



GOVERNMENT OF BELIZE
Ministry of Finance
Belmopan, Belize

Press Release

For Immediate Release

Belize Reaches an Agreement in Principle with a Committee of Holders of a Substantial Portion of Its International Bonds

Belmopan, Belize, 3 September, 2021: Following six months of intensive discussions, the Government of Belize (“Belize”) has reached an agreement in principle with a committee of institutional investors (the “Committee”) comprising Aberdeen Standard Investments, Grantham, Mayo, Van Otterloo & Co. LLC and Greylock Capital Management, LLC. The investors that have appointed the Committee hold close to 50% of the outstanding principal amount of Belize’s U.S. Dollar Bonds due 2034 (the “Bonds”). Belize and the Committee have agreed in principle on key indicative commercial terms of a forthcoming cash tender offer (the “Offer”) and consent solicitation, through which Belize will seek to purchase, redeem and cancel all of the outstanding Bonds. Such amendments are expected to become effective on the settlement date.

The key features of the agreement in principle that Belize has reached with the Committee are as follows:

1. **Tender Consideration**: Eligible holders who tender their Bonds prior to the expiration date of the Offer will receive, on the date of settlement, a cash payment in an amount equal to \$550 per \$1,000 of the outstanding principal of the Bonds as of September 1, 2021 comprised of (i) \$517 per \$1,000 of the outstanding principal of the Bonds as of September 1, 2021 (such amount, the “Purchase Price”) *plus* (ii) \$33 per \$1,000 of the outstanding principal of the Bonds as of September 1, 2021 (*in lieu* of accrued and unpaid interest on the Bonds calculated through October 19, 2021) (such amount, the “Accrued Interest Payment”);
2. **Redemption of Non-Tendered Bonds**: Subject to consents from eligible holders of more than 75% of the aggregate principal amount outstanding of the Bonds, Bonds held by eligible holders who do not tender prior to the expiration date of the Offer will be redeemed in cash (the “Redemption”) on the date of settlement, with a cash payment equal to \$517 per \$1,000 of the outstanding principal of the Bonds as of September 1, 2021 and will not receive the Accrued Interest Payment;

3. Contingency Account: In addition to the cash payments described above, as provided in the existing trust indenture, all eligible holders will be entitled to a cash payment of approximately \$1 per \$1,000 of the outstanding principal of the Bonds as of September 1, 2021, which will be equal to such holders' *pro rata* share of the aggregate amount in the contingency account held by the trustee under the trust indenture;
4. Marine Conservation Endowment Account: Belize has committed, as an integral part of the transaction, to prefund in full (in the amount of \$23.4 million), at settlement, a Marine Conservation Endowment Account. This endowment account, which will be administered by an affiliate of The Nature Conservancy ("TNC"), will be devoted to supporting future marine conservation projects in Belize; and
5. Expenses: Belize has agreed to reimburse, on the date of settlement, reasonable and documented fees and expenses of legal counsel to the Committee up to a certain amount.

Belize expects to launch the Offer in the short term, subject to the finalization of an Offer to Purchase and Consent Solicitation Statement, and will seek the support of all other eligible holders of the Bonds.

Belize expects to finance the purchase of the Bonds with funding provided by TNC in connection with their Blue Bonds for Ocean Conservation program (the "Blue Bonds Financing"), which uses private capital to refinance public debt of participating countries in order to support durable marine conservation efforts and sustainable marine-based economic activity. Belize's offer to repurchase the Bonds for cash will be conditional on the consummation of the Blue Bond Financing. As part of the Blue Bonds Financing, Belize would accelerate its marine conservation commitments, including enhanced protections for its coastline, reef and ocean territory as well as the funding of an endowment to support future marine conservation projects in Belize. Belize has reached agreement in principle regarding the key commercial terms of the Blue Bonds Financing with TNC, and with Credit Suisse Group AG and/or its affiliated entities, which is arranging the Blue Bonds Financing. The U.S. International Development Finance Corporation is expected to provide political risk insurance in connection with the Blue Bonds Financing. The parties are working to finalize the definitive documents and consummate the Blue Bonds Financing.

In addition to the consummation of the Blue Bonds Financing, the consummation of the Offer and the Redemption is subject to the satisfaction of certain conditions, including the receipt of valid tenders and consents from eligible holders of more than 75% of the aggregate principal amount outstanding of the Bonds.

The deadline for Belize to settle the offer will be November 19, 2021, which is intended to provide time for the parties to finalize the definitive documentation and consummate the Blue Bond Financing.

If the Offer is consummated, Belize will retire all its outstanding Bonds through the Offer and the Redemption (facilitated by the use of the collective action clause provision contained in the trust indenture). The resulting cash flow savings will materially assist in the alleviation of the devastating consequences of the COVID 19 pandemic as well as help to achieve important environmental conservation goals. Further, the consummation of the Offer, together with Belize's Homegrown Economic program and fiscal consolidation, will pave the way for strong and long-lasting economic growth and the furtherance of critical marine conservation objectives.

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Forward-Looking Statements

All statements in this press release, other than statements of historical fact, are forward-looking statements. These statements are based on expectations and assumptions on the date of this press release and are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those described in such statements. Risks and uncertainties include, but are not limited to, market conditions, and factors over which Belize has no control. Belize assumes no obligation to update these forward-looking statements, and does not intend to do so, unless otherwise required by law.

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