



Press Release

March 15, 2017

Belize Announces Successful Consent Solicitation

Belmopan, Belize: The Government of Belize today announced that holders of more than 87 percent of Belize's U.S. Dollar Bonds have consented to certain amendments to the terms of those Bonds. Belize released a Consent Solicitation Statement on January 12, 2017 seeking the consent of holders of the Bonds to targeted amendments focused on the interest rate and amortization schedule of the Bonds (<https://www.centralbank.org.bz/news/details?newsid=175>). Following extensive consultations with representative bondholders, Belize revised its Consent Solicitation on March 3, 2017 (<https://www.centralbank.org.bz/news/details?newsid=185>).

The Bonds contain a collective action clause that permits modifications with the written consent of holders of more than 75 percent of the outstanding principal of the Bonds. Once that voting threshold has been reached -- as it now has for Belize's Consent Solicitation -- the proposed amendments become binding on all holders. The Government expects that all conditions precedent to the effectiveness of the amendments will be met no later than March 21, 2017.

As amended by the Consent Solicitation, the Bonds will have a final maturity date of February 20, 2034 (and the instrument will be redenominated "Belize U.S. Dollar Bonds Due 2034"). The principal amount of the Bonds will now amortize in five equal, annual installments commencing on February 20, 2030 and ending on February 20, 2034, replacing the prior amortization schedule which called for 38 semi-annual amortizations beginning in February 2019. The interest rate on the Bonds (which was scheduled to step up to 6.767 percent on August 20, 2017) will now be fixed for the life of the Bonds at 4.9375 percent per annum.

The Bonds had been restructured twice before, once in 2007 and again in 2013. In neither case, however, did the financial terms prove to be sustainable beyond a few years. Belize launched its Consent Solicitation earlier this year with the express goal of finally putting the Bonds on a fully sustainable basis.

The Bonds represent more than one-third of Belize's total debt stock and, prior to these modifications, had consumed more than one-half of Belize's annual debt service payments.

Belize's economy has endured several years of exceptionally low growth, with the economy actually contracting by 1 percent of GDP in 2016, as a result of several factors including damage to the country's agricultural sector caused by Hurricane Earl in 2016, an earlier than expected reduction in oil production and a significantly stronger U.S. dollar (to which the Belize Dollar is pegged through a fixed exchange rate). These factors are discussed in Belize's November 28, 2016 Investor Presentation (<https://www.centralbank.org.bz/news/details?newsid=169>). Earlier this week, the Government proposed to the Belize National Assembly a budget for fiscal year 2017/18 that will incorporate fiscal adjustment measures equal to 3 percent of GDP.

"Achieving significant debt relief on the 2038 Bonds is crucial to the success of Belize's economic recovery program", said Dean Barrow, Belize's Prime Minister. "The citizens of Belize will be doing their part through a rigorous fiscal adjustment program. We appreciate that these sacrifices will be matched by significant concessions from Belize's external commercial creditors".

Citigroup Global Markets Inc. acted as Consent Solicitation Agent and structuring adviser to Belize in this transaction. Global Bondholders' Servicing Corporation served as Information and Tabulation Agent.

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