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Caribbean Utilities Company, Ltd. Announces Rights Offering

Caribbean Utilities Company, Ltd. is listed for trading in United States dollars on the Toronto Stock Exchange under the trading symbol “CUP.U”.

Grand Cayman, Cayman Islands, August 24, 2020 - Caribbean Utilities Company, Ltd. (TSX: CUP.U) (“CUC” or “the Company”) announces that it will be making a rights offering (the “Offering”) under which holders (the “Shareholders”) of Class A Ordinary shares (the “Class A Ordinary Shares”) of the Company as at the close of business on the record date of September 1, 2020 (the “Record Date”) will be issued rights (the “Rights”) to subscribe for Class A Ordinary Shares on the basis of one Right for each Class A Ordinary Share held. The Offering will be made in the Cayman Islands and in all of the provinces of Canada (the “Eligible Jurisdictions”).

Pursuant to the Offering, Shareholders will receive one Right for each Class A Ordinary Share held. Each Right entitles the holder thereto to subscribe for 0.10 of a Class A Ordinary Share and every 10 Rights entitle the holder thereto to subscribe for one Class A Ordinary Share upon payment of the subscription price of US\$14.24 (the “Subscription Price”) per Class A Ordinary Share (the “Basic Subscription Privilege”) on or before 4:00 p.m. (Toronto time) on October 26, 2020 (the “Expiry Time”), after which time unexercised Rights will be void and of no value. No fractional Class A Ordinary Shares will be issued under the Offering.

Shareholders who fully exercise their Rights in accordance with their Basic Subscription Privilege will also be entitled to subscribe for additional Class A Ordinary Shares in the Offering, if available as a result of unexercised Rights prior to the Expiry Time (as defined below), subject to certain limitations set out in the rights offering circular of the Company (the “Circular”).

Caribbean Utilities Company, Ltd.

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The Rights are expected to trade on the TSX under the trading symbol “CUP.RT.U” commencing on August 31, 2020 until 12:00 p.m. (Toronto time) on October 26, 2020. The TSX has conditionally approved the listing of the Class A Ordinary Shares issuable upon exercise of the Rights, subject to the Company fulfilling all of the listing requirements of the TSX.

There are currently 33,593,624 Class A Ordinary Shares issued and outstanding. Assuming all of the Rights issued under the Offering are validly exercised, the Company expects to raise gross proceeds of US\$ 47.8 million from the Offering. The Company intends to use the net proceeds of the Offering to refinance existing debt and for general corporate purposes.

The rights offering notice (the “Notice”) and rights certificate will be mailed to each registered Shareholder as at the Record Date that is resident in the Eligible Jurisdictions. Registered Shareholders who wish to exercise their Rights must deliver or mail the completed rights certificate, together with applicable funds, to the rights agent, AST Trust Company (Canada) or Scotiabank & Trust (Cayman) Ltd., as applicable, on or before the Expiry Time. Shareholders resident in the Eligible Jurisdictions who own their Class A Ordinary Shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary. Subject to the detailed provisions of the Circular, Rights will not be delivered to, nor will they be exercisable by, persons resident outside of the Eligible Jurisdictions unless such holders can establish that the transaction is exempt under applicable legislation. Rather, such Rights may be sold on their behalf. If you are a Shareholder and reside outside of the Cayman Islands or the provinces of Canada, please review the Notice, Circular and notice to U.S. Shareholders or ineligible Shareholders, as applicable, to determine your eligibility and the process and timing requirements to receive and exercise your Rights.

The Stand-By Commitment

In connection with the Offering, the Company has entered into a stand-by purchase agreement dated the date hereof (the “Stand-By Agreement”) with Fortis Energy (Bermuda) Ltd., a wholly-owned subsidiary of Fortis Inc. (the “Stand-By Purchaser”), the Company’s controlling Shareholder. The Stand-By Purchaser has agreed, subject to certain terms and conditions, to purchase from the Company, at the Subscription Price, all of the Class A Ordinary Shares that are



not otherwise subscribed for and purchased under the Offering by holders of Rights so that the maximum number of Class A Ordinary Shares that may be issued in connection with the Offering will have been issued (the “Stand-By Commitment”).

As of the date hereof, FEBL owns 58% of the issued and outstanding Class A Ordinary Shares on a non-diluted basis. Following completion of the Offering, assuming the Offering is fully subscribed, FEBL will own 58% of the issued and outstanding Class A Ordinary Shares on a non-diluted basis.

There is no fee payable by the Company to FEBL in respect of the Stand-By Commitment. The Company has agreed to pay the reasonable fees and out-of-pocket expenses of FEBL in connection with the negotiation and execution of the Stand-By Agreement.

Additional Information

The Rights and the Class A Ordinary Shares issuable upon exercise of the Rights have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and accordingly, the Rights and the Class A Ordinary Shares are not being publicly offered for sale in the “United States” or to “U.S. persons” (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended). This press release does not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. There shall be no sale of the securities in any jurisdiction in which an offer to sell, a solicitation of an offer to buy or a sale would be unlawful.

This release shall not constitute an offer to sell or the solicitation of an offer to buy the securities of the Company. There shall be no offer or sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About CUC

CUC provides electricity to Grand Cayman, Cayman Islands, under an Electricity Generation Licence expiring in 2039 and an exclusive Electricity Transmission and Distribution Licence expiring in 2028. Further information is available at www.cuc-cayman.com.



Cautionary Statement Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts”, “schedules”, or negative versions thereof and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”. The forward-looking statements contained in this news release include, but are not limited to, the Company’s intention to undertake the Offering; the terms of the Offering, the terms of the Stand-By Agreement; the intended use of proceeds; and the listing of the Class A Ordinary Shares issuable upon exercise of the Rights on the TSX. Forward-looking statements are based on underlying assumptions and management’s beliefs, estimates and opinions, and are subject to certain risks and uncertainties surrounding future expectations generally that may cause actual results to vary from plans, targets and estimates. Such risks and uncertainties include but are not limited to operational, general economic, market and business conditions, regulatory developments and weather conditions. CUC cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialize or should underlying assumptions prove incorrect. Forward-looking statements are provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

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