



Investment Opportunity

Series 11 Fixed Rate 12-year Debentures up to

BZ \$65,000,000
4.50%

Price: \$100

This Prospectus constitutes a public offering of Debentures only in the jurisdiction where they may lawfully be offered for sale. No securities commission nor similar authority has in any way passed upon the merits of the debentures offered and any representation to the contrary is misrepresentation.

See body of Prospectus for additional details on the Debenture Offering.

December 8, 2023

BELIZE ELECTRICITY LIMITED
PROSPECTUS

SERIES 11 FIXED RATE 12-YEAR DEBENTURES

The Debentures are priced at \$100 each and the total number is 650,000 amounting to \$65,000,000 in aggregate proceeds (“the Series”). The Series is being exclusively placed in the Belize market and the proceeds will accrue to Belize Electricity Limited (“the Company”).

The Debentures will not be listed on any exchange. Therefore, the ability of a Debenture holder to resell Debentures may be limited. The Company will attempt to facilitate the buying and reselling of Debentures, but will not be obliged to make a market for the Debentures.

All currency amounts referred to in this Prospectus are expressed in Belize Dollars unless otherwise indicated.

PRICE: \$100.00 PER DEBENTURE

Subscriptions (defined as “offers to purchase Debentures”) to the Debenture Series in this Prospectus will be received, subject to the right of the Company to reject, in part or in whole, any and all subscriptions without providing justification for its decision, and the Company further reserves the right to cease the receipt of subscriptions at any time without notice once the Series is fully subscribed.

Subscriptions are subject to a minimum subscription of \$100 for one Debenture. Subscriptions will be received up until the closing of the Series on December 21, 2023, or when the Series is fully subscribed. Certificates for allotted Debentures will be issued within three months after the date of the Letter of Acceptance

The Directors of the Company have particular responsibility for the information relating to the Company, including the financial forecasts. The accounting firm of HLB Belize LLP has particular responsibility for the Auditors’ Report on the financial statements effective January 1, 2023.

Belize Electricity Limited
2½ Miles Philip Goldson Highway
Belize City, Belize, C.A.
Tel: 501.227.0954

December 8, 2023

PROSPECTUS SUMMARY

The following is a summary only and reference is made to the more detailed information, financial forecasts, and financial statements contained elsewhere in this Prospectus.

THE COMPANY

Belize Electricity Limited (BEL) is the primary distributor of electricity in Belize, Central America. The Company served a customer base of 108,500 accounts with sales of 601.8 gigawatt-hours (GWh) of energy, and met peak a power demand of 110.3 megawatts (MW) in 2022.

BEL owns and operates the national electricity grid which includes approximately 2,000 miles of transmission and primary distribution lines. Additionally, the Company owns approximately 24 MW of installed generation capacity. The national electricity grid is supplied from multiple energy production sources including hydro, biomass, solar, and fossil fuels. Since 1998, the national electricity grid has been interconnected with Mexico's national electricity grid, allowing BEL to supplement its in-country power supply capacity. All major service areas are connected to the national electricity grid except for the island community of Caye Caulker, which is supplied independently by BEL.

BEL's sales growth rebounded strongly post-pandemic, increasing by 4.0% in 2021 and 7.3% in 2022. Sales growth is anticipated to remain robust, increasing on average within the range of 4% to 6% over the medium term.

THE OFFERING

| | |
|----------------------|---|
| Issue: | 4.5% Series 11 Debentures |
| Amount: | \$65,000,000 issued as 650,000 Debentures, each with a face value of \$100. |
| Price to the Public: | \$100 per Debenture |
| Interest: | 4.5% per annum, calculated from the date of allotment and payable quarterly on March 31, June 30, September 30 and December 31 of each year until maturity or prior redemption. |
| Maturity Date: | December 31, 2035 |
| Use of Proceeds: | The Company will use the proceeds to finance its capital program under the Company's 2023 – 2027 Business Plan and meet working capital needs. |
| Put Option: | The Supplemental Indenture provides the holder of a Debenture with the option to put his Debenture to the Company at any time after December 31, 2032, after giving 12 months written notice to the Company. (The Supplemental Indenture is available at the Company's website: www.bel.com.bz) |

| | |
|----------------------------|--|
| Call Option: | The Supplemental Indenture provides for the right of the Company to call (redeem and cancel) such amounts of Debentures as it, in its sole discretion may determine, at any time after December 31, 2029, after giving not more than sixty days nor less than thirty days written notice to the registered holder(s) of such Debentures. |
| Security and Subordination | The Debentures are unsecured and rank pari passu with the Company's other long-term obligations. |
| Currency | The Series 11 Debentures are denominated in Belize Dollars, and all interest payments and principal repayments will be made in Belize Dollars. |

DEBENTURE RESALE & GENERAL RISKS

Each Debenture holder may resell Debentures to the Company up to a maximum of \$5,000 per annum, as referred to on page 5 of this Prospectus.

The Debentures are not guaranteed in any manner, and there are risks associated with the investment as listed on page 5 of this Prospectus. Prospective investors should consider fully the risks involved before seeking to purchase Debentures.

PRINCIPAL SHAREHOLDERS

The Government of Belize owns 32.6% interest in the Company while the Belize Social Security Board owns 31.2%, bringing the total public sector interest in the Company to 63.8%. Fortis Cayman Inc., owns 33.3%; and over 1,500 small shareholders own the remaining 2.9% interest in ordinary shares of the Company.

HOW TO SUBSCRIBE FOR DEBENTURES

An individual or entity seeking to purchase Debentures must purchase a minimum of one \$100 Debenture or integral multiples thereof on the appropriate subscription form.

SUMMARY OF FINANCIAL INFORMATION AND SELECTED STATISTICS

(In thousands of dollars, except for operating data)

| | Forecast 2023¹ | Audited 2022 | Audited 2021 |
|---|--------------------------------------|-------------------------|-------------------------|
| Income Statement Data: | \$ | \$ | \$ |
| Operating Revenues | 271,881 | 249,392 | 234,599 |
| Cost of Power | (196,614) | (162,683) | (135,893) |
| Operating Expenses | (67,118) | (65,718) | (58,559) |
| Net Operating Income | 8,148 | 20,991 | 40,148 |
| Finance Charges | (4,099) | (5,649) | (6,136) |
| Net Income (Loss) before extraordinary activities | 4,050 | 15,342 | 34,011 |
| Other Comprehensive income for the year | 0 | 0 | 0 |
| Net Income (Loss) | 4,050 | 15,342 | 34,011 |
| Balance Sheet Data: | | | |
| Total Assets | 824,276 | 727,590 | 643,277 |
| Total Debt | 431,568 | 338,933 | 256,158 |
| Shareholders' Equity | 392,707 | 388,657 | 387,119 |

* See the body of the Prospectus for additional details on the above

¹ Forecast represents BEL's actual year-to-date performance for the month ending October 2023 plus reforecasted figures for the remainder of the year.

SUMMARY OF FINANCIAL INFORMATION AND SELECTED STATISTICS

(In thousands of dollars, except for operating data)

Fiscal Year Ended December 31

| | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|-------------|-------------|-------------|-------------|-------------|
| Income Statement Data | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating Revenues | 271,881 | 283,243 | 300,307 | 318,121 | 329,961 |
| Cost of Power | (196,614) | (172,366) | (175,293) | (185,503) | (188,044) |
| Operating expenses | (67,118) | (83,134) | (87,917) | (91,438) | (96,012) |
| Net Operating Income | 8,148 | 27,743 | 37,097 | 41,180 | 45,905 |
| Finance Charges | (4,099) | (11,179) | (14,436) | (16,376) | (18,510) |
| Net Income | 4,050 | 16,563 | 22,661 | 24,804 | 27,395 |
| Balance Sheet Data | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Total Assets | 824,276 | 890,343 | 946,102 | 995,949 | 1,048,042 |
| Total Liabilities | 431,568 | 374,913 | 392,182 | 387,938 | 396,657 |
| Shareholders' Equity | 392,707 | 405,819 | 421,579 | 439,481 | 459,973 |
| Operating Data (taken from forecast) | | | | | |
| Number of accounts | 109,415 | 112,384 | 115,353 | 118,321 | 121,290 |
| MWh sold | 626,221 | 690,712 | 734,179 | 779,745 | 810,360 |
| Key Ratios | | | | | |
| Debt Service Ratio | 1.65 | 1.93 | 1.91 | 1.90 | 1.93 |
| Return on Equity | 1.04% | 4.15% | 5.48% | 5.76% | 6.09% |
| Return on Assets-In-Service | 2.21% | 5.32% | 6.09% | 6.15% | 6.30% |

Based on 2023 - 2027 updated forecast as of November 2023. A summary of the Company's financial performance against the 2023 plan follows below.

UPDATE: 2023 FINANCIAL PERFORMANCE

BEL projects a reduced financial profit of \$4.05 MN by the end of 2023 due to unanticipated surges in cost of power. Electricity demand peaked at 126 MW in October, the highest in recorded history, capping off 6 months of unprecedented demand for electricity. This high demand was mainly driven by heat waves across the region, including in Mexico which drove up prices from CFE-Mexico and resulted in the curtailing of supply to Belize in several instances. The low rainfall levels accompanying the heat waves reduced hydroelectric production by as much as 30% below plan. Consequently, BEL had to rely heavily on more costly sources of fossil fuel based generation, 51.4 GWH more than planned accounting for over \$10 MN increase in energy supply expenses over plan at the end of the third quarter. This year's performance underscores the need for the urgent implementation of BEL's Least Cost Generation Expansion Plan (LCEP) to introduce lower cost, indigenous generation into the supply mix to buffer against the erosive effect of cost of power spikes on profits.

Table of Contents

| | |
|--|----|
| Investment Considerations | 01 |
| Series 11 Fixed Rate Debentures | 03 |
| Plan of Distribution | 05 |
| Applicable Law | 06 |
| Capital Loans | 06 |
| Financial Forecast | 07 |
| Board of Directors and Top Management | 07 |
| Income Tax Considerations | 08 |
| Conditions Precedent to Closing | 09 |
| Auditors | 09 |
| Responsibility for Particulars of the Series | 09 |
| Certificate | 10 |
| Independent Auditors' Report | 15 |
| Historical Financial Statements | 18 |
| Subscription Form B | 22 |
| Other Instructions/Notes | 25 |

INVESTMENT CONSIDERATIONS

Prospective investors should consider the following factors, in addition to the other information contained in this Prospectus, in evaluating the Company and its business before seeking to subscribe to the Debenture Series.

The Company

BEL is licensed by the Public Utilities Commission (PUC) to transmit, distribute and generate electricity for sale within Belize. On June 30, 2015, the Company's license was automatically renewed for a 10-year-period by virtue of Part I, Section 3 of the Company's license issued on July 1, 2000.

Under the terms and conditions of its license from the PUC, BEL currently delivers electricity to over 108,000 customers in 11 service areas throughout Belize via approximately 2,000 miles of transmission and primary distribution lines. All service areas, except Caye Caulker, are connected to the BEL's national transmission grid, which is supplied by six (6) independent power producers (IPPs), including Comision Federal Electricidad (CFE) of Mexico, and BEL's own emergency backup generation. Caye Caulker is currently served via a standalone 5.2 MW capacity diesel power station and is expected to be interconnected to the national grid within the next 12 months.

The Company was incorporated in Belize City on October 5, 1992, pursuant to the Belize Companies Act as a public limited liability company with the objective of supplying electricity in Belize. The Company took over the business previously conducted by the Belize Electricity Board ("the Board"). The original authorized share capital of the Company was \$100,000,001, comprised of 38,000,000 Ordinary Shares of \$2 each, 12,000,000 Preference Shares of \$2 each, and one Designated Share at \$1. In June 2006, the Company conducted a recapitalization exercise that increased its authorized ordinary share capital by 62,000,000 to 100,000,000 ordinary shares. The Company's authorized share capital now stands at \$224,000,001. Of the authorized ordinary share capital, 69,023,009 ordinary shares have been issued and fully paid.

The Government of Belize owns 32.6% interest in the Company while the Belize Social Security Board owns 31.2% bringing the total public sector interest in the Company to 63.8%. Fortis Cayman Inc., owns 33.3% and over 1,500 small shareholders own the remaining 2.9% interest in ordinary shares. The Company is empowered under its Articles to borrow money, including through the issue of Debentures. (The Articles are available on the Company's website: www.bel.com.bz).

Industry Outlook*

Belize's economy grew by 12.1% or just over half a billion dollars in 2022 compared to 2021. The International Monetary Fund expects economic growth to remain positive, stabilizing at 2 percent over the medium-term. This outlook is underpinned by evidence of tourism activity normalizing to pre-pandemic levels and continued growth in the business process outsourcing sector. Average inflation is also projected to moderate to 1.2 percent over the medium-term, improving purchasing power and stimulating consumer demand. Furthermore, the Government is expected to increase public

infrastructure spending by 0.8 percent of GDP from 2025 onwards². These realities signal a surging demand for electricity services to support growth.

BEL is ramping up its investment plan to an average of \$104 million per year to upgrade, expand, and modernize the national grid as well as install new capacity to meet the growing demand countrywide. A Least Cost System Expansion Plan Study was completed in the second quarter of 2022, and served as the basis for a request to the Public Utilities Commission to issue a request-for-proposals to competitively select electricity generation projects to provide 69.5 MW of additional in-country capacity over the next five years (47 MW of Utility-Scale Solar and 22.5 MW of Gas-fired Generation).

The Company's modernization and growth investments focus on smart grid technologies and other energy solutions to improve the reliability, quality and efficiency of service to customers, and to facilitate the integration of distributed energy resources (primarily rooftop solar PV) into the grid, as well as allow for the electrification of the transport and cooking industry in Belize.

Energy Supply

In 2022, the Company sourced 685 GWh of electricity to meet an aggregate demand for electricity of 601.8 GWh and peak power demand of approximately 110.3 MW. The energy mix consisted of 47.2% energy imports from Mexico (CFE), 34.8% from local hydroelectric power plants, 13.7% from biomass from local co-generation facilities, 4.2% from fossil fuel plants including Blair Athol Power Company Limited (BAPCOL)'s and BEL's own diesel facilities, and 0.1% from JICA (University of Belize Solar Facility).

BEL is awaiting regulatory approval for the Phase I implementation of its Least Cost System Expansion which would increase in-country generation capacity by 91.5 MW by 2027, 69.5 MW being sourced through competitive bidding and 22 MW to be supplied by BEL. The plan also calls for the installation of 40 MW of battery storage, alongside other improvements to the transmission network for enhanced transfer capacity and, to support reliability. Additionally, the Company intends to place 21 MW of mobile generation at San Pedro as an interim solution to meet accelerating demand for electricity in that service area until the second transmission line interconnecting the island to the mainland Belize is in place.

Capital Investment Program

Over the next five years, the Company plans to invest an unprecedented \$520 million or \$104.0 million per year to stabilize energy costs, as well as expand, reinforce, and modernize the national electricity grid. The planned investments are key to achieving BEL's mission of *delivering safe, reliable and sustainable energy solutions* to our customers.

Major projects include:

² [Mission Concluding Statement IMF Article IV Consultation 2023](#)

- ✓ \$100.1 million to deploy 40 MW of battery storage at strategic locations within the transmission grid
- ✓ \$38.0 million to repower BEL's emergency gas-turbine facility
- ✓ \$37.7 to build a second submarine cable to San Pedro, bolstering the reliability and capacity, and allowing for the interconnection of other developing cayes to support the growth and revitalization of the tourism industry
- ✓ \$30.0 million to install mobile generation at San Pedro to accommodate intensifying load growth until a permanent supply solution is in place with the second submarine cable.
- ✓ \$36.6 million in urban electrification to support and stimulate economic growth
- ✓ \$36.3 million to build out a smart-grid platform based on advanced metering infrastructure (AMI)
- ✓ \$34.5 million to build a 115kV transmission line and substation between North Ladyville and Belize to support growth and improve reliability
- ✓ \$31.6 million to build a new 115 kV transmission line between La Democracia and Dangriga to improve reliability and transfer capacity of the interconnection between the southern and central portions of the transmission grid
- ✓ \$22.2 million in rural electrification, bringing power to underserved communities
- ✓ \$15.0 million to construct new operations facilities
- ✓ \$13.4 million to connect Caye Caulker to the national grid (to be completed by early 2024)

Forecast

The Forecast presented in this Prospectus represents the Company's best projections of revenues and expenditures based on a number of assumptions that were considered reasonable and appropriate at the time of finalizing the 2023-2027 Business Plan. The earnings and cash flow projections set out in the forecast may not be realized if these assumptions do not materialize. The Company is expected to be able to put in place appropriate responses to any variations from the forecast so as to honour its obligations, including the obligations with respect to the Debenture Series promoted in this Prospectus.

Use of Proceeds

The Company will use the proceeds to finance its capital program and to meet working capital needs under the Company's 2023 – 2027 Business Plan.

SERIES 11 FIXED RATE 12-YEAR DEBENTURES

The following is a summary of the material attributes and characteristics of the 4.5% Series 11 Fixed Rate 12-Year Debentures. Reference is made to the Supplemental Indenture for the full text of such attributes and characteristics.

General

The Debentures will be issued under (a) an Indenture made between the Company, the Government of Belize and the Heritage Financial Services Limited (the "Fiscal Agent") on December 5, 2023 (the "Amended and Restated Indenture") and (b) a Supplemental Indenture #10 made between the Company and Heritage Financial Services Limited dated December 7, 2023 (the "Supplemental Indenture").

Under the Amended and Restated Indenture, BEL can issue Debentures up to an aggregate principal amount of \$400,000,000. (The Amended and Restated Indenture and Supplemental Indenture are available on the Company's website: www.bel.com.bz)

The Series 11 Debentures will bear interest at the rate of 4.5% per annum and will mature on December 31, 2035. The quarterly interest, due on March 31, June 30, September 30 and December 31 in each year, will be payable in lawful money of Belize at the registered office of the Company or will be deposited into an account designated by the Debenture holder and noted on the subscription form attached. The Series 11 Debentures will be issued only as fully registered Debentures in denominations of \$100 face value and integral multiples thereof.

The Debentures will be direct obligations of the Company and will not be secured by any mortgage, pledge or charge. The Amended and Restated Indenture restricts the Company from incurring additional indebtedness if the Company does not meet certain financial covenants. The Amended and Restated Indenture also prohibits the Company from mortgaging, pledging or charging its properties to secure any other indebtedness or liability, (except to the extent that such charge is permitted under the Amended and Restated Indenture) unless effective provisions for securing the Debentures equally and rateably are taken.

The Debentures will be transferable at the principal office of the Company. The Company has always ensured on-time payments to all its existing Debenture holders in line with its commitment and will endeavour to continue doing so.

Default

In the event of any default, as defined in the Amended and Restated Indenture, the Company, via a Trustee appointed by the Debenture holders as provided for in the Amended and Restated Indenture, may be required to purchase the Debentures at their face value. Such events of default include, inter alia and subject to certain materiality tests, non-payment of any amount as determined payable under the Amended and Restated Indenture and failure by the Company to cure within a specified time the breach or non-fulfilment of a term or condition of the Amended and Restated Indenture.

Repayment on Maturity

On December 31, 2035 (“Maturity”), the Company will repay Debenture holders any remaining indebtedness represented by outstanding Series 11 Debentures.

Modification

The Amended and Restated Indenture provides that modifications and alterations thereto and to the Debentures issued thereunder may be made if authorized by extraordinary resolution. The term “extraordinary resolution” as defined in the Amended and Restated Indenture means, in effect, a resolution passed by the affirmative votes of the holders of not less than 66% of the principal amount of Debentures represented and voting at a meeting of holders of Debentures duly convened. Quorum at any meeting of the Debenture holders consists of two or more persons present or represented by proxy holding either personally or as proxies for holders not less than 25% in principal amount of the Debentures then outstanding.

In addition, an extraordinary resolution which affects Debenture holders or a class or section of them in certain fundamental respects including waiver of payment of principal or interest, change of maturity date, reduction of principal amount or rate of interest, or change of currency has to be confirmed by 75% of the votes of the holders of the debentures represented at the meeting.

The specific rules governing these requirements are set out in the Amended and Restated Indenture. The statements made in the two immediately preceding paragraphs are by way of reference only.

Debenture Resale

The Debentures will not be listed on any stock exchange. Therefore, the ability to resell Debentures may, in certain circumstances, be restricted. The Company will facilitate the buying and reselling of Debentures, subject to the limitation that individual Debenture holders will not be allowed to sell debentures in excess of \$5,000 per annum to the Company. This does not affect the right of Debenture holders to redeem under the “Put” option referred to below.

General Risks

The Debentures are not guaranteed in any manner, and there are risks associated with the investment including, but not limited to, risks associated with overall Company operational and financial performance; market conditions; electricity tariffs; natural disasters; climatic conditions; the quality of Company management; electricity acquisition cost; and the availability and reliability of supply of electricity to the Company. Prospective investors should consider fully the risks involved before seeking to purchase Debentures.

Put and Call Option and Redemption by Agreement

The Supplemental Indenture provides that on or at any time after December 31, 2032, until maturity, a Debenture holder may by written notice put his Debenture to the Company and the Debenture shall be redeemed one year after delivery of the notice in accordance with and subject to the terms of the Supplemental Indenture. In addition, the Supplemental Indenture provides for the right of the Company to call such amount of Debentures, as it in its sole discretion may determine, for purchase and cancellation at any time after December 31, 2029, until maturity, on giving not more than sixty days nor less than thirty days' notice. Redemption by agreement between the Company and the Debenture holder at any time from time to time is also permitted.

Covenants by the Company

The Amended and Restated Indenture provides for the Company to comply with certain covenants and negative pledges. These include, inter alia, limitations on the creation of additional indebtedness, covenants not to create any liens or encumbrances on the assets of the Company unless they are of a certain nature or if certain conditions are present and to not declare or make any distribution if a default or event of default has occurred and is continuing. Failure to maintain covenants contained in the Principal and/or Supplemental Indentures will constitute an event of default. The Principal and Supplemental Indentures can be reviewed on the Company's website at www.bel.com.bz.

PLAN OF DISTRIBUTION

Up to 650,000 Series 11, Fixed-Rate 4.5% Debentures are being placed on the market at a price of \$100.00 per Debenture, to be paid in full on application and submission of the properly completed and executed subscription form ("Subscription Form") appended as Schedule 1 to this Prospectus.

These Debentures are being placed on the market in Belize and are not registered pursuant to requirements of any jurisdiction and are not being placed on the market in any jurisdiction other than Belize.

Subscription forms are prescribed within the body of this Prospectus and will be made available at BEL's Headquarters located in Belize City, and the office of Heritage Financial Services Limited. Electronic copies of the subscription form will also be available for download on the Company's website at www.bel.com.bz.

Instructions for Subscribers

Subscription Form A should be completed, signed and dated. Payments can be made with a cheque made out to "Belize Electricity Limited" for the appropriate amount, drawn in Belize Dollars on a bank with branches in Belize at BEL's Corporate Headquarters located at 2½ Miles Philip Goldson Highway, Belize City or to any of the following accounts: Belize Bank Limited - account number **133333010120001**, Atlantic Bank Limited - account number **100063023**, Heritage Bank Limited - account number **9131095**, or National Bank of Belize Limited - account number **9021-1120-20000004**. A copy of the payment receipt should be attached to the said Subscription Form and sent via registered mail to "BEL Debenture 11 Series, Belize Electricity Limited, P.O. Box 327, 2½ Miles Philip Goldson Highway, Belize City" or delivered to the Receptionist at BEL's Corporate Headquarters located at 2½ Miles Philip Goldson Highway, Belize City.

Persons other than the subscriber may execute the Subscription Form if they are authorized to do so, in which case a power of attorney in respect thereof must also accompany the subscription form.

By completing and delivering a Subscription Form A, each subscriber is making an offer to purchase the number of Debentures noted on the form, subject to the conditions set out in this document, and subject to conditions set out in the Principal and Supplemental Indentures. In addition, each subscriber is authorizing the Company to send a letter of acceptance for such number and value of Debentures as may be allotted to the subscriber by the Company, together with a cheque issued by the Company for any sum of money that may be returnable to the subscriber, at the subscriber's risk, to the subscriber at the name and address of the subscriber as listed on the Subscription Form.

The Company will issue to each subscriber to whom Debentures are allotted under this Series, a Letter of Acceptance in respect of the Debentures that are allotted. Subscribers whose subscription are partially accepted will be issued either a payment receipt for deposits to the subscriber's account or a cheque for any money returnable will be sent by registered mail, at the subscriber's risk, to the subscriber at the address provided in the Subscription Form.

Subscribers whose subscription are not accepted will be notified in writing and issued either a payment receipt for deposits to their account or a cheque for the amount submitted in their subscription will be sent by registered mail, at the subscriber's risk, to the subscriber at the address provided in the Subscription Form.

The Company will issue Debenture Certificates within three months after the issuance of Letters of Acceptance.

Subscriptions are subject to a minimum of one Debenture and to integral multiples thereof; applications that include requests to purchase fractions of a Debenture will not be considered. Subscriptions to the Debenture Series in this Prospectus will be received subject to the right of the Company to reject, in part or in whole, any and all subscriptions without providing justification for its decisions, and the Company further reserves the right to cease the receipt of subscriptions at any time without notice once the offering is fully subscribed. It is expected that the closing of the Series will take place on December 21, 2023 or when all Debentures are fully subscribed.

APPLICABLE LAW

The Debentures are being placed on the market in Belize, pursuant to applicable law therein and subject to that jurisdiction. The Laws of Belize will apply exclusively to any and all aspects of the issuance, management, sale, resale and redemption of these Debentures. These Debentures will not directly or indirectly be sold or delivered outside Belize or to any person who, the Company believes, intends to resell or deliver such Debentures outside Belize.

CAPITAL LOANS

The Company is currently engaged in three Loans. The Caribbean Development Bank (CDB) loan approved as part of the Power VI Project is fully drawn with an outstanding balance of \$13.0 million as of October 31, 2023. The second loan facility granted for the interconnection of Caye Caulker to the national grid has an undrawn balance of \$6.4 million and is expected to be fully drawn by the end of the fiscal year 2024. The third loan facility was obtained from Holy Redeemer Credit Union on November 1, 2023, and has an aggregate balance of \$15 million. The loans are being serviced in accordance with agreements. The loans contain various negative and positive covenants by the Company regarding future actions by the Company and define various events of default, in the event of which, if not cured, the loan becomes due and payable.

FINANCIAL FORECAST

The financial forecast presented in this Prospectus represents the Company's best forecast of revenues and expenditures and of its financial and operating position for the five-year period ending December 31, 2027 ("the Period") based on its estimate as to the most likely set of market and economic conditions during the period, and its intended course of action under those conditions. Assumptions used in the preparation of the forecast are considered the most reasonable by management at the time of preparation. One of the key assumptions is that BEL is guaranteed a reasonable rate of return by law. Similarly, the projected adjustments in electricity tariffs over the next five years are based on the assumption that the PUC will adhere to existing bye-laws governing the treatment of cost of power. Actual results may differ from the forecast since anticipated events frequently do not occur as expected, and the variation may be material. The Company will not distribute any update to the forecast.

BOARD OF DIRECTORS AND LEADERSHIP TEAM

Board of Directors

| | |
|---|--|
| Edmund Andrew Marshalleck Chairman | Attorney-at-Law, Barrow & Co. Limited Belize City, Belize |
| Kay Menzies Deputy Chairperson | President and Chief Executive Officer, Fortis Belize Belize City, Belize |
| Amir Carrillo | Managing Director, Triple A Imports Orange Walk Town, Belize |
| Wendy Castillo | Founder/Owner, Onyx Consultancy/Azrak Services Belize District, Belize |
| Janelle Chanona | VP, Belize Executive Committee, Oceana Belize Belize City, Belize |
| Nigeli Sosa | Businesswoman/Owner, GS-Com Belize City, Belize |
| Anuar Flores | Business Leader, Big Creek Group of Companies Belize City, Belize |
| Anil Hotchandani | Managing Director, United Distributors Limited Orange Walk Town, Belize |
| Stuart Leslie | Cabinet Secretary & Ambassador in the Government of Belize Belize City, Belize |
| Cynthia Garcia | CIO & Vice President Engineering & Corporate Safety, UNS Energy Tucson, Arizona United States |
| Emilio Zabaneh | Businessman Stann Creek District, Belize |

Officers

| | |
|-----------------------|--|
| John Mencias | Chief Executive Officer, Belize Electricity Limited Belize City, Belize |
| Andrea Badillo | Company Secretary, Belize Electricity Limited Belize City, Belize |

The Articles of the Company do not require the Directors to own any shares of the Company and there is no minimum share allotment. As set out in the Articles, a holder or holders of ordinary shares of the Company shall have the right to nominate one Director for appointment to the Board of Directors of the Company in respect of

each holding of such shares equal to 10% of the then outstanding ordinary share capital of the Company as at each fiscal year-end.

Leadership Team

| | |
|--------------------|---|
| John Mencias | Chief Executive Officer |
| Jose Moreno | General Manager, Energy Supply and Transmission |
| Sean Fuller | General Manager, Finance & Business Support and Chief Financial Officer |
| Dawn Sampson Nunez | General Manager, Employee & Corporate Services and Legal Counsel |
| Herschel Armstrong | General Manager, Distribution Services |
| Austin Castro | General Manager, Commercial & Retail Services |
| Leon Westby | Manager, Strategy, Innovation & Regulatory Affairs |

TAX CONSIDERATIONS

Interest Income

The Government of Belize has granted, in the Amended and Restated Principal Indenture, the assurances and the exemptions set out below:

- a) GOB covenants and undertakes to provide that all amounts (whether of principal, interest, dividend or other distribution, or otherwise) payable to any Person (whether a licensed financial institution in Belize or otherwise) under the Debentures issued in connection with the Debentures will be exempt from all or any tax, duty, withholding, penalty or fine in the same or a similar manner to interest paid on savings; and
- b) GOB covenants and undertakes to provide that no stamp duty or similar duty will be imposed upon the issue, the Debentures of or upon or in consequence of any transfer of any Debenture(s) or upon the exercise of any right to subscribe for any such or the redemption of any Debenture pursuant to the terms of such Debentures.

CONDITIONS PRECEDENT TO CLOSING

A subscriber will become a Debenture holder only upon the occurrence of all of the following:

- a) Completion, execution, and delivery to the Company of the Subscription Form attached to this Prospectus.
- b) Receipt of payment by the Company for the Debenture(s) that are sought.
- c) The issuance by the Company of a letter of acceptance in respect of the subscription and
- d) Registration in the Register maintained by the Company for Debentures.

The closing of the Series ("the Closing") will not occur until all of the following conditions ("the Conditions Precedent") have been satisfied:

- e) Any requisite approvals are received in writing from creditors to the Company, waiving, acknowledging or accepting any necessary changes to their loan documents respectively that may be required to confirm such documents to the transaction being contemplated hereby, as well as any covenants or events of default that may be effected therein; and
- f) Receipt of Heritage Financial Services Limited approval of the issuance of the Series 11 Debentures.

AUDITORS

The Auditor of the Company for the financial year ended December 31, 2022, was HLB Belize LLP. The auditor for the year ended December 31, 2023, is HLB Belize LLP.

RESPONSIBILITY FOR PARTICULARS OF OFFER


The Directors of the Company have particular responsibility for all information contained herein concerning the Company including the financial forecast. The Directors and the persons whose names are listed below have taken reasonable care to ensure that to the best of their knowledge, the information given herein or in those portions for which they have a particular responsibility as the case may be is in accordance with the facts and nothing is omitted, the inclusion of which would materially affect the import of this document.


The Debentures are being placed in the Belize market solely on the basis of the information contained in this document. No other information given or any other representation made should be relied upon. No person responsible for this document or any part thereof shall be liable for any such additional information or representation.

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required or necessary to be stated in order for a statement not to be misleading in light of the circumstances in which it was made.



John Mencias
Chief Executive Officer

Sean Fuller
Chief Financial Officer

Pamela Watson
Legal Counsel

On behalf of the Directors of the Company:



Andrew Marshalleck
Chairman, Board of Directors

FORECASTED STATEMENT OF FINANCIAL POSITION

| | Provisional Annual 2023 | Forecast Annual 2024 | Forecast Annual 2025 | Forecast Annual 2026 | Forecast Annual 2027 |
|--------------------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>Assets</u> | | | | | |
| Current assets: | | | | | |
| Cash | \$ 49,956 | \$ 45,068 | \$ 32,872 | \$ 21,277 | \$ 15,002 |
| Short term investments | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Trade receivables | 23,203 | 23,203 | 23,203 | 23,203 | 23,203 |
| Other receivables | 1,581 | 1,581 | 1,581 | 1,581 | 1,581 |
| Staff Receivable | 998 | 998 | 998 | 998 | 998 |
| Prepayments | 12,772 | 12,772 | 12,772 | 12,772 | 12,772 |
| Materials and supplies | 48,715 | 48,715 | 48,715 | 48,715 | 48,715 |
| Total current assets | 142,225 | 137,336 | 125,141 | 113,546 | 107,270 |
| Non-current assets: | | | | | |
| Property, Plant & Equipment | 566,106 | 661,001 | 727,799 | 789,288 | 847,681 |
| Work in progress | 114,562 | 90,812 | 91,537 | 91,037 | 90,537 |
| Intangible assets | 1,383 | 1,194 | 1,625 | 2,078 | 2,554 |
| Total Non-current assets: | 682,051 | 753,007 | 820,961 | 882,403 | 940,772 |
| Total assets | \$ 824,276 | \$ 890,343 | \$ 946,102 | \$ 995,949 | \$ 1,048,042 |
| <u>Liabilities and Equity</u> | | | | | |
| Current liabilities: | | | | | |
| Bank overdraft | | | | | |
| Trade payables | 55,259 | 52,759 | 50,259 | 47,759 | 44,759 |
| Other payables | 7,884 | 7,384 | 6,884 | 6,384 | 6,384 |
| Interest payable | 927 | 807 | 687 | 567 | 447 |
| Dividends payable | 554 | 554 | 554 | 554 | 554 |
| Taxes payable | 2,920 | 2,998 | 3,023 | 3,049 | 3,066 |
| Current portion of long term debt | 3,699 | 5,700 | 7,700 | 8,200 | 8,200 |
| Short-Term Debentures | 15,000 | - | - | - | - |
| Total current liabilities | 86,243 | 70,202 | 69,107 | 66,513 | 63,410 |
| Non-current liabilities: | | | | | |
| Contribution in aid of construction | 48,237 | 54,156 | 54,448 | 52,892 | 51,311 |
| Long-term debt | 31,653 | 93,329 | 133,130 | 153,182 | 148,734 |
| Debentures | 252,735 | 252,735 | 252,735 | 267,735 | 307,735 |
| Consumer deposits | 12,701 | 13,982 | 14,864 | 15,787 | 16,400 |
| Total non current liabilities | 345,325 | 414,202 | 455,177 | 489,596 | 524,179 |
| Equity: | | | | | |
| Ordinary Shares | 138,046 | 138,046 | 138,046 | 138,046 | 138,046 |
| Additional paid in capital | 5,741 | 5,741 | 5,741 | 5,741 | 5,741 |
| Preference shares | - | - | - | - | - |
| Insurance reserve | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Revaluation reserve | 5,112 | 5,112 | 5,112 | 5,112 | 5,112 |
| Retained Earnings | 238,808 | 252,040 | 267,919 | 285,941 | 306,554 |
| Total equity | 392,707 | 405,939 | 421,819 | 439,841 | 460,453 |
| | \$ 824,276 | \$ 890,343 | \$ 946,102 | \$ 995,949 | \$ 1,048,042 |

Based on 2023 - 2027 updated forecast as of November 2023

FORECASTED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

| | Provisional Annual 2023 | Forecast Annual 2024 | Forecast Annual 2025 | Forecast Annual 2026 | Forecast Annual 2027 |
|--|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenues | \$ 265,172 | \$276,868 | \$293,861 | \$311,650 | \$323,465 |
| Cost of power | (196,614) | (172,366) | (175,293) | (185,503) | (188,044) |
| Gross Profit | 68,559 | 104,502 | 118,568 | 126,147 | 135,421 |
| Other Income | 6,670 | 6,375 | 6,445 | 6,470 | 6,495 |
| Gain (loss) on disposal of fixed assets | 39 | - | - | - | - |
| Operating expenses | (38,399) | (44,213) | (45,697) | (47,394) | (48,689) |
| Depreciation and amortization | (24,025) | (34,044) | (37,046) | (38,559) | (41,631) |
| Profit (Loss) before interest & taxes | 12,845 | 32,620 | 42,272 | 46,667 | 51,598 |
| Interest expense | (4,194) | (11,179) | (14,436) | (16,376) | (18,510) |
| Interest income | 95 | 120 | 120 | 120 | 120 |
| Net Interest expense | (4,099) | (11,059) | (14,316) | (16,256) | (18,390) |
| Profit before Taxes | 8,746 | 21,561 | 27,957 | 30,411 | 33,208 |
| Corporate taxes | (4,696) | (4,878) | (5,175) | (5,486) | (5,693) |
| Profit (loss) for the period from continuing operations | 4,050 | 16,683 | 22,781 | 24,924 | 27,515 |
| Total comprehensive income for the period | \$ 4,050 | \$ 16,683 | \$ 22,781 | \$ 24,924 | \$ 27,515 |
| Earnings per common share | 0.06 | 0.24 | 0.33 | 0.36 | 0.40 |

Based on 2023 - 2027 updated forecast as of November 2023

FORECASTED STATEMENTS OF CHANGES IN EQUITY

| | Provisional Annual 2023 | Forecast Annual 2024 | Forecast Annual 2025 | Forecast Annual 2026 | Forecast Annual 2027 |
|---|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Retained Earnings Balance, beginning of period | \$ 234,758 | \$238,808 | \$252,040 | \$267,919 | \$285,941 |
| Net income for period | 4,050 | 16,683 | 22,781 | 24,924 | 27,515 |
| Less: Dividends | - | 3,451 | 6,902 | 6,902 | 6,902 |
| Retained Earnings Balance, End of Period | \$ 238,808 | \$252,040 | \$267,919 | \$285,941 | \$306,554 |

Based on 2023 - 2027 updated forecast as of November 2023

FORECASTED STATEMENTS OF CASH FLOWS

| | Provisional Annual 2023 | Forecast Annual 2024 | Forecast Annual 2025 | Forecast Annual 2026 | Forecast Annual 2027 |
|---|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Operating activities | | | | | |
| Net Income | 4,050 | 16,563 | 22,661 | 24,804 | 27,395 |
| Adjustments for: | | | | | |
| Amortization | 498 | 189 | 94 | 47 | 24 |
| Depreciation | 23,527 | 33,855 | 36,951 | 38,511 | 41,607 |
| (Gain) Loss on disposal of other assets | - | - | - | - | - |
| Bad debt expense | (357) | - | - | - | - |
| Obsolescence expense | 315 | - | - | - | - |
| Amortization of Capital Contribution | (1,874) | (2,460) | (2,531) | (2,556) | (2,581) |
| Business tax expense | 4,696 | 4,878 | 5,175 | 5,486 | 5,693 |
| Interest expense | 4,177 | 11,179 | 14,436 | 16,376 | 18,510 |
| Changes in working capital | | | | | |
| Trade and other receivables | (6,847) | 0 | - | - | - |
| Materials and supplies | (4,043) | - | - | - | - |
| Trade and other payables | 8,588 | (3,000) | (3,000) | (3,000) | (3,000) |
| | 32,731 | 61,204 | 73,787 | 79,669 | 87,648 |
| Business tax paid | (4,669) | (4,800) | (5,150) | (5,461) | (5,676) |
| Net cash provided by operating activities | 28,062 | 56,404 | 68,637 | 74,209 | 81,972 |
| | - | - | - | - | - |
| Investing activities | | | | | |
| Acquisition of assets | (110,043) | (105,000) | (105,000) | (100,000) | (100,000) |
| Proceeds from sale of assets | - | - | - | - | - |
| Net Cash used in investing Activities | (110,043) | (105,000) | (105,000) | (100,000) | (100,000) |
| Financing activities | | | | | |
| Proceeds from short term debt/debentures | 15,000 | - | - | - | - |
| Proceeds from debentures | 65,000 | - | - | 15,000 | 40,000 |
| Proceeds from long-term debt | 8,879 | 70,000 | 50,000 | 25,000 | - |
| Redemption of short-term debt | - | (15,000) | - | - | - |
| Payment on long-term debt | (3,233) | (6,323) | (8,198) | (4,448) | (4,448) |
| Redemption of long-term debenture | - | - | - | - | - |
| Proceeds from Grants | - | - | - | - | - |
| Interest Paid | (3,581) | (11,179) | (14,436) | (16,376) | (18,510) |
| Dividends | - | (3,451) | (6,902) | (6,902) | (6,902) |
| Consumer Deposits | 275 | 1,282 | 882 | 923 | 613 |
| Capital Contributions | 636 | 8,380 | 2,823 | 1,000 | 1,000 |
| Net Cash used in Financing Activities | 82,976 | 43,708 | 24,168 | 14,196 | 11,753 |
| Cash at beginning of period | 48,961 | 49,956 | 45,068 | 32,872 | 21,277 |
| Net Increase (Decrease) in cash | 995 | (4,888) | (12,195) | (11,595) | (6,276) |
| Cash at end of period | 49,956 | 45,068 | 32,872 | 21,277 | 15,002 |

Based on 2023 - 2027 updated forecast as of November 2023



INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Shareholders of:
Belize Electricity Limited**

Opinion

We have audited the accompanying financial statements of Belize Electricity Limited, (BEL) which comprise the statement of financial position as at December 31, 2022, and the statement of profit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Belize Electricity Limited as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Other Matter

The financial statements for the year ended December 31, 2021 was audited by a predecessor auditor who expressed an unmodified opinion dated May 12, 2022.

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 Belize Electricity Limited 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 Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 BEL'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 BEL or to cease operations or has no realistic alternative but to do so.

hlb.bz

Partners: Claude Burrell, CA, CISA, CDPSE | Giacomo Sanchez, CA

40 Central American Blvd | Belize City | Belize C.A.

TEL: +501 227 3020 **EMAIL:** info@hlb.bz

HLB Belize, LLP is an independent member of HLB, the global advisory and accounting network

Those charged with governance and management, are responsible for overseeing BEL's financial reporting process.

Auditors' 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 auditors' 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 on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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; to design and perform audit procedures responsive to those risks, and to 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause BEL to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of BEL to express an opinion on the financial statements. We remain solely responsible for our audit opinion.



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

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

A handwritten signature in blue ink that reads 'HLB Belize LLP'.

Chartered Accountants
Belize City, Belize
April 27, 2023



Belize Electricity Limited

STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

| <u>Assets</u> | Notes | 2022 | 2021 |
|--------------------------------------|------------------|-------------------|-------------------|
| Current assets: | | | |
| Cash and cash equivalents | 2g, 2f | \$ 48,961 | \$ 25,118 |
| Short term investments | 2h, 2f | 5,000 | 5,000 |
| Trade receivables | 2i, 3, 2f, 29 | 22,826 | 32,127 |
| Other receivables | 2i, 2f | 2,605 | 2,236 |
| Prepayments | 2j | 5,919 | 4,221 |
| Materials and supplies | 2k, 2n, 4 | 44,987 | 29,135 |
| Total current assets | | 130,298 | 97,837 |
| Non-current assets: | | | |
| Property, plant and equipment | 2l, 2n, 5 | 595,471 | 544,211 |
| Intangible assets | 2m, 2n, 6 | 1,821 | 1,229 |
| Total non-current assets | | 597,292 | 545,440 |
| Total Assets | | \$ 727,590 | \$ 643,277 |
| <u>Liabilities and Equity</u> | | | |
| Current Liabilities: | | | |
| Trade and other payables | 2p, x, 7, 2f, 29 | \$ 47,276 | \$ 57,296 |
| Current portion of long term debt | 2r, 10, 29 | 2,278 | 2,097 |
| Current portion of lease liability | 2y, 11, 29 | 757 | 742 |
| Taxes payable | 2q, 9, 2f, 29 | 2,443 | 2,104 |
| Total current liabilities | | 52,754 | 62,239 |
| Non-current liabilities: | | | |
| Capital contributions | 16 | 49,474 | 48,772 |
| Deferred grant contribution | 8, 2f, 29 | 9,873 | 6,834 |
| Long term debt | 2r, 10, 2f, 29 | 13,143 | 14,202 |
| Lease liability | 2y, 11, 2f, 29 | 13,528 | 14,285 |
| Debentures | 12, 2f, 29 | 187,735 | 97,735 |
| Consumer deposits | 13, 29 | 12,426 | 12,091 |
| Total non-current liabilities | | 286,179 | 193,919 |
| Total liabilities | | 338,933 | 256,158 |
| Equity: | | | |
| Share capital | 2w, 14 | 138,046 | 138,046 |
| Additional paid in capital | 15 | 5,741 | 5,741 |
| Insurance reserve | 17 | 5,000 | 5,000 |
| Revaluation reserve | 5 | 5,112 | 5,112 |
| Retained earnings | | 234,758 | 233,220 |
| Total equity | | 388,657 | 387,119 |
| Total Liabilities and Equity | | \$ 727,590 | \$ 643,277 |

The financial statements on pages 4 to 7 were approved and authorized for issue by the Board of Directors on April 27, 2023, and are signed on its behalf by:


 _____ Chairman

 _____ Director

 _____ Chief Executive Officer

The notes on pages 8 – 38 form an integral part of these financial statements.

Belize Electricity Limited

STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

| | Notes | 2022 | 2021 |
|---|--------|------------|------------|
| Revenues | 2s, 18 | \$ 241,108 | \$ 228,540 |
| Cost of power | 2u, 19 | (162,683) | (135,893) |
| Gross profit | | 78,425 | 92,647 |
| Other income | 20 | 8,284 | 7,305 |
| Operating expenses | 2v, 21 | (61,433) | (55,744) |
| Profit before interest income, interest expenses and taxes | | 25,276 | 44,208 |
| Interest income | 2s | 124 | 126 |
| Interest expense | 2v, 22 | (5,773) | (6,262) |
| Net interest expense | | (5,649) | (6,136) |
| Profit before business tax | | 19,627 | 38,072 |
| Business tax | 2q, 23 | (4,285) | (4,062) |
| Profit for the year from continuing operations | | 15,342 | 34,010 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | \$ 15,342 | \$ 34,010 |
| Earnings per share (expressed in \$ per share) | 24 | | |
| Total earnings per share attributable to ordinary equity holders: | | | |
| Basic | | \$ 0.22 | \$ 0.49 |
| Diluted | | \$ 0.22 | \$ 0.49 |

The notes on pages 8 – 38 form an integral part of these financial statements.

Belize Electricity Limited

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (in thousands of Belize dollars)

| | Share capital | Additional paid in capital | Insurance reserve | Revaluation reserve | Retained earnings | Total |
|---|-------------------|-------------------------------|----------------------|------------------------|----------------------|-------------------|
| Balance, January 1, 2022 | \$ 138,046 | \$ 5,741 | \$ 5,000 | \$ 5,112 | \$ 233,220 | \$ 387,119 |
| <i>Comprehensive income:</i> | | | | | | |
| Profit for the year | - | - | - | - | 15,342 | 15,342 |
| Total comprehensive income for the year | 138,046 | 5,741 | 5,000 | 5,112 | 248,562 | 402,461 |
| <i>Transactions with owners of the Company recognized directly in equity:</i> | | | | | | |
| Dividends declared and paid (Notes 2x, 25) | - | - | - | - | (13,804) | (13,804) |
| Total transactions with owners | - | - | - | - | (13,804) | (13,804) |
| Balance, December 31, 2022 | \$ 138,046 | \$ 5,741 | \$ 5,000 | \$ 5,112 | \$ 234,758 | \$ 388,657 |
| Balance, January 1, 2021 | \$ 138,046 | \$ 5,741 | \$ 5,000 | \$ 5,112 | \$ 226,819 | \$ 380,718 |
| <i>Comprehensive income:</i> | | | | | | |
| Profit for the year | - | - | - | - | 34,010 | 34,010 |
| Total comprehensive income for the year | - | - | - | - | 34,010 | 34,010 |
| <i>Transactions with owners of the Company recognized directly in equity:</i> | | | | | | |
| Dividends declared and paid (Notes 2x, 25) | - | - | - | - | (27,609) | (27,609) |
| Total transactions with owners | - | - | - | - | (27,609) | (27,609) |
| Balance, December 31, 2021 | \$ 138,046 | \$ 5,741 | \$ 5,000 | \$ 5,112 | \$ 233,220 | \$ 387,119 |

Belize Electricity Limited

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(in thousands of Belize dollars)

| | | 2022 | 2021 |
|--|-------|------------------|------------------|
| Cash flow provided from Operating activities | Notes | | |
| Profit for the year | | \$ 15,342 | \$ 34,010 |
| Adjustments for: | | | |
| Amortization of intangible assets | | 296 | 913 |
| Depreciation | | 24,018 | 22,878 |
| (Gain) Loss on disposal of assets | | (18) | 100 |
| Remeasurement of credit loss | 21 | 515 | 1,497 |
| Obsolescence expense | | (1,868) | (1,348) |
| Amortization of capital contribution | | (1,757) | (1,479) |
| Business tax | | 4,285 | 4,062 |
| Interest expense | | 5,773 | 6,262 |
| Changes in items of working capital: | | | |
| Trade and other receivables | | 6,613 | (7,989) |
| Materials and supplies | | (13,984) | 1,627 |
| Trade and other payables | | (9,291) | (6,415) |
| | | <u>29,924</u> | <u>54,118</u> |
| Business tax paid | | (4,245) | (4,051) |
| Interest paid | | (6,203) | (6,278) |
| Net cash generated from operating activities | | <u>19,476</u> | <u>43,789</u> |
| Cash flow provided from Investing activities | | | |
| Purchase of property, plant and equipment | 5 | (77,159) | (44,157) |
| Proceeds from sale of property, plant and equipment | | 1,011 | 42 |
| Net cash used in investing activities | | <u>(76,148)</u> | <u>(44,115)</u> |
| Cash flow provided from Financing activities | | | |
| Proceeds from long term debt | | 1,331 | 3,655 |
| Proceeds from debenture issue | 12 | 90,000 | - |
| Proceeds received from Grant | 8 | 3,039 | - |
| Debentures Redeemed | 12 | - | (25,000) |
| Payment on long-term debt | | (2,209) | (1,682) |
| Payment on lease liability | | (742) | (727) |
| Dividends paid | 25 | (13,698) | (27,609) |
| Consumer deposits | | 335 | 567 |
| Capital contributions | 16 | 2,459 | (489) |
| Net cash generated from (used in) financing activities | | <u>80,515</u> | <u>(51,285)</u> |
| Net increase in cash and cash equivalents | | 23,843 | (51,611) |
| Cash and cash equivalents, January 1 | | 25,118 | 76,729 |
| Cash and cash equivalents, December 31 | | <u>\$ 48,961</u> | <u>\$ 25,118</u> |

The notes on pages 8 – 38 form an integral part of these financial statements.

SERIES 11 DEBENTURE OFFERING FORM A

SUBSCRIPTION

TO: BELIZE ELECTRICITY LIMITED
2½ MILES PHILIP GOLDSON HIGHWAY
P.O. BOX 327
BELIZE CITY, BELIZE

I/We hereby offer to subscribe for the quantity of _____ of the Series 11 Debentures with a face value of \$100 each to be issued by Belize Electricity Limited on the terms and conditions described in the Prospectus dated December 8, 2023.

In full payment of the subscribed amount, I/We tender a copy of the payment receipt/deposit slip/cheque for the sum of BZ\$ _____ made in favour of "Belize Electricity Limited" for the quantity of _____ Debentures.

I hereby acknowledge that this payment is made to Belize Electricity Limited as depository until acceptance of the subscription by Belize Electricity Limited.

In making this application I/we represent and warrant that:

- i. The remittance enclosed herewith has been made on behalf of the undersigned.
- ii. The offer to subscribe for the Debentures is made in Belize and that the undersigned submits to the jurisdiction of Belize and applicable Belizean law including any rights and remedies that may be available therein;
- iii. The principal and interest will be payable only in Belize Dollars.
- iv. I/We have attained the age of majority and have the capacity to contract.

Tick the following which applies:

I am currently a Debenture holder of the Series 7 Debentures. YES ☐ NO ☐

I am currently a Debenture holder of the Series 8 Debentures. YES ☐ NO ☐

I am currently a Debenture holder of the Series 9 Debentures. YES ☐ NO ☐

I am currently a Debenture holder of the Series 10 Debentures. YES ☐ NO ☐

This is my first application in respect of this Series 11 Debentures. YES ☐ NO ☐

By prior application dated the _____ day of _____, 2023

I/we have applied for _____ Series 11 Debentures.

I hereby direct that in the event that my offer is accepted payments of interest and/or principal in respect of my Series 11 Debentures shall be made to the Bank or other Financial Institution account designated below or such account as I may from time to time designate by service of written notarized notice on Belize Electricity Limited.

Name of Bank (or other Financial Institution): _____

Name of Account: _____

Account Number: _____

I hereby direct that in the event that my offer is NOT accepted payments of refund in respect of my Series 11 Debentures shall be made to the Bank or other Financial Institution account designated below.

Name of Bank (or other Financial Institution): _____

Name of Account: _____

Account Number: _____

Debenture holders, who do not provide a bank account number, may pick up payments at the Company's Corporate Headquarters, located at 2½ Miles Philip Goldson Highway, Belize City, Belize. The Company will publish a public notice advising Debenture holders of payment dates. Cheques not picked up within 15 days from the first payment date will be issued via registered mail to the appropriate Debenture holders. Kindly provide address below, to which the Company should mail cheque payments in the event such cheques are not picked up from the Company's Corporate Headquarters.

Street address or P.O. Box: _____

Area: _____

City/Town: _____

(Note: The Bank must carry on business in Belize and the Account must be in Belize Dollars. Any notice of change of Bank Account shall not take effect until seven (7) days after service of the notice on Belize Electricity Limited.)

Signature: _____

Date: _____

SURNAME: _____

SURNAME: _____

FORENAME(S): _____

FORENAME(S): _____

OCCUPATION: _____

OCCUPATION: _____

ADDRESS: _____

ADDRESS: _____

PHONE NO.: _____

PHONE NO.: _____

EMAIL: _____

EMAIL: _____

OTHER INSTRUCTIONS/NOTES

When a Company is subscribing, the Subscription Form is to be accompanied by a certified resolution from the Company's Board of Directors authorizing the purchase and authorizing an individual to enter into said transaction on behalf of said company with proof of identity of said individual supplied. The resolution must be certified by a director or the secretary of the Company who by his/her certification shall thereby represent that (a) he/she is a validly appointed director or the secretary [as the case may be] and (b) that this application is duly authorized by the Company.

When this form is executed by a person acting in a representative capacity for a holder of Debentures, the signature must be accompanied by satisfactory evidence of authority to sign. Similar evidence is required in the case of subsequent put, sale and/or transfer of debentures.

On the subsequent put, sale and/or transfer of Debentures held by a Company the following authorization documents must be presented along with the completed relevant sale or disposal document – certified resolution from the Company's Board of Directors authorizing sale or other disposal of said Debentures and authorizing an individual to effect such transaction with proof of identity supplied. The resolution must be certified by a director or the secretary of the Company who by his/her certification shall thereby represent that (a) he/she is a validly appointed director or the secretary [as the case may be] and (b) that this transaction is duly authorized by the Company.

On the subsequent put, sale and/or transfer of Debentures held by joint debenture holders both Debenture holders must sign the related sale or disposal document and provide proof of their identity.

On the subsequent put, sale and/or transfer of Debentures held by a deceased Debenture holder, a court [including probate] document appointing the executor(s), administrator(s) or legal representative of the deceased Debenture holder estate must be presented along with the completed sale or disposal document and proof of identity supplied.

In the case of death of one or more joint holders, the principal amount of money and premium (if any) and interest on the Debentures may be paid to the survivor or survivors of such holders whose receipt, therefore shall constitute a valid discharge to the Company or other paying agent.



BELIZE ELECTRICITY LIMITED

2½ Miles Philip S.W. Goldson Highway
P.O. Box 327
Belize City, Belize
Central America