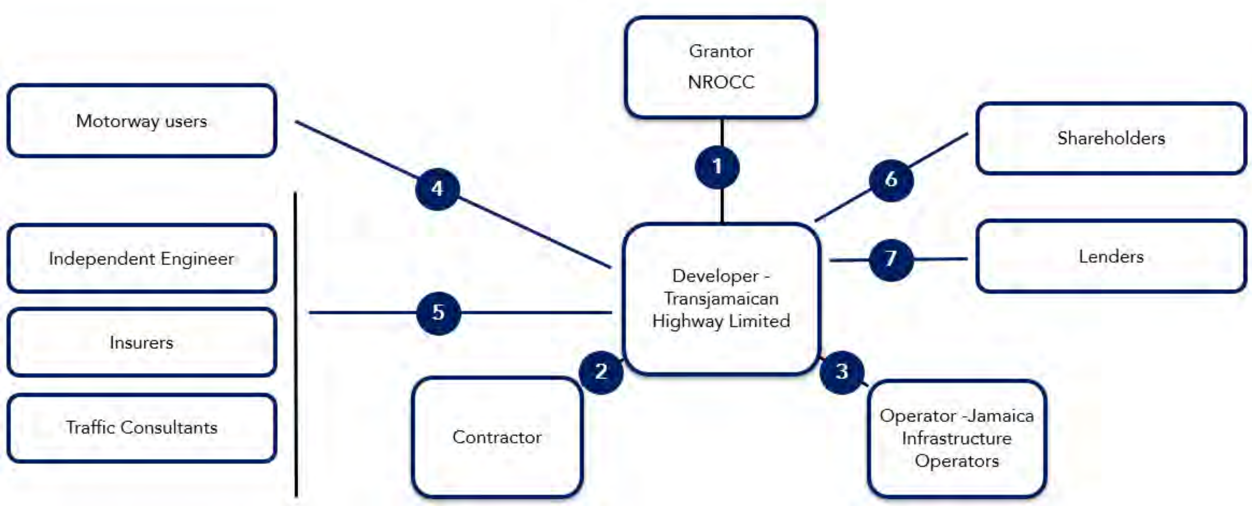
Shareholder	Shareholding
Bouygues Travaux Publics	48.9%
Vinci Construction	25.2%
IFC	17.0%
Proparco	8.9%
Total	**100.0%**

In addition to the above issued Ordinary Shares NROCC also owned a single preference share in the Company, the terms and entitlements of which have been restructured. See further details of the restructuring in Section 10 below.

On 23 December 2019, NROCC acquired one hundred percent (100%) of the issued Ordinary Shares capital of the Company pursuant to the Government of Jamaica objective of facilitating ownership of the Toll Road by the Jamaican public through this Offer for Sale.

TJH CONTRACTUAL STRUCTURE

Shown below are the various parties that are involved in TJH's operations:



KEY

1. The Grantor is NROCC, a wholly owned company of GOJ.
2. The Developer (TJH) is responsible for carrying out major maintenance works on the highway and may hire a Contractor and an Operator to construct and operate the Toll Road.
3. The Operator, Jamaican Infrastructure Operators Limited is contracted to carry out the operations and routine maintenance of the Highway on behalf of TJH pursuant to the O&M Agreement (which was amended & restated on 23 December 2019).
4. Motorway users pay the tolls for use of the highway.
5. The independent consultants to TJH:
   - Independent Engineer (ARUP - provide input on the physical road maintenance and estimates of budget for periodic repairs);
   - Insurers (General Accident Insurance Company Jamaica Limited, as fronting insured for a syndicate of overseas reinsurers) - business interruption, asset insurance, public liability, etc.); and,
   - Traffic Consultants Steer provides traffic consultancy services to TJH.
6. Shareholders own and control the Company and stand to gain a return on their investment from the residual income of the company.
7. Lenders are repaid based on loan agreements, having funded and or re-financed the funding originally applied to fund the construction of the highway (See Section 11).

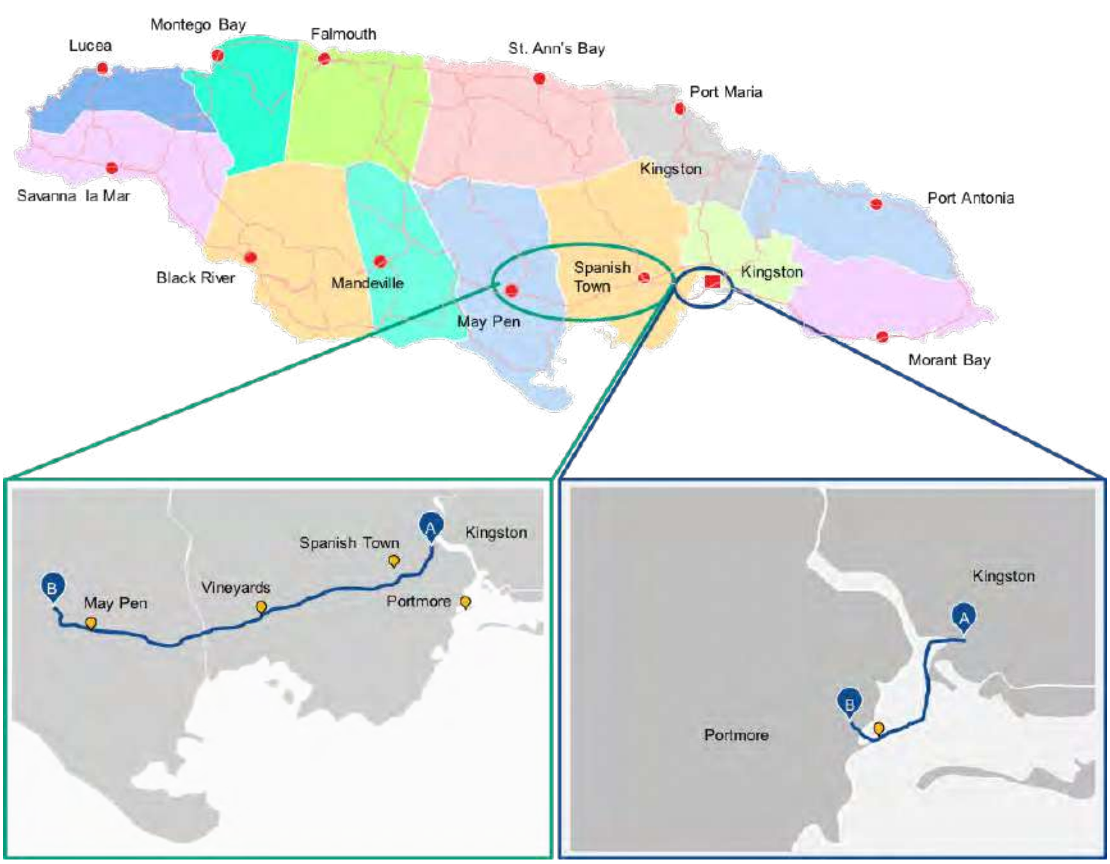
   With the completion of the highway in 2012, the key project Contracts are:
   - The Concession Agreement; and
   - The Operation & Maintenance Agreement.

The above agreements are supported by the GOJ Guarantee, Performance Bonds, and the Implementation Agreement.

TOLL OPERATIONS

The Highway 2000 East-West toll road is comprised of the following two corridors: (T1) the Kingston – May Pen corridor (the "Kingston-May Pen Corridor") and (T2) Kingston – Portmore corridor (the "Portmore Causeway Corridor").

The image below shows the route of the Toll Road:



Kingston-May Pen Corridor (T1)

Long toll road connecting the capital Kingston with the municipality of May Pen, with a connection to Spanish Town. The construction of the Kingston-May Pen Corridor was completed in 3 stages with total cost as follows:

Stages	Date of Completion	Construction Amount (US$'000)
Kingston to Bushy Park (including Spanish Town) to Sandy Bay – Early financial close	December 2004	159,676
Sandy Bay to May Pen	August 2012	135,129
Total		**294,805**

Kingston-Portmore Corridor (T2)

The Kingston-Portmore Corridor is a 6.5-km-long toll road connecting the capital Kingston with the municipality of Portmore. The construction of the Kingston-Portmore Corridor was completed in 2006 at a cost of approximately US$92.195 million. T2 Corridor, also called the Portmore Causeway, begins on Marcus Garvey Drive in Kingston and ends on Dyke Road in Portmore. Dyke Road continues north and links the causeway with the T1 Corridor along the periphery of the heavily populated Portmore area.

Key Metrics of the Toll Corridors
The table below summarizes some of the key metrics for both the T1 and T2 Toll corridors.

Metric Type	T1	T2
Route	Kingston to May Pen (with a connection to Spanish Town)	Kingston to Portmore
Length	43.4 km	6.5 km
Lanes	2 x 2	2 x 3
Structures	9 overpasses, 9 underpasses, 2 pedestrian bridges, 6 interchanges	1 bridge (Hunt's Bay), 3 overpasses, 1 pedestrian bridge
Speed Limit	110 km/hr.	70 km/hr.
Initial Construction Start Date	February 2002	February 2004
Completion Date	August 2012	July 2006
EPC Contractor	Bouygues Travaux Publics, Jamaican Branch	Bouygues Travaux Publics, Jamaican Branch
Toll Plazas	Three (Spanish Town Toll Plaza, Vineyards Toll Plaza and May Pen Toll Plaza)	One (Portmore Toll Plaza)
Average 2018 Traffic Volume	9.8 million passages per year Average 26,722 vehicles per day for the year	14.1 million passages per year Average 38,751 vehicles per day for the year
2019 Traffic Volume	10.6 million passages for the year Average 26,069 vehicles per day for the year	13.6 million passages for the year Average 37,154 vehicles per day for the year
Historical Revenue Growth	7.2% CAGR for 2013 - 2019	7.0% CAGR for 2013 – 2019
Historical Traffic Growth	4.9% CAGR for 2013 - 2019	3.0% CAGR for 2013 – 2019

The Toll Plazas

The Toll Road has four active toll collection points (the "Toll Plazas"); namely: (i) May Pen Toll Plaza, (ii) Vineyards Tolls Station, (iii) Spanish Town Toll Plaza and (iv) Portmore Toll Plaza. Toll collection in each Toll Plaza is conducted by the Operator as an open toll system (i.e. all vehicles are stopped at each Toll Plaza to pay tolls), offering both manual and electronic Toll Collection options for Toll Road users.

The table below generally describes each Toll Plaza:

Toll Plaza	Description
Vineyards	The Vineyards Toll Plaza is located in Bushy Park, St. Catherine and has been in operation since September 2003. This plaza has 8 toll lanes.
Spanish Town	The Spanish Town Toll Plaza is located in Spanish Town, St. Catherine and has been in operation since December 2004. This plaza has 8 toll lanes.
Portmore	The Portmore Toll Plaza is located in Portmore, St. Catherine and has been in operation since July 2006. This plaza has 21 toll lanes.
May Pen	The May Pen Toll Plaza is located in May Pen, Clarendon and has been in operation since August 2012. This plaza has 8 toll lanes.

THE TOLL RATES

The Company has the right to set the toll rates for each Toll Plaza annually. In order to determine if any toll variation should be made, the Company performs a yearly revenue optimization study with the independent Traffic Consultant (Steer). The study takes into consideration certain historical and projected metrics, including financial performance and traffic levels, in order to determine and establish a proposed toll rate. Toll rates charged at each Toll Plaza vary by vehicle class and are subject to an annual cap defined in the Concession Agreement, which is revised annually by (i) the US$-J$ exchange rate (ii) the inflation rate of the currency in which the Company's senior debt is denominated, and (iii) an additional 1.0% growth per annum to the initial toll rates agreed in 2001 (the "Annual Capped Toll Rate").

Pursuant to the terms of the Concession Agreement, there are three established vehicle categories based on the specifications listed below in order to calculate the applicable toll rates for each vehicle category:

Vehicle Category	Vehicle Description	Types of Vehicles Included
Class 1	Less than 1.7 meters high	Cars and some SUVs
Class 2	More than 1.7 meters high and less than 5.5 meters long	SUVs, light goods vehicles
Class 3	More than 1.7 meters high and more than 5.5 meters long	Heavy goods vehicles

Initial Toll Rates

The initial toll rates by vehicle category for the Toll Plazas were established according to the following rates:

	Open Date	Toll Rate by Category (in J$)		
Toll		**Class 1**	**Class 2**	**Class 3**
May Pen	Aug 2012	60	90	180
Vineyards (September 2003)	July 2006	50	60	120
Spanish Town	Dec 2004	50	60	120
Portmore	July 2004	60	100	200

Current Toll Rates

The following table sets forth the toll rates applicable during 2019 for each Toll Plaza by vehicle category:

	January – June 2019			July – December 2019		
	Tariff by Category (in J$)					
Toll Plaza	**Class 1**	**Class 2**	**Class 3**	**Class 1**	**Class 2**	**Class 3**
May Pen	110	180	360	120	200	400
Vineyards	440	640	1,210	480	700	1,320
Spanish Town	160	240	440	170	260	470
Portmore	220	350	670	240	380	730

Historical Toll Rates

The following table summarizes the historic toll tariffs during each period since the Concession Agreement became effective:

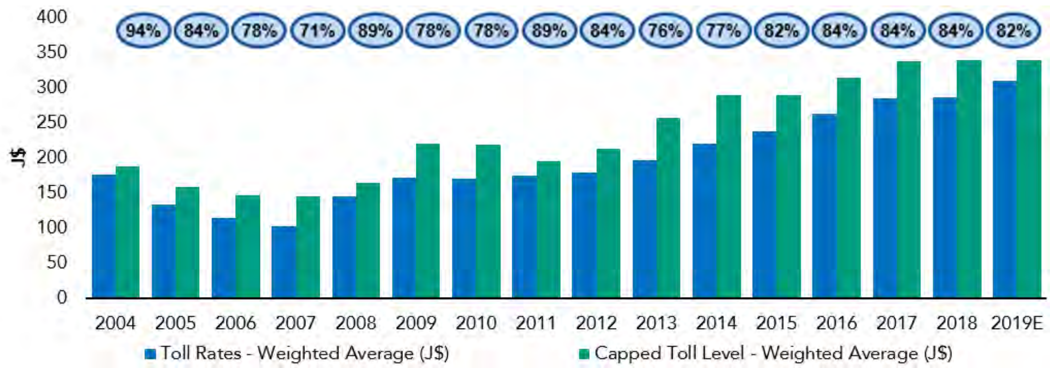
	Sept. 2003	Dec. 2003	May 2006	Apr. 2007	Jul. 2008	Sept. 2009	Sept. 2011	Jul. 2012	Jul. 2013	Jul. 2014	Jul. 2015	Jul. 2016	Jul. 2017	Jul. 2019
Vineyards														
Category 1	50	160	180	190	230	270	270	270	310	330	360	400	440	480
Category 2	60	200	230	250	310	370	370	370	430	470	520	580	640	700
Category 3	120	400	450	480	580	700	700	700	790	890	990	1,100	1,210	1,320
Spanish Town														
Category 1	n.a.	50	50	60	70	80	80	90	110	120	130	140	160	170
Category 2	n.a.	60	70	80	90	110	120	130	160	180	200	220	240	260
Category 3	n.a.	120	130	150	180	210	230	250	300	330	360	400	440	470
Portmore														
Category 1	n.a.	n.a.	60	60	100	120	120	130	150	170	180	200	220	240
Category 2	n.a.	n.a.	100	100	140	170	180	200	230	260	290	320	350	380
Category 3	n.a.	n.a.	200	200	280	340	350	390	450	520	550	610	670	730
May Pen														
Category 1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	60	70	80	90	100	110	120
Category 2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	90	110	130	140	160	180	200
Category 3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	180	200	250	280	320	360	400

Toll Compensation by NROCC

TJH may apply for the toll rate, which should be at or less than the Capped Toll Level that is calculated based on the formula set out in the Concession Agreement. The formula considers the Initial Toll Level that is adjusted with consideration for the devaluation against the US Dollar and the US CPI. The US CPI is used because debt held by TJH is in US currency.

If the toll rate applied for by TJH, is less than the Capped Toll Level and the rate adjustment is not granted by the Toll Regulator, then a compensation event arises so that NROCC is required to pay Toll Compensation based on the difference between the rate applied for and the rate approved by the Toll Regulator.

Actual Toll vs Capped Toll Level[8]



The above reflects the actual toll rates compared with the Capped Toll Level (maximum) that may be charged in accordance with the Concession Agreement. It should be noted that on each occasion, the Company has not applied for the full Capped Toll Level.

Throughout the concession's history, toll levels have generally increased above local inflation. No toll rate increase was registered between 2017 and 2018 which was the result of the toll optimization formula given that the J$ slightly appreciated during the period. Additionally, toll rates did not increase during 2005 and 2010.

TOLL COLLECTIONS

The Company's main source of revenue is income derived from toll collections from users of the Toll Road. In accordance with the Concession Agreement, the Company is entitled to receive all revenues from tolls collected during the term of the concession, subject to an annual cap set forth in the TJH Concession Agreement that considers the projected gross toll revenues and the internal rate of return (IRR) of the Shareholders of TJH. If the annual gross toll revenues exceed such annual cap amount, the Company must share such upside with NROCC in accordance with a formula set forth in the Concession Agreement. As of the date of this Prospectus, toll revenues have not, on any occasion, exceeded the annual cap amount and so no upside has arisen for sharing with NROCC.

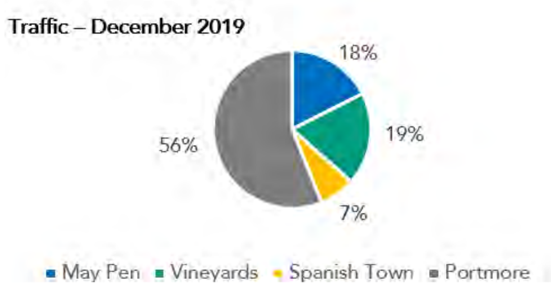
[8] Source: TJH – weighted average across all toll stations

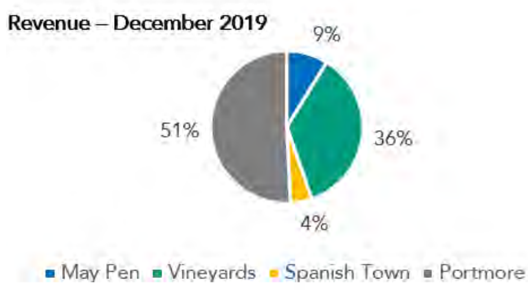
Toll Collections in 2019 (January 1 to 31 December 2019)

The Toll Plazas had the following toll collections from January 1, 2019 to December 31, 2019:

Toll Plaza	Category	Annual Traffic (number of vehicles)	Toll Collections (in J$)	Toll Collections (in U.S.$)
May Pen	Class 1	3,030,511	348,917,140	2,599,171
	Class 2	908,738	172,836,240	1,287,500
	Class 3	302,622	114,891,000	855,852
	Sub-Total	4,241,871	636,644,380	4,742,523
Vineyards	Class 1	3,335,931	1,535,022,120	11,439,367
	Class 2	911,519	610,878,680	4,552,420
	Class 3	342,856	433,064,610	3,227,305
	Sub-Total	4,590,306	2,578,965,410	19,219,092
Spanish Town	Class 1	1,492,335	246,583,600	1,835,167
	Class 2	232,799	58,307,620	433,947
	Class 3	52,942	24,119,660	179,507
	Sub-Total	1,778,076	329,010,880	2,448,621
Portmore	Class 1	11,340,406	2,602,386,400	19,411,642
	Class 2	1,498,214	545,279,260	4,067,331
	Class 3	722,607	504,303,270	3,761,684
	Sub-Total	13,561,227	3,651,968,930	27,240,657
Total		**24,171,480**	**7,196,589,600**	**53,650,893**

Traffic and Revenue by Toll Plaza – December 2019





TOLL COLLECTION SYSTEM

The current system allows for both Manual and Electronic Toll Collection. Both systems are available at each toll plaza. For the year ended December 31, 2018 approximately 70% of the collected tolls were paid in cash and 30% of the collected tolls were paid electronically.

In the manual lanes, cash collected is counted during each shift and packaged in tamper proof courier bags. Each toll collector counts the cash and, under the Toll & Safety Supervisor's control, is reconciled against the system-generated computed revenue. Once counted and sealed in bags, cash is dropped in a one-way chute down to a fireproof vault.

Following a dual custody control arrangement, contracted cash couriers collect bags 3 times per week in armoured vehicles for delivery to the bank and depositing to TJH's account.

Electronic toll collection system works via a T-Tag device (Radio Frequency Identification (RFID) sticker placed in the vehicle linked to a prepaid account). When the vehicle enters the toll plaza, an antenna over a presence loop reads the tag and the system runs checks to ensure the tag number is present in the white list and, once accepted, the user is authorized to leave the toll plaza. The toll due is automatically calculated and deducted from a prepaid account and directly deposited to TJH's bank account, or secured hosting payment management platform provided by JIO.

T-Tag to Go Mobile App

TJH has launched a new mobile application called T-Tag to Go which gives its customers more convenience to access their accounts. Users are able to view account balances, add funds to accounts, set personalised low-balance reminders, and view historical transactions. The T-Tag to Go App can be downloaded for free at the Google Play Store and the App Store.

T-Tag helps the customers save time and money when used frequently. Terms and Conditions include:

- Value of the customers 10th trip will be returned in full to the T-tag account.
- Frequent User Rewards are automatically applicable to Class 1 & Class 2 customers using Portmore & Spanish Town legs of Highway 2000 East West.
- Each week starts on Saturday at 00.01 (or 1 minute after midnight) to Friday at 24:00 (or midnight).

HISTORICAL TRAFFIC

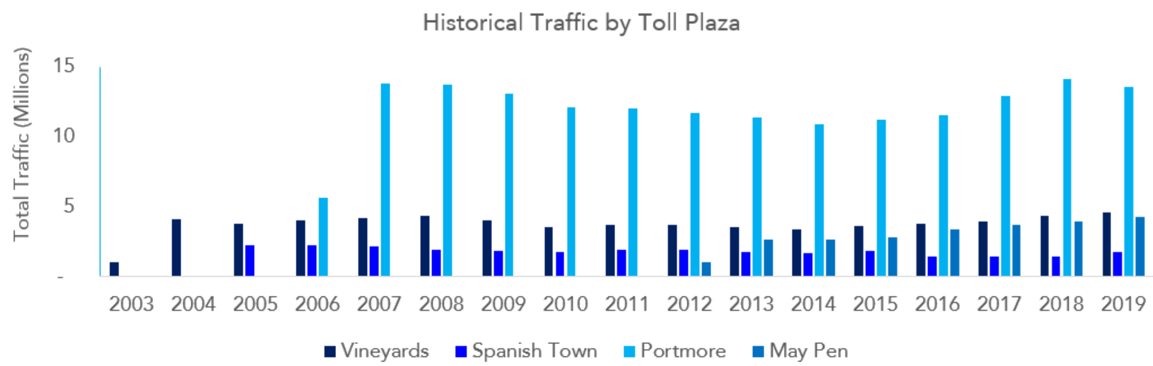
Highway 2000 East-West has strong underlying traffic fundamentals with total volume of vehicles growing at a 4.9% CAGR between 2014-2019. Traffic volumes fluctuate as a result of several factors, including daily rush hours, monthly seasonality as well as a result of less predictable changes i.e. weather conditions, construction works on the Toll Road and on nearby alternate routes and security concerns.

From 2006 to 2007, TJH experienced a significant increase in traffic levels due to the opening of the Portmore Toll Plaza in July 2006. Traffic levels declined from 2008 to 2010 as a consequence of the removal of a subsidy on Toll Collections from the Portmore Toll Plaza and in connection with the decrease in Jamaican GDP and increased slightly in 2012 and 2013 due to the opening of the May Pen Toll Plaza in August 2012. Starting in 2014, the Jamaican economy began to recover and traffic levels rose steadily until 2018, when the Company experienced higher levels of traffic flow due to the construction works related to the expansion of the Nelson Mandela Highway. In 2018 traffic levels peaked at 23.9mm vehicles.

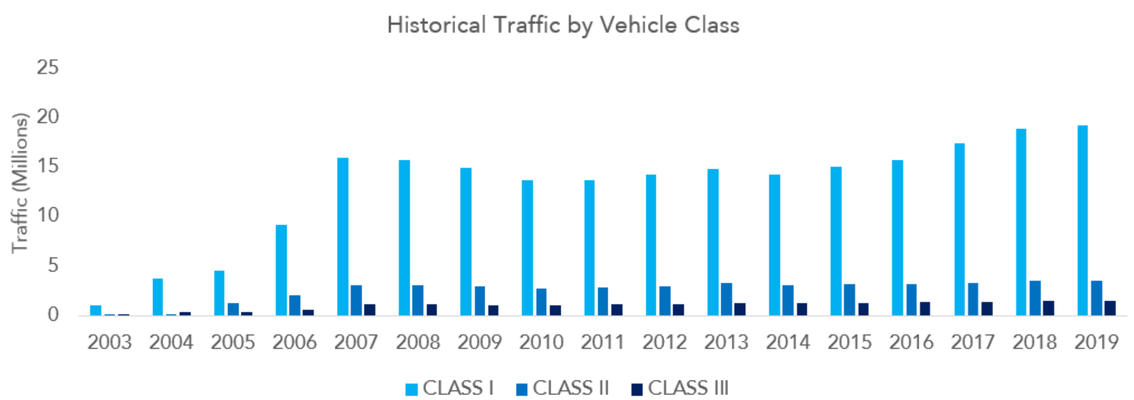
The Traffic levels began to normalize at the beginning of March 2019 as traffic was diverted back to the Nelson Mandela Highway as a result of the near completion of the expansion works. This normalization has resulted in a reduction in traffic at the Portmore toll plaza and a corresponding increase in traffic at the Spanish Town toll plaza.

	Before	During		After	
Toll Plaza	August 2016	September 2016	March 2019	September 2019	December 2019
Spanish Town	3,301	3,832	4,396	5,155	5,504
Portmore	29,054	32,024	40,215	35,932	37,417

Included above, is a snapshot of the average annual daily traffic pre, during and post the widening of the Nelson Mandela Highway. Based on a traffic study conducted by Steer (traffic consultants) in December 2019, the expectation is that traffic will continue to increase in 2020 and beyond.



The highest traffic has historically traveled through Portmore's toll station which experienced a CAGR: 4.4% for the period 2014-2019. May Pen has experienced strong traffic growth since inception and has a CAGR: 10.0% for the period 2014-2019.

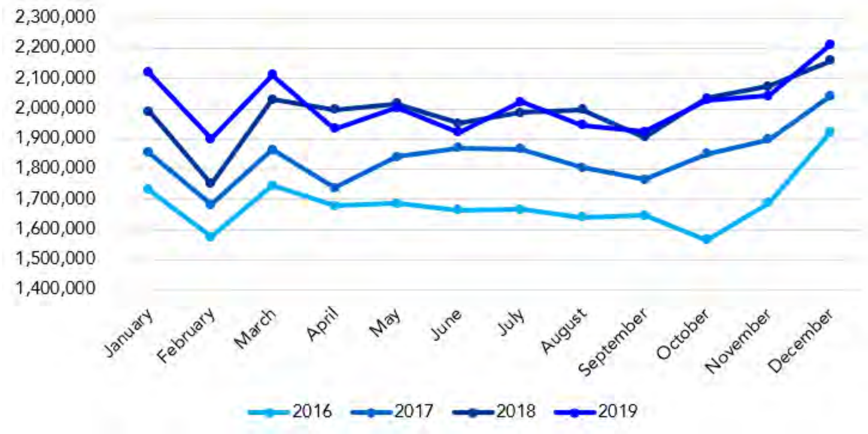


Class I traffic not only represents the highest share amongst all vehicular traffic but also has experienced the highest growth rate since the Highway's inception, with a CAGR of 20.5% for the period 2003-2019. Low share of Class III traffic implies less deterioration of pavement conditions and implies that heavy maintenance can be spaced out over longer periods.

Seasonality

The Company experiences seasonal changes on Toll Road traffic, particularly evident in the months of February, March and December due to Jamaican public holidays, the number of the Toll Road's operational days, school holidays and weather conditions. On average, peak monthly traffic volumes occur during the December to January period due to the Jamaican holiday season, while traffic volumes naturally decrease in February as the shortest month of the year. On average, minimum monthly traffic represents ~76% of peak traffic observed.

All Toll Plazas - Traffic Trend

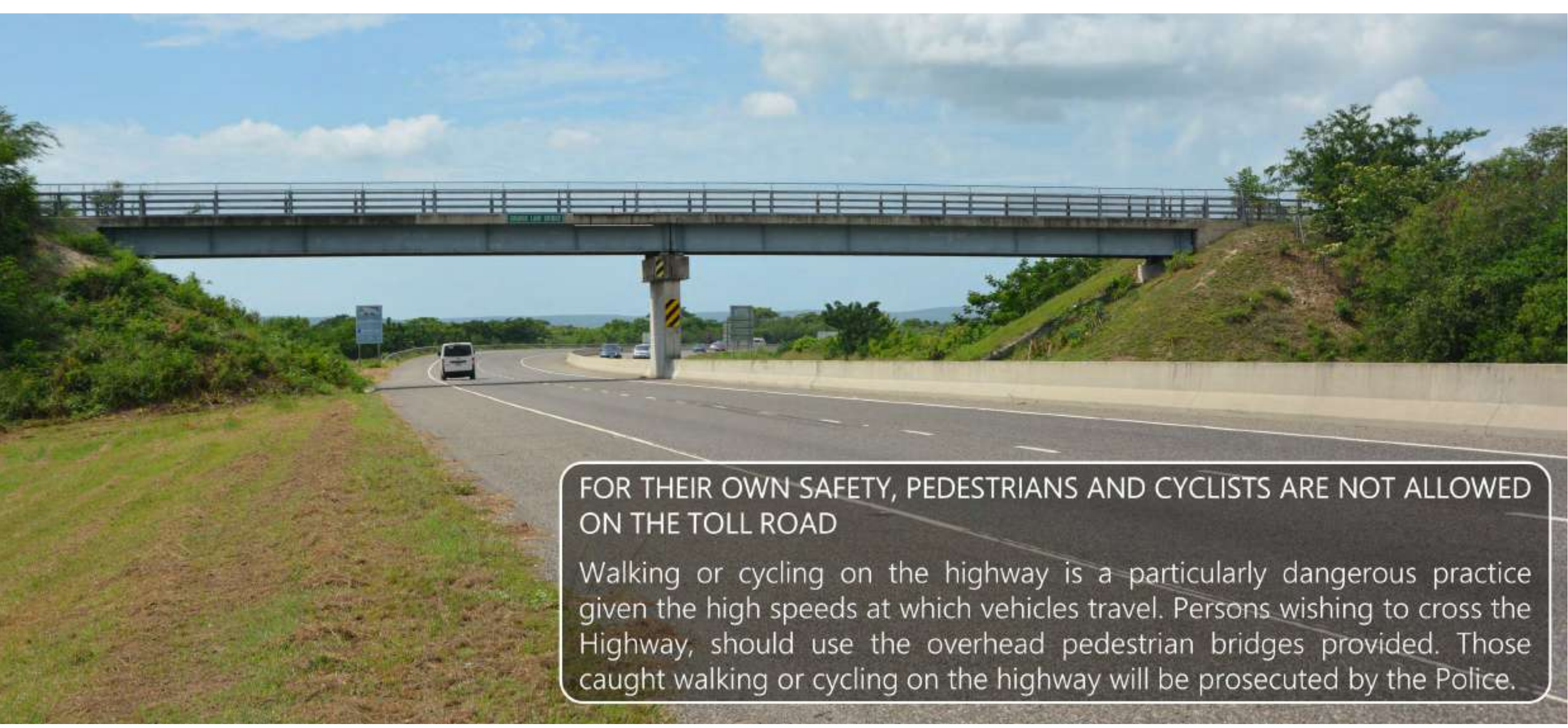


Seasonality trends are generally the same year-to-year at the Vineyards and May Pen Toll Plazas, which are located to the west of Kingston and mostly impacted by long-distance and visitor traffic. Seasonality trends at the Portmore Toll Plaza have historically varied year-to-year due to local and commuter traffic variations. In addition, the Portmore and Spanish Town Toll Plazas have also been affected by seasonal fluctuations as a result of construction works on competing roads.

Seasonality of Traffic on Highway 2000 East-West by Toll Plaza 2016-2019

The Spanish Town Toll Plaza experienced a decline in traffic volume in 2016 as a result of the opening of the North-South Highway in March 2016 and the Portmore Toll Plaza experienced a decline of traffic volume in 2019 as a result of the completion of the construction works related to the widening of the Nelson Mandela Highway in July 2019.

It should be noted that while Portmore traffic declined from March 2019, the Spanish Town traffic increased. This effect is due to the completion of the Nelson Mandela Highway widening (from 2-lanes per direction to 3-lanes per direction) resulting in more traffic switching back to the T1/Nelson Mandela Highway route into Kingston rather than using Portmore toll plaza.



COMPETITION

The Toll Road currently has limited competing routes or modes of transportation that are equally safe and convenient. Currently, the Toll Road has two main competing routes: (i) the pre-existing A1 and A2 highways that run parallel to the Toll Road and (ii) the Nelson Mandela Highway which runs for approximately 9.5 km from the Jose Marti roundabout to the Six Miles junction exiting on Spanish Town Road and Washington Boulevard.

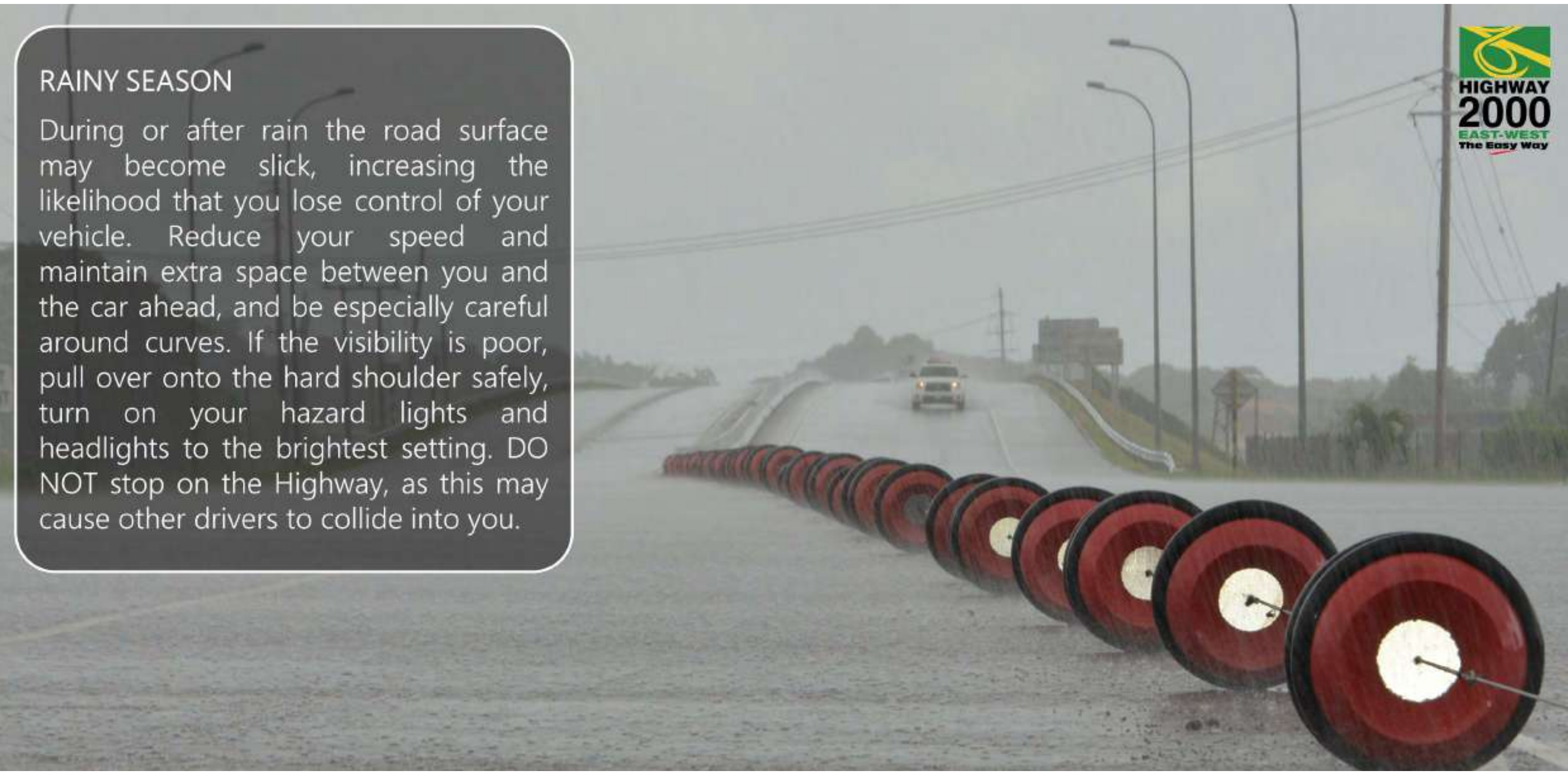
According to data collected by the Independent Engineer, ARUP, the overall road condition of the A1 and A2 highways are inferior to the Toll Road and several sections of those routes have uncontrolled access points resulting in heavy pedestrian traffic interruption creating increased travel times and safety concerns.

Based on data collected by the Independent Traffic Consultant, the Company estimates that during rush hours commuters can save an average of approximately 23 minutes between May Pen and Spanish Town and 7 minutes between Spanish Town and Kingston compared to alternate routes.

- Highway 2000 East-West is ideally located to benefit from Jamaica's continuous urbanization. This new population has created housing pressures in the Kingston Metropolitan Area. The city of Kingston is surrounded by mountains to the east and the north and by the sea to the south, making the expansion to the west the only feasible alternative. Between 1970 and 2010, the city of Portmore grew almost 36 times, while Old Harbour increased almost six-fold and Spanish Town approximately 4 times [9].

- The Parish of St. Catherine, which encompasses the cities of Portmore, Old Harbour and Spanish Town, enacted the 2017 Development Order [10,11]. This Order identified Spanish Town, Old Harbour and Linstead as three major "Growth Centres". Old Harbour is identified for its significant opportunity for the establishment of additional housing projects due to its location relative to Highway 2000 East-West.

- The Greater Bernard Lodge Master Plan ("GBL") is a long-term plan to accommodate part of the future population growth in the Kingston Metropolitan Region. The projected project is located 2.5 miles from Spanish Town and will be connected to Kingston via Highway 2000 East-West. The 4,600-acre project is expected to hold approximately 17,000 housing units (for more than 70,000 persons). The GBL is sponsored by SCJ Holdings Limited (the "SCJH"), a wholly-owned Government of Jamaica land management company. The Master Plan was developed by the NEPA considering the future housing, environmental, work and transport long-term needs in the region.



[9] Source: STATIN
[10] Urban planning document developed by the National Environment and Planning Agency ("NEPA") and which provides the guidelines for urban development in particular areas.
[11] Source : https://www.nepa.gov.jm/new/legal_matters/laws/

THE OPERATOR

Experienced Transportation Infrastructure Operator with Access to Global Best Practices.

The Toll Road is maintained and operated on behalf of TJH by Jamaican Infrastructure Operator Limited ("JIO" or the "Operator") pursuant to an Operation and Maintenance agreement (the "O&M Agreement") which was amended and restated as of 20 December 2019 and comes to an end in another five (5) years. JIO has been operating and maintaining the Toll Road for 17 years since its inception, using a single management system that consolidates its business processes (the "Integrated Management System" or "IMS") that is certified to quality ISO 9001:2015 and environmental ISO 14001:2015 standards. In addition to operating and maintaining the Toll Road, JIO's operation includes the collection of tolls at the four Toll Plazas.

Toll Plazas and sales offices located next to the Toll Plazas available for customers where customers can charge their prepaid toll cards.

JIO is a privately controlled joint venture company owned by VINCI Concessions (51%) in partnership with Bouygues Travaux Publics (49%). In addition to its 17 years of experience built on the ground locally, JIO benefits from the know-how and best practices deployed worldwide by its two shareholders. Between the two, they have designed, financed, built and operated to the highest international standards a total of 3,564km of roads in 14 countries.

JIO's senior management includes four managers, three of whom have been with the company since its inception. JIO employs 30 direct employees and 156 outsourced employees among which:

- 125 of JIO's employees work as Toll Plaza management, toll and safety supervisors, toll collectors and office attendants.;
- 33 of JIO's employees are maintenance supervisors, patrollers, engineers and technicians;
- 12 work in accounting and cost control; and
- 8 cover communication and marketing.

NROCC expects that JIO, as an experienced operator, will continue to manage Highway 2000 on behalf of TJH.

BEST-IN-CLASS SERVICE WITH INTERNATIONAL STANDARDS AND STATE-OF-THE-ART TECHNOLOGY

The Toll Road was designed to meet the needs of Jamaica for fast, efficient and safe movement between major cities. All interchanges are grade-separated and located based on local traffic requirements [12]. The Toll Road is well maintained and complies with all requirements set in the Concession Agreement. Routine maintenance is performed by the Operator and monitored by the Company. The Operator must work in compliance with ISO 9001-2008 Standards as well as good engineering and operating practices. The Company has not received any Penalty Points (as defined in the Concession Agreement) since 2011. As per the Independent Engineer, the Company's O&M Plan is consistent for every year and appropriate for current and expected traffic levels. In accordance with the Concession Agreement, a detailed inspection of bridges, river crossings and major structures is done by a qualified professional engineer at intervals not exceeding five years. The Company participates in several road safety initiatives, including the United National Global Road Week and the Jamaica Driver and Traffic Safety Expo [13].

Major Maintenance

As part of the Company's obligations under the O&M Agreement, it conducts major maintenance repairs on the Toll Road based on certain projections and assumptions developed under a maintenance program reviewed by the Independent Engineer. These repairs include corrective and rehabilitation works including monitoring and renewal of Toll Road pavements, Toll Road equipment, ancillary structures and network control equipment. Actual cash outflows may vary from year-to-year due to repair obligations under the O&M Agreement based on the length of operation of the Toll Road.

[12] Source : https://h2kjamaica.com.jm/project-reports/alignment-map
[13] Source:
- https://h2k-jio.com/articles/156-jio-endorses-this-fifth-united-nations-global-road
- https://h2k-jio.com/articles/159-jio-stands-in-the-fight-for-road

TJH EMPLOYEES & SENIOR MANAGEMENT TEAM

TJH has eight (8) employees, including the members of the management team. None of the Company's employees are affiliated with any labor or company union and are therefore not subject to a collective bargaining agreement. The senior members of the Company's staff are listed below.

Additional information about the Company's senior members of staff are included in **Section 13.**

On January 1, 2012, TJH implemented a new individual retirement plan, replacing the prior contribution plan. According to the 2018 Audited Financial Statements, under the individual retirement plan employees can contribute up to 10% of their pensionable salaries to the plan and the Company contributes 10% of basic salaries on behalf of employees. For the year ended December 31, 2018, the Company's total expense related to the plan was US$26,453.

CORPORATE SOCIAL RESPONSIBILITY

Both TJH and JIO, the private entities involved in the Highway 2000 East-West project, have sought to promote sustainable development and education and continue to make philanthropic contributions in various parishes, more particularly in the vicinity of the Highway corridors. TJH and JIO each strive to make contributions in cash and donations annually to communities and institutions wherever possible in fulfillment of their good corporate citizenship objectives. JIO has also established a community outreach program where it employs casual workers from communities adjoining the motorway for sweeping, minor maintenance and restoration activities along the highway corridor [14].

Over the years, the following agencies and institutions have benefited from TJH/JIO sponsorships:

- the Portmore Healthcare Complex, the Windsor School of Special Education, Kensington Primary and Independence City Primary all in Portmore;
- the Mustard Seed Jerusalem Community and Jonathan Grant High School in Spanish Town;
- the May Pen Hospital and Fire Brigade, the Chandler's Pen Primary and Junior School in May Pen which also benefited from the funding of a Biodiversity Learning Centre under partnership with the Natural History Museum of the Institute of Jamaica; and
- Swallowfield Chapel's Youth Reaching Youth Ministry in Kingston and the Violence Prevention Alliance are also among a list of several other beneficiaries.

TJH has undertaken several environmental protection initiatives including bottle and paper recycling, water conservation through rain water harvesting and reducing electricity consumption by retrofitting all TJH's locations with LED lights as well as installing solar power street lights at select sections along the highway corridor.

[14] Source : https://www.h2k-jio.com/go-green/23-econ-devel

CONCESSION AGREEMENT REVENUE ENHANCEMENTS

Secondary Developments

Under the amended Concession Agreement dated 29 January 2020 "Secondary Development" means construction or other development works within a quarter (1/4) a radius of miles from the Toll Road at its closest point but, in the case of housing developments, at least one boundary of which is within one mile from the Toll Road including, without limitation, the construction of petrol stations, housing, development retail and ancillary services, or works relating to the establishment of electricity and telecommunications (including fiber optics) cables and facilities; either of which type of development will likely have the effect of increasing traffic on the Toll Road or provide services and facilities to users of the Toll Road. It being understood that the Developer's investments in Secondary Developments in housing and/or retail shall be not greater than 25% of any such Secondary Development and the Developer shall not have control or management responsibility for any such Secondary Development.

To date the Company has undertaken the following Secondary Developments activities:

- Telecommunication Cables and Fibre Optics:
  - Flow – September 2016
  - Fibralink – January 2007
  - Digicel – November 2015

- Gas Stations: An agreement with Total where the Company will earn commission fees from two gas stations and ancillary related services. This has been in effect from August 2018. The first gas station, located close to Old Harbour, opened at the end of 2019.

- The Company has ongoing discussions with the Port Authority of Jamaica for the construction of a service station in the vicinity of the Portmore Toll Plaza. However, as of the date of this Prospectus the construction of this Secondary Development is still uncertain.

With regards to the general housing developments, this is a new revenue option under the amended Concession agreement dated 29 January 2020.

Exercise of the right of first refusal to own and/or operate Phase 1C

The Second Amended Concession Agreement granted a right of first refusal for the ownership and operation of Phase 1C (May Pen to Williamsfield) now under construction. If TJH wishes to exercise the right of first refusal, then no later than June 30, 2021 it must submit to NROCC a written proposal to operate, maintain and/or own Phase 1 C. This phase is estimated to be 28.0km or approximately 50% of the length of the existing Toll Road.

NROCC believes that it is the intention of the Company to seek to execute its right of first refusal to fully or partially own and/or operate and maintain this leg of the Toll Road which will bring in additional revenues for the Company. If NROCC does not accept the Company's proposal to either own and/or operate then it may award a new concession to such person as it may deem fit to operate and maintain Phase 1C. The Financial Projections presented in (**Section 17**) do not consider any benefits or costs associated with this option.

Shown below is the expected construction cost for Phase 1C which is being funded by the Government of Jamaica:

Highway 2000 East-West Highway 1C May Pen to Williamsfield. Design and Build Project being financed by China Exim Bank and implemented by CHEC.	
Contract Amount	$USD 188 million
Highway	4 Lane Roadway
Start Point	Rio – Minho
End	Williamsfield
Estimated date of completion	2022
Opportunity	Operate under a concession agreement with GOJ/NROCC

Extension of Concession Agreement

TJH intends to exercise the option to extend the current concession (when it ends in 2036) for another 35 years, subject to mutually agreed terms with NROCC. The period and terms are to be determined on the basis of reasonable returns to the shareholders of TJH based on similar infrastructure projects in similarly rated sovereigns. The Financial Projections presented in (**Section 17**) do not consider any benefits or costs associated with this option.

STRATEGY AND FUTURE PLANS

Having been originally formed as the Project Company to manage the concession agreement for Highway 2000 East-West, now currently 49.9 km, TJH has over the last 18 years demonstrated its ability to execute on its mandate through skillful outsourcing and strategic alliances. It is for this reason that the Board of NROCC believes that in the near-term and medium to long-term it is only right that the Company pursue opportunities within and outside of Jamaica to continue these services amongst others. It is anticipated that this will be done on a non-recourse basis to TJH through a group reorganization /restructuring resulting in the creation of Special Purpose Vehicles (SPVs), in compliance with the existing and proposed debt covenants.

As currently constructed (Concession Agreement, and existing and proposed financing arrangements), TJH is prohibited from performing any non-concession related activities, except as outlined above. NROCC understands that it is the intention of the Board of Directors of the Company to explore the possibility of reorganizing the TJH into a group of companies resulting in TJH as currently constructed being a subsidiary of TJH group. This is expected to be done through a normal practice of a Scheme of Arrangement, subject to legal and other advice at the appropriate time.

Assuming that the Scheme of Arrangement is successfully implemented, the Company in participation with new proposed group company sees the following as potential opportunities.

Construction & contract management:

Given the significant needs for infrastructure within the CARICOM region, particularly concession driven infrastructure, the TJH 'group' would be considered to have inherent advantages because of a) domicile b) ability to create requisite relationship with the Operator (and its owners) c) the competitive environment. These factors represent real strategic opportunities for a reorganized TJH to partner execute on other future large infrastructure projects within Jamaica and CARICOM markets such as Guyana and Haiti amongst others.

Near-Term Opportunities
The following projects are earmarked for development in the near future. These are Design and Build Project being financed by China Exim Bank and implemented by CHEC:

Montego Bay Perimeter Project (the Montego Bay Bypass and the Long Hill Bypass)	
Length	25 km
Investment	USD$220 million
Opportunity	Design and build by partnering with a Construction company and own and operate under a long-term concession agreement with GOJ/NROCC.

NROCC understands that the proposed reorganized TJH 'group' intends to make a proposal to GOJ to own and/or manage Montego Bay Bypass road network.

Medium to Long Term Opportunities

Over the next ten (10) years, NROCC understands that the proposed reorganized TJH 'group' intends to pursue opportunities to design, develop and manage projects of key infrastructures such as; water drainage systems, extension of the current east-west corridor, bypass roads for major towns and cities both locally and regionally. The recent floods in major towns such as Montego Bay highlights the critical need for proper drainage systems across Jamaica and the region. This also highlights the key role the proposed reorganized TJH 'group' could play with its modern and international best practice approach. In pursuing these objectives, the proposed reorganized TJH 'group' will seek to strategically partner with relevant and strategic partners, capable of contributing value-added services and capital, as well as with the state and local government agencies in public private partnerships (PPPs).

The table below shows some of the Government of Jamaica strategic roadways investment projects being considered:

North Coast Highway Priority Improvements Projects		Total budget incl land, design, etc. US$m
Montego Bay Drainage Improvement Work and Study	2 km	26.93
Mammee Bay to Salem	12.3 km	102.98
Sea Castles to Greenwood	6.8 km	56.93
Runaway Bay/ Salem/ Discovery Bay Bypass	15.5 km	129.77
Lucea Bypass	4.4 km	31.37
Port Maria/ Oracabessa Bypass	11.5 km	82.00
Annotto Bay Bypass	6.5 km	46.35
Hopewell Bypass	7.3km	52.05

The recently completed North-South Highway, which connects the north coast of the country with Kingston, is expected to facilitate growth in other sectors of the economy such as housing, agriculture, new attractions, and commerce in general, as travel times between Jamaica's cities and major towns have been reduced significantly.

Jamaica's south coast has seen a limited number of large and medium-sized new development projects over the past several decades, which correlates with the limited infrastructure development projects on this side of the country. For these reasons, the GOJ has proposed the construction of a highway to connect Montego Bay in the north with major towns on the south coast of Jamaica and the City of Kingston, to further open the country for expansion of several economic sectors. This would ultimately become the Western leg of Highway 2000 from Kingston.

FUNDING OF FUTURE REVENUE ENHANCEMENTS AND OTHER ACTIVITIES

The future revenue enhancements for TJH and the reorganized TJH may be funded by:

- Reopening of the proposed bonds (the Notes). There is a possibility that the Board of Directors of the Company may consider reopening the bonds (up to an amount to be agreed at the appropriate time), if the option is confirmed. If available, these funds will only be used for any new activities under the existing Concession Agreement including Phase 1C, and Secondary Development, and the development of ramps to increase Project Revenue.

- Internal cash resources subject to satisfaction of debt covenants. The pro-forma balance sheet is reflected in **Section 16.**

- Rights Issue, other public offerings and debt instruments will be used to fund non-existing Concession Project Revenue activities under the reorganized TJH as may be determined the Board of Directors of the Company and the proposed reorganized TJH group at the appropriate time.

- section IX -

CONCESSION AGREEMENT AND OTHER RELATED PRINCIPAL AGREEMENTS

PRINCIPAL AGREEMENTS

The principal agreements governing TJH's operations are as follows:

- The Concession Agreement
- O&M Agreement
- O&M Parent Guarantees
- Government of Jamaica Guarantee

Material amendments to these agreements pursuant to the change of ownership/Offer for Sale are italicised. Each of these Agreements are among the Documents Available for Inspection. **See Section 23 below.**

THE CONCESSION AGREEMENT

Agreement Date

- Made November 21, 2001
- Amended and restated on January 28, 2011
- Further Amended on 29 January 2020

Parties

1. TJH
2. NROCC

Overview

- Under the Concession Agreement, TJH was granted a concession to design, construct, operate, maintain and finance the Toll Road for a term of 35 years from November 21, 2001.
- The Concession Agreement was amended and restated on January 28, 2011, to, among others, (i) redefine Phase 1B, which originally covered Sandy Bay to Williamsfield, to the current Phase 1B (from Sandy Bay to May Pen) and Phase 1C (from May Pen to Williamsfield), (ii) eliminate TJH's right of first refusal to design, build, operate and maintain the Phase 2A of the Highway 2000 Toll Road (from Spanish Town to Ocho Rios) , (iii) release TJH from the construction of the Mount Rosser bypass section, and (iv) change the terms of NROCC's contribution to and returns from the Toll Road in accordance with the terms of the Loan Conversion Agreement (as defined herein). As a result of the2011 amendment and restatement, TJH retained (i) the construction and operational risk of the Toll Road, (ii) the optional right to design, build, operate and maintain Phase 1C and (iii) the right of first refusal to design, build, operate and maintain Phase 2B.
- Since the 2011 amendment and restatement, the Phase 1C and Phase 2B options have

  expired without TJH exercising its right of first refusal to undertake those Phases. Thus, the Government of Jamaica, through NROCC, granted to China Harbour Engineering Company Ltd. ("CHEC") a contract to design and construct and develop the Phase 1C corridor (being 28.0 km from May Pen to Williamsfield. Phase 2B works are not yet scheduled for development. Note that CHEC was not granted the right to operate and maintain Phase 1C.
- Under the 2020 Amendment and restatement of the Concession TJH was granted a right of first refusal to own and or to operate and maintain Phase 1C (see 2020 Amendment & Restatement below).
- The Concession Agreement was *further amended and restated on 29 January 2020. Further, the following amendments have been made in the Concession Agreement to allow for:*
  - o *Amendment to Section 25.8 that deals with Competing Roads to include (i) widening of the Mandela Highway; and ii) the development of the North South Highway; this is included in the current traffic projections.*
  - o *Amendment of Schedule 12 of the Concession Agreement to remove the automatic trigger of termination sums (including debt repayment) in the event of a Developer default; Adjustment of Schedule 15 to reference the currency of the Senior Debt in the determination of the Capped Toll Level; this will simplify the natural hedge for the currency of the debt that the financing is denominated through the setting of the Capped Toll Level.*
- *Modification of the definition of Financing to identify the current lenders of TJH to allow the Lenders to take security interest in the concession.*
- *Recognition of a right of first refusal for the operation of Phase 1C.*
- *Recognition of an option to renew the concession for a Concession Fee, which basic principle for determining is set out in Schedule 24.*

Term	• The concession is for a term of 35 years from November 21, 2001. • *TJH has been granted an opportunity, subject to mutually agreed terms to negotiate a new concession based on the East-West highway with NROCC; the period and terms are to be determined on the basis of reasonable returns to the shareholders of TJH based on similar infrastructure projects in similarly rated sovereigns.*
Developer principal obligations	The Developer's principal obligations under the Concession Agreement include: • to undertake the construction and development of the Toll Road in accordance with Good Engineering and Operating Practices (as defined) and without any major disruption to traffic. • to perform its obligations under the Concession Agreement at its own risk and without recourse to the State. • on completion of the Toll Road, at its own expense, to operate and maintain the Toll Road in accordance with the terms of Concession Agreement and applicable laws. • complying with requisite Statutory Requirements and Required Consents. • making arrangements for the installation and operation of an accounting and cost control system and for the appointment of auditors from a firm of reputable independent accountants. All book of accounts shall be kept in accordance with Jamaican Laws and Regulations. • as permitted under the Concession Agreement, TJH subcontracted to the Operator the operation and maintenance of the Toll Road in accordance with the O&M Agreement. Although the Operator's services are provided on a back-to-back basis with the Concession Agreement, TJH remains liable to NROCC for all performance obligations under the Concession Agreement such as any delay or failure by the Operator to perform its obligations.
Revenue	• The Toll Roads Act of 2002 rules over matters related to toll tariffs. • A Concessionaire (such as TJH) must apply to the Toll Authority for tariff increases, that will be based on changes in the US CPI and the Jamaica/ US dollar exchange rate. • The Developer shall be entitled at any time to set toll rates at or below the Capped Toll Level and it will have the sole right to these revenues. All expenses relating to the collection of Tolls on the Toll Road shall be borne by the Developer. • If TJH's rate of return exceeds 16%, because of increased traffic on the highway, NROCC will participate in a share of the profits based on an "Upside Formula"; the calculation is set out in Schedule 18 of the Concession Agreement. • Each year, TJH is allowed to apply for an increase in the toll rates based on the agreed formula in the Concession Agreement that considers the currency of the Senior Debt as well as Jamaican inflation. The maximum level (Capped Toll Level) is determined by the formula and then TJH is allowed to set the toll rate at or below the maximum level as defined. If the Toll Authority does not grant the toll rate increase as requested by TJH, and the increase is in accordance with the Concession Agreement, then a Compensation Event may occur where the Grantor will pay TJH for the lost revenue between what it should have received and what it actually received in toll revenues.
Compensation for competing roads	In accordance with the Concession Agreement, NROCC must compensate TJH for the loss of revenue to the Jamaican Government or any third party on behalf of the Jamaican Government, if NROCC either (i) develops a new rail public passenger link between Spanish Town and Kingston or (ii) enhances the speed or capacity of competing roads within the transport corridor served by the Toll Road, and, as a consequence of such developments or road enhancements, the Toll Road's traffic is reduced. The amount of compensation payable to TJH will be determined by an independent traffic advisor agreed upon by the parties or if the parties fail to reach an agreement, such traffic advisor shall be appointed by arbitration. Disputes either about a sum equal to or in excess of US$1.5 million; or which involve only a question of law; or in relation to which the decision of an Expert under Clause 47 has been manifestly erroneous, may be referred to and finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules. The arbitration shall be conducted in English in London. *The agreement has since been modified to exclude the following key roads from the compensation claims: the recently completed widening of the Mandela Highway in the Relevant Transport Corridor and the Construction of the North-South Highway.*

Economic Equilibrium

- Most of the project risks remain with the government/NROCC:
  - Access to lands and utility relocation costs
  - Qualifying change in law which triggers a compensation amount to be paid to the Developer
  - Termination risks (grantor and no responsibility termination)

TJH retains design and construction as well as traffic and revenue risk.

Penalty Points

THJ is required, at its own expense, to operate the Toll Road in accordance with the Concession Specifications including the O&M Requirements as specified in the Agreement. If at any time TJH shall fail to carry out O&M Works and fails to remedy the failure within a reasonable time after receiving notice from NROCC then NROCC may impose penalty points upon TJH in accordance with a Schedule which sets in detail the penalty points for various breaches. If TJH receives 100 penalty points in any 3-year period or 42 in any one-year period, then NROC may serve a Warning Notice upon TJH and increase its monitoring level over TJH and the cost of such increased monitoring shall be borne by TJH. If TJH receives three or more Warning Notices, then that would constitute a ground for NROCC to terminate the Concession Agreement.

Up to this point since 2011 TJH has incurred no penalty points.

Termination

Termination by NROCC
NROCC may serve notice upon TJH to terminate the Concession Agreement in certain circumstances including inter alia; if:

- TJH is in breach of any of its material obligations, if the breach is deliberate or wilful, indicates an intention or desire not to comply with the relevant obligation, or is repeatedly or persistently done to be material in the opinion of NROCC;
- TJH receives three or more Warning Notices, (and for this purpose a Warning Notice may be given if TJH has received 100 Penalty Points in a three-year period or 42 points in any one-year period);
- TJH or a party related to TJH shall commit a Prohibited Act (being a fraudulent or corrupt acts);
- TJH, the Operator breaches or seek to vary without NROCC's consent, any material term of any Project Agreement; and
- TJH fails to pay within 90 days of a demand of any amount due to NROCC in excess of US$100,000.00.

Upon the occurrence of any of the foregoing events NROCC may serve not less than 60 days' notice of termination on TJH (120 days in the case of those events marked with an asterisk) specifying the ground of termination. Upon expiration of the termination notice NROCC may terminate the Concession Agreement unless:

a. in the intervening period the grounds for termination has been remedied; and
b. in the case of a breach of this Agreement, TJH has commenced and is pursuing remedial action with diligence.

Upon termination, NROCC may immediately terminate the Agreement and enter the sites and expel the Developer from them without releasing the Developer from its obligations or liabilities.

Insolvency Termination: If TJH shall become insolvent or suffer an Insolvency Event, then NROCC may forthwith terminate the Concession Agreement by serving notice upon TJH.

Voluntary Termination: NROCC is also entitled to terminate the Agreement (without default) by giving no less than 12 months and no more than 18 months' written notice to the Developer.

Termination By TJH
TJH has the right to terminate the Agreement in the following circumstances among others:

- if NROCC fails to pay within 90 days of a demand of any amount due to TJH in excess of US$100,000.00;
- if NROCC is in material breach of the Concession Agreement and if the breach itself is not material it is either (i) deliberate or willful; (ii) indicates an intention or desire not to comply with the relevant obligations; or (iii) the breach is committed repeatedly or persistently to such an extent as to be material in TJH's opinion;
- if the Government shall expropriate or requisition the Toll Road or the construction plan or works or a material part thereof;
- if Government is in breach for more than 90 days of its obligations under the Implementation Agreement or the Guarantee Agreement or any other Project Agreement to which the Government is a party or if the breach is not material it is either (i) deliberate or willful; (ii)

Termination (cont'd)

indicates an intention or desire not to comply with the relevant obligation; or (iii) the Breach is committed repeatedly or persistently to such an extent as to be material in TJH's Opinion;

- if NROCC's ability to act as concessionaire under the Concession Agreement is terminated or shall become ineffective by an Act of Parliament and such termination or ineffectiveness shall subsist for at least 0 days; and
- if NROCC's ability to act as concessionaire under the Concession Agreement is terminated or shall become ineffective a judgment of the Judicial Committee of Pricy Council or final appellate court of Jamaica in any legal proceedings brought by a third party.

If any of the above events shall occur TJH may serve a 60-day notice of termination and if after such notice the breach is not remedied it may terminate the Concession Agreement by further notice of termination.

A "Qualifying Change in Law" in essence, is a change in law that is discriminatory against TJH- such as a law which imposes a special tax on road concessionaires. Where a Qualifying Change in Law occurs which makes it illegal or impossible (but not merely more expensive) for the Developer to perform substantially all its material obligations under the Concession Agreement then TJH may give 90 days' notice of termination and if illegality or impossibility is not removed within such notice period the Agreement will terminate on its expiry.

Consequences of Termination: Upon termination of the Concession Agreement the Toll Road will re-vest in NROCC or its nominee. The consequence of termination will depend upon the reason for termination.

Grantor's Responsibility Termination: In general where termination was effected by TJH due to NROCC's or Government's default or was voluntary done by NROCC without default or due to prolonged Force Majeure (all collectively classified as "Grantor's Responsibility Termination") then NROCC will be obliged to pay (i) the outstanding balance of the senior debt owing by TJH; (ii) the Shareholders' Contribution Amount; being the shareholders' net equity contribution to TJH; and (iii) equity compensation calculated to yield to the Shareholders a net after-tax IRR of 10% taking into account calculated up to the date of termination.

Developer's Responsibility Termination: Where termination is due to TJH's fault no compensation shall be payable to TJH.

No responsibility Termination: This refers to termination due to (i) failure to achieve financial close[15] ; (ii) force majeure or (iii) termination by NROCC due to the commission of a corrupt act by a sub-contractor or employee of TJH acting independently of TJH. Upon termination for any such reason TJH shall be paid the following capital sums; namely: (i) the outstanding balance of the senior debt owing by TJH and (ii) 50% of the Shareholders' Contribution Amount.

Handback

Handback

TJH is obliged to maintain the Toll Road up to prescribed standards and NROCC has inspection rights to ensure that that is done. On termination of the concession period (whether by expiration of time or early termination) the Toll Road must be handed back to NROCC in accordance with the Concession Specifications and consistent with it having been constructed in accordance with the Core Requirements (collectively called "the Handback Requirements").

Not less than 3 years before the concession expiration date NROCC and TJH shall undertake a joint inspection of the Toll Road. If any element of the Toll Road is found to fall short of the Handback Requirements, then TJH shall provide to NROCC a proposal to undertake the necessary Handback Works and a plan to carry out such works ("the Handback Programme") and the estimated cost of such works ("the Handback Amount"). Any dispute which arises between TJH and NROCC regarding the handback arrangements ought to be resolved by expert determination. To assure NROCC that THJ will comply with its handback obligations TJH must within 7 days after the Handback Works, the Handback Programme and the Handback Amount is agreed with NROCC or determined by the expert procure that a bank shall deliver to NROCC a bond ("the Handback Bond") for the Handback Amount.

A further joint inspection will be carried no later than one year before the expiration date to determine whether it can reasonably be expected that the Toll Road will meet the Handback Requirements. If at the expiration date the Toll Road meets the Handback Requirements, then NROCC will give the Handback Certificate to TJH and surrender the Handback Bond. However, if the condition of the Toll Road falls short of the Handback Requirement, NROCC may cause the necessary work not be done at TJH's cost and if TJH does not pay, NROCC may call upon the Handback Bond.

[15] Financial close has occurred so this is no longer relevant.

Handback (cont'd)

Among the key Handback requirements are the following:

- The Toll Road shall be handed back to the Grantor at the end of the Concession period in a good and operable condition.
- All durable components (bridges, abutment, piers, illumination poles, barriers, etc.) of the highway system must have a minimum remaining useful life expectancy of no less than 20 years.
- The pavement's minimum projected residual life expectancy shall be 8 years. All pavement markings must have been re-marked with a 5-year quality marker within 2 years of handback.
- The Toll collection system shall be handed-back in a good state of repair.

Other Requirements

The Agreement imposes upon TJH a robust and comprehensive reporting regime to enable NROCC to monitor the performance of the Toll Road and TJH's compliance with the requirements of the Concession Agreement. Notably TJH must provide to NROCC monthly operating reports summarizing the following key information for the period:

- Daily traffic volumes and toll revenues per categories as well as incident reports.
- Maintenance activities from monthly maintenance plans.
- Quality Assurance (QA) and Quality Control (QC) Management and any other related information.

Governing Law

The Agreement shall be governed by and construed in accordance with the laws of Jamaica. Major arbitration claims (in excess of $1.5 million) may be settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce in its London office. The arbitration will be conducted in English.

O&M AGREEMENT

Agreement Date

- September 19, 2003
- *Amended and restated on 20 December 2019*

Parties

1. TJH
2. JIO

Summary Terms Agreed

- On September 19, 2003, TJH and JIO entered into an operation and maintenance agreement (the "O&M Agreement") pursuant to which the Operator agreed to provide all services necessary for TJH to comply, at all times, with its obligations under the Concession Agreement relating to operation and maintenance of the Toll Road in exchange for a fee.

Term

- Five (5) years subject to renewal for further 5-year term by mutual agreement.

Operator's Compensation Overview

- Under the O&M agreement contract, TJH shall compensate JIO for its services based on the following guidelines:
  - A lump sum fee for pre-operating expenses.
  - A monthly lump sum fee per section of the highway corresponding to fixed O&M works.
  - A monthly variable fee per Section corresponding to 3% of the toll revenues.
- JIO's fee is subject to escalation based on the Indexation Formula stated as follows:
  - 20% indexed to US inflation, subject to an annual 1.5% floor.
  - 80% indexed via Jamaican inflation, corrected by the US$/J$ exchange rate variation over the same period of time, for so long as such compounded index remains greater than 1.00.
- JIO's fee currency shall be:
  - Pre-operating fee shall be paid in US$.
  - 80% of the fixed operational fee shall be paid in J$ and the remaining 20% in US$.
  - 100% of the variable operational fee shall be paid in J$ at the US$/J$ exchange rate as published by the Bank of Jamaica.

- If a qualifying event (delays by TJH, prolonged Force Majeure, discovery of archeological finds, a qualifying change of law, amongst others) affects the costs of the O&M works, the Operator and TJH shall agree on an increase to the Operator's fee as reasonably necessary. All amounts in US$ not paid in due time shall bear interest at a rate of 2% above 3-month US Dollar Libor. All amounts in J$ not paid in due time shall bear interest at a rate of 2% above 3-month J$ domestic interest rate from the Bank of Jamaica.

Indexation Formula	The inflation formula is as follows: • O&M (N+1) = 20% * O&M (N) * US-Index (N) + 80%*O&M (N) * Jam-Index (N). Where: – O&M (N+1) and O&M (N) are equal to the Operator fee in months N+1 and N, respectively. – US-Index (N) shall be equal to the ratio. • US-CPI (N)/US-CPI (N-1), provided US-Index (N) as so calculated is at least 1.00125, failing that, it shall be equal to that value for indexation purposes. • Jam-Index (N) shall be equal to the ratio: • Jam-CPI (N)/Jam-CPI (N-1) * FX (N-1)/FX (N), provided Jam-Index (N) as so calculated is at least equal to 1.0, failing that, it shall be equal to that value for indexation purposes.
Obligations of Operator	• JIO undertakes to perform on a "back to back" basis the operating & maintenance obligations assumed by TJH under the Concession Agreement in accordance with Good Engineering and Operating Practices and the specifications and standards set out in the Concession Agreement. These include, inter alia: – Operate the Toll Road as a toll motorway from the first Toll Road Section Opening Date throughout the duration of this agreement. – Maintain a smooth and uninterrupted flow of traffic during normal operating conditions. – Patrolling, emergency response to accidents/incidents, assistance to road users. – Routine maintenance activities, greenery maintenance, road sweeping.
Obligations of the Developer	• TJH shall, at its own cost, initially provide the Developer's Equipment, which shall consist of all the fixed operating equipment required to enable the operator to carry out the following O&M works: – Repair and replacement of the equipment shall also be provided by the Developer. – Inform and consult JIO before making any modifications to the toll rates. – Responsible for non-routine maintenance and repairs as well as improvements and expansion of the Toll Road.
Collection of tolls	• The JIO shall collect tolls in Jamaican Dollars either in cash or via electronic tags. – All expenses relating to the collection of tolls shall be borne by JIO. • The TJH shall have monitoring access to JIO's computer system and toll collection software. • JIO shall establish, maintain and audit appropriate money collection, deposit and transfer procedures. • JIO acknowledges that it has no lien or other interest with respect to tolls collected and expressly waives any rights in respect of the tolls collected. • JIO shall control and take responsibility for staff fraud and staff errors resulting in shortages between expected tolls and actual payments.
Insurance	JIO shall, through the terms of the O&M Agreement, take out and maintain the following insurance coverage: • Employer's liability insurance against any liability which may arise under law; • Loss of revenue insurance to cover loss (by theft or otherwise) of receipts at any time prior to the delivery to the Bank; • Motor vehicle insurance against third party property damage; and • Property damage risk against JIO's operating equipment.
Termination	• O&M Agreement will terminate automatically upon termination of the Concession Agreement. • Either party may terminate the O&M Agreement if: a. the other party commits a material breach and fails to remedy the breach within 30 days of written notice to do so but 60 days when the breach is committed by TJH; b. if the other party suffers an Insolvency Event; or c. if a Prolonged Force Majeure Event (i.e. one lasting for a continuous period of more than 9 months) shall occur.

	• TJH may also terminate the Agreement if JIO's liability under the Agreement to TJH reaches the aggregate liability cap (being the average of the last 12 months of fixed Operational Fee payable to JIO) and JIO may also terminate the agreement if the Toll Road is closed for a period exceeding 120 days other than by reason of Force Majeure.
Reporting Requirements	• Monthly O&M reports summarizing: traffic volumes, toll revenues, incident reports, maintenance activities, Quality Assurance (QA)/Quality Control (QC) Management. • Annual updates of an industry-standard infrastructure management system (IMS). • Complete pavement inspections shall take place before opening a new section of the Toll Road, within 12 months of handover and at intervals not exceeding 2 years.
Additional Services	• TJH may request JIO to carry out additional services not included in the O&M Works. If JIO is to undertake such works it must provide an estimate which TJH may or may not accept. Such additional work may include monitoring of infrastructure and highway equipment condition surveys; • traffic management for non-routine activities; and • minor repairs: crack sealing; fence repair and the like.
Governing Law	• The rights and obligations of the Parties under or pursuant to the Agreement shall be governed by and construed in accordance with the laws of Jamaica. • Any dispute that is not settled amicably between the Developer and the Operator, shall be resolved by arbitration in accordance with the International Chamber of Commerce rules, by three arbitrators. Such arbitration will be conducted in Paris and in English.

O&M PARENT GUARANTEES

JIO is a Jamaican company which is jointly owned 51% and 49% respectively by Vinci Concessions and Bouygues Travaux Publics. The payment obligations of JIO to TJH under the O&M Agreement are separately guaranteed, in similar form, by both companies in direct proportion to their ownership interest in JIO.

1. Bouygues Travaux Publics Guarantee

Agreement Date	18 February 2011
Parties	TJH Bouygues Travaux Publics
Summary Terms Agreed	Bouygues Travaux Publics' obligations are several (not joint and several) and the maximum amount recoverable under this Guarantee is 49% of the Maximum Guaranteed Amount of the JIO' liability.

2. Vinci Construction Guarantee

Agreement Date	18 February 2011
Parties	1. Vinci Construction 2. TJH
Summary Terms Agreed	Vinci guarantees to TJH the punctual payment of all payment obligations of JIO to TJH under the O&M Agreement up to 51% of the Maximum Guaranteed Amount. The Maximum Guaranteed Amount is 12 times the average monthly Fixed Operational Fee received by JIO over the last 12 months. Vinci Construction's obligations are several (not joint and several) and the maximum amount recoverable under this Guarantee is 51% of the Maximum Guaranteed Amount of the JIO's liability.

Governing Law	The Guarantee is governed by Jamaica. Disputes arising thereunder shall be settled by three arbitrators in accordance with ICC Arbitration Rules.
Common Terms of both agreements listed above	Both agreements above contain the following terms: • Bouygues Travaux Publics and Vinci Construction will guarantee on time payments to TJH by JIO and will satisfy all claims, demands, losses, damages, liabilities, cost, fees and other expenses arising from JIO's non-performance or default. • Beneficiary may demand sums owed by giving written notice. • Bouygues Travaux Publics and Vinci Construction will pay interest on the sums due from the first day after the due date until payment at the rate prescribed in the Guaranteed Obligations • This is a continuing Guarantee that extends to cover the Guaranteed Obligations. • Rights of Bouygues Travaux Publics and Vinci Construction under this Guarantee may not be assigned or transferred without TJH's prior written consent. As for TJH, its rights are not assignable without prior written consent other than by way of security to the lenders (as defined in the Concession Agreement). • The Guaranteed Obligations will not be affected by: - Any variation or addendum; - Release or compromise of any liability of any person except JIO; - Release, exchange, surrender of the security (as defined in the Common Terms Agreement) - The exercise of or refrain from exercise of any rights or remedies under the Guarantee, any other transaction document or under law or equity; - An act or failure to act in any manner that may deprive the Guarantor of its right to subrogate against JIO or its right to contributions against any co-guarantor; and - The Guarantee may be terminated on the earliest of (i) the irrevocable payment in full or the carrying out or completion of all the obligations and liabilities of JIO and (ii) the indefeasible payment of all senior loan obligations.

GOVERNMENT OF JAMAICA GUARANTEE

Agreement Date	12 March 2002
Parties	• TJH • GOJ
Summary Terms Agreed	• This Guarantee was made between the Government of Jamaica ("GOJ") and TJH on 12 March 2002 and may be terminated on (a) expiration of and (b) satisfaction of a written release of all obligations under the Concession Agreement. The Guarantee also extends to any variation or amendment to the Concession Agreement, Construction Contract and Operation and Management Contract. • The GOJ guarantees punctual payments to TJH of NROCC payment obligations under the Concession Agreement dated November 12, 2001 subject to the terms and conditions thereof. This payment includes expenses or damages and deductions payable by the NROCC to TJH under the Concession Agreement. • Money that is payable by NROCC that is not recoverable from GOJ because of any legal limitation or NROCC's disability or incapacity will still be recoverable from GOJ by way of indemnity. • This is a continuing Guarantee that extends to cover the balance due to TJH at any time from NROCC under the Concession Agreement. • If GOJ shall grant security to any third party to secure external indebtedness (i.e. indebtedness payable (a) in a currency other than Jamaican dollars and (b) to any person resident or having its principal place of business outside of Jamaica) or any preference thereof, then GOJ shall provide TJH with equivalent security. This provision to create like security interest does not apply where GOJ creates or maintains any security interest on property in order to secure external indebtedness that was incurred for financing the acquisition of such property, and any renewal or extension of the security interest that is limited to the original property and secures any renewal or extension of the original secured financing.

Summary Terms Agreed (cont'd)	• The Guarantee expressly provides that GOJ's obligations as guarantor will not be discharged by a variety of indulgences or circumstances which might otherwise operate to discharge a guarantor including. a. extension of time for payments due or performance of any terms or covenants under the Concession Agreement; b. any amendment to the Concession Agreement; c. TJH or NROCC becomes bankrupt; d. change in the shareholders of TJH; e. the addition of any Guarantor or someone responsible for the performance of the payment obligations; f. a Force Majeure event that affects the NROCC's performance; g. any waiver or amendment that may otherwise have released the Guarantor; h. any invalidity, illegality or unenforceability of the Concession Agreement; i. any forbearance or delay by TJH in exercising rights against NROCC under the Concession Agreement; j. grant of any time or indulgence that would vary the rights of that party under the Concession Agreement; and k. any disability, incapacity or change in status of NROCC or any party or GOJ.
Governing Law	The guarantee is governed by English law. Disputes are to be settled and arbitration conducted in London under the Rules of Reconciliation and Arbitration of the International Chamber of Commerce.

- section X -

INCORPORATION AND STRUCTURE

INCORPORATION AND STRUCTURE

The Company was incorporated on November 14, 2001 with company number 64928. It has its registered office at 2 Goodwood Terrace, Kingston 10, Jamaica. It has no subsidiaries.

On 23 December 2019, NROCC completed the acquisition of one hundred percent (100%) of the ownership interest in the Company from Bouygues Travaux Publics, Vinci Construction, IFC, and Proparco.

NROCC also owns 100% of the existing preference share capital in the Company which consist of a single preference share which carried a right to equal distribution, on a dollar for dollar basis, with all the ordinary shares- that is to say; for each dollar of dividend paid on the ordinary shares a similar dollar distribution was required to be made on the preference share. The preference share had no voting rights. It was carried in the balance sheet of the Company at a value of US$27 million; being the sum subscribed by NROCC for that share.

Following upon NROCC acquiring control of the Company a series of transactions described below were undertaken relative to the Company.

CONVERSION OF THE COMPANY FROM A PRIVATE TO A PUBLIC COMPANY

By a special resolution adopted by NROCC, as the sole shareholder, on 20 January 2020 the Company converted from a private to a public company in anticipation of the Offer for Sale and adopted new Articles of Incorporation consistent with a public company and incorporating provisions required by the Rules of the JSE as conditions precedent to a listing on the main market of the JSE.

In compliance with section 26(1) of the Companies Act, 2004 the Company delivered this Prospectus to the Registrar of Companies for registration.

REORGANIZATION OF THE COMPANY'S SHARE CAPITAL

Class of Shares	Number of Shares Authorised	No. of Shares Issued	Stated Capital (US$)
Ordinary Shares	27,000,000	27,000,000	27,000,000
Preference Share	1	1	27,000,000
Total			54,000,000

By resolution in writing signed by NROCC, as sole shareholder, the share capital of the Company was reorganized as follows:

a. the authorized capital was increased to an unlimited amount;

b. each of the 27,000,000 ordinary shares were sub-divided into approximately 463 ordinary shares to produce 12,501,000,000 ordinary shares;

c. NROCC subscribed for an allotment of 2,700,000,000 8% Cumulative Redeemable Preference Shares at a subscription price of the Jamaican dollar equivalent of US$0.o1 per share and the Company applied the subscription sum to repurchase the single preference share held by NROCC at a repurchase price of US$27,000,000.

CAPITAL STRUCTURE OF THE COMPANY

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

Shareholding Type	Authorised	Issued Shares	Rights
Ordinary Shares	Unlimited	12,501,000,000	Rights typically attaching to ordinary shares including rights to: • receive notice of, attend and vote at general meetings of the Company; • participate in any dividend declared by the Board (after payment of Preference Share dividends); • participate in a surplus on a winding up (after payment to Preference Shareholders).
Preference Shares	2,700,000,000	2,700,000,000	The Preference Shares rank in advance of the Ordinary Shares for the purposes of any dividends declared by the Board. The right of the Preference Shareholders to receive dividends is cumulative (so arrears are allowed until sufficient funds are available to make payment, and subject to the terms of the financing agreements of TJH) The Preference Shares also rank in advance of the Ordinary Shares for the purposes of any return on capital by the Company in the event of its winding up. The Preference Shares have no voting rights (except for wind-up matters only) at general meetings of the Company.

SHAREHOLDINGS PRE-OFFER FOR SALE

The current shareholding of the Company after the sub-division and increase of its Authorized Share Capital, is as follows:

Shareholder	Share type	Issued Shares Before Subdivision of Authorised Share Capital	Issued Shares After the Sub-Division of the Authorized Share Capital	Percentage Ownership
NROCC	Ordinary Shares	27,000,000	12,501,000,000	100%
NROCC	Preference Shares	1	2,700,000,000	100%

SHAREHOLDINGS POST OFFER

Upon closure of the Offer for Sale, assuming all categories of the Sale Shares in the Offer for Sale are purchased by the public and the Reserved Share Applicants, the respective shareholders and their respective percentage shareholdings in the Company will be as follows:

SHAREHOLDING	If Option to upsize is not exercised		If Option to upsize is exercised	
	NUMBER OF ORDINARY SHARES	OWNERSHIP*	NUMBER OF ORDINARY SHARES	OWNERSHIP*
NROCC	4,501,000,000	36.0%	2,501,000,000	20.0%
Concession Companies	88,888,889	0.7%	111,111,111	0.9%
e-Tag customers	296,296,296	2.4%	370,370,370	3.0%
Public Sector Workers	829,629,630	6.6%	1,037,037,037	8.3%
Underwriters	2,074,074,074	16.6%	2,592,592,593	20.7%
Registered Pension Funds	2,074,074,074	16.6%	2,592,592,593	20.7%
General Public	2,637,037,037	21.1%	3,296,296,296	26.4%
Total	**12,501,000,000**	**100.0%**	**12,501,000,000**	**100.0%**

*Percentages (%) are rounded to the nearest decimal point

PREFERENCE SHARE RESTRUCTURING

NROCC in its role as Grantor, contributed loan capital to the development of the Toll Road. In 2011 as part of a wider refinancing initiative which was being done by TJH (and described further in the pre-offer dividend section below), the NROCC loan was converted to one (1) preference share with no-par value. The preference share was valued at US$27 million and entitled NROCC to 50% of the distributable income of TJH.

NROCC has decided to redeem its existing preference share and to subscribe for an allotment of 8% Cumulative Redeemable Preference shares.
This in effect 'converted' the preference share to a fixed income instrument. In summary, the rights and privileges attaching to the 8% Cumulative Redeemable Preference shares are as follows:

- Income: the right to fixed rate of 8% cumulative dividend payable quarterly in Jamaican Dollars. Any foreign exchange risk associated with these shares will be for the holder of the shares.
- Capital: The right in winding up or other return of capital to repayment of JMD equivalent of US$0.01 per share (based on the value on the issue date) as well as arrears of preferential dividend in priority to the Ordinary Shares but subordinated to the Company's senior debt.
- Voting: no voting rights except (i) a resolution is being proposed to wind up the Company; and (ii) a resolution is being proposed to abrogate or vary the rights attaching to the Preference Shares.

Maturity and redemption: The instrument will be for a period of 10 years but may be partially redeemed in years 6,7, 8 and 9 from the designated Distribution Account. Where TJH does not have sufficient funds in the Distribution Account to redeem the preference shares, the Company may seek with the approval of the preference shareholders to extend the tenure or issue new preference shares to redeem the maturing preference shares. Notwithstanding anything stated above, payments on account of the Preference Shares for dividend and redemption may be made only out of a designated account Distribution Account to which revenues will flow in accordance with the waterfall described under the Notes. If dividend cannot be paid on any dividend payment date, then it will accumulate and be payable when funds are available in the account.

In effect:
- the preference share will be converted from a USD denominated to JMD instrument. The initial value is the J$ equivalent of Twenty-Seven Million United States Dollars (US$27,000,000).
- NROCC will no longer be entitled to participate in the Company's profit through ownership of the preference share.
- NROCC will seek to sell down their preference shares at date in the future via a private placement or public offer for sale.

The impact of this transaction has been reflected in the Pro-Forma adjustments as seen in Section 16.

PRE-OFFER FOR SALE DIVIDEND TO NROCC

NROCC had made loans to TJH aggregating US$116.59 million to finance certain early works and other costs incurred in connection with the Highway 2000 development. When the Company came to undertake Phase 1B in 2011 the financial market was still suffering from the aftermath of the financial crisis of 2008-2010 and the Company encountered difficulties in raising debt financing to fund the project. In order to induce a group of multilaterals and Government-sponsored development lenders (IADB, IFC, EIB, and Proparco) to finance the project it became necessary for NROCC to enter into a loan conversion agreement with TJH, dated as of February 18, 2011 ("the Loan Conversion Agreement"). As part of the Loan Conversion Agreement, US$ 89.59 million of TJH's outstanding debt was converted into an amortizing grant (the "NROCC Grant"). The remaining amount of US$27 million was applied to subscribe for a special "equity" preference share.

The NROCC Grant was being amortized using a projection of Toll Road traffic over the concession period, based on the actual traffic on the road for the period, as a year-end adjustment. The accounting treatment in accordance with International Financial Reporting Standards ("IFRS") where the amount written off is reported as income in the profit and loss account.

The treatment of the NROCC Grant has been reviewed, and the Directors adopted the following treatment with respect to the NROCC Grant; the amortisation and derecognition of the remaining unamortized balance of the NROCC Grant be accelerated and the entire balance which now stands at US$62.99 million be written off and brought into retained earnings.

The shareholder then declared a dividend of US$35 million to shareholders of record as at 20 January 2020 hereof for payment no later than June 2020 from the proceeds of the Notes.

The impact of this transaction has been reflected in the Pro-Forma adjustments as seen in Section 16.

LITIGATION

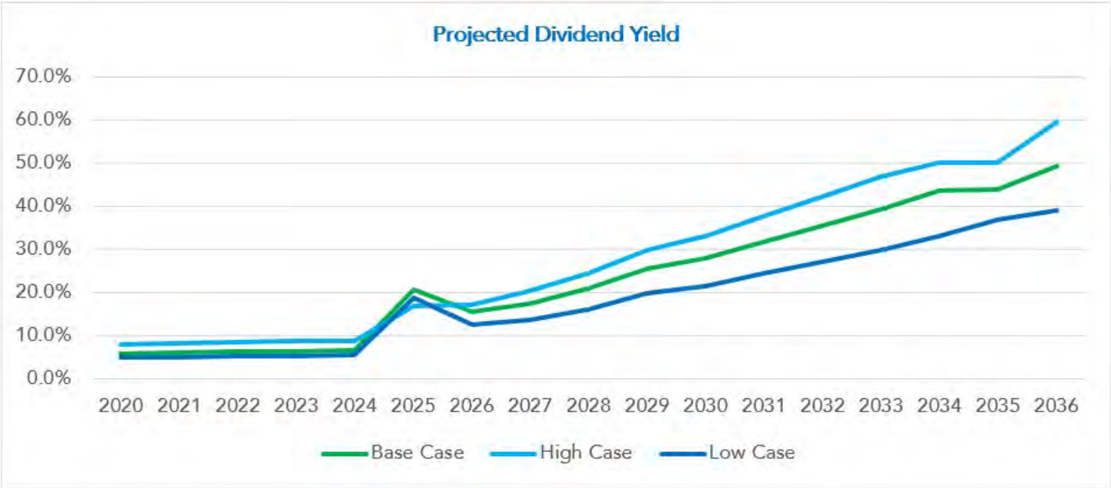
As at the date of this Prospectus, the Company was not involved in any material litigation, arbitration or similar proceedings pending and/or threatened against the Company.

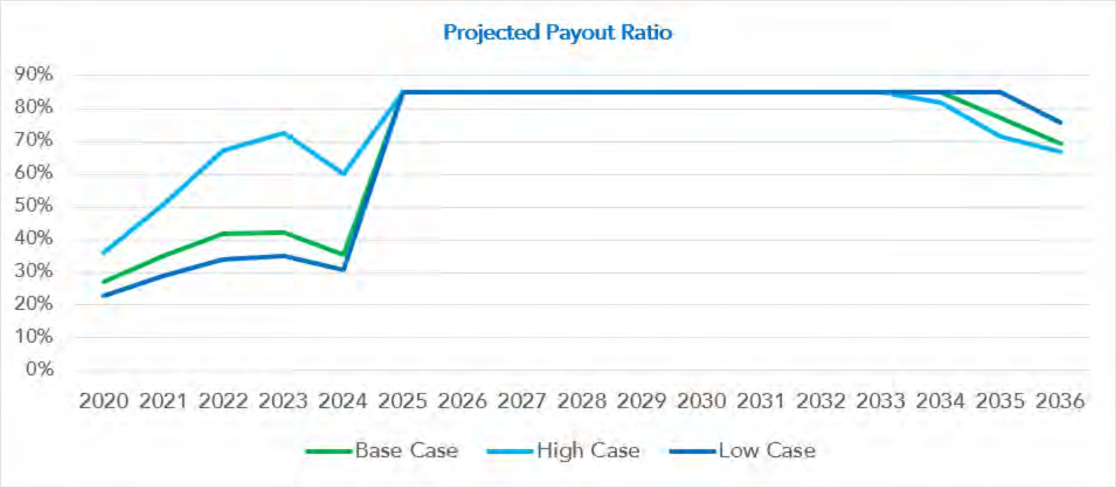
DIVIDEND POLICY

NROCC anticipates that the Company will pursue a dividend policy whereby it shall declare and pay an annual dividend that will generally be up to the maximum allowable under the Companies Act after making adequate allowance for (i) working capital to allow the Company to continue its normal operations under the Concession Agreement; and (ii) compliance with applicable covenants under Financing Agreements which may bind the Company from time to time. As would be the case with any company paying dividends on shares, the Company's dividend policy is subject to the availability of sufficient distributable income and/or reserves for each financial year. It is expected that the Company will reserve the right to amend its dividend policy as the need arises. NROCC considers that the Company at this stage is a brownfield investment with limited construction risk. NROCC believes any excess cash subsequent to satisfying the Company's financial obligation and other investment prospects will be available for distribution.

Based on the projected operating profits, distributable reserves and cashflows, the Company is projecting dividends yield (based on the Offer Price) ranging from:

- Average of 5.3% to 8.7% in 2020-2025.
- Average of 24.5% to 35.8% thereafter.
- Overall average of 18.8% to 27.8% for the total period of 2020-2036.





The above shows that the average dividend payout ratio (as a% of accumulated earnings) ranges from 43% in the earlier years to a high of 85%, reducing in the later rates to approximately 70%.

TAXATION

The Company incurs corporation tax at a rate of 25%. Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The Company's liability for current tax and deferred tax is calculated at the corporation tax rate of 25%.

As at 30 September 2019, subject to agreement of the Commissioner General, Tax Administration Jamaica, at the reporting date the company had tax losses of approximately US$86.55 million (2018: US$85.09 million available for set-off against future taxable profits.)

The Company's Tax Compliance Certificate as at 16 May 2019 is available for inspection.

- section XI -

DEBT REFINANCING AND RELATED CONTRACTS

DEBT REFINANCING

On as at February 18, 2011, the Company received term loans from IADB, IFC, EIB and Proparco ('the ECA Lenders"). As at 23 December 2019, the total obligations on these loans was approximately US$170m comprising principal, interest and early termination costs. The purchase by NROCC of the Ordinary Shares in the Company as at 23 December 2019 triggered an obligation to mandatorily repay these long-term loans and prior negotiation with the lenders resulted in agreement for the full payment, including breakage fee for related hedge arrangements and penalties.

In order to repay the long-term loan, the prepayment penalty as well as associated costs, the Company arranged, through National Commercial Bank Limited, a syndicated bridge loan of US$133,622,000("the NCB Syndicated Bridge Loan Facility") and a short term unsecured loan from NROCC in the amount of US$16,378,000 loan ("NROCC Bridge Loan") ("together the 2019 Bridge Loans"). In addition, certain sums released from the reserve accounts that previously were part of the collateral package for the Long-Term Loans from the ECA Lenders were used to liquidate the debt. The NCB Syndicated Loan Facility is secured by a debenture over all the assets of the Company coupled with an assignment of the Concession Agreement. This transaction was successfully closed on December 23, 2019 and the proceeds of the NCB Syndicated Loan Facility were applied to repay and completely discharge the term loans due to IADB, IFC, Proparco and EIB.

On or concurrently with this Offer for Sale the Company intends to issue approximately US$225 million Senior Secured Notes (the "Notes") (i) in the United States, to qualified institutional buyers within the meaning of Rule 144A the U.S. Securities Act and (ii) outside the United States, to non-U.S. persons in compliance with Regulation S, under the U.S. Securities Act.

If the offering of the Notes is successful, the Notes will constitute direct, unconditional and senior secured obligations of the Company and will rank equally in priority of payment with the obligations under the other Secured Obligations of the Company and all other existing and future senior debt obligations, respectively, and senior in priority of payment over any of the Company's respective existing and future subordinated obligations. The obligations to make payments of principal, interest, premiums or additional amounts, if any, on the Notes will be solely obligations of the Company. It is anticipated that interest on the Notes will be paid quarterly, at a rate to be determined at pricing, in accordance with customary practice in the international capital markets It is expected that the Notes will have commercially better terms, particularly with respect to the covenants, than the 2019 Bridge Loans. If the Notes are not issued, the 2019 Bridge Loans would continue to be in place until maturity which is on or about 18 December 2020

It is expected that the documentation in respect of the Notes will impose upon the Company certain customary affirmative covenants, as well as certain customary negative covenants that, among other things, will limit the Company's ability to:

a. incur additional indebtedness;
b. grant liens over the property of the Company;
c. amend, modify, terminate, assign or grant a consent, extension or waiver of any material provision of any agreement related to the Project (including in particular, the Concession Agreement);
d. make dividend payments or payments of development, management, operation or other fees to any of affiliate of the Company;
e. make investments;
f. sell assets;
g. enter, amend, renew or extend the terms of, or supplement any transaction with any of the Company's affiliates, unless undertaken upon terms not materially less favorable to the Company than that those that could be obtained in a comparable arm's length transaction with a person that is an affiliate of the Company; provided that such restriction does not prevent the Offer for Sale;
h. change the nature or scope of its business, its business purpose, or enter into any other business, either directly or indirectly other than the Project or as described in the Company's organizational documents or as permitted under the Concession; and
i. engage in mergers, consolidations and transfers of substantially all of our assets; in each case, subject to certain exceptions customary for similar transactions in the international capital markets.

It is expected that the collateral securing the Notes will be comprised of, among others:

a. the present and after-acquired personal property of the Issuer including all Project documents to which it is party, including the Concession Agreement, and the local accounts, and further providing for an assignment of the benefit of the Concession Agreement and the other project documents;
b. an assignment of the concession agreement providing for a collateral assignment of the Company's interest in the Concession Agreement;
c. an onshore security debenture creating security interests over all the present and after-acquired property of the Company situated in Jamaica; and
d. certain offshore accounts (located in New York) and onshore accounts (located in Jamaica), that will funnel all collections generated by the Toll Road/Project and will provide for a priority of payments for the allocations of funds deposited therein.

It is anticipated that the Notes will subject to customary events of default which if triggered would enable the Indenture Trustee under the Indenture governing the terms of the Notes and/or the Jamaica collateral agent for the noteholders, to take enforcement action. It is anticipated that the Events of Default will include material breaches of the Concession Agreement, which, if triggered, will permit the noteholders, acting thought the Indenture Trustee or local Collateral Agent, to "step in" and take-over the Concession Agreement, by removing the Company or to appoint a new operator to displace the then existing operator of the Concession.

The impact of this transaction has been reflected in the Pro-Forma adjustments as seen in **Section 16.**

EXISTING DEBT RELATED CONTRACTS

The Current debt of the Company Comprising the NCB Syndicated Bridge Loan Facility (US$133,622,000) and the NROCC Bridge Loan (US$16,378,000) which commenced on and around 19 December 2019 and expire on or around 18 December 2020. The main purpose of the Notes is to replace these debts assuming the offer is successful. The main features of the debt are noted below.

NCB Syndicated Bridge Loan Facility	
Summary Terms Agreed	• A fixed interest rate of 5.75% per annum. In the event of a default, it would be the interest rate of 5.7% plus the default rate of 2.0%, and at all other times 5.75% per annum. Such interest will be compounded. • This loan will be repaid via the Notes. • Security package: See section "Charges registered against the assets of the Company".

NROCC Bridge Loan	
Summary Terms Agreed	• The loan matures on 20 December 2020 but may be paid at any time, without penalty. It accrues at an interest rate of 6% per annum; a default interest rate of 8% per annum will apply in the event that there is an event of default. • This loan is unsecured. • This loan will be repaid via the Notes.

CHARGES REGISTERED AGAINST THE ASSETS OF THE COMPANY

- **NCB Syndicated Bridge Loan facility:** This facility is temporary facility and will be repaid via the Notes. The related security for this facility includes:
  - Assignment over the Concession Agreement between the Borrower and National Road Operating and Contracting Company (NROCC);
  - Debenture to be stamped to cover J$22.254 billion over the Company's freehold and leasehold properties, assets and rights;
  - Assignment of all insurance policies;
  - Charge over all deposit accounts, securities accounts or other accounts held at any financial institution outside of Jamaica, including the Secured Offshore Accounts; and
- Lien over the Debt Service Reserve, Major Maintenance Reserve, Debt Service Accounts to be maintained with NCBJ during the life of the facility and allow for the sale and allocation of the Ordinary Shares.

PREFERENCE SHARES

NROCC also owns 100% of the existing preference share capital in the Company which consist of a single preference share which carried a right to equal distribution and was carried in the balance sheet of the Company at a value of US$27 million; being the sum subscribed by NROCC for that share.

NROCC has decided to redeem its existing preference share and to subscribe for an allotment of 8% J$ Cumulative Redeemable Preference shares. This in effect 'converted' the preference share to a fixed income instrument and is treated as debt for accounting purposes.
See further details in Section 10 and Section 16 for the Pro-forma adjustments.

OTHER DEBT CONTRACTS

The Company has no other material indebtedness.

MATERIAL DEBT CONTRACTS OF NROCC RELATED TO THIS TRANSACTION

Equity Bridge Notes

In order to facilitate the Offer for Sale it was necessary for NROCC to repurchase all of the ordinary shares held by Bouygues, Vinci, IFC and Proparco. A total acquisition price of US$72 million was negotiated on terms that the transaction should be completed by a specified date. The acquisition was funded by raising US$72 million from an exempt distribution of short term bonds ("Equity Bridge Bonds") arranged by NCB Capital Markets Limited ("the Equity Bridge Transaction").

The Bridge Bond are secured by a charge over the shares that NROCC purchased from the existing shareholders. The bonds may be repaid by or before 19 January 2021. The bond will also be senior in right of payment to any present and future subordinated debt, related party or shareholder loans and similar payments.

NROCC intends to redeem the Bridge Bonds from the proceeds of the Offer for Sale.

NROCC Promissory Note

In order to fund the NROCC Bridge Loan to TJH, NROCC issued a promissory note to the Ministry of Finance and Public Service (acting on behalf of the GOJ). This loan which matures on 18 March 2020, attracts interest at a rate of five-point seven five percent (5.75%). The Promissory note is expected to be will be repaid indirectly via the Notes.

- section XII -

PROPERTIES, INSURANCE AND OTHER MATERIAL CONTRACTS

INTELLECTUAL PROPERTY

REAL AND LEASEHOLD PROPERTIES

The Company does not own any real estate and it has leased the following lands from NROCC for the purpose of constructing the Highway.

CITY	PARISH	VOLUME	FOLIO
Bodles	St. Catherine	954	342
Bodles	St. Catherine	997	567
Bodles	St. Catherine	989	104
Bodles	St. Catherine	1000	349
Bodles	St. Catherine	1302	884
Bodles	St. Catherine	1302	884
Bodles	St. Catherine	1075	507
Bodles	St. Catherine	1014	94
Bodles	St. Catherine	989	295
Bodles	St. Catherine	1086	232
Bushy Park	St. Catherine	1075	507
Bushy Park	St. Catherine	1267	595
Cherry Garden Estate	St. Catherine	1128	485
Church Pen	St. Catherine	974	474
Church Pen	St. Catherine	1147	263
Church Pen	St. Catherine	1300	656
Church Pen	St. Catherine		
Church Pen	St. Catherine	1294	950
Church Pen	St. Catherine		
Church Pen	St. Catherine		
Church Pen	St. Catherine	1021	479
Church Pen	St. Catherine		
Church Pen	St. Catherine		
Church Pen	St. Catherine	1177	78
Church Pen	St. Catherine	579	82
Church Pen	St. Catherine		
Church Pen	St. Catherine		
Church Pen	St. Catherine		
Church Pen	St. Catherine		
Freetown	Clarendon		
Freetown	Clarendon		
Freetown	Clarendon		
Freetown	Clarendon	1066	185
Tyne Lodge	Clarendon	1060	180
Free Town	Clarendon	1093	126
Free Town	Clarendon	1144	575
Free Town	Clarendon	1144	122

CITY	PARISH	VOLUME	FOLIO
Free Town	Clarendon		
Free Town	Clarendon	1317	584
Free Town	Clarendon	1187	522
Free Town	Clarendon	1005	569
Free Town	Clarendon	1058	260
Free Town	Clarendon		
Grove Farm	Clarendon	1254	253
Harrison Pen	St. Catherine	1055	561
Harrison Pen	St. Catherine	1055	607
New Market Pen	St. Catherine	1140	932
Harrison Pen	St. Catherine	1055	555
Harrison Pen	St. Catherine	1273	105
Harrison Pen	St. Catherine	1273	126
Harrison Pen	St. Catherine	1055	604
Harrison Pen	St. Catherine	1055	603
Harrison Pen	St. Catherine	1055	556
Harrison Pen	St. Catherine	1138	62
Harrison Pen	St. Catherine	1055	554
Harrison Pen	St. Catherine	1273	129
Harrison Pen	St. Catherine	1055	560
Harrison Pen	St. Catherine	1055	552
Harrison Pen	St. Catherine	1055	610
Harrison Pen	St. Catherine	1055	605
Harrison Pen	St. Catherine	1055	587
Harrison Pen	St. Catherine	1273	128
Harrison Pen	St. Catherine	1273	127
Harrison Pen	St. Catherine	1055	586
Harrison Pen	St. Catherine	1084	621
Harrison Pen	St. Catherine	1342	21
Inverness	Clarendon	1108	137
Lancewood Valley	Clarendon	1362	230
Lancewood Valley	Clarendon	938	499
Lancewood Valley	Clarendon		
Mendez Pen and Palmyra	Clarendon	1261	454
Mendez Pen and Palmyra	Clarendon	1261	453
Sandy bay	Clarendon		

INTELLECTUAL PROPERTY

The Company has licensed the following intellectual property, which is owned by NROCC

HIGHWAY
2000
EAST-WEST
The Easy Way

PERMITS & LICENSES

The operations of the Company are subject to compliance with the various Acts and Regulations and certifications. The Company's operations are regulated by agencies such as the Toll Authority. While the Company would have obtained various environmental and planning permits during the construction phase of the Highway there are no permits required for the day-to-day operations of the Company.

OTHER MATERIAL CONTRACTS

Lease under the Registration of Titles Act	
Agreement Date	November 21, 2001
Parties	NROCC TJH
Summary Terms Agreed	• Certain lands have been leased to the Lessee for the construction of a Highway in accordance with the provisions of the Concession Agreement. The rent payable is JM$1.00. • In consideration, the Lessee has agreed: o To pay rent o To pay utilities o Not to assign and mortgage o To indemnify the landlord o To comply with Regulations o To prevent damage to adjoining lands o To give notice of damage o Not to commit unauthorized uses o To prevent land and soil erosion o To develop o To permit inspection o In response, the Lessor has agreed: o Power of re-entry o Arbitration o Removal of building, structures, fixtures etc. o To pay costs o No grant of easements
Terms	35 years

Deed of Amendment	
Agreement Date	16 February 2011
Parties	1. The Commissioner of Lands 2. NROCC
Summary Terms Agreed	This lease, which is an extension of the Original Lease dated October 22, 2003, covers 98 parcels of land (including those mentioned in the original lease) that were compulsory acquired by NROCC and provides a detailed description of said lands in the appendix attached.

OTHER MATERIAL CONTRACTS

Operating Lease	
Agreement Date	January 1, 2019
Parties	1. Jamaica Credit Union Pension Fund Limited 2. TJH
Summary Terms Agreed	Under the lease agreement effective January 1, 2019, TJH in its capacity as lessee rents from Jamaica Credit Union Pension Fund in its capacity as lessor, the property located at 2 Goodwood Terrace, Kingston 8. The property is permitted to be used as a corporate office, initially for a term of 3 years, subject to any mutually agreed extensions.

Deed of Amendment	
Agreement Date	August 16, 2018
Parties	NROCC (Lessor) TJH (Lessee)
Summary Terms Agreed	• By virtue of the Head Lease dated March 12, 2002 between the Lessor and Lessee and also the lease dated April 1, 2018 between the Lessor and Jamaica Railway Corporation (JRC) where in the latter agreement, JRC leased lands to the Lessor, this Agreement serves as an amendment to those agreements. • This Agreement had added the lands leased by JRC to those that were already stated in the Head Lease.
Terms	20 years

Consent Agreement	
Agreement Date	August 16, 2018
Parties	NROCC TJH Total Jamaica Ltd
Summary Terms Agreed	• Under the Concession Agreement (and Head Lease dated 12 March 2002), TJH may assign or transfer all of its rights, duties and obligations therein with the prior written consent of NROCC • TJH has requested that NROCC consent to TJH granting a sub-lease to Total for it to operate a service station and convenience store • In considerations, Total will not assign, underlet or part with possession of the property without TJH and NROCC's written consent. It will also include a condition of re-entry on the breach of that covenant • This Agreement will automatically terminate on the termination of the Head Lease

OTHER MATERIAL CONTRACTS

Sub-lease for Convenience Store	
Agreement Date	August 16, 2018
Parties	TJH Total Jamaica Ltd
Summary Terms Agreed	• Following a tender by TJH in 2015 to select a gas station operator for a service station, TJH with NROCC's approval selected Total Jamaica Limited • The yearly lease fee would be: o fixed fee with a yearly increase based on US CPI o A fixed percentage on turnover of all services o Inclusive of all taxes • The fees are to be paid via wire transfer to TJH's account • This Agreement is in effect from the commencement date to November 20, 2036, with the option to renew (stated in writing) at least 180 days prior to the expiration of the term • Dispute between the parties are to be settled by arbitration in Kingston, Jamaica and proceedings conducted in English
Term	18 years

Conduit Contractual Licence to Use ("CLU") Agreement	
Agreement Date	January 9, 2007
Parties	TJH Fibralink Jamaica Ltd ("Fibralink")
Summary Terms Agreed	Fibralink has a nonexclusive CLU Agreement to use an initial 45km of duct conduit owned by TJH. Fibralink used this conduit for the installation of the Fibralink facilities and the execution of its business model. Under the agreement, Fibralink: • Has 24 hour access with no toll charges incurred for such access • The right to install and maintain splice cases and storage loops on the inside of existing pull boxes. Fibralink may place additional pull boxes if necessary, at its sole cost • Shall be allowed to construct and occupy ducts interconnecting with the existing pull boxes for the purposes of installing fibre optic laterals to its network.

Amendment to Cable & Wireless Jamaica Ltd Lease Agreement	
Agreement Date	September 9, 2016
Parties	Cable and Wireless Jamaica Limited ("Flow") TJH
Summary Terms Agreed	TJH as lessor, rents 1,200 sq.ft. of land to Flow along the Portmore Causeway section of Highway 2000 East-West. Flow as one of the leading telecommunication providers in Jamaica uses this location to carry out its operations and provide network access to Jamaicans. The leased premises are all that parcel of land part of Portmore in the parish of St. Catherine containing 1200 square feet and being land, along the Portmore Causeway section of the Highway 2000 toll road which is occupied by the Lessor pursuant to the leasehold interest.
Term	5 Years

OTHER MATERIAL CONTRACTS

TJH Easement Access Agreement	
Agreement Date	November 4, 2015
Parties	TJH Digicel Jamaica Ltd
Summary Terms Agreed	Digicel and TJH have signed an agreement giving Digicel the right to install, operate, and maintain underground fibre optic cables and to access ducts and dark fibre in and above the Easement Area, which is property under the control of TJH.
Term	10 years with the option to extend for an additional 5.

MATERIAL CONTRACTS OF NROCC RELATED TO THIS TRANSACTION

Engagement Letter from NCBCM	
Agreement Date	10 September 2019
Parties	NCBCM NROCC
Summary Terms Agreed	The letter confirmed the arrangement between NCBCM and NROCC that NCBCM will act as an arranger and broker in connection with the sale of 100% of TJH's Ordinary and Preference Shares, or such amount as may be later agreed between the parties.

NCBCML Underwriting Agreement	
Agreement Date	December 6, 2019
Parties	NCBCML NROCC
Summary Terms Agreed	NCBCML entered into an agreement with NROCC to underwrite funding up to One Hundred and Thirty-Five Million Seven Hundred and Fifty Thousand United States Dollars (US$135,750,000). The funding will be used to: a) Finance the acquisition of 100% of the ordinary shares in TJH for a total of Seventy-Two Million United States Dollars (US$72,000,000.00). b) Underwrite up to the Jamaican Dollar equivalent of Sixty-Three Million Seven Hundred and Fifty Thousand United States Dollars (US$63,750,000) in the Offer for Sale of Shares in TJH by NROCC i.e. NCBCML will fund the difference between the amount which is raised in the Offer for Sale and US$63,750,000.

INSURANCE ARRANGEMENTS

As of the date of Prospectus the Company maintains an insurance program that is comparable to the usual types of insurance policies for other companies in this field. In addition, TJH believes that the insurance coverage is reasonable in its amount and consistent with industry standards applicable to toll road companies that operate in Jamaica, and does not expect any delays in the renewal of our current insurance policies. This program includes policies for:

Policy Type	Coverage Area	Coverage Limit	Expiration Date
Property damage, burglary and accidental physical damage	1. Head office at 2 Goodwood Terrace, Kingston 10, St. Andrew, Jamaica; 2. Portmore Toll Plaza; 3. Vineyards Toll Plaza; and 4. Spanish Town Toll Plaza	US$237,307 for physical property damage which includes US$30,000 aggregate for burglary/accidental damage	March 1, 2020
Electronic property damage	All computer equipment, laptops and cameras at the head office at 2 Goodwood Terrace, Kingston 10, St. Andrew, Jamaica and at the Toll Plazas	US$308,418	March 1, 2020
Employers Liability	Legal liability to employees, including damages and approved costs and expenses, in respect of accidental bodily injury, illness, disease or death related to employment	J$50,000,000 (US$381,164.82) for any one accident or period	March 1, 2020
Motor Private Car Comprehensive	Accidental loss or damage related to the ownership of three company vehicles and third-party legal liability	J$14,850,000 (US$113,205.95) which includes a limit on liability for bodily injury of J$20,000,000 (US$152,465.93) for any one person or event and J$20,000,000 (US$152,465.93) in property damage	March 1, 2020
Group Personal Accident	Death and personal injury of TJH employees	J$30,000,000 (US$228,698.89) per occurrence or period	March 1, 2020
Fronting Liability	Worldwide fronting liability coverage for public liability activities undertaken by TJH excluding in the U.S. and Canada	Up to US$10,000,000 in public liabilities	March 14, 2020

- section XIII -

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

INDEPENDENT DIRECTORS

Charles Paradis (Chairman)

Charles Paradis began his career working at the French Ministry of Defence, in the Maritime Affairs department based first in Cherbourg, then in Brest. He joined Bouygues Travaux Publics in 1988 as head of the commercial department. After being involved in several concession projects, he took charge of the company operating the Istria motorway in Croatia in 1997.

Charles Paradis had over 20 years' experience in civil engineering and management of shareholdings with Specific focus on road, tunnel and bridge projects in Hungary, Croatia, UK South Africa, Germany, France, Jamaica and South Korea.

He was made Senior Vice President, Concessions prior to his appointment as Chief Executive Officer of Bouygues Construction Concessions in February 2003. He was also a member of the General Management Committee at Bouygues Construction.

Charles Paradis graduated from Massachusetts Institute of Technology, the Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées. He has a master's degree in sciences-Civil Engineering, option Mechanics of Fluids as well as Engineer degrees.
Charles Paradis will be appointed as Chairman of the Board of Directors.

John ("Mitchie") Bell

John ("Mitchie") Bell is a director of Proven Wealth Limited, Cable & Wireless Jamaica Limited and Advantage General Insurance Limited as well as a past director of NCB Capital Markets Limited and a past Chairman of Salada Foods Jamaica Limited.

Mr. Bell is a former partner of PricewaterhouseCoopers, where he was Lead Partner of the firm's Financial Services Audit and Assurance practice for several years.

Mr. Bell was educated at The Lodge School in Barbados and later the University of the West Indies, Jamaica where he received a Bachelor of Science degree in Economics and Accounting. He is a Certified Accountant and a fellow of the Institute of Chartered Accountants of Jamaica.

Ian Dear

Ian Dear is the founder and current Chairman and CEO of Margaritaville Caribbean Group (MCG), an industry-leading hospitality company which has two subsidiaries publicly traded on the Jamaica Stock Exchange. Under Dear's leadership the Company portfolio has expanded to include a diverse range of hospitality concepts in 53 locations throughout the Caribbean.

Ian maintains active involvement in several community service organizations and is currently Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.) and a board member of the Tourism Enhancement Fund (TEF). He is also a Justice of the Peace for the parish of St. James, since originally being appointed in 1996. In addition to these current appointments, Ian has served as a member and board member for several organizations to include the Jamaica Hotel and Tourist Association, the Private Sector Organization of Jamaica, Young President's Association, the Montego Bay Chamber of Commerce, the Jamaica Cruise Council and the Attractions Association of Jamaica.

INDEPENDENT DIRECTORS

Julie Thompson-James

Julie Thompson-James is an Attorney at Law and founder of Cube Corporate Support Limited, a corporate governance advisory firm. Julie's experience spans both the public and private sector. In the public sector, she served as Corporate Secretary and Legal Counsel to the Financial Sector Adjustment Company Limited and member of the Commission established by the Ministry of Finance 2019 to review the Government Pension structure. Her public sector service also saw her in the role of Assistant Attorney General, Attorney General's Chambers, Litigation Division, Ministry of Justice. Julie has held progressive roles in the private sector with Scotia Group Jamaica Limited inclusive of Vice President, Regional Head, Senior Legal Counsel & Corporate Secretary with responsibility for General Legal Advice and Counsel, Corporate Services and Compliance. Julie has held several directorships including the Director of Allied Insurance Brokers Limited, Director Students Loan Bureau.

Julie holds a Bachelor of Laws (LLB), (Hons.) from the London School of Economics, London, England; Certificate of Legal Education from the Norman Manley Law School, University of the West Indies, Kingston, Jamaica and a Bachelor of Arts degree in Economics & Business Administration (Hons.) from Howard University, Washington, D.C., U.S.A. Her legal experience spans over 19 years and includes: Complex Commercial & Civil Litigation; Banking, Insurance and Securities law; Company Law, Corporate Governance and Shareholder engagement.

NON-INDEPENDENT DIRECTORS

Alok Jain

Alok Jain is a former partner of PricewaterhouseCoopers (PwC) where he held a number of leadership roles, most recently as leader of PwC's Advisory practice in the Caribbean. He previously served as leader of PwC's Assurance practice in Jamaica.

Alok currently serves as a Consultant at the Office of the Prime Minister. He is an Adjunct Lecturer at the Mona School of Business and Management at the University of the West Indies. He is also a director of Mayberry Investments Limited.

Alok is a Chartered Accountant, Certified Information Systems Auditor as well as a CFA Charterholder. He has extensive experience in accounting, auditing as well as in corporate finance - privatization and public private partnerships (PPP), valuations of companies, due diligence investigations, "going public" and listing shares on the stock exchange, capital restructuring, and acquisitions and mergers.

Phillip Henriques

Philip Henriques, Businessman par excellence is presently Managing Director of Kingston Industrial Agencies Limited, a position he has held since 2002. He has been a director of the CHASE Fund since 2002 and assumed the chairmanship from 2007 until 2011. In 2012, he was again asked to serve as Chairman. Philip is vastly experienced in the areas of strategic business development, leadership and management. He is also the current chairman of NROCC.

Phillip Henriques currently serves on the board of Kingston Ice Making Company and is Vice-Chairman of Hillel Academy High School. He has had the distinction of serving the people of Southeast St. Andrew as a representative/caretaker from 1999 to 2003.

Mr. Henriques holds a B.Sc. in Business Administration and an MBA in Finance from Nova University in Florida. An avid sports enthusiast he is a member of the Kingston Cricket Club.

Ivan Anderson

Ivan Anderson, an engineer, is Managing Director of the National Road Operating and Constructing Company Limited (NROCC), which was formed to implement the Highway 2000 Toll Road project. He is the former Chief Executive Officer of the National Works Agency, which is responsible for the maintenance and rehabilitation of Jamaica's main roads. During his tenure, some of the major projects completed included sections of the North Coast Highway, widening of major arterial roadways and bridges, and flood damage rehabilitation projects.

He is also the former General Manager of the Urban Development Corporation, holding responsibility for infrastructure and secondary development projects that included hospitals, housing schemes, hotels, shopping centres, schools and other facilities, across Jamaica.

He holds a BSc in Engineering from the University of the West Indies, and an MBA from the University of Minnesota. He has also done graduate studies in Project Management and Urban Renewal (Rutgers University), Investment Appraisal and Management (Harvard University), among others.

Potential changes in Board of Directors post the Offer for Sale

The Underwriters will have the rights to appoint directors in line with their shareholding of TJH. It is expected that this group will appoint at least 2 additional directors.

TJH SENIOR MANAGEMENT TEAM

Managing Director

Mr. Thierry Parizot has served as managing director of the Company since 2018. Mr. Parizot has worked over 30 years with Bouygues Construction, where he held several positions in the fields of management, finance and commercial and marketing, within their building and public works division.

Since 2004, Mr. Parizot has held positions of general management of project companies, including acting as chief executive officer of roadway and railway concession companies ALIS (until 2012) and OC'VIA (until 2017).

Currently, he is also serving as chairman of the Bouygues subsidiary responsible for operating the Orange Vélodrome Stadium in Marseille, France. Mr. Parizot holds a bachelor's degree in civil works engineering from École Spéciale des Travaux Publics in Paris, France, and postgraduate studies in marketing at HEC in Paris, France.

Administrative and Financial Manager

Ms. Garriques-Brown has served as administrative and financial manager of the Company since 2016 and has served as Senior Accounting Officer, Accounts & Payroll Manager at Bouygues Travaux Publics Jamaica, Financial Controller during her tenure of over 15 years with the Highway 2000 East-West Group.

Ms. Garriques-Brown has over 16 years of experience in the toll road operation and management business. Ms. Garriques-Brown has also worked in customer service at Federated Pharmaceuticals Co. Ltd for 8years.

Ms. Garriques-Brown holds a bachelor's degree in Accounting from University of Technology, Jamaica in Kingston and has also completed the Certified Public Accountant (CPA) exams.

Senior Quality & Maintenance Planning Engineer

Mr. Lyn-Cooke has served as senior quality and maintenance planning engineer of the Company since 2013 and has held several positions during his tenure of over 10 years with the Company.

Mr. Lyn-Cook has over 10 years of experience in the toll road operations, maintenance and management business. From 2009 to present, Mr. Lyn- Cook acted as Manager on Call of Jamaican Infrastructure Operators during the period June 2014 to December 2015.

Mr. Lyn-Cook was also Quality Assurance Officer of Caribbean Cement Company Limited, from 2005 to 2007. Previously, Mr. Lyn-Cook has held leadership positions. Mr. Lyn-Cook holds a bachelor's degree in Chemistry and Applied Chemistry from the University of the West Indies, in Mona, Kingston, Jamaica.

DIRECTORS' AND MANAGERS' INTEREST IN ORDINARY SHARES

No senior managers nor directors hold any Shares as at the date of this Prospectus.

Non-executive Directors will be entitled to be paid directors' fees for attending Board meetings and committee meetings and travelling and hotels expense (where actually incurred). Such fees will be fixed by the Directors at the first Board meeting after the Offer for Sale and will be consistent with the level of fees customarily paid to directors of public companies in Jamaica.

Except as stated above no payment or benefit has been made or given to any Director for services rendered by him personally to the Company and, except for Director's fee stated above, the NROCC Directors are not aware of any payment or benefit granted to any Director of the Company by the Company to induce him to serve as a Director of the Company or to qualify him as a Director of the Company.

CORPORATE GOVERNANCE FRAMEWORK

As a publicly listed company, TJH will implement a comprehensive corporate governance structure for sustainable growth and success of the Company, and that meets all requirements of the JSE, the Companies Act, 2004, and the Company's Articles of Incorporation. The structure will recognize the authority of shareholders to:

- Elect Directors
- Adopt Audited Financial Statements
- Elect Auditors & authorize Board to fix remuneration
- Confirm remuneration of non-executive Directors
- Approve and ratify dividends

The Board of Directors (the "Board") of the Company will provide strategic leadership and oversight of the management of the Company's business and will have overall responsibility for governance and for a code of best practices that will guide the conduct of the business. Principal reporting responsibilities will be to the shareholders of the Company, the JSE and other stakeholders.
The Board has constituted two (2) committees, namely the Audit & Risk Management Committee as required pursuant to the provisions of the Main Market Rules of the JSE. A Nomination and Compensation Committee, although not strictly required by the Main Market Rules of the JSE was also constituted. The members of the Audit committee include a majority of independent non-executive Directors, as required by Appendix 3, Rule 14 of the JSE's Main Market Rules. The members of the respective committees are as follows:

Audit and Risk Management Committee	Nominations and Compensations Committee
John 'Mitchie' Bell – Chairman	Charles Paradis - Chairman
Ian Dear	Ian Dear
Julie Thompson-James	Julie Thompson-James

All of the members of the Audit and Risk Management Committee are independent of the Company.

The Board also plans to constitute additional committees as needed, at the appropriate time.

- section XIV -

AUDITOR'S REPORT

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Ernst & Young Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of Transjamaican Highway Limited

Report on the Summarised Financial Statements

Opinion

The summary financial statements, which comprise the summary statements of financial position as at 31 December 2018, 2017, 2016, 2015 and 2014, the summary statements of comprehensive income, summary statements of changes in equity and summary statements of cash flow for the years then ended, and related notes, are derived from the complete audited financial statements of Transjamaican Highway Limited for the years ended 31 December 2018, 2017, 2016, 2015 and 2014.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Note 2.

Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's reports thereon.

The audited financial statements and our report thereon

We expressed unmodified audit opinions on the audited financial statements in our reports dated as follows:

Year End	Audit Report Date
31 December 2014	24 April 2015
31 December 2015	31 March 2016
31 December 2016	3 April 2017
31 December 2017	6 April 2018
31 December 2018	3 April 2019

The audited financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the dates of our reports on the audited financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the Summarised financial statements (Continued)

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

17 January 2020

TRANSJAMAICAN HIGHWAY LIMITED

SUMMARY STATEMENTS OF FINANCIAL POSITION
Five Years Ended 31 December 2018, 2017, 2016, 2015 and 2014
(Expressed in United States dollars)

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
ASSETS					
Non-current assets					
Property and equipment	914	1,129	1,328	1,452	1,553
Intangible assets	266,175	282,392	297,811	312,208	325,830
Restricted cash	39,520	42,127	36,940	35,430	32,931
Total non-current assets	306,609	325,648	336,079	349,090	360,314
Current assets					
Owed by related parties	445	771	326	561	527
Other receivables	430	389	374	231	575
Cash and bank balances	3,027	2,845	2,600	1,894	2,455
Total current assets	3,902	4,005	3,300	2,686	3,557
Total assets	310,511	329,653	339,379	351,776	363,871
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	54,000	54,000	54,000	54,000	54,000
Accumulated profit	2,951	4,559	2,810	6,931	13,388
Total shareholders' equity	56,951	58,559	56,810	60,931	67,388
Non-current liabilities					
Derivative financial instrument	3,977	5,536	6,870	8,333	8,878
Shareholder grant	62,836	66,466	69,863	72,986	75,932
Borrowings	154,596	170,293	178,473	186,090	190,498
Provisions	11,858	12,378	11,182	10,112	9,372
Total non-current liabilities	233,267	254,673	266,388	277,521	284,680
Current liabilities					
Shareholder grant	3,009	2,956	2,898	2,841	2,872
Provisions	1,600	619	620	892	-
Income tax payable	658	69	-	-	-
Owed to related parties	1,552	2,075	2,079	2,095	1,992
Borrowings	11,743	9,568	9,822	6,673	5,808
Contract liabilities	1,003	-	-	-	-
Trade and other payables	728	1,134	762	823	1,131
Total current liabilities	20,293	16,421	16,181	13,324	11,803
Total equity and liabilities	310,511	329,653	339,379	351,776	363,871

TRANSJAMAICAN HIGHWAY LIMITED

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME
For each of the Five Years Ended 31 December 2018, 2017, 2016, 2015 and 2014
(Expressed in United States dollars)

	2018 $'000	**2017 $'000**	**2016 $'000**	**2015 $'000**	**2014 $'000**
Revenue	52,430	46,125	40,342	38,229	34,958
Other gains and losses	4,122	3,850	2,863	2,397	2,472
Operating expenses	(33,049)	(31,228)	(30,174)	(28,558)	(27,571)
Administrative expenses	(1,130)	(1,061)	(1,018)	(1,036)	(1,154)
Finance costs	(15,365)	(15,868)	(16,134)	(17,489)	(20,174)
Net profit before tax	7,008	1,818	(4,121)	(6,457)	(11,469)
Taxation	(658)	(69)	-	-	-
NET PROFIT/(LOSS) BEING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	6,350	1,749	(4,121)	(6,457)	(11,469)

TRANSJAMAICAN HIGHWAY LIMITED

SUMMARY STATEMENTS OF CHANGES IN EQUITY
For each of the Five Years Ended 31 December 2018, 2017, 2016, 2015 and 2014
(Expressed in United States dollars)

	Share Capital $'000	Accumulated Profit $'000	Total $'000
Balance at January 1, 2014	54,000	24,857	78,857
Net loss for the year being total comprehensive loss	-	(11,469)	(11,469)
Balance at December 31, 2014	54,000	13,388	67,388
Net loss for the year being total comprehensive loss	-	(6,457)	(6,457)
Balance at December 31, 2015	54,000	6,931	60,931
Net loss for the year being total comprehensive loss	-	(4,121)	(4,121)
Balance at December 31, 2016	54,000	2,810	56,810
Net profit for the year being total comprehensive income	-	1,749	1,749
Balance at December 31, 2017	54,000	4,559	58,559
Net profit for the year being total comprehensive income	-	6,350	6,350
Dividend paid	-	(7,958)	(7,958)
Balance at December 31, 2018	54,000	2,951	56,951

TRANSJAMAICAN HIGHWAY LIMITED

SUMMARY STATEMENTS OF CASH FLOWS
For each of the Five Years Ended 31 December 2018, 2017, 2016, 2015 and 2014
(Expressed in United States dollars)

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) for the year	6,350	1,749	(4,121)	(6,457)	(11,469)
Adjustments for:					
Depreciation of property and equipment	203	217	226	224	246
(Gain)/Loss on disposal of property and equipment	(6)	-	153	40	10
Unrealized foreign exchange losses	355	40	296	8	95
Amortization of intangible assets	16,217	15,419	14,397	13,622	12,833
Interest income	(752)	(396)	(119)	(6)	(10)
Income tax charge	658	69	-	-	-
Finance cost recognized in profit or loss	15,365	15,868	16,134	17,489	20,174
Amortization of shareholder grant	(3,577)	(3,339)	(3,066)	(2,977)	(2,847)
Bad debt provision	-	-	-	-	15
Increase in provisions	1,690	1,690	1,690	1,690	1,221
Operating cash flows before movements in working capital	36,503	31,317	25,590	23,633	20,253
(Increase)/Decrease in other receivables	(41)	(137)	(143)	344	(259)
Decrease/(Increase) in owed by related parties	326	(445)	235	(34)	206
Provisions utilized during the year	(1,229)	(495)	(892)	(58)	(566)
(Decrease)/Increase in trade and other payables	(407)	372	(61)	(308)	564
Contract liabilities	1,003	-	-	-	-
(Decrease)/Increase in owed to related parties	(523)	(4)	(16)	103	650
Cash generated from operations	35,632	30,608	24,713	23,680	20,848
Interest paid	(16,923)	(17,043)	(17,597)	(17,781)	(18,114)
Tax paid	(69)	-	-	-	-
Net cash provided by operating activities	18,640	13,565	7,116	5,899	2,734
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property and equipment	28	-	8	35	11
Interest received	752	396	119	6	10
Payments for property and equipment	(10)	(18)	(263)	(198)	(60)
Decrease/(Increase) in restricted cash	2,607	(5,065)	(1,510)	(2,499)	(1,713)
Net cash provided by (used in) investing activities	3,377	(4,687)	(1,646)	(2,656)	(1,752)
CASH FLOWS FROM FINANCING ACTIVITIES					
Long-term loans repaid	(13,522)	(8,593)	(4,468)	(3,796)	(1,040)
Dividends paid	(7,958)	-	-	-	-
Net cash used in financing activities	(21,480)	(8,593)	(4,468)	(3,796)	(1,040)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	537	285	1,002	(553)	(58)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,845	2,600	1,894	2,455	2,608
Effect of foreign exchange rate changes	(355)	(40)	(296)	(8)	(95)
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,027	2,845	2,600	1,894	2,455
Non-cash item:					
Amortisation	176	180	158	157	-

(Expressed in United States dollars)

1. ADDITIONAL DISCLOSURES

These are the summary financial statements of Transjamaican Highway Limited (the Company) for the five years ended 31 December 2014, 2015, 2016, 2017 and 2018. The summary financial statements are derived from the full financial statements of the Company as at and for the years ended 31 December 2014, 2015, 2016, 2017 and 2018.

The Company is a limited liability company incorporated and domiciled in Jamaica. Its business activity is the development, operation and maintenance of a tolled roadway known as “Highway 2000 East-West” under a Concession Agreement with the National Road Operating & Constructing Company (“NROCC”) (the Grantor) made on November 21, 2001 (Amended and Restated January 28, 2011). The concession is for a period of 35 years.

The Company contracted with Bouygues Travaux Publics (Jamaica Branch), (the Contractor), to construct the highway and Jamaican Infrastructure Operator Limited, (the Operator) to maintain and operate the toll road.

The shareholders of the Company are:

Bouygues Travaux Publics:	49%
Vinci Concessions	25%
International Finance Corporation	17%
Societe de promotion et de Participation pour la Cooperation Economique S.A.	9%

The above Companies with the exception of International Finance Corporation are incorporated in France. International Finance Corporation is incorporated in the United States of America.

The registered office of the Company is located at 2 Goodwood Terrace, Kingston 10.

2. BASIS OF PREPARATION

The summary financial statements have been extracted from the financial statements and prepared in accordance with the Jamaican Companies Act. The financial statements as at and for the years ended 31 December 2014, 2015, 2016, 2017 and 2018 were authorised for issue by the Board of Directors on 24 April 2015, 31 March 2016, 3 April 2017, 6 April 2018 and 3 April 2019 respectively.

Those financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and contain unmodified audit opinions.

The summary financial statements do not include all the disclosures provided in the financial statements and cannot be expected to provide as complete an understanding as provided by the financial statements. The full financial statements are available at the offices of Transjamaican Highway Limited, 2 Goodwood Terrace, Kingston 10. The full financial statements have been reviewed by Ernst & Young, who, in their reports expressed an unmodified opinion for each year.

- section XV -

MANAGEMENT'S DISCUSSION AND ANALYSIS AND FINANCIAL HIGHLIGHTS

The following discussion contains an analysis of TJH's financial condition and results of operations as of and for the years ended December 31, 2014 through to December 31, 2018, and for the nine-month periods ended September 30, 2019 and September 30, 2018. The following discussion should be read in conjunction with the Financial Statements included elsewhere in this Prospectus. Refer to the Pro–Forma Adjustments in **Section 16** below for the impact of the restructurings mentioned in **Section 10.**

This Section also contains the use certain non-IFRS financial measures which are used by the Company for financial and operational decision-making purposes. To provide investors and other with additional information regarding the Company's financial results and operating performance, disclosed within this Prospectus are (i) EBITDA and (ii) EBITDA Margin, of which are non-IFRS financial measures. NROCC and the Company believe that the disclosure of EBITDA and EBITDA Margin provides useful supplemental information to investors and financial analysts in their review of the Company's operating performance and in the comparison of such operating performance to the operating performance of other companies in the same industry. EBITDA and EBITDA Margin are not recognized under IFRS or any other generally accepted accounting principles as measures of financial performance and should not be considered in isolation or as a substitute for revenue, net income, cash flow from operations or total debt, respectively, or other measures of operating performance or liquidity determined in accordance with IFRS.

The following discussion also contains forward-looking statements that involve risks and uncertainties. TJH's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Forward-Looking Statements" and "Risk Factors."

KEY FACTORS AFFECTING THE COMPANY'S FINANCIAL PERFORMANCE

The following are significant factors affecting our results of operations:

- Construction works for the widening of the Nelson Mandela Highway;
- Monthly fixed and variable fees paid to the Operator;
- Interest and amortization payments under the ECA Financing;
- Amortization of NROCC grant;
- Major maintenance; and
- Jamaican economic and political environment.

Construction Works for the Widening of the Nelson Mandela Highway

TJH's revenues are closely tied to traffic volume fluctuations on the Toll Road as a result of traffic diverted from and to competing roadways. Although there are limited competing routes that are equally safe and convenient, from time to time, the business experiences fluctuations in traffic volumes as a result of external factors affecting competing roadways. For the years ended December 31, 2017 and 2018 the Company experienced an increase in revenue of 14.3% and 13.7%, respectively, due to traffic diverted to the Toll Road as a result of construction works involving the widening of the Nelson Mandela Highway. The revenue growth rate immediately before expansion ranged from 6% to 8% between 2014 and 2016. The expansion project was part of the Jamaican Government's infrastructure program, which included the construction of a 3.5 km six-lane corridor and widening of the overpass from two lanes to three lanes, resulting in the shutdown of a section of the Nelson Mandela Highway. The Company's revenue growth trend experienced during the construction period slowed starting in March 2019 when the expansion works were nearly complete and traffic volumes diverted back to the Nelson Mandela Highway.

Monthly Fixed and Variable Fees Paid to the Operator

Under the terms of the O&M Agreement, the Operator is entitled to receive certain compensation fees, which include (i) a pre-operating lump-sum fee, (ii) a monthly fixed operational fee (the "Monthly Fixed Fee") and (iii) a monthly variable fee corresponding to 3% of the recorded toll revenues (the "Monthly Variable Fee"), which the Company recognizes as operating expenses. Because the Monthly Variable Fee corresponds to a percentage of TJH's revenues, an increase in yearly revenues also results in an increase in the Monthly Variable Fee.

The Monthly Fixed Fee is payable as follows: (a) 20% in US dollars (the "US$ Monthly Fixed Fee") and (b) 80% in Jamaican dollars (converted into Jamaican dollars using the U.S. dollar/J$ exchange rate published by the Central Bank of Jamaica) (the "J$ Monthly Fixed Fee"). Each of the US$ Monthly Fixed Fee and the J$ Monthly Fixed Fee is subject to monthly indexation in accordance with a formula set forth in the O&M Agreement, which may result in an overall escalation of the Monthly Fixed Fee. In accordance with the O&M Agreement's formula, the US$ Monthly Fixed Fee is calculated by multiplying the previous month's USD Monthly Fixed Fee by the average US CPI for the two preceding months published by the U.S. Bureau of Labor Statistics, subject to an annual inflation floor of 1.5%. The J$ Monthly Fixed Fee is calculated by multiplying the preceding month's J$ Monthly Fixed Fee by the average Jamaican CPI for the two preceding months and corrected for any variation in the US$ dollar/ J$ exchange rate for the same period. As a result of fluctuations in CPI and in the U.S. dollar/J$ exchange rates from time to time, TJH's operating expenses related to payment of the Monthly Fixed Fee vary from year-to-year.

Interest and Amortization Payments under the ECA Financing

In February 2011, TJH refinanced the Company's outstanding debt under the RBTT Loan Agreement and NROCC Loan Agreements with a series of transactions, which included the incurrence of U.S.$198.4 million in debt in the form of term loans financed by EIB, IDB, IFC and Proparco, (collectively the "ECA Lenders") pursuant to the terms of the Common Terms Agreement (the "ECA Financing"). For the nine-month period ended September 30, 2019, the Company experienced a 23.6% increase in finance costs due to the impact of a U.S.$1.3 million loss in the interest rate swap agreement (floating to fixed interest rate) related to the IFC loan extended pursuant to the ECA Financing. The ECA Financing was repaid with the NCB Syndicated Bridge Loan Facility on 23 December 2019. The proceeds from the issuance of the Notes will be used to repay the NCB Syndicated Bridge Loan Facility and the NROCC Bridge Loan.

Amortization Payments under NROCC Grant

TJH entered into a loan conversion agreement with NROCC, dated as of February 18, 2011 (the "Loan Conversion Agreement"), in order to convert certain debt obligations owed by the Company to NROCC. As part of the Loan Conversion Agreement, US$ 89.59 million of TJH's outstanding debt was converted into an amortizing grant (the "NROCC Grant"). NROCC Grant is amortized using a projection of Toll Road traffic over the concession period, developed in consultation with the Independent Traffic Consultant. **As discussed in Section 10, this grant was written back to equity. As 31 December 2019 the un-amortized balance of this Grant (being US$62.99 million) has been written back as a pro-forma adjustment.**

Major Maintenance

As part of the Company's obligations under the O&M Agreement, it provides for major maintenance repairs based on certain projections and assumptions developed under a maintenance program reviewed by the Independent Engineer. Major maintenance includes corrective and rehabilitation works, including monitoring and renewal of Toll Road pavements, Toll Road equipment, ancillary structures and network control equipment. Actual cash outflows may vary from year-to-year due to repair obligations under the O&M Agreement based on the length of operation of the Toll Road.

Jamaican Economic and Political Environment

TJH business is closely tied to general economic and political conditions in Jamaica. According to Jamaica's Ministry of Transport, Jamaica's motorization rate is expected to grow concurrently with Jamaican economic growth, therefore, traffic volumes on the Toll Road could be affected by variation in the Jamaican GDP due to national or international economic factors. The Company believes that the traffic decrease experienced from 2009 to 2014, can be attributed to the Jamaican recession and the austerity program implemented by the International Monetary Fund ("IMF"). Consequently, our economic performance and our ability to implement our business strategies may be affected by changes in national economic and political conditions, including changes in the global economy, trade markets and financial markets that impact Jamaica.

TJH is subject to exchange rate risk arising from exposure of the Jamaican dollar, mainly with respect to the US dollar. The Company's outstanding indebtedness and revenues from toll collections are subject to exchange rate variations when the Jamaican dollar depreciates against the US dollar, which could adversely affect TJH's results of operations.

Income Taxes

The Company recognizes liabilities for anticipated tax audit variations based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current or deferred tax provisions in the period in which such determination is made. Management estimates that a variation of ±10% of projected income taxes to actual income tax outcome would have a minimal effect on cashflows. See Notes 14 and 20 of the 2018 Audited Financial Statements.

For the year ended December 31, 2018, the Company had US$85.0 million of tax losses carried forward, compared to US$88.0 million for the year ended December 31, 2017.

There are enough taxable temporary differences and tax planning opportunities available that could support the recognition of these losses as a deferred tax asset. On this basis, the Company has determined that it can recognize a deferred tax asset on the full amount of tax losses carried forward (In FY2018 Deferred tax assets were recognized in respect of tax losses to the extent of existing deferred tax liabilities). **This will be reflected as a pro-forma adjustment in Section 16.** Management estimates, that if the Company were able to fully recognize a deferred tax asset, net profit and equity would have increased by approximately US$16.0 million in 2018 and 2017, respectively.

For more information on income taxes, see notes 14 and 20 of the 2018 Audited Financial Statements.

HISTORICAL FINANCIAL PERFORMANCE I

Income Statement

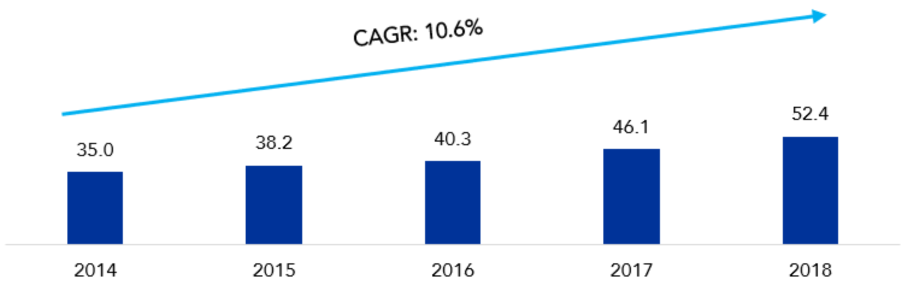
Income Statement Data	As of December 31,				
	2014	2015	2016	2017	2018
	(Audited)*[16]				
Revenue	34,958	38,229	40,342	46,125	52,430
Other gains and losses	2,472	2,397	2,863	3,850	4,122
Operating expenses	(27,571)	(28,558)	(30,174)	(31,228)	(33,049)
Administrative expenses	(1,154)	(1,036)	(1,018)	(1,061)	(1,130)
Finance costs	(20,174)	(17,489)	(16,134)	(15,868)	(15,365)
Net profit before tax	**(11,469)**	**(6,457)**	**(4,121)**	**1,818**	**7,008**
Taxation	-	-	-	(69)	(658)
Net profit being total comprehensive income for the year	**(11,469)**	**(6,457)**	**(4,121)**	**1,749**	**6,350**
Key Operating Metrics*					
EBITDA*	19,312	22,481	23,773	29,472	34,671
EBITDA Margin*	55.2%	58.8%	58.9%	63.9%	66.1%
Avg. Daily Traffic Volume*	44,933	55,050	55,228	60,488	65,456
Avg. Toll Rates (Weighted Avg)*	209	230	250	272	286
*Except for Key operating metrics as denoted above					

Revenue from ordinary operations

Revenue from ordinary operations relates to operation and maintenance of the Toll Road and is recognized in accordance with IFRS 15. The Company has a strong historical financial performance, with robust revenues of U.S.$52.4 million for the year ended December 31, 2018, representing a CAGR of 10.6% between 2014 and 2018.

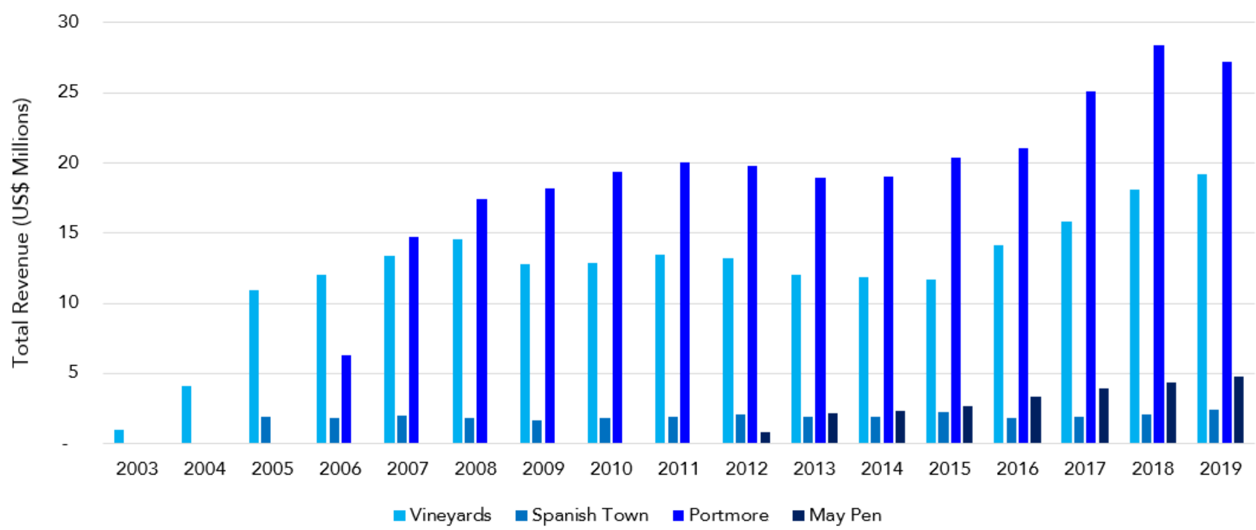
[16] Except for Key operating metrics as denoted above

Toll Revenue (US$ million)



For the year ended December 31, 2015, the Company had revenue from ordinary operations of US$ 38.23m, reflecting an increase of US$3.27m, compared to US$34.96m for the same period in 2014. This 9.4% increase was primarily due to increased traffic and toll rates. Financial year 2016 onwards reflect the positive impact of the Mandela Highway Widening works, which started in September 2016, which increased the traffic mainly on the Portmore leg of the Highway. In addition, there was an annual toll increase in July 2016. There were no subsequent increases in toll rates between 2017 and 2018, and the continued improvement in performance primarily related to increased traffic volume partly arising from the Mandela Highway Widening. The Mandela roadworks were substantially completed in March 2019.

Total Revenue by Toll Plaza

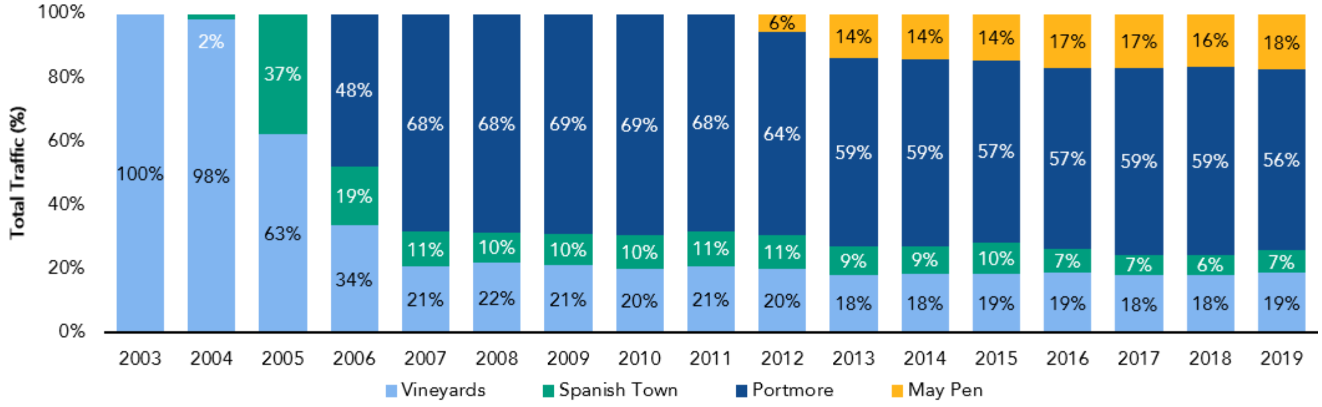


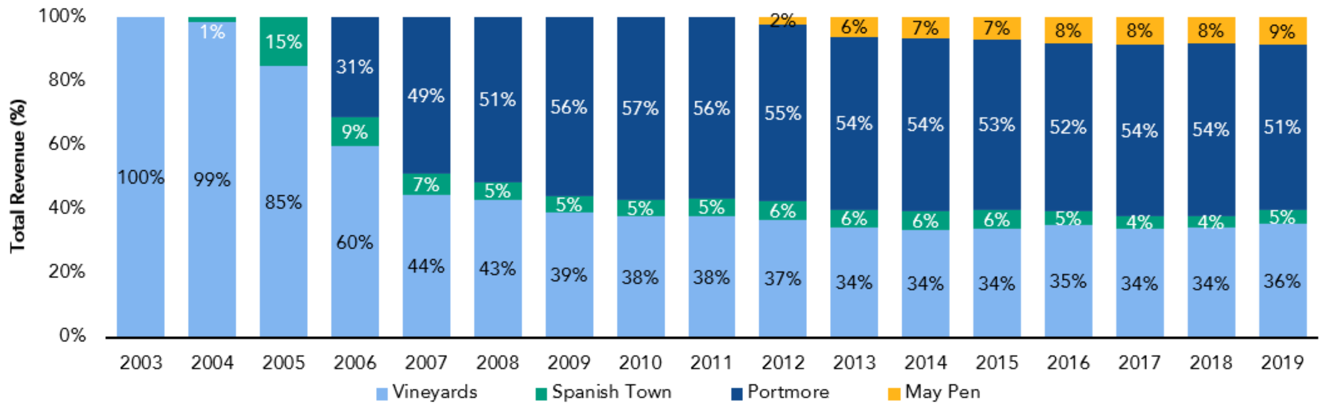
Throughout the life of the concession, all of the toll plazas have been experiencing positive revenue growth. Over the last four years, the compounded growth has been as follows:

- Portmore 2014-2019 CAGR: 7.5%
- Spanish Town 2014-2019 CAGR: 4.7%
- Vineyards 2014-2019 CAGR: 10.1%
- May Pen 2014-2019 CAGR: 15.6%

Portmore and Vineyards toll stations represent the highest share in both total traffic and revenue

Total Traffic Breakdown per Toll Station





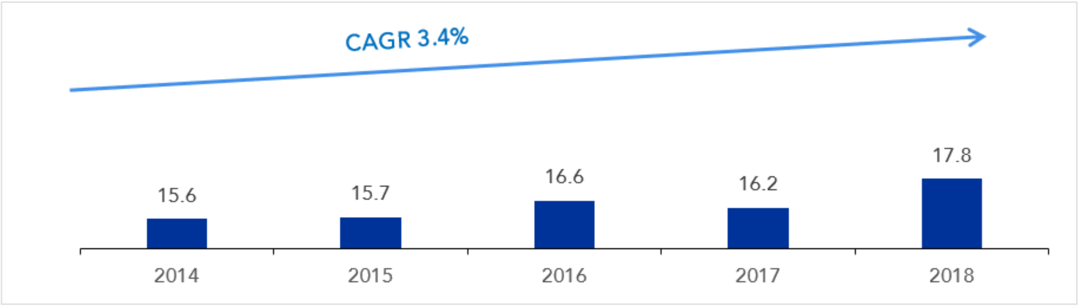
The above shows that as at 2019:

- Portmore at 2019 accounts for 56% of traffic and 51% of revenue on the toll road.
- Vineyards accounts for 19% of traffic but 36% of revenue since Vineyards has higher tolls than any other toll plaza. This is ex plained by the higher share of Class II and Class III vehicles going through this toll station when compared to other locations.
- Spanish Town and May Pen have lower traffic and tolls, only accounting for 14% of total revenue combined.

Operation costs (excluding amortization of intangibles)

While revenue increased at CAGR of 10.6%, the Company was able to contain the growth in Operating expenses which increased by a CAGR of 3.4% during the period 2014 – 2018.

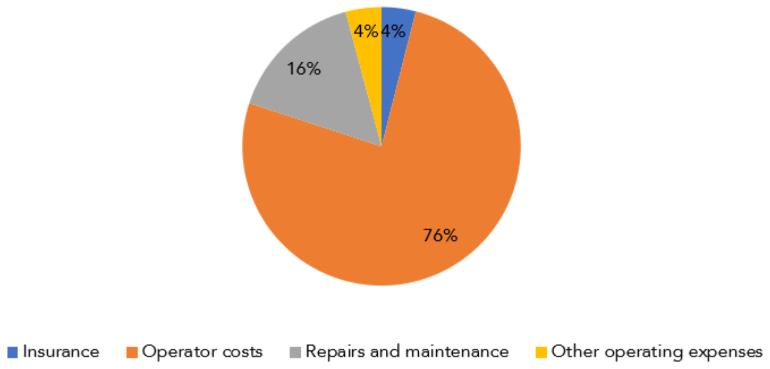
OpEx (US$ million)



Operation costs consist of the costs of operation and maintenance of the Toll Road. In 2018, the costs primarily include:

- Operators costs (both fixed and variable)
- Repairs and maintenance
- Insurance
- Other expenses (including bank charges, utilities etc.)

FY 2018 Operating Expenses



The key increase in operating costs over the 5-year period mainly related to:

- Operator fees which increases in part due to growth in revenue as well changes in CPI and exchange rates. The Fixed fees are based on revenues at a fixed rate. Significant increase in fees would also arise due to increased revenue arising from the Mandela improvement works. The table below shows the evolution of operators fees over the last 5 years:

US$ million					
	2014	2015	2016	2017	2018
Operators Fixed Fees	9.5	9.8	10.0	10.3	11.2
Operators Variable Fees	1.1	1.2	1.2	1.4	1.6
Total	**10.6**	**11.0**	**11.2**	**11.7**	**12.8**

- Increase in **heavy maintenance costs**. 2016 had 29% higher cost for maintenance than year 2017 mainly due to equipment and spare part replacement of the tolling system, a significant improvement and replacement of signage on the highway and some exceptional costs to repair burnt drainage pipe at Marcus Garvey interchange.

- **Legal & fees** (2017) primarily reflecting cost incurred relating to the preparation for North/South Highway compensation claim against NROCC. The compensation claim includes installation of traffic counters, consultancy for the compensation mechanism for North-South Highway construction, workshops, and legal advice. Legal fees also increased due to ongoing legal advice re lating to Phase 1C Development primarily to determine whether the Company's1st right of refusal for this phase had expired.

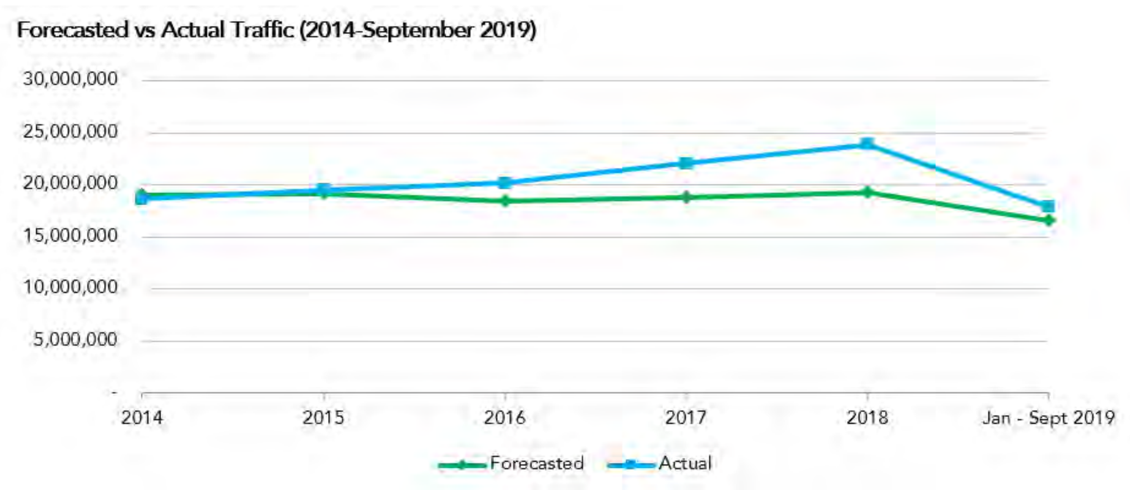
- **Insurance.** TJH however experienced a 33% decrease in insurance costs due to the renegotiation of the contract with insurance providers Generali France Assurances S.A.

Amortization of Intangibles

Increase in costs for amortization of intangible assets which varies based on the projection of traffic during the concession period. The Company's projected amortization expense is based on various estimates and assumptions surrounding, among other things, growth in gross domestic product, inflation and the Toll Road traffic demand. These estimates and assumptions were reviewed in July 2014 by Mott MacDonald, an independent consultant with expertise in these matters.

Forecast vs Actual Traffic

It should be noted that the actual traffic on the highway has been exceeding the forecasts since 2015 onwards.



Other revenue

Other revenue (approximately $3m- $4m per year) is comprised primarily of the gains produced by financial market operations and financial income on investment instruments, the valuation of equity instruments, revenue from secondary developments, and income from the amortization of the NROCC grant. Increases over the last 5 years mainly resulted from:

- A change in strategy which resulted in more active treasury management and investment of funds. Prior to 2014 the Company did not invest its restricted cash and traditionally maintained funds in its operating bank accounts. The Company has now started to place these funds in investment grade securities.
- Increase in the amortization of the NROCC grant which fluctuates based on traffic performance. This represents the largest portion of other income. This revenue stream will no longer be applicable going forward due to the accelerated write-back of the NROCC grant **(as reflected in Section 16 – pro forma adjustments).**

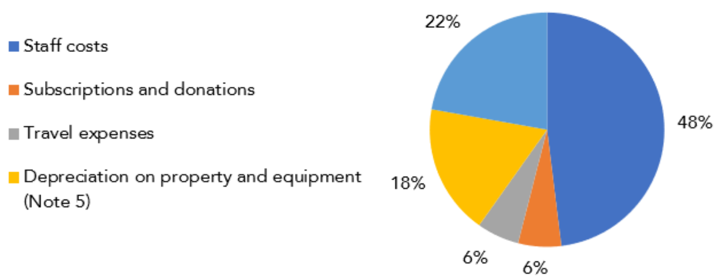
Administrative expenses

Administrative expenses are comprised of staff costs depreciation of property, plant and equipment, taxes and levies and other miscellaneous expenses.
Expenses have fluctuated over the last 5 years mainly arising from:

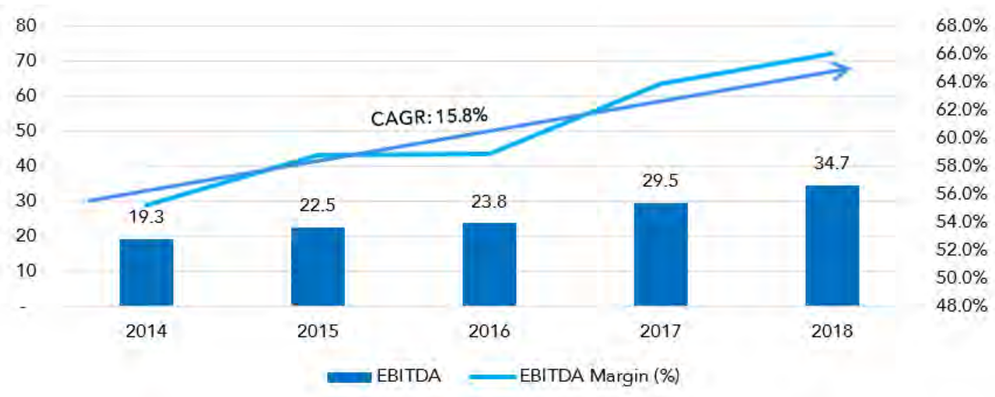
- 2015 – reduction in some shared costs with the operator such as shared staffing and office rental.

- 2016 onwards increase due to annual salary increases, hiring of a new managing director, increases in donations and travel expenses and consultants related to the Phase 1C development. The fees relating to the consultants were incurred because the Company was evaluating whether its right of refusal for the Phase 1C development had expired.

FY 2018 Administrative Expenses



EBITDA (US$ Millions)



The increases in revenue coupled with operating expense optimization has resulted in the Company experiencing a significant growth in EBITDA in absolute terms and margins. The EBITDA Margin has improved from 55.2% in 2014 to 66.1% in 2018.

Finance costs

Finance costs are comprised of interest amounts owed to creditors and bank expenses and changes in the fair value of the Interest Rate Derivative Swap, implemented to manage TJH's exposure to interest rate risk. Finance costs have been reducing over the last 4 years primarily as a result of:

- Fair value gains on the Swap. This reversal from a loss position in 2013 (US$2.0m) to a gain of US$1.6m in 2018.
- Reduction in principal balances through semi-annual repayments of loans.

Net income for the period

The factors described above have contributed to the overall improvement in TJH's financial performance. Net profits over all the years under review were impacted by an increase in some Operation Costs and Administrative Expenses as previously mentioned. This has been offset by increases in traffic and ultimately revenues arising from the construction works on the Mandela Highway from 2016 onwards.

FINANCE COSTS

Balance Sheet Data	As of December 31,				
US$'000s	2014	2015	2016	2017	2018
	(Audited)				
Cash and cash equivalents	2,455	1,894	2,600	2,845	3,027
Restricted cash	32,931	35,430	36,940	42,127	39,520
Intangible Assets	325,830	312,208	297,811	282,392	266,175
Other assets	2,655	2,244	2,028	2,289	1,789
Total Assets	**363,871**	**351,776**	**339,379**	**329,653**	**310,511**
Derivative financial instrument	8,878	8,333	6,870	5,536	3,977
Shareholder grant	75,932	72,986	69,863	66,466	62,836
Borrowings	190,498	186,090	178,473	170,293	154,596
Provisions	9,372	10,112	11,182	12,378	11,858
Other liabilities	11,803	13,324	16,181	16,421	20,293
Total liabilities	**296,483**	**290,845**	**282,569**	**271,094**	**253,560**
Share capital	54,000	54,000	54,000	54,000	54,000
Accumulated profit	13,388	6,931	2,810	4,559	2,951
Total Shareholders' equity	**67,388**	**60,931**	**56,810**	**58,559**	**56,951**
Total liabilities and Shareholders' equity	**363,871**	**351,776**	**339,379**	**329,653**	**310,511**

Assets

The Company's primary asset relates to the intangible assets which represents the Company's rights under the concession agreement and are reported at cost less accumulated amortization and accumulated impairment losses. Historical cost includes costs of design, site installation, earthworks and construction of bridges, structures and pavements. Amortization is charged so as to write off these costs over the concession period based on external projections of traffic on the highway.

Liabilities

These are primarily comprised of:

- **Borrowings:** Representing funds borrowed to facilitate the construction of the Highway. This relates to the ECA Financing which were refinanced on 23 December 2019 by the NCB Syndicated Bridge Loan Facility and the NROCC Bridge Loan. The associated repayment penalties and costs (totalling US$22m) associated with the early repayment are reflected in the proforma adjustments in Section 16.

- **NROCC Grant:** Represents NROCC's loan contribution to the project which was written off. Up to 23 December 2019, these were amortised based on expected traffic flows. The accounting treatment of this has been amended to reflect that this was a one-time gain (see proforma adjustments in Section 16.)

- **Derivative instrument:** Represents the fair value of the interest rate swap which was implemented by TJH with IFC. This facility was repaid on 23 December 2019. The associated repayment penalties and costs associated with the unwinding of this swap are reflected in the proforma adjustments in Section 16.

- **Provisions for renewals:** The provision for Toll Road repairs represents estimated costs for scheduled repairs ranging from ten (10) years to the end of the concession period based on certain projections made over the course of the concession period. This provision is based on the same estimates and assumptions included in the Company's biannual operations and maintenance plan (the "O&M Plan") reviewed by the Independent Engineer. Actual cash outflows resulting from Toll Road repairs depend on several factors, including: (i) timing of implementation of the maintenance program under the O&M Plan, (ii) the Company's annual approved budgets, (iii) the condition of the Toll Road and possible deterioration as determined by ongoing surveys and (iv) phasing of major works to meet repair obligations.

Equity

- The share capital remained constant at US$54 million from 2014-2018. The Company USD-denominated preference share has been redeemed by the proceeds (US$27,000,000) of a new issue of 8% JMD Cumulative Redeemable Preference shares as part of the capital restructuring in anticipation of this Offer for Sale. This will result in the preference shares being reclassified as debt and not equity as was the case with the USD preference share. (see proforma adjustments in Section 16).

- Shareholder's equity fluctuations are therefore due to fluctuations in the accumulated profit over the years. Accumulated profits refer to the percentage of net profits that is accumulated and used for reinvestment purposes and would be affected by TJH's financial performance. Accumulated profits fell from US$13.38 million in 2014 to US$2.95 million in 2018 as a result of losses due to excess finance costs and dividends of US$7.9 million which were paid in FY18.

Statement of Cash Flows	For the year ended December 31,				
US$'000s	2014	2015	2016	2017	2018
Cash flows from operating activities	2,734	5,899	7,116	13,565	18,640
Cash flows from investing activities	(1,752)	(2,656)	(1,646)	(4,687)	3,377
Cash flows from financing activities	(1,040)	(3,796)	(4,468)	(8,593)	(21,480)
Net increase (decrease) in cash and cash equivalents	(58)	(553)	1,002	285	537
Cash and cash equivalents used at the beginning of the year	2,608	2,455	1,894	2,600	2,845
Effect of Exchange rate changes	(95)	(8)	(296)	(40)	(355)
Cash and cash equivalents at the end of the year	2,455	1,894	2,600	2,845	3,027

Cash flows from operating activities

Cash from operations increased due to improving operating fundamentals of the business. This has been reflected in increased revenues and reduced core operating expenses. The cash flow from operations, contrasts to the net profits and also reflect a significant portion of the Company's expenses (i.e. amortization and provisions) are non-cash.

Cash flows from investing activities

The improvement in cash from investing activities primarily relates to the reduction in restricted cash as the repayment of debt has helped to trigger certain debt services milestones.

Cash flows from financing activities

The changes in cash flows for financing activities is mainly due to increased debt repayment due to the debt amortizing schedule. Also in 2018, the Company made a dividend payment to ordinary shareholders as well as to NROCC pursuant to the terms of its existing preference share. This increase was primarily due to dividend distribution and a large amortization to the ECA Lenders under the ECA Financing.

INTERIM FINANCIAL RESULTS

Results of Operations

Results of Operations for the Nine-Month Period Ended September 30, 2019 compared to the Nine-Month Period Ended September 30, 2018

The following table sets forth a summary of our results of operation for the nine-month periods ended September 30, 2019 and 2018:

Income Statement Data	For the nine-month period ended September 30,		
US$'000	2018	2019	Period Variation %
Revenue	39,020	39,264	0.6%
Other gains and losses	2,548	2,734	7.3%
Operating expenses	(24,022)	(25,467)	6%
Administrative expenses	(744)	(844)	13.4%
Finance costs	(10,964)	(13,551)	23.6%
Net profit being total comprehensive income for the year	5,838	2,136	63.4%
EBITDA	25,972	25,564	(1.6%)
EBITDA margin	66.6%	65.1%	(1.5%)

Revenue from ordinary operations

For the nine-month period ended September 30, 2019 the Company had Revenue from Ordinary Operations of US$39.264 million, reflecting an increase of US$0.24 million, compared to US$39.02 million for the same period in 2018. This 0.6% increase was primarily due to an increase in the annual toll rates starting in July 2019 in accordance with the toll rate increases allowed under the Concession Agreement. In addition, revenue was affected as a result of decreased traffic since March 2019, especially at the Portmore toll station, as a result of the near completion of construction works of the Nelson Mandela Highway, which resulted in less traffic at the Portmore toll station. The decreased traffic at Portmore has however been offset by increased traffic at the Spanish Town toll plaza as more users divert to the Nelson Mandela Highway.

Other gains and losses

For the nine-month period ended September 30, 2019, we had other gains and losses of U.S.$2.73 million, reflecting an increase of U.S $0.18 million, compared with other revenue of U.S $2.55 million for the same period in 2018. This 7.3% increase was primarily due to the amortization of NROCC's grant.

Operating Expenses excluding amortization of intangibles
For the nine-month period ended September 30, 2019, the Company incurred operating expenses (excluding amortization of intangibles) of U.S.$13.06 million, reflecting an increase of U.S.$0.68 million, compared to operating expenses of U.S.$12.46 million for the same period in 2018. This 5.5% increase was primarily due to the 14% increase in the Operator's Monthly Fixed Fee. The Operator's Monthly Fixed Fee is calculated by multiplying the previous month's monthly fixed fee by the average CPI for the two preceding months. The Company also had reductions in Heavy Maintenance, Legal fees and Bank charges.

Amortization of Intangibles
There was a 7% increase in the amortization of intangible assets from US$11.56 million to US$12.40 million, primarily due to higher than projected toll usage.

Administrative Expenses
For the nine-month period ended September 30, 2019, administrative expenses were U.S.$0.84 million, reflecting an increase of U.S.$0.10 million, compared to administrative expenses of U.S.$0.74 million for the same period in 2018. This 13.4% increase was

primarily due to an increase in staff costs and, doubling of repairs and maintenance associated with plant and equipment costs in 2018. The repairs and maintenance cost of Property Plant & Equipment also doubled over the same period in 2018 through replacement of monitors for control rooms and changing in air conditioning units.

EBITDA
For the nine-month period ended September 30, 2019, the Company had EBITDA for the period of US$25.56 million, reflecting a decrease of US$0.41 million, compared to EBITDA of US$25.897 million for the same period in 2018. The Company reported an EBITDA margin of 65.1% for the nine-month period ended September 30, 2019, compared to 66.6% for the same period in 2018.

Finance costs
For the nine-month period ending September 30, 2019, finance costs wereU.S.$13.55 million, reflecting an increase of U.S.$2.59 million, compared with finance costs of U.S.$10.96 million for the same period in 2018. This 23.6% increase was primarily due to the impact of a U.S $1.3 million loss as of September 2019 in the interest rate swap agreement (floating to fixed interest rate) related to the IFC loan extended pursuant to the ECA Financing, compared to a gain of U.S$1.9 million for the same period in 2018. Interest paid to the lenders decreased by U.S $0.61 million over the period due to the repayment of the principal balance.

Net Profit being the Total Comprehensive Income for the Year
For the nine-month period ended September 30, 2019, the Company had net income from ordinary operations of US$ 2.1 million, reflecting a decrease of US$ 3.7 million, compared to US$ 5.8 million for the same period in 2018. The reduction in net profit compared to the previous period is mainly as a result of increased finance costs and operating costs. This was slightly offset by an improvement in revenue.

BALANCE SHEET - STATEMENT OF FINANCIAL POSITION

Balance Sheet	For the nine-month period ended September 30,	
US$'000	2018	2019
Cash and cash equivalents	2,972	2,051
Restricted cash	41,675	36,193
Intangible Assets	270,828	253,774
Other assets	2,087	1,698
Total Assets	**317,562**	**293,716**
Derivative financial instrument	3,628	5,260
Shareholder grant	63,834	60,073
Borrowings	154,563	135,781
Provisions	1,600	1,277
Other liabilities	29,539	32,238
Total liabilities	**253,164**	**234,629**
Share capital	54,000	54,000
Accumulated profit	10,398	5,087
Total Shareholders' equity	**64,398**	**59,087**
Total liabilities and Shareholders' equity	**317,562**	**293,716**

The balance sheet has contracted during the period primarily as a result of repayment of debt, and the amortization of intangible assets.

Cash Flows for the Nine-Month Period Ended September 30, 2019 compared to the Nine-Month Period Ended September 30, 2018

The following table sets forth a summary of the Company's cash flow information for the nine-month periods ended September 30, 2019 and 2018:

Statement of Cash Flows	For the nine-month period ended September 30,	
US$'000	2018	2019
Cash flows from operating activities	13,259	11,098
Cash flows from investing activities	982	3,999
Cash flows from financing activities	(13,614)	(15,425)
Net increase (decrease) in cash and cash equivalents	627	(328)
Cash and cash equivalents used at the beginning of the year	2,845	3,027
Cash and cash equivalents at the end of the year	2,972	2,051

Cash flows from operating activities

For the nine-month period ended September 30, 2019, TJH had cash flows from operating activities of U.S.$11.10 million, reflecting a decrease of U.S.$2.16 million, compared with cash flows from operating activities of U.S.$13.26 million for the same period in 2018. This decrease was primarily due to a reduction in cash generated from operations.

Cash flows from investing activities

For the nine-month period ended September 30, 2019, cash flows from investing activities increased by US$3.2 million to U.S.$4 million, compared with cash flows from investing activities of U.S.$0.98 million for the same period in 2018. This increase was primarily due to a substantial decrease in restricted cash and an increase in interest received.

Cash flows from financing activities

For the nine-month period ended September 30, 2019, cash flows from financing activities totaled of U.S.$15.43 million, reflecting an increase of U.S.$1.82 million, compared with cash flows from financing activities of U.S.$13.61 million for the same period in 2018. This increase was primarily due to amortization payments made to the ECA Lenders under the ECA Financing.

Cash and cash equivalents

For the nine-month period ended September 30, 2019, the Company had cash and cash equivalents of U.S.$2.05 million, reflecting a decrease of U.S.$0.92 million, compared with cash and cash equivalents of U.S.$2.97 million for the same period in 2018. This decrease was primarily due a decrease in restricted cash related to repayment of debt under the ECA Financing.

- section XVI -

PRO-FORMA FINANCIAL STATEMENTS

The following unaudited pro-forma financial statements are based on the Company's historical financial statements as adjusted to give effect to the pro-forma adjustments as at the date of the Prospectus as illustrated below. These pro-forma adjustments primarily relate to:

- Proposed issuance of bond
- Redemption of the USD Preference Share out of s fresh issue of 8%JMD Cumulative Redeemable Preference
- Proposed change in the treatment of Amortizing NROCC Shareholder Grant
- Proposed pre-IPO dividend
- Costs relating to extinguishing the ECA facility and interest rate swap
- Recognition of a deferred tax asset relating to tax losses

The pro-forma financial statements do not necessarily reflect what the Company's financial condition or results of comprehensive income would have been had the adjustments occurred on the dates indicated. **The pro forma adjustments are based on preliminary estimates and assumptions that are subject to change. They also may not be useful in predicting the future financial condition and results of comprehensive income of the Company.** The actual financial position and results of operations may differ significantly from the pro-forma amounts reflected herein due to a variety of factors.

The following adjustments have been reflected in the pro forma financial information:

Pro-forma Income Statement

Pro-forma Income Statement				
	Notes	2019E	Adjustments	Adjusted 2019E
USD'000		Mgmt.		Mgmt.
Revenue		**53,285**	-	**53,285**
Other gains and losses		3,728	-	3,728
Operating and administrative expenses		(35,857)	-	(35,857)
Finance costs – Pref Shares	4	-	-	-
Finance costs – long-term debt	1,2	(13,765)	(22,531)	(36,297)
Net profit before tax		**7,391**	**(22,531)**	**(15,140)**
Taxation	3	-	18,033	18,033
Net profit		**7,391**	**(4,498)**	**2,893**

Pro-Forma Income Statement Explanatory Notes

1. **Costs of extinguishing ECA Debt:** Breakage fees – USD19.2million – These relate to prepayment costs, swap breakage, redeployment costs, and other related costs associated with termination of ECA Financing facility.

2. **Cost of the debt bridge:** This is the aggregate costs of debt bridge of USD3.7mn including arranger, legal and professional fees. The cost of the debt bridge will be amortised over the life of the loan, however given that these facilities are expected to be repaid shortly after issuance, we have reflected a conservative position of expensing all the costs for the purposes of the pro-forma statement.

3. **Deferred tax asset:** For the year ended December 31, 2018, the Company had US$85.0 million of tax losses carried forward, compared to US$88.0 million for the year ended December 31, 2017. There are enough taxable temporary differences and tax planning opportunities available that could support the recognition of these losses as a deferred tax asset. On this basis, the Company has determined that it can recognize a deferred tax asset on the complete amount of tax losses carried forward, in accordance with IAS 12. (In FY2018 Deferred tax assets were recognized in respect of tax losses to the extent of existing deferred tax liabilities).

4. **Preference Shares dividends/interest:** The conversion of the single preference share issued to NROCC to a fixed income instrument (8% cumulative redeemable preference shares) (see Section 10) is expected result in increase in interest expense of approximately US$2.36 million from FY2020 onwards. This has been considering the financial projections.

PRO-FORMA BALANCE SHEET

US$'000s	Pro-forma Balance Sheet As of December 31, 2019 Note	2019E Mgmt.	Adjustments	Adjusted 2019E Mgmt.
Cash and bank balances	1,3,5,6,8	9,099	21,655	23,907
Restricted cash	6	10,913	10,397	21,311
Deferred tax asset	7	-	**18,033**	**18,033**
Intangible assets		249,640	-	249,640
Other assets		1,382	-	1,382
Total assets		**271,034**	**50,086**	**321,120**
New Bond Issuance[17]	1	-	218,053	218,053
8% Pref Shares	2	-	**27,000**	**27,000**
Shareholder grant	4	**62,296**	**(62,986)**	-
Borrowings	3	150,000	(150,000)	-
Provisions		12,596	-	12,596
Other liabilities	8	3,720	(1,000)	2,720
Total liabilities		**228,612**	**31,756**	**260,369**
Share capital	2	**54,000**	**(27,000)**	**27,000**
Accumulated profit	4,5,7	(11,578)	45,329	33,751
Total Shareholders' equity		**42,422**	**18,329**	**60,751**
Total liabilities and Shareholders' equity		**271,034**	**50,086**	**321,120**

Pro-forma Balance Sheet Explanatory Notes

1. Assuming a successful issuance of the Notes of approximately USD225 million (estimated), net of bond issuance costs of US$6.9million.
    a. The bond proceeds will be used to re-pay the 2019 Bridge Facilities loans, pay pre-Offer for Sale dividend to NROCC and support TJH's future expansion plans and working capital needs.
    b. The bond issuance costs will be amortised over the life of the bond.

2. Reclassification of NROCC's Preference Shares from equity to debt. The USD27mn was converted to an 8% JMD denominated, 10-year fixed-rate cumulative redeemable preference shares.
3. Removal of borrowings (NCB Bridge Facility and NROCC Bridge facility) through proceeds of the Notes.
4. Accelerated write-back of Shareholder's Grant, to retained earnings.
5. Distribution of Dividends to NROCC of approximately US$35 million. Dividends will be declared pre-Offer for Sale and payable upon receipt of proceeds from the Notes.
6. Adjustment of Restricted Cash balances for funding the Debt Service Reserve Account (DSRA), Major Maintenance Reserve Account (MMRA) and Operating and Maintenance Reserve Account (OMRA). This is to comply with the financing agreements in place and the proposed notes.
7. Recognition of deferred tax assets arising from the projected utilization of tax losses as per IAS 12.
8. Accrued expenses from the Bridge Facility being repaid post balance sheet date.

[17] Amount shown is an estimation, which is subject to change

- section XVII -

FINANCIAL PROJECTIONS

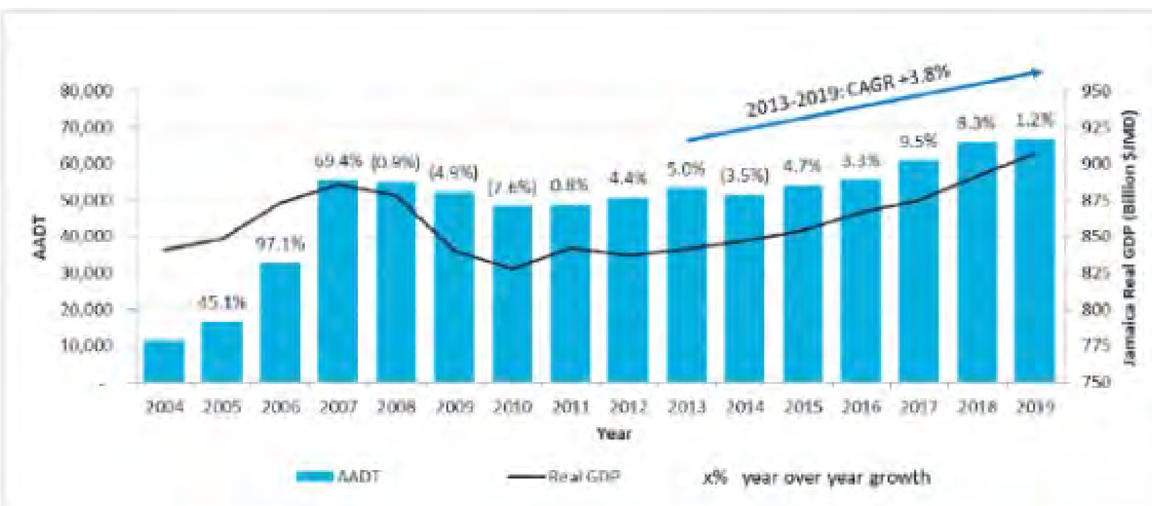
Financial projections were developed based on the existing Project documents for the Concession and the macroeconomic indicators in Jamaica in the financial model. The financial model was developed with reliance on traffic projections developed by Steer, Traffic Consultants along with the operating and maintenance guidelines set out in the Project Documents between TJH and NROCC.

The following discussion also contains forward-looking statements that involve risks and uncertainties. TJH's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Forward-Looking Statements" and "Risk Factors".
Steer was engaged to prepare the Traffic Study in its capacity as an Independent Traffic Consultant. Matters addressed in the Steer Traffic Study are based on various assumptions and methodologies and are subject to certain qualifications. Reference is hereby made to the entire Traffic Study for such important methodologies, qualifications and assumptions. The summary below is qualified by the full text of the Traffic Study. You should read carefully the Traffic Study, copies of which are publicly available for inspection (see details in Section 23).

HISTORICAL TRAFFIC GROWTH AND PROJECTED GROWTH DRIVERS

In preparing its projections, the Independent Traffic Consultant has relied both on the last seven years of historical traffic data (from 2013-2019) and GDP data based on forecasts provided by the IMF and the World Bank (from 2019-2023). The forecasts used data observed to September 2019 and the actual traffic performance up to December 2019. During the 2013-2019 period positive annual average growth rates for all Toll Plazas on a combined basis was observed. It is noted, however, that during the same period, there was a reduction in traffic for the Spanish Town plaza after 2015 due to opening of the North-South Highway as well as the impact of the roadworks on the Mandela Highway. The period November through to March are considered busy months for the Toll Road. The peak month of the year for the Toll Road is December due to the Jamaican holiday season. February is the month with the least total traffic because it is the shortest month in the year.

Average Annual Daily Traffic (AADT) on Highway 2000 East -West and Jamaica Real GDP



Drivers To Traffic Growth

The traffic projections for the four Toll Plazas contained in the Independent Traffic Consultant's Report are supported by substantial data on recorded historical traffic volume, which the Company believes provides considerable visibility on traffic behavior going forward.

Population Growth

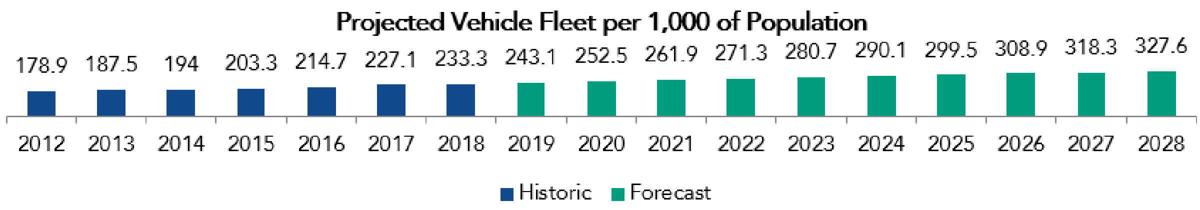
- Over the past decade there has been a clear trend of migration towards urban areas. Since 1992, over 50% of the population has moved to urban areas. As of 2018, this indicator reached 55.7% and is expected to reach 70.4% by 2050.

- TJH operates through four out of the five most populous parishes in Jamaica, namely:
  - Kingston Metropolitan Area, Jamaica's main urban area, which comprises the capital city of Kingston and the suburban section of St. Andrew
  - St. Catherine which holds the second and third largest cities – Portmore and Spanish Town
- During the past five decades the population along the existing corridor has grown at a rate of 1.29% compared to the total population of Jamaica
- Jamaican population is expected to maintain a positive growth rate up through around 2035
- The city of Portmore, connected to Kingston via Highway 2000 East-West, has shown a significant dynamic, growing 36x (7.78% CAGR between 1970 and 2018).

Expansion to the West

- St Catherine's 2017 Development Order highlights the benefit brought by the development of Highway 2000.
- It also identifies three major "Growth Centres" i.e. Spanish Town, Old Harbour and Linstead.
- Old Harbour is identified for its significant opportunity for the establishment of additional housing projects due to its location relative to Highway 2000 East-West.
- Bernard Lodge urban development, a recently announced project between Spanish Town and Highway 2000 East-West, is expected to contribute to traffic on the Toll Road:
  - Development includes 1,650 houses in five different phases
  - Phase one, with 300 houses to be built, is expected to be completed in the next two years
- Initial conversations around a 3,000 acres development project with an estimated 17,000 houses between Portmore and Highway 2000 East-West are also underway.
- The Caymanas Primary Infrastructure project to the north of Mandela highway is in an advanced state.
- Plan to design the primary infrastructure for the Caymanas Development, including water, sewerage and roads.

Increased Motorization[18]



- As of 2018, there were 233.3 registered vehicles per 1,000 people in Jamaica according the Ministry of Transport and Mining.
- The indicator is lower compared to other islands in the region: Trinidad (295), Bahamas (335), Barbados (387) and Puerto Rico (901).
- Forecasts based on figures provided by the Ministry of Transport, International Road Federation, expect the rate of motorization (passenger vehicle fleet per 1,000 people) to grow 3.45% per year between 2018 and 2028.

[18] Ministry of Transport, UNICEF Road Safety report, OICA

TRAFFIC PROJECTIONS – SUMMARY OF INDEPENDENT TRAFFIC CONSULTANT FINDINGS

Steer has prepared the Independent Traffic Consultant's Report dated December 2019 and this report is available for inspection.

General

- In October, November and December 2019 Steer developed annual forecasts for 2019, 2026 and 2036.
  - Future Year models have been prepared for 2026 and 2036. The models estimate a percentage change in traffic which is then applied to the 2019 base year model outputs to calculate 2026 and 2036 traffic levels.
  - Traffic for non-modelled years (other than 2019, 2026, 2036) was developed by interpolating between modelled years.
  - The Future Year network is based on the same network as the base year models but also includes Phase 1C which extends the highway from May Pen to Williamsfield, including a link from the new highway to Porus. Phase 1C is assumed to open in 2022. It is not considered to increase traffic volumes significantly on Highway 2000 East-West as traffic is currently using the lightly-trafficked A2 between May Pen and Williamsfield and then joining Highway 2000 East-West at May Pen.
- In the future, Steer expect travel to increase in Jamaica, which will create more traffic on Highway 2000 East-West and on the non-tolled alternatives. In order to understand how much traffic will increase by, and the factors which cause this, Steer has analysed historic traffic counts and compared this against historic socioeconomic conditions.
- The following socio-economic variables were considered:
  - Jamaica GDP
  - Jamaica GDP per capita
  - USA GDP
  - Population
  - Fuel Price
- The primary determinant of traffic growth used by Steer was real GDP.

PROJECTIONS

The Traffic forecast projections were developed by the Company's independent traffic consultant, Steer. This traffic study was done in December 2019. Steer is projecting an increase in traffic for the Highway 2000 East-West over the period 2020 – 2036. The projections outlined in the table below are based on the existing concession and does not include the impact of any new projects. In preparing its projections, the Independent Traffic Consultant has relied both on historical traffic data from 2013 to 2019 and GDP data based on forecasts provided by the IMF and the World Bank (from 2019 to 2023). The revenue forecasts were developed by Steer in J$ and converted to US$ based on exchange rates provided by the Company and its advisors.

Year	Annual Traffic (Millions)	Annual Revenue		Average Toll J$ in Constant Prices	Annual Transactions Growth Rate	Annual Revenue (J$ Constant Prices) Growth Rate
		J$ million in Constant Prices	US$ millions in Nominal Prices			
2020	24.3	7,460	**56.1**	307	0.9%	3.9%
2021	24.8	7,620	**58.6**	307	2.0%	2.1%
2022	25.4	7,877	**61.9**	310	2.6%	3.4%
2023	26.2	8,191	**65.8**	313	2.9%	4.0%
2024	26.9	8,529	**70.0**	317	2.8%	4.1%
2025	27.7	8,815	**73.9**	319	2.8%	3.4%
2026	28.4	9,133	**78.2**	322	2.7%	3.6%
2027	29.1	9,464	**82.8**	325	2.4%	3.6%
2028	29.8	9,813	**87.7**	330	2.4%	3.7%
2029	30.5	10,094	**92.1**	331	2.3%	2.9%
2030	31.2	10,423	**97.1**	335	2.3%	3.3%
2031	31.8	10,767	**102.5**	338	2.2%	3.3%
2032	32.5	11,152	**108.4**	343	2.2%	3.6%
2033	33.2	11,466	**113.8**	345	2.1%	2.8%
2034	33.9	11,802	**119.7**	348	2.1%	2.9%
2035	34.6	12,158	**125.9**	352	2.0%	3.0%
2036	35.3	12,553	**132.8**	356	2.0%	3.2%

- Traffic was multiplied by tolls to determine revenue. The tolls and revenue developed by Steer are in 2019 (Real) Jamaican Dollars and revenue estimates are gross toll revenue (before Frequent User discounts and toll evasion).

- The Concession Agreement provides a formula for calculating the capped toll tariffs that can be charged at each toll plaza. The toll escalation formulae apply the growth of the US Consumer Price Index, the rate of increase of the US dollar exchange rate to JMD and an additional 1% growth per annum to the initial toll tariffs agreed in 2001.

- Toll tariffs for 2020 onwards in nominal prices are assumed to grow year on year but within the maximum toll tariff threshold. The proportion of the capped tariff that is currently charged at each toll plaza by toll class is maintained in future years.

- In order to gauge the impact on the forecasts of changing travel demand on model input parameters, Steer has also developed a Low and High Case forecast and the resulting traffic and revenue impacts are recorded in their report. These scenarios represent cases where:

  - The growth in trip making that occurs between the base year and each model year is higher or lower than the Base Case forecasts – 'Future Traffic growth'; and

  - Motorists' willingness to pay to use Highway 2000 East-West varies – 'value of time'.

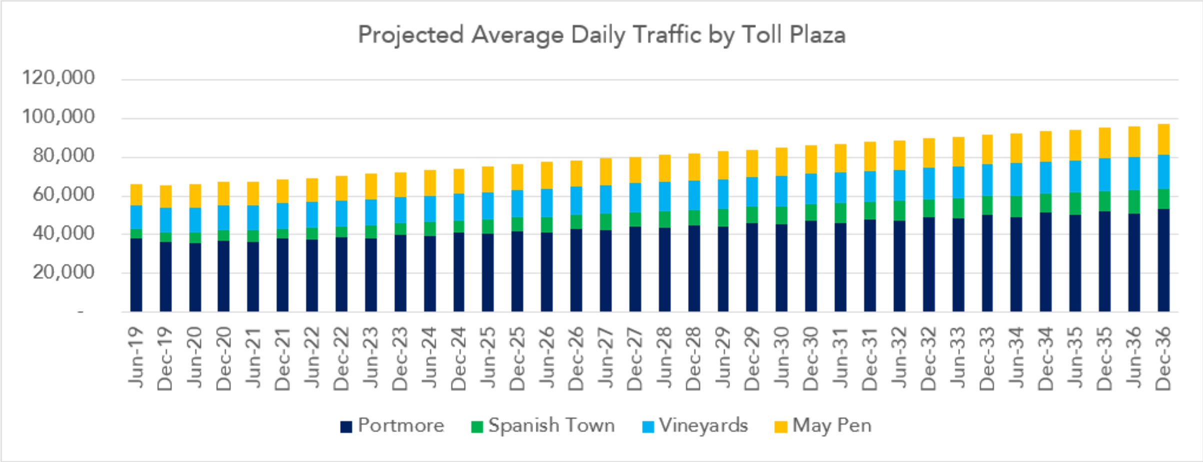
- Steer has assumed that for the:

  - Low Case, traffic will grow lower than anticipated in the Base Case and the average growth of value of time will also be lower.
  - High Case, traffic will grow more than expected and motorists will be less sensitive to those toll increases.

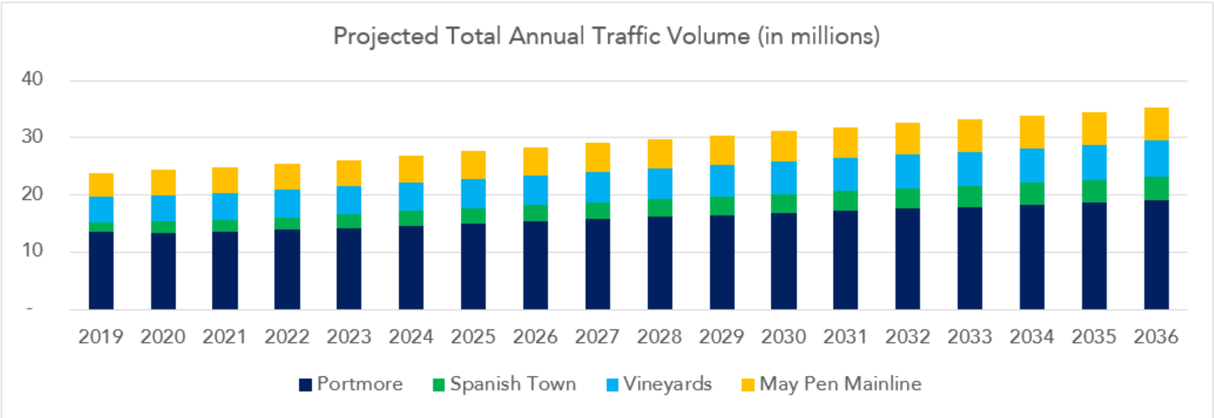
- As explained in the Independent Traffic Consultant report, the traffic growth methodology is based on forecasts of GDP. For the Low Case Steer has assumed that economic performance is below that expected in the Base Case by an average of 0.5% per annum. Conversely, Steer has assumed that in the High Case, economic growth is 0.5% higher per annum than assumed in the Base Case forecasts.

PROJECTED TRAFFIC

The traffic projections for the four Toll Plazas contained in the Independent Traffic Consultant's Report are supported by substantial data on recorded historical traffic volume, which NROCC believes provide considerable visibility on traffic behavior going forward.



- The AADT at the Portmore toll plaza is projected to increase from 36,995 in 2019 to 52,270 in 2036, at a CAGR of 2.1%.
- The AADT at the Spanish Town toll plaza is projected to increase from 4,751 in 2019 to 11,135 in 2036, at a CAGR of 5.1%.
- The AADT at the Vineyards toll plaza is projected to increase from 12,365 in 2019 to 17,130 in 2036, at a CAGR of 1.9%.
- The AADT at the May Pen toll plaza is projected to increase from 11,442 in 2019 to 16,100 in 2036, at a CAGR of 2.0%.
- This will result in the total AADT for Highway 2000 East-West increasing from 65,553 in 2019 to 96,634 in 2036, at a CAGR of 2.3%.



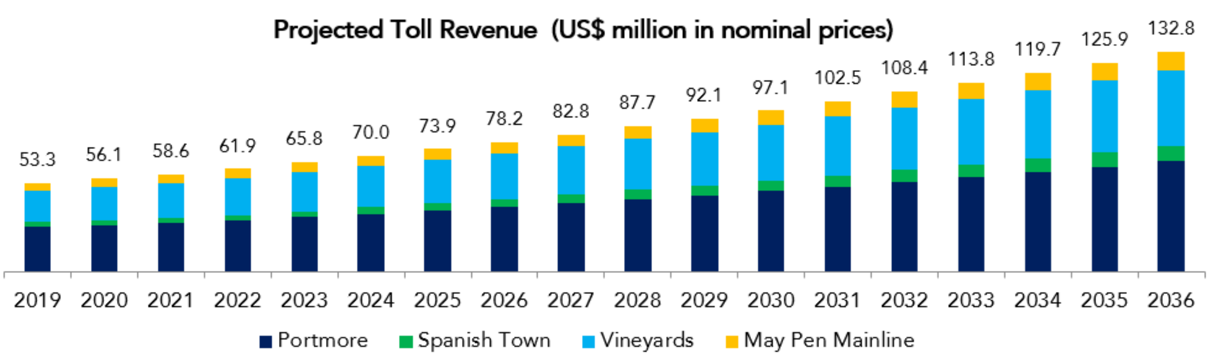
Projected total annual traffic at the Portmore toll plaza is forecasted to increase from 13.5 million in 2019 to 19.1 million in 2036. Projected total annual traffic at the Spanish Town toll plaza is forecasted to increase from 1.7 million in 2019 to 4.1 million in 2036. Projected total annual traffic at the Vineyards toll plaza is forecasted to increase from 4.5 million in 2019 to 6.3 million in 2036. Projected total annual traffic at the May Pen toll plaza is forecasted to increase from 4.2 million in 2018 to 5.9 million in 2036.

Toll revenues

Toll revenues are based on projected traffic volumes and the tariff levels allowed in the concession.

Toll Revenue (US$ million)

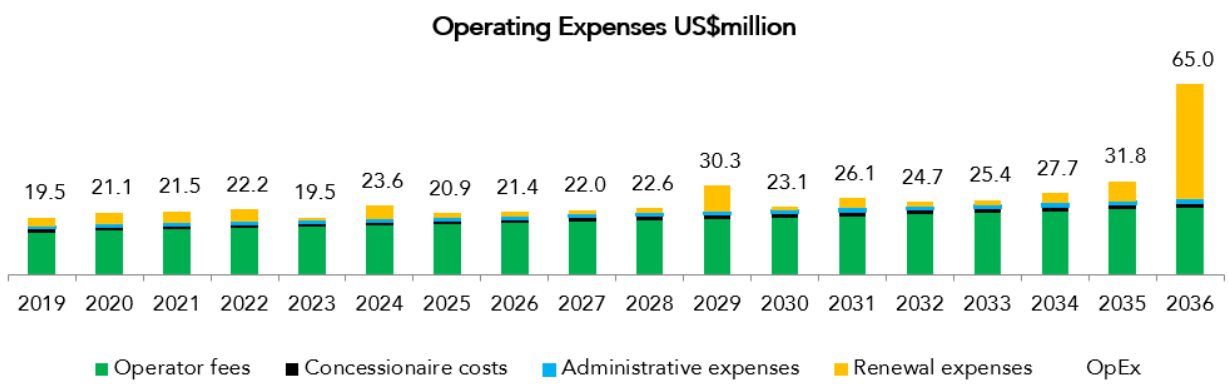
The revenue forecasts were developed by Steer in J$ and converted to US$ based on exchange rates provided by the Company and its advisors.



Total toll revenues are projected to grow at a 5.5 % 2019-2036 CAGR. Spanish Town toll station is projected to experience the highest growth rate: 8.5% 2019-2036 CAGR. This trend is based on the normalised traffic numbers at September 2019. Between March 2019 to September 2019, the traffic at Spanish Town toll plaza recorded an uptick when traffic was diverted back to the Nelson Mandela Highway as a result of the completion of the roadworks. The normalized traffic position was a consideration when deriving the long-term growth rate applied by Steer.

Projected toll revenues are determined by multiplying the projected traffic forecasts expected in future years by the indexed current toll rates. The calculation is based on a formula set out in the Concession Agreement that allows for indexing the Initial Toll Level to the annual projected CPI levels and based on Jamaica depreciation against the US$ and J$, which is the Capped Toll Level. The Capped Toll Level is the maximum amount that can be charged by TJH at any time. Once the toll level is set below the Capped Toll Level, the Toll Authority will approve the toll increase.

OPERATING EXPENSES

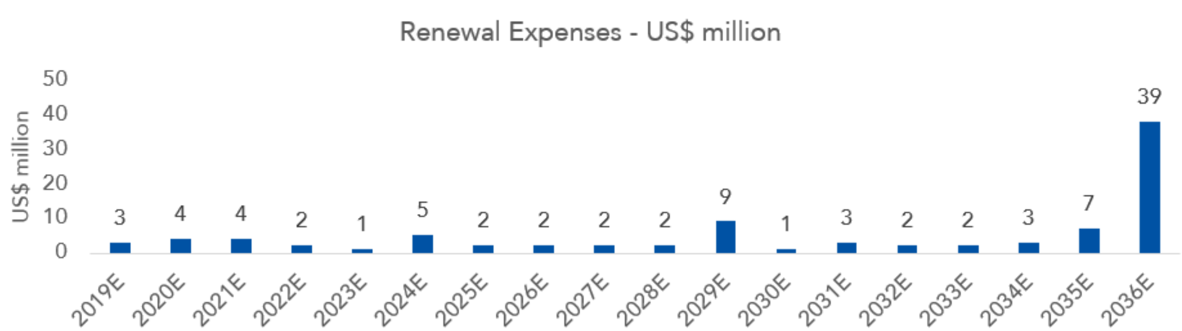


Projected operating and maintenance cost assumptions comprise of four main components in accordance with Concession Agreement, which are tabled below.

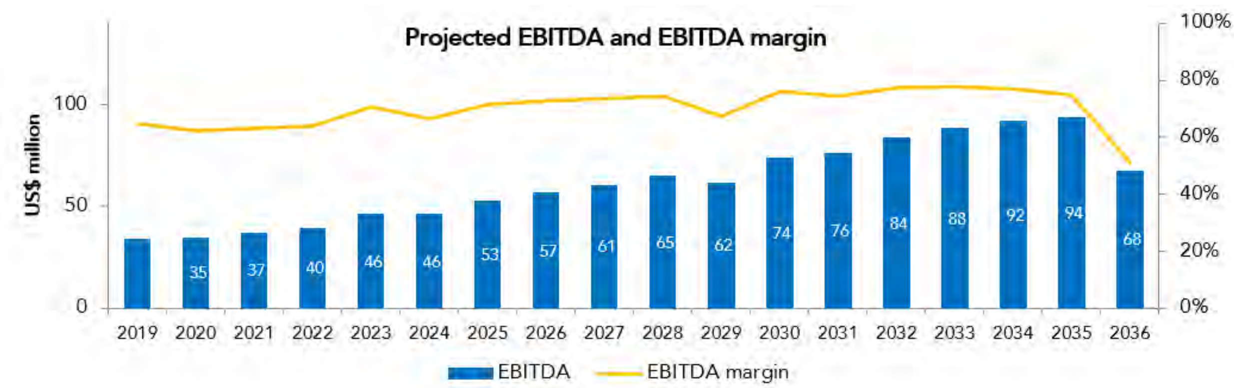
Assumptions	Basis
Operator fixed fee	Projections are based on agreed fixed annual charges between TJH and JIO indexed using the US CPI.
Operator variable fee	Projections are based on 3% of projected revenues for each period.
Concessionaire costs	Projections were based on the last actual cost incurred indexed to the US CPI of futures years.
Renewal expenses	Costs to maintain the highway for wear and tear and other structural factors as determined by the Company's independent engineer - ARUP

Renewal Expenses

Renewal expenses are based on independent engineers forecast of future maintenance cost expected due to the wear and tear of the road surface. Model projections assume the need for heavy maintenance of road surface in the future due to aging and heavy usage. The significant jump in O&M cost in 2036 is due to the hand back provisions under the Concession Agreement. The Toll Road shall be handed back to the Grantor at the end of the Concession Period in a good and operable condition. All durable components, pavement, signs, fencing, bridge railings and safety barriers have a detailed life expectancy required at hand-back.



Main items	Condition at time of hand-back
Pavement	Useful Life of at least 8 years
Pavement markings	Useful Life of at least 3 years
Durable components (i.e. illumination poles, barriers, etc.)	Useful Life of no less than 20 years
Bridge expansion joint seals	No older than 5 years
Steel structures' painting	Useful Life of at least 5 years
Toll collection electronic equipment	No older than 5 years



EBITDA is projected to grow at a CAGR of 3.8% over the period 2019-2036. EBITDA margin is expected to increase from 64.8% in 2019 to 77.7% in 2033 before declining to 51.1% in 2036. This is driven by a strategy of continued revenue growth and cost containments. The reduction in EBITDA in 2036 is due to construction costs to facilitate project handback from TJH to NROCC. However, given TJH's current intention to take up the option to extend the Concession Agreement when it expires in 2036 these costs associated could be delayed for another 35 years.

Finance cost

The projected financial charges are based on TJH planned bond issuance. TJH plans to issue a bond of up to US$225[19] million to clear existing debt obligations.

Projected Dividend Yield and IRR

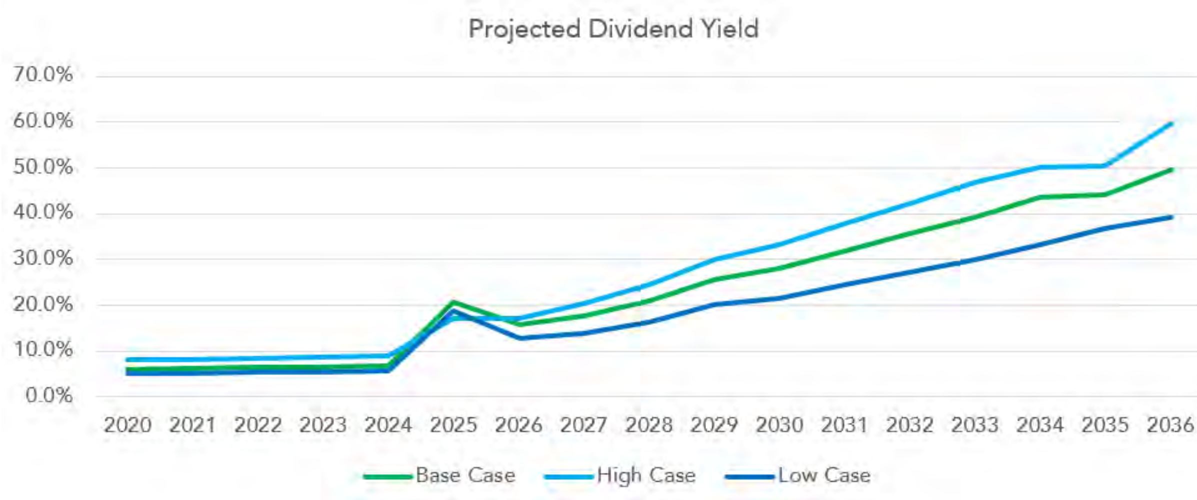
The Company's projections contained herein is based on the Base Case scenario based on Steer's December 2019 Traffic Study. Shown below are projected dividend and IRR based on different traffic forecast scenarios, namely Low Case, Base Case and High Case.

The projections do not include any potential revenue or cost from Phase 1C, or renewal of concession agreement upon expiry or other potential revenue enhancements as noted in **Section 8.**

Based on the projected operating profits, distributable reserves and cashflows, the Company is projecting a dividends yield ranging from:

- Average of 5.3% to 8.7% in 2020-2025
- Average of 24.5% to 35.8% thereafter
- Overall average of 18.8% to 27.8% for the total period of 2020-2036.

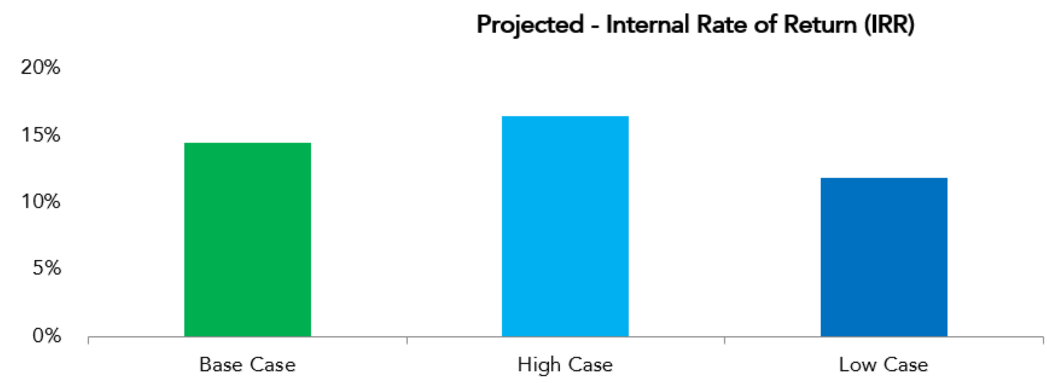
[19] Estimated and may be subject to change



The above shows that the average dividend payout ratio (as a% of accumulated earnings) ranges from 43% in the earlier years to a high of 85%, reducing in the later rates to approximately 70%.

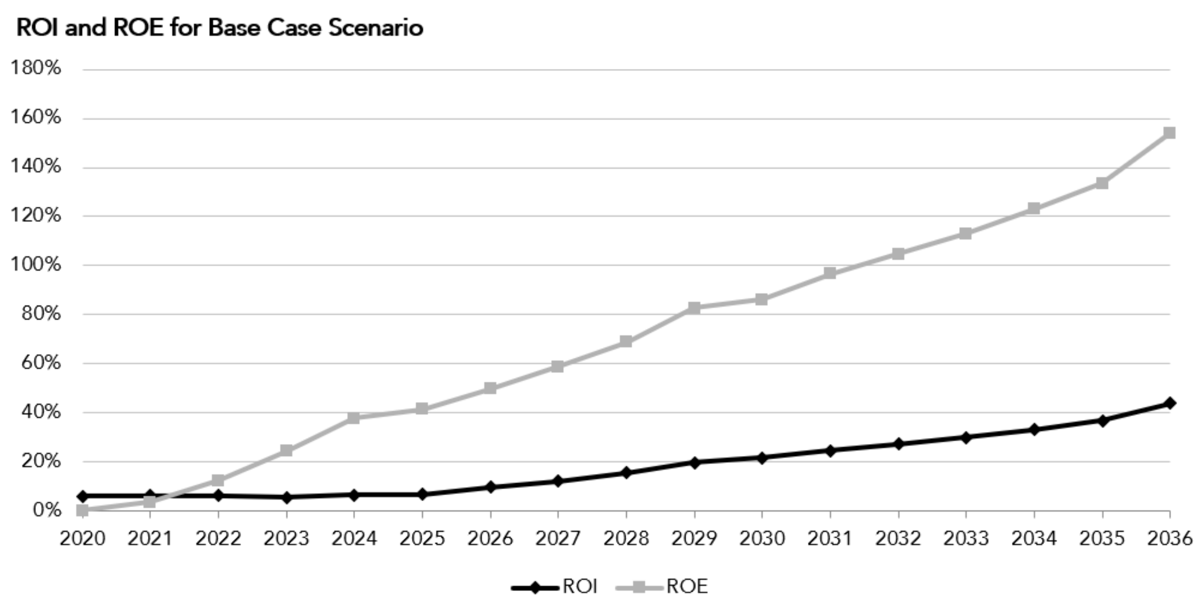
PROJECTED IRR

The Projections above also results in projected IRR (based on Offer Price) ranging between 11.9% and 16.5% as shown in in the chart below.



PROJECTED RETURN ON EQUITY AND RETURN ON INVESTMENT

The Projected Return on Equity and Return on Investment (based on the Offer Price) are shown below.



In addition to assumptions regarding traffic projections, the above assumes that:

- There is limited foreign exchange risk as the Company's toll rates linked to devaluation of the J$ against the US$.
- All major cost provisions are made in accordance with the Concession Agreement.
- See **Section 19** for other risks that may impact the ability to achieve the projected results.

- section XVIII -

INFRASTRUCTURE AS AN ASSET CLASS

Infrastructure is a key driver of economic growth. The quality, access and affordability of infrastructure are key determinants of economic growth. Infrastructure as an asset class is said to have several distinct and attractive investment characteristics and is becoming popular with knowledgeable investors (particularly institutional investors).

Economic characteristics of infrastructure assets would include:

- High barriers to entry;
- Economies of scale (including high fixed costs, low variable costs);
- Inelastic demand for services (with the potential for pricing power);
- Low operating costs and high target operating margins;
- Long durations (such as long concessions and leases); and
- Capital intensive which impacts early years returns but has the potential to create significant cash flows in the later years.

Attractive Financial Characteristics of typical toll road concession agreement	
Attractive Returns	Returns are typically higher for brownfield infrastructure assets.
Low Sensitivity	There is likely to be relatively low sensitivity to swings in the market as the toll roads are an important part of the lives of many Jamaicans in reducing commute time significantly.
Low Correlation	There is typically a low correlation of returns with other asset classes which means that this investment should not typically be affected by movements in investments in other types of assets.
Favourable Cash Flows	Typically provide long-term, stable and predictable cash flows.
Good Inflation Hedge	The inflation hedge would protect the value of the investment which would be beneficial in Jamaica as the purchasing power of the country's currency is continuously decreasing.

The table below illustrates returns for core infrastructure assets based on investor returns observed in the infrastructure market. In comparison to the listed sectors, Toll Roads have a relative risk assessment and capital appreciation potential of low to medium. The average cash yield percentage ranges from 4% to 6% and the average expected return ranges from 8% to 12%.

Sector	Relative Risk Assessment	Average Cash Yield %	Average Expected Return (%)	Capital Appreciation Potential
Social infrastructure/PPPs and PFIs	Low	4 – 5	5 – 8	Low
Contracted power generation	Low	5 – 8	6 – 10	Low
Regulated utilities	Low – Medium	4 – 7	8 – 10	Low – Medium
Toll roads	Low – Medium	4 – 6	8 – 12	Low – Medium
Airports	Medium	5 – 7	10 – 15	Medium
Seaports	Medium	5 – 7	11 – 16	Medium
Freight rail	Medium – High	6 – 8	12 – 16	Medium – High
Telecommunication infrastructure	High	5 – 9	12 – 18	High
Merchant power generation	High	0 – 4	14 – 20	High

Source: J.P. Morgan Asset Management as of March 31, 2015 & and UBS - Power, Utilities and Infrastructure, Indicative Returns, November 2019

Typical Risk Premium Based on Infrastructure Life Cycle

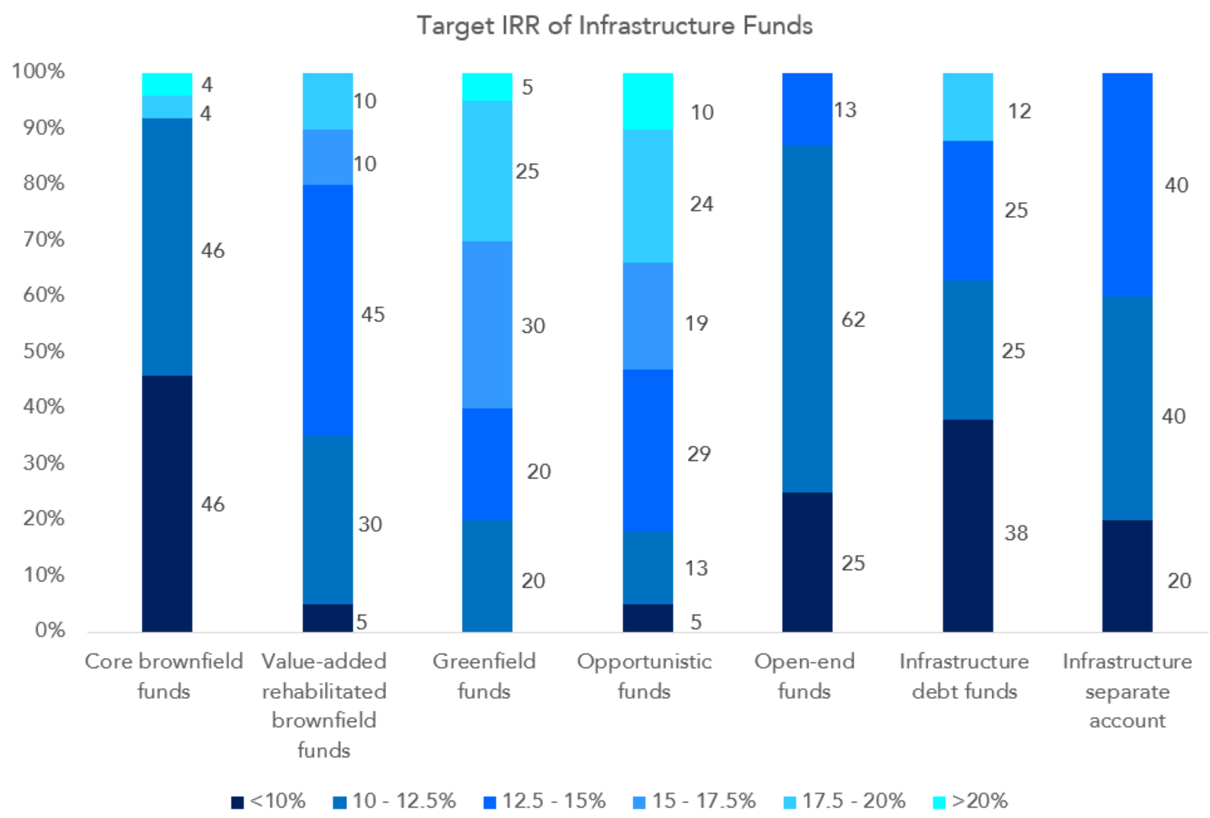
The Company has been in operations for 18 years and represents a Brownfield infrastructure investment. The table below displays risk premiums over the lifecycle of a typical infrastructure project. Risk premium are highest at the "greenfield" stage of the project and lowest at the maturity stage.

Life Cycle	Risks	Risk Premiums
Greenfield	Legal, environmental and regulatory risks	More than or equal to 8%
Construction	Construction risks	6 – 8%
Ramp Up	Ramp up rate, natural traffic level risks	4 – 6%
Growth	Impacts on traffic risks	3 – 5%
Mature (Brownfield)	Major population shift risks	2 – 3%

Source: The Institute of Fiscal Studies and Democracy (IFSD)

Target IRRs

Shown below is a PwC Analysis & Infrastructure Institutional Investor Trends Survey done by Probitas Partners in 2016.



Source: PwC Analysis & Infrastructure Institutional Investor Trends for 2016 Survey (Probitas Partners)

According to the figure above, the majority of core brownfield funds had target net IRRs of up to 12.5%. The remaining 8% of these funds had target IRRs ranging from 17.5% to more than 20%. In addition, value-added rehabilitated brownfield funds had higher target net IRRs ranges, but still low. In comparison, greenfield funds had higher target net IRRs with 30% ranging from 17.5% to more than 20%.

Based on TJH's projections in **Section 17**, an investment at the offer price is expected to generate an IRR between 13% - 14% which is higher than benchmarked study previously described.

- section XIX -

RISK FACTORS

In addition to other information in this Prospectus, the following risk factors should be considered carefully in evaluating the Company's business. The Company's business, financial condition or results of operations could be materially and adversely affected by any of these risks.

The risks mentioned in this Section are not to be taken as being exhaustive of all the possible risks that may affect the Company and its business. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

The Board of Directors of the Company is ultimately responsible for the establishment and oversight of the risk management framework. The Board has established an Audit & Risk Committee for managing and monitoring risks.

BUSINESS RISKS

Risks relating to the company, the Concession Agreement and the Toll Road

The toll revenues are subject to fluctuation based on many factors beyond TJH's control.

Under the Concession Agreement, TJH is remunerated primarily through toll collections. The amounts TJH collects as toll collections depend on the number and category of vehicles that travel on the Toll Road's and the tariffs applicable to each according to its category of vehicle. Traffic volume depends on, and may be affected by, a wide variety of factors, many of which are not within TJH's control, including demographic changes, changes in GDP, fuel prices, the number of vehicles sold in Jamaica, changes in the tariff structure, government macroeconomic policies, social stability, political, economic and demographic factors affecting the regions near the Toll Road, competition from untolled roads or toll roads with lower tariffs, infrastructure developments which may enter into operation during the term of the Concession Agreement (including the quality, proximity and popularity of alternative roads and the availability of other means of transportation), and other factors prevalent in the area surrounding the Toll Road. As a result, the number of vehicles traveling on the Toll Road and the associated toll collections may not increase as forecasted. In addition, Section 8(a) of the Toll Roads Act 2002 also requires an alternative route accessible to the public by vehicular or other traffic in the area in which a toll road is established. NROCC cannot provide any assurance that the number of vehicles traveling on the toll roads will remain stable or increase. Changes in any one or more of these factors could adversely affect toll revenues of TJH. In all cases, failure to meet forecasted traffic volumes or tariffs is likely to adversely impact TJH's financial results and its ability to make a distribution to stockholders.

Competing roadways and alternative means of transportation may negatively affect the traffic volume on TJH's routes.

Parts of the Toll Road route will compete for traffic with the Nelson Mandela Highway and the North South Highway. Furthermore, tariffs charged on competing Toll roads that are lower than the tariffs the Company charge, and the timing of any improvements made to the competing roads may also reduce traffic on the Toll Road route. The Company cannot guarantee that the Toll Road route will retain the same volume and type of traffic it currently has or that it will attract commercial traffic in the future. If traffic is diverted to competing roadways, TJH's toll collections could be lower than projected by the Independent Traffic Consultant, which could adversely affect TJH's liquidity, and TJH's ability to make a distribution to stockholders.

Furthermore, NROCC or another competent governmental entity could grant additional concessions or expand existing concessions that directly compete with the Toll Road. Governmental entities could also promote other transportation alternatives that directly compete with and adversely affect the Toll Road or could not increase tariffs of competing roads. For example, any competition from other tolled or untolled roads, as well as the promotion of other transportation alternatives, could reduce traffic volumes, reduce TJH's toll collections and have an adverse effect on TJH's business, financial condition and results of operations and its ability to make a distribution to stockholders.
U.S $0.61 million over the period due to the repayment of the principal balance.

TJH's financial results can be negatively impacted by toll road users' avoiding tolls.

TJH's revenues may be negatively impacted as a result of toll road users' avoiding the payment of the required tariff at the Toll Plazas, for example by using unlawful roadway entries or unlawfully skipping toll barriers. Despite the engagement of municipal police forces to protect against unlawful toll avoidance, this could affect TJH's toll collections and financial results, and consequently could materially and adversely affect TJH's business, financial condition and results of operations and TJH's ability to make a distribution to stockholders.

An increase in TJH's major maintenance expenses under the handback requirements may result in the Company's inability to comply with the Major Maintenance Reserve Required Amount.

Upon the expiration of the Concession Term, the Company must transfer back the Toll Road to NROCC in compliance with certain technical requirements set forth in the Concession Agreement (the "Handback Requirements").

Three years prior to completion of such term, the Company and NROCC shall conduct a joint inspection of the Toll Road to determine if there is any outstanding work required to comply with the Handback Requirements. If, as a result of the joint inspection, it is determined that there is outstanding work necessary to comply with the Handback Requirements, the Company and NROCC shall develop a Handback program (the "Handback Program") to carry out the necessary works over the remainder of the period at the Company's expense. The Company is required to provide NROCC with a Handback Bond issued by a commercial bank acceptable to NROCC in the amount of the estimated cost of crying out the Handback Works. The Handback obligation may thus imposes not only additional costs on the Company but also execution risk in relation to the Handback Works. Currently, the Company's projections include approximately US$39 million for this expense (See **Section 17**).

It should be noted that if the Concession Agreement is renewed for a further 35 years then the amount projected will be deferred accordingly.

Rapid traffic growth could result in increased congestion and commuting times on the Toll Road, dissuading drivers from using the Toll Road.

Steer prepared traffic and revenue forecasts for the Highway 2000 East-West in Jamaica. Their findings project an increase in expected travel in Jamaica, which will create more traffic on Highway 2000 East-West and on the non-tolled alternatives, as real GDP and other socio-economic factors are projected to increase.

If the traffic on the toll road increases to a point where it becomes unbearable, persons will be dissuaded from using the toll roads. They may travel on alternative routes, carpool or just do not travel on the road. This can lead to a decrease in toll revenues. The Company is projecting a compound annual growth rate in traffic of approximately 3% until the end of the original Concession Term.

Congestion on the Toll Road, including lane closures, could have an adverse effect on traffic flows.

Occasionally, there is congestion and increased commuting times on toll roads due to several factors such as road accidents, unusual increase in traffic flow, road works/improvements, special events and other factors.

This increased congestion and commuting times can lead to drivers finding alternative routes, which will lead to lost revenues.

The value and viability of the Company is inextricably linked to the Concession Agreement

The concession to design, build, operate and maintain Highway 2000 was granted to TJH for a fixed period of 35 years from 2001 and therefore has 16 years to run to termination. By the Amended and Restated Concession Agreement dated 29 January 2020, NROCC granted the Company an option to renew for a further 35 years.
If the Company wishes to renew the concession, it must give notice of renewal to NROCC between January 1, 2033 and December 31, 2033. The Company may only exercise the option if:

a. it is not in breach of the Concession Agreement at the time when it exercises serves notice of renewal; and

b. it shall not have been award 100 Penalty Points in any 3-year period or 42 Penalty Points in the year immediately preceding the giving of the notice of renewal

The Company will be obliged to pay a renewal concession fee at renewal. This fee is determined based on a formula designed to give the company a rate of return similar to the rate of return earned by toll road or infrastructure projects in similar rated countries. If the parties cannot agree on a renewal fee then it shall be referred to an expert for determination and the expert. The determination of the expert shall be final and binding on the parties.

There is a risk that the Company may not be able to satisfy the conditions necessary to exercise the option to renew or if it does that it may not find the renewal fee acceptable or may not be able to make adequate arrangements to fund the payment of the renewal fee. In any such case, the existing concession would expire and if the Company has not embarked on other development projects and/or acquired other concession or entered into other business ventures, it would lose its substratum and would cease business operations.

Novation risk

Under the terms of the Notes, TJH has signed a Direct Agreement with NROCC that allows for the appointment of a substitute Developer of the Project in the event of a Developer breach of the contract.

In the event of a Concessionaire default, the Indenture Trustee under the Notes can step in and novate the Concession to another party. If this happens, then the Concession Agreement, substantially TJH's only asset, will be removed from TJH. In that event, shareholders of TJH will not benefit from the Concession Agreement or the winding up of TJH, in respect of the concession agreement residual value after payment of obligations. That is, there may be no insolvency proceedings resulting that allow for residual cash flows to ordinary shareholders.

REGULATORY RISKS

Material delays or any failure by NROCC or the Jamaican Government to compensate TJH because the local toll regulator failed to timely approve or disapproved future toll rate charges, would have a material and adverse effect on TJH's ability to make a distribution to stockholders.

TJH is authorized under the Concession Agreement to set toll rates for the Toll Road at or below a capped level determined by a formula set out in the Concession Agreement. However, any changes to toll rates by TJH will require the prior approval of the toll regulator appointed by the Minister of Transport and Works under the Toll Roads Act 2002. The toll regulator is not legally required to consider any of the following when considering rate changes: the local inflation rate, affordability, road usage, local price levels, rate of return or the integrity of the toll collection system. Pursuant to the Concession Agreement, NROCC will be required to compensate TJH for the loss of revenues incurred if the toll regulator does not allow TJH to set tolls at a level that TJH requests, provided that the requested toll level complies with the terms of Concession Agreement. Even though NROCC is required to compensate TJH and such payment obligation is guaranteed by the Jamaican Government under the Jamaican Government Guarantee, material delays or any failure by NROCC, the Jamaican Government to budget for, approve or pay any of these obligations in a timely manner, or at all, could occur and would have a material and adverse effect on TJH's ability to make a distribution to stockholders.

Subject to certain parameters and compensation provisions, the toll regulator has exclusive authority, to modify tariffs, create or expand exemptions or reduced rates granted to certain users, and take other actions that could affect the tariff structure and toll collections generally, such as the relocation of Toll Plazas. Any of these actions by the toll regulator could result in a decrease in toll collections.

OPERATIONAL RISK

Future increases in tariffs may have a negative impact on the traffic volumes on TJH's roadways.

Future tariff increases may negatively impact the traffic volumes on the Toll Road, which may decrease TJH's toll collections and adversely affect TJH's revenue. Pursuant to the Concession Agreement, TJH is authorized under the Concession Agreement to set toll rates for the Toll Road at or below a capped level determined by a formula set out in the Concession Agreement. Increases in TJH's tariffs may influence the decisions of toll road users living near the area of the Toll Plazas, who may choose alternative routes with lower or no tariffs. The Company cannot guarantee that the Toll Road will maintain the same level of traffic volume after the upcoming tariff increases. If traffic volumes decrease as a result of future tariff increases, it may adversely affect TJH's revenues and TJH's ability to meet its financial obligations and distributions to investors.

Projections of future traffic flows may prove to be incorrect, which may affect the Company's ability to realize a profit.

The traffic volume and related toll collection projections used in TJH's financial model derive from the Independent Traffic Consultant's Report included as Document Available for Inspection in relation to this Prospectus. The projections contained in the Independent Traffic Consultant's Report were made using various analytical methodologies and are based on a limited history and sample as well as numerous assumptions, including assumptions in respect of material contingencies and other matters beyond TJH's control, including, among others, the GDP of Jamaica and the rate of economic growth in the regions surrounding the Toll Road, the availability and use of alternative roads and other means of transportation, and government macroeconomic policies. If the traffic projections prove to be incorrect and the actual rate of traffic is lower than expected, it could adversely affect TJH's business, financial condition and results of operations and adversely affect TJH's ability to meet financial obligations. Three projections scenarios were by the considered by the Independent Traffic Consultants, however the revenue projections included in this Prospectus focus on the Base Case.

The Company is subject to penalty points from NROCC if certain minimum operation and maintenance service levels are not met.

The Company's retention of the Concession is subject to meeting all of its obligations in relation to the Highway. This includes operation and maintenance requirements such as maintenance of insurance, measurement of traffic, emergencies management, quality management, operation and financial reporting, maintenance of agreed levels of service, safety and traffic management among other operational requirements. Where the Company fails in its obligations and does not remedy the failure within the prescribed period under the Concession Agreement, NROCC in the capacity as Grantor will award penalty points. Where the Company accumulates 42 points in any 1 year period or 100 points within a 3 year period, the Grantor may issue a Warning Notice to the Company and can increase its monitoring of the Company and the Company will have to pay for any increased costs to the Grantor for the additional monitoring. In accordance with the Concession Agreement, penalty points that result in additional monitoring and related costs of monitoring could adversely affect TJH's ability to make distributions to stockholders. The issue of three (3) Warning Notices is a ground for termination of the concession by NROCC.

TJH's inability to access quality construction materials, including heavy equipment used for paving and resurfacing the Toll Road, could result in a delay to carry out maintenance works.

TJH, as the developer, is tasked to maintain the Toll Road under a Concession Agreement with NROCC. As such, they need access to quality materials and equipment to conduct periodic maintenance works to keep the toll roads operational. However,

there may be factors that lead to the Company's inability to access these resources such as spikes in material costs, and delays in purchasing or clearing materials/equipment brought into the country, etc.
These factors can lead to delay in carrying out maintenance works, which can further lead to increased operating expenses, in particular repairs and maintenance.

Future changes in the highway system may materially and adversely affect traffic volume growth along Highway 2000 Toll Road and TJH's revenues.

Traffic volume and toll revenues for Highway 2000 Toll Road may be directly or indirectly affected by factors including the quality and proximity of alternative roads or other competing modes of transportation, fuel prices, inflation, interest rates, taxation and environmental regulations. In addition, increases in traffic volume will be influenced by the continued economic growth along Highway 2000 Toll Road. Any negative developments in these factors may affect TJH's toll revenues. The volume of traffic on Highway 2000 Toll Road is also influenced by its integration into other parts of the local and national highway system and other road networks. Future changes in the highway system may materially and adversely affect economic growth along Highway 2000 Toll Road and TJH's revenues.

Jamaican environmental laws regulate the operation of the Toll Road. Changes to these laws may adversely affect TJH's business.

The operations of the Toll Road often involve using, handling, disposing and discharging hazardous materials into the environment, or the use of natural resources, and are therefore subject to the environmental laws and regulations of Jamaica. Certain activities require environmental permits and licenses and may also require environmental impact assessments prior to the issuance of such permits or licenses. These permits/licenses have conditions that include compliance with environmental standards and guidelines. There has been increased emphasis on environmentally responsible operations in Jamaica in recent years, and it is possible that more regulation or more aggressive enforcement of existing regulations will adversely affect us by imposing restrictions on TJH's activities, creating new requirements for the issuance or renewal of environmental licenses, raising the costs for the Toll Road or requiring TJH to engage in expensive reclamation or remediation efforts.

TJH is subject to various risks regarding the operation and maintenance of the Toll Road.

TJH is responsible for the operation and maintenance of the Toll Road under the Concession Agreement. The major maintenance works will include significant construction works and, as a result, be subject to greater risks than routine maintenance, including construction delays, higher-than-expected capital expenditures, decreased toll collections during construction, and others as described elsewhere in this Prospectus. The projections for the operation and maintenance expenses that TJH will incur are based on assumptions as to the costs of services and equipment, regulatory requirements and other matters, and these assumptions may prove incorrect. Operation and maintenance expenses may increase more than projected during the term of the Concession Agreement. Under the terms of the Concession Agreement, the Concessionaire is responsible for maintenance works that must be undertaken from time to time in respect of the Toll Road during the concession period. The performance of these works is subject to certain specifications and minimum service levels as required under the Concession Agreement. Additionally, if traffic volume is higher than anticipated, or the road conditions deteriorate earlier than anticipated, TJH may need to increase the frequency of the maintenance works to meet the minimum service levels. Some of this maintenance work may require lane closures on portions of the Toll Road that may adversely affect traffic. TJH is subject to various risks in connection with the operation and maintenance of the Toll Road, including, but not limited to, labor disputes or work stoppages, slower than expected progress, the unavailability, or late delivery, of necessary equipment or raw material, less than optimal coordination with governmental authorities, adverse weather conditions and unexpected construction conditions, accidents and catastrophic events such as explosions, fire and other similar events not under TJH's control or resulting from force majeure events. The occurrence of any of these events could severely delay, increase the cost of or prevent the completion of these works, which are necessary for the proper operation and maintenance of the Toll Road and in some cases compliance with the terms of the Concession Agreement. Any increased or unforeseen expenses may have a materially adverse effect on TJH's results of operations.

TJH may be subject to interruptions or failures in its information technology systems.

TJH relies on sophisticated information technology systems and infrastructure to support its business. These systems may be susceptible to outages due to fire, explosions, floods, telecommunications failures and similar events. Information technology system failures, network disruptions and breaches of data security could disrupt TJH's operations. To minimize those adverse effects, TJH has designed a contingency plan and redundant measures for operational purposes. However, the Company cannot assure investors that its business continuity plans will be completely effective during an information technology failure or interruption. These failures could have an adverse effect on TJH's business, financial condition and results of operations, which could adversely impact the Company's ability to make payments under any obligations.

Cybersecurity events and operational problems, errors, criminal events or terrorism could negatively affect the Company and may result in litigation.

TJH depends on a variety of internet-based data processing, communication, and information exchange platforms and networks. TJH cannot assure investors that all of its systems and those of third parties with whom the Company contracts are entirely free from vulnerability. Additionally, TJH enters into contracts with several third parties to provide its customers with data processing and communication services. Therefore, if information security is breached, or if one of TJH's employees or external service providers breaches compliance procedures, information could be lost or misappropriated, which may affect TJH, damage others or result in potential litigation. THJ is also exposed to cyber-attacks and other cybersecurity incidents in the normal course of business. There has recently been an increased level of attention focused on cyber-attacks against large corporations that include, but are not limited to, obtaining unauthorized access to digital systems for purposes of misappropriating cash, other assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity incidents, such as computer break-ins, "phishing," identity theft and other disruptions, could negatively affect the security of information stored in and transmitted through the Company's computer systems and network infrastructure, which may result in significant liability to the Company in excess of insurance coverage and may cause existing and potential customers to refrain from doing business with the Company.

NROCC's role as the Company's principal shareholder and grantor under the Concession Agreement may cause a potential conflict of interest.

Under the current ownership structure, NROCC is the majority shareholder pursuant to its purchase of the Company's shares on December 23, 2019. As a result, NROCC has the ability to determine the outcome of most of the Company's corporate actions or decisions. NROCC will remain as TJH's majority shareholder until consummation of an Offer for Sale of the Company's fully-paid ordinary shares to prospective investors. Until consummation of the Offer for Sale, NROCC's role as the principal shareholder and as grantor under the Concession Agreement could result in a potential conflict of interest. The Company cannot provide assurance that NROCC will exercise its controlling interest/significant ownership rights in a manner that is consistent with the Company's interests under the Concession Agreement or with the interests of the other shareholders.

TJH is required to pay NROCC excess toll revenues according to an upside formula in the Concession Agreement.

The Concession Agreement details actual annual traffic revenues over and above those forecasted in the Base Case Model to be agreed between NROCC and TJH and which model will form the basis for establishing the profile of the Upside Amount to be paid by TJH to NROCC (including excess revenues). Summary of Upside Formula is as follows:

- First band: 100% to TJH (excess revenues contribute to an IRR of 16%)
- Second band: 50/50 between the TJH and NROCC (IRR within the range of 16% and 22%)
- Third band: 30% to TJH and 70% to NROCC (real after-tax IRR within the range of 22% and 25%)
- Fourth band: 100% to NROCC (real after-tax IRR over and above 25%)

Any excess amounts paid to NROCC reduces the distributable income for the other shareholders.

KEY PERSONNEL AND PARTNERS

The Company will rely on the Operator and other third-party service providers for the operation and maintenance of the Toll Road.

The continued success of TJH's business largely depends on the ability of the Operator and of other third parties to complete operation and maintenance deliverables required by the Concession Agreement. TJH will rely on services provided by third parties, including the Operator, for the operation and maintenance of the Toll Road. If the Operator or the other third-party service providers are unable, or refuse, to provide the services for which they were contracted in a timely manner and according to contractual specification, the Company may not be able to meet its obligations pursuant to the Concession Agreement. Furthermore, in the event of an early termination event of any of these agreements (including the O&M Agreement) or the expiration of their terms, the Company may be required to engage replacement contractors or operators or to provide on its own the services they render in order to comply with the Concession Agreement. The Company cannot assure investors that the Company will be able to negotiate new agreements with replacement contractors or operators that have similar terms as the agreements and arrangements in place as of the date of this Prospectus or that the Company will be able to provide such services as effectively or at the same cost as the current providers of such services.

Any failure by contractors or operators to perform their obligations under agreements with the Company, or the Company's inability to replace them or provide the services they render at the same cost or at all may have a material and adverse effect on the Company's ability to operate the business and its financial results and therefore may adversely affect TJH's ability to honor financial obligations.

The Independent Traffic Consultant's Report is subject to significant assumptions and may reflect incorrect conclusions.

This Prospectus contains expert opinions on matters related to projected traffic volumes that may prove inaccurate. TJH consulted an Independent Engineer, an Independent Traffic Consultant that produced a report in connection with the Toll Road. The Independent Traffic Consultant's Report is included as a document available for inspection and contains important discussions of the projections and of the assumptions, estimates, history, sample and forecasts used in its preparation. For a detailed explanation of the assumptions and methodologies used to prepare the Independent Traffic Consultant's traffic volume and Toll Collection projections. See **Section 17** Projections and Documents Available for inspection (**Section 23**).

Potential investors are urged to read the Independent Traffic Consultant's Report in its entirety before making a decision to purchase Ordinary Shares in the Offer. The Independent Traffic Consultant prepared its projections and opinions, as applicable, on the basis of assumptions and estimates that these consultants and TJH believed to be reasonable at the time and as of the date of this Prospectus. However, the assumptions and estimates, set forth in the Independent Traffic Consultant's Report may not be accurate and actual results may differ materially from what the Independent Traffic Consultant projected. The Independent Traffic Consultant's Report relies on inputs projected or prepared by TJH and others and evaluates the reasonableness of the inputs and other factors in its report. Even if the assumptions and estimates are accurate, the actual traffic volumes and patterns may differ materially from those expressed in the Independent Traffic Consultant's Report. Furthermore, the projections made in the Independent Traffic Consultant's Report were not prepared from an accounting perspective with a view toward compliance with IFRS, and the assumptions used in the projections are subject to uncertainty and actual results may differ materially from those projected.

In addition, TJH's independent auditors have not examined, compiled or performed any procedures with respect to the prospective financial or other information contained in the Independent Traffic Consultant's Report, and, accordingly, express no opinion or any other form of assurance with respect to that information or its achievability. If traffic projections are lower than set forth in the Traffic Consultant's Report, toll collections may be lower than expected. As such potential investors are urged not to place undue reliance on any projections included in the Independent Traffic Consultant's Report or elsewhere in this Prospectus. If the assumptions, estimates or projections included in the Independent Traffic Consultant's Report are incorrect or inaccurate, it could have a material adverse effect on TJH's business, financial condition and results of operations and TJH's ability to make payments under any obligations.ons.

TJH is dependent on its key employees and the Operator's management

TJH depends on the services of its key officers and employees, as well as on the members of the management team of the Operator. The loss of any experienced officer, key employee, senior manager or member of the management team of the Operator could adversely affect TJH's ability to implement its business strategy. The competition to attract qualified personnel is intense and it is possible that TJH or the Operator may not succeed in attracting, integrating or retaining personnel with the experience or at the compensation levels necessary to preserve TJH's business quality and reputation, or to support or expand its operations in accordance with the Concession Agreement regulations. Accordingly, potential investors cannot be assured that the Company will achieve its strategic goals. TJH or the Operator's inability to attract and retain the necessary personnel could harm TJH's business and adversely affect TJH's ability to meet TJH's obligations.

ENVIRONMENTAL RISK

Natural disasters, catastrophic events and unfavorable weather conditions may damage the Toll Road and otherwise reduce revenue generation from the Toll Road

Although the Company expects at all times to maintain insurance in accordance with the Concession Agreement , the Indenture and industry standards to protect against certain risks, a natural disaster, severe weather or any other event that damages all or a portion of the Toll Road could have a material adverse effect on the Toll Road and significantly reduce toll collections or significantly increase the expense of operating, maintaining or restoring the Toll Road. Jamaica is exposed to natural disasters, such as earthquakes, floods, tropical storms and hurricanes. Jamaica is exposed to recurring flooding and mudslides as a result of heavy rains due to "La Niña" weather patterns. Additionally, Jamaica has been affected by an opposite climatic phenomenon known as "El Niño", which affects the regularity of the rainfall season and can cause droughts. Unfavorable weather conditions or natural disasters could damage, require the shutdown of, or decrease the use of, all or parts of the Toll Road, impeding TJH's ability to maintain and operate the Toll Road and generate revenues. Severe flooding could make the Toll Road inaccessible for maintenance and disrupt TJH's operations. In addition, catastrophic events such as explosions, criminal acts, actions by third parties or other similar incidents could result in similar consequences or in personal injury, loss of life, environmental danger or severe damage to or destruction of the Toll Road or suspension of operations, in each case, adversely affecting the Company's ability to construct, maintain and operate the Toll Road and thereby decreasing revenues. Some of these risks may not be covered by existing insurance policies and still others may be subject to higher deductibles. Still other risks may result in dispute over coverage, which may delay repayment and result in additional costs. If any of the foregoing events were to occur, they could materially and adversely affect TJH's ability to make payments under TJH's obligations.

TJH is not able to insure against all potential risks relating to its operations and maintenance, may not be able to receive timely and adequate insurance proceeds to cover lost revenues and increased expenses, and may become subject to higher insurance premiums.

Although TJH expects at all times to maintain insurance in accordance with the Concession Agreement, the Indenture and industry standards to protect against certain risks, not all risks are insurable, and disputes may develop over insured risks. In addition, any loss adjustment process could take considerable time or be adversely determined, and insurance funds may not be readily available after an insured event has occurred. Furthermore, there can be no assurance that such insurance coverage will be available in the future at all or on commercially reasonable terms or at commercially reasonable rates. If certain risks occur, or if there is a total or partial loss of the Toll Road, there can be no assurance that the proceeds of the applicable insurance policies will be available or adequate to cover lost revenues, increased expenses or the cost of repair or replacement. In addition, the availability of insurance coverage for TJH's line of business is limited, and any change in the scope of its coverage could affect TJH's ability to obtain and maintain adequate insurance at a reasonable cost or at all. In addition, if the insurance policies are not supported by reinsurance policies covering the risks that the local insurance provider may not honor its obligations, the local insurance policies may not be sufficient to cover the risks insured. As a result, TJH may face financial difficulties if it is required to disburse any amount not covered by TJH's existing policies. Any of the foregoing events could materially and adversely affect TJH's ability to operate the Toll Road and TJH's ability to make distributions to investors.

GENERAL ECONOMIC AND MARKET CONDITIONS

The Company is also subject to the risks presented by potential shifts in the local and international macroeconomic environment and their impact on variables such as business and consumer confidence. Any major changes in the Jamaica's macroeconomic environment may negatively affect the operations and financial performance of the Company.

Economic Outlook

Jamaica has experienced volatility in its macroeconomic drivers and has experienced economic crises in recent decades. The Jamaican economy expanded by 1.9% in 2018 when compared to 2017 based on growth in the country's GDP. GDP grew by 1.0% in 2017 compared to 2016, 1.4% in 2016 compared to 2015, 0.9% in 2015 compared to 2014 and by 0.7% in 2014 compared to 2013. TJH cannot offer any assurance that the Jamaican economy will grow in the future. Economic growth depends on a variety of factors, including, among others, the sustainability of tourism, the stability and competitiveness of the Jamaica dollar against foreign currencies, confidence among Jamaican consumers and foreign and domestic investors and their rates of investment in Jamaica, the willingness and ability of businesses to engage in new capital spending and the rate of inflation.

Any disruption of the global credit markets and general unfavourable economic and market conditions may adversely affect TJH's business, financial condition and results of operations.

The effects of any disruption in the global or Jamaican financial system cannot be predicted. It could lead to reduced traffic volume and lower tariffs as well as lower commercial revenues for toll roads projects generally or for the Toll Roads in particular. Furthermore, any financial difficulties suffered by any contractors or suppliers of TJH could increase TJH's costs or adversely impact TJH's budget.
Continued disruption of the credit markets could adversely affect the maintenance and operation of the Toll Roads. These disruptions could adversely affect TJH's liquidity, business operations, financial condition and results of operations and consequently, TJH's ability to honour its financial obligations.

Developments in Jamaica's trading partners may materially and adversely affect the Jamaican economy.

If interest rates increase significantly in developed economies, including the United States, Jamaica's trading partners could find it more difficult and expensive to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. Decreased growth on the part of Jamaica's trading partners could have a material adverse effect on the markets for Jamaican exports and tourism and, in turn, adversely affect the Jamaican economy. If the condition of the Jamaican economy were to deteriorate further, it may have an adverse effect on TJH's business, financial condition and results of operations and TJH's ability to honour its financial obligations.

The Jamaican economy remains vulnerable to external shocks, including natural disasters such as hurricanes, which could have a material adverse effect on economic growth.

Jamaica's economy is vulnerable to external shocks. A reduction in tourism, as a result of economic decline in other countries or natural disasters, such as hurricanes, may cause a reduction in revenue and could have an adverse effect on the Jamaican economy. In addition, a significant decline in the economic growth of any of Jamaica's major trading partners, especially the United States, could have an adverse effect on Jamaica's balance of trade and adversely affect Jamaica's economic growth. The United States is Jamaica's largest export market. Jamaica's economy also benefits substantially from remittances, which tend to decline during global and U.S. economic downturns. A significant decrease in remittances from Jamaicans living abroad may lead to depreciation of the Jamaica dollar and negatively affect the Jamaican economy. A slower growth rate could reduce tourist and commercial traffic and other projected sources of revenue from the Toll Road. Any reduction in projected traffic may have a material adverse effect on TJH's results of operations, which could impair TJH's ability to meet its financial obligations.

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 not faced by the Company alone but also, by any trading business operating in Jamaica. In respect of new standard on leases (for example IFRS 16), this is not expected to have a significant impact as the Company already accounts for most leases as finance leases and it does not have significant leases.

TAXATION OF LISTED SHARES

Transfers of any ordinary shares on the JSE are exempt from transfer tax and stamp duty in Jamaica. Dividends received by a shareholder in the Company may or may not be subject to tax in the country where the shareholder is resident. Each prospective shareholder should consult with an independent adviser as to the rate of taxes that is applicable to the shareholder.

RISKS IN RELATION TO UNLISTED SHARES

No formal market for the Shares has been established. The Purchase Price for each of the Shares has been determined by NROCC on the advice of NCB Capital Markets Limited as arranger and lead broker to NROCC. The Purchase Price should not be taken to be indicative of the market price of the Shares after they are listed on the JSE. No assurance can be given regarding active or sustained trading in either the Shares of the Company or regarding the price at which either of the Shares will be traded subsequent to listing of the Shares on the JSE.

LISTING

There is also no assurance that the Shares will remain listed on the Main Market of the JSE. Although it may be the intention of the Company that its shares (following listing on the JSE) will remain listed, there is no guarantee of the continued listing of the Shares. Among other factors, the Company may not continue to satisfy any future listing requirements of the JSE. Shareholders will not be able to sell their Shares on the JSE if the Shares are no longer listed.

RISKS RELATING TO MARKETABILITY OF SHARES

The Shares, even if listed on the JSE, may not be readily saleable and shareholders who may want to "cashout" may not be able to do so or may only be able to do so at a discount.

TRADING PRICES AND OTHER VOLATILITY

The trading price of the Shares may fluctuate significantly after their listing on the JSE (or irrespective of it). The Shares may experience flat trading, being very infrequent or insignificant volumes of trading, either of 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. Also, the JSE is relatively small and the market in the Shares is expected to be relatively thin compared to larger capital markets. Trades in small quantities of either or both of the company's shares can trigger wide swings (up or down) in the market price of either or both of the shares and make it easier for the stock price to be manipulated.

RISK MANAGEMENT FRAME WORK

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: regulations, competition, business environment, changing consuming preferences, and retention of talent and expansion of facilities. As a matter of policy, these risks are assessed and the Company, on an ongoing basis, takes steps as appropriate, to mitigate the same.

- section XX -

FINANCIAL STATEMENTS

TRANSJAMAICAN HIGHWAY LIMITED

UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in United States dollars)

TRANSJAMAICAN HIGHWAY LIMITED

NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in United States dollars)

CONTENTS

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Members of Transjamaican Highway Limited

Introduction

We have reviewed the accompanying interim condensed financial statements of Transjamaican Highway Limited ("the Company") as of September 30, 2019 comprising the interim condensed statement of financial position and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine month period then ended and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements do not give a true and fair view of the financial position of the Company as at September 30, 2019, and its financial performance and cash flows for the nine month period then ended in accordance with IAS 34.

Other Matter

We did not perform a review of the comparative disclosures in respect of the nine month period ended September 30, 2018.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

January 17, 2020

TRANSJAMAICAN HIGHWAY LIMITED

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019
(Expressed in United States dollars)

	Notes	Unaudited September 30, 2019 $'000	Audited December 31, 2018 $'000
ASSETS			
Non-current assets			
Property and equipment	3	778	914
Right of use asset	2(b)(iii)	207	-
Intangible assets	4	253,774	266,175
Restricted cash	11	36,193	39,520
Total non-current assets		290,952	306,609
Current assets			
Owed by related parties	5	376	445
Other receivables	6	337	430
Cash and bank balances	7	2,051	3,027
Total current assets		2,764	3,902
Total assets		293,716	310,511
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	8	54,000	54,000
Accumulated profit		5,087	2,951
Total shareholders' equity		59,087	56,951
Non-current liabilities			
Lease liability	2(b)(iii)	118	-
Derivative financial instrument	9	5,260	3,977
Shareholder grant	10	60,073	62,836
Borrowings	11	135,781	154,596
Provisions	13	11,091	11,858
Total non-current liabilities		212,323	233,267
Current liabilities			
Shareholder grant	10	3,111	3,009
Lease liability	2(b)(iii)	91	-
Provisions	13	1,277	1,600
Income tax payable		-	658
Owed to related parties	5	1,612	1,552
Borrowings	11	15,039	11,743
Contract liabilities	14	974	1,003
Trade and other payables	15	202	728
Total current liabilities		22,306	20,293
Total equity and liabilities		293,716	310,511

The accompanying notes form an integral part of the Interim Condensed Financial Statements.

The Interim Condensed Financial Statements were approved and authorized for issue by the Board of Directors on January 17, 2020 and are signed on its behalf by:

.... Director – Ivan Anderson

.... Director – Phillip Henriques

TRANSJAMAICAN HIGHWAY LIMITED

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in United States dollars)

	Notes	Unaudited 9 months ended September 30, 2019 $'000	Unaudited 9 months ended September 30, 2018 $'000
Revenue		39,264	39,020
Other gains and losses	16	2,734	2,548
Operating expenses	17	(25,467)	(24,022)
Administrative expenses	17	(844)	(744)
Finance costs	17	(13,551)	(10,964)
NET PROFIT BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	19	2,136	5,838

The accompanying notes form an integral part of the Interim Condensed Financial Statements.

TRANSJAMAICAN HIGHWAY LIMITED

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in United States dollars)

	Share Capital $'000	Accumulated Profit $'000	Total $'000
Unaudited nine months ended September 30, 2018			
Balance at January 1, 2018	54,000	4,559	58,559
Net profit being total comprehensive income for the period	-	5,838	5,838
Balance at September 30, 2018	54,000	10,397	64,397
Unaudited nine months ended September 30, 2019			
Balance at January 1, 2019	54,000	2,951	56,951
Net profit being total comprehensive income for the period	-	2,136	2,136
Balance at September 30, 2019	54,000	5,087	59,087

The accompanying notes form an integral part of the Interim Condensed Financial Statements.

TRANSJAMAICAN HIGHWAY LIMITED

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in United States dollars)

	Notes	Unaudited 9 months ended September 30, 2019 $'000	Unaudited 9 months ended September 30, 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		2,136	5,838
Adjustments for:			
Depreciation of property and equipment	3,17	141	154
Depreciation - Right of use asset		69	-
Gain on disposal of property and equipment	16	(5)	-
Unrealized foreign exchange losses	16	648	500
Amortization of intangible assets	4,17	12,401	11,564
Interest income	16	(672)	(539)
Finance cost recognized in profit or loss	17	13,551	10,964
Amortization of shareholder grant	10,16	(2,661)	(2,504)
Increase in provisions	13	957	1,268
Operating cash flows before movements in working capital		26,565	27,245
Decrease in other receivables		93	5
Decrease in owed by related parties		69	52
Provisions utilized during the year	13	(2,047)	(1,096)
Decrease in trade and other payables		(526)	(535)
Decrease in contract liabilities		(29)	-
Increase in in owed to related parties		60	371
Cash generated from operations		24,185	26,042
Interest paid		(12,429)	(12,714)
Tax paid		(658)	(69)
Net cash provided by operating activities		11,098	13,259
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		6	
Interest received		694	539
Payments for property and equipment	3	(6)	(9)
Decrease in restricted cash		3,305	452
Net cash provided by investing activities		3,999	982
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans repaid		(15,354)	(13,614)
Lease liability paid	2(b)(iii)	(71)	-
Net cash used in financing activities		(15,425)	(13,614)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(328)	627
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,027	2,845
Effect of foreign exchange rate changes		(648)	(500)
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	2,051	2,972
Non cash item:			
Amortization of upfront and commitment fees		141	133

The accompanying notes form an integral part of the Financial Statements.

(Expressed in United States dollars)

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES

(a) Transjamaican Highway Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. Its business activity is the development, operation and maintenance of a tolled roadway known as "Highway 2000 East-West" under a Concession Agreement with the National Road Operating & Constructing Company ("NROCC") (the Grantor) made on November 21, 2001 (Amended and Restated January 28, 2011). The concession is for a period of 35 years.

The company contracted with Bouygues Travaux Publics (Jamaica Branch), (the Contractor), to construct the highway and Jamaican Infrastructure Operator Limited, (the Operator) to maintain and operate the toll road.

The shareholders of the company are:

Bouygues Travaux Publics:	49%
Vinci Concessions	25%
International Finance Corporation	17%
Societe de promotion et de Participation pour la Cooperation Economique S.A.	9%

The above companies with the exception of International Finance Corporation are incorporated in France. International Finance Corporation is incorporated in the United States of America.

The registered office of the company is located at 2 Goodwood Terrace, Kingston 10.

(b) The Project Arrangement

Description of project

The Highway 2000 Project (the "Project") comprises a 35-year concession for the design, finance, construction, operation and maintenance of a tolled motorway.

The Project implementation is in two steps.

The first step ("Phase 1A") is split into 3 sub-phases which comprise 39.6 km from Kingston to Sandy Bay including:

(i) the dualization of the Old Harbour Bypass (11km) for which financial close was achieved on February 22, 2002, (also called Early Financial Close 1 (EFC 1)). This section was opened in September 2003.

(ii) the construction of a dual carriageway (22km) linking the Mandela Highway to the Old Harbour Bypass and termed Early Financial Close 2 (EFC 2) (which together constitute the Early Construction Works). The carriageway was opened in December 2004.

(iii) the construction of a new Portmore Causeway (6.4km) (2 x 3 lanes) and the upgrading of the Dyke Road (handed over to the National Works Agency). The two roads link the capital city, Kingston with south-western suburbs. This segment is termed Financial Closing 1A (FC1A) and was opened in July 2006.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Description of project (continued)

The second step ("Phase 1B") links Sandy Bay to May Pen and consists of a 2x2 lane carriageway for a length of 10.5km. This carriageway was opened in August 2012.

The Concession Agreement

NROCC and the company entered into the Concession Agreement on November 21, 2001 (Revised January 28, 2011). The Concession Agreement grants the Concession for Phase 1 of the Project to the company and establishes the terms for the design, construction, operation, maintenance and financing of Phase 1. It has a term of 35 years. The Concession Agreement grants the company the ability to charge toll road users and a right of first refusal to undertake Phase 2B of the Project, which would extend the toll road between Williamsfield and Montego Bay with the exception of the Montego Bay bypass. The company has not since undertaken Phase 2B. The Concession Agreement is governed by the Laws of Jamaica.

Key Elements of the Concession Agreement:

The Guarantee
In consideration of the company's entering into the Concession Agreement with the Grantor, the Government of Jamaica has irrevocably and unconditionally guaranteed to the company, the due and punctual observance and performance of the payment obligations of the Grantor contained in the Concession Agreement and enforcement costs in relation to preservation of its rights by the company or an assignee of the company. If the Government of Jamaica should hereafter grant to any third party security for its external indebtedness the Government of Jamaica as Guarantor is obliged to provide to the company equivalent security for the performance of its obligations.

Assignment and Security
The company has been given the right to assign its rights under the Concession Agreement to Lenders and to create other forms of security over it or over any property provided those rights shall cease upon termination of the concession agreement after 35 years.

Variations
NROCC has the power to propose variations to the core design, construction, operation and maintenance requirements by notice to the company, at which time the company has the ability to state its opinion as to whether the adjustment is necessary, the estimated cost which will be met by the Grantor, the steps to implement the proposed variation and its objection, if any.

Termination Clauses
The company may terminate all or part of the Concession Agreement, if NROCC is in breach of its obligations, if the Government of Jamaica expropriates or takes similar action in relation to the Highway 2000 Project, if NROCC is no longer able to act as Grantor and if a change in law were to make it illegal or impossible for the company to perform substantially all of its obligations under the Concession Agreement.

NROCC may terminate all or part of the Concession Agreement by giving no less than 12 months and no more than 18 months' notice to the company, if the company does not satisfy the conditions subsequent regarding Financial Close for Phase 1A or Phase 1B, if an insolvency event occurs, if the company commits a corrupt activity or if certain types of breaches of the Concession Agreement occur.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Termination Clauses (Continued)
Either party may terminate the Concession agreement in the event of Force Majeure Occurrences.

Grantor Responsibility Termination
If a Grantor Responsibility Termination occurs prior to early financial close, on or after financial close, the Grantor shall pay the Company, a capital sum equal to the aggregate of the company's debt, its shareholder contribution and an equity compensation amount calculated to yield the shareholders an internal rate of return of 16%.

Compensation Amounts
The Grantor, NROCC, is required to pay compensation amounts to the company upon the occurrence of certain events that lead to an increase in the design, construction, operation or maintenance costs or to a loss of revenue for the Company. These events include: a breach by the Grantor of its obligations under the Concession Agreement, breach of the NROCC Direct Agreement, the occurrence of a Qualifying Force Majeure Event, a prolonged Force Majeure Event, a Grantor Variation or a qualifying change of law, or a competing road to reflect reduction in traffic levels arising from the carrying out of works by or on behalf of the Government of Jamaica.

Capped Toll Levels
The Concession Agreement allows for an escalation of toll rates up to a maximum authorised limit. The allowed escalation is a function of the proportion of debt outstanding, inflation rates and exchange rates such that toll rates will be allowed to increase proportionately with depreciations in the Jamaican dollar and increases in inflation. If the Toll Regulator of the Government of Jamaica were to require the company to set a toll below the Capped Toll level then the Grantor is required to provide compensation.

Operation and Maintenance Agreement
The Company pays the Operator a fee composed as follows:

(i) a lump sum fee per Section for pre-operating expenses (prior to the opening of each section).
(ii) a fixed monthly lump sum fee per Section corresponding to the fixed costs of the Operational and Maintenance Works.
(iii) a monthly variable fee per section corresponding to 3% of the toll revenues as evidenced in the company's records.

Amendment to agreements
The following are the significant amending agreements:

(i) Improvements to Marcus Garvey Drive

The company agreed to carry out rehabilitation works at Marcus Garvey Drive in order to facilitate the traffic flow on the Portmore Causeway during peak hours.

The cost of improvement works to Marcus Garvey Drive was initially advanced by the Grantor. The company was to include this cost as part of the borrowed funds contemplated for the Financial Close 1B (i.e., the date on which financing on terms reflected in the Financial Model becomes unconditional and is made available to the company for the Phase 1B construction works). The total cost of the works carried out amounted to $9.029 million and pursuant to the Loan Conversion Agreement between the Company and NROCC, the parties agreed that this sum would from part of the converted amount (Note 10(ii)).

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Amendment to agreements (continued)

(ii) Equity Participation in Phase 1B

The Grantor (NROCC) agreed that then existing shareholders of the company had no obligation to invest equity in Phase IB.

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

(a) Basis of preparation

The interim condensed financial statements for the nine months ended September 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2018.

The interim condensed financial statements have been prepared on the historical cost basis, except for certain derivative financial instruments carried at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

These interim condensed financial statements are expressed in United States of America dollars, which is the Company's functional currency.

(b) Adoption of new and revised International Financial Reporting Standards

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2019, they do not have a material impact on the interim condensed financial statements of the Company except for IFRS 16 below. The nature and impact of each amendment applicable to the Company is described below:

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases').

i) Nature of the effect of adoption of IFRS 16

Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously accounted for as operating leases
The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

IFRS 16 Leases (continued)

i) Nature of the effect of adoption of IFRS 16 (continued)

Leases previously accounted for as operating leases (continued)
The Company also applied the available practical expedients, as applicable, wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at January 1, 2019:
- Right-of-use assets of US$0.276 million were recognised and presented separately in the statement of financial position.
- Lease liabilities of US$0.276 million were recognised and presented separately in the statement of financial position.
- There was no effect of these adjustments on retained earnings.

ii) Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets
  The Company recognises right-of-use assets at the commencement date of leases (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards

IFRS 16 Leases (continued)

ii) Summary of new accounting policies (continued)

- Lease liabilities
  At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets
  The company applies the short-term lease recognition examples to its short-term leases (i.e., those leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). It also applies to leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below US$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options
  The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

  The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

IFRS 16 Leases (continued)

iii) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	ROU assets $'000	Lease liabilities $'000
As at January 1, 2019	276	276
Depreciation expense	(69)	-
Interest expense	-	4
Payments	-	(71)
As at September 30, 2019	207	209
Denoted as:		
Current	-	118
Non-current	207	91
	207	209

The lease liability as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Operating lease commitments as at December 31, 2018	$298,000
Weighted average rate as at January 1, 2019	4%
Discounted operating lease commitments and Lease liability as at January 1, 2019	$276,000

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (continued)

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, but has determined, based on its level of tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted. These amendments have no impact on interim condensed financial statements of the Company.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no impact on the interim condensed financial statements of the Company.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the interim condensed financial statements as the Company does not have long-term interests in its associate and joint venture.

Annual Improvements 2015-2017 Cycle

- IFRS 3 Business Combinations
  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

  These amendments had no impact on the interim condensed financial statements of the Company as there is no transaction where a joint control is obtained.

- IFRS 11 Joint Arrangements
  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the interim condensed financial statements of the Company as there is no transaction where a joint control is obtained.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

Annual Improvements 2015-2017 Cycle (continued)

- IAS 12 Income Taxes
  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

  Since the Company's current practice is in line with these amendments, they had no impact on the interim condensed financial statements of the Company.

- IAS 23 Borrowing Costs
  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  Since the Company's current practice is in line with these amendments, they had no impact on the interim condensed financial statements of the Company.

3 PROPERTY AND EQUIPMENT

	Tolling Equipment $'000	Furniture & Fixtures $'000	Motor Vehicles $'000	Computers $'000	Office Equipment $'000	Total $'000
Cost						
At January 1, 2018	196	1,639	168	220	366	2,589
Additions	-	-	-	-	10	10
Disposals	-	-	(42)	-	-	(42)
At December 31, 2018	196	1,639	126	220	376	2,557
Additions	-	1	-	5	-	6
Disposals	-	(1)	-	(35)	(19)	(55)
At September 30, 2019	196	1,639	126	190	357	2,508
Accumulated depreciation						
At January 1, 2018	166	745	51	175	323	1,460
Charge for the year	9	127	31	17	19	203
On disposal	-	-	(20)	-	-	(20)
At December 31, 2018	175	872	62	192	342	1,643
Charge for the period (Note 17(b))	7	95	19	10	10	141
On disposal	-	(1)	-	(34)	(19)	(54)
At September 30, 2019	182	966	81	168	333	1,730
Carrying amount						
At September 30, 2019 (unaudited)	14	673	45	22	24	778
At December 31, 2018 (audited)	21	767	64	28	34	914

3 PROPERTY AND EQUIPMENT (CONTINUED)

The following useful lives are used in the calculation of depreciation:

Tolling equipment	5 - 10	years
Furniture and fixtures	3 - 10	"
Motor vehicles	5	"
Computer equipment	3 - 7	"
Office equipment	3 - 10	"

These assets are pledged as security in respect of the company's borrowings (Note 11).

4 INTANGIBLE ASSETS

	EFC Asset in Concession $'000	FC1A Asset in Concession $'000	FC1B Asset in Concession $'000	Total $'000
Cost				
Balance, January 1, 2018, December 31, 2018 and September 30, 2019	159,676	92,196	135,128	387,000
Amortization				
Balance, January 1, 2018	46,949	26,416	31,243	104,608
Amortization for the year	5,618	3,188	7,411	16,217
Balance, December 31, 2018	52,567	29,604	38,654	120,825
Amortization for the period (Note 17(a))	4,426	2,290	5,685	12,401
Balance, September 30, 2019	56,993	31,894	44,339	133,226
Carrying amount:				
September 30, 2019 (unaudited)	102,683	60,302	90,789	253,774
December 31, 2018 (audited)	107,109	62,592	96,474	266,175

The amortization expense has been included in operating expenses in the statement of comprehensive income.

The amortization of intangible assets is based on projected usage of the highway during the concession period. In July 2014, the projections of traffic were reassessed by Matt McDonald, an external consultant from the United Kingdom. Further in November 2019, the projections of traffic were reassessed.

4 INTANGIBLE ASSETS (CONTINUED)

The annual rate applied to the carrying amount as at the start of the period/year is as follows:

	Unaudited September 30, 2019 %	**Audited December 31, 2018 %**
EFC	5.51	4.98
FC1A	4.88	4.85
FC1B	7.86	7.13

These assets are pledged as security in respect of the company's borrowings (Note 11).

5 RELATED PARTY BALANCES AND TRANSACTIONS

Owed by (to) related parties:

	Unaudited September 30, 2019 $'000	**Audited December 31, 2018 $'000**
Owed by:		
Jamaican Infrastructure Operator Limited	376	434
Bouygues Travaux Publics – Paris Branch	-	11
	376	445
Owed to:		
Jamaican Infrastructure Operator Limited	(1,268)	(1,204)
Vinci Concessions	(79)	(105)
Bouygues Travaux Publics – Paris	(265)	(243)
	(1,612)	(1,552)

The above balances are unsecured and are interest free and will be settled in cash. No guarantees have been given or received in respect of these entities.

The company also has long-term liabilities to related parties International Finance Corporation Limited and Societe de promotion et de Participation pour la Corporation Economique S.A. (see Note 11).

5 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Material transactions with related parties were as follows:

	Unaudited September 30, 2019 $'000	Audited September 30, 2018 $'000
Key management compensation	240	120
Project management fees	269	273
Toll road operating fees	10,644	9,477
Interest expense on long-term loans	5,738	6,058

Amounts owed by NROCC included the cost of works carried out under the Mount Rosser Bypass Variation Order funded by NROCC. During 2011 pursuant to the Loan Conversion Agreement with NROCC, one Preference Share was issued to NROCC (See Note 8). The amount due from NROCC of $0.221 million, which is past due at the reporting date, was fully provided in previous years. The company does not hold any collateral over these balances.

6 OTHER RECEIVABLES

	Unaudited September 30, 2019 $'000	Audited December 31, 2018 $'000
Receivables	26	38
Prepayments	311	393
	337	430

7 CASH AND BANK BALANCES

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	Unaudited September 30, 2019 $'000	Audited December 31, 2018 $'000
US$ savings accounts, interest at a rate of 0.1% (2018: 0.1%) per annum	2,111	1,600
US$ current accounts	1	13
J$ current accounts (J$8.26 million, 2018: J$181.69 million) (book overdraft)	(61)	1,414
	2,051	3,027

8 SHARE CAPITAL

	Unaudited September 30, 2019 No. of Shares '000	**Audited December 31, 2018 No. of Shares '000**
Authorized and issued		
- Ordinary shares - no par value,	27,000	27,000
- Preference share	*	*
Authorized and Issued shares:		
January 1, 2018, December 31, 2018		
and September 30, 2019	27,000	27,000
Issued capital comprises:		
- Ordinary shares	27,000	27,000
- Preference share	*	*
	27,000	27,000

* denotes less than 1,000; represents 1 preference share

Stated Capital:

	Unaudited September 30, 2019 $'000	**Audited December 31, 2018 $'000**
Issued and fully paid, January 1, 2018,		
December 31, 2018 and September 30, 2019	54,000	54,000
Issued and fully paid capital comprises:		
- Ordinary shares	27,000	27,000
- Preference share	27,000	27,000
	54,000	54,000

One preference share of no par value was issued pursuant and subject to Loan Conversion Agreement entered into with National Road Operating and Constructing Company (NROCC) upon Financial Close 1B of the Highway 2000 Toll Road Project in 2011.

The following rights are attached to the preference share:

- Subject to the availability of cash, the holder is entitled to dividends in an amount equal to 50% of the distributions declared and paid by the Company during the period commencing on Financial Close IB and ending upon termination of the Concession agreement. The dividend is to be paid contemporaneously with the remaining 50% distribution;
- The holder is not entitled to be paid any preference dividend unless the dividend is tax deductible for the Company for income tax purposes and are not subject to the deduction of withholding tax (provided that if withholding tax is applicable, the Company will make the payment to the holder less withholding tax deducted);

8 SHARE CAPITAL (CONTINUED)

The following rights are attached to the preference share: (continued)

- The preference share is non-voting. The holder is not entitled to attend annual general meetings or vote on the Company's resolutions. The holder can attend board meetings but must recuse itself when Excluded Matters are being discussed. The holder is entitled to (i) receive the Annual Budget in respect of the next financial year and (ii) reasonable justification for expenditures that exceed 110% of the annual budgeted amounts. The holder also has oversight on the Annual budget approvals in terms substantially similar to the Lenders of the Company;
- The preference share shall not be redeemable at any time during the concession period without the prior written consent of the holder;
- The preference share shall only be transferable to an acceptable transferee and subject to prior written approval of the Company and the Lenders;
- The preference share may be redeemed by the Company by the payment of the sum of USD$1 to the holder at any time after the end of the concession agreement subject to the payment of any accrued preference dividend;
- On wind up of the Company, the holder is not entitled to any participation on the assets of the Company other than Distributions the holder is entitled to as outlined above.

9 DERIVATIVE FINANCIAL INSTRUMENT

On February 18, 2011 (trade date), the Company entered into an interest rate swap agreement with the IFC with an effective date of February 15, 2013 to manage its exposure to interest rate risk by way of an interest rate swap. The initial notional amount of the swap is $45.536 million whereby the Company pays a fixed rate of interest of 4.707% and receives interest at a variable rate equal to the three months USD LIBOR. The fair value of the swap amounted to $5.260 million at September 30, 2019 (2018: $3.977 million). The change in the fair value of the swap is recognised in finance costs. The settlement date for interest payments is set every three months, being also the due date for IFC loan interest payments. The net interest due from or payable to the IFC at each interest settlement date is recognised in statement of comprehensive income immediately.

10 SHAREHOLDER GRANT

	Unaudited September 30, 2019 $'000	Audited December 31, 2018 $'000
Shareholder Grant		
Balance at beginning of period/year	65,845	69,422
Amortized to income during the period/year (Note 16)	(2,661)	(3,577)
Balance at the end of the period/year	63,184	65,845
Denoted as:		
Current	3,111	3,009
Non-current	60,073	62,836
	63,184	65,845

10 **SHAREHOLDER GRANT (CONTINUED)**

On February 18, 2011, the Company entered into a Loan Conversion Agreement with National Road Operating and Constructing Company (NROCC) whereby, NROCC as a lender had made loans to the company pursuant to the Grantor Procured Debt (GDP) Loan Agreement on November 21, 2001 and a Subordinated Loan Agreement dated February 22, 2002, and the parties agreed to the following:

(i) To convert the aggregate principal amount of $92 million less the foreign exchange gain which as at Financial Close 1B had accrued to $10.41 million.
(ii) That the sum of $9.03 million being cost paid by NROCC in respect of improvement works to Marcus Garvey Drive form a part of the converted amount.
(iii) As part of its commitments toward the execution of Phase 1B, NROCC agreed to (i) contribute $13.5 million to the financing of Phase 1B, which consisted of the Phase 1B Early Works Contract Price and the Subsequent Contribution and (ii) provide contingent support required under the NROCC Funding Agreement.

The contribution forms a part of the converted amount.
(iv) That the interest accrued and unpaid on the abovementioned loans totaling $60.46 million (other than capitalized interest of $12.47 million which accrued during the construction periods of Phase 1A) up to the date of Financial Close 1B be forgiven. $47.99 million was written off to income in 2011.
(v) $27 million forming part of the converted amount be converted into one preference share (issued: See Note 8). US$89.59 million, being the remainder of the converted amount, be converted to an “Amortizing Grant“.

The Amortizing Grant means the amount (comprising part of the converted amounts) which resulted when $27 million was subtracted from the aggregate of the Converted Amounts, which amount as from that date would not constitute a debt or other liability owing by the company to NROCC and would be non-refundable; provided that any amounts thereafter contributed by NROCC as part of its contingent support obligations under the NROCC Funding Agreement would be treated in the same manner and would be added to and form part of the Amortizing Grant.

11 BORROWINGS

	Current		Non-current		Total	
	September 30, 2019 $'000	December 31, 2018 $'000	September 30, 2019 $'000	December 31, 2018 $'000	Unaudited September 30, 2019 $'000	Audited December 31, 2018 $'000
Secured – at amortized cost						
Societe de promotion et de Participation pour la Cooperation Economique S.A. (Note 11(a))	2,527	1,868	26,112	29,714	28,639	31,582
Inter-American Development Company (Note 11(b))	3,590	2,655	37,105	42,224	40,695	44,879
European Investment Company (Note 11(c))	3,590	2,655	37,105	42,224	40,695	44,879
International Finance Corporation (Note 11(d))	3,590	2,655	37,105	42,224	40,695	44,879
Accrued interest	1,933	2,098	-	-	1,933	2,098
Unamortized borrowing cost	(191)	(188)	(1,646)	(1,790)	(1,837)	(1,978)
Total liabilities	15,039	11,743	135,781	154,596	150,820	166,339

11 BORROWINGS (CONTINUED)

The loans obtained from the IDB, IFC and Proparco were disbursed for the purpose of financing part of the construction, procurement and engineering costs of Phase 1B of the Toll Road and to refinance part of the costs of the construction, procurement and engineering costs of Phase 1A of the Toll Road.

The purpose of the EIB's loan was only to finance the Design and Construction of 10.5 km of tolled multi-lane (2x2) limited access carriageway between Sandy Bay and May Pen as Phase 1B. Financing for this Phase was also provided by the other lenders as noted in the previous paragraph.

(a) *Societe de promotion et de Participation pour la Cooperation Economique S.A. (Proparco) Loan*

The loan facility with Proparco, whose registered office at 151 Rue Saint-Honore, 75001, Paris, France, is for thirty-seven million six hundred and ninety-eight thousand eight hundred and fifty Dollars ($37,698,850) – the "Proparco Loan Commitment" by agreement dated February 18, 2011. The loan was disbursed in two tranches:

(i) Tranche A-1: The initial eighty-five per cent (85%) of the aggregate principal amount of the Proparco Loan committed. This was disbursed during 2011.
(ii) Tranche A-2: The final fifteen per cent (15%) of the Proparco Loan committed after the disbursement in full of Tranche A-1. This tranche was disbursed in full during 2012.

The initial interest charge is 3 Month LIBOR plus 5.5% (2018: 3 Month LIBOR plus 5%) with interest payable in quarterly installments in arrears. The rate for any Interest Period is:

For that portion of the principal amount of the loan constituting all or a portion of Tranche A-1:

(i) prior to the Fixed Interest Rate Effective Date, the rate per annum of the sum of:

- the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus
- the Proparco Cost of Funds; plus
- the Applicable Margin; and

(ii) on and after the Fixed Interest Rate Effective Date, the rate per annum of the sum of:

- Tranche A-1 Fixed Interest Rate; plus
- Proparco Cost of Funds; plus
- the Applicable Margin; and

For that portion of the principal amount of the Loan constituting all or a portion of Tranche A-2, the rate per annum of the sum of:

- the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus
- the Proparco Cost of Funds; plus
- the Applicable Margin

Proparco Cost of Funds means the margin above LIBOR paid by Proparco to obtain funds from its source of funding which is equal to the sum of:

- 0.19% per annum;
- the Basis Cap Rate (means the rate which is equal to fifteen (15) basis points corresponding to the margin (if positive) applied for the exchange of flat EURIBOR against LIBOR with a maturity closest to that of the relevant Proparco Loan); and
- the Basis Cap Lock Cost (means the rate which is equal to ten (10) basis points).

11 BORROWINGS (CONTINUED)

(a) *Societe de promotion et de Participation pour la Corporation Economique S.A. (Proparco) Loan (Continued)*

"Fixed Interest Rate Effective Date" was February 15, 2013. LIBOR at the end of the period was 2.13% (2018: 2.62%). Repayment of the loan commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter on February 15 and August 15 of each year. The loan matures on February 15, 2029.

(b) *Inter-American Development Company (IDB) Loan*

The loan facility with IDB, an international organization established by Agreement Establishing the Inter-American Development Company whose office is located at 1300 New York Avenue, NW Washington, DC 20433, is for of fifty-three million five hundred and seventy-two thousand and fifty dollars ($53,572,050) – "IDB Loan Commitment" by agreement dated February 18, 2011. The loan was disbursed as follows:

(i) Tranche A-1: The initial eighty-five per cent (85%) of the aggregate principal amount of the IDB Loan disbursed. This was disbursed in 2011.

(ii) Tranche A-2: The final fifteen per cent (15%) of the IDB Loan disbursed after the disbursement in full of Tranche A-1. This was disbursed in full during 2012.

The initial interest charge is 3 Month LIBOR plus 5.5% (2018: 3 Month LIBOR plus 5%) with interest payable in quarterly installments in arrears. The rate for any Interest Period is:

For that portion of the principal amount of the IDB Loan constituting all or a portion of Tranche A-1 the rate per annum is the sum of:

- Prior to the Fixed Interest Rate Effective Date - the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus the Applicable Margin; and
- on and after the Fixed Interest Rate Effective Date - the Tranche A-1 Fixed Interest Rate plus the Applicable Margin; and

For that portion of the principal amount of the IDB Loan constituting all or a portion of Tranche A-2, the rate per annum is the sum of:

- the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus the Applicable Margin.

"Tranche A-1 Fixed Interest Rate" means four and five hundred twenty-four thousandths of one percent (4.52%) per annum.

"Fixed Interest Rate Effective Date" was February 15, 2013. LIBOR at the end of the period was 2.13% (2018: 2.62% Repayment of the loan commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter on February 15 and August 15 of each year. The loan matures on February 15, 2029.

11 **BORROWINGS (CONTINUED)**

(c) *European Investment Company (EIB) loan*

The loan facility with EIB, whose registered office at 100 Boulevard Konrad Adenauer, L-2950 Luxembourg, is for fifty-three million five hundred and seventy-two thousand and fifty dollars ($53,572,050). Final disbursement of the loan was in 2012.

The loan was disbursed on the following basis:

(i) $45,536,243 for disbursements as Fixed Rate Tranches; and,
(ii) $8,035,807 for disbursement as Floating Rate Tranches.

The initial interest charge is 3 Month LIBOR plus 5.5% (2018: 3 Month LIBOR plus 5%) with interest payable in quarterly installments in arrears. Floating rate is at LIBOR plus the margin. Fixed rate is at 4.624% per annum plus the Margin. Interest on the fixed rate tranches is applied initially on a floating rate basis and subsequent to the “Interest Rate Conversion Date” on a fixed rate basis.

“Interest Rate Conversion Date" was February 15, 2013. LIBOR at the end of the period was 2.13% (2018: 2.62% The loan matures on February 15, 2029 and repayment commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter, on February and August 15 of each year.

(d) *International Finance Corporation (IFC) Loan*

The loan facility with IFC, an international organization established by the Articles of Agreement among its member countries, whose office is located at 2121 Pennsylvania Avenue, NW Washington, DC 20433, is for fifty-three million five hundred and seventy-two thousand and fifty dollars ($53,572,050) – the IFC Loan Commitment by agreement dated February 18, 2011. Final disbursement of the loan was in 2012.

The initial interest charge is 3 Month LIBOR plus 5.5% (2018: 3 Month LIBOR plus 5%) with interest payable in quarterly installments in arrears. The rate for any Interest Period is the sum of:

- the Relevant Spread; and
- LIBOR on the Interest Determination Date for that Interest Period for 3 months rounded upward to the nearest three decimal places.

LIBOR at the end of the period was 2.13% (2018: 2.62%) Repayment of the loan commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter on February 15 and August 15 of each year. The loan matures on February 15, 2029.

(e) The “Applicable Margin” for the Proparco and IDB loans, “Margin” for the EIB loan and in the case of the IFC loan the “Relevant Spread” means:

- 5% per annum from the Effective date up to but excluding February 15, 2018;
- 5.50% per annum from February 15, 2018 up to but excluding February 15, 2021;
- 6% from February 15, 2021 up to but excluding February 15, 2024; and’
- 7% from February 15, 2024 up to and including the Maturity Date.

In the case of the EIB loan the Margin includes rather than excludes each February 15 end date above.

11 BORROWINGS (CONTINUED)

(f) The security for all loans is as follows:

(i) Lien created by Debenture Charge between the company and RBC Trust (Trinidad & Tobago) Limited (Onshore Collateral Trustee) together with the lenders, dated February 18, 2011 stamped to cover $199.15 million over the company's properties, assets and rights. The carrying amount of these properties at the reporting date is $253.77 million (2018: $266.18 million) for intangible assets and $0.78 million (2018: US$0.91 million) for property and equipment.

(ii) Lien created by Debenture Charge between the company and Deutsche Company Trust (Offshore Collateral Trustee) together with the lenders dated February 18, 2011 stamped to cover $199.153 million over the company's properties, assets and rights. The carrying amount of these properties at the reporting date is as noted in (i) above.

(iii) Lien over all deposits accounts, securities accounts or other accounts held at any financial institution outside of Jamaica, including the Secured Offshore Accounts. The balance in these accounts at the end of the reporting period included in restricted cash is $3.76 million (2018: $2.04 million). There are no other accounts held outside of Jamaica at the reporting date.

(iv) Assignment of Debt Service Reserve, Major Maintenance Reserve, Debt Service Accounts and Cash Sweep Payment Account to be maintained during the Operation period. The carrying amounts of the reserves included in restricted cash amounting to $32.35 million (2018: $37.38 million) at the end of the reporting period are $ 25.69 million, $4.28 million and $2.38 million respectively, (2018: $25.70 million, $4.88 million, $4.14 million, and $2.66 million respectively).

Restricted cash includes deposits amounting to approximately $36.000 million (2018: $29.79 million) bearing interest at a rate of 2.50% per annum which mature in November 2019 (2018: February 2019). Interest receivable on restricted cash amounted to $0.08 million (2018: $0.10 million).

(v) Assignment of first fixed charge over fixed and floating assets of the company in favour of the Onshore Collateral Trustee as continuing security for the due and prompt payment and discharge of the debt obligations.

(vi) Assignment of lien over all shares held by Bouygues Travaux Publics S.A and Vinci Concessions in Transjamaican Highway Limited.

12 DEFERRED TAX ASSETS/ (LIABILITIES)

The company was taxed for income tax purposes at a nil rate up to November 20, 2013 after which it is taxed at rates applicable to unregulated entities (Note 18(d)) being 25% (2018: 25%).

Deferred tax liabilities are calculated on all temporary differences under the liability method using a tax rate of 25% (2018: 25%), the rate at which these assets/liabilities are likely to be realized.

(a) The following is the analysis of deferred tax balances for financial reporting purposes;

	Unaudited September 30, 2019 $'000	**Audited December 31, 2018 $'000**
Deferred tax assets	7,282	7,062
Deferred tax liabilities	(7,282)	(7,062)
Net	-	-

12 DEFERRED TAX ASSETS/ (LIABILITIES) (CONTINUED)

(b) There was no movement for the reporting period in the company's net deferred tax position (Note 18).

(c) The following are the main deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period:

(i) **Deferred tax assets**

	Accrued Vacation $'000	Interest Payable $'000	Provision for Heavy Repairs $'000	Lease Liability $'000	Tax Losses $'000	Total $'000
Balance, January 1, 2018	2	545	1,571	-	5,780	7,898
Credited/ (Charged) to income for the year	-	(20)	114	-	(930)	(836)
Balance, December 31, 2018	2	525	1,685	-	4,850	7,062
Credited/ (Charged) to income for the period	2	(42)	(273)	52	481	220
Balance, September 30, 2019	4	483	1,412	52	5,331	7,282

(ii) **Deferred tax liabilities**

	Accelerated Tax depreciation $'000	Interest Receivable $'000	Total $'000
Balance, January 1, 2018	(7,898)	-	(7,898)
Credited/Charged to income for the year	860	(24)	836
Balance, December 31, 2018	(7,038)	(24)	(7,062)
Credited/ (Charged) to income for the period	(224)	4	(220)
Balance, September 30, 2019	(7,262)	(20)	(7,282)

13 PROVISIONS

	Provisions for Highway Repairs	
	Unaudited 2019 $'000	Audited 2018 $'000
Balance at January 1	13,458	12,997
Additional provisions recognized (Note 19)	957	1,690
Utilized during the period/year	(2,047)	(1,229)
Balance at September 30/December 31	12,368	13,458
Denoted as:		
Current	1,277	1,600
Non-current	11,091	11,858
	12,368	13,458

13 PROVISIONS (CONTINUED)

The provisions for highway repairs relate to estimated costs for scheduled repairs at various periods during the life of the concession agreement. These periods range from 6 years to the end of the concession period (previously 7 years). The provision is based on the same estimates and assumptions included in the Company's Operations and Maintenance Plan, done biannually for the next 6 semi-annual periods and reviewed by the Company's Independent Engineer, ARUP.

14 CONTRACT LIABILITIES

	Unaudited September 30, 2019 $'000	**Audited December 31, 2018 $'000**
Advance payment for toll tags	974	1,003

15 TRADE AND OTHER PAYABLES

	Unaudited September 30, 2019 $'000	**Audited December 31, 2018 $'000**
Trade and other payables comprise:		
Trade payables	126	316
Accrued expenses	76	412
	202	728

Payables and accruals principally comprise amounts outstanding for trade purchases and other ongoing costs. The company has financial risk management policies in place to ensure that all payables are paid when they fall due.

16 OTHER GAINS AND LOSSES

	For the nine months ended 30 September	
	Unaudited 2019 $'000	**Unaudited 2018 $'000**
Gain on disposal of property and equipment	5	-
Net loss on foreign exchange	(648)	(500)
Interest income – bank deposits at amortized cost	672	539
Amortization of grant (Note 10)	2,661	2,504
Other operating gains	44	5
	2,734	2,548

17 EXPENSES

	For the nine months ended 30 September	
	Unaudited 2019 $'000	**Unaudited 2018 $'000**
(a) Operating expenses		
Insurance	480	515
Marketing and advertising	11	6
Utilities	10	10
Legal and professional fees	(21)	45
Repairs and maintenance	1,528	1,886
Operator fixed fees	9,456	8,298
Operator variable fees	1,188	1,179
Bank charges	139	142
Amortization on intangible assets	12,401	11,564
Other operating expenses	275	377
	25,467	24,022
(b) Administrative expenses		
Staff costs	457	341
Staff Welfare	10	23
Office rental	1	36
Accounting, audit and consultancy fees	(7)	3
Repairs and maintenance	17	8
Subscriptions and donations	11	51
Accommodation	15	25
Utilities	20	23
Travel expenses	78	41
Depreciation on property and equipment	141	154
Depreciation on right of use asset	69	-
Other administrative expenses	32	39
	844	744
(c) Finance costs		
Interest on long-term loans	12,264	12,872
Interest on lease liability	4	-
Fair value loss/(gain) on interest rate swap	1,283	(1,908)
	13,551	10,964

18 TAXATION

(a) There is no current or deferred tax charge for the period/year.

(b) Subject to agreement of the Commissioner General, Tax Administration Jamaica, at the reporting date the company had tax losses of approximately $86.55 million (2018: $85.09 million) available for set-off against future taxable profits. Prior year losses that may be deducted in any tax year are capped at 50% of the aggregate income for that year after taking into consideration the appropriate tax deductions and exemptions. A deferred tax asset has been recognized in respect of tax losses amounting to $21.32 million (2017: $19.40 million). No deferred tax asset has been recognized in respect of the remaining tax losses $65.23 million (2018: $65.69 million) due to the unpredictability of future taxable profits.

(c) The tax adjustment for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	For the nine months ended September 30	
	Unaudited	Unaudited
	2019	2018
	$'000	$'000
Profit before tax	2,136	5,838
Tax at domestic income tax rate of 25% (2018: 25%)	534	1,460
Tax effect of expenses that are not deductible for tax purposes	335	588
Tax effect of non-taxable income/gain	(685)	(1,061)
Effect of unrecognized tax losses	365	1,853
Other	(549)	(2,840)
Total tax charge for the period/year	-	-

(d) Approval was granted to the company under the provision of Section 86 of the Income Tax Act, for income tax applicable to the operations, to be at a nil rate for a period of twelve years from November 21, 2001, the effective date of the Concession Agreement. This expired on November 20, 2013 after which income tax is charged at the rate applicable to unregulated entities.

18 TAXATION (CONTINUED)

(e) The Government of Jamaica through the Minister of Finance & Planning has agreed to certain tax concessions in respect of the Project as follows:

(a) *General Consumption Tax*

The General Consumption Tax (GCT) Act was amended to allow the following taxable supplies to the company to be treated as zero-rated for the duration of the contract period or as specified otherwise:

(i) GCT applicable on invoices of the contractor to the company, and the Operator to the company for a duration of fifteen (15) years with respect to the project, from the effective date of the Concession Agreement. This expired on November 21, 2016, however, the company has been granted the right to continuation of the zero-rated process based on the zero-rated nature of its revenue.

(ii) GCT applicable on any goods and equipment purchased or imported for the purposes of the Project for a duration of fifteen (15) years from the effective date of the Concession Agreement. This expired on November 21, 2016, however, the company has been granted the right to continuation of the zero-rated process based on the zero-rated nature of its revenue.

(b) *Tax Exemptions and Provisions*

(i) *Customs Duties Exemptions*

Customs duties are remitted in respect of material and equipment, excluding motorcars, purchased or imported by the company for a period of fifteen (15) years from the effective date of the Concession Agreement. This expired on November 21, 2016, and no extension was granted.

(ii) Corporate tax

The income tax rate applicable for the company was 0% for the first twelve years, which expired November 20, 2013 (tax losses can be carried forward until they have been fully absorbed).

(iii) Stamp duties

Stamp duties have been waived for the company in respect of certain specified documents as prescribed in the various agreements.

(iv) Withholding taxes

(a) Withholding tax or other taxes incurred under the Jamaican Law on interest payments and other payments made for the loans contracted by the company with foreign or multilateral institutions under the Financing Agreements have been waived for the duration of the concession.

(b) Withholding tax on payments to non-residents for technical and managerial services, equipment and plant hiring and commercial and industrial information in respect of the company have been waived for the duration of the concession.

(v) Payroll related taxes

The company is liable for payroll related taxes (Note19).

19 NET PROFIT

The following are included in the determination of net profit:

	For the nine months ended September 30	
	Unaudited 2019 $'000	**Unaudited 2018 $'000**
Income		
Interest income – at amortized cost (Note 16)	672	539
Expenses		
Directors' - emoluments	173	66
Depreciation and amortization (Note 17)	12,542	11,718
Provision for heavy repairs (Note 13)	957	1,268
Staff costs	457	341
Finance cost (Note 17)	13,551	10,964

	For the nine months ended September 30	
	Unaudited 2019 $'000	**Unaudited 2018 $'000**
Staff costs included in administrative expenses comprise:		
Salaries and wages	415	283
Statutory deductions	22	38
Pension contributions	20	20
	457	341

20 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Unaudited September 30, 2019 $'000	**Audited December 31, 2018 $'000**
Financial Assets		
Loans and receivables		
Financial assets at amortized cost		
Cash and bank balances	2,051	3,027
Restricted cash	36,193	39,520
Owed by related parties	376	445
Other receivables	104	38
	38,724	43,030
Financial Liabilities		
Derivative financial instrument (Interest rate swap) at fair value through profit and loss	5,260	3,977
Other financial liabilities at amortized cost		
Borrowings	150,820	166,339
Owed to related parties	1,612	1,552
Trade payables	126	316
Lease liability	209	-
Contract liabilities	974	1,003
	153,741	169,210
	159,001	173,187

20 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

Fair value of financial assets and financial liabilities

The following provides an analysis of financial instruments held as at the reporting date, subsequent to initial recognition that are measured or disclosed at fair value. Financial instruments are grouped into Levels I to 3 based on the degree to which the fair value is observable.

- There are no financial instruments measured at fair value classified as Level 1 and Level 3 at the end of the reporting period.

- The fair value of fixed interest rate borrowings disclosed in the financial statements are classified as Level 2.

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analyses or other valuation models.

- The carrying amounts of cash and bank balances, receivables and payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturity of these instruments.
- The carrying amounts of variable rate borrowings are assumed to approximate their fair values as the interest rates approximate current market interest rates.
- The fair value of fixed rate borrowings is calculated using discounted cash flow technique using as discount rate LIBOR plus lenders margin applicable to the borrowings outstanding at the end of the reporting period.
- The fair value of interest rate swaps, resulting in derivative financial liabilities, is calculated as the present value of the estimated future cash flows.

A comparison of the company's fixed rate borrowings at carrying amount and fair value are as follows:

	Carrying Amount		Fair value	
	September 30 2019 $'000	December 31 2018 $'000	September 30 2019 $'000	December 31 2018 $'000
Fixed rate borrowing	136,284	138,161	150,124	168,444
Variable rate borrowing	14,536	28,178	14,536	28,178
	150,820	166,339	164,660	196,622

20 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

Fair value of financial assets and financial liabilities (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

As at September 30, 2019:

	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant Unobservable inputs (Level 3) $'000	Total $'000
Liabilities measured at fair value:				
Derivative contract - Interest rate swap	-	5,260	-	5,260
Liabilities for which fair values are disclosed				
Long term borrowings	-	164,660	-	164,660
	-	169,920	-	169,920

As at 31 December 2018:

	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant Unobservable inputs (Level 3) $'000	Total $'000
Liabilities measured at fair value:				
Derivative contract - Interest rate swap	-	3,977	-	3,977
Liabilities for which fair values are disclosed				
Long term borrowings	-	196,622	-	196,622
	-	200,599	-	200,599

There have been no transfers between Level 1 and Level 2 during the financial year.

20 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of equity.

The capital structure of the company consists of net debt (borrowings as disclosed in Note 13, offset by cash and cash equivalents) and equity of the company (comprising issued capital and retained earnings).

The capital structure strategy of the company was defined when Phase 1A financial closing was reached in February 2004. There was no change in the overall strategy of the company during the year.

The company's Board of Directors reviews the capital structure on an annual basis. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

21 INDIVIDUAL RETIREMENT SCHEME

An Individual Retirement Scheme (IRS) has been in operation since January 1, 2012 due to the discontinuation of the defined contribution plan that was previously in place. During the course of 2013, the employees' accumulated contributions from the previous plan were paid over by Guardian Life Limited to the newly established IRS accounts of each of the members at the point of winding up. The surplus however, was not distributed and has since been approved for distribution to the remaining members (pending the submission of a progress report by Guardian Life Limited).

The company has opted to continue its contribution of 10% of basic salaries on behalf of the employees while the employees contribute up to 10% of their pensionable salaries.

Retirement benefits payable will be based on the contributions made to scheme together with investment earnings thereon. The total expense recognized in the profit or loss in respect of the plan is $ 20,011 (2018: $19,826) for the nine month period.

22 CONTINGENCIES

In the normal course of business, situations could arise where the Company may be the defendant in certain litigation matters, claims and other legal proceedings. In such instances provisions will be established for such matters where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

The Company would remain contingently liable in respect of other litigation matters which are considered to be possible but not probable and thus would not make provision in these financial statements.

23 SUBSEQUENT EVENTS

On December 23, 2019, 100% of the shareholders of the Company sold their shares to the National Road Operating and Constructing Company (NROCC). These shares will be offered for sale to the Jamaican public in an initial public offering scheduled in the first quarter of 2020.

As a consequence of the change of control, the Company had to repay the existing lenders the outstanding principal, accrued interest and breakage fees that included extinguishing of swap arrangements, prepayment penalties and make whole amounts. The debt was repaid using a short term syndicated loan facility from a local financial institution and a promissory note from NROCC. The Company is in the process of arranging a long term facility to repay both the syndicated loan and the promissory note.

In addition, due to the change of control, the Board of Directors of the Company resigned as of December 23, 2019, and two directors were appointed by NROCC to serve as the transition Board.

TRANSJAMAICAN HIGHWAY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018
(Expressed in United States dollars)

TRANSJAMAICAN HIGHWAY LIMITED

YEAR ENDED DECEMBER 31, 2018
(Expressed in United States dollars)

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Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Transjamaican Highway Limited

Report on the Financial Statements

Opinion
We have audited the financial statements of Transjamaican Highway Limited ("the Company") which comprise the statement of financial position as at December 31, 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 other 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.

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the financial statements (Continued)

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 of 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 statements 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 presents a true and fair view.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the financial statements (Continued)

We communicate with the Board of Directors 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.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

April 3, 2019

TRANSJAMAICAN HIGHWAY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018
(Expressed in United States dollars)

	Notes	2018 $'000	2017 $'000
ASSETS			
Non-current assets			
Property and equipment	5	914	1,129
Intangible assets	6	266,175	282,392
Restricted cash	13	39,520	42,127
Total non-current assets		306,609	325,648
Current assets			
Owed by related parties	7	445	771
Other receivables	8	430	389
Cash and bank balances	9	3,027	2,845
Total current assets		3,902	4,005
Total assets		310,511	329,653
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	10	54,000	54,000
Accumulated profit		2,951	4,559
Total shareholders' equity		56,951	58,559
Non-current liabilities			
Derivative financial instrument	11	3,977	5,536
Shareholder Grant	12	62,836	66,466
Borrowings	13	154,596	170,293
Provisions	15	11,858	12,378
Total non-current liabilities		233,267	254,673
Current liabilities			
Shareholder Grant	12	3,009	2,956
Provisions	15	1,600	619
Income tax payable		658	69
Owed to related parties	7	1,552	2,075
Borrowings	13	11,743	9,568
Contract liabilities	16	1,003	-
Trade and other payables	17	728	1,134
Total current liabilities		20,293	16,421
Total equity and liabilities		310,511	329,653

The accompanying notes form an integral part of the Financial Statements.

The Financial Statements were approved and authorized for issue by the Board of Directors on April 3, 2019 and are signed on its behalf by:

....

Director – Charles Paradis Director – Thierry Parizot

TRANSJAMAICAN HIGHWAY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2018
(Expressed in United States dollars)

	Notes	**2018 $'000**	**2017 $'000**
Revenue	3.13	52,430	46,125
Other gains and losses	18	4,122	3,850
Operating expenses	19	(33,049)	(31,228)
Administrative expenses	19	(1,130)	(1,061)
Finance costs	19	(15,365)	(15,868)
Net profit before tax		7,008	1,818
Taxation	20	(658)	(69)
NET PROFIT BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR	21	6,350	1,749

The accompanying notes form an integral part of the Financial Statements.

TRANSJAMAICAN HIGHWAY LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2018
(Expressed in United States dollars)

	Share Capital $'000	Accumulated Profit $'000	Total $'000
Balance at January 1, 2017	54,000	2,810	56,810
Net profit for the year being total comprehensive income	-	1,749	1,749
Balance at December 31, 2017	54,000	4,559	58,559
Net profit for the year being total comprehensive income	-	6,350	6,350
Dividend Paid (Note 23)	-	(7,958)	(7,958)
Balance at December 31, 2018	54,000	2,951	56,951

The accompanying notes form an integral part of the Financial Statements.

TRANSJAMAICAN HIGHWAY LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
(Expressed in United States dollars)

	Notes	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		6,350	1,749
Adjustments for:			
Depreciation of property and equipment	5,19	203	217
Gain on disposal of property and equipment	18	(6)	-
Unrealized foreign exchange losses	18	355	40
Amortization of intangible assets	6,19	16,217	15,419
Interest income	18	(752)	(396)
Income tax charge	20	658	69
Finance cost recognized in profit or loss	19	15,365	15,868
Amortization of shareholder Grant	12,18	(3,577)	(3,339)
Increase in provisions	15	1,690	1,690
Operating cash flows before movements in working capital		36,503	31,317
Increase in other receivables		(41)	(137)
Decrease/(Increase) in owed by related parties		326	(445)
Provisions utilized during the year	15	(1,229)	(495)
(Decrease)/Increase in trade and other payables		(407)	372
Contract liabilities		1,003	-
Decrease in owed to related parties		(523)	(4)
Cash generated from operations		35,632	30,608
Interest paid		(16,923)	(17,043)
Tax paid		(69)	-
Net cash provided by operating activities		18,640	13,565
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		28	-
Interest received		752	396
Payments for property and equipment	5	(10)	(18)
Decrease/(Increase) in restricted cash		2,607	(5,065)
Net cash provided by (used in) investing activities		3,377	(4,687)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans repaid		(13,522)	(8,593)
Dividends paid	23	(7,958)	-
Net cash used in financing activities		(21,480)	(8,593)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		537	285
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,845	2,600
Effect of foreign exchange rate changes		(355)	(40)
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	3,027	2,845
Non cash item:			
Amortization of upfront and commitment fees		176	180

The accompanying notes form an integral part of the Financial Statements.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES

(a) Transjamaican Highway Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. Its business activity is the development, operation and maintenance of a tolled roadway known as "Highway 2000 East-West" under a Concession Agreement with the National Road Operating & Constructing Company ("NROCC") (the Grantor) made on November 21, 2001 (Amended and Restated January 28, 2011). The concession is for a period of 35 years.

The company contracted with Bouygues Travaux Publics (Jamaica Branch), (the Contractor), to construct the highway and Jamaican Infrastructure Operator Limited, (the Operator) to maintain and operate the toll road.

The shareholders of the company are:

Bouygues Travaux Publics:	49%
Vinci Concessions	25%
International Finance Corporation	17%
Societe de promotion et de Participation pour la Cooperation Economique S.A.	9%

The above companies with the exception of International Finance Corporation are incorporated in France. International Finance Corporation is incorporated in the United States of America.

The registered office of the company is located at 2 Goodwood Terrace, Kingston 10.

(b) The Project Arrangement

Description of project

The Highway 2000 Project (the "Project") comprises a 35-year concession for the design, finance, construction, operation and maintenance of a tolled motorway.

The Project implementation is in two steps.

The first step ("Phase 1A") is split into 3 sub-phases which comprise 39.6 km from Kingston to Sandy Bay including:

(i) the dualization of the Old Harbour Bypass (11km) for which financial close was achieved on February 22, 2002, (also called Early Financial Close 1 (EFC 1)). This section was opened in September 2003.

(ii) the construction of a dual carriageway (22km) linking the Mandela Highway to the Old Harbour Bypass and termed Early Financial Close 2 (EFC 2) (which together constitute the Early Construction Works). The carriageway was opened in December 2004.

(iii) the construction of a new Portmore Causeway (6.4km) (2 x 3 lanes) and the upgrading of the Dyke Road (handed over to the National Works Agency). The two roads link the capital city, Kingston with south-western suburbs. This segment is termed Financial Closing 1A (FC1A) and was opened in July 2006.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Description of project (continued)

The second step (“Phase 1B”) links Sandy Bay to May Pen and consists of a 2x2 lane carriageway for a length of 10.5km. This carriageway was opened in August 2012.

The Concession Agreement

NROCC and the company entered into the Concession Agreement on November 21, 2001 (Revised January 28, 2011). The Concession Agreement grants the Concession for Phase 1 of the Project to the company and establishes the terms for the design, construction, operation, maintenance and financing of Phase 1. It has a term of 35 years. The Concession Agreement grants the company the ability to charge toll road users and a right of first refusal to undertake Phase 2B of the Project, which would extend the toll road between Williamsfield and Montego Bay with the exception of the Montego Bay bypass. The company has not since undertaken Phase 2B. The Concession Agreement is governed by the Laws of Jamaica.

Key Elements of the Concession Agreement:

The Guarantee
In consideration of the company’s entering into the Concession Agreement with the Grantor, the Government of Jamaica has irrevocably and unconditionally guaranteed to the company, the due and punctual observance and performance of the payment obligations of the Grantor contained in the Concession Agreement and enforcement costs in relation to preservation of its rights by the company or an assignee of the company. If the Government of Jamaica should hereafter grant to any third party security for its external indebtedness the Government of Jamaica as Guarantor is obliged to provide to the company equivalent security for the performance of its obligations.

Assignment and Security
The company has been given the right to assign its rights under the Concession Agreement to Lenders and to create other forms of security over it or over any property provided those rights shall cease upon termination of the concession agreement after 35 years.

Variations
NROCC has the power to propose variations to the core design, construction, operation and maintenance requirements by notice to the company, at which time the company has the ability to state its opinion as to whether the adjustment is necessary, the estimated cost which will be met by the Grantor, the steps to implement the proposed variation and its objection, if any.

Termination Clauses
The company may terminate all or part of the Concession Agreement, if NROCC is in breach of its obligations, if the Government of Jamaica expropriates or takes similar action in relation to the Highway 2000 Project, if NROCC is no longer able to act as Grantor and if a change in law were to make it illegal or impossible for the company to perform substantially all of its obligations under the Concession Agreement.

NROCC may terminate all or part of the Concession Agreement by giving no less than 12 months and no more than 18 months’ notice to the company, if the company does not satisfy the conditions subsequent regarding Financial Close for Phase 1A or Phase 1B, if an insolvency event occurs, if the company commits a corrupt activity or if certain types of breaches of the Concession Agreement occur.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Termination Clauses (Continued)
Either party may terminate the Concession agreement in the event of Force Majeure Occurrences.

Grantor Responsibility Termination
If a Grantor Responsibility Termination occurs prior to early financial close, on or after financial close, the Grantor shall pay the Company, a capital sum equal to the aggregate of the company's debt, its shareholder contribution and an equity compensation amount calculated to yield the shareholders an internal rate of return of 16%.

Compensation Amounts
The Grantor, NROCC, is required to pay compensation amounts to the company upon the occurrence of certain events that lead to an increase in the design, construction, operation or maintenance costs or to a loss of revenue for the Company. These events include: a breach by the Grantor of its obligations under the Concession Agreement, breach of the NROCC Direct Agreement, the occurrence of a Qualifying Force Majeure Event, a prolonged Force Majeure Event, a Grantor Variation or a qualifying change of law, or a competing road to reflect reduction in traffic levels arising from the carrying out of works by or on behalf of the Government of Jamaica.

Capped Toll Levels
The Concession Agreement allows for an escalation of toll rates up to a maximum authorised limit. The allowed escalation is a function of the proportion of debt outstanding, inflation rates and exchange rates such that toll rates will be allowed to increase proportionately with depreciations in the Jamaican dollar and increases in inflation. If the Toll Regulator of the Government of Jamaica were to require the company to set a toll below the Capped Toll level then the Grantor is required to provide compensation.

Operation and Maintenance Agreement
The Company pays the Operator a fee composed as follows:

(i) a lump sum fee per Section for pre-operating expenses (prior to the opening of each section).
(ii) a fixed monthly lump sum fee per Section corresponding to the fixed costs of the Operational and Maintenance Works.
(iii) a monthly variable fee per section corresponding to 3% of the toll revenues as evidenced in the company's records.

Amendment to agreements
The following are the significant amending agreements:

(i) Improvements to Marcus Garvey Drive

The company agreed to carry out rehabilitation works at Marcus Garvey Drive in order to facilitate the traffic flow on the Portmore Causeway during peak hours.

The cost of improvement works to Marcus Garvey Drive was initially advanced by the Grantor. The company was to include this cost as part of the borrowed funds contemplated for the Financial Close 1B (i.e., the date on which financing on terms reflected in the Financial Model becomes unconditional and is made available to the company for the Phase 1B construction works). The total cost of the works carried out amounted to $9.029 million and pursuant to the Loan Conversion Agreement between the Company and NROCC, the parties agreed that this sum would from part of the converted amount (Note 12(ii)).

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Amendment to agreements (continued)

(ii) Equity Participation in Phase 1B

The Grantor (NROCC) agreed that then existing shareholders of the company had no obligation to invest equity in Phase IB.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

The company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and the requirements of the Jamaican Companies Act.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain derivative financial instruments carried at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

These financial statements are expressed in United States of America dollars, which is the company's functional currency.

The Company presents its statement of financial position in a current versus non-current classifications. The presentation in the notes is broadly in the order of the items in the statement of financial position and the statement of comprehensive income. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense are not offset in the statement of comprehensive income unless required or permitted by an accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(c) Judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards

Current year changes:

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments were applied for the first time in 2018, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

IFRS 9 *Financial Instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has adopted the changes in accounting policies using the modified retrospective approach as at January 1, 2018, but with no restatement of comparative information for prior years. Consequently, the Company has recognized adjustments to the carrying amounts of financial assets between IAS 39 and IFRS 9 in the opening retained earnings or other components of equity. Refer to Note 3.7 for details. However, based on management's assessment no differences arising from the adoption impacted retained earnings.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018. The classification and measurement requirements of IFRS 9 did not have a significant impact to the Company. The Company continued measuring at fair value all financial assets previously held at fair value under IAS 39. Trade receivables and other financial assets classified as loans and receivables as at December 31, 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning January 1, 2018.

There are no changes in classification and measurement for the Company's financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The expected credit loss model is more forward looking and will require the use of reasonable and supportable forecasts of future economic conditions to determine increases in credit risk and measurement of expected credit losses. While cash and cash equivalents, due from related parties and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was deemed immaterial.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

IFRS 9 *Financial Instruments (continued)*

Hedge accounting

At the date of initial application, all the Company's existing hedging relationships were eligible to be treated as continuing hedging relationships. Before the adoption of IFRS 9, the Company recognised the change in the fair value of the interest rate swap in profit and loss. Under IFRS 9, gains and losses arising on fair value will continued to be recognized in profit and loss. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the statement of financial position as at January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

Advances received from customers

The Company offers its customers a toll tag to facilitate the use of the toll road and to make automated payments to continue the use of the toll tag. The toll tag offers frequent user discounts and periodic online bonus tops which is considered a variable consideration. However, it is not expected that these instances of variable considerations will result in a significant revenue reversal associated with these instances.

Before the adoption of IFRS 15, the Company presented these advances as trade and other payables in the statement of financial position and no interest was accrued on the short-term advances received. Under IFRS 15, the Company concluded that there was no significant financing component for those contracts where the customer elected to pay the transaction price to utilize the toll road. The amount received for such contracts to utilize the toll road is therefore the transaction price with no significant financing component.

The adoption of IFRS 15 did not have a material impact on the Statement of Comprehensive income.

Upon adoption of IFRS 15, adjustments were made such that current Contract liabilities increased by $0.827 million, respectively reflecting the adjustment on the promised amount of consideration, with a related decrease in trade and other payables of the same amount and no impact on the retained earnings as at January 1, 2018. As at December 31, 2018, adjustments were made such that as at December 31, 2018, Contract liabilities of $1.00 million for unused toll tag was disclosed in accordance with IFRS 15.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Amendment to IFRS 4: Applying IFRS 9 *Financial Instruments with IFRS 4 Insurance Contracts*
The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board has developed to replace IFRS 4 (see IFRS 17 below). The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments had no impact on the financial statements of the Company.

IFRS 2 *Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2*
The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company does not have share-based transactions therefore the amendments did not have an impact on its financial statements.

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognise the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This interpretation does not have any impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle (issued December 2016)

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*
  Under this amendment, the short-term exemptions for first time adopters in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Company's financial statements.

- IAS 28 *Investments in Associates and Joint Ventures*
  The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, they may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Company's financial statements.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Future changes:

The Conceptual Framework for Financial Reporting

The Conceptual Framework is effective immediately for the IASB and the IFRS Interpretations Committee. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after January 1, 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 - The objective of financial reporting
- Chapter 2 - Qualitative characteristics of useful financial information
- Chapter 3 - Financial statements and the reporting entity
- Chapter 4 - The elements of financial statements
- Chapter 5 - Recognition and derecognition
- Chapter 6 - Measurement
- Chapter 7 - Presentation and disclosure
- Chapter 8 - Concepts of capital and capital maintenance

The changes to the *Conceptual Framework* may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

The directors and management have not yet assessed the impact of the application of this Framework on the Company's financial statements.

IAS 1 and IAS 8 - Definition of Material - Amendments to IAS 1 and IAS 8

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2020 and are not expected to have any impact on the financial statements.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Future changes: (continued)

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments are not expected to have an impact on the financial statements. The directors and management have not yet assessed the impact of the application of this standard on the Company's financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Company does not have such long-term interests in an associate and joint venture, the amendments will not have an impact on the Company's financial statements.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Future changes: (continued)

IFRS 3 Business Combination - Definition of a Business - Amendments to IFRS 3
The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier application permitted. The amendments are not expected to have any impact on the financial statements.

IFRS 9 *Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4*
The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board has developed to replace IFRS 4 (see IFRS 17 below). The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Temporary exemption from IFRS 9
The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS *39 Financial Instruments: Recognition and Measurement* while they defer the application of IFRS 9 until January 1, 2021 at the latest.

Predominance must be initially assessed at the annual reporting date that immediately precedes April 1, 2016 and before IFRS 9 is implemented. Also, the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures. The amendments are not expected to have any impact on the financial statements.

Amendments to IFRS 9 - *Prepayment Features with Negative Compensation*
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

The amendments must be applied retrospectively; earlier application is permitted. The amendment provides specific transition provisions if it is only applied in 2019 rather than in 2018 with the remainder of IFRS 9. The amendments are effective for annual periods beginning on or after January 1, 2019. The directors and management have not yet assessed the impact of the application of this standard on the Company's financial statements.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Future changes: (continued)

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company will apply these amendments when they become effective. The directors and management have not yet assessed the impact of the application of these amendments on the Company's financial statement.

IFRS 16 *Leases*

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company plans to assess the potential effect of IFRS 16 on its financial statements in 2019.

2 **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)**

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Future changes: (continued)

IFRS 17 Insurance Contracts
The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

IFRS 17 reflects the IAS Board's view that an insurance contract combines features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, the Board developed an approach that:

(a) Combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
(b) Presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
(c) Requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognise all insurance finance income or expenses for the reporting period in profit or loss or to recognise some of that income or expenses in other comprehensive income.

An entity may apply a simplified measurement approach (the premium allocation approach) to some insurance contracts. The simplified measurement approach allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

IFRS 17 is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

The directors and management have not yet assessed the impact of the application of this standard on the Company's financial statements.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*
In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019, but certain transition reliefs are available.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Future changes: (continued)

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments (continued)*

The directors and management have not yet assessed the impact of the application of this standard on the Company's financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

- IFRS 3 Business Combinations
  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are not expected to have an impact on the Company's financial statements.

- IFRS 11 Joint Arrangements
  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are not expected to have an impact on the Company's financial statements.

- IAS 12 Income Taxes
  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The directors and management have not yet assessed the impact of the application of this amendment on the Company's financial statements.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

Annual Improvements 2015-2017 Cycle (issued in December 2017) (continued)

- IAS 23 Borrowing Costs
  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. The directors and management have not yet assessed the impact of the application of this amendment on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Fair value measurement

Fair values of financial instruments measured at amortized cost are disclosed in Note 24.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.3 Property and equipment

All property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are recorded at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets using the straight line method over a period being the shorter of their estimated useful lives and the remaining concession period. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property and equipment (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Property and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such items are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.4 Intangible assets

Intangible assets acquired separately represent the company's rights under the concession agreement and are reported at cost less accumulated amortization and accumulated impairment losses. Historical cost includes costs of design, site installation, earthworks and construction of bridges, structures and pavements. Amortization is charged so as to write off these costs over the concession period based on external projections of traffic on the highway. The charge for the year is based on the proportion of traffic for that year to the total traffic projected for the concession period. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3.5 Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of tangible and intangible assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.6 Financial instruments

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

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (other than financial assets and liabilities at fair value through profit or loss), as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.7 Financial assets

<u>Effective interest rate method</u>
The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate) through the expected life of the financial assets, or where appropriate, a shorter period to their net carrying amount on initial recognition

Income is recognized on an effective interest basis for debt instruments.

Prior to January 1, 2018 under IAS 39, the company's financial assets were classified as loans and receivables. The classification depended on the nature and purpose of the financial assets and was determined at the time of initial recognition. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) were recognized and derecognized on the trade date basis, i.e. the date the company commits to purchase or sell the assets.

All recognized financial assets were subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(a) *Loans and receivables*

These were non-derivative financial assets that had fixed or determinable payments and were not quoted in an active market. After initial measurement, such financial assets were subsequently measured at amortized cost using the effective interest rate method, less any impairment. Interest income was recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest was immaterial.

The company's portfolio of loans and receivables comprised of amounts due from related parties (See Related Party below), trade and other receivables, cash and bank deposits and restricted cash.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continue)

(a) *Loans and receivables (continued)*

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprised of cash at bank and in hand, net of bank overdraft, and other highly liquid bank deposits held with financial institutions, with an original maturity of three months or less from the date of acquisition and were held to meet cash requirements rather than for investment purposes.

(b) *Impairment of financial assets*

Financial assets were assessed for indicators of impairment at the end of each reporting period. Financial assets were considered to be impaired when there was objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset were affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets were assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss was measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss were not reversed in subsequent periods.

The carrying amount of a financial asset was reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount was reduced through the use of an allowance account. When a trade receivable was considered uncollectible, it was written off against the allowance account. Subsequent recoveries of amounts previously written off were credited against the allowance account. Changes in the carrying amount of the allowance account were recognized in profit or loss.

For financial assets carried at amortized cost if, in a subsequent period, the amount of the impairment loss decreased and the decrease was related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss was reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment was reversed did not exceed what the amortized cost would have been had the impairment not been recognized.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

(c) *Derecognition of financial assets*

The company derecognized a financial asset only when the contractual rights to the cash flows from the asset expired, or when it transfered the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfered nor retained substantially all the risks and rewards of ownership and continued to control the transferred asset, the company recognized its retained interest in the asset and an associated liability for its obligation.

If the company retained substantially all the risks and rewards of ownership of a transferred financial asset, the company continued to recognize the financial asset and also recognized a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity was recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the company retained an option to repurchase part of a transferred asset), the company allocated the previous carrying amount of the financial asset between the part it continued to recognise under continuing involvement, and the part it no longer recognised on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that was no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income was recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income was allocated between the part that continued to be recognised and the part that was no longer recognised on the basis of the relative fair values of those parts.

Subsequent to January 1, 2018, under IFRS 9:

a) *Initial recognition and measurement*

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

a) *Initial recognition and measurement (continued)*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

c) *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and bank, restricted cash, trade receivables, and due from related parties.

d) *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

i. The rights to receive cash flows from the asset have expired or;

ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial assets (continued)

d) Derecognition (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

e) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement, and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognized at the proceeds received, net of direct issue costs.

No gain or loss is recognized in profit or loss in the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities
Financial liabilities are classified as other financial liabilities.

Effective Interest Method
The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Prior to January 1, 2018, under IAS 39:

Other financial liabilities
Other financial liabilities, including borrowings, trade and other payables and amounts due to related parties, was initially measured at fair value, net of transaction costs. Other financial liabilities (except for short-term liabilities when recognition of interest would be immaterial) were subsequently measured at amortized cost using the effective interest method.

(a) *Interest-bearing borrowings*
Interest-bearing borrowings were recognised initially at fair value net of transaction costs directly attributable to the issue of the financial liabilities. Subsequent to initial recognition the borrowings were stated at amortised cost on an effective interest basis. Transactions costs include legal, accounting and finance fees associated with securing long-term borrowings and were amortized on an effective interest rate basis over the life of the borrowings.

(b) *Derivative financial instruments*
The Company may use derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments were initially recognised at fair value on the date on which the derivative contract is entered into and were subsequently remeasured at fair value. Derivatives were carried as financial liabilities when the fair value was negative. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss.

Derecognition of financial liabilities
The company derecognized financial liabilities when the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable was recognized in profit or loss.

3 **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.8 **Financial liabilities and equity instruments (continued)**

Subsequent to January 1, 2018, under IFRS 9:

a) *Initial recognition and measurement*
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, due to related parties, loans and borrowings including bank overdrafts and derivative financial instruments.

b) *Subsequent measurement*
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial liabilities and equity instruments (continued)

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

3.10 Related party

A party is related to the company if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the company (this includes parent, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the company; or
- has joint control over the company;

(ii) the party is an associate of the company;
(iii) the party is a joint venture in which the company is a venturer;
(iv) the party is a member of the key management personnel of the company or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Related party transactions and balances are recognized and disclosed in the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Grants

Grants are not recognized until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Grants are recognized in profit or loss on a systematic basis over the periods in which the company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant measured as the difference between proceeds received and the fair value of the loan based on prevailing market rates.

3.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.13 Revenue recognition

Toll Revenue

Prior to adoption of IFRS 15, toll revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business, net of discounts.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue recognition (continued)

The Company provides a toll road via the Highway 2000 East West network. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the usage of the toll road. The contract with the customer is established with the Company once the customer enters the highway and the contract ends upon the customer's exit of the highway. The performance obligation is satisfied at the point of time with an immediate right to payment. The transaction price is determined by the stand-alone selling price exchange by the customer by the class vehicle utilizing the toll road. The Company's performance obligation is satisfied at a point in time and revenue recognized immediately upon a customer entering the Highway 2000 East West network creating a right to payment for the use of the Toll road and acceptance of the contract. There is no cost, implicit or otherwise, recognize for obtaining and fulfilling a contract with a customer.

(i) *Variable consideration*

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts that are purchased through T-Tag accounts provide customers with volume rebates if certain criteria are met. These volume rebates may give rise to a variable consideration.

(ii) *Significant financing component*

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

<u>Interest income</u>

Interest income is recognized when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leasing

Leases are generally classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as a lessee
Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.15 Foreign currencies

Transactions in currencies other than the United States of America Dollars, the company's functional currency, are recognized at the rates of exchange prevailing on the dates of the transactions. The United States of America dollar is deemed the functional currency as the toll rates charged by the company are linked to the value of the United States dollar and the majority of borrowings and other expenditure are denominated in this currency. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising in translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value (in other comprehensive income). Other exchange differences are recognized in profit or loss for the period in which they arise.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Employee benefits

(a) Individual Retirement Scheme (IRS)

Since January 2012, the company makes contributions to an Individual Retirement Scheme (IRS) on behalf of employees (Note 25). The regular contributions constitute costs for the year in which they are due and are included in staff costs. The company has no legal or constructive obligation to pay further pension benefits.

(b) Leave entitlements

Employee entitlements to annual leave are recognized when they accrue to the employees. A provision is made for the estimated liability for annual leave for services rendered by the employee up to the end of the reporting period.

(c) Termination benefits

The company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

3.18 Taxation

Current tax
The company was not liable to income tax under the Concession Agreement for a period of twelve (12) years from November 2001 ending November 20, 2013 (Note 20).

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted, or subsequently enacted at the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting period date and are recognised to the extent that it has become probable that future profits will allow the deferred tax asset to be recovered.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Taxation (continued)

Deferred tax (continued)
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax for the year
Deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

Management is of the opinion that apart from those involving estimations (see below), there were no critical judgements made in the process of applying the company's accounting policies and that have a significant impact on the amounts recognized in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Amortization expense
Amortization is charged so as to write off the cost of intangible assets over the period of concession using a projection of traffic on the highway over this period. This projection was revised in July 2014 by Mott MacDonald, an external consultant from the United Kingdom and is based on various estimates and assumptions surrounding, among other things, growth in gross domestic product, inflation and toll road traffic demand. These assumptions can vary in practice and the actual outcome depends on such factors as population growth and the development of other sections of the highway. The policy of the Board and management is to update the forecast periodically based on the actual traffic.

Management has estimated that had the projected traffic from 2018 onwards differed by $\pm$10% the amortization charge for the current year would have decreased/increased by approximately \$1.57 million/\$1.57 million (2017: \$1.23 million/\$1.23 million) respectively. (See Note 6)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provision for heavy repairs

The provision for highway repairs relate to the estimated costs for scheduled repairs for periods ranging from 10 years to the end of the concession period based on projections made on the duration of the concession. The provision is based on the same estimates and assumptions included in the Company's Operations and Maintenance Plan, done biannually for the next 6 semi-annual periods and reviewed by the Company's Independent Engineer, ARUP. Actual cash outflows will depend on the timing of the maintenance programme based on annual approved budgets, the condition of road as determined by ongoing surveys, deterioration and the phasing of major works to meet these obligations. (See Note 15).

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current or deferred tax provisions in the period in which such determination is made. A change of ±10% in the final tax outcome of these estimates would have a minimal effect on the tax charge for the year. (See Notes 14 and 20).

The company has $85.09 million (2017: $87.94 million) of tax losses carried forward which is available indefinitely. There are insufficient taxable temporary differences or tax planning opportunities available that could support the full recognition of these losses as a deferred tax asset. On this basis the company has determined that it can only partially recognize a deferred tax asset on the tax losses carried forward.

If the company was able to fully recognize the deferred tax asset, the net profit and equity would have increased by $16.42 million (2017: net profit and equity would have increased by $16.21 million). Further details on taxes are disclosed in Notes 14 and 20.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as discount rates. Changes in assumptions of these inputs could affect the reported fair value of financial instruments. Note 23(d) to the financial statements provide disclosure of fair value of financial assets and financial liabilities and the methods and assumptions used.

5 PROPERTY AND EQUIPMENT

	Tolling Equipment $'000	Furniture & Fixtures $'000	Motor Vehicles $'000	Computers $'000	Office Equipment $'000	Work-in-Progress $'000	Total $'000
Cost							
At January 1, 2017	196	1,639	168	222	347	2	2,574
Transfer	-	-	-	-	2	(2)	-
Additions	-	-	-	-	18	-	18
Disposals	-	-	-	(2)	(1)	-	(3)
At December 31, 2017	196	1,639	168	220	366	-	2589
Additions	-	-	-	-	10	-	10
Disposals	-	-	(42)	-	-	-	(42)
At December 31, 2018	196	1,639	126	220	376	-	2,557
Accumulated depreciation							
At January 1, 2017	157	610	18	158	303	-	1,246
Charge for the year (Note 19)	9	135	33	19	21	-	217
On disposal	-	-	-	(2)	(1)	-	(3)
At December 31, 2017	166	745	51	175	323	-	1,460
Charge for the year (Note 19)	9	127	31	17	19	-	203
On disposal	-	-	(20)	-	-	-	(20)
At December 31, 2018	175	872	62	192	342	-	1,643
Carrying amount							
At December 31, 2018	21	767	64	28	34	-	914
At December 31, 2017	30	894	117	45	43	-	1,129

5 **PROPERTY AND EQUIPMENT (CONTINUED)**

The following useful lives are used in the calculation of depreciation:

Tolling equipment	5 - 10	years
Furniture and fixtures	3 - 10	“
Motor vehicles	5	“
Computer equipment	3 - 7	“
Office equipment	3 - 10	“

These assets are pledged as security in respect of the company’s borrowings (Note 13).

6 **INTANGIBLE ASSETS**

	EFC Asset in Concession $’000	**FC1A Asset in Concession $’000**	**FC1B Asset in Concession $’000**	**Total $’000**
Cost				
Balance, January 1, 2017, December 31, 2017 and December 31, 2018	159,676	92,196	135,128	387,000
Amortization				
Balance, January 1, 2017	41,687	23,479	24,023	89,189
Amortization for the year (Note 19)	5,262	2,937	7,220	15,419
Balance, December 31, 2017	46,949	26,416	31,243	104,608
Amortization for the year (Note 19)	5,618	3,188	7,411	16,217
Balance, December 31, 2018	52,567	29,604	38,654	120,825
Carrying amount:				
December 31, 2018	107,109	62,592	96,474	266,175
December 31, 2017	112,727	65,780	103,885	282,392

The amortization expense has been included in operating expenses in the statement of comprehensive income.

The amortization of intangible assets is based on projected usage of the highway during the concession period. In July 2014 the projections of traffic were reassessed by Matt McDonald, an external consultant from the United Kingdom.

6 INTANGIBLE ASSETS (CONTINUED)

The annual rate applied to the carrying amount as at the start of the year is as follows:

	2018 %	2017 %
EFC	4.98	4.46
FC1A	4.85	4.27
FC1B	7.13	6.50

These assets are pledged as security in respect of the company's borrowings (Note 13).

7 RELATED PARTY BALANCES AND TRANSACTIONS

Owed by (to) related parties as at December 31, were:

	2018 $'000	2017 $'000
Owed by:		
Jamaican Infrastructure Operator Limited (Note 7(b))	434	734
Bouygues Travaux Publics – Paris Branch	11	27
Vinci Concessions	-	10
	445	771
Owed to:		
Jamaican Infrastructure Operator Limited	(1,204)	(1,957)
Vinci Concessions	(105)	-
Bouygues Travaux Publics – Paris	(243)	(118)
	(1,552)	(2,075)

The above balances are unsecured and are interest free and will be settled in cash. No guarantees have been given or received in respect of these entities.

The company also has long-term liabilities to related parties International Finance Corporation Limited and Societe de promotion et de Participation pour la Corporation Economique S.A. (see Note 13).

Material transactions with related parties were as follows:

	2018 $'000	2017 $'000
Key management compensation	211	167
Project management fees	363	704
Toll road operating fees	12,801	11,743
Interest expense on long-term loans	8,026	8,053

The amounts owed by NROCC include the cost of works carried out under the Mount Rosser Bypass Variation Order funded by NROCC. During 2011 pursuant to the Loan Conversion Agreement with NROCC, one Preference Share was issued to NROCC (See Note 10). The amount due from NROCC is net of loss allowance of $0.221 million (2017: provision for doubtful debt of $0.221 million) which is past due at the reporting date and for which the company has fully provided. The company does not hold any collateral over these balances.

8 **OTHER RECEIVABLES**

	2018 $'000	2017 $'000
Receivables	38	25
Prepayments	393	364
	430	389

9 **CASH AND BANK BALANCES**

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	2018 $'000	2017 $'000
US$ savings accounts, interest at a rate of 0.1% (2017: 0.1%) per annum	1,600	1,196
US$ current accounts	13	8
J$ current accounts (J$181.69 million, 2017: J$205.97 million)	1,414	1,641
	3,027	2,845

10 **SHARE CAPITAL**

	2018 No. of Shares '000	2017 No. of Shares '000
Authorized and issued		
- Ordinary shares - no par value, January 1 and December 31	27,000	27,000
- Preference share January 1 and December 31	*	*
Authorized and Issued shares December 31	27,000	27,000
Issued capital comprises:		
- Ordinary shares	27,000	27,000
- Preference share	*	*
	27,000	27,000

* denotes less than 1,000; represents 1 preference share

10 SHARE CAPITAL (CONTINUED)

Stated Capital:

	2018 $'000	2017 $'000
Issued and fully paid, January 1 and December 31	54,000	54,000
Issued and fully paid capital comprises:		
- Ordinary shares	27,000	27,000
- Preference share	27,000	27,000
	54,000	54,000

One preference share of no par value was issued pursuant and subject to a Loan Conversion Agreement entered into with National Road Operating and Constructing Company (NROCC) upon Financial Close 1B of the Highway 2000 Toll Road Project in 2011 (Note 12(v)).

11 DERIVATIVE FINANCIAL INSTRUMENT

On February 18, 2011 (trade date), the Company entered into an interest rate swap agreement with the IFC with an effective date of February 15, 2013 to manage its exposure to interest rate risk by way of an interest rate swap. The initial notional amount of the swap is $45.536 million whereby the Company pays a fixed rate of interest of 4.707% and receives interest at a variable rate equal to the three months USD LIBOR. The fair value of the swap amounted to $3.977 million at December 31, 2018 (2017: $5.536 million). The change in the fair value of the swap is recognised in finance costs. The settlement date for interest payments is set every three months, being also the due date for IFC loan interest payments. The net interest due from or payable to the IFC at each interest settlement date is recognised in statement of comprehensive income immediately.

12 SHAREHOLDER GRANT

	2018 $'000	2017 $'000
Shareholder Grant		
Balance at beginning of year	69,422	72,761
Amortized to income during the year (Note 18)	(3,577)	(3,339)
Balance at the end of the year	65,845	69,422
Denoted as:		
Current	3,009	2,956
Non-current	62,836	66,466
	65,845	69,422

12 **SHAREHOLDER GRANT (CONTINUED)**

On February 18, 2011, the Company entered into a Loan Conversion Agreement with National Road Operating and Constructing Company (NROCC) whereby, NROCC as a lender had made loans to the company pursuant to the Grantor Procured Debt (GDP) Loan Agreement on November 21, 2001 and a Subordinated Loan Agreement dated February 22, 2002, and the parties agreed to the following:

(i) To convert the aggregate principal amount of $92 million less the foreign exchange gain which as at Financial Close 1B had accrued to $10.41 million.

(ii) That the sum of $9.03 million being cost paid by NROCC in respect of improvement works to Marcus Garvey Drive form a part of the converted amount.

(iii) As part of its commitments toward the execution of Phase 1B, NROCC agreed to (i) contribute $13.5 million to the financing of Phase 1B, which consisted of the Phase 1B Early Works Contract Price and the Subsequent Contribution and (ii) provide contingent support required under the NROCC Funding Agreement.

The contribution forms a part of the converted amount.

(iv) That the interest accrued and unpaid on the abovementioned loans totaling $60.46 million (other than capitalized interest of $12.47 million which accrued during the construction periods of Phase 1A) up to the date of Financial Close 1B be forgiven. $47.99 million was written off to income in 2011.

(v) $27 million forming part of the converted amount be converted into one preference share (issued: See Note 10). US$89.59 million, being the remainder of the converted amount, be converted to an “Amortizing Grant“.

The Amortizing Grant means the amount (comprising part of the converted amounts) which resulted when $27 million was subtracted from the aggregate of the Converted Amounts, which amount as from that date would not constitute a debt or other liability owing by the company to NROCC and would be non-refundable; provided that any amounts thereafter contributed by NROCC as part of its contingent support obligations under the NROCC Funding Agreement would be treated in the same manner and would be added to and form part of the Amortizing Grant.

13 **BORROWINGS**

	Current		**Non-current**		**Total**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$’000	**$’000**	**$’000**	**$’000**	**$’000**	**$’000**
Secured – at amortized cost						
Societe de promotion et de Participation pour la Cooperation Economique S.A. (Note 13(a))	1,868	1,437	29,714	32,731	31,582	34,168
Inter-American Development Bank (Note 13(b))	2,655	2,042	42,224	46,513	44,879	48,555
European Investment Bank (Note 13(c))	2,655	2,042	42,224	46,513	44,879	48,555
International Finance Corporation (Note 13(d))	2,655	2,042	42,224	46,513	44,879	48,555
Accrued interest	2,098	2,182	-	-	2,098	2,182
Unamortized borrowing cost	(188)	(177)	(1,790)	(1,977)	(1,978)	(2,154)
Total liabilities	11,743	9,568	154,596	170,293	166,339	179,861

13 BORROWINGS (CONTINUED)

The loans obtained from the IDB, IFC and Proparco were disbursed for the purpose of financing part of the construction, procurement and engineering costs of Phase 1B of the Toll Road and to refinance part of the costs of the construction, procurement and engineering costs of Phase 1A of the Toll Road.

The purpose of the EIB's loan was only to finance the Design and Construction of 10.5 km of tolled multi-lane (2x2) limited access carriageway between Sandy Bay and May Pen as Phase 1B. Financing for this Phase was also provided by the other lenders as noted in the previous paragraph.

(a) *Societe de promotion et de Participation pour la Cooperation Economique S.A. (Proparco) Loan*

The loan facility with Proparco, whose registered office at 151 Rue Saint-Honore, 75001, Paris, France, is for thirty-seven million six hundred and ninety-eight thousand eight hundred and fifty Dollars ($37,698,850) – the "Proparco Loan Commitment" by agreement dated February 18, 2011. The loan was disbursed in two tranches:

(i) Tranche A-1: The initial eighty-five per cent (85%) of the aggregate principal amount of the Proparco Loan committed. This was disbursed during 2011.

(ii) Tranche A-2: The final fifteen per cent (15%) of the Proparco Loan committed after the disbursement in full of Tranche A-1. This tranche was disbursed in full during 2012.

The initial interest charge is 3 Month LIBOR plus 5% with interest payable in quarterly installments in arrears. The rate for any Interest Period is:

For that portion of the principal amount of the loan constituting all or a portion of Tranche A-1:

(i) prior to the Fixed Interest Rate Effective Date, the rate per annum of the sum of:

- the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus
- the Proparco Cost of Funds; plus
- the Applicable Margin; and

(ii) on and after the Fixed Interest Rate Effective Date, the rate per annum of the sum of:

- Tranche A-1 Fixed Interest Rate; plus
- Proparco Cost of Funds; plus
- the Applicable Margin; and

For that portion of the principal amount of the Loan constituting all or a portion of Tranche A-2, the rate per annum of the sum of:

- the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus
- the Proparco Cost of Funds; plus
- the Applicable Margin

Proparco Cost of Funds means the margin above LIBOR paid by Proparco to obtain funds from its source of funding which is equal to the sum of:

- 0.19% per annum;
- the Basis Cap Rate (means the rate which is equal to fifteen (15) basis points corresponding to the margin (if positive) applied for the exchange of flat EURIBOR against LIBOR with a maturity closest to that of the relevant Proparco Loan); and
- the Basis Cap Lock Cost (means the rate which is equal to ten (10) basis points).

13 **BORROWINGS (CONTINUED)**

(a) *Societe de promotion et de Participation pour la Corporation Economique S.A. (Proparco) Loan (Continued)*

“Fixed Interest Rate Effective Date" was February 15, 2013. LIBOR at year end was 2.62% (2017: 1.42%). Repayment of the loan commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter on February 15 and August 15 of each year. The loan matures on February 15, 2029.

(b) *Inter-American Development Bank (IDB) Loan*

The loan facility with IDB, an international organization established by Agreement Establishing the Inter-American Development Bank whose office is located at 1300 New York Avenue, NW Washington, DC 20433, is for of fifty-three million five hundred and seventy-two thousand and fifty dollars ($53,572,050) – “IDB Loan Commitment” by agreement dated February 18, 2011. The loan was disbursed as follows:

(i) Tranche A-1: The initial eighty-five per cent (85%) of the aggregate principal amount of the IDB Loan disbursed. This was disbursed in 2011.

(ii) Tranche A-2: The final fifteen per cent (15%) of the IDB Loan disbursed after the disbursement in full of Tranche A-1. This was disbursed in full during 2012.

The initial interest charge is 3 Month LIBOR plus 5% with interest payable in quarterly installments in arrears. The rate for any Interest Period is:

For that portion of the principal amount of the IDB Loan constituting all or a portion of Tranche A-1 the rate per annum is the sum of:

- Prior to the Fixed Interest Rate Effective Date - the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus the Applicable Margin; and
- on and after the Fixed Interest Rate Effective Date - the Tranche A-1 Fixed Interest Rate plus the Applicable Margin; and

For that portion of the principal amount of the IDB Loan constituting all or a portion of Tranche A-2, the rate per annum is the sum of:

- the LIBOR Rate on the Interest Rate Determination Date for that Interest Period; plus the Applicable Margin.

"Tranche A-1 Fixed Interest Rate" means four and five hundred twenty-four thousandths of one percent (4.524%) per annum.

“Fixed Interest Rate Effective Date" was February 15, 2013. LIBOR at year end was 2.62% (2017: 1.42%). Repayment of the loan commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter on February 15 and August 15 of each year. The loan matures on February 15, 2029.

13 **BORROWINGS (CONTINUED)**

(c) *European Investment Bank (EIB) loan*

The loan facility with EIB, whose registered office at 100 boulevard Konrad Adenauer, L-2950 Luxembourg, is for fifty-three million five hundred and seventy-two thousand and fifty dollars ($53,572,050). Final disbursement of the loan was in 2012.

The loan was disbursed on the following basis:

(i) $45,536,243 for disbursements as Fixed Rate Tranches; and,
(ii) $8,035,807 for disbursement as Floating Rate Tranches.

The initial interest charge is 3 Month LIBOR plus 5% with interest payable in quarterly installments in arrears. Floating rate is at LIBOR plus the margin. Fixed rate is at 4.624% per annum plus the Margin. Interest on the fixed rate tranches is applied initially on a floating rate basis and subsequent to the “Interest Rate Conversion Date” on a fixed rate basis.

“Interest Rate Conversion Date" was February 15, 2013. LIBOR at year end was 2.62% (2017: 1.42%). The loan matures on February 15, 2029 and repayment commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter, on February and August 15 of each year.

(d) *International Finance Corporation (IFC) Loan*

The loan facility with IFC, an international organization established by the Articles of Agreement among its member countries, whose office is located at 2121 Pennsylvania Avenue, NW Washington, DC 20433, is for fifty-three million five hundred and seventy-two thousand and fifty dollars ($53,572,050) – the IFC Loan Commitment by agreement dated February 18, 2011. Final disbursement of the loan was in 2012.

The initial interest charge is 3 Month LIBOR plus 5% with interest payable in quarterly installments in arrears. The rate for any Interest Period is the sum of:

- the Relevant Spread; and
- LIBOR on the Interest Determination Date for that Interest Period for 3 months rounded upward to the nearest three decimal places.

LIBOR at year end was 2.62% (2017: 1.42%). Repayment of the loan commenced on August 15, 2013 with an initial payment, a secondary payment on August 15, 2014 and semi-annual payments thereafter on February 15 and August 15 of each year. The loan matures on February 15, 2029.

(e) The “Applicable Margin” for the Proparco and IDB loans, “Margin” for the EIB loan and in the case of the IFC loan the “Relevant Spread” means:

- 5% per annum from the Effective date up to but excluding February 15, 2018;
- 5.50% per annum from February 15, 2018 up to but excluding February 15, 2021;
- 6% from February 15, 2021 up to but excluding February 15, 2024; and’
- 7% from February 15, 2024 up to and including the Maturity Date.

In the case of the EIB loan the Margin includes rather than excludes each February 15 end date above.

13 BORROWINGS (CONTINUED)

(f) The security for all loans is as follows:

(i) Lien created by Debenture Charge between the company and RBC Trust (Trinidad & Tobago) Limited (Onshore Collateral Trustee) together with the lenders, dated February 18, 2011 stamped to cover $199.153 million over the company's properties, assets and rights. The carrying amount of these properties at the reporting date is $266.18 million (2017: $282.39 million) for intangible assets and $0.91 million (2017: US$1.13 million) for property and equipment.

(ii) Lien created by Debenture Charge between the company and Deutsche Bank Trust (Offshore Collateral Trustee) together with the lenders dated February 18, 2011 stamped to cover $199.153 million over the company's properties, assets and rights. The carrying amount of these properties at the reporting date is as noted in (i) above.

(iii) Lien over all deposits accounts, securities accounts or other accounts held at any financial institution outside of Jamaica, including the Secured Offshore Accounts. The balance in these accounts at the end of the reporting period included in restricted cash is $2.04 million (2017: $9.02 million). There are no other accounts held outside of Jamaica at the reporting date.

(iv) Assignment of Debt Service Reserve, Major Maintenance Reserve, Debt Service Accounts and Cash Sweep Payment Account to be maintained during the Operation period. The carrying amounts of the reserves included in restricted cash amounting to $37.38 million (2017: $32.99 million) at the end of the reporting period are $25.70 million, $4.88 million, $4.14 million, $ 2.66 million respectively, (2016: $25.60 million, $3.74 million, $3.65 million and $0.00 million respectively).

Restricted cash includes deposits amounting to approximately $ 29.79 million (2017: $29.60 million) bearing interest at rates ranging from 2.57% per annum which mature in February 2019 (2017: February 2018). Interest receivables on restricted cash of $0.1 million (2017: $0.12 million).

(v) Assignment of first fixed charge over fixed and floating assets of the company in favour of the Onshore Collateral Trustee as continuing security for the due and prompt payment and discharge of the debt obligations.

(vi) Assignment of lien over all shares held by Bouygues Travaux Publics S.A and Vinci Conessions in Transjamaican Highway Limited.

14 DEFERRED TAX ASSETS (LIABILITIES)

The company was taxed for income tax purposes at a nil rate up to November 20, 2013 after which it is taxed at rates applicable to unregulated entities (Note 20(d)) being 25% (2017: 25%).

Deferred tax liabilities are calculated on all temporary differences under the liability method using a tax rate of 25% (2017: 25%), the rate at which these assets/liabilities are likely to be realized.

(a) The following is the analysis of deferred tax balances for financial reporting purposes;

	2018 $'000	**2017 $'000**
Deferred tax assets	7,062	7,898
Deferred tax liabilities	(7,062)	(7,898)
Net	-	-

14 **DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)**

(b) The movement for the reporting period in the company's net deferred tax position was $Nil (2017: $Nil) (Note 20).

(c) The following are the main deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period:

(i) **Deferred tax assets**

	Accrued Vacation $'000	**Interest Payable $'000**	**Provision for heavy Repairs $'000**	**Tax Losses $'000**	**Total $'000**
Balance, January 1, 2017	1	551	1,271	6,635	8,458
Credited (Charged) to income for the year	1	(6)	300	(855)	(560)
Balance, December 31, 2017	2	545	1,571	5,780	7,898
Credited (Charged) to income for the year	-	(20)	114	(930)	(836)
Balance, December 31, 2018	2	525	1,685	4,850	7,062

(ii) **Deferred tax liabilities**

	Accelerated Tax depreciation $'000	**Interest Receivable $'000**	**Total $'000**
Balance, January 1, 2017	(8,458)	-	(8,458)
Credited to income for the year	560	-	560
Balance, December 31, 2017	(7,898)	-	(7,898)
Credited (Charged) to income for the year	860	(24)	836
Balance, December 31, 2018	(7,038)	(24)	(7,062)

15 **PROVISIONS**

	Provisions for Highway Repairs	
	2018 $'000	**2017 $'000**
Balance at January 1	12,997	11,802
Additional provisions recognized (Note 21)	1,690	1,690
Utilized during the year	(1,229)	(495)
Balance at December 31	13,458	12,997
Denoted as:		
Current	1,600	619
Non-current	11,858	12,378
	13,458	12,997

15 **PROVISIONS (CONTINUED)**

The provisions for highway repairs relate to estimated costs for scheduled repairs at various periods during the life of the concession agreement. These periods range from 10 years to the end of the concession period (previously 7 years). The provision is based on the same estimates and assumptions included in the Company's Operations and Maintenance Plan, done biannually for the next 6 semi-annual periods and reviewed by the Company's Independent Engineer, ARUP.

16 **CONTRACT LIABILITIES**

	2018 $'000	2017 $'000
Advance payment for toll tags	1,003	-

17 **TRADE AND OTHER PAYABLES**

	2018 $'000	2017 $'000
Trade and other payables comprise:		
Trade payables	316	180
Accrued expenses	412	954
	728	1,134

Payables and accruals principally comprise amounts outstanding for trade purchases and other ongoing costs. The company has financial risk management policies in place to ensure that all payables are paid when they fall due.

18 **OTHER GAINS AND LOSSES**

	2018 $'000	2017 $'000
Gain on disposal of property and equipment	6	-
Net loss on foreign exchange	(355)	(40)
Interest income – bank deposits at amortized cost	752	396
Amortization of grant (Note 12)	3,577	3,339
Other operating gains	142	155
	4,122	3,850

19 EXPENSES

	2018 $'000	2017 $'000
Operating expenses		
Insurance	668	624
Marketing and advertising	5	10
Utilities	14	13
Legal and professional fees	46	96
Repairs and maintenance	2,663	2,201
Operator fixed fees	11,210	10,342
Operator variable fees	1,590	1,401
Bank charges	157	152
Amortization on intangible assets (Note 6)	16,217	15,419
Other operating expenses	479	970
	33,049	31,228

Administrative expenses

	2018 $'000	2017 $'000
Staff costs (Note 21)	543	479
Staff Welfare	32	30
Office rental	48	48
Accounting, audit and consultancy fees	45	49
Repairs and maintenance	13	26
Subscriptions and donations	67	38
Accommodation	31	30
Utilities	29	29
Travel expenses	66	50
Depreciation on property and equipment (Note 5)	203	217
Other administrative expenses	53	65
	1,130	1,061
Finance costs		
Interest on long-term loans	16,923	17,202
Fair value gain on interest rate swap	(1,558)	(1,334)
	15,365	15,868

20 TAXATION

(a) The tax charge for the year represents:

	2018 $'000	2017 $'000
Income tax charge	658	69

20 **TAXATION (CONTINUED)**

(b) Subject to agreement of the Commissioner General, Tax Administration Jamaica, at the reporting date the company had tax losses of approximately $85.09 million (2017: $87.94 million) available for set-off against future taxable profits. Prior year losses that may be deducted in any tax year are capped at 50% of the aggregate income for that year after taking into consideration the appropriate tax deductions and exemptions. A deferred tax asset has been recognized in respect of tax losses amounting to $19.40 million (2017: $23.12 million). No deferred tax asset has been recognized in respect of the remaining tax losses $65.69 million (2017: $64.82 million) due to the unpredictability of future taxable profits.

(c) The tax adjustment for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2018 $'000	**2017 $'000**
Profit before tax	7,008	1,818
Tax at domestic income tax rate of 25% (2017: 25%)	1,752	454
Tax effect of expenses that are not deductible for tax purposes	149	(13)
Tax effect of non-taxable income/gain	(1,608)	(835)
Effect of unrecognized tax losses	217	785
Other	148	(322)
Total tax charge for the year	658	69

(d) Approval was granted to the company under the provision of Section 86 of the Income Tax Act, for income tax applicable to the operations, to be at a nil rate for a period of twelve years from November 21, 2001, the effective date of the Concession Agreement. This expired on November 20, 2013 after which income tax is charged at the rate applicable to unregulated entities.

(e) The Government of Jamaica through the Minister of Finance & Planning has agreed to certain tax concessions in respect of the Project as follows:

(a) *General Consumption Tax*

The General Consumption Tax (GCT) Act was amended to allow the following taxable supplies to the company to be treated as zero-rated for the duration of the contract period or as specified otherwise:

(i) GCT applicable on invoices of the contractor to the company, and the Operator to the company for a duration of fifteen (15) years with respect to the project, from the effective date of the Concession Agreement. This expired on November 21, 2016, however, the company has been granted the right to continuation of the zero-rated process based on the zero-rated nature of its revenue.

(ii) GCT applicable on any goods and equipment purchased or imported for the purposes of the Project for a duration of fifteen (15) years from the effective date of the Concession Agreement. This expired on November 21, 2016, however, the company has been granted the right to continuation of the zero-rated process based on the zero-rated nature of its revenue.

20 TAXATION (CONTINUED)

(b) *Tax Exemptions and Provisions*

(i) *Customs Duties Exemptions*

Customs duties are remitted in respect of material and equipment, excluding motorcars, purchased or imported by the company for a period of fifteen (15) years from the effective date of the Concession Agreement. This expired on November 21, 2016, and no extension was granted.

(ii) Corporate tax

The income tax rate applicable for the company was 0% for the first twelve years, which expired November 20, 2013 (tax losses can be carried forward until they have been fully absorbed).

(iii) Stamp duties

Stamp duties have been waived for the company in respect of certain specified documents as prescribed in the various agreements.

(iv) Withholding taxes

(a) Withholding tax or other taxes incurred under the Jamaican Law on interest payments and other payments made for the loans contracted by the company with foreign or multilateral institutions under the Financing Agreements have been waived for the duration of the concession.

(b) Withholding tax on payments to non-residents for technical and managerial services, equipment and plant hiring and commercial and industrial information in respect of the company have been waived for the duration of the concession.

(v) Payroll related taxes

The company is liable for payroll related taxes (Note 21).

21 NET PROFIT

The following are included in the determination of net profit:

	2018 $'000	2017 $'000
Income		
Interest income – at amortized cost (Note 18)	752	396
Expenses		
Directors' - emoluments	120	85
Audit fees	36	35
Depreciation and amortization (Note 19)	16,420	15,636
Provision for heavy repairs (Note 15)	1,690	1,690
Staff costs	543	479
Finance cost (Note 19)	15,365	15,868

	2018 $'000	2017 $'000
Staff costs included in administrative expenses comprise:		
Salaries and wages	467	409
Statutory deductions	50	54
Pension contributions	26	16
	543	479

22 OPERATING LEASE ARRANGEMENTS

Operating lease arrangements

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of two years.

	2018 $'000	2017 $'000
Minimum lease payments under operating leases recognized as an expense in the year	62	70

At the end of the reporting period, the company has outstanding commitments under operating leases, which fall due as follows:

	2018 $'000	2017 $'000
Non-cancellable lease commitments		
No later than 1 year	99	17
Later than 1 year and not later than 3 years	199	-
	298	17

23 DIVIDEND PAID

During the year, the Company made a dividend payment of $3.98 million (2017: Nil) to its ordinary shareholders. The dividend per share is calculated as $0.15 (2017: Nil). The Company also made a dividend payment of $3.98 million (2017: Nil) to its preference shareholder.

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2018 $'000	2017 $'000
Financial Assets		
Loans and receivables		
Financial assets at amortised cost		
Cash and bank balances	3,027	2,845
Restricted cash	39,520	42,127
Owed by related parties	445	771
Other receivables	38	25
	43,030	45,768
Financial Liabilities		
Derivative financial instrument (Interest rate swap) at fair value through profit and loss	3,977	5,536
Other financial liabilities at amortized cost		
Borrowings	166,339	179,861
Owed to related parties	1,552	2,075
Trade payables	316	180
Contract liabilities	1,003	-
	169,210	182,116
	173,187	187,652

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives

The financial risk management seeks to minimize potential adverse effects of financial performance of the company and covers specific areas, such as market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

The activities of the company consist of the design, construction, financing and operation of tolled motorways in Jamaica.

The financial liabilities of the company mainly consist of:

Senior Debt provided by:

(i) Proparco US$37.7 million variable rate, repayable 2029 ($31.582 million, 2017: $34.168 million).
(ii) IDB US$53.6 million variable rate, repayable 2029 ($44.879 million, 2017: $48.555 million)
(iii) EIB US$53.6 million variable rate, repayable 2029 ($44.879 million, 2017: $48.555 million) and
(iv) IFC US$53.6 million variable rate, repayable 2029 ($44.879 million, 2017: $48.555 million)

The repayment period is determined in the financial documentation.

The financial risk of the company is mainly in respect of its ability to meet its commitments towards lending institutions. Any changes to these commitments have to be approved by the Board of Directors.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk during the year.

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk with respect to foreign currencies and interest rates are disclosed in Note (24(a)(i)) and Note (24(a)(ii)) below.

The derivative financial instrument is presently used to reduce exposure to fluctuations in interest rates (Note 11).

(i) Foreign exchange risk management

The company undertakes certain transactions denominated in currencies other than the United States dollar resulting in exposures to exchange rate fluctuations.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management consistently monitors the company's exposure in this regard.

24 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(i) Foreign exchange risk management

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities arising in the ordinary course of business at the reporting date are as follows:

	Liabilities		**Assets**		**Net (Assets) Liabilities**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Jamaican dollars	253	169	1,612	2,552	(1,359)	(2,383)
Euros (€)	453	108	-	-	453	108

Foreign currency sensitivity

The following table details the sensitivity to a 4% increase and 2% decrease (2017: 4% increase and 2% decrease) in the United States dollar against the Jamaican dollar and a 5% increase and decrease against the Euro. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 4% increase and 2% decrease (2017: 4% increase and 2% decrease) in United States dollar against the Jamaican dollar and a 5% increase and decrease in the Euro (2017: 5% increase and decrease).

If the United States dollar strengthens by 4% or weakens by 2% (2017: strengthens by 4% or weakens by 2%) against the Jamaican dollar or strengthens or weakens by 5% (2017: strengthens or weakens by 5%) against the Euro, net profit will increase or decrease by:

					Effect on Net Profit (increase/(decrease))			
	Jamaican dollar		**Euro (€)**		**Jamaican Dollar**		**Euro (€)**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	%	**%**	**%**	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Revaluation	+4	+4	+5	+5	(54)	(95)	23	5
Devaluation	-2	-2	-5	-5	27	48	(23)	(5)

The movements in sensitivity are mainly attributable to the exposure outstanding on bank balances, receivables and payables in the respective foreign currency at year end in the company.

(ii) Interest rate risk management

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow risk. The Senior Debts are subject to both fixed and variable interest rates.

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(ii) Interest rate risk management (continued)

The company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section at Note 24(c) below.

The company manages its interest rate risk by monitoring the movements in the market interest rates closely. As part of its financing arrangements, the agreements with senior lenders provided for conversion of certain loan tranches from variable to fixed rates including in one instant an interest rate swap for variable to fixed rates during the 2013 financial year so as to partly manage this risk.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period.

The analysis has been prepared on the assumption that the variable rate assets and liabilities at the end of the reporting period have been outstanding for the whole year.

In respect of Jamaican dollar balances (net financial assets), if interest rates had been 100 basis points higher or 100 basis points lower (2017: 100 basis points higher or 100 basis points lower) and all other variables were held constant, the company's:

- Net profit (2017: net profit) for the year would increase/decrease by US$0.63 million/$0.63 million (2017: increase/decrease by US$0.18 million/$0.18 million). This is mainly attributable to the company's exposure to interest rates on its bank balances.

In respect of United States dollar balances (net financial liabilities), if interest rates had been 100 basis points higher or 100 basis points lower (2017: 50 basis points higher or 50 basis points lower) and all other variables were held constant, the company's:

- Net profit (2017: net profit) for the year would decrease by $0.63 million or increase by $0.63 million (2017: decrease by $0.09 million or increase by $.09 million). This is mainly attributable to the company's exposure to variable interest rates on its bank balances and borrowings.

The company's sensitivity to variable interest rates has remained consistent with the prior year as there has been no significant change in the holding of these instruments.

24 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash and cash equivalents, other receivables and amounts owed by related parties. The maximum exposure to credit risk is the amount of approximately $43.03 million (2017: $45.77 million) disclosed under 'categories of financial instruments' above and the company holds no collateral in this regard. The directors believe that the credit risks associated with these financial instruments are minimal.

Cash and bank deposits
The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings. The carrying amount of cash and bank balances totalling $42.55 million (2017: $44.97 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

Amounts due from related parties
The directors believe that the credit risks associated with this financial instrument are minimal. There is no significant increase in credit risk associated with related parties and therefore the probability of default is considered insignificant. The carrying amount of $0.45 million (2017: $0.77 million) at the reporting date represents the company's maximum exposure to this class of financial assets.

(c) Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in meeting commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the nature of the underlying business, the management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

24 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(c) Liquidity risk management

Liquidity and interest risk analyses in respect of non-derivative financial liabilities
Non-derivative financial liabilities

The following tables detail the company's remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

	Weighted Average Effective Interest Rate %	On Demand or Within 1 Year $'000	1 – 5 Years $'000	5+ Years $'000	Total $'000
2018					
Non-interest bearing	Nil	2,871	-	-	2,871
Variable interest rate Instruments	Libor + 5.5 (8.12)	1,585	6,339	36,834	44,758
Fixed interest rate instruments	9.63	26,085	100,668	97,698	224,451
		30,541	107,007	134,532	272,080

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(c) Liquidity risk management

	Weighted Average Effective Interest Rate %	On Demand or Within 1 Year $'000	1 – 5 Years $'000	5+ Years $'000	Total $'000
2017					
Non-interest bearing	Nil	2,255	-	-	2,255
Variable interest rate instruments	Libor + 5.0 (6.42)	1,585	6,339	38,419	46,343
Fixed interest rate instruments	9.63	24,773	99,062	123,291	247,126
		28,613	105,401	161,710	295,724

Financial assets

The following table details the company's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

	Weighted Average Effective Interest Rate %	On Demand or Within 1 Year $'000
2018		
Non-interest bearing		11,643
Interest bearing	0.01	31,658
		43,301
2017		
Non-interest bearing		14,431
Interest bearing	0.01	32,334
		46,765

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(d) Fair value of financial assets and financial liabilities

The following provides an analysis of financial instruments held as at the reporting date, subsequent to initial recognition that are measured or disclosed at fair value. Financial instruments are grouped into Levels I to 3 based on the degree to which the fair value is observable as described in Note 3.2.

- There are no financial instruments measured at fair value classified as Level 1 and Level 3 at the end of the reporting period.

- The fair value of fixed interest rate borrowings disclosed in the financial statements are classified as Level 2.

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analyses or other valuation models.

- The carrying amounts of cash and bank balances, receivables and payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturity of these instruments.
- The carrying amounts of variable rate borrowings are assumed to approximate their fair values as the interest rates approximate current market interest rates.
- The fair value of fixed rate borrowings are calculated using discounted cash flow technique using as discount rate LIBOR plus lenders margin applicable to the borrowings outstanding at the end of the reporting period.
- The fair value of interest rate swaps, resulting in derivative financial liabilities, is calculated as the present value of the estimated future cash flows.

A comparison of the company's fixed rate borrowings at carrying amount and fair value is as follows:

	Carrying Amount		Fair value	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate borrowing	138,161	150,534	168,444	180,334
Variable rate borrowing	28,178	29,327	28,178	29,327
	166,339	179,861	196,622	209,661

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(d) Fair value of financial assets and financial liabilities (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at December 31, 2018:

	Date of valuation	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Liabilities measured at fair value:					
Derivative contract - Interest rate swap	December 31, 2018	-	3,977	-	3,977
Liabilities for which fair values are disclosed					
Long term borrowings	December 31, 2018	-	196,622	-	196,622
		-	200,599	-	200,599

As at 31 December 2017:

	Date of valuation	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Liabilities measured at fair value:					
Derivative contract - Interest rate swap	December 31, 2017	-	5,536	-	5,536
Liabilities for which fair values are disclosed					
Long term borrowings	December 31, 2017	-	209,661	-	209,661
		-	215,197	-	215,197

There have been no transfers between Level 1 and Level 2 during the financial year.

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of equity.

The capital structure of the company consists of net debt (borrowings as disclosed in Note 13, offset by cash and cash equivalents) and equity of the company (comprising issued capital and retained earnings).

The capital structure strategy of the company was defined when Phase 1A financial closing was reached in February 2004. There was no change in the overall strategy of the company during the year.

The company's Board of Directors reviews the capital structure on an annual basis. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

25 INDIVIDUAL RETIREMENT SCHEME

An Individual Retirement Scheme (IRS) has been in operation since January 1, 2012 due to the discontinuation of the defined contribution plan that was previously in place. During the course of 2013, the employees' accumulated contributions from the previous plan were paid over by Guardian Life Limited to the newly established IRS accounts of each of the members at the point of winding up. The surplus however, was not distributed and has since been approved for distribution to the remaining members (pending the submission of a progress report by Guardian Life Limited).

The company has opted to continue its contribution of 10% of basic salaries on behalf of the employees while the employees contribute up to 10% of their pensionable salaries.

Retirement benefits payable will be based on the contributions made to scheme together with investment earnings thereon. The total expense recognized in the profit or loss in respect of the plan is $26,453 (2017: $15,509).

- section XXI -

PROFESSIONAL ADVISORS TO THE COMPANY/NROCC

ARRANGER AND LEAD BROKER
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Kingston 10, Jamaica

CO-BROKER
JMMB Securities Limited
6 Haughton Avenue
Kingston 10, Jamaica

FINANCIAL ADVISORS
PricewaterhouseCoopers Tax and Advisory Services Limited
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REGISTRAR AND PAYING AGENT
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ATTORNEYS
Patterson Mair Hamilton
Temple Court
85 Hope Road
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AUDITORS
Ernst & Young Chartered Accountants
8 Oliver Road
Kingston 8, Jamaica

- section XXII -

STATUTORY AND GENERAL INFORMATION

STATUTORY INFORMATION REQUIRED TO BE SET OUT IN THIS PROSPECTUS BY SECTION 41 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 (Article 84) 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. Each Director shall be paid out of the funds of the Company, as remuneration for his services, such sum as the Company in general meeting may from time to time determine. Such remuneration shall be deemed to accrue from day to day. Each Director shall also be entitled to be repaid all reasonable travelling and hotel expenses incurred by him in or about the performance of his duties as director, including his expenses of travelling to or from board meetings, committee meetings and general meetings. If by arrangement with the other Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration in addition to his ordinary remuneration and such special remuneration may be by way of salary, commission, participation in profits or otherwise as may be arranged.

   b. A Director appointed to the office of Chairman or any executive office may be paid such extra remuneration by way of salary, percentage of profits, fee or otherwise as the Directors may determine.

   c. A Director may hold any other office or place of profit under the Company (other than the office of Auditor) and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director, for such period and on such terms (as to remuneration or otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard thereto or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement 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.

   d. The Directors may cause the Company to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Directors or ex-director, and, for the purpose of providing any such pensions or other benefits, may cause the Company to contribute to any scheme or fund or to pay premiums.

   e. A Director 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 for any remuneration or other benefits received by him as a director or officer of, or arising from his interest in, such other company.

   f. The remuneration of a Managing Director shall, from time to time, be fixed by the Directors, and may be by way of salary or commission or participation in profits or by any or all of these modes.

4. The Company was incorporated on November 14, 2001. Its registered office is at 2 Goodwood Terrace, Kingston 8 in the Parish of Saint Andrew.

5. The names and addresses of the Directors of the Company appear in **Section 13** DIRECTORS AND MANAGEMENT of this Prospectus. The addresses of the respective directors and executive management are as follows:

Name of Director	Address	Description
Charles Paradis	C/o TJH, 2 Goodwood Terrace, Kingston 8	Engineer and Retired Business Man
Ian Dear	#16, M19 Southern Cross Boulevard, Freeport, Montego Bay (courier) #16, M19 Southern Cross Boulevard, Freeport, Box 18 Fontana Fairview, Montego Bay (mailing)	Businessman
John (Mitchie) Bell	6 Rougemont Way, Kingston 8	Chartered Accountant
Julie Thompson-James	9b Stillwell Road, Kingston 8	Attorney-at-law
Alok Jain	78 Barbican Road, Kingston 6	Chartered Accountant
Phillip Henriques	C/o 11 Oxford Road, Kingston 5	Businessman
Ivan Anderson	C/o 11 Oxford Road, Kingston 5	Engineer &Business Executive

6. The shares are not being offered for subscription by the Company and instead they are offered by way of secondary sale by NROCC. Accordingly, paragraph 2 of Part I of the Third Schedule to the Companies Act, 2004 does not apply Nevertheless, NROCC has determined that minimum amount required to be raised out of the proceeds of the Offer for Sale to satisfy certain contractual obligations of NROCC is US$63,750,000 or the Jamaican currency equivalent. If that minimum amount is not raised NROCC will withdraw the Offer for Sale. The Offer for Sale is underwritten up to the minimum amount mentioned above.

7. The Offer for Sale will open at 9:00 a.m. on 17 February 2020 and will close at 4:30 p.m. on the Closing Date, 09 March 2020, if applications have been received for an amount of shares in excess of the available Shares or to extend the closing date in the event of any natural disaster, market disruption or materially inclement weather conditions affecting Jamaica. Since NROCC's intention is to allocate the Shares on a "bottom up" basis it is more likely to allow the application list to remain open for the entire offer period. All Applicants (including Reserved Share Applicants) will be required to pay in full the Purchase Price of J$1.41 or US$0.01 per Share. No further sum will be payable on transfer.

8. No Shares have been offered by the Company for subscription within the two years preceding the date of this Prospectus or otherwise whatsoever.

9. The Company has not granted any option to any person to subscribe for any shares or debentures in the Company and the Directors of NROCC are not aware of any person who intends to acquire Shares in this Offer for Sale with a view of making an offer for sale of such Shares. Accordingly, paragraph 4(2) of Part 1 of the Third Schedule to the Companies Act, 2004 does not apply.

10. As at the date of the Prospectus, the Company held investments amounting to US$10,913,439. These investments include the short-term deposits, available-for-sale-investments and investment in restricted cash in relation to debt obligations and short-term deposits. The Company has no investment in trade investment, quoted investment or unquoted investments.

11. As at the date of the Prospectus, the Company had indebtedness of US$150,000,000 made up of bank loans and/ or bonds.

12. Details of the Company's trademark, real property and business name are set out in Section 12 of this Prospectus. However, there is no amount for goodwill, patent, or trademarks shown in the financial statements of the Company and there is no contract for sale and purchase, which would involve any goodwill, patent or trademark.

13. The shares are not being offered for subscription by the Company and instead they are offered by way of secondary sale by NROCC. Accordingly, paragraphs 7 and 8 of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable to the Offer for Sale.

14. NROCC expects to pay the expenses of the Offer for Sale out of the proceeds of its fundraising, and NROCC estimate that such expenses will not exceed US$4,500,000 or J$634,500,000.

15. The Auditors of the Company are Ernst & Young Chartered Accountants with registered offices at 8 Olivier Rd, Kingston, Jamaica.

16. Each of TJH and Ernst & Young Chartered Accountants has given and not withdrawn its consent to the issue of this Prospectus with the inclusion of the Financial Information, and its name in the form and context in which it is included.

17. Each of TJH and Steer has given and not withdrawn its consent to the issue of this Prospectus with the inclusion of historical traffic statistics and projections, and its name in the form and context in the form and context in which it is included.

18. The offer for the purchase of the Shares pursuant to the Offer for Sale is underwritten by NCB Capital Markets Limited and Jamaica Money Market Brokers Limited for up to US$63,750,000 or the Jamaican dollar equivalent.

19. Within the last 3 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 that NCB Capital Markets Limited is entitled to receive fees for services, pursuant to an engagement letter dated 10 September 2019 and an underwriting agreement dated 6 December 2019, calculated with reference to the total amount raised from Applications for Shares in the Offer for Sale (which fees are included in the total amount of expenses indicated in paragraph 14 of this Section 22 of this Prospectus).

20. The material contracts of the Company are set out in, Sections 9, 11 and 12 of this Prospectus.

21. The following contracts, (which have been fully discussed in Sections 9, 11 and 12) being contracts entered into in the ordinary course of business, have been entered into by the Company within the last two (2) years immediately preceding the date of issue of this Prospectus and is, or may be, material, namely:

NAME	DATE OF CONTRACT	COUNTERPARTIES	GENERAL NATURE
The Concession Agreement	2 November 2001, amended and restated as at 28 January 2011 and 29 January 2020	NROCC	A concession granted to TJH for the purposes of designing, constructing, operating, maintaining and financing the Toll Road for a term of 35 years from November 21, 2001.
O&M Agreement	19 September 2003 and amended and restated as at 20 December 2019	JIO	An agreement to provide all services necessary for TJH to be in compliance relating to operation and maintenance of the Toll Road.
O&M Parent Guarantees	18 February 2011	JIO (Bouygues Travaux Publics and Vinci Construction)	Guarantee of on time payments by Bouygues Travaux Publics (49%) and Vinci Construction (51%) to TJH by JIO and satisfaction of all claims, demands, losses, damages, liabilities, cost, fees and other expenses arising from JIO's non-performance or default.
Government of Jamaica Guarantee	12 March 2002	GOJ	Guarantee of punctual payments to TJH of NROCC payment obligations under the Concession Agreement.
The NCB Syndicated Bridge Loan Agreement	19 December 2019	NCB as lead Arranger	Loan in the aggregate of amount of US$133.6m provided for the purposes of repaying debt of TJH which became payable on change of control. This matures on or about 18 December 2020 and is expected to be repaid by the Notes (if successful).
NROCC Bridge Loan	19 December 2019	NROCC	Loan in the aggregate amount of US$16.4m provided for the purposes of repaying debt of TJH which became payable on change of control. This matures on or about 18 December 2020 and is expected to be repaid by the Notes (if successful).
Lease under the Registration of Titles Act	21 November 2001	NROCC	For lands that have been leased for the construction of the Highway, the rent payable is JM$1.00 for 35 years.
Deed of Amendment	16 February 2011	The Commissioner of Lands and NROCC	Covers 98 parcels of land and provides a detailed description of said lands.
Consent Agreement	16 August 2018	NROCC and Total Jamaica Ltd	Under the Concession Agreement TJH may assign or transfer all of its rights, duties and obligations with the prior written consent of NROCC.
Sub-lease for Convenience Store	16 August 2018	Total Jamaica Ltd	Sublease to operate a convenience store along the highway. For a standard percentage of turnover.

NAME	DATE OF CONTRACT	COUNTERPARTIES	GENERAL NATURE
Conduit Contractual Licence to Use ("CLU") Agreement	9 January 2007	Fibralink Jamaica Ltd ("Fibralink")	Agreement to use an initial 45km of duct conduit for the installation of the Fibralink facilities and the execution of its business model.
Amendment to Cable & Wireless Jamaica Ltd Lease Agreement	9 September 2016	Cable and Wireless Jamaica Limited ("Flow")	Flow agrees to rent 1,200 sq.ft. of land along the Portmore Causeway section of Highway 2000 East-West to carry out its operations.
Operating Lease	1 January 2019	Jamaica Credit Union Pension Fund Limited	Lease for the office occupied by TJH at 2 Goodwood Terrace.
TJH Easement Access Agreement	4 November 2015	Digicel Jamaica	Digicel has the right to install, operate, and maintain underground fibre optic cables and to access ducts and dark fibre.

The above contracts while are material and germane to the Company's operations are not considered to be extraordinary.

Contracts of NROCC related to this transaction

Engagement Letter from NCBCM	10 September 2019	NCBCML and NROCC	NCBCM will act as an arranger and broker in connection with the sale of TJH's Ordinary and Preference Shares.
NCBCML Underwriting Agreement	6 December 2019	NCBCML and NROCC	Underwrites funding up to US$133,750,000 for financing of the acquisition of the ordinary shares in TJH. This includes: Equity Bridge Note of (US$72m) and underwriting commitment for Offer for Sale of US$63.75m
Promissory Note	31 December 2019	Ministry of Finance and Public Service and NROCC	Promissory note provided to NROCC in the amount of US$16.4m provided for the purposes of repaying debt of TJH which became payable on change of control

22. As at the date of this Prospectus, the Company is not involved in any material litigation, arbitration or similar proceedings pending and/or threatened against the Company.

23. Taxation

This summary does not purport to be a complete discussion of all tax consequences relating to making an investment in the Shares in Jamaica or in particular to the tax implications to holders of the Shares. It is based on current income tax law including judicial and administrative interpretations. Tax law is subject to continual change, at times on a retroactive basis. This summary is intended only as a descriptive summary and does not purport to be a complete technical analysis or listing of all potential tax effects to holders of the Shares. Prospective purchasers of Shares should consult with their own tax advisers concerning issues including but not limited to application of Jamaican income tax laws to them arising from an investment in the Shares; any consequences to them arising under the laws of any other taxing jurisdiction; the availability for income tax purposes of a tax credit or deduction for Jamaica taxes; the availability of double taxation relief; the consequences of receipt of dividends and sale or redemption of the Shares.

a. Income tax

(i) The Company is resident in Jamaica for tax purposes. It is chargeable to income tax at the rate of 25%. It currently has carried forward accumulated losses of approximately US$85.1 million. Under the Income Tax Act if the Company's income tax for the year is say J$100,000 it is allowed to utilize carry- forward losses up to J$50,000 (i.e. 50% of its taxable liability) to set off against its tax liability and thereby reduce the tax payable to J$50,000.00. Income tax payable by the Company over the last five (5) financial years (2014-2018) for which returns have been filed are as follows:

Financial Year	Income tax paid (J$)	Income tax paid (US$'000)
2014	Nil	Nil
2015	Nil	Nil
2016	Nil	Nil
2017	J$13,783,742	US$69,000
2018	J$86,544,647	US$658,000

(ii) The Company has not yet prepared its income tax return for the year 2019 but the Company's management estimates that the Company's income tax liability for 2019 will be nil.

(iii) Section 12 (1) (b) of the Income Tax Act provides that the income of a public body (other than certain specified entities) is exempt from income tax. The Income Tax Act does not define "public body" but it is notable that the list of taxable public bodies is all statutory corporations. This gives rise to the inference that the reference to "public bodies" should be restricted to statutory bodies created under Acts of Parliament.

(iv) However, the Public Bodies Management and Accountability Act was enacted in 2001 and this Act gives a much wider meaning to the term "public body". Thus, under this Act a public body is "a statutory body, or authority or any government company". The Act then defines a "government company" as any company in which the Government or any agency of Government is in a position to direct the policy of that company. On that basis the Company would be a public body under that Act.

(v) It is therefore uncertain whether the reference to "public body" in the Income Tax Act should be given the wider meaning prescribed by the Public Bodies Management and Accountability Act.

(vi) If, indeed, the Company is a public body within the meaning of section 12(1) (b) of the Income Tax, then it would be liable for income tax if it remains as a public body after the Offer for Sale. (See paragraph 4 above.) However, the Company was valued and the offer price for the Shares in this Offer for Sale was fixed on the assumption that the Company will pay income tax after the Offer for Sale.

(vii) Under current income tax law, dividends paid by the Company to the following persons will attract withholding tax as shown in the table below:

#	Category of Persons	Rate of w/t on dividend
1	Company resident in Jamaica for tax purpose which holds at least 25% of the voting shares of the Company	Zero
2	Registered pension funds in Jamaica	Zero
3	Persons (including corporate bodies) resident in a CARICOM territory which is a party to the Double Taxation (Taxes on Income) Convention	Zero
4	All other persons resident in Jamaica for tax purposes	15%
5	Individuals resident outside Jamaica for tax purposes	25%
6	Corporate bodies resident outside Jamaica for tax purposes	33⅓%

In the case of persons listed at #5 and #6 in the above table if they are resident in a country which has a double taxation treaty with Jamaica then such treaty would typically reduce the rate of withholding tax. For instance, the USA/Jamaica Double Taxation reduces withholding tax on dividends payable to US residents (whether individuals or companies) to 15% and a similar rate applies to UK and Canadian residents under the treaties which Jamaica have with those territories.

b. **Tolls**

Tolls collected by the Company for use of the highway are exempt from GCT. The Company pays GCT on most goods and services which it purchases and as it collects no output tax on its toll charges it is not a net payer of GCT to the Government. The Company files GCT returns monthly.

c. Transfer of Shares

Transfer tax at the rate of 2% and stamp duty of J$5,000.00 is chargeable on the consideration payable upon a transfer of shares in Jamaica. Transfer tax is imposed on the transferor and stamp duty is customarily borne equally by both parties. However, an exemption applies from those taxes where the transfer is made in the course of trading on the JSE. Note however that transfer of shares on the JSE will attract a JSE cess and broker's fees. In this case NROCC intends to transfer the Shares to applicants off the JSE and will pay such transfer tax and stamp duty.

The above summary is not intended to constitute a complete analysis of all Jamaican tax consequences arising from an investment in the Shares or from any transfer or disposition of any of the Shares. Nothing in this part dealing with "Taxation" shall be construed to mean that persons resident in territories outside Jamaica can freely subscribe for Shares in this Offer for Sale. See paragraph 35 below headed "Overseas Investors".

24. Share Capital

a. History: The Company was incorporated as a private company limited by shares with an authorised capital, denominated in United States dollars, of US$$54,000,000 divided into 27,000,000 Ordinary Shares subscribed at US$1.00 each and one special preference share subscribed at US$$27,000,000. The Ordinary Shares were subscribed and allotted to Bouygues (48.9%); Vinci (25.2%); IFC (17.0%); and Proparco (8.9%). The preference share was subscribed by NROCC (see Section 10). In December 2019, NROCC purchased all of the ordinary shares for a total purchase price of US$72,000,000

b. Modification of share capital: - in anticipation of this Offer for Sale, NROCC, as sole shareholder, adopted the following resolutions in writing on 20 January 2020, with respect to the Company, namely:

   (i) Sub-dividing each of the company's ordinary shares into 463 ordinary shares thereby creating and issued ordinary share capital of 12,501,000,000 shares;
   (ii) Converting the company to a public company and adopting new articles of incorporation;
   (iii) Converting all ordinary shares in issue to stock unit; and
   (iv) Creating a new class of 8% JMD cumulative redeemable preference shares.

The Directors then issued 2, 700,000,0000, 8% JMD cumulative redeemable preference shares to NROCC at total subscription price of the Jamaican dollar equivalent of US$27,000,000 and applied the proceeds to redeem the USD preference share for a similar amount. Thus, the single USD preference share was redeemed and based on the redemption process the Company was not required to create any capital redemption reserve pursuant to section 62 (1) (d) of the Companies Act, 2004.

c. Accordingly, the Company now has two (2) classes of shares in issue, namely:

(i) 12,501,000,000 ordinary shares; and
(ii) 2,700,000,0000 8% JMD cumulative redeemable preference shares.

Ordinary shares

a. The Ordinary shares (herein called "shares") all rank pari passu among themselves. On a poll a holder of ordinary shares will have one vote for each ordinary share registered in his name and of which he is the duly appointed proxy. On a show of hands, a holder of ordinary shares will have one vote regardless of the number of shares held either in his one name or as proxy. The holder of a share may vote in person or by proxy and a proxy need not be a member of the company. In the case of joint holders of shares the vote of the senior holder who tenders a vote in person or by proxy shall be accepted to the exclusion of the other joint holders and for this purpose seniority shall be determined by the order in which the names of the joint holders appear in the company's register of members.

b. Dividends: the shares carry a right to receive dividends, but no dividend may be paid unless recommended by the directors and it is unlawful for dividends to be paid except out of current profits or distributable reserves. The company's articles authorize the shareholders, by ordinary resolution, to declare a dividend but no dividends may be declared in excess of the amount recommended by the directors. The directors may pay interim dividends out of profits or distributable reserves. Notwithstanding its ordinary powers under the general law to pay dividends under the trust indenture and an offshore security and accounts agreement which support the Notes, the Company covenanted to abide by certain financial covenants, the effect of which would be to impose limits on the company's ability to pay dividends if such payment would cause the company to violate any of those financial covenants.

c. In addition, the offshore security and accounts agreement establishes a strict cash control regime whereby toll revenues, after collection, must be deposited in a specified collection account (the JMD collection account). Funds in the JMD collection account are deposited into the JMD O&M payment account sufficient to meet JMD operating and maintenance expenses and the balance must be converted into US$ and deposited into an offshore revenue account. From that account the funds will flow according to a prescribed waterfall in the following order on a monthly basis:

(i) First, to pay agents; such as the indenture trustee, security agents and paying agents;

(ii) Secondly, to a US$ O&M payment account - to pay any operating and maintenance expenses in US$ to cover monthly unpaid O&M costs (if any);

(iii) Thirdly, to a debt service accrual account (US$) to the extent necessary to achieve an account balance up to the required debt service accrual amount;

(iv) Fourthly, to a debt service reserve account (US$) to the extent necessary to achieve an account balance up to the debt service reserve required amount;

(v) Fifthly to an O&M reserve account (US$) to the extent necessary achieve an account balance up to the O&M reserve required amount;

(vi) Sixthly, to a major maintenance reserve account (US$) to the extent necessary achieve an account balance up to the major maintenance reserve required amount; and

(vii) Finally, the balance to a Distribution Account (US$).

After going through the waterfall the funds in the distribution account (held by a local bank in US$) may be applied first to pay any upside amount due to NROCC under the Concession Agreement (see Section 9); and secondly, dividend on the 8% JMD cumulative redeemable preference shares. The balance shall be available to meet dividend payments declared on the Ordinary Shares. The payment of dividend on the Ordinary Shares is discretionary and as such no obligation is imposed on the Directors to declare a dividend even if distributable funds are in the Distribution account.

d. If the indenture trustee has commenced enforcement action under the security documents on behalf of the holders of the Notes (a blockage event) then the indenture trustee can block the waterfall and extract cash from any of the offshore US$ accounts listed at (c) to (f) and, in the case of the other accounts (onshore accounts) the local collateral agent may do likewise.

e. Under the Articles of the Company unclaimed dividends will not accrue interest against the Company and any dividend unclaimed after 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company. The Company may stop sending dividend cheques or warrants or cease other method of payment if (i) at least four (4) consecutive payments have remained uncashed or returned undelivered or the means of payment has failed; or (ii) if at least two (2) consecutive payments have remained uncashed or returned un-delivered or the means of payment has failed and reasonable enquiries have failed to establish any new address or account for such member. In such case the unpaid dividends will be a recorded in the books of the company as a debt due to the missing shareholder and will be paid on request. The Company will resume sending dividends by cheques or other financial instruments or by other customary means, if the shareholder so requests.

f. The shares are not redeemable but the Company has power, subject to certain conditions being satisfied, to repurchase its shares. Shares were converted to stock units and any subsequent issue of Ordinary Shares will likewise be converted to stock.

g. Variation of share rights: the rights attaching to the shares may be varied or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued Shares, or with the sanction of an extraordinary resolution passed at a separate general meeting of the shareholders (but not otherwise), and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up and the consent in writing or resolution aforesaid shall be binding upon all the holders of the Shares. The quorum for any such class meeting shall be two (2) persons holding or representing by proxy at least one-third in nominal amount of the issued Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders of such Shares who are present shall be a quorum) and. That any holder of Shares present in person or by proxy may demand a poll, and that such holder shall on a poll have one vote for every Share held by him or in respect of which he holds a proxy.

h. Voting rights: the ordinary shares (herein called "shares") all rank pari passu among themselves. On a poll a holder of shares will have one vote for each share registered in his name or of which he is the duly appointed proxy. On a show of hands a holder of shares will have one vote regardless of the number of shares held either in his own name or as proxy. On issue, the shares will be converted into stock units.

25. Relationship with Government

a. The Company is currently a 100% subsidiary of NROCC and, as such, is a public body under Government's control exercised through NROCC, itself a Government-owned company. In this Offer for Sale, NROCC wishes to dispose of a majority of its shares in the Company. If the Offer for Sale is successful or if the number of shares sold to the general public is such that Government loses legal control (over 50%) or effective control, then the Company could cease to be a public body. Note, however, that the Public Bodies Management and Accountability Act defines a public body to include a company "which the Government or any agency of Government is in a position to direct the policy of that company".

b. Thus, for instance, if only 60% of the Shares are sold to private sector persons with the result that NROCC would retain 40% of the Shares, if the 60% held by the public is widely held and fragmented with no one person controlling a more significant block then the 40% retained block held by NROCC could mean that effective control could very well continue to reside in NROCC. In such a case, the Company would continue to be a public body.

c. If the Offer for Sale is successful or if NROCC's holding is reduced to a level which causes it to lose effective control of the Company, then Government would cease to exercise control over the Company. In particular the Company would cease to be subject to the Public Bodies Management and Accountability Act. The Board would be free to manage the Company without Government's oversight. Investors should not assume that if the Company ceases to be a subsidiary of NROCC but remains a public body because of effective control by NROCC and encounters financial or other difficulty, that Government would provide support to the Company. Indeed, even if the Offer for Sale results in disposal of less than 50% of the shares, no guarantee or undertaking of Government support is given or should be implied regardless of the percentage of shares retained by NROCC.

26. Working Capital

The Company is of the opinion that taking into account its cash flow, it has sufficient working capital for its present requirements (that is to say, for at least the next 12 months from the publication of the Prospectus).

27. Audit Report Qualification

There are no qualifications in the accountants' report of the historical financial information.

28. Significant Change

There has been no significant change in the financial or trading position of the Company since December 31, 2018 being the latest date as of which the audited financial statement of the Company was prepared.

29. Other Matters Relating to Directors

a. None of the Directors have during the last five (5) years:

   (i) been convicted is relation to an offence involving fraud;
   (ii) been associated with any bankruptcy receivership or liquidation while acting in the capacity of a director or member of the management team of the relevant entity;
   (iii) been sanctioned or subject to disciplinary action by a professional body; or
   (iv) been disqualified by a court from acting as a director or member of the administration, management or supervisory body of a company or otherwise from acting in the management of the affairs of a company.

b. The Company has not made any loan or granted any guarantee for the benefit of any of the Directors. No Director holds shares in the Company. Directors will, however, be at liberty to apply for Shares in the Offer as any ordinary member of the public.

c. Each Director will be paid director's fees at a level comparable to what is customarily paid to directors of public companies in Jamaica. In addition, a Director is entitled to be reimbursed for reasonable travelling and hotel expenses (where applicable) incurred in attending meetings of the Board or Committee of the Board and otherwise performing the duties as non-executive Directors.

d. The Company's Articles provides that the number of Directors shall not be less than five (5) or more than twelve (12). A Director need not hold shares in the Company.

30. Money Laundering

a. In order to ensure compliance with the Proceeds of Crime Act and applicable money laundering regulations, Applications in the Offer for Sale must be submitted through NCBCM, JMMBSL or other licensed securities dealers or authorised selling or collecting agents. NCBCM, JMMBSL and the selling and collecting agents, being regulated financial institutions, maintain and administer Anti-Money Laundering Policies and Procedures approved by their respective regulators (whether Bank of Jamaica or FSC) and the process will ensure that where necessary. Applicants will be vetted for money laundering purposes.

b. NCBCM, JMMBSL or any selling agent or collecting agent, may, in its absolute discretion, require verification of source of funds from any Applicant. Failure to provide the required information may result in the Application being rejected. NCBCM, JMMBSL, and each selling or collecting agent reserves the right, as part of their money laundering and Know-Your-Customer procedures, to request credit information in respect of any Applicant from any local credit bureau and by submitting an Application Form an Applicant shall be deemed to authorise NCBCM, JMMBSL or such selling or collecting agent to request such credit report and to sign, if requested, any requisite consent form.

c. By submitting an Application Form, the Applicant shall be deemed to represent and warrant to NROCC that no part of the sum offered to purchase Shares in the Offer for Sale constitute proceeds of crime or is otherwise tainted money.

31. Industry and Market Data

a. Where third party information has been used in this document, the source of such information has been identified. NROCC confirms that such information has been accurately reproduced and that, so far as it is aware has been able to ascertain, from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

b. Unless otherwise stated, financial information in relation to the Company has been extracted without material adjustment from the historical accountant's report prepared by Ernst & Young, Chartered Accountants.

32. Initial Transfer of Shares to Applicants

a. The Shares being sold are held by NROCC and accordingly will have to be transferred to successful Applicants in the Offer for Sale prior to listing on the JSE. This transfer will be done off the JSE and will attract transfer tax (2%) and stamp duty (J$5,000.00). NROCC will bear both the transfer tax and stamp duty in full. NROCC intends to enter into a composition agreement with the Taxpayer Audit and Assessment Department (Stamp Duty and Transfer Tax Division) so that the transfer tax and stamp duty can be paid after completion of the Offer for Sale without delaying the application for listing on the JSE.

b. No expense will be directly charged to Applicants by NROCC or the Company in connection with this Offer for Sale.

33. Announcement of the Results of the Offer

Within six (6) Business Days after close of the Application List, NROCC will make an appropriate public announcement with results of the Offer for Sale.

34. Miscellaneous

a. Persons applying for Shares under this Offer for Sale who are allocated Shares may only rely on the information contained in this Prospectus and, to the fullest extent permitted by law, any liability for representations, warranties and conditions express or implied and whether statutory or otherwise (including without limitation pre-contractual representations but excluding fraudulent misrepresentations) are expressly excluded in relation to the Shares and the Offer.

b. In the event that NROCC or the Company is required to publish any supplementary prospectus or amendment to this Prospectus, Applicants who have applied for Shares in the Offer will have the right exercisable within two (2) Business Days after publication of the supplementary prospectus or amendment to withdraw their Application in whole or in part. References to publication of a supplementary prospectus or amendment means a public announcement in the Press regarding publication of the supplementary prospectus or amendment on the website of the JSE and/or NROCC.

35. Overseas Investors

No person receiving a copy of the Prospectus and/or an Application Form in any territory outside Jamaica may treat the Application Form as constituting an invitation or offer to him nor should he, in any event, use such Application Form.

36. Conflict of Interest

a. The Company recognizes that conflicts of interest may arise in the ordinary conduct of its business. The Audit Committee will be entrusted with the task of reviewing all instances that present a conflict of interest and making decisions on behalf of the Company without the involvement of the conflicted director or manager.

b. In addition, as a Jamaican company, TJH will be regulated by the Companies Act, 2004. This Act recognizes that a director owes a fiduciary duty to the company on whose board he serves, and that duty requires his undivided loyalty to the company. Section 193 of the Companies Act, 2004 sets out a regime which governs the conduct of a director of a company where he is faced with a conflict of interest in the context of a contract with another company in which he has an interest as a director, officer or shareholder. Such a director must:

(i) at the first meeting at which the contract or arrangement is considered, disclose in writing to the company or request to be entered in the Minutes of the directors' meeting, the nature and extent of his interest;

(ii) if the director is interested in the matter as a director of the other contracting company, then he cannot be present during the discussions on the contract and must therefore leave the meeting;

(iii) if he is interested only as an officer of the other company, then according to the section he may remain at the meeting and vote on the matter if he is not otherwise interested in the contract or arrangement beyond the fact of he being an officer of the other company. However, the Articles of the Company go beyond this and restrict such a director from participating in the meeting.

(iv) It means that any director of the Company who is also a director, officer or material shareholder in another company which proposes to enter into a contract with the Company will not be allowed to participate in the Board deliberations concerning the proposed contract

- section XXIII -

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6, St. Andrew between the hours of 9:00 a.m. and 4:30 p.m. on Monday to Friday, up to and including the Closing Date (or the extended Closing Date, as the case may be):

1. The Articles of Incorporation of the Company adopted as at 20 January 2020.
2. The Company's Certificate of Incorporation.
3. Company' Letter of Good Standing issued by the Registrar of Companies.
4. The Company's Tax Compliance Certificate as at 16 May 2019.
5. The Principal Agreements referred to in **Section 9.**
6. The Auditor's Report and audited financial statements of the Company for the five (5) fiscal years ended December 31, 2014, December 31, 2015, December 31, 2016, December 31, 2017 and December 31, 2018. The unaudited financial statements of the Company for the period September 30, 2018 and September 30, 2019.
7. Regulatory, permits, certificates and licenses specified in **Section 12.**
8. Confirmation of the insurance arrangements referred to in **Section 12.**
9. The material contracts referred to in **Sections 11 and 12.**
10. Certificate of Incumbency due to the recent share acquisition
11. Steer Traffic Study as at December 2019
12. Other relevant documents.

- section XXIV -

NROCC DIRECTORS' SIGNATURES

NROCC DIRECTOR'S SIGNATURE

Signed on behalf of National Road Operating and Constructing Company Limited (NROCC) by two of its Directors on this 31st day of January, 2020.

Signed:
Name: Phillip Henriques
Title: Chairman

Signed:
Name: Ivan Anderson
Title: Director

APPENDIX 1

APPLICATION PROCEDURES AND CONDITIONS

APPENDIX 1: GOIPO PORTAL INSTRUCTIONS

HOW TO APPLY

1. On your personal device visit **https:/goipo.jncb.com** . (If you do not have access to a computer or smart device with online access, our offices are equipped with tablets and representatives to assist you)
2. Select **"Apply for an IPO"**
3. Select **"Transjamaican IPO – USD" or "Transjamaican IPO – JMD"**
4. Select **"View Details"**
5. Select **"Apply Now"** beside the relevant pool in which you intend to apply. Only reserved applicants will be allowed to apply from the reserved pools; however, the general pool is open for all applicants.
6. Select your investor category;
   - **a. NCB Online/GoIPO Login** (This is for persons with online access to their NCB bank account or clients who have created a user account on GoIPO) or
   - **b. All Other Investors** (this is for persons without NCB online access including applicants without an NCB Capital Markets Account)

For NCB Online - this option is available to clients with current online access to their NCB bank account who wish to pay from their NCB or NCBCM account

- Select NCB Online/GoIPO Login option
- Enter you NCB online username and password

STEP 1

i. **Enter the amount of money you wish to spend.** Note that the system will not facilitate currency conversion.

ii. Select your **"JCSD number"** then click, **"save and continue"**

iii. If your JCSD number is not seen, then select "Add JCSD Number"

iv. Each joint holder on the account, will be required to confirm via email or by uploading the signed signature document. This joint holder process is not required where the joint holder is a minor (under 18 years old).

v. Complete the Joint Holder information if applicable then continue.

STEP 2

Select your funding account form the list seen then **save and continue.** Note that your displayed bank and broker accounts will be in the currency of the selected IPO.

STEP 3

Select your refund account and dividend mandates account from the lists seen then **save and continue.** Note that your displayed bank and broker accounts will be in the currency of the selected IPO.

STEP 4

Review your application details and select **Submit.**

Tips:

If your funds are with another institution, then you may transfer the funds to your NCBJ or NCBCM account before starting the process or use the "All Other Investors Option"

Navigate to your dashboard to view your application and all previously completed applications.

Check your email for notifications on order submission status

For Users with GoIPO User Account (this is for persons who have created a GoIPO "profile".

PLEASE NOTE THAT YOU ARE REQUIRED TO SUBMIT YOUR IPO APPLICATION THEN FUND VIA YOUR DESIRED FINANCIAL INSTITUTION.

- Select the **login** option (this is to be done after you have created and activated your GoIPO user account)
- Read and accept the site's terms and conditions in order to proceed

STEP 1

i. **Enter the amount of money you wish to spend.** Note that the system will not facilitate currency conversion.

ii. Select your **"JCSD number"** then click, **"save and continue"**

iii. If your JCSD number is not seen, then select **"Add JCSD Number"**

iv. Each joint holder on the account, will be required to confirm via email or by uploading the signed signature document. This joint holder process is not required where the joint holder is a minor (under 18 years old)

v. Complete the Joint Holder information if applicable then continue.

STEP 2

Select the appropriate funding method and complete the required fields (see below) and **continue**

For Existing NCBCM Account

This is only for NCBCM investors providing instructions to NCBCM to make payment from cleared funds in the currency of the IPO on their NCBCM broker account. The payment must be coming from the applicant NCBCM broker account in which the shares are expected to be held.

For Other

This is for all investors who are making payment via Paymaster, Broker or commercial bank (see bank information details below for payments made via a commercial bank).

JMD payments to NCBCM must use the instructions below:

BIC	JNCBJMKX
Branch:	1-7 Knustford Blvd. /New Kingston
Beneficiary account #:	291024688
Beneficiary account name:	NCB Capital Markets
Include Comments:	Transjamaica IPO ▪ TRN Number ▪ JCSD Number ▪ GoIPO Reference Number

USD payments to NCBCM must use the instructions below:

1. Intermediary Bank: Bank of New York
2. Intermediary Bank Address: 1 Wall Street, New York, NY 10265
3. ABA#: 021–000–018 OR
4. Swift Code: IRVTUS3N
5. Beneficiary Bank Name: National Commercial Bank Jamaica Limited
6. Beneficiary Bank Account: 8033407727
7. Beneficiary Name: NCB Capital Markets Limited
8. Beneficiary Account Number: 291024696
9. Include Comments: Transjamaica IPO
   - TRN Number
   - JCSD Number
   - GoIPO Reference Number

STEP 3

Select your **'refund account and dividend mandate accounts'** from the lists seen then, 'save and continue'

(If no mandates were previously added, select the "Add Mandate" to add your mandate account)

STEP 3

- Upload image of valid government issued photo identification. This ID will only be captured once until expired
- Review your application details and select '**Submit**'
- Make note of the confirmation details & provide same to the financial institution when making payments:
  - TRN Number
  - JCSD Number
  - GoIPO Reference Number
  - IPO Application Amount

Tips:

- You are able to track your application with the reference number provided
- Your application will only be processed once payments indicated in Step 2 are received and confirmed by NCBCM
- Check your email for notifications on order submission status

For All Other Investors (this is for persons without online access to their NCB bank account and applicants who are not clients of NCBCM)

PLEASE NOTE THAT YOU ARE REQUIRED TO SUBMIT YOUR IPO APPLICATION THEN FUND VIA YOUR DESIRED FINANCIAL INSTITUTION.

- Select the **All Other Investor** option
- Read and accept the site's terms and conditions in order to proceed

STEP 1

(I) Enter the amount of money you wish to spend on the IPO in the currency of the selected IPO. Note that the system will not facilitate currency conversion.

(II) Complete the Primary holder information

(III) Complete the Joint Holder information if applicable then continue

STEP 2

Select the appropriate funding method and complete the required fields (see below) and **continue**

For Existing NCBCM Account

This is only for NCBCM investors providing instructions to NCBCM to make payment from cleared funds in the currency of the IPO on their NCBCM broker account. The payment must be coming from the applicant NCBCM broker account in which the shares are expected to be held.

For Other

This is for all investors who are making payment via Paymaster, Broker or commercial bank (see bank information details below for payments made via a commercial bank).

JMD payments to NCBCM must use the instructions below:

BIC	JNCBJMKX
Branch:	1-7 Knustford Blvd. /New Kingston
Beneficiary account #:	291024688
Beneficiary account name:	NCB Capital Markets
Include Comments:	Transjamaica IPO

- TRN Number
- JCSD Number
- GoIPO Reference Number

USD payments to NCBCM must use the instructions below:

1. Intermediary Bank: Bank of New York
2. Intermediary Bank Address: 1 Wall Street, New York, NY 10265
3. ABA#: 021–000–018 OR
4. Swift Code: IRVTUS3N
5. Beneficiary Bank Name: National Commercial Bank Jamaica Limited
6. Beneficiary Bank Account: 8033407727
7. Beneficiary Name: NCB Capital Markets Limited
8. Beneficiary Account Number: 291024696
9. Include Comments: Transjamaica IPO
   - TRN Number
   - JCSD Number
   - GoIPO Reference Number

STEP 3

Complete refund and dividend mandates and **continue**

STEP 4

- Upload image of valid government issued photo identification & Signature Document
  (The signature document may be signed on screen and then uploaded or printed, signed and uploaded. Where there is a joint holder on the account, they will be required to also sign the signature document. This is not applicable where the joint holder is a minor)
- Submit your application
- Make note of the confirmation details & provide same to the financial institution when making payments:
  - TRN Number
  - JCSD Number
  - GoIPO Reference Number
  - IPO Application Amount

Tips:

- You are able to track your application with the reference number provided
- Your application will only be processed once payments indicated in Step 2 are received and confirmed by NCBCM
- You should upload copies of a Government Issued ID and TRN or SSN for all applicants (or just a Jamaican Drivers Licence)
- Check your email for notifications on order submission status

JMMB MONEYLINE
IPO PROCESS

How to Apply Guide

Submitting an application for an IPO, online, is quick and easy, using our online banking platform, JMMB Moneyline. Complete the steps below to successfully submit your application:

- From your browser, go to the JMMB Moneyline website which can be accessed at https://moneyline.jmmb.com/personal/
- Enter your username and password then select 'Login'. This is for persons with online access to their JMMB Equity Money Market Fund Account – (EMMA)
- Enter your security question then press 'Continue', to begin your Moneyline session

Step 1

1. From the main menu select 'Transactions', then select 'New Transaction' from the drop-down menu
2. Select 'Buy Stocks', for the transaction type.
3. Select the Equity Money Market Fund (EMMA) account that you would like to make the purchase from
4. Select 'IPO', and all available IPOs will be displayed. Choose the IPO you would like to purchase, then press 'Continue'
5. You will be navigated to the 'Order Details' page, where you will be able to enter the quantity of shares you would like to purchase. The order type automatically defaults to the market price.
6. You can also save a note to yourself about your transaction using the Personal Note section
7. Please confirm your agreement with the terms and conditions in the IPO's prospectus, by pressing 'Continue'.
    - If you have joint holders, a pop-up will appear to inform you that joint holders over the age of 18 years must indicate approval of this transaction to complete processing; and that instructions will be sent to joint accountholders via email.
8. You will be sent to the 'Order Summary' page, for review. You may then press the 'Back' button to revise the transaction; ' Continue' to approve the transaction; or 'Save and Add Another', if you would like to include additional stock purchases.
9. Once you have selected 'Continue', enter your PIN, then select 'Process All Transactions'.
10. The status column for the Transaction Results will indicate that the transaction has been submitted.

Step 2: Joint Account Holder Approval Process

As a joint accountholder you do not need Moneyline access to be able to approve the IPO transaction. Joint accountholders will receive an email with the link to approve the stock order and an access code.

1. Enter your TRN and the access code in the form provided and click 'Submit'.
2. Review the stock order and confirm your agreement to the terms and conditions in the prospectus, by clicking the 'Approve Purchase' button.
3. You will be navigated to the confirmation page, stating that the IPO transaction was approved.

APPENDIX 2
AUDITOR'S CONSENT LETTER

Ernst & Young Chartered Accountants
8 Olivier Road, Kingston 8
Jamaica W.I.

Tel: 876 925 2501
Fax: 876 755 0413
http://www.ey.com

The Board of Directors
Transjamaica Highway Limited
2 Goodwood Terrace
Kingston
Jamaica

23 January 2020

Dear Sirs

Re: Consent letter for inclusion of Auditors' Reports in Prospectus for the Offer for Sale of Ordinary Shares of Transjamaican Highway Limited

In accordance with Section 42 of the Companies Act 2004 (Expert's consent to issue of prospectus containing statement by him), EY hereby consents to:

(1) The inclusion of Auditors' Reports as set out in Section 12 of this document and as required by Part II of the Third Schedule of the Companies Act 2004:

- The Summary Financial Statements for years ended December 31, 2014-2018,
- The Interim Condensed Financial Statements for the nine months ended September 30, 2019,
- The Financial Statements for the year ended December 31, 2018; and

(2) The subsequent issue of this prospectus containing our Auditors' Reports as referred to in Part (1).

We further confirm that this statement of consent has not been withdrawn prior to the planned publication of the Prospectus between January 27-31, 2020.

Yours truly,

Ernst & Young

Ernst & Young Chartered Accountants

APPENDIX 3

INDEPENDENT TRAFFIC CONSULTANT RELIANCE LETTER

Boston
883 Boylston Street, 3rd Floor
Boston, MA 02116
USA

usainfo@steergroup.com
t: +1 (617) 391 2300
www.steergroup.com

27 January 2020

NCB Capital Markets Limited

32 Trafalgar Road

Kingston 10, Jamaica

[redacted]

RELIANCE CERTIFICATE

Re: Project Blue Mountain – Jamaican Toll Road

This certificate is furnished by Steer Davies Gleave Incorporated ("SDG" or "we") in connection with the proposed Offer for Sale of shares in Transjamaican Highway Limited (the "Company") by National Road Operating and Construction Company Limited (the "Selling Shareholder") for up to U.S.$100,000,000.00 in aggregate amount of its issued and outstanding shares (the "Shares"), as more particularly described in the Offer for Sale, dated on or around January 29, 2020, for the Company (the "Offering Document").

We have provided the report entitled "Highway 2000 East-West Traffic and Revenue Forecast Update", dated December 2019, which is listed in Section 23 "Documents Available for Inspection" as part of the Offer for Sale, thereto (the "Report"). Our Report is based on standard professional efforts and the information available to SDG at the time the Report was executed and is provided expressly subject to the disclaimers and limitations provided therein.

We hereby confirm that (i) we have reviewed the sections of the Offer for Sale entitled "Offer for Sale by National Road Operating and Constructing Company Limited" and (ii) the statements contained therein accurately reflect the sections of our Report described therein. We hereby consent to the (a) inclusion of summaries of our Report and to the inclusion of our Report in its entirety in the Offer for Sale, the (b) use of our trade name in connection with the specific textual references to the conclusions of the Report in the section of the Offer for Sale entitled "Section 17: Financial Projections" and (c) use of our trade name in connection with the specific textual references in the section of the Offer for Sale entitled "Section 5: Disclaimer and Forward Looking Statements, Section 8: The Company, Section 17: Financial Projections, Section 19: Risk Factors, Section 23: Documents available for inspection". We understand that the Offer for Sale will be delivered to various investors or prospective investors in the Shares.

We also confirm to you, as of the date hereof, that neither SDG nor any of its directors or officers (i) is an affiliate of the Company or the Selling Shareholder or any of its affiliates, (ii) has any substantial interest, direct or indirect, in the Company or the Selling Shareholder or any of its affiliates or (iii) is connected with the Company or the Selling Shareholder or any of its affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

In addition, as of the date hereof, nothing has come to our attention that would cause us to believe that any of the sections of the Offer for Sale entitled "Section 5: Disclaimer and Forward Looking

Statements, Section 8: The Company, Section 17: Financial Projections, Section 19: Risk Factors, Section 23: Documents available for inspection" or the Report, contain any untrue statements of material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. We therefore hereby confirm, as of the date hereof, the findings contained in the Report.

Date: 27 January 2020

Steer Davies Gleave Incorporated

By: Anita Mauchan

Name: ANITA MAUCHAN

Title: DIRECTOR OF UK PLANNING

APPENDIX 4
FREQUENTLY ASKED QUESTIONS

FREQUENTLY ASKED QUESTIONS

Who is making this Offer for Sale?	NROCC
What is the type of security being offered?	The Shares, being fully-paid ordinary shares in the capital of Transjamaican Highway Limited.
How many Shares are available for sale?	A total of 8,000,000,000 Shares will be available for sale but of that amount 5,362,962,963 Shares (called "Reserved Shares") are reserved for applications made by Reserved Share Applicants. If any the Reserved Shares remain un-allocated after meeting applications made by Reserved Share Applicants, then those Shares shall be available to meet applications for Shares by the general public. The Company reserves the right to upsize by an additional 2,000,000,000 shares. The upsized shares will be allocated to the reserve share applicants and the general public on a pro-rata basis.
What is the Application Price for the Shares?	The application price per Share will be J$1.41 or US$0.01 and must be paid in full on application. The Reserved Shares are being offered to Reserved Share Applicants at the Offer for Sale Price. If any of the Reserved Shares are not allocated to Reserved Share Applicants, then those Reserved Shares shall be available for allocation to the general public at the Offer for Sale price of J$1.41 or US$0.01 per Share.
Will the Shares be listed?	NROCC believes TJH will apply to the JSE for the Shares to be listed on the US$ Main Market of the JSE with a cross-listing on the J$ Main Market of the JSE. It is expected that the listing/cross-listing will occur within 21 days after close of the Offer for Sale. No warranty, representation or other commitment is given or made by NROCC that the JSE will in fact approve the listing application(s) by TJH.
What if the JSE does not approve the Company's application for listing?	The allocation of Shares by NROCC will be conditional upon the Shares being listed for trading on the US$ Main Market of the JSE with a cross-listing on the J$ Main Market of the JSE. If the Shares are not admitted for trading on the JSE then all provisional allocation of Shares in the Offer for Sale will be cancelled, and payment made by Applicants will be returned in full without interest.
What will happen to my application monies?	On payment your application money will be held by the Lead Broker in an escrow account until the Shares are approved for listing on the JSE. Only then will the funds be released to NROCC. If the amount you pay is less than the total application price for the number of Shares stated in your Application then NROCC reserves the right to treat your application as an application for such lower number of Shares as the payment tendered may cover and as if you had specified that lower number in your Application or alternatively NROCC may reject your Application entirely.
When are the Shares expected to commence trading?	NROCC believes that an application for listing of the Shares will be promptly made by TJH after close of the Offer for Sale. If the application for listing is successful, it is expected that trading in the Shares will commence within twenty-one (21) Business Days from the closing of the Offer for Sale. Since this is not a matter entirely within the control of NROCC or TJH neither of them makes

	any commitment or representation that trading will in fact commence by the anticipated date.
When and how will I receive confirmation that my Application has been successful?	The allocation of Shares to Applicants who take up Shares will be made and announced within seven (7) days after of the close of the Application List. A list of the successful Applicants in the Offer for Sale will be submitted to the JSE within ten (10) days after the close of the Application List.
What should I do if I have further enquires?	All enquires in relation to this Prospectus should be directed to the Lead Broker; namely: NCB Capital Markets Limited The Atrium 32 Trafalgar Road Kingston 10 Tel: 1-876-960-7108 Website: http://www.ncbcapitalmarkets.com/contactus NCB Capital Markets Limited opening hours are 8.30 a.m. to 4.30 p.m. Mondays to Fridays (except public general holidays in Jamaica). Or the Co-Broker JMMB Securities Limited 6 Haughton Terrace Kingston 10 Tel: 1 876 998 5662 Website: http://jmmb.com/contact-page If you require assistance on how use GoIPO or if you are in doubt as to whether an investment in the Shares is a suitable investment for you, then you should seek professional advice from any selling agent or your stockbroker, investment adviser, attorney-at-law, accountant, financial adviser or other independent professional advisor before deciding to apply for Shares. A list of selling agents and collection agent will be published on the NCBCM's (http://www.ncbcapitalmarkets.com/), JMMB's (http://www.Jmmb.com/ and NROCC's website (https://h2kjamaica.com.jm/home).
What will NROCC do with the Offer for Sale proceeds?	NROCC intends to use part of the Offer for Sale proceeds to pay the Offer for Sale & Listing Expenses, and to redeem the Equity Bridge Notes, the proceeds of which were applied to purchase the ordinary shares in TJH from the previous shareholders. NROCC in conjunction with the Ministry of Finance and the Public Service will decide on how the balance is to be utilised.

APPENDIX 5

CERTIFICATE OF INCUMBENCY

INCUMBENCY CERTIFICATE
of
NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

I, Shelly-Ann Thompson, Secretary of **NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED** (herein called the "NROCC"), a company duly incorporated under the laws of Jamaica DO HEREBY CERTIFY as follows:

THAT the following persons whose names are set out under Column 1 below are officers of NROCC duly elected or appointed to the office set forth opposite their respective names under Column 2 and, in each case, the signature set forth under Column 3 opposite their respective names is their true and authentic signature.

THAT the Financial Services Commission ("FSC") may rely on this Certificate with respect to the signing of an Offer for Sale Prospectus relating to a public offer of shares in TransJamaican Highway Limited and in relation to all other documents signed on behalf of NROCC and submitted to FSC.

	Column1 **Name**	Column 2 **Office**	Column 3 **Signature**
1	Philip Henriques	Chairman	
2.	Ivan Anderson	Managing Director	
3.	Shelly-Ann Thompson	Secretary	

IN WITNESS WHEREOF, I have executed this Certificate on this 31st day of January 2020

By: ________________
Name: Shelly-Ann Thompson
Title: Secretary

APPENDIX 6
CONTACT INFORMATION

CONTACT INFORMATION

CO-BROKER	NAME	TELEPHONE	EMAIL	ADDRESS
JMMB Securities Limited	Karl Townsend	876-704-6520	karl_townsend@jmmb.com	23 Phoenix Avenue, Kingston 10

SELLING AGENT	NAME	TELEPHONE	EMAIL	ADDRESS
"Scotia Investments Jamaica Limited"	Lennox Elvy	876-932-0367	lennox.elvy@scotiabank.com	Corner Duke & Port Royal Streets, Kingston
Stocks and Securities Limited (SSL)	Adrian Smith	876-929-3400	asmith@sslinvest.com	33 1/2 Hope Road, Kingston 10
GK Capital Management Limited	Nigel Sinclair	876-932-3290	nigel.sinclair@gkco.com	58 Hope Road, Kingston 6
Jamaica Money Market Brokers Limited	Karl Townsend	876-704-6520	karl_townsend@jmmb.com	23 Phoenix Avenue, Kingston 10
Proven Wealth Limited	Christopher Yeung	876-908-3800	cyeung@provenwealth.com	26 Belmont Road, Kingston 5
Sagicor Investments Jamaica Limited	Mischa McLeod-Hines	876-764-0325	mischa_mcleodhines@sagicor.com	85 Hope Road, Kingston 6
M/VL Stockbrokers Limited	Ed Mckie Suzette Campbell	876-909-0441 876-960-1570	edmckie@mvl.com.jm admin@mvl.comjm	19 Holborn Road, New Kingston, Kingston 10
JN Fund Managers Limited	Jermaine Deans	876-929-7102	jdeans@jngroup.com	2 Belmont Road, Kingston 5
VM Wealth Management Limited	Nordialee Stewart	876-960-5000	nordialee.stewart@myvmgroup.com	53 Knutsford Boulevard, Kingston 5
Barita Investments Limited	Anna Leah Reid	"876-926-2681 Ext: 2255"	a.reid@barita.com	15 St. Lucia Way, Kingston 5
Mayberry Investments Limited	Mckoy Jackson	876-935-0799	mcKoy.jackson@mayberryinv.com	1 ½ Oxford Road, Kingston 5

COLLECTION AGENT	NAME	TELEPHONE	EMAIL	ADDRESS
Paymaster Limited	Athinia Campbell	1-888-729-2455	onlinecare@paymaster-online.com	18 Cargill Ave, Kingston 10, Jamaica