



Belize Water Services



PROSPECTUS FOR SALE OF DEBENTURES

OCTOBER 2020 • 6.25% - 10 YEARS





PROSPECTUS FOR SALE OF DEBENTURES

OCTOBER 2020

A copy of this Prospectus has been filed with the Registrar of Companies in the manner required by and pursuant to Section 82(2) of the Companies Act (Chapter 250) of the laws of Belize.





BELIZE WATER SERVICES LIMITED.

(incorporated in Belize under the Companies Act, Chapter 250)

BZ\$50,000,000.00
6.25% Series 1 - Debentures due 2030
By way of subscription

This is an offering (the “**Offering**”) of up to BZ\$50,000,000.00 Debentures by way of subscription (individually and collectively, the “**Debentures**”) of Belize Water Services Limited (“**BWS**” or the “**Issuer**”).

MINIMUM SUBSCRIPTION BZ\$1,000.00

There are certain risks associated with an investment in these Debentures. See “Risk Factors” herein for further information on the same. This Prospectus does not constitute investment advice. Neither BWS, nor any of its respective representatives (including the Advisor) are making any representation to any recipient or Eligible Investor regarding legal, tax, business, financial or related considerations concerning any subscription for Debentures in BWS the subject of this Offering, and recipients should not consider this Prospectus as a recommendation by BWS or the Advisor that any recipient should subscribe for or purchase any Debentures. Each recipient should consult with its own professional advisors as to the legal, tax, business, financial and other considerations relating to a subscription for Debentures in BWS, the subject of this Offering.



» NOTICE TO INVESTORS

This Debenture Prospectus is being made available by Belize Water Services Limited (the “Issuer” or “BWS”), for the purpose of evaluating a potential investment in the Debentures. BWS is inviting subscription in respect of Debentures denominated in Belizean Dollars.

The Directors of BWS have approved the terms of the Offering as described in this Prospectus and accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable inquiries that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Prospectus misleading. The information contained herein is, to the best of BWS’s knowledge, reliable, but BWS does not warrant its accuracy or completeness.

The information and statements herein are presented as at the date of this Prospectus and are subject to change without notice. Neither the

delivery of this Prospectus nor the sale of the Debentures, under any circumstances, is intended to create any implication that there has been no change in the matters discussed herein. This Prospectus is not intended as a comprehensive description of BWS or the Debentures. In making an investment decision, investors must rely on their own examinations of BWS and the terms of the Offering, including the merits and risks involved.

If you have any questions about any information contained in this document, you should consult your investment adviser, lawyer, accountant or other professional advisors.

This Prospectus is intended for use only in Belize and is not to be construed as an offer of any of the Debentures outside of Belize. This document shall be governed by and construed in accordance with the Laws of Belize.



» FORWARD-LOOKING STATEMENTS

Except for the historical information contained in this Prospectus, certain matters discussed in this Prospectus contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and pro-forma financial information and/or financial projections. Forward-looking statements are statements that are not about historical facts and speak only as at the date they are made, considering any assumptions set out in this Prospectus for that purpose. Although the Directors believe that in making any such statements their 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. Applicants are cautioned not to place undue reliance on these forward-looking statements, which speak only as at 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”, “considers”, “proforma”, “forecast”, “projection” and similar expressions, as they relate to the Issuer, 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 the Issuer, the Issuer undertakes 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 Issuer’s financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure 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 the Issuer’s control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing both within and outside of Belize, including actual rates of growth of the Belizean and other regional economies, instability and volatility in domestic interest rates and regional and international exchange rates;
- adverse climatic events and natural disasters;

- changes in any legislation or policy adversely affecting the recognition of revenues or expenses or profit available for distribution by the Issuer;
- any other factor negatively impacting on the realisation of the assumptions on which the Issuer’s pro-forma financial statements or management financial projections are based;
- other factors identified in this Prospectus; and
- factors as yet unknown to the Issuer.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not occur or be achieved. Although the Issuer believes that the expectations reflected in the forward-looking statements are reasonable, the Issuer cannot guarantee future results, levels of activity, performance, or achievements. The Issuer is under no duty to update any of these forward-looking statements after the date of this Prospectus or to conform these statements to actual results or revised expectations.



» LIST OF ABBREVIATIONS

BWS	Belize Water Services Limited
BZD	Belizean Dollars
CCAP	Climate Change Adaptation Plan
COGS	Cost of Goods Sold
EBITDA	Earnings before interest, taxes, depreciation, and amortization
FTP	Full Tariff Period
FY	Fiscal Year (1 April of one year to 31 March of the next)
GOB	Government of Belize
IFRS	International Financial Reporting Standards
MN	Million
O&M	Operations and Maintenance
OPEX	Operational Expenses
PUC	Public Utilities Commission
SCADA	Supervisory Control and Data Acquisition
SSB	Social Security Board
TBR	Tariff Basket Revenue
US	United States
USD	United States Dollars
WASA	Water and Sewerage Authority



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» 1.0 INFORMATION SUMMARY

This Information Summary highlights key information contained in the Prospectus and may not contain all the information that may be important to prospective investors. Readers are advised to read the entire Prospectus prior to deciding whether or not to invest in the Debentures Offered.

1.1 Our Company

Belize Water Services Limited (BWS) is the national water and sewerage utility that was vested with the Assets and Liabilities of the Water and Sewerage Authority (WASA) in March 2001. The Company has issued share capital of forty million (40,000,000) shares with the Government of Belize (GOB), the majority shareholder, owning approximately 82.59% of the total shares; the Social Security Board (SSB) holds 10% and minority shareholders, the remainder. BWS is a regulated utility - the regulatory controls include a statutory regulator, the Public Utilities Commission, the Water Industry Act (2001), an operating license issued by the

PUC and a Codes of Practice which is agreed by the Regulator and BWS and updated periodically.

BWS is governed by a nine-member Board of Directors, headed by Chairman, Mr Alberto August. Deputy Chairman is Mr Winston Michael and Chairperson of the Audit Committee is career certified public accountant/ auditor Ms Kathlyn Tillett. There are six other Directors. The Company's Chief Executive Officer, Mr Alvan Haynes serves as Secretary to the Board. The Board is responsible for guiding and monitoring the performance of the Company and ensuring compliance with the regulatory requirements.

Management of BWS's activities is carried out by a team of nine executive managers, headed by the Chief Executive Officer, Mr Alvan Haynes who has served in this capacity for over 13 years. The CEO is supported by Chief Financial Officer Mrs Rashida Williams-Castillo, Human Resource and Public Relations Manager, Mr Haydon Brown, Customer Service Manager, Mrs Desiree Tillett, Operations Manager, Mr Dave Pascascio, Information

Technology Manager, Ms Sonia Burns, Technical Services Manager, Mr Sanjay Keshwani, Internal Audit Manager, Ms Dawn Smith, and Resident Consulting Engineer, Mr Frederick Sandiford. These managers oversee the activities of the company countrywide, ensuring that adequate services are provided, that quality standards are maintained, that approved plans and other Board directives are implemented, and that regular reports are provided to the Board, regulators and other stakeholders.

Belize Water Services Limited operates in licensed service areas, with headquarters in Belize City and ten other administrative offices countrywide. BWS serves all the municipalities of the country as well as some 44 villages. As at March 2020, BWS serves over 62,000 connections or approximately 270,000 consumers, with a total average water demand of approximately 230 million US gallons per month. Over 60% of the water supplied is produced using conventional water treatment processes with water sources from rivers. Satellite water wells are used for the majority of the other water systems. In San Pedro and Caye Caulker, BWS distributes water which has been treated by Reverse Osmosis, converting seawater to drinking water.

1.2 Our Strategy

BWS is guided by its mission which is 'To improve the lives of consumers by delivering cost-effective and sustainable supply of high-quality water and wastewater services, in an environmentally and socially responsible manner, promoting employee excellence and providing a fair return to our shareholders.' In all decisions, the Board, management and staff are guided by the goals of providing high quality potable water and meeting environmental social and governance targets while providing an adequate return to shareholders.

- To achieve its mission BWS engages in:
- Investing to improve the quality of the water treatment and distribution system;
- Investing in climate resilience;
- Ensuring the Company meets and exceeds its water quality and environmental compliance requirements;
- Working toward a strong partnership with employees as evidenced by recently updated Collective Bargaining Agreement (Nov. 2018) as well as contributions to staff wellbeing activities;



- Investing in employee training and development;
- Investing time and effort in corporate social responsibility through partnerships and collaboration with educational institutions, municipal bodies and charitable organizations;
- Investing in information technology as catalyst for productivity and efficiency;
- Ensuring that staff have appropriate personal protective equipment (PPE) and adequate training to safely serve our customers; and
- Ensuring adherence to rigorous governance standards.

1.3 BWS Investments

Since inception, BWS has continuously invested in improvement of assets, and implementation of improved procedures and controls to increase its efficiency. In implementing all the various investment projects, most of which are expansions of or improvements to water systems, BWS focuses on the requirements of our stakeholders, including our Customers, Employees and Shareholders. Fundamental to

meeting the company’s vision, both in the short and long term, has been the initiation of a holistic strategic approach towards improving the Company’s performance. This broad-based strategy, utilizing a structured approach to balance and align initiatives, provides the Company with a firm platform, which builds on achievements and aims to continue to achieve further objectives in the coming years.

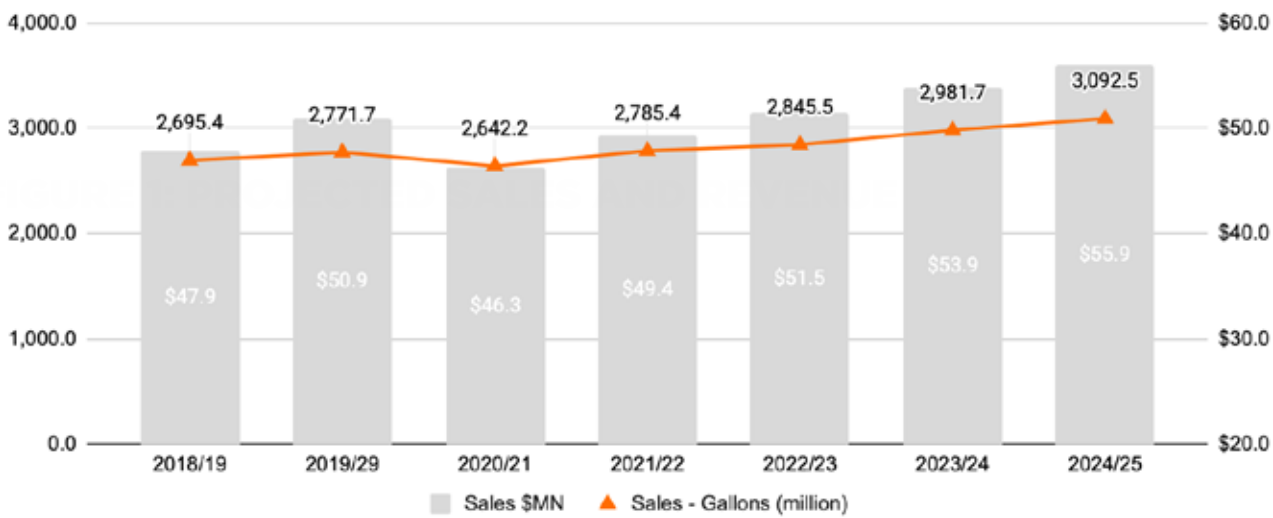
During the next 24 months, BWS plans to invest BZ\$29.0 million in improving system performance and service quality. Thematic areas of capital projects include service coverage expansion, improvement/upgrading of water treatment and storage, IT infrastructure upgrades and climate resilience upgrades.

1.4 Financing

The Company is seeking to raise BZ\$50 million in debentures. The proceeds of the issue will be used to repay the balance of approximately \$24.5 million on an existing secured loan facility from the Social Security Board (SSB) and to fund capital projects to expand the system and improve quality.

1.5 Projected Revenue

Due to COVID-19, BWS revised its forecast for FY 2020/21 in line with the fall off in consumption from business customers. Revenue is expected to decline from \$51.1 million in FY 2019/20 to \$46.3 million in FY 2020/21. A rebound in sales is expected in FY 2021/22 (6.6%), and a return to more tempered growth thereafter with revenue expected to grow by an average of 4.2% annually between FY 2022/23-2024/25. A more detailed discussion of expected performance including debt service is provided in Section 6.





» 2.0 RISK FACTORS

Prior to any decision to invest in the Issuer's securities, potential investors should carefully read and assess the following specific risks and the other information contained in this Prospectus. If these risks materialize, individually or together with other circumstances, they may substantially impair the business of the Issuer and have material adverse effects on the Issuer's business prospects, financial condition or results of operations and the price of the Issuer's securities may decline, causing investors to lose all or part of their invested capital. The order in which the individual risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of the severity

or significance of individual risks. An investment in the Issuer is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

2.1 Risks arising from the Issuer's operations

2.1.1 PRICE RISKS

BWS generates the majority of its revenue from the sale of potable water to business and residential customers. The rate at which BWS charges customers for water consumed is reviewed and approved by the Public Utilities Commission (PUC). While

the PUC seeks to ensure rates cover approved operating expenditure, value added of delivery and an appropriate rate of return, adjustments to the approved tariff may not necessarily accommodate for shocks which could increase costs. While tariffs are generally reviewed and approved for a five-year period, there is scope for the Company to request adjustments during annual reviews.

2.1.2 REGULATION

BWS is regulated by the PUC under the authority of the Water Industry Act, Chapter 222 and the associated regulations. The PUC guided by the Act and associated regulations, seeks to address inter alia the water sector, potable water, wastewater, current and future public health as well as agricultural and environmental issues. The PUC is also responsible for review and approval of tariffs and fees. The PUC's regulatory process includes a five-year review period referred to as a Full Tariff Period (FTP). The first FTP under the current PUC license was for the period ending March 31, 2010. This initial period is referred to as the "First FTP" period. The Second FTP includes the period between April 1, 2010 and March 31, 2015. The Third FTP includes the period between April 1, 2015 and March 31, 2020, and the Fourth FTP spans from April 1, 2020 through March 31, 2025 (FFBP).

- Other laws and regulations affecting the Issuer's business and services include, inter alia laws, and regulations relating to;
- Protection of the environment;
- Quality, health and safety;
- Employment and workers' rights;
- Taxation.

BWS invests financial and managerial resources to comply with all applicable laws and regulations. The Issuer cannot predict the future costs of complying with these laws and regulations, and any new laws or regulations could materially increase the Issuer's expenditures in the future. Existing laws or regulations or the adoption of new laws or regulations could adversely affect the Issuer by increasing its operating costs.

2.1.3 OPERATING RISKS

BWS has purchased and will maintain adequate insurance coverage relevant for its operations. However, in all situations, it may not provide sufficient funds to protect the Issuer from all liabilities that could result from its operations. The amount of the Issuer's insurance coverage may be less than the related impact on enterprise value after a loss. Policy limits may result

in the retention of the risk for any losses in excess of coverage limits. Any such lack of reimbursement may cause the Issuer to incur substantial costs. In addition, the Issuer could decide to retain substantially more risk through self-insurance in the future. Moreover, no assurance can be made that the Issuer has, or will be able to maintain in the future, adequate insurance against certain risks.

If a significant accident or other event occurs and is not fully covered by the Issuer’s insurance or any enforceable or recoverable indemnity from a client, it could adversely affect the Issuer’s consolidated statement of financial position, results of operations or cash flows.

2.1.4 ENVIRONMENTAL AND CLIMATE RISKS

BWS recognizes the importance of environmental and climate risk management/mitigation to its current and future operations. This section will consider general environmental and climate risk and will also look specifically at environmental issues related to water quality.

General environmental and climate

risks: BWS must regularly anticipate and plan for include droughts and floods and other forms of severe weather, as well as the possible impact of storms and hurricanes. These events have been increasing in recent years. The main impacts for floods are damages at water intake areas leading to supply interruptions. Severe droughts lead to water shortages. Hurricanes can cause damage to BWS’s buildings and other physical infrastructure. BWS ensures that it has insurance in place to cover physical damages. Emergency supplies and well-trained technical staff are on hand to address issues requiring quick remedial action and restoration of supply. BWS regularly reviews and upgrades its coping strategies in the interest of being better prepared. A recent study was undertaken in this regard and preparation of a Climate Change Adaptation Plan (CCAP) was completed in April 2020. The outcome is expected to lead to adaptation of BWS’s assets and services in Belize City, Benque Viejo del Carmen and the Cayes. Even with these measures in place the Issuer recognizes that such episodes can be potentially costly to the company and can affect returns.

Issues related to water quality: The

water which BWS processes and provides to its customers is sourced from surface water (rivers, lakes and other surface areas draining into them), wells, and for San Pedro and Caye Caulker, from the sea. Well water used by BWS is relatively pure and needs only minimal treatment. Sea water is desalinated by standardized reverse osmosis treatment. Surface water, however, is potentially subject to contamination from a wide range of sources and will usually contain debris, other solid waste as well as microbial and chemical contaminants. Surface water collected must therefore undergo thorough processing at BWS’s water treatment plants. BWS maintains proper laboratories, with testing and monitoring done regularly to ensure that water quality standards for drinking water are maintained at all times.

Water is subject to pollution. The waterways are open, in some cases originating in neighbouring countries, and they are subject to pollution. Rivers pass through farming areas where water may collect fertilizers and other agrochemicals from surface runoff, for example.

Issues related to sewage effluent

quality: BWS also operates sewage treatment plants which release treated effluent (outgoing water) into the rivers and sea. BWS monitors these operations closely to ensure that the water being released meets the required standards. Laws and regulations protecting the environment have become more stringent in recent years, and may in some cases impose strict liability, rendering offenders liable for environmental damage. Regulations are in place for controlling the discharge of materials into the environment, requiring removal and clean-up of materials that may harm the environment. Enforcement of such legislation is challenging and the related laws only apply within Belize’s borders. The Issuer therefore anticipates the possibility of episodes of high levels of contamination. High levels of surface water contamination may increase purification costs for the Issuer and thereby affect profitability.

2.1.5 WARS AND TERRORIST ATTACKS

War, military tension and terrorist attacks have, among other things, caused instability in the world’s financial and commercial markets. This has in turn significantly increased

political and economic instability in some of the geographic markets which may affect the Issuer. Future instability may cause disruption to financial and commercial markets and contribute to even higher levels of volatility in prices. In addition, acts of terrorism, piracy, sabotage, and threats of armed conflicts could limit or disrupt the Issuer's operations, including disruptions from the evacuation of personnel, cancellation of contracts or the loss of personnel or assets. Armed conflicts, terrorism, piracy, sabotage and their effects on the Issuer or markets in which the Issuer operates may significantly affect the Issuer's business, financial condition, prospects and results of operations in the future.

2.1.6 PANDEMICS

The COVID 19 Pandemic has caused a global public health crisis and economic downturn. In response to the public health risks, the Government of Belize has implemented an array of policy measures including but not limited to border closures and movement restrictions. The Pandemic has adversely affected the Belizean economy, increasing unemployment, reducing economic growth and foreign currency inflows with the temporary cessation of international tourism. While Management has revised its sales forecasts, a prolonged downturn could adversely affect profitability and financial performance.

2.1.7 DEPENDENCE ON EXECUTIVE MANAGEMENT AND OTHER KEY PERSONNEL

The Issuer's continued development and prospects are dependent upon the continued services and performance of its executive management team and other key personnel. The management structure is built with a level of resilience and succession planning is factored in allowing the organization to be able to withstand some adversity, nonetheless, the loss of the services of any key individual still has the potential to adversely impact the Issuer. In addition to the executive management, the Issuer depends on highly skilled professional and operational personnel. An inability to attract and retain such professional and operational personnel, or the unavailability of such skilled crews, could have an adverse impact on the Issuer.

2.1.8 LIQUIDITY RISK

The Issuer is dependent upon having access to long-term funding. There can be no assurance that the Issuer may not experience net cash flow shortfalls exceeding the Issuer's available funding sources nor can there be any assurance that the Issuer will be able to raise new equity, or arrange new borrowing facilities, on favourable terms and in amounts necessary to conduct its ongoing and future operations, should this be

required. The Issuer may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below levels the Issuer requires. The factors giving rise to the Issuer's liquidity needs could also constrain the ability to replenish the liquidity of the Issuer. The Issuer may not have access to funding from banks and other lenders in the amounts or on the terms it may be seeking. These same factors could also impact the ability of the Issuer's shareholders to provide it with liquidity, and there can be no assurance that the Issuer could obtain additional shareholder funding. Failure to access necessary liquidity could require the Issuer to scale back its operations, postpone or cancel plans to acquire equipment or could have other materially adverse consequences for its business and its ability to meet its obligations.

2.1.9 BORROWING AND LEVERAGE

BWS may incur additional indebtedness in the future as its operations grow. The level of debt could have important consequences which could include:

- Inability to obtain additional financing for working capital, capital expenditures, or other purposes;
- Increased borrowing costs; and

- BWS may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders.
- Total indebtedness is capped at seventy-five percent of total capital as per S.5.1(ii) of the indenture.

BWS's ability to service its debt will depend upon, inter alia, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If BWS's operating income is not sufficient to service its current or future indebtedness, BWS will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. BWS may not be able to effect any of these remedies on satisfactory terms, or at all.

2.1.10 COVENANTS COMPLIANCE

The Indenture, as well as any future financing agreements, may impose



financial and other restrictions on BWS. If the Issuer is unable to comply with the restrictions and covenants in the agreements governing its indebtedness or in future debt financing agreements, there could be a default under the terms of those agreements. The Issuer's ability to comply with these restrictions and covenants, including meeting financial ratios and measures, is dependent on its future performance and may be affected by events beyond its control. If a default occurs under these agreements, investors and/or lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed due and payable. Borrowings under debt arrangements that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable. If any of these events occur, the Issuer cannot guarantee that the Issuer's assets will be sufficient to repay in full all of its outstanding indebtedness, and the Issuer may be unable to find alternative financing. Even if the Issuer could obtain alternative financing, that financing might not be on terms that are favourable or acceptable.

2.1.11 CURRENCY FLUCTUATIONS

Belize operates a fixed exchange rate (BZ\$2: US\$1) and the Central Bank of Belize uses capital controls to protect the peg. This significantly

helps to mitigate the volatility associated with exchange rates. However, if the exchange rate of the BZD should be revalued against the USD or should Belize switch from a fixed to a floating exchange rate, or if BZD is devalued vis-a-vis the USD, BWS's profitability and operations could be adversely affected by movements in exchange rates.

2.1.12 OPERATING COSTS

Operating Costs at BWS are strictly managed by use of standardized operating procedures as far as possible. The PUC approves an annual operational expenditure (OPEX) budget and the Company seeks as much as is practicable to keep expenditure aligned with this target. As part of the Issuer's commitment to governance, operations are also monitored by the Internal Audit Department which reports to an Audit Committee, the Chairperson of which is a member of the Board of Directors. Furthermore, BWS is audited by external auditors that verify and report on all revenue and expenditure. In spite of these precautionary and controlling measures the Issuer is still vulnerable to price shocks that could adversely affect operating costs and net earnings.

2.1.13 TAX RISKS

Under the Indenture, the Government covenants to maintain business tax

levied on the Issuer to 1.75% of gross earnings until the end of the fiscal year ending March 2025. In addition, the principal and interest of the Series 1 debentures are exempt from all tax, duty, withholding and the transfer is exempt from stamp duties (see Indenture S.6.1, S.6.2 and S.6.3)

2.1.14 RISKS ASSOCIATED WITH DISPUTES

The operating hazards inherent in BWS's business expose the Issuer to litigation, including personal injury litigation, environmental litigation, contractual litigation with clients, and tax or securities litigation. BWS is currently not involved in any litigation that, in the Issuer's view, may have a significant effect on the Issuer's financial position or profitability.

Workers at BWS are unionized and BWS operates in accordance with its Collective Bargaining Agreement (CBA 2018/2019) with the Belize Water Services Workers Union, which enshrines worker protection. However, the Issuer anticipates the possibility of future involvement in litigation matters from time to time. The Issuer cannot predict with certainty the outcome or effect of any claim or other litigation matters. Any future litigation may have an adverse effect on the Issuer's business, financial position,

results of operations and the Issuer's ability to pay dividends, because of potential negative outcomes, the costs associated with prosecuting or defending such lawsuits, and the diversion of management's attention to these matters.

2.2 Risks factors relating to the Debentures

2.2.1 GENERAL RISKS ASSOCIATED WITH INTEREST-BEARING SECURITIES

All investments in interest-bearing securities, such as the Debentures have risks associated with it, such as risks related to the general volatility in the market for such securities, varying liquidity in a single debenture issue as well as company-specific risk factors. There are three main risk factors that sum up the investor's total risk exposure when investing in interest-bearing securities: liquidity risk, interest rate risk and market risk (both in general and issuer-specific) as described in sections 2.2.2, 2.2.3 and 2.2.4 respectively. Certain other risks related to the Debentures are described in section 2.2.5.

2.2.2 LIQUIDITY RISK

There can be no assurance that there will be a liquid market for the

Debentures. While in limited amounts the Issuer may attempt to match sellers with prospective buyers, investors may not be able to sell their debentures easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Debentures.

2.2.3 INTEREST RATE RISK

The Debentures carry interest at a fixed rate of 6.25 percent per annum. The price of debentures with fixed interest rates is exposed to changes in the market rates. If the market rates increase, the price of the debentures can be expected to decrease.

2.2.4 MARKET RISK

The price of a single debenture may fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular debenture issue, and the liquidity of these debentures in the market. The interest rates can, and may, experience substantial fluctuations caused by a number of factors including but not necessarily limited to developments in the local and international economy and are dependent on the Issuer's operations.

2.2.5 ENFORCEMENT OF SECURITY

The debentures are secured by a negative pledge that prohibits BWS from creating encumbrances or liens on the assets of the Company without the consent of debentureholders. However, there can be no assurance that the security (Company assets) will be sufficient to cover the Issuer's payment obligations under the Debentures in a case of a default.

The Indenture also allows the Issuer to, on certain terms, raise additional debt financing that may be secured by the existing security, for example, the Issuer may raise funds via a subsequent issue of Debentures. However, these Series 1 Debentures will rank at least pari passu with any future additional debentures or any other permitted indebtedness of the Company.

The risk of inadequacy of security coverage is mitigated by certain limitations on indebtedness contained within the Indenture. The right to take on additional indebtedness (borrowing) is limited by the Indenture section 5.1 which provides inter alia that indebtedness cannot exceed 75% of BWS's total capitalization (total equity stood at BZ\$204.9MN at the end of March 2020).



» 3.0 RESPONSIBILITY STATEMENT

Belize Water Services Limited, with its registered offices at 7 Central American Boulevard, Belize City, Belize is responsible for this Prospectus. The Issuer declares that having taken all reasonable care to ensure that such is the case; the information contained in this Prospectus is to the best of the Issuer's knowledge in accordance with the facts and contains no material omissions likely to affect its import.


ALBERTO AUGUST
 Chairman


ALVAN HAYNES
 Chief Executive Officer

» 4.0 THE DEBENTURES

The following items describe the particular terms and conditions of the Debentures and should be read in conjunction with the full text of this Prospectus. You are advised to read the entire Prospectus carefully before making an investment decision to participate in the Offering.

Below is an overview of the key terms and details of the Debentures. The full terms and conditions are provided in the Indenture for the Debentures (the “**Indenture**”) that is provided in conjunction with this Prospectus.

Issuer	Belize Water Services Limited (“BWS” or the “Issuer”)
Title of the Debentures	BZ\$ 6.25% Series 1 Debentures due 2030
Principal Amount	Up to BZ\$50,000,000.00
Debenture Issue Price	100% of the principal amount
Debenture Issue Date	November 2, 2020
Denomination	\$1,000.00
Settlement Date	October 30, 2020
Stated Maturity	December 30, 2030
Currency	BZD
Interest Rate	6.25% per annum
Interest Payment Dates	Interest on the Debentures will be payable semi-annually in arrears on June 30th and December 30th of each year commencing on June 30, 2021.

Day Count Basis	360-day year consisting of twelve 30-day months
Advisor	PPF Capital Belize Ltd.
Fiscal Agent	Central Bank of Belize
Paying Agent	Central Bank of Belize
Status and Ranking	All Debentures, as soon as issued and certified in accordance with this Indenture, shall rank pari passu (except as to sinking funds pertaining exclusively to any particular series or part thereof) as if all of the Debentures had been issued and certified simultaneously.
Security	<p>The Issuer’s payment obligations in respect of the Debentures will be secured by:</p> <p>(i) A negative pledge preventing lien on any of the Issuer’s property or assets outlined in the Indenture S.5.3</p> <p>(ii) Sinking Fund Account (managed by the fiscal agent)</p> <p>In addition, the Debentures rank at least pari passu with the Company’s other long-term indebtedness. Additional indebtedness is limited by the Indenture S5.1.</p>
Repayment	The Issuer will well, duly and punctually pay or cause to be paid to every Debenture Holder, the principal of and interest accrued on the Debentures of which it is the holder, and premium (if any) on such Debentures, together with any applicable Additional Amounts, on the dates, at the places, in the Monies, and in the manner specified herein and in the Debentures.
Negative Covenants	Customary for transactions of this nature.

Information Covenants

The Company shall furnish to the Fiscal Agent, and upon receipt of a Written Request, to any Debentureholder:

A) within one hundred and twenty (120) days after the end of each Fiscal Year of the Company audited financial statements, comprising a balance sheet and statements of income and retained earnings, in each case on a comparative basis with the preceding Fiscal Year, showing the financial condition of the Company as of the close of such Fiscal Year and the results or operations of the Company during such Fiscal Year, certified correct by the Chief Financial Officer of the Company, together with an Officers' Certificate:

(i) certifying that no Default or Event of Default has occurred hereunder or, if any Default or Event of Default has occurred, specifying the relevant particulars and the period of existence thereof and the action taken or proposed to be taken by the Company with respect thereto; and

(ii) describing the aggregate principal repayments and redemptions (whether pursuant to sinking fund obligations or otherwise) of each series of Debentures in such Fiscal Year, the date on which such repayments and redemptions occurred and the aggregate unpaid principal amount of each series of Debentures issued hereunder at the end of such Fiscal Year;

B) within seventy-five (75) days after the end of the first six months of each Fiscal Year of

Information Covenants

the Company unaudited financial statements comprising a balance sheet and statements of income and retained earnings, showing the financial condition of the Company as of the end of each such six-month period and the results of operations of the Company for the then elapsed portion of such Fiscal Year, certified correct by the Chief Financial Officer of the Company, together with an Officers' Certificate describing the aggregate principal repayments and redemptions (whether pursuant to sinking fund obligations or otherwise) of each series of Debentures in the first six months of each Fiscal Year of the Company, the dates on which such repayments and redemptions occurred and the aggregate unpaid principal amount of each series of Debentures issued hereunder at the end of the first six months of each Fiscal Year of the Company;

C) with reasonable promptness, such other information regarding the operations and financial condition of the Company as the Fiscal Agent may, from time to time, reasonably request;

D) within 75 days after the end of the first three quarters of each Fiscal Year, an Officer's Certificate stating that no Default or Event of Default (including without limitation the Event of Default specified in any indenture supplemental hereto) has occurred or is continuing or, if any Default or Event of Default has occurred or is continuing, specifying the relevant particulars and the period of existence thereof and the action taken or proposed to be taken by the Company in respect thereof; and

Information Covenants	<p>E) within 120 days after the end of each Fiscal Year, a Chartered Accountant's Certificate which will include:</p> <p>(i) a statement that the Chartered Accountant has reviewed this Indenture and the obligations of the Company hereunder;</p> <p>(ii) a statement that, to the best of the Chartered Accountant's knowledge, no Default or Event of Default has occurred or is continuing or, if any Default or Event of Default has occurred or is continuing, specifying the relevant particulars thereof and the period of existence thereof; and</p> <p>(iii) the appropriate calculations with respect to the financial covenants of the Company hereunder.</p>
Undertakings	<p>Customary for transactions of this nature (greater detail provided in Indenture S.5).</p>
Events of Default (a complete listing of default events is provided in the Indenture S.8)	<p>if the Company fails beyond any period of grace with respect thereto, to make payment of any interest on any of the Debentures when the same shall respectively become due;</p> <p>at the time interest payments become due, a grace period of up to 14 days is allowed prior to the occurrence of an event of default;</p> <p>if the Company fails beyond any period of grace with respect thereto, to pay any principal or premium when due in respect of any of the Debentures, or if the time for payment of any series of Debentures is accelerated (and such acceleration has not been rescinded) pursuant to this Indenture or any supplemental indenture hereto;</p>

Events of Default (a complete listing of default events is provided in the Indenture S.8)	<p>if the Company shall make default in observing or performing any other covenant or condition of this indenture on its part to be observed or performed and if such Default shall continue for a period of 60 days after a notice in writing has been given by the Fiscal Agent to the Company, specifying such Default and requiring the Company to rectify the same unless the Fiscal Agent (having regard to the subject matter of the default) shall have agreed to a longer period, and in such event, for the period agreed to by the Fiscal Agent and such notice may be given by the Fiscal Agent on its own initiative and shall be given when required to do so by the holders of not less than 50% in principal amount of the Debentures then outstanding; and provided that in the case of a Default which cannot be remedied simply by payment of money, such Default shall be deemed for a period of one year following the occurrence thereof not to have occurred if, and so long as, the Company shall have within such 60 day period commenced to remedy such Default and continues to diligently pursue the remedying thereof;</p> <p>if an order shall be made or an effective resolution passed for the winding-up of the Company or if the Company shall make an assignment for the benefit of its creditors or if a liquidator or a Trustee in bankruptcy of the Company shall be appointed or if a receiver or receiver and manager of the Company shall be appointed by a court of competent jurisdiction in proceedings where the Company has had prior notice of such proceedings or if the Company shall make a proposal to its creditors under a bankruptcy or insolvency legislation;</p>
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Events of Default (a complete listing of default events is provided in the Indenture S.8)	<p>if a receiver or receiver and manager of the Company shall be appointed by a Person other than by a court of competent jurisdiction or in proceedings where the Company has not had prior notice of such proceedings, and such appointment shall continue unstayed, undischarged and in effect for a period of 60 days after notice of it has been served on the Company;</p>
	<p>if a decree or order of a court having jurisdiction in the premises is entered adjudging the Company bankrupt or insolvent under any bankruptcy, insolvency or analogous laws or appointing a receiver of, or of any substantial part of, the property of the Company, or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 30 days;</p>
	<p>if any statement contained in an Officers' Certificate delivered hereunto constitutes, at the time the same is made, an intentional, material and adverse misstatement; provided that the Fiscal Agent and the holders shall be deemed to have waived such Event of Default if the Fiscal Agent has not declared the principal, premium (if any) and interest hereunder due and payable as contemplated by Section 8.2 by the 180th day after the Fiscal Agent becomes aware of such misstatement; and</p>
	<p>if the Company makes default beyond any period of grace with respect thereto in the payment of the principal, interest or premium of any other indebtedness for borrowed money or in the performance or observance of any</p>

Events of Default (a complete listing of default events is provided in the Indenture S.8)	<p>term, agreement or condition in respect of such indebtedness which causes such indebtedness to be declared due prior to the date of its stated maturity, or if the Company fails to honour a guarantee of any indebtedness for borrowed money and the aggregate of all such indebtedness not paid, declared due or in respect of which a guarantee is not honoured is in excess of [25% of the Total Capitalization of the Company], provided that if any such default shall be cured by the Company, as the case may be, or waived by the holders of the indebtedness concerned and any such acceleration of the maturity thereof shall be rescinded by such holders, then the default hereunder shall be deemed likewise to be cured or waived and any declaration that the Debentures are due and payable shall likewise be deemed to be cancelled.</p>
Redemption/Call (by the Company)	<p>The Series 1 Debentures may be redeemed by the Company at its option, at any time after June 30th, 2025, in whole or in part, upon payment of an amount thereof equal to the sum of the principal amount thereof to be redeemed together in either case with accrued and unpaid interest to, but excluding the Redemption Date. For details on possible redemption, see Indenture S.4.1 - S.4.12</p>
Put Option (by Debentureholders)	<p>On or at any time after June 30th, 2026, a Debentureholder shall be entitled to require the redemption of a Debenture by the Company by written notice to the Company and presentation of the Debenture to be redeemed. Upon such presentation, the Debenture so presented shall become due for redemption (together with accrued interest up to the date of payment) on the date falling one year after the date upon which the relevant Debentures were so presented. Any demand for redemption under this paragraph</p>

**Put Option (by
Debentureholders)**

shall be irrevocable unless the Company and the relevant Debentureholder agree otherwise and notify the Company, in writing, to that effect. In the event a Debentureholder exercises his rights under this paragraph, at any time prior to the date of redemption, the Company shall be entitled directly or through its agents to find a third party purchaser for the Debenture presented for redemption and to sell such Debenture on behalf of the redeeming Debentureholder and each Debentureholder hereby appoints the Company as attorney-in-fact for this purpose. Upon any such sale, the previously delivered notice of redemption shall be of no force and effect. In the event that the Debentures are not sold before the Redemption Date, the company may, nonetheless, keep the Debentures alive in exercise of its rights under the Indenture S.4.9.

Governing Law

The Debentures will be governed by and construed in accordance with the Laws of Belize.

Use of Proceeds

- The net proceeds from the issue of the Debentures shall be used, inter alia, for the following purposes:
- Repay existing Social Security Board loan facility \$24.5 million; and
 - Finance capital projects designed to facilitate system expansion and improve service quality.

Tax Status

The tax status of the Issuer and the Offering are addressed in S.6.1, S.6.2 and S.6.3 of the Indenture.

Transfer Restrictions

The Debentures are freely transferable subject to notification of the Fiscal Agent (see Indenture S.2.7)

**Debentureholder's
Meeting**

Terms and conditions Debentureholder meetings are provided S.12.1 of the Indenture.

**» 5.0 THE ISSUER PROFILE &
OVERVIEW**

Belize Water Services Limited (the Issuer) was incorporated by the Government of Belize on 22 January 2001 as the successor entity to the Water and Sewerage Authority (WASA). Belize Water Services Limited was vested with the assets and liabilities of WASA on March 23, 2001. The Company is majority owned by the Government of Belize. The registered office is at 7 Central American Boulevard, Belize City, Belize.

**5.1 The Water and
Sewer Systems**

BWS mainly supplies potable water, serving over 62,000 connections or 270,000 consumers. Average water demand is estimated at 230 million US gallons per month (as at March 2020).

In addition to treating and supplying potable water in communities countrywide, BWS operates sewerage systems for wastewater treatment in Belmopan, Belize City, and San Pedro established in 1970, 1980 and 1996, respectively. None of these sewerage systems offer one hundred percent coverage in the municipalities they serve.

**WATER SOURCES AND
TREATMENT**

BWS utilizes three main sources for the water it supplies: surface water from rivers, well water and sea water. Over 60 percent of the water BWS supplies is sourced from rivers (Belize City, Belmopan and Dangriga). San Pedro and Caye Caulker are provided with sea water which is treated by reverse osmosis. Well water, used in most of the other communities, is relatively pure due to natural filtration and requires very little treatment (disinfection with chlorine) for human consumption. Surface water offers the most serious challenge and its treatment involves removal of solids, chemicals and microbes.

Surface water treatment involves the following:

- Raw Water Intake and Screening - Water is collected from the river at an established Intake point where it is screened to remove large pieces of debris (mostly leaves, branches and similar items).
- Next Aluminum Sulphate mixed in to promote the coming

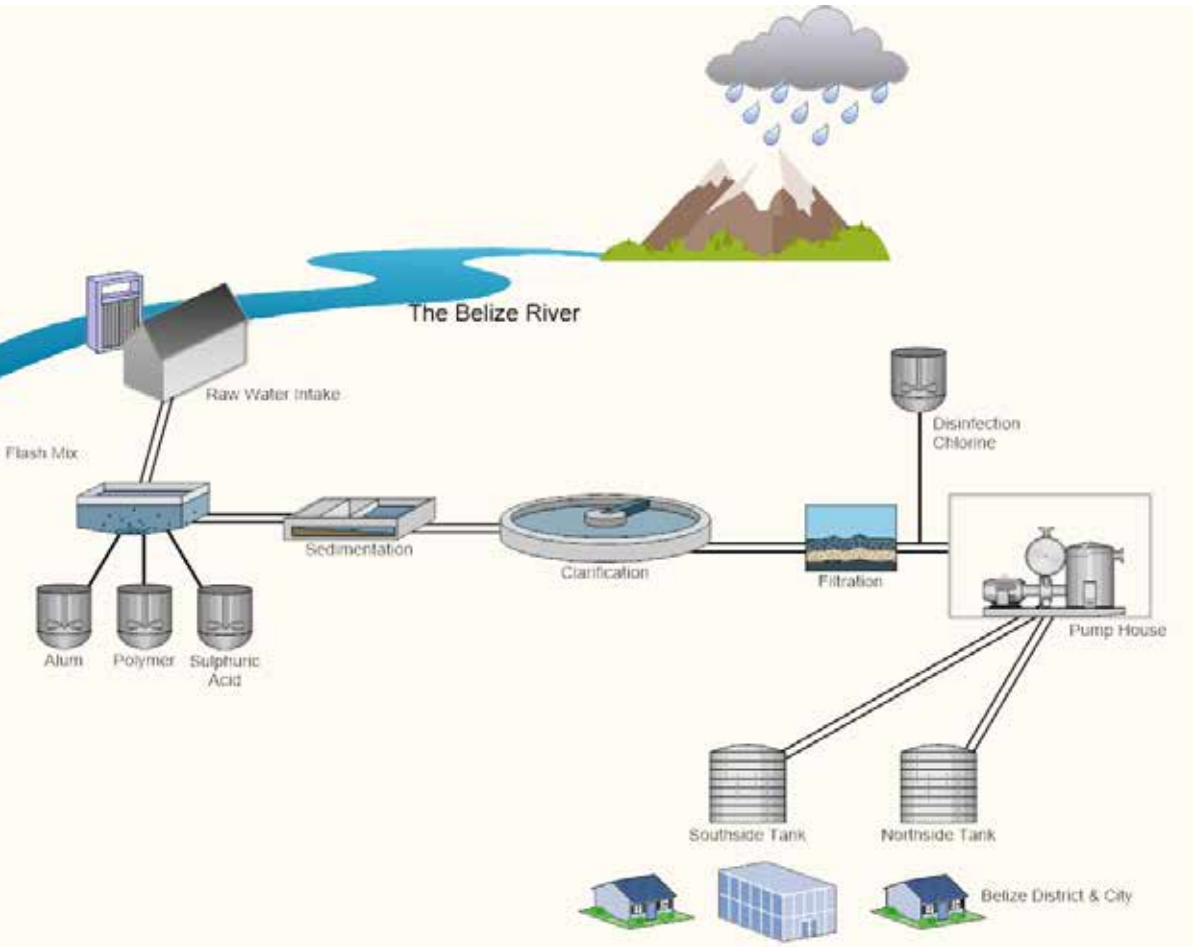
together of suspended particles to facilitate their removal. The process is referred to as Flocculation and Coagulation.

- The next step is Sedimentation where the particles are allowed to settle. The heavy materials settle at the bottom and the clear water stays at the top - referred to as Clarification.
- The clarified water is taken from the top and transferred to be filtered. Filtration involves passing the water

through layers of gravel sand, and anthracite to remove remaining minute particles. The anthracite provides the added benefit of removing tastes and odours.

- The next step is Disinfection done by addition of appropriate amounts of chlorine.
- After this the water is conveyed by water mains either direct to Distribution or to the reservoirs for Storage and Distribution.

Figure 1: Typical Surface Water Treatment Process



WASTEWATER TREATMENT

The wastewater treatment systems operated in the municipalities being served, utilize conventional gravity sewers which serve geographical zones. Treatment plants vary but essentially effluent collected is conveyed to treatment ponds. Treatment is done using standardized and monitored procedures and the treated effluent (clarified water) is released into the sea and for Belmopan, into the Belize river. The services provided are summarized in table (estimates at March 2020).

BWS SEWER SYSTEMS

Municipality	No. of Zones	No. of Connections
BELMOPAN	4	2,148
BELIZE CITY	15	8,255
SAN PEDRO	6	1,146



5.2 Customers

At the end of FY 2019/20, BWS served just over 62,000 customer connections. As shown in the Table below, Belize City (including linked mainland villages) had the highest concentration of customers at 38%, followed by San Ignacio¹ and Belmopan which accounted for 13% and 10%, respectively. Residential connections accounted for 88% of the customer base, businesses, 11% and Government, 1%.

Water sales to these customers generated \$49.5MN during FY 2019/20 up some 6.3% from the previous year. Customers are expected to grow on average by 2.0% per annum during the five-year period April 2020 to March 2025.

5.3 Existing Infrastructure

BWS operates and maintains operating infrastructure to be able to collect, treat, distribute water as well as safely dispose of waste in a manner consistent with environmental standards and best practices. At the end of FY 2019/20, BWS had installed 956.9 miles of water mains and 85.9 miles of sewer mains countrywide.

5.4 Capital Projects

The Company expects to invest \$72 million during the five year period from FY 2020/21-2024/25, inclusive of key projects amounting to \$35 million.

BWS CUSTOMER DEMOGRAPHICS

MARCH 2020	RESIDENTIAL	BUSINESS	GOB	TOTAL	%
Belize City	20,986	1,882	233	23,101	38.3%
Belmopan	6,602	902	124	7,628	12.6%
Benque Viejo	2,291	186	23	2,500	4.1%
Caye Caulker	724	153	7	884	1.5%
Corozal	4,864	397	53	5,314	8.8%
Dangriga	2,805	247	43	2,375	5.1%
Orange Walk	4,910	453	50	5,413	9.0%
Placencia	1,024	283	10	1,317	2.2%
Punta Gorda	2,084	222	42	2,348	3.9%
San Ignacio	5,670	507	52	6,229	10.3%
San Pedro	2,526	1,676	27	4,229	7.0%
Total	54,486	6,908	664	62,058	100%
% of Total	87.8%	11.1%	1.1%	100%	



TABLE 1: SUMMARY OF KEY CAPITAL PROJECTS

Usage Area	CapEx Description	BZ\$'000
Belize	500,000 gallon Storage Reservoir, Double Run Water Treatment Plant, Sandhill	\$2,000
Punta Gorda	Generator & Electrical at Forest Home Well site and pump station	\$300
Placencia	Expansion and improvements to Placencia water distribution including New submarine Transmission line from Independence to Placencia Peninsula, and expansion north to Maya Beach	\$5,000
Placencia	500,000 gallon Storage Reservoir, Placencia Peninsula	\$2,000
San Ignacio	New Water Treatment Plant San Ignacio Phase 1 (500,000 Gallon Reservoir, Pumping system, Generator building, Office, Security Hut, Parking Lot, Fence & Retaining Wall)	\$4,500
San Ignacio	New Water Treatment Plant San Ignacio Phase 2 (Santa Cruz Booster Station - Gen building, Reservoir, Booster pumps with Tank, Security Fence, Retaining Wall, Intake Gallery, Modernized Pump room)	\$4,000

Usage Area	CapEx Description	BZ\$'000
San Ignacio	New Water Treatment Plant San Ignacio Phase 3 (Intake, Aerator, Filters, Clarifier and Pump room with M&E)	\$2,500
San Pedro	Water Supply improvements and Network Expansion to Southern areas of Ambergris Caye, including portions of San Mateo	\$3,500
ALL	Climate Resilience Improvements, Countrywide	\$2,000
ALL	SCADA control center Belize City and remaining SCADA equipment and installation country-wide	\$1,200
ALL	Replacement computerized billing, customer relationship and work order system	\$2,100
ALL	Geographical Information System Implementation	\$1,200
ALL	New modern Well Rig	\$2,700
ALL	2 Sewer Vacuum and Flusher Trucks	\$1,000
TBD	Smart Metering System Pilot Project (AMR)	\$1,000
	TOTAL:	\$35,000



» 6.0 OPERATING PERFORMANCE & FINANCIAL PROJECTIONS

BWS has maintained steady profitability while providing safe water and improved service levels to its customers. At the end of FY 2019/20 the Company's assets totaled BZ\$317.9MN while total

equity amounted to BZ\$204.9MN. The Company has been able to generate revenue to adequately service debts as its leverage ratio averaged 27.9% for the five-year period April 2015 to March 2020.

INCOME STATEMENT

	2015-16	2016-17	2017-18	2018-19	2019-20
Operating Revenue	\$43.1	\$45.3	\$46.3	\$47.9	\$50.9
Other Income	\$0.2	\$0.2	\$0.3	\$0.2	\$0.1
Gross Revenue	\$43.3	\$45.5	\$46.6	\$48.1	\$51.1
Operating Expenses	-\$26.0	-\$28.3	-\$29.2	-\$29.8	-\$31.9
EBITDA	\$17.3	\$17.2	\$17.4	\$18.3	\$19.2
Depreciation & Amortization	-\$5.0	-\$5.8	-\$6.1	-\$6.5	-\$8.0
Finance Costs	-\$1.9	-\$2.1	-\$2.0	-\$1.9	-\$2.3
Profit Before Tax	\$10.4	\$9.4	\$9.3	\$9.8	\$8.9
Business Tax	-\$0.8	-\$0.8	-\$0.8	-\$0.8	-\$0.9
Other Costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revaluation Gain/Loss ²	\$30.7	\$0.7	\$0.0	\$0.0	\$22.3
Total Comprehensive Income/Loss	\$40.4	\$9.3	\$8.5	\$9.0	\$30.4

² In 2020, Management obtained independent appraisals for several parcels of land in San Pedro, Belize resulting in the increase of the revaluation reserve by BZ\$22.3MN

BALANCE SHEET

	2015-16	2016-17	2017-18	2018-19	2019-20
NON-CURRENT ASSETS					
Property Plant & Equipment	\$181.3	\$189.2	\$201.4	\$249.0	\$289.5
Intangible Assets	\$0.0	\$0.0	\$0.0	\$7.5	\$6.4
Total Non-Current Assets	\$181.3	\$189.2	\$201.4	\$256.5	\$295.9
Materials and supplies	\$9.5	\$8.6	\$8.1	\$7.6	\$8.3
Trade and Other Receivables	\$4.3	\$4.8	\$5.5	\$7.6	\$7.9
Total Cash	\$18.5	\$19.7	\$19.0	\$13.7	\$5.8
Current Assets	\$32.3	\$33.1	\$32.7	\$28.9	\$22.0
Total Assets	\$213.6	\$222.3	\$234.1	\$285.4	\$317.9
NON-CURRENT LIABILITIES					
Capital Contributions ³	\$0.0	\$0.0	\$0.0	\$32.6	\$33.5
Borrowings	\$40.9	\$38.5	\$39.4	\$49.5	\$47.3
Debentures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred Income	\$11.3	\$13.4	\$15.2	\$16.3	\$17.4
Total Non-current Liabilities	\$52.2	\$51.8	\$54.6	\$98.4	\$98.2
CURRENT LIABILITIES					
Current portion - borrowings	\$4.1	\$3.2	\$3.7	\$3.4	\$3.1
Trade and other payables	\$6.5	\$8.0	\$8.8	\$8.3	\$11.6
Total Current Liabilities	\$10.6	\$11.2	\$12.4	\$11.7	\$14.8
Total Liabilities	\$62.8	\$63.0	\$67.0	\$110.1	\$112.9
Share capital	\$60.0	\$60.0	\$60.0	\$60.0	\$60.0
Contributed capital reserve - GOB	\$11.7	\$11.7	\$11.7	\$11.7	\$11.7
Capital Reserve on vesting	\$15.3	\$15.3	\$15.3	\$15.3	\$15.3
Revaluation reserve	\$30.7	\$31.3	\$31.3	\$31.3	\$53.7
Retained earnings	\$33.2	\$41.0	\$48.8	\$57.0	\$64.3
Total Equity	\$150.9	\$159.4	\$167.1	\$175.3	\$204.9
Total Liabilities & Equity	\$213.6	\$222.3	\$234.1	\$285.4	\$317.9

³ Represent contributions and grants by customers and GOB towards capital projects;
this account was reclassified in 2019/20 and the 2018/19 balance was restated

The COVID 19 pandemic has resulted inter alia in subdued demand and reductions in economic output. Belize has been adversely affected by a cessation in international tourism and volatility in commodity prices. In response to the continued and expected impacts of the crisis, BWS Management revised their forecast for FY 2020/21 and expects both the volume and value of sales to decline with the former expected to fall by 4.7% and the latter 9.1% largely due to lower consumption by commercial customers. Commercial/business customers account for

11% of the customer base and 37% of revenue. However, the reduction in business sales has been somewhat supplemented by household consumption. Notwithstanding these challenges, Management has intensified its efforts to control receivables through increased contact with customers and increasing collection efforts and offering repayment plans. Management estimates that the Company will continue to generate profits and will be able to service the additional indebtedness associated with the Offering.

PROJECTED INCOME STATEMENT HIGHLIGHTS (\$BZ MN)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sales - Gallons (million)	2,695.4	2,771.7	2,642.2	2,785.4	2,845.5	2,981.7	3,092.5
Sales Vol. % Change	7.6%	2.8%	-4.7%	5.4%	2.2%	4.8%	3.7%
Sales \$MN	\$47.9	\$50.9	\$47.1	\$50.7	\$52.8	\$55.6	\$57.7
Total Revenue \$MN	\$48.1	\$51.1	\$47.5	\$51.1	\$53.2	\$56.0	\$58.2
Total Revenue % Change	3.2%	6.2%	-7.0%	7.6%	4.2%	5.2%	3.9%
Operating Expense \$MN	-\$29.8	-\$31.6	-\$33.7	-\$32.7	-\$33.2	-\$34.4	-\$35.3
Operating Expense % of Revenue	62.0%	61.9%	70.9%	64.0%	62.5%	61.4%	60.8%
EBITDA	\$18.3	\$19.2	\$13.8	\$18.4	\$20.0	\$21.6	\$22.8
Net Income \$MN	\$9.0	\$30.4	\$2.1	\$4.5	\$6.0	\$7.7	\$8.6

Sales Assumptions

1. New customer connections increase by 1.2% in FY 2020/21 and 1.3% in FY 2021/22 relative to 2.7% in FY 2019/20.
2. Consumption per connection is expected to decline by 6.5% in FY 2020/21, and increase modestly by 4.1% in FY 2021/22 (this is still -2.6% below FY 2019/20 consumption levels).
3. The forecasts include the 2.25% tariff increase in FY 2022/23 as per the PUC'S Final Decision in March 2020.

BALANCE SHEET PROJECTION (\$BZ MN)

	2020/21	2021/22	2022/23	2023/24	2024/25
ASSETS					
Non-Current Assets	\$308.3	\$317.2	\$326.1	\$333.7	\$341.0
Materials and supplies	\$8.2	\$8.2	\$8.2	\$8.2	\$8.2
Trade and Other Receivables	\$6.9	\$5.2	\$7.1	\$8.1	\$8.4
Total Cash	\$25.3	\$22.0	\$21.8	\$22.3	\$23.7
Bank Balances	\$25.3	\$20.0	\$16.8	\$11.9	\$7.8
Sinking Fund	\$0.0	\$2.0	\$5.0	\$10.4	\$15.9
Current Assets	\$40.4	\$35.4	\$37.1	\$38.6	\$40.3
Total Assets	\$348.7	\$352.6	\$363.2	\$372.3	\$381.3
LIABILITIES & EQUITY					
Capital Contributions	\$34.6	\$36.9	\$39.2	\$38.8	\$38.2
Borrowings	\$25.7	\$22.9	\$20.1	\$17.4	\$14.8
Debentures	\$50.0	\$50.0	\$50.0	\$50.0	\$50.0
Deferred Income	\$17.4	\$17.4	\$17.4	\$17.4	\$17.4
Non-current Liabilities	\$127.7	\$127.2	\$126.7	\$123.6	\$120.4
CURRENT LIABILITIES					
Current portion - borrowings	\$1.3	\$2.1	\$2.1	\$2.1	\$2.1
Trade and other payables	\$13.4	\$12.6	\$17.6	\$22.1	\$25.7
Current Liabilities	\$14.6	\$14.6	\$19.7	\$24.2	\$27.8
Equity	\$206.3	\$210.8	\$216.8	\$224.5	\$233.1
Total Liabilities & Equity	\$348.7	\$352.6	\$363.2	\$372.3	\$381.3

CASH FLOW PROJECTION (\$BZ MN)⁴

	2020/21	2021/22	2022/23	2023/24	2024/25
Cash flow from Operating Activities	\$15.8	\$19.7	\$23.5	\$22.7	\$23.6
Cash flows from Investing Activities	-\$21.1	-\$17.9	-\$17.9	-\$16.6	-\$16.8
Net cash (used in)/ from Financing Activities	\$24.9	-\$5.2	-\$5.8	-\$5.6	-\$5.3
Cash and Cash Equivalents at the Beginning of the Year	\$5.8	\$25.3	\$22.0	\$21.8	\$22.3
Cash and cash equivalents at the end of the period / year	\$25.3	\$22.0	\$21.8	\$22.3	\$23.7

DEBT SERVICE PROJECTIONS (BZ\$MN)

	2020/21	2021/22	2022/23	2023/24	2024/25
(i) EBITDA	\$13.8	\$18.4	\$20.0	\$21.6	\$22.8
a. coupon payment	\$1.3	\$3.1	\$3.1	\$3.1	\$3.1
b. sinking fund payment	\$2.0	\$3.0	\$5.4	\$5.4	\$5.4
c. loan interest payments	\$0.6	\$0.8	\$0.7	\$0.6	\$0.5
d. loan principal payments	\$2.1	\$2.8	\$2.7	\$2.6	\$2.6
(ii) Total Debt Service {a+b+c+d}	\$6.0	\$9.7	\$11.9	\$11.7	\$11.6
(iii) Debt Service Coverage Ratio { i/ii }	2.3	1.9	1.7	1.9	2.0

Debt Service Assumptions:

1. No additional debt incurred within the forecast period (2020/21-2024/25)
2. Capital Projects to be funded from debenture proceeds and revenue from operations
3. Interest earned on the sinking fund is estimated at 1.0% per annum
4. During forecast years 1 and 2, the sinking fund is capitalized with payments of \$2.0 million and \$3.0 million, respectively. Thereafter payments mounting to \$5,378,449.34 are made annually.

⁴ Cash balance includes sinking fund.

» 7.0 COMPANY AND SHAREHOLDER INFORMATION

7.1 Share Capital

As at the date of this Prospectus, the authorized share capital of the Company is \$60 million divided into 40 million ordinary Shares with a par value of \$1.50 each, of which 39,800,642 Shares have been issued and fully paid.

SHAREHOLDERS	SHARES	% SHARES
Government of Belize	32,036,350	82.59%
Social Security Board	4,000,000	10.00%
Others	2,674,292	6.91%
Total Issued and Paid Up	39,800,642	99.50%
Reserved for BWS Employees	199,358	0.50%

7.2 Directors

The directors of the Issuer are:



ALBERTO AUGUST
Chairman



WINSTON MICHAEL
Deputy Chairman



KATHLYN TILLETT
Director & Chairperson of
the Audit Committee



MARIA COOPER
Director



WILMOT SIMMONS
Director



THOMAS MORRISON
Director



GUADALUPE MAGAÑA-DYCK
Director



KENRICK YSAGUIRRE
Director



PHILIP WILLOUGHBY
Director



ALVAN HAYNES
Secretary



» 8.0 CONTACT INFORMATION

For further information, please do not hesitate to contact:

Belize Water Services Ltd.
Email: invest@bws.com.bz
Tel: +501-222-4757



PPF Capital Belize Ltd.
Email: info@ppfcapital.com
Tel: +501-615-4630



ANNEXES

» ANNEX A - Subscription Form

SUBSCRIBER INFORMATION

NAME	
ADDRESS (STREET)	
CITY, TOWN, VILLAGE	
DISTRICT	
MAILING ADDRESS (IF DIFFERENT FROM ABOVE)	
ADDRESS (STREET)	
CITY, TOWN, VILLAGE	
DISTRICT	
TELEPHONE NUMBER	
EMAIL ADDRESS	
ANY ADDITIONAL INFORMATION	
SUBSCRIPTION AMOUNT (BZ\$)	

BANK/ PAYMENT INFORMATION

Interest and principal payments will be deposited directly to the debenture holder’s bank or financial institution account. Payments will only be made to duly licensed banks and financial institutions in Belize. Please provide the following:

NAME OF BANK OR FINANCIAL INSTITUTION	
ACCOUNT IN THE NAME OF (EXACT NAME)	
ACCOUNT NO.	
TRANSIT NO. (IF APPLICABLE)	
ANY ADDITIONAL INFORMATION	

DEBENTURE SUBSCRIPTION AGREEMENT

This form (the “Subscription Form”) is for the exclusive use of applicants (the “Subscriber”) subscribing for the Debentures offered by (the “Issuer”).

BELIZE WATER SERVICES LIMITED
(incorporated in Belize under the Companies Act, Chapter 250)

Series 1 Debentures
BZ\$50,000,000.00
6.25% Debentures due 2030

This is an offering (the “Offering”) of up to BZ\$50,000,000.00 of Series 1 Debentures by way of subscription (individually and collectively, the “Debentures”) by Belize Water Service Limited (“BWS” or the “Issuer”).

*MINIMUM SUBSCRIPTION BZ\$1,000.00

Date: _____ Nominal Amount of Debenture(\$): _____

A. Investment information

This subscription is subject to the provisions set out in the most recent Prospectus and the Indenture (the “Financing Documents”) of the Issuer, the Terms and Conditions as attached to this Subscription Form (the "Conditions") and applicable laws and regulations. Save where the context requires otherwise, terms defined in the Financing Documents and the Conditions bear the same meaning when used in this Subscription Form. The Issuer reserves the rights to withdraw any offer in full prior to the acceptance of any subscription and reserves the right to reject in full or in part any subscription.

Principal and interest are payable on the Debentures represented by this Agreement in accordance with the Conditions endorsed hereon.

I (the “Subscriber”) hereby subscribe for and agree to purchase the debentures of the Issuer set out to be issued for the collective consideration set out below, upon and subject to the terms and conditions set out in the attached “Terms and Conditions of Subscription”. This page plus the Terms and Conditions are collectively referred to as the “Subscription Agreement”.
By signing below, I make the following declarations:

- I acknowledge that I have read, understood and agree with the contents of this subscription form and that I have had the opportunity to read and understand the Prospectus and declare that the subscription for Debentures is on the basis of and subject to the Prospectus.
- I acknowledge having received sufficient information that allows me to make a careful decision and evaluate the merits and risks associated with investments in the Debentures.

- I declare that the money representing the purchase costs of the Debentures is not derived from the proceeds of crime and I understand and acknowledge that additional documentation may be required in order to ensure compliance with anti-money laundering laws, rules and regulations.
- I confirm that where this subscription has been signed on behalf of a company/ entity, the person signing is a duly authorized person in this regard.
- I offer to subscribe for the Debentures specified above (or such lesser number for which the subscription is accepted) on the terms of and subject to the Financing Documents (Conditions).
- I agree that upon acceptance of this subscription by the Issuer, the subscription shall become binding and irrevocable.

I hereby subscribe to \$_____ of Debentures w **dated** on this _____ day of _____ ,2020.

Name of Subscriber: _____
(Please print)

Signature of Subscriber: _____

Address of Subscriber: _____
(Street Address)

(City/ Town)

Email Address: _____

Contact number: _____

Note: This Certificate must be surrendered before any transfer of the whole or any portion of the Debenture to which it relates can be registered or a new Certificate issued in exchange. No fraction of the Debentures can be transferred.

» ANNEX B - Board Resolution

THE COMPANIES ACT
(Chapter 250)

BELIZE WATER SERVICES LIMITED
("the Company")



BOARD RESOLUTION

IT WAS RESOLVED at a meeting of the Board of Directors at a Meeting held on the 29 day of July 2020:

Dated the 29 day of July 2020

Secretary

BE IT RESOLVED that:

"1. The Board of Directors ("the Board") authorizes the Company to enter into an Agreement by way of an Indenture between the Company of the First Part, the Government of Belize of the Second Part, and the Central Bank of Belize as Fiscal Agent of the Third Part (hereinafter called "the Indenture") for the purpose of enabling the Company to borrow moneys by way of inviting subscriptions for debentures and issuing such debentures from time to time under the terms and in accordance with the Indenture up to an aggregate amount of Two Hundred Million Dollars (\$200,000,000.00) the said aggregate maximum being exclusive of the principal amount of debentures issued by way of replacement or transfer.

2. The Board approves of the terms and conditions embodied in the draft Indenture Instrument substantially as produced to the Board and annexed hereto marked "AA" for identification only, and from the date of due execution of the said Indenture by all parties thereto the Company shall be bound to the terms thereof.

3. The Board hereby authorizes the execution of the said Indenture by the affixation of the Company's common seal in the presence of the Chairman of the Board and the Secretary or in the presence of two directors including the Chairman PROVIDED that the Chairman and the Chief Executive Officer of the Company shall have authority before the execution of the Indenture to make or cause to be made such minor amendments to the draft annexed hereto as may be necessary or advisable in finalizing and engrossing the said Indenture.

4. (1) The Board authorizes the Company to exercise its rights of redemption and or prepayment, as the case may be, under clause 2.7 of the provisions of that certain Consolidated Loan Agreement dated the 31st day of March 2015 between the Social Security Board of the one part, and the Company, of the other part, and of the underlying collateral security documents including but not limited to that certain Promissory Note by the Company to Social Security Board of even date therewith (and that certain Mortgage Debenture dated July 26th, 2002 between the Company, of the one part, and Alliance Bank of Belize Limited, of the other part, and Deed of Assignment of Mortgage Debenture dated January 9th, 2007 between Alliance Bank of Belize Limited, of the first part, Social Security Board, of the second part, and the Company, of the third part) (hereinafter together called "the Existing Encumbrance") and to issue the requisite notice therefor provided that the Company may take the prerequisite steps therefor and exercise its right of redemption and or pre-payment, as the case may be, only on being satisfied that the Belize Social Security Board have entered into an agreement or are otherwise legally obliged to direct the Company to apply the moneys due from such redemption and or repayment, as the case may be directly and immediately to subscription for the debentures being issued under the Indenture and to cancel and discharge the Existing Encumbrances.

(2) For the purpose of being satisfied that the Belize Social Security Board is legally obliged as stipulated in paragraph 4(1) above the Company shall be guided by its Attorneys-at-law.

5. The Board authorized the Company to take all such steps, legal, administrative or otherwise as may be necessary to immediately invite subscription for and to issue the first series of Debentures under the Indenture (hereinafter called "Series 1 Debentures") covering an aggregate maximum principal amount of Fifty Million Dollars (\$50,000,000.00) and the Debentures may be issued in denominations of \$1,000.00 and integral multiples thereof becoming due by way of maturity on the 31st day of December 2030 with interest payable semi-annually at the rate of six and one quarter per centum (6.25%) per annum and generally subject to the terms of the Indenture and substantially in form of the Debenture Form in Schedule A of the Indenture.

6. (1) The Board authorizes the execution of all requisite documents for the invitation for subscription for and the issuance of the Series 1 Debentures including where necessary the affixation of the Company's common seal provided nonetheless that the Debentures may be signed either manually, facsimile or electronically by at least one Director and the Secretary or by two Directors.

(2) The Board resolves that upon the redemption and or pre-payment of the Existing Encumbrance as the case may be, the Company shall be entitled to retain moneys due as principal thereunder and apply and treat the said moneys as advances in respect of the Debentures to be issued under the Indenture.

(3) The Board resolves that upon the redemption and or pre-payment of the Existing Encumbrance the Company is authorized and directed to pay to the Belize Social Security Board the principal amount of the Existing Encumbrance and the accrued interest thereon in accordance with the terms of the Existing Encumbrance.

7. The Prospectus for the Fifty Million Dollars (\$50,000,000.00) (6.25%) Series 1 fixed 10 years Debenture Offer, dated 29 July, 2020 substantially as submitted to the Board in draft annexed hereto marked "B" for identification only, be and is hereby approved and the Company is authorized to execute the Prospectus in the presence of the Chairman of the Board and the Secretary or in the presence of two Directors including the Chairman.

8. The Board authorizes and undertakes to ratify where necessary steps taken by the Chief Executive Officer and the Finance Manager for the carrying out of the resolutions set out above.

Dated the 29 day of July 2020

Certified



Chairman



Secretary







Belize Water Services

**PROSPECTUS FOR
SALE OF DEBENTURES**

OCTOBER 2020 • 6.25% - 10 YEARS