OFFERING MEMORANDUM **STRICTLY CONFIDENTIAL**

U.S.$530,000,000

Buffalo Energy Mexico Holdings, S.A. de C.V.

(organized as a variable capital corporation (sociedad anónima de capital variable) under the laws of Mexico)

Buffalo Energy Infrastructure, S.A. de C.V.	**Buffalo Energy, S.A. de C.V.**
(organized as a variable capital corporation (sociedad anónima de capital variable) under the laws of Mexico)	*(organized as a variable capital corporation (sociedad anónima de capital variable) under the laws of Mexico)*

7.875% Senior Secured Notes due 2039

Buffalo Energy Mexico Holdings, S.A. de C.V. ("BEMH" or the "Company"), a variable capital corporation (sociedad anónima de capital variable) organized and existing under the laws of the United Mexican States ("Mexico"), Buffalo Energy Infrastructure, S.A. de C.V. ("BEI"), a variable capital corporation (sociedad anónima de capital variable) organized and existing under the laws of Mexico, and Buffalo Energy, S.A. de C.V. ("BE," and together with the Company and with BEI, the "Co-Issuers"), a variable capital corporation (sociedad anónima de capital variable) organized and existing under the laws of Mexico, are jointly and severally offering U.S.$530,000,000 aggregate principal amount of their 7.875% Senior Secured Notes due 2039 (the "Notes"). The Notes are being issued by the Co-Issuers, each an indirectly owned subsidiary of certain investment funds managed by Actis GP LLP ("Actis"). Immediately after our acquisition of MT Falcon, BEMH re-branded as "Valia Energía." See "Business Overview—Overview of BEMH" and "The Transactions—MT Falcon Acquisition."

The Co-Issuers and their respective direct and indirect subsidiaries' business is to develop, own and operate power generation facilities and other energy infrastructure in Mexico, which includes six operating combined cycle gas-fired power generation turbines (each, a "CCGT"), one operating simple cycle gas-fired power generation turbine ("SCGT") and one operating natural gas pipeline. Substantially all of our revenues are derived from long-term U.S. dollar-denominated or adjusted power purchase agreements and transportation services agreements, entered into with the Mexican Federal Electricity Commission (*Comisión Federal de Electricidad*, "CFE"), CFEG (as defined herein) and CFEC (as defined herein).

The Co-Issuers intend to use the proceeds from the issuance of the Notes (i) to pay the transaction fees and expenses accrued in connection with the issuance of the Notes, (ii) to repay and cancel the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility (as defined herein) and the term loan under the EVM Acquisition Debt Facility (as defined herein), (iii) repay and cancel the BEMH Loans (as defined herein), and (iv) to make a distribution and/or an investment to certain direct or indirect shareholders of the Company. See "Use of Proceeds."

The Co-Issuers will pay interest on the Notes semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2024. Principal on the Notes will be payable semi-annually on the same date as interest, commencing on August 15, 2025, as described in this Offering Memorandum. The final maturity of the Notes February 15, 2039.

The Notes may be redeemed, at the Co-Issuer's option, in whole or in part, on any date prior to November 15, 2038 at a redemption price based on a "make-whole" premium and, on or after November 15, 2038, at a redemption price equal to 100% of the principal amount of the Notes being redeemed, in each case, plus accrued and unpaid interest and any additional amounts related thereto, to, but not including, the date of redemption. In addition, if certain changes in applicable tax law occur, the Co-Issuers may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the then-outstanding principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the date of redemption, plus any additional amounts related thereto. See "Description of the Notes—Optional Redemption with Make-Whole Premium," "—Optional Redemption without Make-Whole Premium," and "—Optional Redemption upon Tax Event." Upon certain asset dispositions other than in the ordinary course of business, the Co-Issuers will be required to apply the proceeds of such asset disposition not otherwise applied to the purchase of assets to be used by the Co-Issuers or any of their respective Restricted Subsidiary (as defined herein) in the ordinary course of business, to repay certain senior secured obligations and any remaining proceeds not so applied shall be used by the Co-Issuer to offer to purchase the Notes at a purchase price equal to 100% of the portion of the outstanding principal balance represented by the Notes to be repurchased, plus all accrued and unpaid interest thereon, to but excluding the purchase date, plus any additional amounts. See "Description of the Notes—Asset Sales." Upon the occurrence of certain events of loss, the Co-Issuer will be required to redeem the Notes at a redemption price equal to 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest to the redemption date, plus any additional amounts (but without payment of any premium). See "Description of the Notes—Mandatory Redemption Provisions." Upon the occurrence of a change of control repurchase event, as described herein, the Co-Issuers will be required to offer to purchase the Notes at a purchase price equal to 101% of the portion of the outstanding principal balance represented by the Notes to be repurchased, plus all accrued and unpaid interest thereon, to but excluding the purchase date, plus any additional amounts. See "Description of the Notes—Repurchase Upon Change of Control Repurchase Event." Upon a foreclosure on the Collateral securing the Notes and the Note Guarantees (as defined below) all proceeds realized in connection therewith must be applied to pay the holders of the Notes and other required amounts in accordance with the priority set forth in the Indenture. See "Description of the Notes—Priority of Payments upon Foreclosure on the Collateral."

CSO, EAA, CLR, CVH and CAC (each, as defined herein), each a Subsidiary of the Company incorporated or organized, as applicable, and existing under the laws of Mexico (collectively, the "Joint Obligors") will be co-obligors of the Notes on a joint and several basis with the Co-Issuers. The Notes will be fully and unconditionally, jointly and severally, guaranteed (the "Note Guarantees") by certain subsidiaries of the Company, including BGI, EVM Tenedora, GB, MT Falcon, COMEGO and GDR (each as defined herein), each incorporated or organized, as applicable, and existing under the laws of Mexico (collectively, the "Guarantors"). The Guarantors account for 38.4% of our total assets, and, on a pro forma basis, after giving effect to the Transactions (as defined herein), 64.8% of our total combined pro forma EBITDA, and 81.4% of our total revenue as of and for the nine-month period ended September 30, 2023. The Notes and the Note Guarantees will be the senior secured obligations of the Co-Issuers, the Joint-Obligor and the Guarantors, respectively, and will rank (i) *pari passu* in right of payment with all of the Co-Issuers', the Joint Obligors' and the Guarantors' present and future senior secured obligations (other than obligations preferred by statute or by operation of law) and certain other permitted debt and (ii) effectively senior in priority of payment to all present and future unsecured (to the extent of the value of the Collateral securing the Notes and the Note Guarantees) or subordinated obligations and effectively subordinated to all of the Co-Issuers', the Joint Obligors' or the Guarantors' future indebtedness secured by liens on assets that do not secure the Notes, to the extent of the value of the assets securing such indebtedness. EVM Energía I (as defined herein) and EVM Energía II (as defined herein), subsidiaries of the Company, will not guarantee the Notes. The Notes will be secured, subject to certain Permitted Liens (as defined herein), by security interests over all of the shares or equity interests and certain assets of the Co-Issuers, the Joint Obligors and the Guarantors as described in this Offering Memorandum. The Collateral securing the Notes and the Note Guarantees does not include a security interest in any of the ownership interests in EVM Energía I and EVM Energía II or any of the assets of such subsidiaries (including in the EVM Project Facilities Collateral (as defined herein)).

The Collateral securing the Notes and the Note Guarantees may also secure additional indebtedness incurred in the future, subject to certain conditions described herein. The Note Guarantees and security interests will be subject to contractual and legal limitations under relevant local laws and may be released under certain limited circumstances. See "Description of the Notes—Note Guarantees" and "—Collateral Arrangements."

There is currently no market for the Notes. Application will be made for the listing of and quotation for the Notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). There is no guarantee that such application to the SGX-ST will be approved. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Memorandum. The application to, approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of the Co-Issuers, the Joint Obligors, the Guarantors, their respective consolidated subsidiaries and associated companies (if any), the Notes or the Note Guarantees. The Notes will be traded in a minimum board lot size of U.S.$200,000 (or its equivalent in foreign currencies) for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

We cannot assure you that this application will be accepted or that the Notes will remain listed thereafter.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 63.

THE NOTES AND THE NOTE GUARANTEES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT. OUTSIDE THE UNITED STATES, THE OFFERING IS BEING MADE IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFERS OF THE NOTES THAT WILL APPLY FOR THE ENTIRE TERM OF THE NOTES, SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS."

THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM IS EXCLUSIVELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE CNBV AND, THEREFORE, THE NOTES MAY NOT BE PUBLICLY OFFERED OR SOLD IN MEXICO. HOWEVER, THE NOTES MAY BE OFFERED IN MEXICO TO INVESTORS DOMICILED IN MEXICO THAT QUALIFY AS INSTITUTIONAL OR QUALIFIED INVESTORS UNDER MEXICAN LAW PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). NOTICE IS TO BE GIVEN TO THE CNBV FOR INFORMATIONAL PURPOSES ONLY AND RECEIPT THEREOF BY, THE CNBV WILL NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, WITH REGARDS TO THE SOLVENCY OF THE CO-ISSUERS OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM AND DOES NOT RATIFY OR VALIDATE ANY ACTIONS OR OMISSIONS, IF ANY, IN CONTRAVENTION OF APPLICABLE LAW.

Price for Notes: 99.989% plus accrued interest, if any, from January 22, 2024

We expect that delivery of the Notes will be made to investors in book-entry form through the facilities of The Depository Trust Company ("DTC"), for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream"), on or about January 22, 2024

Global Coordinators and Joint Book-Runners

BNP PARIBAS **Citigroup** **J.P. Morgan** **Morgan Stanley**

Joint Book-Runner

SOCIÉTÉ GÉNÉRALE

The date of this Offering Memorandum is January 16, 2024.

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Prospective purchasers should rely only on the information contained in this Offering Memorandum. No person has been authorized to provide prospective purchasers with different information. If anyone provides prospective purchasers with different or inconsistent information, prospective purchasers should not rely on it. You should assume that the information appearing in this Offering Memorandum is accurate as of the date on the front cover of this Offering Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date after the date on the cover of this Offering Memorandum.

This Offering Memorandum has been prepared solely for use in connection with the proposed offering of the Notes described in this Offering Memorandum. This Offering Memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. You are not authorized to distribute this Offering Memorandum to any person other than a person retained to advise you with respect of a purchase. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing stipulations.

This Offering Memorandum is based on information provided by us and other sources that we believe to be reliable. We and the Initial Purchasers cannot assure you that this information is accurate or complete. After having made all reasonable inquiries, we confirm that the information contained in this Offering Memorandum is true and correct in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and that there are no other facts the omission of which would make this Offering Memorandum as a whole misleading. This Offering Memorandum summarizes certain documents and other sources of information, and we refer prospective purchasers of the Notes to those sources for a more complete understanding of the information contained therein. Copies of certain documents referred to herein will be made available to prospective purchasers, free of charge, upon request to us, or at the office of the principal paying agent and any other paying agent. You hereby acknowledge that you have been afforded an opportunity to request from us, and have received, all information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, and that you have had the opportunity to review all the documents described herein.

The financial or operational information of CFE, CFEnergía, CFEG CFEC, Pemex and PTI is not included or otherwise incorporated in this Offering Memorandum. None of the Co-Issuers, the Joint Obligors, the Guarantors or the Initial Purchasers have made any independent evaluation of CFE, CFEnergía, CFEG, CFEC, Pemex and PTI, including relating to their financial condition, results of operations, cash flows, prospects or ability to perform their contractual obligations. Prospective purchasers are strongly advised to make their own independent assessment of CFE, CFEnergía, CFEG, CFEC, Pemex and PTI prior to making an investment decision with respect to the Notes. Neither CFE, CFEnergía, CFEG, CFEC, Pemex and PTI is providing any guarantee of payment or other credit support for the Notes.

By purchasing the Notes, prospective purchasers will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this Offering Memorandum. The Notes will bear a legend referring to such restrictions. See "Transfer Restrictions." As a prospective purchaser of the Notes, you should be aware that you may be required to bear the financial risks of your investment in the Notes for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

There is currently no market for the Notes and we cannot assure you that one will develop or, if one develops, that it will continue. Application will be made for the listing of and quotation for the Notes on the SGX-ST pursuant to a listing memorandum containing information substantially similar to that contained in this Offering Memorandum.

The SGX-ST takes no responsibility for the contents of this Offering Memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Memorandum.

In making an investment decision with respect to the Notes, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved. You should not construe anything in this Offering Memorandum as legal, business, accounting, regulatory or tax advice. Before investing in the Notes, you should consult with your own business, legal, accounting, regulatory and tax advisors to determine the appropriateness and consequences of an investment in the Notes in your specific circumstances and arrive at an independent evaluation of the investment based upon, among other things, your own views as to the risks associated with the Notes or us.

If your investment authority is subject to legal restrictions, you should consult your legal advisors to determine whether and to what extent the Notes constitute legal investments for you. Neither we nor any of the Initial Purchasers is making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations.

Neither we nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where such offer is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this Offering Memorandum and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the Initial Purchasers will have any responsibility therefor.

Neither the CNBV nor the U.S. Securities and Exchange Commission ("SEC"), or any state securities commission nor any other regulatory authority in the United States has approved or disapproved the Notes, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The information contained in this Offering Memorandum is exclusively our responsibility and has not been reviewed or authorized by the CNBV. This Offering Memorandum may not be publicly distributed in Mexico. The Notes have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and therefore, may not be offered or publicly sold in Mexico. However, the Notes may be offered to investors domiciled in Mexico that qualify as institutional or qualified investors under Mexican law, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and regulations thereunder. The Co-Issuers will notify the CNBV of the terms and conditions of this offering of the Notes outside of Mexico. Such notice will be submitted to the CNBV to comply with the Mexican Securities Market Law and for statistical and informational purposes only. The delivery to, and receipt by, the CNBV of such notice does not and will not constitute or imply a certification as to the investment quality of the Notes, the Co-Issuers' solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this Offering Memorandum and does not ratify or validate any actions or omissions, if any, in contravention of applicable law. The acquisition of the Notes by an investor who is a resident of Mexico will be made under such investor's own responsibility.

The Notes and the Note Guarantees will not be registered under the Securities Act or any state securities laws in the United States. Therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold in the United States only to "qualified institutional buyers," as defined in Rule 144A under the Securities Act ("QIBs") in accordance with Rule 144A and outside the United States to non-U.S. persons in accordance with Regulation S. Prospective purchasers of the Notes in the United States that are QIBs are hereby notified that we may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Neither the Initial Purchasers nor their agents have independently verified the information contained in this Offering Memorandum and make no representation or warranty as to the accuracy or completeness of the information contained in this Offering Memorandum.

NOTICE TO PROSPECTIVE INVESTORS

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Offering Memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the "EU Prospectus Regulation"). The Notes are not intended to be and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared, and, therefore, making the Notes available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of Notes in any member state of the European Economic Area will be made pursuant to an exemption from the requirement to publish a prospectus for offers of notes under the EU Prospectus Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Offering Memorandum is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation"). The Notes are not intended to be and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services And Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of article 2(1) of regulation (EU) no 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in article 2 of regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore making the Notes available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption from the requirement to publish a prospectus for offers of Notes.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

The communication of this Offering Memorandum and any other document or materials relating to the issue of the notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of Section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. This Offering Memorandum is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), (iii) are high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "Relevant Persons"). This Offering Memorandum is directed only at Relevant Persons and must not be acted or relied upon by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

NOTICE TO PROSPECTIVE INVESTORS IN MEXICO

The information contained in this Offering Memorandum is exclusively our responsibility and has not been reviewed or authorized by the CNBV. This Offering Memorandum may not be publicly distributed in Mexico. The Notes have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and therefore, may not be offered or publicly sold in Mexico. However, the Notes may be offered to investors domiciled in Mexico that qualify as institutional or qualified investors under Mexican law, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and regulations thereunder. The Co-Issuers will notify the CNBV of the terms and conditions of this offering of the Notes outside of Mexico. Such notice will be submitted to the CNBV to comply with the Mexican Securities Market Law and for statistical and informational purposes only. The delivery to, and receipt by, the CNBV of such notice does not and will not constitute or imply a certification as to the investment quality of the Notes, the Co-Issuers' solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this Offering Memorandum and does not ratify or validate any actions or omissions, if any, in contravention of applicable law. The acquisition of the Notes by an investor who is a resident of Mexico will be made under such investor's own responsibility.

NOTICE TO INVESTORS IN CERTAIN COUNTRIES

For information for investors in certain countries, see "Plan of Distribution" and "Transfer Restrictions."

DEFINED TERMS AND CONVENTIONS

In this Offering Memorandum, unless otherwise specified or the context requires otherwise:

- References to "BEMH," "we," "us," "our" and "our company" refer to Buffalo Energy Mexico Holdings, S.A. de C.V. and its consolidated subsidiaries after giving effect to the Transactions (in each case as the context may require). When the context so requires, we use the terms "we," "us," "our," and "our company" to refer to the historical businesses of each of the Company, EVM and MT Falcon, as applicable;

- References to "BGI" refer to Buffalo Generation Infrastructure S.A. de C.V.;

- References to the "Co-Issuers" refer to BEMH, BEI and BE;

- References to the "Joint-Obligors" refer to CSO, EAA, CVH, CLR and CAC;

- References to the "Guarantors" or "Initial Guarantors" refer to BGI, EVM Tenedora, GB, MT Falcon, COMEGO and GDR;

- References to the "Company" are to Buffalo Energy Mexico Holdings, S.A. de C.V.;

- References to "CAC" are to Central Anáhuac, S.A. de C.V.;

- References to "CLR" are to Central Lomas de Real, S.A. de C.V.;

- References to "COMEGO" are to Compañia Mexicana de Gerencia y Operacion, S.A. de C.V.;

- References to “CSO” are to Central Saltillo, S.A. de C.V.;
- References to “CVH” are to Central Valle Hermoso, S.A. de C.V.;
- References to “EAA” are to Electricidad Águila de Altamira, S. de R.L. de C.V.;
- References to “EVM Energía I” are to EVM Energía del Valle de México, S.A.P.I. de C.V.;
- References to “EVM Energía II” are to EVM Energía del Valle de México Generador, S.A.P.I. de C.V.;
- References to “EVM Tenedora” are to EVM Tenedora S.A.P.I. de C.V., and EVM Energía II, its consolidated subsidiary;
- References to “EVM” and “Sunrise” are to EVM Energía I and EVM Tenedora;
- References to “GB” are to Generación Buffalo, S.A. de C.V.;
- References to “GDR” are to Gasoducto del Río, S.A. de C.V.;
- References to “MT Falcon” and “Sunset” are to MT Falcon Holdings Company, S.A.P.I. de C.V., and its consolidated subsidiaries;
- References to “Generating Assets” are to MT Falcon Generating Assets and EVM Generating Assets;
- References to “United States” herein are to the United States of America;
- References to “pesos,” “Ps.” and “MXN$” herein are to Mexican pesos, the lawful currency of Mexico; and
- References to “U.S. dollars” or “U.S.$” herein are to the lawful currency of the United States.

For convenience and consistency, we have converted various capacity and volume measurements (as provided in contracts, permits, source materials or other documents in various other measurements and heating value units) into certain consistent units. Actual conversion rates of heating value to volume can depend on various factors, and all conversions are approximate. The applicable rates used for these conversions in this Offering Memorandum are as follows:

- 1 MMcf natural gas = 252 Gigacalories;
- 1 MMcf natural gas = 1,040 million British thermal units (MMbtu);
- 1 MMcf natural gas = 1,097 Gigajoules;
- 1 MMcf natural gas = 1,040 Decatherms; and
- 1 MMcf natural gas = 0.01040 MMTh.

GLOSSARY OF CERTAIN DEFINED TERMS

ASEA	Mexican National Agency for Industrial Safety and the Protection of the Environment in the Hydrocarbons Sector (*Agencia Nacional de Seguridad Industrial y de Protección al Medio Ambiente del Sector Hidrocarburos*)
Bcf	Billion cubic feet
CAGR	Compound annual growth rate
CENACE	The National Energy Control Center (*Centro Nacional de Control de Energía*)
CENAGAS	National Center of Natural Gas Control (*Centro Nacional de Control del Gas Natural*)
Central Bank of Mexico	The Bank of Mexico (*Banco de México*)
CFEC	CFE Calificados, S.A. de C.V.
CFEG	CFE Generación V
CFEnergía	CFEnergía, S.A. de C.V.
COFECE	Mexican Federal Economic Competition Commission (*Comisión Federal de Competencia Económica*)
CONAGUA	Mexican National Water Commission (*Comisión Nacional del Agua*)
CRE	Mexican Energy Regulatory Commission (*Comisión Reguladora de Energía*)
EWG	Exempt wholesale guarantor
FERC	U.S. Federal Energy Regulatory Commission
FFH	Factory fired hour
GE Affiliates	General Electric International, Inc., General Electric International Operations Company, Inc. and G.E. Energy Parts, Inc.
GB	Generación Buffalo, S.A. de C.V.
GW	Gigawatt, or a billion Watt
INEGI	Mexico's National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*)
IPP or PIE	Independent power producer (*Productores Independientes de Energía*)
LIE	Mexican Electric Industry Law (*Ley de la Industria Eléctrica*)
LNG	Liquefied natural gas

Lost Time Incident	Personal injury of any person working onsite requiring doctor mandated disability based on injury severity
Lost Time Incident Frequency	Calculated by multiplying 200,000 Man Hours times Lost Time Incidents, the product of which is divided by Actual Work Hours
LPG	Liquefied petroleum gas
LSPEE	The Power Public Service Law (*Ley del Servicio Público de Energía Eléctrica*)
MHPSA	Mitsubishi Hitachi Power System Americas
MMcf/d	Million cubic feet per day
MPA	Mitsui&CO. Power Development and Management Americas, S. de R.L. de C.V.
MW	Megawatt, or a million Watt
MWh	Megawatt hour, or a million Watt per hour
NAES	NAES Energía, S. de R.L. de C.V.
National Index of Producer Prices	National Index of Producer Prices (*Índice Nacional de Precios al Productor sin Crudo de exportación más Servicios*)
O&M	Operating and maintenance
Pemex	*Petróleos Mexicanos*
PPA	Power purchase agreement
PRODESEN	National Electric System Development Program (*Programa de Desarrollo del Sistema Eléctrico Nacional*)
PROFEPA	Mexican Environmental Protection Enforcement Agency (*Procuraduría Federal de Protección al Ambiente*)
PTI	*Pemex Transformación Industrial*
RLSPEE	The Regulations to the Power Public Service Law (*Reglamento de la Ley del Servicio Público de Energía Eléctrica*)
SEMARNAT	Mexican Ministry of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*)
SEN	National Electricity System (*Sistema Eléctrico Nacional*)
SENER	Mexican Ministry of Energy (*Secretaría de Energía*)
Siemens	Siemens Energy Inc.
Siemens Westinghouse	Siemens Westinghouse Power Corporation

SIN	National Interconnection System (*Sistema Interconectado Nacional*)
Total Recordable Case Frequency	Calculated by multiplying 200,000 Man Hours times Total Recordable Cases, the product of which is divided by Actual Work Hours, where "Total Recordable Cases" equals the sum of all Medical Treatment Cases, Restricted Work Cases and Lost Time Incident
TTL	Trafigura Trading LLC

AVAILABLE INFORMATION

We are not subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). To permit compliance with Rule 144A under the Securities Act in connection with resales of Notes, we will furnish to any holder which so requests and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act, unless we are either subject to the exemption from reporting under Rule 12g3-2(b) under the Exchange Act or furnish information to the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Any such request may be made to us in writing at Montes Urales 505, Lomas de Chapultepec, Miguel Hidalgo, 11000 Mexico City, Mexico. Application will be made for the listing of and quotation for the Notes on the SGX-ST, in accordance with its rules and regulations. We will be required to comply with any undertakings given by us from time-to-time to the SGX-ST in connection with the Notes, and to furnish all such information as the rules of the SGX-ST may require in connection with the listing of the Notes.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. The words "believe," "anticipate," "expect," "intend," "estimate," "plan," "assume," "will," "may," "should" and other similar expressions, which are predictions of or indicate future events and future trends, identify forward-looking statements. In addition, this Offering Memorandum includes forward-looking statements relating to our potential exposure to various types of market risks, such as interest rate risk and foreign exchange rate risk. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- legislative and regulatory changes in Mexico (including any changes in taxation laws and regulations);
- actions and the timing of actions by legislative, legal, regulatory, governmental and environmental bodies in Mexico and other countries, including actions relating to Mexican energy regulatory reforms and requirements and changes in the regulation of the energy sector in Mexico;
- the ability to perform under the PPAs or to renew the PPAs upon termination;
- a change in our relationship with CFEG or CFEC, our largest customers, or our inability to enforce the guarantees by their parent, CFE, under the CFEC PPAs, the IPP PPAs and the gas supply agreements;
- the timing and success of maintenance, construction and other capital projects, including risks inherent in the ability to obtain, and the timing of granting of, permits and other authorizations;
- reliance on transportation assets and energy infrastructure and services that BEMH does not own or control;

- the accuracy of assumptions and estimates used in the preparation of the Independent Energy Market Expert's Report and the Independent Engineer's Report

- services, credit support and financing provided to BEMH by affiliates and third parties;

- our ability to achieve the intended benefits of the Transactions, including the realization of synergies;

- increased competition due to expected expansion of energy sector in Mexico;

- the ability to win competitively bid-for infrastructure projects against a number of strong competitors willing to aggressively bid for those projects;

- wars, terrorist attacks, organized crime, weather conditions, natural disasters and catastrophic accidents;

- developments in energy markets, including the timing and extent of changes and volatility in commodity prices;

- the timing and success of maintenance, construction and other capital projects, including risks inherent in the ability to obtain, and the timing of granting of, permits, licenses and other authorizations;

- deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among regulated energy services providers and their stakeholders, including customers and shareholders and other providers, and delays in regulatory agency authorizations to recover costs through rates collected from customers;

- our ability to hire, train and retain qualified employees and executives;

- risks posed by working with volatile and hazardous materials;

- the availability of electric power, natural gas and diesel, including disruptions caused by explosions and equipment failures;

- risks posed by attacks on, and cybersecurity threats to, the information and systems used to operate BEMH's businesses, the energy grid, natural gas storage and pipeline infrastructure and the confidentiality of BEMH's proprietary information and the personal information of BEMH's customers and employees;

- local, national and international economic, business, political, developments, and social conditions and developments;

- government expropriation of assets, changes in contractual conditions and title and other property disputes;

- inflation, interest rates and exchange rates;

- risks associated with the intended benefits of the Transactions (as defined herein) not being achieved;

- our ability to fulfill our strategy and/or successfully integrate our acquisitions and capital expenditures;

- the outcome of litigation, arbitration and/or administrative proceedings brought against us and/or our consolidated subsidiaries;

- the susceptibility of our operations to health and safety risks, as well as natural disasters, operational hazards and uninsured risks;

- temporary or permanent disruption of operations at BEMH's pipelines due to acts of God, force majeure or other events outside of BEMH's control;

- world events, climate events or variations, catastrophic accidents and natural disasters;

- the availability of, and demand for, alternative energy sources;

- capital markets and financial conditions, including the availability of credit and the liquidity of BEMH's investments, and inflation, interest and currency exchange rates;

- potential changes in regulation and free trade agreements as a result of the coming U.S. presidential and congressional elections in November 2024 and the coming Mexican presidential and congressional elections in June 2024;

- risks posed by decisions and actions of third parties who control the operations of investments in which BEMH does not have a controlling interest, and risks that BEMH's partners or counterparties will be unable (due to liquidity issues, bankruptcy or otherwise) or unwilling to fulfill their contractual commitments; and

- risks and uncertainties discussed under "Risk Factors" and elsewhere in this Offering Memorandum.

The forward-looking statements herein are based on a number of assumptions and/or estimates and are subject to known and unknown risks, uncertainties and other factors that may or may not occur in the future. As such, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from those expressed or implied by our forward-looking statements.

We urge you to read the sections of this Offering Memorandum entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon," "Management's Discussion and Analysis of Financial Condition and Results of Operations EVM," "Business Overview" and "Regulatory, Permits and Environmental Matters" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate and intend to operate. The forward-looking statements herein speak only as of the date on which the statements were made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

On November 9, 2022 and on July 13, 2023 the MT Falcon Acquisition and the EVM Acquisition (each as defined herein) were consummated, respectively. See "Summary—The Transactions", "Summary Unaudited Pro Forma Condensed Combined Financial and Operating Data" and "Selected Unaudited Pro Forma Condensed Combined Financial and Operating Data".

The BEMH Consolidated Financial Statements (as defined herein) included in this Offering Memorandum and the "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH," reflect the consolidated historical results of operations of the Company and its consolidated subsidiaries, including MT Falcon, upon consummation of the MT Falcon Acquisition, and EVM, upon consummation of the EVM Acquisition.

The MT Falcon Consolidated Financial Statements (as defined herein) included in this Offering Memorandum and the "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon" reflect the consolidated historical results of operations of MT Falcon and its consolidated subsidiaries.

The EVM Combined Financial Statements (as defined herein) included in this Offering Memorandum and the "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM" reflect a combination of (i) EVM Tenedora and its subsidiary (EVM Energía II) and (ii) EVM Energía I.

This Offering Memorandum contains BEMH's unaudited pro forma condensed combined financial information, which has been derived from the Financial Statements (as defined herein) included elsewhere in this Offering Memorandum. The assumptions underlying the pro forma adjustments are described in the notes accompanying BEMH's unaudited pro forma condensed combined financial information, which should be read together.

Historical Financial Statements

This Offering Memorandum includes the following historical financial statements:

(i) BEMH's audited consolidated financial statements as of December 31, 2022 and 2021 and for the year ended December 31, 2022 and the period from July 23, 2021 (incorporation date) to December 31, 2021, together with the notes thereto (the "BEMH Audited Consolidated Financial Statements");

(ii) BEMH's unaudited interim consolidated financial statements as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022, together with the notes thereto (the "BEMH Unaudited Interim Consolidated Financial Statements," and together with the BEMH Audited Consolidated Financial Statements, the "BEMH Consolidated Financial Statements");

(iii) MT Falcon's audited consolidated financial statements as of December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021, together with the notes thereto (the "MT Falcon Audited Consolidated Financial Statements");

(iv) MT Falcon's unaudited interim consolidated financial statements as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022, together with the notes thereto (the "MT Falcon Unaudited Interim Consolidated Financial Statements," and together with the MT Falcon Audited Consolidated Financial Statements, the "MT Falcon Consolidated Financial Statements");

(v) EVM's audited combined financial statements as of December 31, 2022, 2021 and January 1, 2021 and for the years ended December 31, 2022 and 2021, together with the notes thereto (the "EVM Audited Combined Financial Statements"); and

(vi) EVM's unaudited condensed combined interim financial statements as of September 30, 2023 and for the nine-month period ended September 30, 2023 and 2022, together with the notes thereto (the "EVM Unaudited Condensed Combined Interim Financial Statements," and together with the EVM Audited Combined Financial Statements, the "EVM Combined Financial Statements").

The BEMH Consolidated Financial Statements, the MT Falcon Consolidated Financial Statements and the EVM Combined Financial Statements are together referred to herein as the "Financial Statements."

Financial information identified in this Offering Memorandum as "combined" or "on a combined basis" reflects a combination of (i) EVM Tenedora and its subsidiary (EVM Energía II), and (ii) EVM Energía I data for the periods identified and does not give effect to the Transactions, nor does it reflect certain other adjustments that would be required for pro forma financial information prepared in accordance with Regulation S-X.

Each of the Financial Statements has been prepared in accordance with the International Financial Reporting Standards ("IFRS").

Unaudited Pro Forma Financial Information

The unaudited pro forma condensed combined statements of profit or loss and other comprehensive income for the year ended December 31, 2022 and the nine months ended September 30, 2023 and 2022, are presented herein.

The unaudited pro forma condensed combined statements of profit or loss and other comprehensive income of BEMH for the year ended December 31, 2022 and the nine months ended September 30, 2023 and 2022 combine the historical results of BEMH, MT Falcon and EVM for the year ended December 31, 2022 and the nine months ended September 30, 2023 and 2022, respectively, and give effect to the Transactions as if it occurred on January 1, 2022.

Each of the MT Falcon Acquisition and the EVM Acquisition business combinations is accounted for in accordance with the International Financial Accounting Standard 3 *Business Combinations* ("IFRS 3"). See "Summary—The Transactions", "Summary Unaudited Pro Forma Condensed Combined Financial and Operating Data" and "Selected Unaudited Pro Forma Condensed Combined Financial and Operating Data".

The unaudited pro forma condensed combined financial information of BEMH have been prepared by our management team for illustrative purposes only and are not necessarily indicative of the results of operations that would have been realized had the Transactions occurred on the dates indicated, nor is it meant to be indicative of any future results of operations that the combined company will experience. The pro forma adjustments are based on the preliminary assumptions and information available that management believes are reasonable under the circumstances. See "Summary Unaudited Pro Forma Condensed Combined Financial and Operating Data" and "Selected Unaudited Pro Forma Condensed Combined Financial and Operating Data." In addition, see "Risk Factors" for a discussion of risk factors that could impact our future financial condition and results of operations.

Special Note about Non-IFRS Financial Measures

This Offering Memorandum makes reference to certain non-IFRS measures, for example, MT Falcon CFADS, MT Falcon EBITDA, EVM CFADS and EVM EBITDA (as defined below). For purposes hereof, these measures are described as follows:

- "BEMH CFADS" is (1) EVM CFADS (as defined below), *plus* (2) MT Falcon CFADS (as defined below), *minus* (3) Administrative Expenses of BEMH, BGI, GB, BEI, and BE, *minus* (4) tax paid by BEMH, BGI, GB, BEI, and BE, adjusted for (5) changes in working capital requirements of BEMH, BGI, GB, BEI, and BE.

- "MT Falcon CFADS" is MT Falcon Generation Assets Gross Margin (as defined below), *plus* (1) GDR Gross Margin (as defined below), *plus* (2) COMEGO Gross Margin (as defined below), *minus* (3) Operating and Administrative Expenses (not included in the Cost of Revenues), *minus* (4) Income Tax Expense, *minus* (5) Capital Expenditures - Net, *plus* (6) Interest Income, net of Other Financial Cost, *adjusted for* (i) changes in working capital requirements, adjusted for (ii) changes in Foreign Exchange Gain / (Loss) – Net." See "Summary—Summary Pro Forma Unaudited Condensed Combined Pro Forma Financial and Operating Data—Reconciliation of Total Revenues to CFADS."

    - "MT Falcon Generation Assets Gross Margin" is total revenues and other income, *minus* total Cost of Revenues (including Fuel Expense).

    - "GDR Gross Margin" is Total Revenues and Other Income, *minus* total cost of revenues (including Fuel Expense).

    - "COMEGO Gross Margin" is Total Revenues and Other Income, *minus* COMEGO administrative costs.

- "MT Falcon EBITDA" is Comprehensive (Loss) / Income for the period, adding back (1) Income Tax Expense / (Benefit), adding back (2) Interest Expense, adding back (3) Loss (Gain) on Disposal of Fixed

Assets, adding back (4) Depreciation and Amortization, adding back (5) Impairment of Power Plants, Natural Gas Pipeline, Property and Equipment, Intangible Asset and Goodwill.

- "EVM CFADS" with respect to EVM, is Total Revenues of EVM Energía I and EVM Energía II, *minus* (1) Cost of Revenues of EVM Energía I and EVM Energía II and Administrative Expenses of EVM Energía I, EVM Tenedora and EVM Energía II, *minus* (2) Tax Paid/Funded of EVM Energía I, EVM Tenedora and EVM Energía II, less (3) Capital Expenditures, Net, of EVM Energía I and EVM Energía II *plus* (4) Net Proceeds from Sale of Fixed Assets of EVM Energía I and EVM Energía II, *plus* (5) Interest Income, Net of Other Financial Cost, of EVM Energía I, EVM Tenedora and EVM Energía II, adjusted for (6) changes in VAT Collection and Compensation of EVM Energía I, EVM Tenedora and EVM Energía II, *adjusted for* (7) changes in working capital requirements and Foreign Exchange Gain (Loss) – Net, of EVM Energía I, EVM Tenedora and EVM Energía II, *adjusted for* (8) changes in Release/Fund Reserve Accounts of EVM Energía I and EVM Energía II, less (i) senior debt service payable by EVM Energía I pursuant to the terms and conditions of the EVM I Project Facility (as defined herein) and the financing documents relating thereto, less (ii) senior debt service payable by EVM Energía II pursuant to the terms and conditions of the EVM II Project Facility (as defined herein) and the financing documents relating thereto.

- "EVM EBITDA" is Net loss for the period, adding back (1) Income Tax Expense (Benefit), adding back (2) Interest Expense, adding back (3) Depreciation and Amortization. See "Summary—Summary Historical Combined Financial and Operating Data of EVM—Reconciliation of EVM EBITDA."

We present MT Falcon CFADS and EVM CFADS in this Offering Memorandum because we believe they provide useful information regarding a company's ability to service and incur indebtedness and management uses it as a measure of evaluating BEMH's ability to generate cash flows and performance. In addition, such measures are presented in this Offering Memorandum because they are defined and used in our financing agreements, including the Notes, for purposes of compliance with a financial covenant. MT Falcon CFADS and EVM CFADS are not a measurement of operating performance under IFRS, and should not be considered a substitute for revenues, net income, cash flows from operating activities or other income statement data, or as a measure of profitability. Therefore, MT Falcon CFADS and EVM CFADS and other related ratios should be viewed as supplementary to the Financial Statements and the unaudited pro forma condensed combined financial information included elsewhere in this Offering Memorandum and may not be indicative of BEMH's historical operating results nor are they meant to be predictive of potential future results. Because all companies do not calculate such measures identically, the presentation may not be comparable to similarly entitled measures of other companies and you are cautioned not to place undue reliance on such financial information.

We present MT Falcon EBITDA and EVM EBITDA in this Offering Memorandum because we believe they provide useful information regarding a company's ability to service and incur indebtedness and management uses it as a measure of evaluating BEMH's ability to generate cash flows and performance and because we believe such measurements are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and similar financings. MT Falcon EBITDA and EVM EBITDA are not a measurement of operating performance under IFRS, and should not be considered a substitute for revenues, net income, cash flows from operating activities or other income statement data, or as a measure of profitability. Therefore, MT Falcon EBITDA and EVM EBITDA and other related ratios should be viewed as supplementary to the Financial Statements and the unaudited pro forma condensed combined financial information included elsewhere in this Offering Memorandum and may not be indicative of BEMH's historical operating results nor are they meant to be predictive of potential future results. Because all companies do not calculate such measures identically, the presentation may not be comparable to similarly entitled measures of other companies and you are cautioned not to place undue reliance on such financial information.

Working Capital

Working capital is calculated as Total Current Assets minus Total Current Liabilities not included in other line items of the CFADs calculation.

Rounding

Certain amounts and percentages included in this Offering Memorandum have been subject to rounding adjustments and, accordingly, certain totals presented in this Offering Memorandum may not correspond to the arithmetic sum of the amounts or percentages that precede them.

Independent Energy Market Expert's Report

AFRY Management Consulting Inc. ("AFRY"), has prepared an independent energy market expert's report, dated January 5, 2024 (the "Independent Energy Market Expert's Report"). AFRY has consented to the inclusion of a copy of the Independent Energy Market Expert's Report as Annex A to this Offering Memorandum. AFRY is an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. The Independent Energy Market Expert's Report summarizes AFRY's analysis, provides an overview of the Mexican energy markets, describes the underlying base case market assumptions and modeling methodology and discusses the projections of the Mexican wholesale power market, retail price projections, commodity price projections and supply and demand projections for the Mexican energy market from 2024 through 2050.

Information in this Offering Memorandum that is derived or reproduced from the Independent Energy Market Expert's Report is based on assumptions, qualifications and procedures which are not fully described herein. In addition, the Independent Energy Market Expert's Report contains projected information and data (financial and otherwise), and other forward-looking information, that may or may not prove to be accurate and actual results may be materially different. See "Forward-Looking Statements" and "Risk Factors—Risks Relating to Our Business and Industry—Future retail rates, commodity prices, supply and demand and asset operating patterns in the Mexican wholesale power market may differ from the projected retail rates, commodity prices and supply and demand contained in the Independent Energy Market Expert's Report prepared by AFRY and other estimates contained in this Offering Memorandum."

Neither we nor the Initial Purchasers made any representation or warranty, express or implied, as to the accuracy or completeness of any information in this Offering Memorandum that is derived or reproduced from the Independent Energy Market Expert's Report. Neither we nor the Initial Purchasers have verified the information contained in the Independent Energy Market Expert's Report. Unless otherwise set out herein, reference should be made to the full text of the Independent Energy Market Expert's Report, which is attached to this Offering Memorandum as Annex A. The Independent Energy Market Expert's Report is current only as of the date thereof. The delivery of the Independent Energy Market Expert's Report as an annex does not imply that there has been no change in our affairs or the Mexico wholesale power market since the date of the Independent Energy Market Expert's Report or that the information contained in the Independent Energy Market Expert's Report is current as of any time after the date thereof, and none of us, the Initial Purchasers or any other person will update the contents of the Independent Energy Market Expert's Report after the date thereof.

Independent Engineer's Report

Hatch Ltd. (the "Independent Engineer") has prepared an independent engineer's report dated January 5, 2024 (the "Independent Engineer's Report"). The Independent Engineer has consented to the inclusion of a copy of the Independent Engineer's Report as Annex B to this Offering Memorandum. The Independent Engineer is an international consulting firm that provides technical consulting services to the energy industry. The Independent Engineer's Report assesses, among other things, principal aspects of the Generating Assets' (as defined herein) design, engineering, expected performance, risk assessment, operations, and O&M costs, as well as certain technical aspects, including technical provisions in certain of BEMH's operating agreements, including the PPAs, connection agreements, fuel supply agreements, long term service agreements and any other contracts that have a material commercial impact on the Financial Model and permits. It also includes a projection of future operating results and debt service coverage ratios on the Notes (the "Financial Model").

For purposes of preparing the Independent Engineer's Report, the Independent Engineer relied on information, including estimates and projections, provided by us, which included information based upon assumptions about various matters that are not within our control. The Independent Engineer has not reviewed the Financial Model for mathematical accuracy, mechanical integrity, or consistency with the financing agreement or any other financing documents other than the technical inputs and O&M costs discussed in the Independent Engineer's Report, which were identified in the Financial Model for the Independent Engineer by us. The Independent Engineer has not reviewed the methodology and assumptions used by us in the Financial Model. You should be aware that actual results will likely differ, perhaps materially, from those estimated or projected in the Independent Engineer's Report. No one can assure you that the assumptions used are correct or that the estimates and projections will match actual results of operations. Therefore, we do not make, nor intend to make, nor should you infer, any representation with respect to the likelihood of any future outcome. If actual results are materially less favorable than those shown, or if the assumptions used in formulating the estimates and projections prove to be incorrect, our ability to meet our obligations under the Notes could be materially and adversely affected. You should read "Risk Factors" for more information.

The prospective Financial Model included in "Annex B – Independent Engineer's Report" to this Offering Memorandum was not prepared with a view towards compliance with any published guidelines of the SEC, nor the guidelines established by the American Institute of Certified Public Accountants or the Mexican Institute of Public Accountants (*Instituto Mexicano de Contadores Públicos, A.C.*), for preparation and presentation of prospective financial information. The Independent Auditors (as defined herein) have not examined, compiled or performed any procedures with respect to the Financial Model contained therein and, accordingly, the Independent Auditors do not express an opinion or any other form of assurance on such information or its achievability. The Independent Auditors do not assume any responsibility for, and deny any association with, the prospective financial information. The Independent Auditors' reports included in this Offering Memorandum refer exclusively to our historical financial information. The Independent Auditors' reports do not cover any other information in this Offering Memorandum and should not be read to do so. See "Risk Factors—Risks Relating to Our Business and Industry—Our future financial results may differ from the Financial Model contained in the Independent Engineer's Report prepared by the Independent Engineer and other estimates contained in this Offering Memorandum" and "Annex B – Independent Engineer's Report."

Market Estimates

Certain industry, demographic, market and competitive data, including market forecasts, used throughout this Offering Memorandum were obtained from internal surveys, market research, publicly available information and industry publications.

We have made these statements on the basis of information from third party sources that we believe are reliable, including among others: the Central Bank of Mexico; the International Monetary Fund; the SENER; the CRE; the World Bank; and INEGI.

Industry and government publications generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, such information has not been independently verified and, therefore, we cannot guarantee its accuracy or completeness. Some data are also based on BEMH's estimates, which are derived from BEMH's review of internal surveys and analyses, as well as from independent sources. We have not independently verified the information and make no representation or warranty as to its accuracy or completeness. In addition, these sources may use different definitions of the relevant markets than those we present. Data regarding BEMH's industry is intended to provide general guidance but is inherently imprecise. Though we believe these estimates were reasonably derived, you should not place undue reliance on estimates, as they are inherently uncertain. Nothing in this Offering Memorandum should be interpreted as a market forecast.

Currency Information

BEMH's functional and reporting currency is the U.S. dollar. For purposes of presenting the Financial Statements and the unaudited pro forma condensed combined financial information of BEMH, as required under IFRS, any monetary assets and liabilities denominated in Mexican peso recording currency are translated into U.S. dollars using the exchange rate as of the end of each reporting period, as reported by the Central Bank of Mexico in the Official Gazette. Unless otherwise indicated all U.S. dollar amounts corresponding to the Financial Statements and unaudited pro forma condensed combined financial information of BEMH have been derived from the accounting records of BEMH, EVM and MT Falcon, and all other U.S. dollar amounts presented in this Offering Memorandum have been converted at Ps. 17.6195 to U.S.$1.00, unless otherwise indicated, which was the exchange rate published for September 30, 2023, by the Central Bank of Mexico in the Official Gazette. Income and expense items are translated at the exchange rates at the dates of the related transactions. Exchange differences arising, if any, are recognized on the statement of comprehensive income in exchange gain (losses). The U.S. dollar equivalent information presented in this Offering Memorandum is provided solely for the convenience of investors and should not be construed as implying that the peso amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rate Information" for more detailed information regarding exchange rates for pesos. As of January 4, 2024, the exchange rate as reported by the Central Bank of Mexico in the Official Gazette was Ps.17.0492 to U.S.$1.00.

Description of Contracts and Permits

This Offering Memorandum contains summary descriptions of material provisions of various commercial agreements, permits and other contracts, including the Indenture governing the Notes offered hereby and the Note Guarantees, the intercreditor agreement (the "Intercreditor Agreement"), the agreements creating the security interests on the Collateral securing the Notes (the "Security Documents") and the agreements described under "Description of Certain Material Agreements," "Description of Existing Financing Arrangements," and "Description of Principal Finance Agreements." Such descriptions do not purport to be complete or exhaustive, and, as with any contract or legal instrument, the terms thereof may be subject to interpretation. Copies of the Indenture (including the Note Guarantees), the form of Notes, the Intercreditor Agreement, the Security Documents, and the agreements described under "Description of Certain Material Agreements," "Description of Existing Financing Arrangements," and "Description of Principal Finance Agreements," as well as copies of our organizational documents, will be made available for inspection upon request to us at our address listed on the inside back cover page of this Offering Memorandum. As such, reference is hereby made to the actual agreements and documents for complete information contained in those agreements and documents. All summaries to such agreements and documents are qualified in their entirety by this reference.

SUMMARY

This summary highlights certain information about us described elsewhere in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Memorandum. You should carefully read the entire Offering Memorandum to understand our business, the nature and terms of the Notes and other considerations that are important to your decision to invest in the Notes, including without limitation, the risks discussed under the section titled "Risk Factors."

The Co-Issuers

The Notes will be issued by the Co-Issuers, each a variable capital corporation (*sociedad anónima de capital variable*) organized and existing under the laws of Mexico.

BEMH was formed on July 23, 2021, to serve as a holding company of MT Falcon and EVM. Prior to the consummation of the Transactions, the Company did not engage in any activities and had no material assets or liabilities.

BE was formed on July 30, 2021, to consummate the MT Falcon Acquisition and serve as a holding company of MT Falcon. Prior to the consummation of the MT Falcon Acquisition, BE did not engage in any activities and had no material assets or liabilities.

BEI was formed on December 22, 2022, to consummate the EVM Acquisition and serve as a holding company of EVM. Prior to the consummation of the EVM Acquisition, BE did not engage in any activities and had no material assets or liabilities.

As a result of the Transactions, BEMH indirectly owns 100% of the equity interests of MT Falcon and EVM, respectively. BEMH's interest in MT Falcon and EVM represents all of its assets and does not hold equity interests or shares of any other company. See "—Valia's Corporate Structure."

The equity interest of BEMH is wholly-owned on an indirect basis by certain investment funds managed by Actis. See "Principal Shareholders."

Overview of BEMH

As of the date of this Offering Memorandum, based on our internal assessment of the market and subject to the closing of Iberdrola's sale of a portfolio of assets totaling 8.54 GW to Mexico Infrastructure Partners, BEMH is the largest private energy generation platform in Mexico with a total commercial capacity of 3.2 GW, distributed among seven gas-fired power generation plants, as well as one natural gas transportation pipeline. BEMH achieved this position in the Mexican market through two major acquisitions: the MT Falcon Acquisition in November 2022 and the EVM Acquisition in July 2023.

On November 9, 2022, BEMH, through its subsidiary BE, acquired MT Falcon, an energy portfolio of power generating assets and an open access natural-gas pipeline. MT Falcon owns and operates five CCGT power plants in Mexico (Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV) with a total commercial capacity of 2.2 GW and an adjacent 57.9-kilometer natural gas-pipeline (Gasoducto del Río). Immediately after our acquisition of MT Falcon, BEMH re-branded with immediate effect as "Valia Energía." See "The Transactions—MT Falcon Acquisition."

On July 13, 2023, BEMH, through its subsidiaries BEI and BGI, acquired EVM, an energy portfolio of power generation assets with an aggregate total capacity of 950 MW. EVM Energía I owns and operates EVM I, a SCGT plant with an installed capacity of 100 MW. EVM Energía II, a subsidiary of EVM Tenedora, owns and operates EVM II, a CCGT with an installed capacity of 850 MW. See "The Transactions—EVM Acquisition."

BEMH is owned by funds managed by Actis. Actis is a leading global investor in infrastructure with a long track record in the electricity industry. On energy infrastructure, Actis invests globally buying and building power generation and distribution businesses driven by strong market demand and growth. Its investment strategy supports the energy transition and accelerates the journey to net zero. In power generation, Actis acquires and structures projects to build world class generation businesses that produce predictable cash flows. Actis leverages both on its extensive team of investment, operational and sustainability professionals that bring deep industrial expertise, and on its local knowledge, network and relationships. With 17 offices across the world and over 130 investment professionals, Actis' footprint covers 85% of the global population and currently manages over 100 companies across over 50 countries. Over the past 20 years, Actis has been involved in the construction and operation of approximately 30 GW in over 30 countries across Asia, Africa, and Latin America. Its differentiating approach to asset management, has enabled Actis to drive value across its portfolio of nearly 120 individual generation assets.

Overview of MT Falcon

MT Falcon is one of the leading IPP in Mexico with more than 20 years of operating experience in the country. MT Falcon is comprised of a diverse portfolio of highly contracted, efficient, and competitive generation assets with a total commercial capacity of 2.2 GW. MT Falcon asset base is composed of five CCGT plants and a natural gas pipeline. The power plants are in the Northeast of Mexico, in the States of Tamaulipas and Coahuila. The natural gas transportation pipeline, measuring 57.9 kilometers, is in Northeastern Mexico and has a delivery capacity of 410,000 MMbtu per day, serving the Rio Bravo plants of MT Falcon´s portfolio, as well as other CFE power plants in the area.

The capacity and energy produced by MT Falcon's power plants are sold to CFE pursuant to its PPAs. Each PPA has a term of 25 years starting on the commercial operating date of each respective power plant. Any surplus energy generated over the contracted energy commitment is offered and provided to the Mexican wholesale power market operated by CENACE.

From the point of view of permits and regulation, each of MT Falcon power plants has permits from CRE to generate and sell electricity to CFE as an independent producer. These permits have mandatory terms of 25 years. Additionally, MT Falcon has obtained from CRE for each of its power plants permits to produce and sell electricity as a generator into the Mexican wholesale power market operated by CENACE. Each of these permits has a mandatory term of 30 years from the date of their respective issuance.

To sell electricity as generators into the Mexican wholesale power market operated by CENACE, the MT Falcon power plants including Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV have each executed individual market participant agreements with CENACE. The form of the market participant agreement is publicly available, and all market participants must enter into such agreements with standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreements."

Overview of EVM

EVM has a recent history in the IPP sector in Mexico, as its power plants were built and entered in operation in 2017 and 2021. EVM is comprised of two gas-fired power generation assets, EVM I and EVM II, with an aggregate generating capacity of 950 MW. EVM I is a fast-response SCGT unit with an installed capacity of 100 MW, and EVM II is what we believe is a state-of-the art CCGT with an installed capacity of 850 MW. Most of the generation capacity and energy output produced by EVM's power plants are sold exclusively to CFEC under the CFEC PPAs, each with a term of 20 years starting on the commercial operating date of EVM I and EVM II, as applicable. Any surplus energy generated over the contractually committed energy is offered and provided to the Mexican wholesale power market operated by CENACE.

EVM Energía I and EVM Energía II have obtained permits from the CRE for their respective power plants to produce and sell electricity as a generator for CFEC and the Mexican wholesale power market operated by CENACE. Each permit has a mandatory term of 30 years as of the dates of their respective issuance.

To sell electricity as generators into the Mexican wholesale power market, each of EVM Energía I and EVM Energía II have executed individual market participant agreements with CENACE. The form of the market participant agreement is publicly available, and all market participants must enter such agreements in the standard terms approved by CENACE. See “Description of Certain Material Agreements—Market Participant Agreements.”

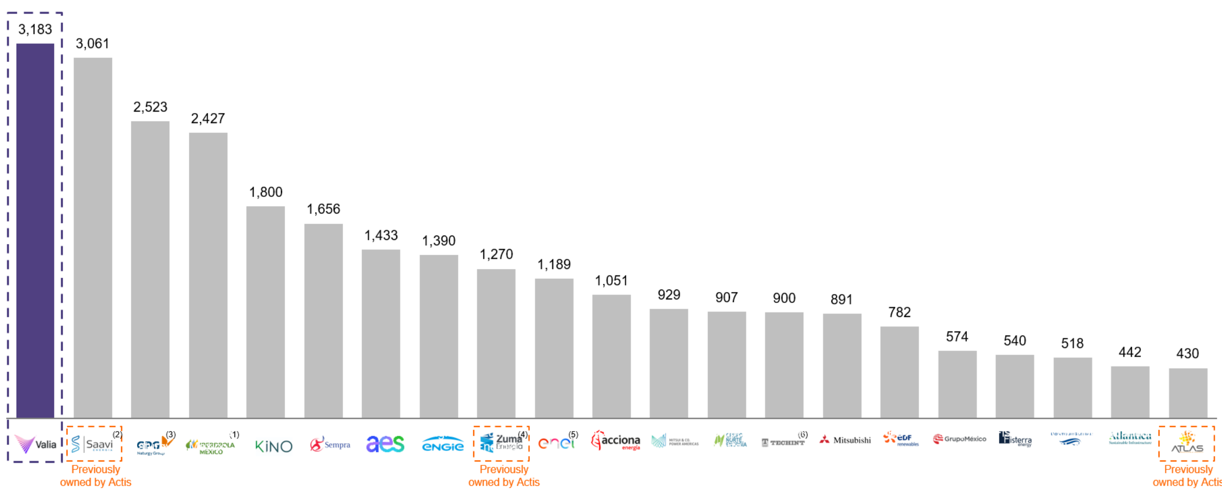
BEMH’s Competitive Strengths

We believe that BEMH features tangible competitive advantages in the Mexican power market, based on its strong operational and technical performance, long-term contracted revenues and gas procurement, geographic proximity to energy demand poles in Mexico, dispatching dynamics, and attractiveness of future commercial opportunities. We are committed to maintaining our competitive advantages and our role as the pivotal generation player in the Center and Northern area of the country, where the industrial dynamism and nearshoring centers are located.

BEMH is a leading Mexican gas-fired producer with proven track-record in the energy sector in Mexico

BEMH owns and operates what we believe is the largest privately owned portfolio of strategically located power infrastructure assets. It had a 7% market share of the Mexican electricity generation sector for the year ended December 31, 2022, according to PRODESEN. The chart below shows BEMH’s leading market position in terms of the installed capacity within independent power producers in Mexico based on our own internal assessments of the market.

Private Power Installed Capacity in Mexico (MW)



Sources: BEMH with information from Asociación Mexicana de Energía (December 2022) and Saavi Energía, Iberdrola (April 2023), Enel, Techint, Kino, SPIC Mexico, Inframation, EDF, Fisterra, Atlas.

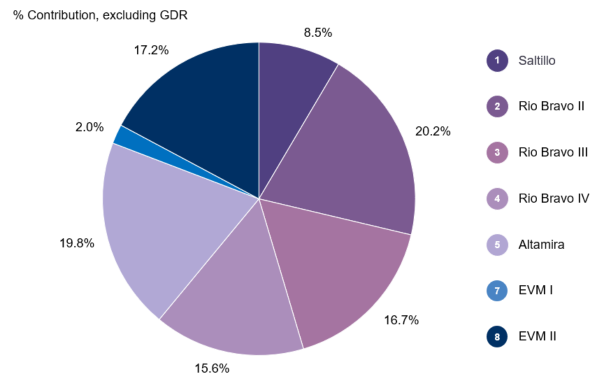
Notes:

1. Subject to the closing of Iberdrola’s sale of a portfolio of assets totaling 8.54 GW to Mexico Infrastructure Partners
2. Adjusted for 51% ownership in Bajio CCGT (668 MW) and acquisition of Tierra Mojada (874 MW)
3. Global Power Generation. Owned by Naturgy (75%) and KIA (25%)
4. Adjusted to reflect 79% ownership in the recent acquisition of Jaguar Solar (216 MW)
5. Excludes Kino Energia (20% owned by Enel)
6. Excludes Grupo Norte Energia (10% owned by Techint)

BEMH has a well-diversified fleet of assets, in terms of geography, capacity, PPA maturity and expected decommissioning date. Our assets are located near strategic demand hubs as well as gas supply centers. The table below provides a summary BEMH's operating assets and location:

Portfolio Overview and 2024-2038 Cumulative CFADS by Asset

	Asset	Commercial Capacity	Contracted Capacity	Decommissioning Date(1)	Offtaker	PPA Maturity
MT Falcon	1 Saltillo Power Plant	248 MW	248 MW	2041	CFE	2026
	2 Altamira Power Plant	495 MW	495 MW	2042	CFE	2027
	3 Rio Bravo II Power Plant	495 MW	495 MW	2042	CFE	2027
	4 Rio Bravo III Power Plant	495 MW	495 MW	2044	CFE	2029
	5 Rio Bravo IV Power Plant	500 MW	500 MW	2045	CFE	2030
	6 Gasoducto del Rio Pipeline	57.9 km	N/A	N/A	CFE/Rio Bravo III & IV(2)	N/A
	MT Falcon Total	2,233 MW	2,233 MW			
EVM	7 EVM I Power Plant	100 MW	94 MW	2056	CFE Calificados	2037
	8 EVM II Power Plant	850 MW	750 MW 90 MW(3)	2061	CFE Calificados	2041 2025 & 2026
	EVM Total	950 MW	934 MW			
Total	**BEMH Total**	**3,183 MW**	**3,167 MW**			**~8.2yr Weighted Avg. Remaining Life(4)**



Source: BEMH and Hatch

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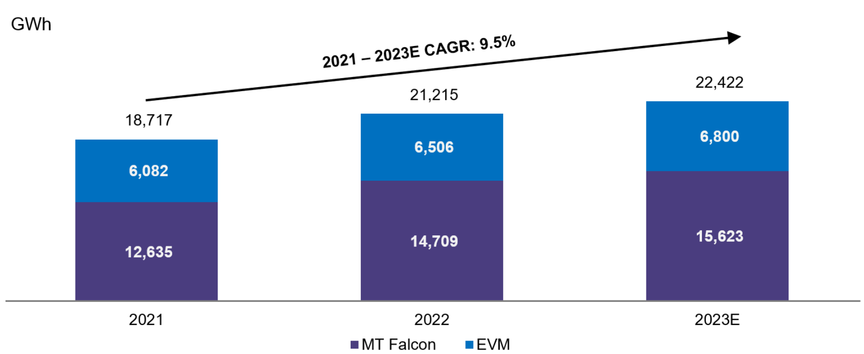
(1) According to Hatch's Review.
(2) Transport service agreement with Río Bravo II and Río Bravo IV mature in 2029 and 2030, respectively. Transport service agreement with CFE is subject to yearly renewals.
(3) 3-year 90 MW contract executed in 2022 between EVM Energía II and CFE Calificados.
(4) As of September 30, 2023.

BEMH's assets have an operational history of superior performance compared to the average of the sector, featuring a historical availability factor that largely outperforms SIN´s averages. Similarly, our portfolio also features competitive heat rates when compared to the rest of operators active in the SIN. Our assets have a strong track record of energy generation in terms of GWh, which increased from 18,717 GWh in 2021 to an expected 22,422 GWh in 2023, a CAGR of 9.5%, which we believe showcases the baseload profile of our assets, our competitiveness, and our positioning in the geographic areas where energy demand is increasing.

Energy Generation (GWh)



Source: BEMH

Highly contracted portfolio in U.S. dollar-denominated terms with creditworthy offtakers

BEMH's portfolio is highly contracted, with long term, stable and 95% U.S. dollar-denominated or U.S. dollar-linked cash flows supported by long term CFE PPAs, with a ~8.2 year weighted average remaining PPA life as of September 30, 2023. These revenues are indexed to inflation and have what we believe is limited dispatch and commodity risks. Our PPAs feature attractive fixed and variable revenue streams that allow us to cover operational expenditures, tax and debt service obligations, and sponsor's returns.

In terms of counterparty risk, more than 99% of BEMH's cashflows are derived from contracts with CFE, Mexico's Government owned national utility. CFE has a rating of Baa2, BBB and BBB- by Moody's, S&P and Fitch, respectively.

IPP Long-term CFE PPAs

Approximately 2.2 GW of the MT Falcon portfolio are contracted directly with CFE until 2026-2030, through the IPP regulatory scheme since the Energy Reform in 2013.

Under the IPP PPAs, CFE is required to purchase a monthly demonstrated net capacity and associated net energy output per project. As compensation for the capacity, CFE pays (1) fixed capacity charges in dollars, calculated based on the fixed capacity charge for the period which is then adjusted based on demonstrated availability relative to the guaranteed availability, and (2) variable charges in pesos and dollars which are a pass-through to CFE.

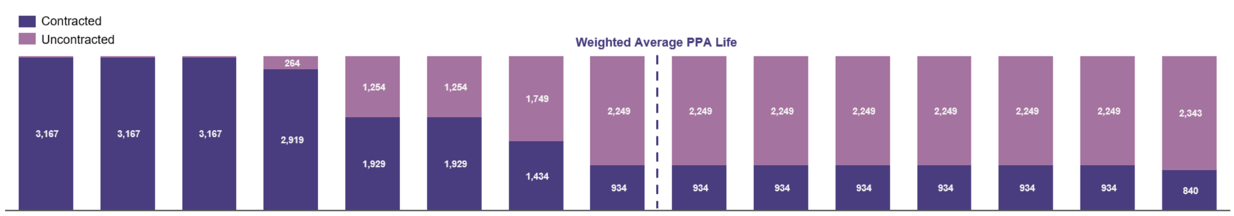
CFEC PPAs

For the EVM portfolio, a total of 934 MW are contracted directly and bilaterally on a long-term basis in PPAs through 2037 for EVM I and 2041 for EVM II. See "Business Overview—Material Agreements—Key Power Purchase Agreements—EVM I and EVM II." CFEC is a subsidiary of CFE engaged in the business of qualified supply of electricity in the Mexican wholesale power market. CFEC's obligations under the contracts are guaranteed by CFE.

Under the CFEC PPAs, CFEC is required to purchase a monthly demonstrated net capacity and associated net energy output per project. As compensation for capacity, CFEC pays (1) a fixed capacity fee relating to capacity, operation and maintenance and a fuel supply fee, (2) a variable energy fee based on a variable operation and maintenance fee and a fuel fee, (3) an ancillary market and non-market services fee, and (4) a pass-through of transmission, market operation, market supervision and other market settlement fees.

Residual installed capacity is contracted out through PPAs for the surplus capacity and energy where CFEC pays for the delivered surplus capacity and energy with a pass-through of transmission, market operation, market supervision and other market settlement fees.

Contracted Capacity (MW)[(1)]



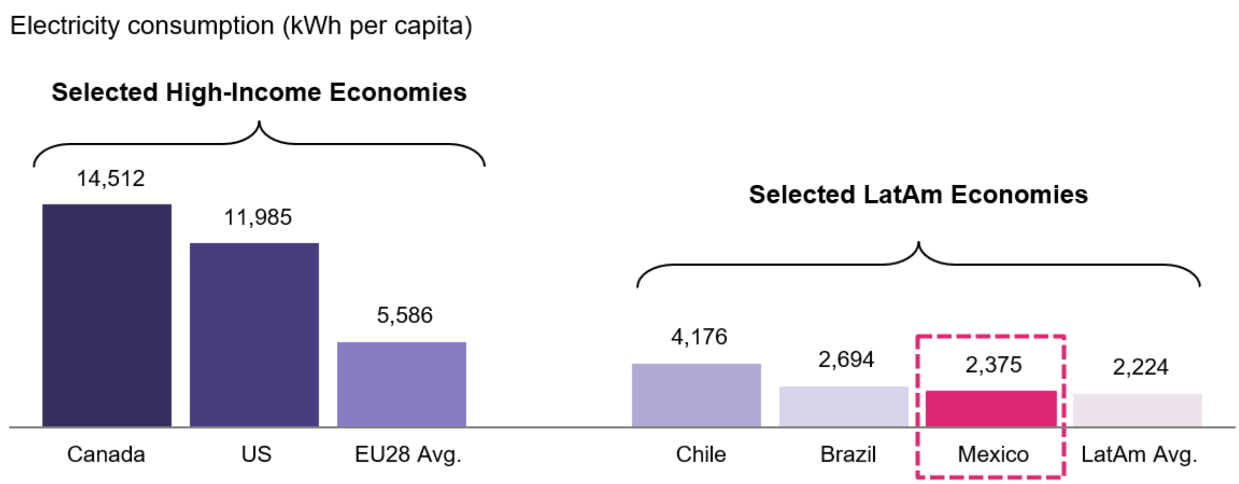
Source: BEMH and Hatch

(1) Assumes continual renewal of the 3-year 90 MW contract executed in 2022 between EVM II and CFE Calificados.

Highly attractive power markets dynamics that favor BEMH

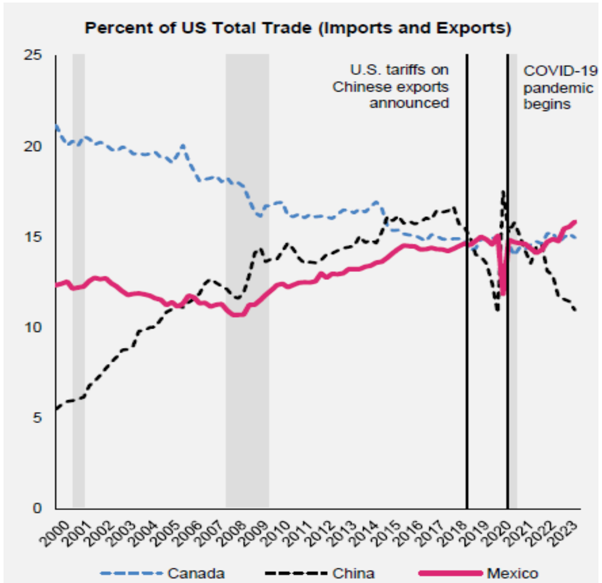
BEMH's generation assets are strategically located in the Northeast and Center (within the Mexico City Metropolitan area) regions. These are two of the largest electricity consumption hubs in Mexico. These regions represent 36% of the energy demand in Mexico and are where commercial and industrial activity is burgeoning primarily due to the nearshoring trend in which global companies are migrating their production to areas located closer to their demand centers. The impact and benefits of this nearshoring trend are benefiting Mexico which already became in 2023 the largest trading partner with the United States ahead of China. Nearshoring as well as strong macro fundamentals for Mexico are expected to continue to drive robust energy demand and in particular in regions in which BEMH´s assets are located.

Mexico Electricity Consumption Lagging Supply vs. Growing Demand



Source: Company supplemented by data from US Energy Information Administration (EIA) and World Bank data (2021)

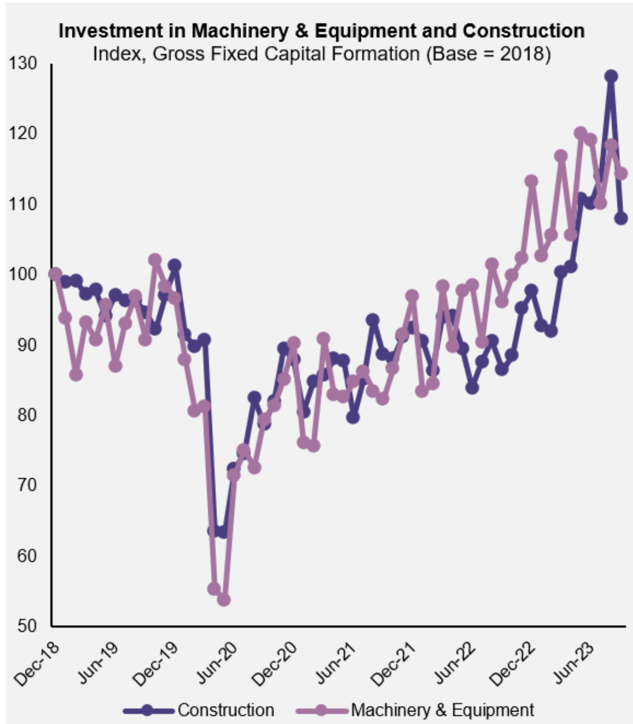
Percent of US total Trade (Imports and Exports)



Source: US Census Bureau, Federal Reserve Bank of Dallas. Data are seasonally adjusted and quarterly. Shaded Area denotes a recession. Total trade is the sum of exports and imports.

Investment in Machinery & Equipment and Construction has demonstrated remarkable growth, rebounding to pre-COVID levels in October 2020. As of the end of the third quarter of 2023, there has been an accumulated growth of 41% in Machinery & Equipment and 46% in Construction, reflecting respective average annual growth rates of 12% and 13%. This surge highlights the dynamic impact of nearshoring on the Mexican economy. However, it also emphasizes the need for increased investment in power infrastructure to meet the escalating demands of these dynamic, power-dependent industries.

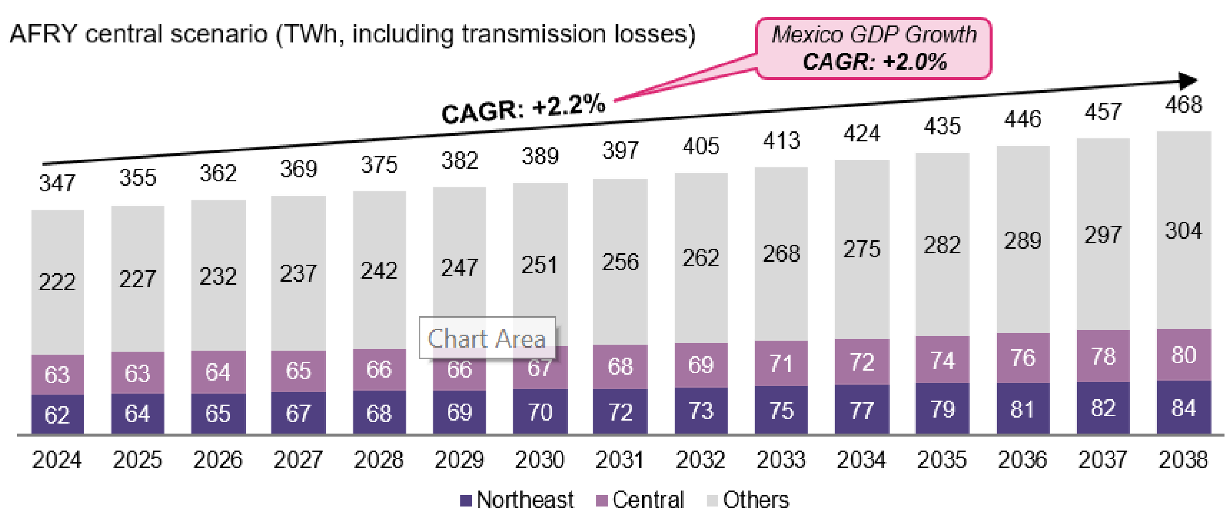
Investment in Mexico Continues to Grow



Source: INEGI

AFRY estimates that demand in the Mexican power market will increase by 2.2% CAGR until 2038, excluding additional demand resulting from nearshoring. This forecast is based on the relationship between electricity demand, Gross Domestic Product (GDP), and population over the long term. AFRY adjusts their projections for factors such as temperature variations, improvements in energy efficiency, the shift in energy demand caused by electric transportation, and anticipated changes in transmission and distribution losses.

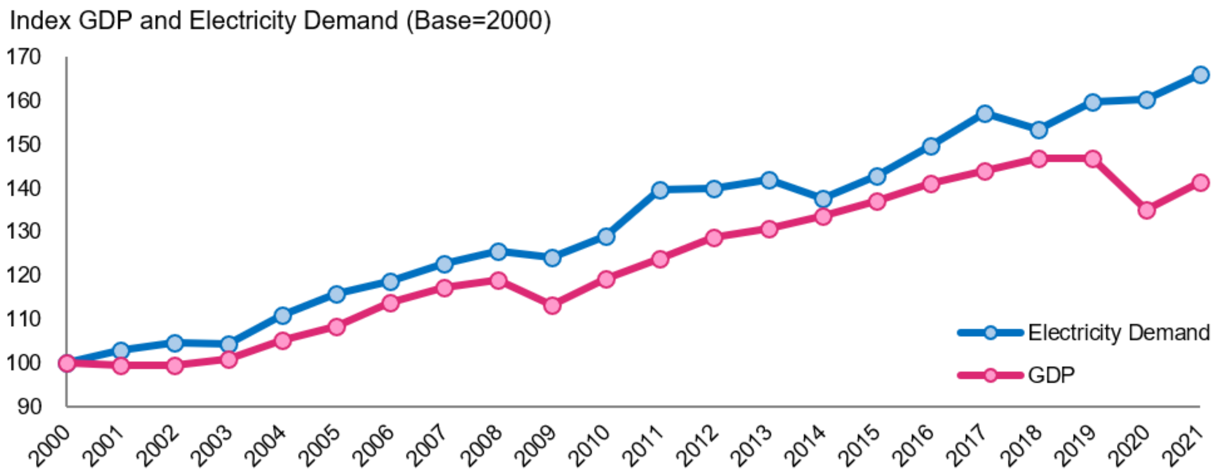
Robust Projected Growth of Energy in Mexico



Source: AFRY

On the supply side, AFRY's projections for installed capacity consider existing capacity, ongoing construction projects, plant closures, and the development of new generic capacity. Changes to the capacity mix depend on technical constraints, policy initiatives, clean energy goals, and economic factors. The Model assumes that Mexico's long-term capacity development aims for a 6% minimum operating margin.

Power Demand Grows Faster than GDP in Mexico

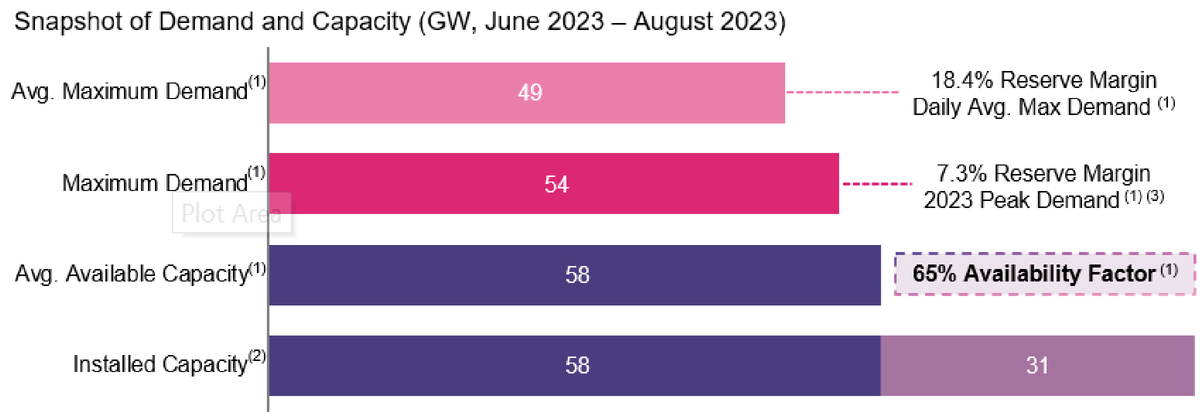


Source: AFRY

We believe that BEMH is well-positioned to benefit from opportunities arising from growing demand for energy and Mexico's market structure. If demand continues to grow at rates higher than the GDP and new generation capacity is not built, as it has been the case in recent years, reserve margins should tighten, and prices could be pressured upwards making the current power infrastructure even more critical for the system.

Mexico currently possesses approximately 89 GW of installed capacity interconnected to CFE's grid, comprising a mix of state-owned and privately permitted facilities. However, the actual average available capacity during peak demand months (specifically, June through August 2023) stood at 58 GW, resulting in an Availability Factor of 65%. Within the same timeframe, the average maximum daily power demand reached 49 GW, resulting in an average Reserve Margin of 18.4%. During these high-demand months, the absolute maximum power demand peaked at 54 GW, driving the Reserve Margin to its lowest point at 7.3%. Considering that CENACE's minimum reliability operating reserve margin is 6%, this emphasizes Mexico's imperative to continue investing in capacity to meet its escalating power demand effectively.

Further Investment in Capacity is Needed to Cover Power Demand



Source: BEMH elaborated with CFE data (as of June 2023), PRODESEN and CENACE data

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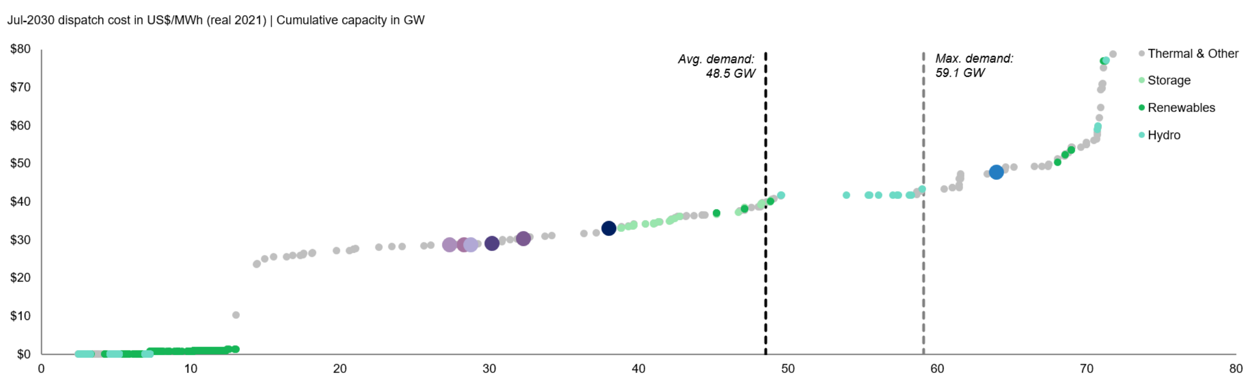
(1) Daily CENACE data for the period of June 2023 through August 2023 (peak demand months)
(2) According to CFE as of June 20, 2023.
(3) CENACE's operational reserve margin is 6%.

BEMH's is situated well-inside of the average demand, supporting post-PPA asset life and monetization opportunities

Based on AFRY's estimates, BEMH assets will continue having a competitive position in the dispatch curve and are expected to be fundamental to supply average and maximum demand of the system, which in turn should guarantee their access to capacity revenue, through PPAs or through the spot market. In terms of energy revenue, in 2030, BEMH CCGTs are expected to have an average dispatch cost of $29.3 USD / MWh whereas the average demand is expected to be set at a price of $32.6 USD / MWh.

2030 Supply Stack Capacity (GW)



Project	Rio Bravo III	Rio Bravo II	Rio Bravo IV	Saltillo	Altamira	EVM II	EVM I
Contracted Capacity	495 MW	495 MW	500 MW	248 MW	495 MW	750 MW & 90 MW	94 MW
PPA End Date	2029	2027	2030	2026	2027	2041 & 2025/2026	2037
2030 Dispatch Cost (US$/MWh)(1)	28.7	28.8	28.9	29.2	30.5	33.1	47.8
2030 Realized Power Price (US$/MWh)(2)	38.6	38.8	39.1	39.6	40.4	45.0	60.6

Source: BEMH and AFRY

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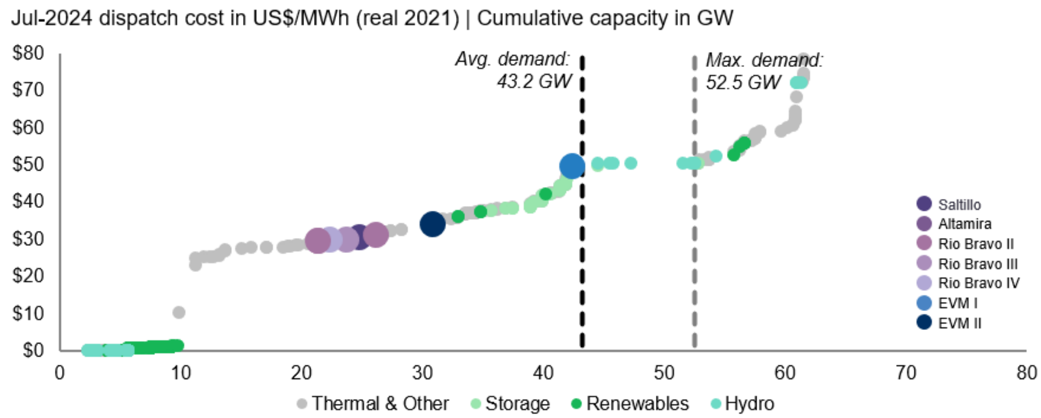
(1) July 2023 Projected Dispatch Cost.

As the largest private multi-asset CCGT platform, we believe BEMH is well positioned to re-contract its capacity and has several commercial paths to follow post PPA-life given its expected position in the dispatch curve. Furthermore, BEMH expertise across the regulated (i.e. IPPs PPAs) and unregulated (LIE PPAs) market will be highly valuable to optimize its re-contracting strategy.

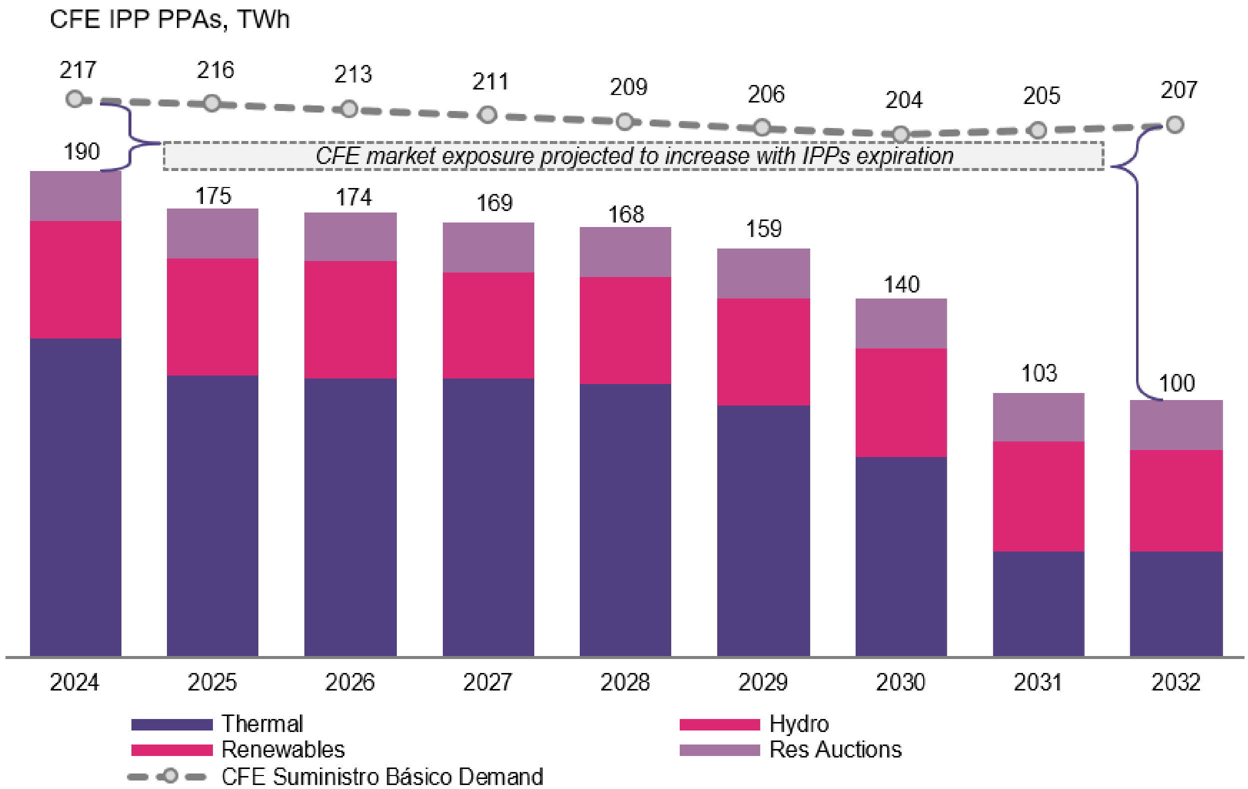
2024 Supply Stack Capacity (GW)



Source: BEMH and AFRY

One alternative for the re-contracting strategy for BEMH will be to re-contract with CFE. Per regulation, CFE basic supply is required to have 100% of its load hedged and we estimate that there are close to 8 GW IPP PPAs expiring in the coming years while expected new projects from CFE only account for 6 GW of additional supply. In order for CFE to comply with its hedge obligation, we expect that it will have to go to market to recontract this energy exposure with independent producers such as BEMH.

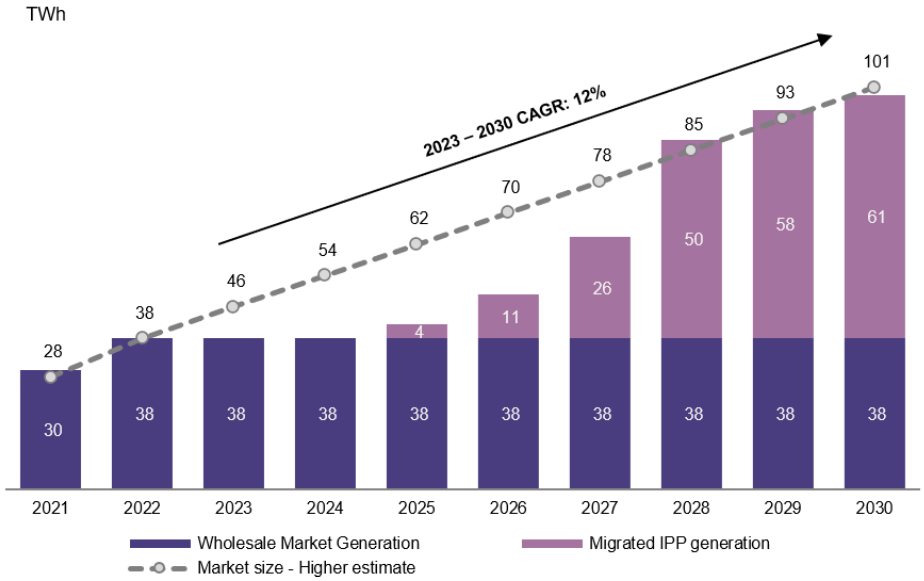
Continued Increase in Demand as Existing PPAs Expire



Source: AFRY

Another alternative for BEMH's re-contracting strategy is the Mexican wholesale energy market which has been growing steadily in recent years as increasingly more commercial and industrial ("C&I") consumers source their energy through this market. These customers are expected to increase their demand above the system average according to PRODESEN. Selected qualified suppliers in the market have continuously grown their activity and have become more relevant and creditworthy which is positive for both qualified consumers. If the growth pace continues with the historical trend, qualified suppliers could potentially accommodate a large portion of the IPPs capacity in the future once the PPAs with CFE expire. The most recent example of contracting in this market within BEMH's portfolio is the EVM II roll-over PPA signed in 2022 for 90 MW out of the 100 MW available.

Significant Qualified Supply Market Growth

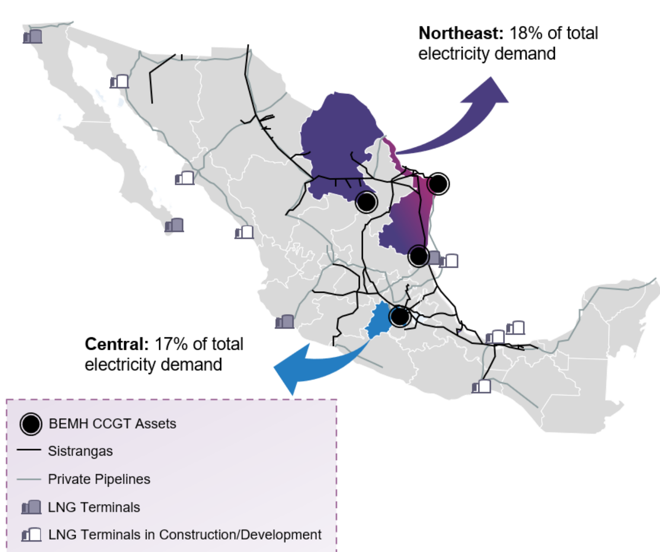


Source: AFRY

Access to gas transportation infrastructure and advantageous supply agreements

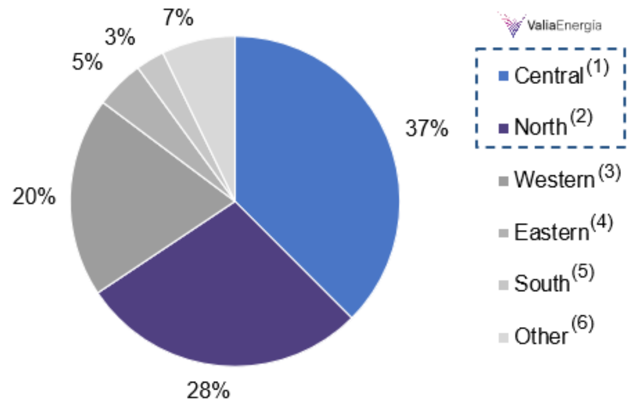
BEMH is very well positioned along the backbone of Mexico's gas midstream infrastructure, which provides us with us the opportunity to analyze different natural gas sourcing proposals from creditworthy suppliers that have strong presence in Mexico. In the future BEMH should be able to source gas at attractive prices from Houston Ship Channel and potentially Waha. We expect that this access and closeness to the gas sources will be a key competitive advantage for BEMH's assets in the Mexican market.

Strategic Asset Location



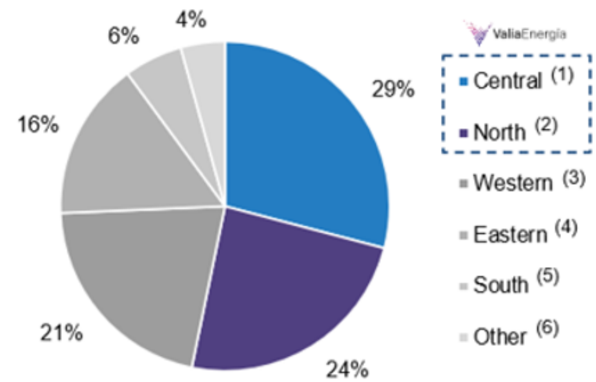
Source: AFRY, CENAGAS, CENACE and SENER

FDI per Region in Mexico (2022)



Source: Comisión Nacional de Inversiones Extranjeras

GDP per Region in Mexico (2021)



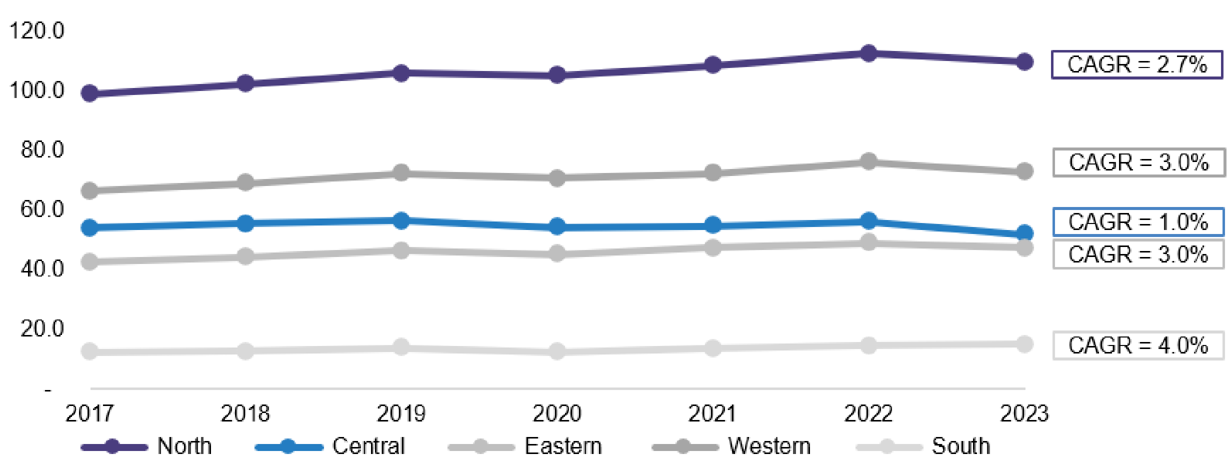
Source: INEGI

(1) Mexico City, State of Mexico, Hidalgo and Morelos.
(2) Chihuahua, Durango, Coahuila, Nuevo Leon, Tamaulipas, Sonora, and Sinaloa.
(3) Jalisco, Guanajuato, Querétaro, Aguascalientes, Nayarit, Colima, Michoacán, Zacatecas and San Luis Potosí.
(4) Tlaxcala, Oaxaca, Tabasco, Chiapas, Guerrero, Puebla and Veracruz.
(5) Quintana Roo, Yucatán and Campeche.
(6) Baja California and Baja California Sur.

Mexico's Power Demand in TWh exhibits a consistent structural distribution, with approximately 36% originating from the North region, 25% from the Western (el Bajio) region, 19% from the Central region, and the remaining 20% from the Eastern and Southern regions.

Over the past six years, the national yearly average growth in power demand has stood at 4.17%, primarily propelled by the historically underdeveloped South, which has experienced a notable growth rate of 7.2%. Meanwhile, the North and Central regions have seen yearly average growth rates in power demand of 3.4% and 2.0%, respectively. As new market forces and investments in high-power-demand industries continue to stimulate the country's economy, regional demand for energy is expected to persistently grow in the foreseeable future.

Power Demand in TWh



Source: BEMH elaborated with AFRY data. CAGR calculated using AFRY data for 2017-2022, and projected 2023 demand using historical annual growth rate between 2017-2022, excluding 2020.

Experienced management team backed by a world-class sponsor

BEMH has assembled what we believe is a highly experienced and diverse management team, who has put in place a robust organization with strong governance. Our team combines professionals with extensive strategic, financial, business development, construction and operational value-driving experience internationally and in Mexico. The combination of these factors ensures a deep understanding of the Mexican market local dynamics and stakeholders, while maintaining a best-in-class global approach.

Valia's strong and experienced management team is backed by Actis, a world-class sponsor with strong expertise in the power and infrastructure sectors. Actis has committed over U.S.$9 billion of capital to 200+ energy projects globally having built and operated 30 GW in over 30 countries across Asia, Africa and Latin America over the past 20 years. In Latin America, Actis has developed a leading energy investing platform with 16 investments across the region with 14.7 GW of installed capacity.

In Mexico, Actis built and has successfully divested 3 of the largest energy platforms in the country that include Saavi Energia, the second largest independent power producer in Mexico that was sold to Global Infrastructure Partners in 2021, Atlas Renewables, a 575 MW renewables platform sold to Global Infrastructure Partners in 2022, and Zuma Energia, a 818 MW renewables platform sold to China's SPIC in 2020.

BEMH's Business Strategy

Our business strategy is to generate long-term value for our stakeholders by operating our energy assets with the highest standards, maintaining our cost-efficient and flexible generation portfolio while securing long-term power contracts with creditworthy counterparties. We aim to provide reliable and cost-efficient energy to our customers, and ultimately obtaining solid and stable financial results. In line with our strategy, we intend to:

Provide highly reliable service availability, while maximizing efficiency

We are focused on operating our uniquely positioned and sizeable generating assets efficiently and safely, providing world-class service to BEMH's customers while achieving the highest levels of availability by adhering to health, safety, accident prevention, security and environmental policies intended to protect our employees, clients, and the local communities in which we operate. BEMH, with the support of Actis, will aim to maintain the best professional team in the marketplace and to engage world class operating service providers throughout the life of our assets to ensure that our operations (i) adhere to global benchmarks for safety, environmental compliance and operating standards, (ii) ensure that our equipment is maintained in accordance with the highest market standards, and (iii) secure the maximum efficiency and reliability of our power plants in the long-term.

Secure long-term power purchase agreements that generate stable and predictable revenues and margins with financially strong counterparties as our existing contracts expire

As our power purchase agreements begin to expire, we will seek to implement a long-term re-contracting strategy that capitalizes on BEMH's leading position in the Mexican electricity market, taking advantage of the size, geographical diversification, technology, cost efficiency, and track record of our assets. A significant portion of our contracts expire in 2026-2030, a period in which we expect the Mexican market to continue to experience important demand growth with limited new power generations supply, particularly of flexible and readily available sizeable gas-fired capacity.

We will seek to secure new long-term, and dollar denominated power purchase agreements in the Mexican wholesale power market with qualified electricity suppliers, such as CFEC and others counterparties that are becoming relevant in the market. The Mexican wholesale power market has grown in recent years and will face increasingly higher needs for capacity and energy. BEMH will also seek, to the extent permitted by the regulatory framework, to contract or recontract directly with CFE given their increasing sourcing energy needs. Additionally, we may consider maintaining a portion of the portfolio's capacity available in the spot market, which could offer temporarily high profitability and add commercial flexibility to capitalize on expected high realized energy prices.

Maintain and optimize a stable and efficient capital structure.

BEMH intends to have, at all times, a stable long-term capital structure that minimizes cost and refinancing risk and at the same time offers ancillary facilities that provide strong access to liquidity in the form of DSRAs and operating LCs. BEMH, as a portfolio company of Actis, intends to develop and preserve commercial relationships with Mexican and international financial institutions to maintain access to the financial markets.

BEMH has access to a strong liquidity pool of approximately U.S.$448 million in the form of operational and DSRA letters of credit and a working capital facility which serves as a back-stop in short-term liquidity events.

Access to a Strong Liquidity Pool

	EVM Energía I	EVM Energía II	MT Falcon	Notes
		(U.S.$ in thousands)		
DSRA LC	$4,000	$30,000	—	$45,000
Performance LC[2]	7,000	105,000[1]	—	205,000
Minimum cash reserve	—	5,000	—	—
MMRA[3]	—	5,000	—	—
OMRA (Cash funded)	—	12,000	—	—
WK Facilities	—	—	—	30,000
Total		**$448,000**		

Source: BEMH

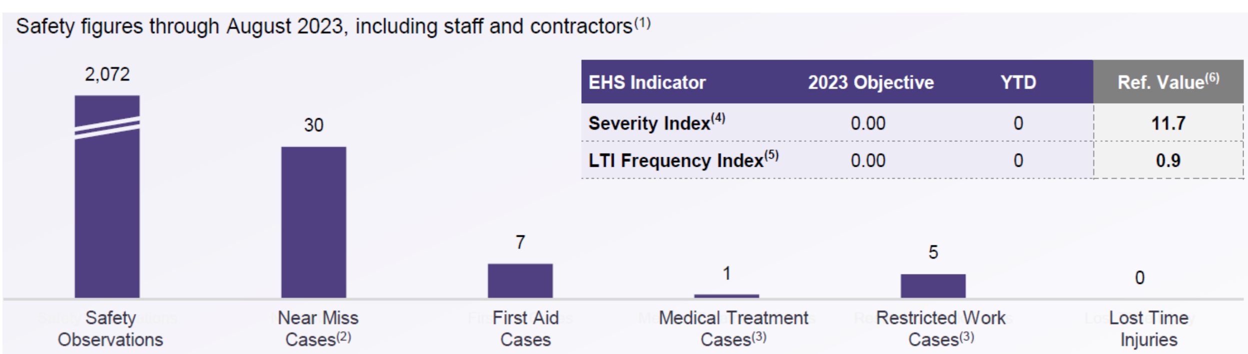
(1) Amount issued as of September 30, 2023.
(2)Additional U.S.$11 million available under facility.
(3) As of September 30, 2023.

Maintain our commitment to sustainability and the energy transition.

BEMH generates power to meet rising power demand (critical to sustain economic growth) and creates skilled and semi-skilled jobs, contributing to the SDG 8. The greenhouse gas emission factor for BEMH (443.42 gCO2/kWh) is below the Mexican Grid Emission Factor. BEMH has committed to develop a Net Zero strategy, which has been approved by Actis.

Additionally, BEMH prevents regulatory, financial and reputational risks, and protects the health of our employees and communities by implementing a systematic approach to preventing and managing environmental, health and safety risks in line with international best practices. Our focus on safety minimizes incidents with no loss time injuries in 2023, well below the US BLS reference value.

2023 Safety Overview



Source: BEMH

(1) In July and August of 2023, two non-recordable traffic accidents (during commuting) occurred (one in Rio Bravo IV and one in Saltillo).

(2) In July and August of 2023, three near miss cases occurred (one in Altamira II, one in Rio Bravo III and one in EVM II).
(3) A medical treatment case event from Altamira II was re-qualified to a restricted work case.
(4) Severity Index means numbers of lost time days * 200,000 / total number of man hours worked.
(5) LTI Frequency Index means number of total accidents * 200,000 / total number of man hour worked.
(6) Source: 2021 US Bureau of Labor Statistics for Fossil Fuel Electric Power Generation.

Independent Energy Market Expert's Report

AFRY has prepared the Independent Energy Market Expert's Report and has consented to the inclusion of a copy of the Independent Energy Market Expert's Report as Annex A to this Offering Memorandum. AFRY is an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. The Independent Energy Market Expert's Report summarizes AFRY's analysis, provides an overview of the Mexican energy markets describes the underlying base case market assumptions and modeling methodology and discusses the projections of the wholesale power market, retail price projections, commodity price projections and supply and demand projections for the Mexican energy market from 2023 through 2050.

Independent Engineer's Report

The Independent Engineer has prepared a draft of the Independent Engineer's Report. The Independent Engineer has consented to the inclusion of a copy of the Independent Engineer's Report as Annex B to this Offering Memorandum. The Independent Engineer is an international consulting firm that provides technical consulting services to the energy industry. The Independent Engineer's Report assesses, among other things, principal aspects of the Generating Assets' design, engineering, expected performance, risk assessment, operations, and O&M costs, as well as certain technical aspects, including technical provisions in certain of BEMH's operating agreements, including the PPAs, connection agreements, fuel supply agreements, long term service agreements and any other contracts that have a material commercial impact on the Financial Model and permits. It also includes the Financial Model.

The Transactions

MT Falcon Acquisition

On September 15, 2021, BE, a subsidiary of BEMH, as buyer, entered into a purchase and sale agreement with Mitsui & CO., LTD., Tokyo Gas CO., LTD., Chubu Electric Power Falcon B.V. and Tohoku Power Investment Company B.V., as sellers, to purchase all shares of MT Falcon. The acquisition was consummated on November 9, 2022. We refer to this transaction as the "MT Falcon Acquisition."

As a result of the MT Falcon Acquisition, we indirectly acquired one of the largest IPP platforms in Mexico, with a total commercial capacity of 2.2 GW.

MT Falcon Acquisition Financing

In connection with the MT Falcon Acquisition, BE entered into the MT Falcon Acquisition Debt Facility comprised of a U.S.$159,830,195 term facility and a U.S.$235,000,000 revolving facility pursuant to a credit agreement dated June 30, 2022, entered into by BE, as initial borrower, MT Falcon, COMEGO, CSO, EAA, CAC, CLR, CVH and GDR (the "MT Falcon Entities"), as subsidiary borrowers, and Crédit Agricole Corporate and Investment Bank, BNP Paribas Securities Corp., JPMorgan Chase Bank, N.A., Société Générale and ING Bank N.V., Dublin Branch, as lenders. The acquisition financing closed substantially concurrently with the MT Falcon Acquisition. We intend to repay in full the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility with portion of the net proceeds of the Notes offered hereby. See "Use of Proceeds".

The credit agreement is governed by the laws of the State of New York. The MT Falcon Acquisition Debt Facility includes a security package that is market standard for this type of transaction and that includes (i) security trust agreements which estate (*patrimonio*) is comprised of the equity interests of the capital stock of BE, MT Falcon and the MT Falcon Entities, (ii) security trusts which estate (*patrimonio*) is comprised of all assets of the MT Falcon Entities, including rights under the IPP PPAs, the other material agreements and the power plant's permits have been transferred, (iii) pledge agreements over all assets of BE, MT Falcon and MT Falcon Entities not otherwise transferred to the security trust estate and bank accounts to receive cashflows corresponding to each MT Falcon Entity, and (iv) a security and depositary agreement under New York law with respect to MT Falcon Entities bank accounts in New York. See "Description of Existing Financing Arrangements – MT Falcon Acquisition Debt Facility – Collateral".

EVM Acquisition

On December 30, 2022, BEI and BGI, subsidiaries of BEMH, as buyers, entered into a purchase and sale agreement with two natural persons, as sellers, to purchase all shares of EVM Energía I and EVM Tenedora, which owns 60% of the equity interests in EVM Energía II. Contemporaneously with the acquisition of EVM Energía I and EVM Tenedora, BEI, as buyer, entered into a purchase and sale agreement with EFS Global Energy, B.V., as seller, to purchase the remaining 40% equity interests in EVM Energía II. The Company, BEI and BGI are indirectly owned subsidiaries of certain investment funds managed by Actis. The acquisitions of EVM were consummated on July 13, 2023. We refer to these transactions as the "EVM Acquisition." The MT Falcon Acquisition and the EVM Acquisition are collectively referred to as the "Transactions."

As a result of the EVM Acquisition, the Company indirectly acquired two power plants in a strategic location in Mexico, with an aggregate generating capacity of 950 MW.

EVM Acquisition Financing

In connection with the EVM Acquisition, we entered into the EVM Acquisition Debt Facility comprised of a U.S.$162,000,000 term loan facility and a U.S.$15,000,000 letter of credit facility pursuant to a credit agreement dated April 5, 2023, entered into by BEI as borrower, and JPMorgan Chase Bank, N.A., BNP Paribas, Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Banco Nacional de México, S.A. integrante del Grupo Financiero Banamex and Citibank, N.A., as lenders. The acquisition financing closed substantially concurrently with the EVM Acquisition and it also included an equity contribution from Actis, through its subsidiaries. We intend to repay in full the term loan under the EVM Acquisition Debt Facility with a portion of the net proceeds of the Notes offered hereby. See "Use of Proceeds".

The credit agreement is governed by the laws of the State of New York. The acquisition financing is secured by (i) all shares of BEI and EVM Tenedora, and (ii) nonpossessory pledge agreements over certain bank accounts of BEI and EVM Tenedora. See "Description of Existing Financing Arrangements – EVM Acquisition Debt Facility – Collateral".

Recent Developments

Acquisition of Actis by General Atlantic

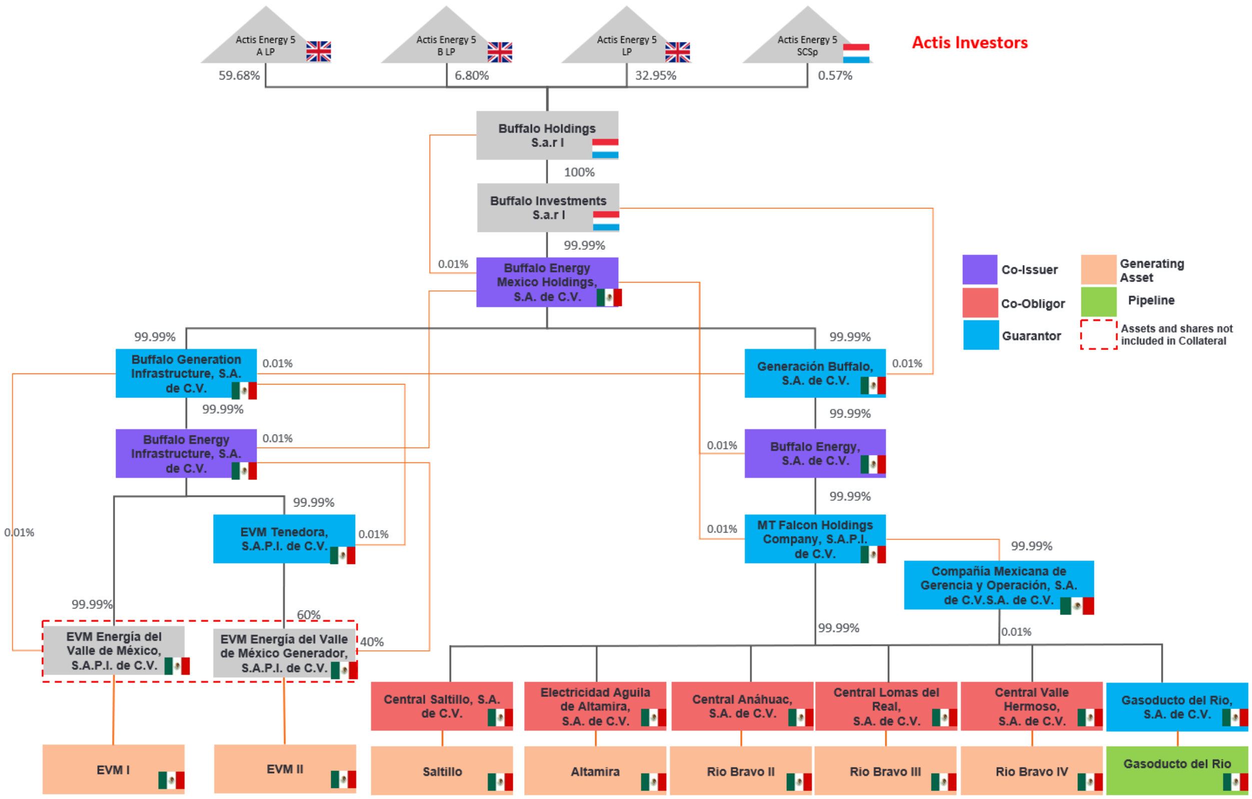
On January 16, 2024, General Atlantic, a leading global growth investor, and Actis, announced that the firms have entered into a definitive agreement under which General Atlantic will acquire Actis. The transaction is subject to customary closing conditions.

Working capital borrowing under MT Falcon Acquisition Debt Facility

On January 5, 2024, BE delivered a notice of borrowing under the MT Falcon Acquisition Debt Facility, to borrow, on January 10, 2024, a working capital loan in an aggregate principal amount of U.S.$15 million, of which an amount of U.S.$5.3 million will be applied for the payment of maintenance expenses of the MT Falcon power plants and the remaining amount of U.S.$9.7 million was intended to be applied for the payment of the annual premium under the property damage and business interruption insurance policy of the MT Falcon Entities (which is due on January 15, 2024), in compliance with the MT Falcon Entities' insurance obligations under their PPAs. However, because GB paid such premium in advance on January 8, 2024, such portion of the working capital loan will be repaid on or about January 11, 2024. For more information see "Description of Certain Material Agreements—Power Purchase Agreements—IPP Power Purchase Agreements with CFEG— Relevant IPP PPA Provisions."

BEMH's Corporate Structure

The following diagram illustrates our corporate structure.



TECHNICAL DUE DILIGENCE REPORT

Offering memorandum contains a Technical Due Diligence Report dated January 5, 2024, prepared by the Independent Engineer, which is attached to this Offering Memorandum as Annex B. The Independent Engineer is an international consulting firm that provides technical consulting services to the energy industry. Terms used and not defined in this section have the meaning assigned in the Independent Engineer's Report.

The Independent Engineer's Report includes an analysis of certain technical and economic aspects of the Generating Assets, including a technical review of the Generating Assets and the documents and agreements relating to the Generating Assets. The Independent Engineer's Report also includes financial projections based on contractual revenue streams and operating costs, together with key assumptions. The Independent Engineer's Report should be read in its entirety prior to any investor's decision to purchase the Notes. In the preparation of the Independent Engineer's Report, the Independent Engineer has relied on assumptions regarding circumstances beyond their, our or any other person's control. By their nature, these assumptions are subject to significant uncertainties and actual results will differ, in some cases materially, from the results assumed in the Independent Engineer's Report. We cannot give any assurance that the Independent Engineer's assumptions are correct or that their assessment will reflect our actual results of operations. For further information on the assumptions, see "Annex B: Technical Due Diligence Report" and "Risk Factors—Risks Relating to Our Business and Industry—Our future financial results may differ from the Financial Model contained in the Independent Engineer's Report prepared by the Independent Engineer and other estimates contained in this Offering Memorandum."

The Independent Engineer's Report includes certain unaudited projected financial data reviewed by the Independent Engineer beginning on page 166 of the Independent Engineer's Report, which includes forecasts, forward-looking statements, assumptions and estimates. We believe the estimates and projections contained in the Financial Model reflect current good faith estimates about future events and are based on current business and growth strategies. The Financial Model and the technical and financial assumptions used therein (the "Assumptions") have been reviewed by the independent Engineer and the Independent Engineer's conclusions and assessments regarding the Assumptions are included in the Independent Engineer's Report.

We have only limited financial results and operating history to form a reliable basis for our knowledge of present facts and circumstances as they may affect any estimates about future events. You should not assume that our future performance will be consistent with the forward-looking financial information in the Financial Model or our limited historic operating and financial performance, or that of other companies in the power industry in Mexico or elsewhere. Forward-looking statements and estimates necessarily involve risks and uncertainties that could cause actual results to differ materially from our expectations and estimates. We cannot ensure or guarantee that forward-looking statements and estimates about future events, including forward-looking financial information, will become true and/or realized, in whole or in part. We caution prospective investors to carefully consider the various factors and variables assumed in the formation of such forward-looking statements and estimates. We also caution prospective investors to carefully read, consider and analyze the factors described under "Forward- Looking Statements" and "Risk Factors" in this Offering Memorandum, since these factors may, in the future (along with other factors): (a) affect (i) the forward-looking statements and estimates about the future included herein and/or our capacity to implement our business and growth strategies or our ability to achieve our expected financial and operating results; and (b) cause our current financial or operating results to differ materially from those estimated or projected.

We believe that the projections contained in the Financial Model have been prepared on a reasonable basis, reflecting their best estimates, assumptions and judgments, and represent, to the best of our management's knowledge, our expected course of action as of the date hereof. Forward-looking statements and estimates about future events, including forward-looking financial information and the other information contained in the Financial Model should not be considered, in whole or in part, by prospective investors as a substitute for the exercise of personal judgment and assessment. Any opinion, judgment, estimate or valuation expressed herein is subject to change without notice. We do not intend to update or otherwise revise the Independent Engineer's Report or the Financial Model to reflect circumstances existing after the date of this Offering Memorandum, including to reflect the occurrence of unanticipated events or changes in economic, regulatory or industry conditions, even if all of the assumptions described below are found to be in error. We disclaim any obligation to update the information contained in this Offering Memorandum (including its appendices) or to disclose any difference between actual and estimated or *projected results. We do not assume any responsibility for any loss or damage of any kind arising from the use of such information.*

The prospective Financial Model included in "Annex B – Independent Engineer's Report" to this Offering Memorandum was not prepared with a view towards compliance with any published guidelines of the SEC, nor the guidelines established by the American Institute of Certified Public Accountants or the Mexican Institute of Public Accountants (Instituto Mexicano de Contadores Públicos, A.C.), for preparation and presentation of prospective financial information and is based on numerous assumptions concerning factors that are beyond our control and which may or may not materialize. These estimates and forecasts should be read in conjunction with information included in this Offering Memorandum, specifically the sections entitled "Presentation of Financial and Certain Other Information," "Summary Unaudited Pro Forma Condensed Combined Financial and Operating Data," Summary Historical Consolidated Financial and Operating Data of BEMH," "Summary Historical Consolidated Financial and Operating Data of MT Falcon," "Summary Historical Combined Financial and Operating Data of EVM," "Selected Unaudited Pro Forma Condensed Combined Financial and Operating Data," Selected Historical Consolidated Financial and Operating Data of BEMH," "Selected Historical Consolidated Financial and Operating Data of MT Falcon," "Selected Historical Combined Financial and Operating Data of EVM," "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon," "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM" and "Business Overview," as well as the unaudited and audited financials included herein. Our independent auditors have not compiled, reviewed, audited or performed any procedures on the forward-looking financial information in the Financial Model, and our independent auditors disclaim any association with such information.

FOR THE ABOVE REASONS AND BECAUSE WE ARE SUBJECT TO NUMEROUS RISKS, UNCERTAINTIES AND OTHER FACTORS, INCLUDING THOSE DESCRIBED UNDER "RISK FACTORS" IN THIS OFFERING MEMORANDUM, AN INVESTMENT DECISION SHOULD NOT BE BASED ON THE FORWARD-LOOKING STATEMENTS AND ESTIMATES, INCLUDING FORWARDLOOKING FINANCIAL INFORMATION, AND THE OTHER INFORMATION CONTAINED IN THIS SECTION. ACTUAL RESULTS MAY DIFFER FROM THOSE CONTAINED IN THIS SECTION, AND THE DIFFERENCES MAY BE MATERIAL. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN LEGAL, REGULATORY, TAX, BUSINESS, INVESTMENT, FINANCIAL AND ACCOUNTING ADVISORS AS THEY DEEM NECESSARY AND MUST MAKE THEIR INVESTMENT DECISION BASED ON THEIR OWN JUDGMENT AND ASSESSMENT OF AN INVESTMENT IN US OR THAT OF SUCH ADVISORS AS THEY DEEM NECESSARY.

Technical Evaluation

The Independent Engineer conducted a review of the Generating Assets based on the virtual data room set-up by BEMH and discussions during the management presentation on February 17, 2021, for the MT Falcon Generating Assets. In addition, the Independent Engineer conducted a site visit to the MT Falcon Generating Assets on March 9, 10 and 11, 2021 and a site visit for the EVM Generating Assets on September 20, 2022. Certain of the Independent Engineer's conclusions in the Independent Engineer Report include the following:

1) The facilities are being operated by BEMH's operating company COMEGO or NAES. COMEGO and NAES are utilizing industry standard practices with programs that are well developed and documented.

2) The useful life of the power plants is considered to be 40 years of service from the original commercial operation date provided that the plants are operated and maintained in accordance with OEM recommended practice and prudent industry practice.

3) Both EVM I and EVM II are well-developed assets deploying equipment that have a significant utilization in the power generation market and are operating above the performance metrics required to meet the requirements of their respective PPAs.

4) For the MT Falcon Generating assets, the higher heat rate performance relative to their contractual guarantees has resulted in less than 100% pass-through of fuels costs under their respective PPAs.

BEMH has taken steps to improve their capacity and heat rate performance through the installation of upgrades such as combustion turbine parts and firing temperature and supplemental combustion air upgrades for the gas turbine that have been implemented in the Generating Assets. The gas turbine upgrades also allow for extended maintenance interval to 32,000 hours from the 25,000 hours which will help improve the availability of the MT Falcon Generating Assets.

5) All generating assets are being maintained by the OEM or a third-party service company that is providing gas turbine parts and services with associated guarantees for performance both thermal and run duration.

6) The capital budgets for the portfolio are representative of the investment needed to meet performance expectations over the modeled period.

Financial Model Outputs

Below is a table (included as shown in Appendix D to the Independent Engineer's Report) showing the base case projection of our combined cash flow summary to 2038 (in millions of U.S. dollars).

The prospective financial information found in this offering memorandum was not prepared with a view toward public disclosure or compliance with any specific published guidelines nor with IFRS as issued by the IASB for the preparation and presentation of financial forecasts. No independent auditors, nor any other independent accountants, have audited, reviewed, examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, Galaz Yamazaki, Ruiz Urquiza, S.C., our external auditor and a member of Deloitte Touche Tohmatsu Limited, has not expressed an opinion or any other form of assurance with respect thereto or its achievability, and assumes no responsibility for, and disclaims any association with, the prospective financial information. The audit reports included in this offering memorandum relate to historical financial information. They do not extend to the prospective financial information and should not be read to do so.

The prospective financial information of BEMH is subjective in many respects and is thus susceptible to multiple interpretations and revisions based on actual experience and business developments. As a result, there can be no assurance that the prospective results will be realized or that actual results will not be significantly higher or lower than estimated. While presented in this offering memorandum with numeric specificity, the prospective financial information set forth in this offering memorandum was based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of the Issuer' management, due to, among other potential reasons, the matters described in the sections entitled "Forward-Looking Statements", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Except to the extent required by applicable federal securities laws, the Co-Issuers do not intend to make publicly available any update or other revision to the prospective financial information. The prospective financial information does not take into account any circumstances or events occurring after the date that information was prepared. Readers of this offering memorandum are cautioned not to place undue reliance on the prospective financial information set forth below in making an investment decision, as such prospective financial information may be materially different than actual results. Neither the Co-Issuers nor any of their respective affiliates, officers, directors, advisors or other representatives have made or make any representation to any shareholder, or any other person that the results contained in the prospective financial information will be achieved. The Co-Issuers do not intend to reference these financial projections in their future periodic reports.

Years	2023B	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Cash Flow (USD mm)								
Contracted revenue		32.9	32.7	23.6	22.7	19.3	19.5	19.3
Merchant		10.7	10.2	8.5	7.6	5.6	5.9	3.8
EVM1 Revenue	**50.1**	**43.6**	**42.9**	**32.1**	**30.3**	**24.9**	**25.4**	**23.1**
Contracted revenue		462.3	465.1	468.5	471.3	477.3	485.6	497.4
Merchant		(23.0)	(17.9)	8.3	7.4	8.6	(19.2)	12.6
EVM2 Revenue	**575.8**	**439.2**	**447.2**	**476.8**	**478.7**	**485.9**	**466.5**	**510.0**
Contracted revenue		665.1	633.9	640.8	316.1	249.4	153.0	30.6
Merchant		20.0	20.9	27.5	373.5	477.1	661.0	944.9
Sunset Revenue	**536.0**	**685.1**	**654.9**	**668.3**	**689.6**	**726.5**	**814.1**	**975.4**
Variable costs		(25.7)	(24.4)	(14.2)	(12.4)	(7.6)	(7.7)	(6.9)
Fixed costs		(3.8)	(3.8)	(3.7)	(3.6)	(3.4)	(3.5)	(3.5)
EVM1 Costs		**(29.5)**	**(28.3)**	**(17.8)**	**(16.0)**	**(11.0)**	**(11.2)**	**(10.4)**
Variable costs		(324.8)	(330.0)	(350.8)	(352.6)	(359.1)	(342.0)	(378.3)
Fixed costs		(17.4)	(15.5)	(16.1)	(16.7)	(20.3)	(17.2)	(17.8)
EVM2 Costs		**(342.2)**	**(345.5)**	**(366.9)**	**(369.3)**	**(379.4)**	**(359.2)**	**(396.1)**
Variable costs		(521.2)	(489.1)	(497.4)	(476.8)	(478.2)	(488.2)	(514.9)
Fixed costs		(86.4)	(118.3)	(97.0)	(92.3)	(97.0)	(116.8)	(108.7)
Sunset Costs		**(607.6)**	**(607.4)**	**(594.4)**	**(569.2)**	**(575.2)**	**(605.0)**	**(623.7)**
EVM1 OPEX & SG&A		**(29.5)**	**(28.3)**	**(17.8)**	**(16.0)**	**(11.0)**	**(11.2)**	**(10.4)**
EVM2 OPEX & SG&A		**(342.2)**	**(345.5)**	**(366.9)**	**(369.3)**	**(379.4)**	**(359.2)**	**(396.1)**
Sunset OPEX & SG&A		**(607.6)**	**(607.4)**	**(594.4)**	**(569.2)**	**(575.2)**	**(605.0)**	**(623.7)**
EVM1 EBITDA	9.4	14.1	14.6	14.3	14.3	13.9	14.2	12.7
EVM2 EBITDA	107.4	97.0	101.7	109.8	109.5	106.6	107.2	113.9
Sunset EBITDA	56.8	77.4	47.5	73.9	120.4	151.3	209.1	351.8
Total EBITDA	**173.6**	**188.5**	**163.8**	**198.0**	**244.2**	**271.7**	**330.5**	**478.3**
EVM1 Adjustments(1)		1.0	1.0	0.6	0.5	0.3	0.3	0.3
EVM2 Adjustments(2)		6.0	5.7	4.8	4.9	5.0	4.6	5.1
Sunset Adjustments(3)		17.0	37.0	21.2	16.3	18.3	30.6	24.2
Total LTSA Adjustments		**24.0**	**43.7**	**26.6**	**21.7**	**23.7**	**35.6**	**29.7**
EVM1 Adjusted EBITDA		15.0	15.5	14.8	14.8	14.2	14.5	13.0
EVM2 Adjusted EBITDA		103.0	107.4	114.7	114.4	111.6	111.9	119.0
Sunset Adjusted EBITDA		94.4	84.5	95.1	136.7	169.6	239.7	376.0
Total Adjusted EBITDA		**212.5**	**207.5**	**224.6**	**265.9**	**295.4**	**366.1**	**508.0**
Total EVM1 SubHoldCo CFADS		4.5	6.2	5.7	5.8	5.6	5.9	2.3
Total EVM2 SubHoldCo CFADS		23.1	33.0	35.2	35.1	44.1	42.8	45.6
Total Sunset SubHoldCo CFADS		43.4	30.3	51.9	136.3	115.8	165.2	277.1
Total HoldCo CFADS		**70.9**	**69.6**	**92.9**	**177.1**	**165.5**	**213.8**	**325.0**

Years	2023B	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Project Bond Debt Balance (USD mm)								
Project Bond Beginning Balance		520.0	520.0	515.4	503.4	474.8	449.4	424.2
Scheduled Amortizations		-	(1.6)	(2.1)	(16.5)	(10.4)	(5.2)	(25.8)
Cash Sweeps		-	(3.0)	(10.0)	(12.0)	(15.0)	(20.0)	(25.0)
Project Bond Ending Balance		**520.0**	**515.4**	**503.4**	**474.8**	**449.4**	**424.2**	**373.5**
Interest + DSRA LC & Commitment Fee		(40.6)	(44.3)	(43.9)	(42.7)	(40.1)	(37.9)	(35.0)
Debt Service (w/ Sweeps)		**(40.6)**	**(48.9)**	**(55.9)**	**(71.3)**	**(65.5)**	**(63.1)**	**(85.8)**
DSCR (w/ Sweeps)		**1.75x**	**1.42x**	**1.66x**	**2.49x**	**2.53x**	**3.39x**	**3.79x**
Consolidated Debt Balance (USD mm)								
Project Bond Balance		520	515	503	475	449	424	373
Sunrise OpCo Debt Balance		586	564	538	511	487	461	433
Consolidated Debt Ending Balance		**1,106**	**1,079**	**1,041**	**986**	**936**	**886**	**807**
Revenues per Asset (USD mm)								
EVM 1		43.56	42.87	32.11	30.27	24.88	25.40	23.06
EVM 2		439.23	447.19	476.78	478.72	485.94	466.45	510.02
Saltillo		81.22	76.74	79.92	77.86	92.23	96.01	107.21
RB II		158.00	161.02	162.76	168.89	202.10	221.14	220.97
RB III		148.66	132.97	132.21	126.78	118.70	150.68	228.25
RB IV		142.21	133.02	134.49	137.34	136.12	121.45	166.37
Altamira		152.18	148.33	156.14	178.51	177.33	224.79	252.64
GDR		2.78	2.78	2.78	0.24	-	-	-

Years	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E
Cash Flow (USD mm)								
Contracted revenue	19.0	19.1	19.1	19.2	19.4	19.6	19.8	1.7
Merchant	1.9	3.2	3.1	2.7	0.6	0.5	0.5	2.1
EVM1 Revenue	**20.9**	**22.3**	**22.2**	**22.0**	**19.9**	**20.1**	**20.4**	**3.8**
Contracted revenue	513.0	532.0	551.2	565.5	578.5	584.2	560.7	539.9
Merchant	11.5	11.7	(15.3)	22.5	24.3	(9.4)	59.6	61.5
EVM2 Revenue	**524.5**	**543.7**	**535.9**	**588.0**	**602.8**	**574.8**	**620.2**	**601.5**
Contracted revenue	-	-	-	-	-	-	-	-
Merchant	1,083.7	1,113.3	1,150.4	1,132.4	1,117.6	1,040.1	854.9	842.7
Sunset Revenue	**1,083.7**	**1,113.3**	**1,150.4**	**1,132.4**	**1,117.6**	**1,040.1**	**854.9**	**842.7**
Variable costs	(5.1)	(4.6)	(3.7)	(3.0)	(2.4)	(2.0)	(1.9)	(1.8)
Fixed costs	(3.6)	(3.6)	(3.6)	(3.6)	(4.2)	(3.8)	(3.9)	(3.9)
EVM1 Costs	**(8.7)**	**(8.2)**	**(7.4)**	**(6.6)**	**(6.5)**	**(5.8)**	**(5.8)**	**(5.8)**
Variable costs	(392.5)	(410.1)	(402.2)	(443.2)	(457.1)	(429.5)	(475.1)	(470.1)
Fixed costs	(18.0)	(20.5)	(18.5)	(19.0)	(19.5)	(26.6)	(21.6)	(24.7)
EVM2 Costs	**(410.5)**	**(430.7)**	**(420.7)**	**(462.2)**	**(476.6)**	**(456.1)**	**(496.7)**	**(494.8)**
Variable costs	(553.9)	(574.8)	(578.0)	(579.6)	(584.9)	(539.8)	(410.7)	(391.6)
Fixed costs	(99.5)	(105.3)	(130.4)	(107.6)	(104.0)	(109.3)	(123.9)	(112.3)
Sunset Costs	**(653.4)**	**(680.0)**	**(708.4)**	**(687.3)**	**(688.9)**	**(649.2)**	**(534.6)**	**(503.9)**
EVM1 OPEX & SG&A	**(8.7)**	**(8.2)**	**(7.4)**	**(6.6)**	**(6.5)**	**(5.8)**	**(5.8)**	**(5.8)**
EVM2 OPEX & SG&A	**(410.5)**	**(430.7)**	**(420.7)**	**(462.2)**	**(476.6)**	**(456.1)**	**(496.7)**	**(494.8)**
Sunset OPEX & SG&A	**(653.4)**	**(680.0)**	**(708.4)**	**(687.3)**	**(688.9)**	**(649.2)**	**(534.6)**	**(503.9)**
EVM1 EBITDA	12.2	14.1	14.8	15.3	13.4	14.3	14.6	(1.9)
EVM2 EBITDA	114.0	113.1	115.2	125.7	126.2	118.7	123.5	106.7
Sunset EBITDA	430.4	433.3	442.0	445.2	428.7	390.9	320.3	338.8
Total EBITDA	**556.6**	**560.5**	**572.0**	**586.2**	**568.3**	**524.0**	**458.4**	**443.6**
EVM1 Adjustments(1)	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
EVM2 Adjustments(2)	5.2	5.3	5.0	5.5	5.6	3.8	7.8	7.5
Sunset Adjustments(3)	17.3	20.2	35.8	19.9	16.6	19.2	27.3	18.5
Total LTSA Adjustments	**22.8**	**25.7**	**40.9**	**25.5**	**22.2**	**23.2**	**35.2**	**26.1**
EVM1 Adjusted EBITDA	12.4	14.3	15.0	15.4	13.5	14.4	14.7	(1.9)
EVM2 Adjusted EBITDA	119.3	118.4	120.2	131.2	131.8	122.6	131.3	114.2
Sunset Adjusted EBITDA	447.7	453.5	477.7	465.0	445.3	410.1	347.6	357.3
Total Adjusted EBITDA	**579.4**	**586.2**	**612.9**	**611.7**	**590.6**	**547.1**	**493.5**	**469.7**
Total EVM1 SubHoldCo CFADS	4.3	5.5	5.9	4.8	1.4	4.8	6.8	(0.0)
Total EVM2 SubHoldCo CFADS	46.4	42.9	42.5	48.8	45.8	39.9	43.1	34.8
Total Sunset SubHoldCo CFADS	323.7	306.3	310.2	313.3	301.3	273.1	220.3	237.4
Total HoldCo CFADS	374.5	354.7	358.7	366.9	348.5	317.8	270.2	272.1

Years	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E
Project Bond Debt Balance (USD mm)								
Project Bond Beginning Balance	373.5	334.9	277.6	219.1	169.4	124.2	62.7	18.8
Scheduled Amortizations	(38.6)	(57.2)	(58.5)	(49.6)	(45.2)	(61.6)	(43.9)	(18.8)
Cash Sweeps	-	-	-	-	-	-	-	-
Project Bond Ending Balance	**334.9**	**277.6**	**219.1**	**169.4**	**124.2**	**62.7**	**18.8**	**0.0**
Interest + DSRA LC & Commitment Fee	(31.3)	(27.3)	(22.6)	(17.7)	(13.8)	(9.1)	(4.3)	(1.3)
Debt Service (w/ Sweeps)	**(69.8)**	**(84.6)**	**(81.1)**	**(67.4)**	**(59.0)**	**(70.7)**	**(48.2)**	**(20.1)**
DSCR (w/ Sweeps)	**5.36x**	**4.19x**	**4.42x**	**5.45x**	**5.90x**	**4.50x**	**5.61x**	**13.51x**
Consolidated Debt Balance (USD mm)								
Project Bond Balance	335	278	219	169	124	63	19	0
Sunrise OpCo Debt Balance	404	368	332	293	248	195	142	94
Consolidated Debt Ending Balance	**739**	**646**	**551**	**462**	**372**	**257**	**161**	**94**
Revenues per Asset (USD mm)								
EVM 1	20.90	22.28	22.19	21.96	19.94	20.12	20.35	3.82
EVM 2	524.53	543.75	535.86	587.95	602.85	574.81	620.22	601.46
Saltillo	109.74	113.89	115.36	122.10	121.37	114.50	93.59	92.61
RB II	239.58	245.63	256.97	239.54	234.33	211.30	163.17	156.42
RB III	234.40	242.14	255.59	249.80	245.67	229.54	197.27	192.58
RB IV	241.25	242.28	241.51	227.49	218.81	190.72	132.90	130.56
Altamira	258.76	269.39	280.95	293.50	297.43	293.99	267.96	270.53
GDR	-	-	-	-	-	-	-	-

Notes:

(1) Adjusting major maintenance of gas turbines.
(2) Adjusting contractual services agreement gas and steam turbines major maintenance.
(3) Adjusting long-term service agreement ("LSTA") major maintenance expenses corresponding to parts and non-LTSA major maintenance.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, see "Description of the Notes" in this Offering Memorandum.

Co-Issuers	Buffalo Energy Mexico Holdings, S.A. de C.V., Buffalo Energy Infrastructure, S.A. de C.V. and Buffalo Energy, S.A. de C.V. (the "Co-Issuers").
Joint Obligors	Central Saltillo, S.A. de C.V., Electricidad Águila de Altamira, S. de R.L. de C.V., Central Anáhuac, S.A. de C.V., Central Lomas del Real, S.A. de C.V., Central Valle Hermoso, S.A. de C.V. (the "Joint Obligors").
Guarantors	Buffalo Generation Infrastructure, S.A. de C.V., EVM Tenedora, S.A.P.I. de C.V., Generación Buffalo, S.A. de C.V., MT Falcon Holdings, S.A.P.I. de C.V., Compañía Mexicana de Gerencia y Operación, S.A. de C.V., Gasoducto del Río, S.A. de C.V. (the "Guarantors"). EVM Energía I and EVM Energía II will not guarantee the Notes.
Notes Offered	U.S.$530,000,000 in aggregate principal amount of 7.875% Senior Secured Notes due 2039 to be issued under the Indenture.
Issue Price	99.989%.
Maturity Date	February 15, 2039.
Interest	The Notes will bear interest at 7.875% per annum from January 22, 2024 or from the immediately preceding interest payment date to which interest has been paid, payable semi-annually in arrears on February 15 and August 15, commencing on August 15, 2024 (each a "Scheduled Payment Date") to the holders of record of the Notes at the close of business on January 31 or July 31, respectively, immediately preceding the corresponding interest payment date (each, a "Regular Record Date"). Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.
Amortization	Installments of principal will be payable semi-annually on each Scheduled Payment Date of each year, beginning on August 15, 2025, pro rata (subject to the procedures of the depositary for the Notes) to the registered holder thereof on the immediately preceding Regular Record Date in accordance with the following schedule:

Payment Date	Percentage of Original Principal Amount Payable	Amount Payable in U.S.$
August 15, 2024	0.00%	—
February 15, 2025	0.00%	—
August 15, 2025	0.15%	795,000
February 15, 2026	0.15%	795,000

August 15, 2026.......	0.20%	1,060,000
February 15, 2027....	0.20%	1,060,000
August 15, 2027.......	1.24%	6,565,836
February 15, 2028....	1.94%	10,286,230
August 15, 2028.......	1.00%	5,300,000
February 15, 2029....	1.00%	5,300,000
August 15, 2029.......	0.50%	2,650,000
February 15, 2030....	0.50%	2,650,000
August 15, 2030.......	4.25%	22,519,676
February 15, 2031....	0.71%	3,750,355
August 15, 2031.......	4.92%	26,084,044
February 15, 2032....	2.50%	13,228,276
August 15, 2032.......	8.12%	43,028,197
February 15, 2033....	2.90%	15,386,677
August 15, 2033.......	7.99%	42,326,794
February 15, 2034....	3.30%	17,476,446
August 15, 2034.......	7.18%	38,066,161
February 15, 2035....	2.40%	12,720,990
August 15, 2035.......	5.74%	30,398,907
February 15, 2036....	3.01%	15,937,898
August 15, 2036.......	9.82%	52,050,883
February 15, 2037....	2.08%	11,032,899
August 15, 2037.......	7.66%	40,585,979
February 15, 2038....	0.84%	4,437,172
August 15, 2038.......	3.17%	16,819,196
February 15, 2039....	0.51%	2,687,385

Note Guarantees.................................. The due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, and interest, together with all other payment obligations of the Co-Issuers under the Indenture and the Notes will be unconditionally and irrevocably guaranteed on a senior secured basis by the Guarantors and each person that becomes a Guarantor from time-to-time, each of which will execute a Note Guarantee in accordance with the provisions of the Indenture. The Guarantors will guarantee the Notes from the issue date. The Indenture will provide that the obligations of each Guarantor under its Note Guarantee shall not exceed the maximum amount that can be guaranteed by such Guarantor by law or without resulting in its obligations under its Note Guarantee being voidable or unenforceable under applicable laws relating to bankruptcy, fraudulent transfer, or under similar laws affecting the rights of creditors generally.

Ranking	The Notes will constitute the Co-Issuer's and the Joint Obligors' direct and unconditional senior secured obligations on a joint and several basis, secured by the Collateral (as described under "Description of the Notes—Collateral Arrangements").
Collateral Arrangements.......................	The obligations of the Co-Issuers with respect to the Notes, and the performance of all other obligations of the Co-Issuers under the Financing Documents will be secured solely by a first priority Lien on the Collateral (as described under "Description of the Notes—Collateral Arrangements"). The Collateral does not include a security interest in any of the assets of EVM Energía I or EVM Energía II or the equity interests in EVM Energía I and EVM Energía II, including over the EVM Project Facilities Collateral. However, as part of the Collateral, BEI, EVM Energía I and EVM Tenedora will transfer and convey its beneficiary rights (*derechos fideicomisarios*) with respect to non-restricted payments in each of the EVM Trusts.
Non-Recourse Obligation.....................	The obligations to make payments of principal, premium, if any, and interest on the Notes will be obligations solely of the Co-Issuers, the Joint Obligors and the Guarantors. None of Actis or any shareholders' parent companies or any affiliates of any of the foregoing or their respective incorporators, stockholders, members, managers, representatives, partners, directors, officers or employees or any other Person or entity (each, a "Non-Recourse Person"), will guarantee the payment of the Notes or will have any liability for any of the Co-Issuers', the Joint Obligors' or Guarantors' obligations under the Notes, the Indenture, the other Financing Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting a Note, each holder of Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Notwithstanding the foregoing, nothing shall impair or in any way limit any liabilities or obligations of a Non-Recourse Person under or pursuant to any share pledge agreement pledging Collateral or any Material Project Document, in each case to which such Non-Recourse Person is a party.
Intercreditor Agreement	The security over the Collateral is subject to the provisions of a collateral agency and intercreditor agreement, to be entered into on or before the issuance date, among the Co-Issuers, the Joint Obligors, the Guarantors, the Indenture Trustee, the Administrative Agent for the Loan Secured Parties, the Offshore Collateral Agent, the Onshore Collateral Agent, the

Intercreditor Agent, and the other parties thereto from time-to-time (the "Intercreditor Agreement").

Mandatory Redemption........................	The Co-Issuers will be required to redeem all or a portion of the Notes prior to their Stated Maturity at a redemption price equal to 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest to, but not including, the redemption date and additional amounts, if any (but without payment of any premium), payable in respect of the Notes, upon the occurrence of an Event of Loss. "Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

If: (i) there occurs an Event of Loss or series of Events of Loss, including any condemnation event, (ii) the Co-Issuers or any of the Restricted Subsidiaries receive loss proceeds constituting net available proceeds in excess of U.S.$15.0 million (or the equivalent in any other currency) as a result of such Event of Loss or series of Events of Loss, and (iii) the Co-Issuers make a good faith determination that such net available proceeds from loss proceeds, together with any other amounts that are available to any of the Co-Issuers, are insufficient to permit the Co-Issuers to deliver a feasible repair certificate in respect of such Event of Loss or series of Events of Loss without any exceptions or qualifications that are reasonably likely to have a material adverse effect, then the Co-Issuers will be required to effect a mandatory redemption of the Notes.

On each Scheduled Payment Date commencing on August 15, 2025, the Co-Issuers shall apply an amount equal to the lesser of (a) 100% of the cash standing to the balance of the Distribution Account, and (b) the Target Sweep Amount, to mandatorily redeem the Notes without a Make-Whole Premium, in whole or in part, at a price equal to (i) 100% of the outstanding principal amount of the Notes being redeemed, plus (ii) accrued and unpaid interest on such Notes to (but excluding) the Scheduled Payment Date (without prejudice to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any) plus (iii) Additional Amounts, if any, payable in respect of such Notes (each such mandatory redemption, a "Target Note Balance Mandatory Redemption"); provided that (x) at the Co-Issuers' sole and absolute discretion, to the extent there is cash available in the Distribution Account in excess of the Target Sweep Amount, the Co-Issuers' may apply such cash available to redeem the Notes pursuant to this "Target Note Balance Cash Sweep Mandatory Redemption" section, in an amount not to exceed the amount necessary to cause the outstanding principal amount of the Notes to equal the Target Note Balance applicable to such Scheduled Payment Date, to the extent any Target Note Balance Mandatory Redemption made on any prior Scheduled Payment Date was made in an amount lower than the Target Sweep Amount for any such prior date or was not made at all; and (y) if the cash standing to the balance of the Distribution Account is less than U.S.$1,000,000, the Company will not be required to, but may at its sole discretion, make a Target Note Balance Mandatory Redemption. If on any such Scheduled Payment Date the outstanding principal amount of the Notes would be or is equal to or less than the Target Note Balance

	applicable to such Scheduled Payment Date, then the Co-Issuers shall not be required to make a Target Note Balance Mandatory Redemption on such Scheduled Payment Date. No Default or Event of default will occur in the event that the balance of the Distribution Account as of any Scheduled Payment Date being so applied is less than the amount needed to cause the outstanding principal amount of the Notes to equal the Target Note Balance as of such Scheduled Payment Date. See "Description of the Notes—Target Note Balance Cash Sweep Mandatory Redemption."
Optional Redemption	Prior to November 15, 2038, the Co-Issuers may redeem the Notes, in whole or in part, by paying the greater of 100% of the principal amount of the Notes to be redeemed or a "make-whole" amount, in either case, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date. See "Description of the Notes—Optional Redemption with Make-Whole Premium." On or after November 15, 2038, the Co-Issuers may redeem the Notes, in whole or in part, by paying 100% of the principal amount of the Notes then-outstanding, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date. See "Description of the Notes—Optional Redemption without Make-Whole Premium."
Optional Redemption upon Tax Event .	The Co-Issuers may at any time redeem the Notes, at its option, in whole, but not in part, at a redemption price equal to 100% of the then outstanding principal amount of the Notes, plus accrued and unpaid interest thereon, to, but excluding, the date of redemption and any additional amounts payable with respect thereto, if, as a result of certain changes in tax laws, there is an increase in the additional amounts the Co-Issuers are obligated to pay under the Notes. See "Description of the Notes—Optional Redemption upon Tax Event."
Repurchase Upon a Change of Control Repurchase Event............................	If the Issuer undergoes a Change of Control Repurchase Event, the Issuer will be required to offer to purchase all of the Notes then outstanding, and pay to the holders of Notes that have been tendered in (but not withdrawn from) such offer a purchase price equal to 101% of the portion of the outstanding principal balance represented by such Notes plus accrued and unpaid interest and additional amounts, if any, to, but not including, the redemption date.
Priority of Payments upon Foreclosure on the Collateral	If the maturity of the Notes has been accelerated and if the Collateral Agents foreclose on or sell substantially all of the Collateral at any time pursuant to the terms of the Security Documents, all proceeds realized in connection therewith must be applied to pay the holders of the Notes for the Notes and other required amounts in accordance with the priority set forth in the Indenture irrespective of whether such proceeds are sufficient to pay all amounts then due under the Notes but excluding, for the avoidance of doubt, application of any such proceeds to the payment of any premium.
Additional Amounts	If any Co-Issuer, any Joint Obligor, any Guarantor or any paying agent is required to deduct or withhold any amount in respect of Taxes for the account of Mexico (or any political subdivision thereof or any authority therein or thereof having the power to tax) or any other jurisdiction (or any political subdivision or any authority thereof or therein) from or

	through which such payments are made (each, a "Relevant Jurisdiction"), the Co-Issuers, the Joint Obligors and the Guarantors will pay to a holder of a Note such additional amounts as may be necessary so that the net amount received by such holder will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted subject to certain exceptions described under "Description of the Notes—Additional Amounts."
Use of Proceeds....................................	The Co-Issuers intend to use the proceeds of this issuance of Notes (i) to pay transaction fees and expenses accrued in connection with the issuance of the Notes, (ii) to repay and cancel the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility (as defined herein) and the term loan under the EVM Acquisition Debt Facility (as defined herein), (iii) to repay and cancel the BEMH 2022 Loan and the BEMH 2023 Loan and (iv) to make a distribution and/or an investment to certain direct or indirect shareholders of the Company.
Project Accounts..................................	Pursuant to the Mexican Majority Equity Trust Agreement and the Project Level Trusts, the applicable trustees have established or will establish segregated non-interest bearing offshore accounts and onshore accounts in the name of the applicable trustees pursuant to the written instructions of the Onshore Collateral Agent. For a description of the structure and order of priority of such accounts see "Description of the Notes—Intercreditor Agreement—Majority Equity Trust Account Structure," and "—Accounts Waterfall" and "—Accounts Waterfall—Project Level Trust Accounts Waterfall."
Certain Negative Covenants.................	The Co-Issuers will agree under the Indenture to, and will cause the Restricted Subsidiaries to comply with, certain negative covenants, which will significantly limit their ability to, among other things: • incur any debt; • make any restricted payments; • grant, create, incur, assume or suffer to exist any liens; • change the nature of its business or project; • consolidate or merge into any other person; • sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety; • make investments; • enter into any agreement or arrangement with any affiliate; • cancel, terminate or modify any material project document; • (i) amend, modify or change in any manner any term or condition of any EVM Project Facility, (ii) give any consent, waiver or approval under any of the EVM Project Facilities, or (iii) consent to any assignment or transfer of rights under any EVM Project Facility, in each case, as would reasonably be expected to prevent or restrict in any manner the right of any of the EVM Companies to declare, approve and pay distributions to its shareholders; and • enter into any hedge agreement other than in the ordinary course of business and not for speculative purposes.
Certain Affirmative Covenants............	The Co-Issuers will agree under the Indenture to, and will cause the Restricted Subsidiaries to comply with, certain affirmative covenants, including requirements to, among other things:

- payment of obligations;
- preserve and maintain corporate existence;
- maintain proper books of record and account;
- comply with all applicable laws (including any environmental laws);
- permit the exercise of inspection rights by the holders, the Indenture Trustee and the Collateral Agents;
- (i) perform and observe all terms and provisions of the Material Project Documents to be performed or observed by it, (ii) maintain the Material Project Documents to which it is a party in full force and effect, and (iii) exercise all its rights, discretion and remedies, if any, under the Material Project Documents to which it is a party in accordance with their terms and in a manner consistent with (and subject to) the Issuer's and the Restricted Subsidiaries' obligations under the Indenture and the Security Documents, in each case of clauses (i) through (iii) above, except to the extent that failure to do any of the foregoing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;
- cause each of the EVM Companies to perform and observe all payment obligations, covenants and other provisions under the EVM Project Facilities, except to the extent that (i) failure to do any of the foregoing (x) could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (y) has been cured before the expiration of any applicable grace period set forth in respect of the applicable EVM Project Facility, or (ii) the financing parties under the applicable EVM Project Facility have waived any such failure to do so, which waiver shall constitute a waiver of a Default or Event of Default of the Notes under this covenant, unless any such waived default or event of default under such EVM Project Facility is both material and adverse to the holders of the Notes;
- apply the proceeds from the sale of the Notes as set forth in "Use of Proceeds";
- ensure that the Notes constitute its direct, unconditional and general senior secured obligations and shall at all times rank, in right of payment, upon the bankruptcy or insolvency of any of the Co-Issuers or any of the Joint Obligors, as applicable, *pari passu* in right of payment with, and share equally and ratably in the Collateral with, all of such Co-Issuer's or such Joint Obligor's other present and future Indebtedness secured by the Collateral, other than those obligations or Indebtedness mandatorily preferred by operation of Applicable Law or secured by a Permitted Lien;
- maintain a rating of the Notes by at least two Rating Agencies;
- obtain and maintain in full force and effect all consents, approvals or permits of any Governmental Authority required under Applicable Law to be obtained or maintained by it in connection with the construction, operation and maintenance of its respective business and the performance of its obligations under the Material Project Documents and under the Notes, the Indenture and the other Financing Documents to which it is a party, in each case, to the extent failure to so maintain would not reasonably be expected to have a Material Adverse Effect;
- undertake all actions that are necessary to enable the Collateral Agents, on behalf of the Secured Parties, to exercise and enforce

	their respective rights, powers, remedies and privileges under the Security Documents; and • prepare, give, execute, deliver, file and/or record any notice, financing statement, continuation statement, public deed, instrument or agreement necessary under Applicable Law to maintain, preserve or perfect any Lien granted under the Security Documents.
Events of Default.................................	For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see “Description of the Notes—Events of Default.”
Governing Law....................................	The Notes, the Indenture, the Intercreditor Agreement, and the Security Documents will be governed by, and construed in accordance with, the laws of the State of New York, and certain Security Documents will be governed by Mexican law.
Transfer Restrictions	The Co-Issuers have not and will not register the Notes under the Securities Act, the Mexican Securities Market Law or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See “Transfer Restrictions.”
Form and Denominations.....................	The Notes will be issued in registered form only, without interest coupons, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will be initially registered in the name of DTC or its nominee and deposited with the Indenture Trustee as custodian for DTC.
Listing	Application will be made for the listing of and quotation for the Notes on the Official List of the SGX-ST.
Indenture Trustee, Registrar, Transfer Agent, Paying Agent, Intercreditor Agent..	U.S. Bank Trust Company, National Association.
Offshore Collateral Agent	U.S. Bank National Association
Onshore Collateral Agent.....................	Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver.
Singapore Listing Agent.......................	Allen & Gledhill LLP.
Risk Factors..	Investing in the Notes involves substantial risks and uncertainties. See “Risk Factors” and other information included in this Offering Memorandum for a discussion of factors you should carefully consider before deciding to purchase any Notes.

SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL AND OPERATING DATA

The following tables present summary unaudited pro forma condensed combined financial information for BEMH for each periods presented. This summary financial information has been derived from the Financial Statements included elsewhere in this Offering Memorandum. The assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this selected financial information.

BEMH's unaudited pro forma condensed combined statements of profit or loss and other comprehensive income for the year ended December 31, 2022 and the nine months ended September 30, 2023 and 2022 give effect to the Transactions as if it occurred on January 1, 2022.

Each of the MT Falcon Acquisition and the EVM Acquisition business combinations is accounted for in accordance with the IFRS 3. See "Summary—The Transactions", "Summary Unaudited Pro Forma Condensed Combined Financial and Operating Data" and "Selected Unaudited Pro Forma Condensed Combined Financial and Operating Data".

The unaudited pro forma condensed combined financial information of BEMH presented is for informational purposes only and is not necessarily indicative of the results of operations that would have been realized if the Transactions had been completed on the date set forth above, nor is it indicative of future results of the combined company. The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the Transactions. The pro forma adjustments, which BEMH believes are reasonable under the circumstances, are preliminary and are based upon available information and certain assumptions described in the accompanying notes to the unaudited pro forma condensed combined financial information. Actual results and valuations may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon," "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM" and the Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact our future financial condition and results of operations.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF BEMH FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Historical			
	The Company	EVM Unaudited Condensed Combined Interim Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
	(U.S.$ in thousands)			
Revenue and other income:				
Capacity charges	$235,784	—	—	$235,784
Energy charges	302,709	84,829	—	387,538
Gas transport services	2,116	—	—	2,116
Other Revenues	4,570	85,297	—	89,867
Net sales	$545,179	$170,126	—	$715,305
Cost and expenses:				
Fuel expense	(342,391)	(82,583)	—	(424,974)
Major maintenance costs	(50,162)	(6,720)	—	(56,882)
Depreciation and amortization(A)	(46,255)	(16,135)	(4,069)	(66,459)
Administrative expenses	(44,460)	(7,340)	—	(51,800)
Other costs	(8,620)	(19,525)	—	(28,145)

	Historical			
	The Company	EVM Unaudited Condensed Combined Interim Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
	(U.S.$ in thousands)			
Total cost and expenses	(491,888)	(132,303)	(4,069)	(628,260)
Operating income	53,291	37,823	(4,069)	87,045
Other financing cost:				
Interest income	114	2,476	—	2,590
Interest expense[(B) (C)]	(34,905)	(29,628)	(5,121)	(69,653)
Other financial cost	(2,440)	—	—	(2,440)
Other financial income	2,373	547	—	2,920
Foreign exchange gain – Net	5,821	6,168	—	11,989
	(29,037)	(20,437)	(5,121)	(54,594)
Income (loss) before income taxes	24,254	17,836	(9,190)	32,451
Income tax benefit (expense)	29,736	(27,500)	—	2,236
Net income (loss)	53,990	(10,113)	(9,190)	34,687
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Cash flow hedges:				
Changes in fair value of derivative financial instruments – net of tax	701	(1,034)	—	(333)
Comprehensive income (loss)	$54,691	$(11,147)	$(9,190)	$34,354

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF BEMH FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	Historical				
	The Company	MT Falcon	EVM Unaudited Condensed Combined Interim Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
			(U.S.$ in thousands)		
Revenue and other income:					
Capacity charges	—	$175,983	$—	—	$175,983
Energy charges	—	563,781	272,849	—	836,630
Gas transport services	—	2,070	—	—	2,070
Other Revenues	—	—	131,100	—	130,310
Net sales	—	741,834	403,949	—	1,145,783
Cost and expenses					
Fuel expense	—	(610,585)	(266,547)	—	(877,132)
Major maintenance costs	—	(50,528)	(13,350)	—	(63,878)
Depreciation and amortization[(A)]	—	(38,990)	(24,466)	1,339	(62,117)
Administrative expenses	—	(24,036)	(16,254)	—	(40,290)
Other costs	—	—	(38,001)	—	(38,001)
Total cost and expenses	—	(724,139)	(607,908)	1,339	(1,081,417)
Operating income	—	17,695	45,331	699	64,366
Other financing cost:					
Interest income	—	447	1,759	—	2,206
Interest expense[(B) (C)]	—	(7,099)	(42,357)	(25,824)	(75,280)
Other financial income	—	—	14	—	14
Other financial cost	—	—	(2,438)	—	(2,438)
Foreign exchange rate gain – Net	—	(1,116)	(114)	—	(1,230)
	—	(7,768)	(43,136)	(25,824)	(76,728)
Income before income taxes	—	9,927	2,195	(24.485)	(12,363)
Income tax benefit (expense)	—	(3,199)	(13,065)	—	(16,264)
Net income (loss)	—	6,728	(10,870)	(24,485)	(28,627)
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss:					
Cash flow hedges:					
Changes in fair value of derivative financial instruments – net of tax	—	—	—	—	—
Comprehensive income (loss)	—	$6,728	$(10,870)	$(24,485)	$(28,627)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF BEMH FOR THE YEAR ENDED DECEMBER 31, 2022

	Historical				
	The Company	MT Falcon*	EVM Audited Combined Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
			(U.S.$ in thousands)		
Revenue and other income:					
Capacity charges	$40,206	$205,928	—	—	$246,134
Energy charges	87,809	607,625	338,995	—	1,034,429
Other revenues	—	—	160,658	—	160,658
Net sales	128,015	813,553	499,653	—	1,441,221
Cost and expenses:					
Fuel expense	(99,551)	(667,582)	(322,271)	—	(1,089,404)
Major maintenance costs	(9,843)	(55,842)	(12,215)	—	(77,900)
Loss on disposal of fixed assets	(594)	(60)	—	—	(654)
Depreciation and amortization(A)	(8,027)	(43,344)	(32,247)	1,790	(81,828)
Administrative expenses	(9,739)	(27,231)	(22,533)	—	(59,503)
Other costs	—	—	(67,063)	—	(67,063)
Total cost and expenses	(127,754)	(794,060)	(456,328)	1,790	(1,376,352)
Operating profit	261	19,493	43,324	1,790	64,868
Other financing cost:					
Interest income	10,258	500	—	—	10,758
Interest expense – net*(B) (C)	(3,336)	(9,146)	(55,347)	(34,547)	(102,376)
Other financial cost	(10,610)	—	1,569	—	(9,041)
Foreign exchange rate gain – Net	751	—	3,744	—	4,495
	2,937	(8,646)	(53,173)	(34,547)	(96,164)
Income (loss) before income taxes	(2,676)	10,847	(6,710)	(32,757)	(31,296)
Income tax (expense) benefit	(7,039)	(2,742)	(20,144)	—	(29,925)
Net income (loss)	(9,715)	8,105	(26,854)	(32,757)	(61,221)
Other comprehensive income:					
Remeasurement of net defined benefit asset, net of tax	432	—	—	—	432
Changes in fair value of derivative financial instruments – net of tax	(1,994)	—	5,956	—	3,962
Comprehensive income (loss)	$(11,277)	$8,105	$(20,898)	$(32,757)	$(56,827)

* MT Falcon results for the 10-month period prior to the MT Falcon Acquisition

NOTES TO UNAUDITED PRO FORMA CONDESENSED COMBINED FINANCIAL AND OPERATING DATA

1. MT Falcon's purchase price allocation and goodwill determination

Purchase price (consideration paid)

For the MT Falcon Acquisition, the total consideration transferred amounted to U.S.$198.5 million which was paid entirely in cash on November 8, 2022. According to the MT Falcon purchase and sale agreement, no other consideration was payable to the sellers.

The purchase price purports to represent the actual value of the total consideration that will be received by the sellers, as of the date when the MT Falcon Acquisition was completed. In accordance with IFRS, the fair value of the cash consideration equals to its nominal value.

Purchase price allocation

Under the acquisition method of accounting MT Falcon's assets and liabilities are recorded at fair value at the date of the consummated MT Falcon Acquisition and combined with the historical carrying amounts of BEMH's assets and liabilities. For this purpose, fair value shall be determined in accordance with the fair value concepts defined in International Financial Reporting Standard 13 *Fair Value Measurements* ("IFRS 13"). Fair value is defined in IFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value measurements can be highly subjective and can involve a high degree of estimation. Purchase price allocation for the MT Falcon is final. BEMH has completed a full, detailed valuation analysis necessary to determine the fair values of MT Falcon's identifiable assets to be acquired and liabilities to be assumed.

BEMH engaged a third-party valuation company to assist it in completing the valuation of certain assets acquired and liabilities assumed. The valuation performed is based on a review of comparable market transactions. This process involves reviewing comparable transactions to determine how much premium is assigned to individual intangible assets. The comparable transaction will inform a relative range of value for primary intangible asset groups (as a percentage of premium). The market-based assessment can be used to allocate value to intangible assets for MT Falcon and estimate remaining useful life ("RUL") of the assets.

The valuation is also based on available financial statement information as of November 9, 2022. Accordingly, the unaudited pro forma condensed combined financial information includes an allocation of the purchase price based on the information and estimates that were provided by the third-party valuation company.

The purchase price is allocated to the assets acquired and liabilities assumed based on the estimated fair values, with any excess purchase price allocated to goodwill as follows:

	MT Falcon's Book Value	Fair Value Adjustments (U.S.$ in thousands)	MT Falcon's Fair Value
Assets			
Cash and cash equivalents	$26,017	—	$26,017
Accounts Receivable	101,273	—	101,273
Inventories	71,845	—	71,845
Advances on contracts	1,849	—	1,849
Prepaid expenses and other assets	26,366	—	26,366
Property, plant and equipment	658,658	(111,706)	546,952
Deferred tax asset	—	32,664	32,664
Intangible assets - Power Purchase Agreements	31,606	(23,941)	49,139
Total assets	$917,645	(102,983)	$823,441

	MT Falcon's Book Value	Fair Value Adjustments (U.S.$ in thousands)	MT Falcon's Fair Value
Liabilities:			
Current Liabilities			
Accounts payable to suppliers and accrued expenses	93,302	—	93,302
Related parties (MPA, MITSUI & CO.)	2,409	—	2,409
Long term debt Current Portion	108,735	—	108,735
Interests	1,291	—	1,291
Retirement Allowance	7,360	1,233	8,593
Payable taxes	15,704	—	15,704
Deferred tax liability	8,810	(8,810)	—
Deferred revenues	346,226	—	346,226
Misc. Current Liabilities (Derivative Liability)	1,194	—	1,194
Long term debt	42,927	—	42,927
Total liabilities	627,958	(7,577)	629,191
Net assets	289,657	(95,407)	194,250
Goodwill	—	—	4,275
Consideration paid	—	—	$198,525

2. EVM's purchase price allocation and goodwill determination

Purchase price (consideration paid)

For the EVM Acquisition, the total consideration transferred amounted to U.S.$461.9 million which was paid entirely in cash on July 13, 2023. According to the EVM purchase and sale agreements, no other consideration was payable to the sellers.

The purchase price purports to represent the actual value of the total consideration that will be received by the sellers, as of the date when the EVM Acquisition was completed. In accordance with IFRS, the fair value of the cash consideration equals to its nominal value.

Purchase price allocation

Under the acquisition method of accounting EVM's assets and liabilities are recorded at fair value at the date of the consummated EVM Acquisition and combined with the historical carrying amounts of BEMH's assets and liabilities. For this purpose, fair value shall be determined in accordance with the fair value concepts defined in IFRS 13. Fair value is defined in IFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value measurements can be highly subjective and can involve a high degree of estimation. In the unaudited pro forma condensed combined balance sheet, the purchase price paid by BEMH to acquire EVM has been allocated to the assets acquired, liabilities assumed, and goodwill based upon management's preliminary estimate of respective fair values. Purchase price allocation for EVM is final. BEMH has completed a full, detailed valuation analysis necessary to determine the fair values of EVM's identifiable assets to be acquired and liabilities to be assumed.

BEMH engaged a third-party valuation company to assist it in completing the valuation of certain assets acquired and liabilities assumed. The valuation performed is based on a review of comparable market transactions. This process involves reviewing comparable transactions to determine how much premium is assigned to individual intangible assets. The comparable transaction will inform a relative range of value for primary intangible asset groups (as a percentage of premium). The market-based assessment can be used to allocate value to intangible assets for EVM and estimate RUL of the assets.

The valuation is also based on available financial statement information as of July 13, 2023. Accordingly, the unaudited pro forma condensed combined financial information includes an allocation of the purchase price based on the information and estimates that were provided by the third-party valuation company.

The purchase price is allocated to the assets acquired and liabilities assumed based on the estimated fair values, with any excess purchase price allocated to goodwill as follows:

	EVM Group's Book Value	Fair Value Adjustments (U.S.$ in thousands)	EVM Group's Fair Value
Assets			
Cash and cash equivalents	$52,721	—	$52,721
Accounts Receivable	53,348	—	53,348
Other receivables	9,438	—	9,438
Income tax	137	—	137
Prepayments	8,517	—	8,517
Financial instruments	2,104	—	2,104
Property, plant and equipment	791,263	109,434	900,697
Deferred income taxes	31,546	—	31,546
Security deposits	3,498	—	3,498
Intangible assets	5,420	89,580	95,000
Total assets	$957,992	$199,014	$1,157,006

	EVM Group's Book Value	Fair Value Adjustments (U.S.$ in thousands)	EVM Group's Fair Value
Liabilities:			
Current Liabilities			
Current installments of long-term debt	$20,241	—	$20,241
Accounts payable	35,262	—	35,262
Other liabilities	15,895	—	15,895
Employee profit sharing	24	—	24
Provisions	20,780	—	20,780
Employee benefits	12	—	12
Long-term debt, excluding current installments	583,493	—	583,493
Deferred taxation related to the transaction	—	59,704	59,704
Total liabilities	675,707	59,704	735,411
Net assets	282,285	139,310	421,595
Goodwill	—	—	40,299
Consideration paid	—	—	$461,894

3. EVM Presentation Reclassifications

The following tables present a reclassification to make the presentation of EVM's combined financial statements comparable with BEMH's financial statements.

Unaudited Pro Forma Condensed Combined Interim Statement Of Profit Or Loss And Other Comprehensive Income of EVM For The Six Months Period Ended June 30, 2023

	Historical EVM Condensed Combined Interim Statement of Profit or Loss and Other Comprehensive Income Data	Presentation Adjustments	As presented
		(U.S.$ in thousands)	
Net sales	$170,126	$(170,126)	—
Capacity charges	—	—	—
Energy charges	—	84,829	84,829
Gas transport services	—	—	—
Other Revenues	—	85,297	85,297
Net sales	170,126	—	170,126
Cost of sales	124,963	(124,963)	—
Gross profit	45,163	(45,163)	—
Operating expenses	7,340	(7,340)	—
Fuel expense	—	82,583	82,583
Major maintenance costs	—	6,720	6,720
Depreciation and amortization	—	16,135	16,135
Administrative expenses	—	7,340	7,340
Other costs	—	19,525	19,525
	37,823	—	37,823
Finance income (expense cost):			
Interest income	2,476	—	2,476
Interest expense	(29,628)	—	(29,628)
Amortized cost	(406)	406	—
Other financial cost	—	547	547
Changes in the fair value of derivative financial instruments	953	(953)	—
Foreign exchange rate (gain) loss, net	—	6,168	6,168
Foreign exchange gain, net	6,168	(6,168)	—
Finance cost, net	(20,437)	—	(20,437)
Profit before income taxes	17,386	—	17,386
Corporation income tax	(15,253)	15,253	—
Deferred income taxes	(12,246)	12,246	—
Income tax (benefit) loss	—	(27,500)	(27,500)
Net loss for the period	(10,113)	—	(10,113)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Changes in fair value of derivative financial instruments - net of tax	(1,034)	—	(1,034)
Other comprehensive loss for the period	$(11,147)	—	$(11,147)

Unaudited Pro Forma Condensed Combined Interim Statement Of Profit Or Loss And Other Comprehensive Income For The Nine Months Period Ended September 30, 2022

	Historical EVM Condensed Combined Interim Statements of Profit or Loss and Other Comprehensive Income Data	Presentation Adjustments (U.S.$ in thousands)	As presented
Net sales	$403,949	$(403,949)	$—
Capacity charges	—	—	—
Energy charges	—	272,849	272,849
Gas transport services	—	—	—
Other Revenues	—	131,100	131,100
Net sales	403,949	—	403,949
Cost of sale s	(342,364)	342,364	—
Gross profit	61,585	(61,585)	—
Operating expenses	(16,254)	16,254	—
Fuel expense	—	(266,547)	(266,547)
Major maintenance costs	—	(13,350)	(13,350)
Depreciation and amortization	—	(24,466)	(24,466)
Administrative expenses	—	(16,254)	(16,254)
Other costs	—	(38,001)	(38,001)
	(16,254)	—	(385,618)
Finance income (expense cost):			
Interest income	1,759	—	1,759
Interest expense	(42,357)	—	(42,357)
Other financial income	14	—	14
Other financial cost	(2,438)	—	(2,438)
Foreign exchange rate (gain) loss, net	(114)	—	(114)
Finance cost, net	(43,136)	—	(43,136)
Profit before income taxes	2,195	—	2,195
Corporation income tax	—	—	—
Deferred income taxes	(13,065)	13,065	—
Income tax (benefit) loss	—	(13,065)	(13,065)
Net loss for the period	(10,870)	—-	(10,870)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Changes in fair value of derivative financial instruments - net of tax	—	—	—
Other comprehensive loss for the period	$(10,870)	$—	$(10,870)

Unaudited Pro Forma Combined Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended December 31, 2022

	Historical EVM Condensed Combined Interim Statements of Profit or Loss and Other Comprehensive Income Data	Presentation Adjustments (U.S.$ in thousands)	As presented
Net sales	$499,653	$(499,653)	—
Energy charges	—	338,995	338,995
Other Revenues	—	160,658	160,658
Net sales	499,653	—	499,653
Cost of sales	433,796	(433,796)	—
Gross profit	65,857	(65,857)	—
Operating expenses	22,533	(22,533)	—
Fuel expense	—	322,271	322,271
Major maintenance costs	—	12,215	12,215
Depreciation and amortization	—	32,247	32,247
Administrative expenses	—	22,533	22,533
Other costs	—	67,063	67,063
Finance income (expense cost):			
Interest income	3,465	(3,465)	—
Interest expense	(58,812)	58,812	—
Interest expense - net	—	(55,347)	(55,347)
Amortized debt issuance cost	(931)	931	—
Other financial cost	—	1,569	1,569
Changes in the fair value of derivative financial instruments	2,500	(2,500)	—
Foreign exchange rate (gain) loss, net	—	3,744	3,744
Foreign exchange gain (loss), net	3,744	(3,744)	—
Finance cost, net	(50,034)	—	(50,034)
Loss before income taxes	(6,710)	—	(6,710)
Current income tax	1,080	(1,080)	—
Deferred income taxes	19,064	(19,064)	—
Income tax (benefit) loss	—	20,144	20,144
Net loss for the period	(26,854)	—	(26,854)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Changes in fair value of derivative financial instruments - net of tax	5,956	—	5,956
Total comprehensive loss	$(20,898)	—	$(20,898)

4. Transaction adjustments

Transactions adjustments included in the unaudited pro forma financial information are represented by the following. Adjustments are calculated in U.S. dollars.

A. Represents an adjustment to operating expenses related to the depreciation and amortization differential from the fair value of the acquired property, plant and equipment and intangible assets assessed by the third-party valuation company on the day of the MT Falcon Acquisition and the EVM Acquisition. As per the purchase price allocation, MT Falcon's property, plant and equipment adjustments to fair value is a reduction of U.S.$111.7 million, the intangible assets adjustment is a reduction of U.S.$23.9 million, the liability related employee benefits increased in U.S.$1.2 million and the deferred tax related to the transaction resulted in an asset of U.S.$41.5 million, which is presented net from the deferred tax liability of U.S.$8.8 million that comes from historical figures. As per the purchase price allocation, EVM’s property, plant and equipment adjustments to fair value is an increase of U.S.$80.1 million, the intangible assets adjustment is an increase of U.S.$95.0 million and the deferred tax related to the transaction resulted in a liability of U.S.$59.7 million. The pro forma effect from this fair value adjustments to assets and liabilities are:

a. An increase in depreciation expense of U.S.$1.4 million, U.S.$2.1 million and U.S.$2.6 million for the nine-month periods ended September 30, 2023 and 2022, and the year ended December 31, 2022, respectively; and

b. An increase in amortization expense of U.S.$2.6 million, U.S.$2.1 million and U.S.$5.3 million for the nine-month periods ended September 30, 2023 and 2022, and the year ended December 31, 2022, respectively.

B. Represents the interest expense that arises from the computation of interests under the MT Falcon Debt Facility for an amount of $18.0 million and $24.3 million for the nine-month period ended September 30, 2022 and the year ended December 31, 2022. No pro forma effect is given to the interest expense related to the MT Falcon Debt Facility for the nine-month period ended September 30, 2023 since it is already reflected in the consolidated financial information of BEMH.

C. Represents the incremental interest expense that arises from the computation of interests under the EVM Acquisition Debt Facility and the Related Party Financing when compared to historical amounts of refinanced debts for an amount of U.S.$7.8 million and U.S.$10.2 million for the nine-month period ended September 30, 2022 and the year ended December 31, 2022, respectively. A pro forma effect of U.S.$5.1 million is given to the interest expense related to the EVM Acquisition Debt Facility for the six-month period ended June 30, 2022 since the results for the period then ended is not included in the financial results of the Company as the EVM Acquisition was completed on July 13, 2023.

OTHER FINANCIAL DATA

(thousands of U.S.$)	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022
Combined Pro Forma EBITDA[(1)]	**$168,563**	**$125,034**	**$153,563**

(1) For the definition of Combined Pro Forma EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF PRO FORMA NET INCOME (LOSS) TO COMBINED PRO FORMA EBITDA

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Net (income) loss for the period	$34,687	$(28,627)	$(61,220)
Income tax expense (benefit)	(2,236)	16,264	29,925
Interest expense	69,653	75,280	102,376
Loss on disposal of fixed assets	—	—	654
Depreciation and amortization	66,459	62,117	81,828
Combined Pro Forma EBITDA[(1)]	**$168,563**	**$125,034**	**$153,563**

(1) For the definition of Combined Pro Forma EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA OF BEMH

The following tables present summary consolidated financial and operating data for BEMH for each of the periods presented. The summary consolidated financial information as of December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021 has been derived from, and is qualified in its entirety by reference to, BEMH Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. The summary consolidated financial information as of September 30, 2023 and for the nine months ended September 30, 2023 and 2022 has been derived from, and is qualified in its entirety by reference to, BEMH Unaudited Consolidated Interim Financial Statements included elsewhere in this Offering Memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH" and BEMH Consolidated Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact BEMH's future financial condition and results of operations.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BEMH

	As of September 30, 2023	As of December 31, 2022	2021
		(U.S.$ in thousands)	
Assets			
Current assets:			
Cash and cash equivalents	$128,802	$55,390	—
Accounts receivable	124,563	86,632	—
Prepaid expenses	29,590	30,377	—
Recoverable taxes	32,052	—	—
Total current assets	315,007	172,399	—
Non-current assets:			
Due from related parties – long term	3,480	—	—
Power plants, natural gas, pipeline, property and equipment – Net	1,372,965	541,456	—
Diesel fuel and spare parts inventories and other consumables	104,649	71,519	—
Finance instruments	10,067	9,690	—
Goodwill	44,937	4,638	—
Intangible asset – Net	100,615	7,539	—
Security deposits	3,390	—	—
Deferred income tax	23,383	16,819	—
Total non-current assets	1,663,486	651,661	—
Total assets	$1,978,493	$824,060	—
Liabilities and stockholders' equity			
Current liabilities:			
Interest payable – Credit Agricole Corporate and Investment Bank	$14,602	$2,448	—
Due to related parties – Buffalo Holdings, S.A.R.L	3,664	261	—
Short-term debt	29,882	—	—
Credit line from Credit Agricole Corporate and Investment Bank	—	30,000	—
Accounts payable to gas suppliers	70,525	18,264	—
Accrued expenses and direct employee benefits	52,705	47,762	—
Tax payable	31,946	17,823	—
Total current liabilities	203,324	116,558	—
Non-current liabilities:			—
Long-term debt – Buffalo Holdings, S.A.R.L	138,138	20,000	—
Long-term debt – Credit Agricole Corporate and Investment Bank	896,637	159,830	—

Deferred revenue under contract with Mexican Federal Electricity Commission	302,344	339,712	—
Employee benefits	9,977	7,832	—
Derivative financial instruments	—	1,426	—
Total non-current liabilities	1,347,096	528,800	—
Total liabilities	1,550,420	645,358	—
Commitments and contingencies			
Stockholders' equity:			
Common stock	384,659	189,979	—
Retained earnings	44,275	(9,715)	—
Other comprehensive loss	(861)	(1,562)	—
Total stockholders' equity	428,073	178,702	—
Total liabilities and stockholders' equity	$1,978,493	$824,060	—

CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS OF BEMH

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Revenue:				
Capacity charges	$235,784	—	$40,206	—
Energy charges	302,709	—	87,809	—
Gas transport services	2,116	—	—	
Other revenue	4,570	—	—	—
	545,179	—	128,015	—
Cost and expenses:				
Fuel expense	(342,391)	—	(99,551)	—
Major maintenance costs	(50,162)	—	(9,843)	—
Other operating costs	(8,620)		—	—
Loss on disposal of fixed assets	—	—	(594)	—
Depreciation and amortization	(46,255)	—	(8,027)	—
Administrative expenses	(44,460)	—	(9,739)	—
	(491,888)	—	(127,754)	—
Operating income	53,291	—	261	—
Other financing cost:				
Interest expense – Net	(34,905)	—	(3,336)	—
Finance income – Interest income	114	—	10,258	—
Other financing cost	(2,440)	—	(10,610)	—
Other financing income	2,373	—	—	
Foreign exchange income – Net	5,821	—	751	—
	(29,037)	—	(2,937)	—
Income (loss) before income tax	24,254	—	(2,676)	—
Income tax benefit	29,736	—	(7,039)	—
Net income (loss) for the period	$53,990	—	(9,715)	—
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Pension and post-retirement obligations:				
Remeasurement of the net defined liability – Net of tax expense of $185	—	—	432	—
Item that may be reclassified subsequently to profit or loss				
Cash flow hedges:				
Changes in the fair value of hedging instruments – Net of income of $855	—	—	(1,994)	—
Changes in the fair value of hedging instruments	701	—	—	
	701	—	(1,562)	—
Comprehensive income (loss)	$54,691	—	$(11,277)	—

CONSOLIDATED STATEMENTS OF CASH FLOWS OF BEMH

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Cash flows from operating activities:				
Net income (loss) for the period	$53,990	—	$(9,715)	—
Adjustments for:				
Income tax benefit recognized in profit for the year	(29,736)	—	—	—
Income tax expense recognized in loss for the year	—	—	7,039	—
Depreciation and amortization	46,255	—	8,027	—
Loss on disposal of fixed assets	—	—	594	—
Deferred revenue under contract with Mexican Federal Electricity Commission – Long term	(37,368)	—	(6,514)	—
Interest income	(114)	—	—	—
Adjustments to reconcile net loss to net cash financing activities:				
Finance income – Interest income	—	—	(10,258)	—
Other financing cost	—	—	10,610	—
Interest expense	34,905	—	3,336	—
Foreign exchange income (loss)	—	—	(751)	—
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	15,418	—	14,641	—
Diesel fuel and spare parts inventories and other consumables	(9,208)	—	327	—
Recoverable Taxes	(31,916)	—	—	—
Prepaid expenses	9,304	—	(2,161)	—
Other accounts receivable	2,295	—	—	—
Security deposits	108	—	—	—
(Decrease) increase in:				
Accounts payable to gas suppliers	16,999	—	(75,040)	—
Accrued expenses and direct employee benefits	(30,917)	—	57,710	—
Income tax payable	9,137	—	(2,942)	—
Due to related parties	9,361	—	261	—
Net cash from operating activities	58,513	—	(4,836)	—
Cash flows from investing activities:				
Interest received	114	—	—	—
Acquisition of subsidiary net of cash received of $26,017	—	—	(172,508)	—
Acquisition of subsidiary net of cash received of $52,721	(409,173)	—	—	—
Disposal	935	—	—	—
Acquisition of equipment	—	—	(2,991)	—
Net cash from investing activities	(408,124)	—	(175,499)	—
Cash flows from financing activities:				
Long term loans received	281,093	—	—	—
Payment to Credit Agricole Corporate and Investment Bank	(30,000)	—	—	—
Proceeds from loan – Credit line from Credit Agricole Corporate & Investment Bank	—	—	189,830	—
Payments of long-term debt with Japanese Banks on behalf of subsidiary MT Falcon	—	—	(152,953)	—
Transaction costs related to loans, borrowings and acquisition	—	—	(10,509)	—
Proceeds from long-term debt with related parties	—	—	20,000	—
Capital contributions	—	—	189,979	—
Acquisition of equipment	—	—	—	—
Interest received	—	—	(622)	—

Interest paid	(22,750)	—	—	—
Equity reduction	(8,698)			
Equity increase	203,378	—	—	—
Net cash used in financing activities	423,023	—	235,725	—
Net increase in cash and cash equivalents	73,412	—	55,390	—
Cash and cash equivalents at the beginning of period	55,390	—	—	—
Cash and cash equivalents at the end of period	$128,802	—	$55,390	—

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA OF MT FALCON

The following tables present summary consolidated financial and operating data for MT Falcon for each of the periods presented. The summary consolidated financial information as of December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021 has been derived from, and is qualified in its entirety by reference to, MT Falcon Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. The summary consolidated financial information as of September 30, 2023 and for the nine months ended September 30, 2023 and 2022 has been derived from, and is qualified in its entirety by reference to, MT Falcon Unaudited Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon" and MT Falcon Consolidated Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact MT Falcon's future financial condition and results of operations.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MT FALCON

	As of September 30, 2023	As of December 31, 2022	2021
		(U.S.$ in thousands)	
Assets			
Current assets:			
Cash and cash equivalents	$43,324	$36,347	$86,000
Accounts receivable	65,632	86,632	59,418
Prepaid expenses	22,399	30,377	15,214
Recoverable taxes	12,981	—	—
Due from related parties	386	—	—
Total current assets	144,722	153,356	160,632
Non-current assets:			
Power plants, natural gas pipeline, property and equipment – Net	505,970	536,421	692,613
Diesel fuel and spare parts inventories and other consumables	80,580	71,519	71,463
Goodwill	4,638	4,638	8,815
Intangible asset – Net	6,498	7,040	35,535
Deferred income tax	58,262	19,120	—
Total non-current assets	655,948	638,738	808,426
Total assets	$800,670	$792,094	$969,058
Liabilities and stockholders' equity			
Current liabilities:			
Accrued interest	—	—	$1,199
Credit from Buffalo Energy, related party	2,713	18,289	—
Credit from Generación Buffalo, related party	2,146	2,000	—
Short-term debt	—	—	48,927
Credit line from MUFG Bank México, S.A. and MUFG Bank, Ltd.	—	—	69,090
Accounts payable to gas suppliers	12,812	18,264	9,113
Accrued expenses and direct employee benefits	48,024	48,035	64,059
Tax payable	21,907	17,823	7,091
Due to related parties	—	—	4,131
Total current liabilities	87,602	104,411	203,610
Non-current liabilities:			
Long-term debt – Buffalo Energy, related party	138,852	153,186	—
Long-term debt	—	—	87,651
Deferred revenue under contract with Mexican Federal Electricity Commission	302,344	339,712	364,366

Employee benefits	9,908	7,832	7,201
Derivative financial instruments	—	—	3,869
Deferred income tax	—	—	13,868
Total non-current liabilities	451,104	500,730	476,955
Total liabilities	538,706	605,141	680,565
Commitments and contingencies			
Stockholders' equity:			
Common stock	—	—	—
Paid-in capital	323,880	323,880	323,880
Additional paid-in capital	1,674	1,674	1,674
Accumulated deficit	(84,813)	(159,825)	(53,305)
Reserve fund	18,629	18,629	18,100
Other items of comprehensive loss	2,594	2,595	(1,856)
Total stockholders' equity	261,964	186,953	288,493
Total stockholders' equity and liabilities	$800,670	$792,094	$969,058

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF MT FALCON

	For the nine months ended September 30,		For the year ended December 31,	
	2023	2022	2022	2021
	(U.S.$ in thousands)			
Revenue and other income:				
Capacity charges	$189,512	$175,983	$241,236	$217,755
Energy charges	247,599	563,781	695,434	514,789
Gas transport services	2,116	2,070	2,787	3,912
Other revenue	4,570	—	—	—
	$443,797	$741,834	$939,457	$736,456
Cost and expenses:				
Fuel expense	(290,050)	(610,585)	(761,052)	(564,427)
Major maintenance costs	(42,101)	(50,528)	(65,013)	(77,572)
Loss on disposal of fixed assets	—	—	(654)	(3,772)
Depreciation and amortization	(35,455)	(38,990)	(51,308)	(52,027)
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	—	—	(144,751)	—
Administrative expenses	(23,988)	(24,036)	(35,610)	(32,875)
	(391,594)	(724,139)	(1,058,388)	(730,673)
Operating (loss) income	52,203	17,695	(118,931)	5,783
Other financing cost:				
Interest income	21	447	663	234
Interest expense	(12,120)	(7,099)	(10,430)	(7,276)
Other financial cost	—	—	(891)	(410)
Foreign exchange gain (loss) – Net	(425)	(1,116)	(100)	(1,114)
	(12,524)	(7,768)	(10,758)	(8,566)
Income (loss) before income tax	39,679	9,927	(129,689)	(2,783)
Income tax benefit	35,333	(3,199)	(23,698)	(954)
Net income (loss) for the period	$75,012	$6,728	(105,991)	(3,737)
Other comprehensive income:				
Item that will not be reclassified subsequently to profit or loss:				
Pension and post-retirement obligations:				
Net unrealized loss on labor obligations – Net of tax effect of $(747) and $1,522), respectively	—	—	1,742	3,552
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges:				
Net unrealized loss on hedging instruments	—	—	2,709	2,540
Total other comprehensive income	—	—	4,451	6,092
Comprehensive (loss) income	$75,012	$6,728	$(101,540)	$2,355

CONSOLIDATED STATEMENTS OF CASH FLOWS OF MT FALCON

	For the nine months ended September 30,		For the year ended December 31,	
	2023	2022	2022	2021
	(U.S.$ in thousands)			
Cash flows from operating activities:				
Net income (loss) for the period	$75,012	$6,728	$(105,991)	$(3,737)
Adjustments for:				
Income tax benefit recognized in profit for the period	(35,333)	3,199	(23,698)	(954)
Depreciation and amortization	35,455	38,990	51,308	52,027
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	—	—	144,751	—
Profit on disposal of fixed assets	—	—	654	3,772
Deferred revenue under contract with Mexican Federal Electricity Commission – Long term	(37,368)	(18,087)	(24,654)	(27,037)
Interest income	(21)	(447)	(663)	(234)
Adjustments to reconcile net loss to net cash financing activities:				
Interest expense	12,120	7,099	10,430	7,276
Foreign exchange loss	—	—	100	1,114
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	21,000	(53,741)	(27,214)	9,831
Inventories of diesel fuel, spare parts and other consumables	(9,061)	5,282	(56)	(1,640)
Prepaid expenses, mainly maintenance	7,978	(20,522)	(15,163)	15,214
Recoverable taxes	(12,981)	—	—	—
Accounts receivable related parties	(386)	—	—	—
(Decrease) increase in:				
Accounts payable to gas suppliers	(5,452)	(9,113)	9,151	3,864
Accrued expenses and direct employee benefits	2,066	61,598	(16,024)	(2,294)
Employee benefits	—	—	5,082	379
Income tax	275	3,975	1,442	—
Due to related parties	2,859	(1,687)	12,981	317
Net cash generated by operating activities	56,163	23,274	22,436	57,898
Cash flows from investing activities:				
Acquisition of fixed assets	(4,462)	(7,536)	—	—
Interest received	—	—	663	234
Income from sale of equipment	—	—	—	7,181
Investment acquisition	—	—	—	—
Interest income	21	—	—	—
Acquisition of equipment	—	—	(7,489)	(23,601)
Net cash used in investing activities	(4,441)	(7,536)	(6,826)	(16,186)
Cash flows from financing activities:				
Payment to Buffalo Energy	(32,625)	—	—	—
Payment to long-term debt	—	—	(48,927)	(15,388)
Payment to Credit line from Bank of Tokyo Mitsubishi, UFJ, S.A.	—	(54,241)	(5,906)	(16,809)
Interest paid	(12,120)	(7,392)	(10,430)	(7,276)
Net cash used in financing activities	(44,745)	(61,633)	(65,263)	(39,473)

Net (decrease) increase in cash and cash equivalents	6,977	(45,895)	(49,653)	2,239
Cash and cash equivalents at the beginning of period	36,347	86,000	86,000	83,761
Cash and cash equivalents at the end of period	$43,324	$40,105	$36,347	$86,000

OTHER FINANCIAL DATA

(thousands of U.S.$)	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022
MT Falcon CFADS(1)	**$52,147**	**$16,853**	**$16,601**
MT Falcon EBITDA(1)	**$87,254**	**$49,618**	**$77,454**

(1) For the definition of MT Falcon CFADS and MT Falcon EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF COMPREHENSIVE (LOSS) TO MT FALCON EBITDA

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Net income (loss) for the period..	$75,012	$6,728	$(105,991)
Income tax benefit	(35,333)	(3,199)	(23,698)
Interest expense	12,120	7,099	10,430
Profit on disposal of fixed assets...	—	—	654
Depreciation and amortization	35,455	38,990	51,308
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	—	—	144,751
MT FALCON EBITDA(1)	**$87,254**	**$49,618**	**$77,454**

(1) For the definition of MT Falcon EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF TOTAL REVENUES TO MT FALCON CFADS

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Total gross margin	$116,379	$113,162	$153,751
Operating and administrative expenses.....................................	(66,089)	(74,564)	(100,623)
Income Tax Expense...	(12,706)	3,975	(1,442)
Capital Expenditures, net..	(4,462)	(7,536)	(6,826)
Interest Income, net of Other Financial Cost.............................	21	—	—
Changes in net working capital requirements............................	19,004	(18,184)	(28,359)
Foreign exchange gain (losses)	—	—	100
MT FALCON CFADS(1)	**$52,147**	**$16,853**	**$16,601**

(1) For the definition of MT Falcon CFADS, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

SUMMARY HISTORICAL COMBINED FINANCIAL AND OPERATING DATA OF EVM

The following tables present summary combined financial and operating data for EVM for each of the periods presented. The summary combined financial information as of December 31, 2022, 2021 and January 1, 2021 and for the years ended December 31, 2022 and 2021 has been derived from, and is qualified in its entirety by reference to, EVM Audited Combined Financial Statements included elsewhere in this Offering Memorandum. The summary combined financial information as of September 30, 2023 and for the nine months ended September 30, 2023 and 2022 has been derived from, and is qualified in its entirety by reference to, EVM Unaudited Condensed Combined Interim Financial Statements included elsewhere in this Offering Memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM" and EVM Combined Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact EVM's future financial condition and results of operations.

COMBINED STATEMENTS OF FINANCIAL POSITION DATA OF EVM

	As of September 30, 2023	As of December 31, 2022	As of December 31, 2021	As of January 1, 2021
		(U.S.$ in thousands)		
Assets				
Current Assets:				
Cash and cash equivalents	$72,131	$45,552	$24,991	$68,328
Trade accounts receivable	58,930	52,105	43,366	1,469
Due from related parties	44	9	8	9
Other receivables	1,843	7,922	6,821	24,768
Recoverable income tax	10,837	192	165	—
Prepayments	6,944	3,472	211	329
Total current assets	150,729	109,252	75,563	94,903
Prepayments, long-term	—	11	16	8
Derivative financial instruments	2,634	1,727	—	—
Property, plant and equipment, net	759,294	806,404	835,278	865,329
Spare parts inventories	24,069	—	—	—
Intangible assets, net	5,320	5,619	6,018	6,417
Deferred income tax	21,009	10,896	18,358	8,836
Security deposits	3,390	1,096	1,031	2,064
Total non-current assets	815,716	825,755	860,701	882,654
Total assets	$966,445	$935,007	$936,265	$977,557
Liabilities and Net Parent Investment				
Current Liabilities:				
Current installments of long-term debt	29,882	22,838	$23,302	$24,244
Trade accounts payable	57,734	37,677	35,974	37,360
Due to related parties, short term	—	10,913	6,115	—
Other liabilities	—	3,757	1,368	3,191
Statutory employee profit sharing payable	—	34	32	—
Tax payable	8,305	—	—	—
Provisions	539	18,219	3,705	11,725
Deferred revenues	—	—	—	17,900
Total current liabilities	96,460	93,439	70,496	94,420
Non-current Liabilities:				
Due to related parties, long-term portion	290,657	116,100	109,559	102,773
Employee benefits	13	10	7	—
Derivative financial instruments	—	—	5,354	10,200
Other liabilities	—	3,632	3,416	3,525
Deferred income tax	726	10,228	—	—
Contributions for future parent investment	—	—	192	198
Long-term debt, excluding current installments	584,762	663,653	678,602	695,515
Total non-current liabilities	876,157	793,623	797,130	812,210

Total liabilities	$972,619	$887,063	$867,626	$906,631
Net Parent Investment				
Controlling interest:				
Net parent investment	17,396	106,287	106,083	106,083
Accumulated deficit	(42,277)	(64,051)	(46,307)	(43,412)
Other comprehensive income	4,945	5,316	1,742	47
Net parent investment attributable to controlling interest	(19,936)	47,551	61,518	62,719
Non-controlling interest	13,763	393	7,121	8,208
Total net parent investment	(6,173)	47,944	68,639	70,927
Total liabilities and net parent investment	$966,445	$935,007	$936,265	$977,557

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME DATA OF EVM

	For the nine months ended September 30,		For the year ended December 31,	
	2023	2022	2022	2021
	(U.S.$ in thousands)			
Net sales	$272,364	$403,949	$499,653	$374,842
Cost of sales	194,899)	342,364	433,796	312,481
Gross profit	77,465	61,585	65,857	62,361
Operating expenses	(17,402)	(16,254)	22,533	20,914
Finance income (expense cost):				
Interest income	2,499	1,759	3,465	2,818
Interest expense	(45,989)	(42,357)	(58,812)	(58,471)
Amortized debt issuance costs	—	—	(931)	(1,049)
Other financing income	36	14	—	—
Other financing loss	(1,694)	(2,438)	—	—
Changes in the fair value of derivative financial instruments	1,382	—	2,500	2,692
Foreign exchange gain (loss), net	12,414	(114)	3,744	(1,403)
Finance cost, net	31,352	43,136	(50,035)	(55,412)
Profit (loss) before income taxes	28,711	2,195	(6,710)	(13,965)
Current income taxes	13,039	—	1,080	—
Deferred income taxes	(19,719)	13,065	19,064	(8,852)
Net loss for the period	$35,391	$(10,870)	$(26,854)	$(5,113)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Changes in fair value of derivative financial instruments, net of tax	(617)	—	5,956	2,824
Items that will not be reclassified to profit or loss:				
Remeasurement of net defined benefit liability, net of tax	—	—	—	1
Other comprehensive income (loss) for the period	(617)	—	5,956	2,825
Total comprehensive income (loss) for the period	34,774	(10,870)	$(20,898)	$(2,288)
Loss attributable to:				
Controlling interest	21,774	(12,159)	(17,744)	(2,895)
Non-controlling interest	13,617	1,289	(9,110)	(2,217)
Total loss	35,391	(10,870)	(26,854)	(5,113)
Total comprehensive loss attributable to:				
Controlling interest	21,404	(12,159)	(14,171)	(1,200)
Non-controlling interest	(13,370)	1,289	(6,727)	(1,088)
Total comprehensive loss	34,774	(10,870)	$(20,899)	$(2,288)

COMBINED STATEMENTS OF CASH FLOWS DATA OF EVM

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Cash flows from operating activities:				
Profit (loss) of the period before income taxes	28,711	2,195	$(6,710)	$(13,965)
Adjustments for:				
Changes in the fair value of derivative financial instruments	(1,524)	—	(2,500)	(2,692)
Amortized debt issuance costs	2,308	1,747	931	1,049
Interest income	—	(1,759)	(3,465)	(2,818)
Depreciation and amortization	24,508	24,890	32,561	32,647
Gain on sale of Property, plant and equipment	2	12		
Interest expense	45,816	37,415	58,812	58,471
Changes in:				
Trade accounts receivable	(6,825)	(20,094)	(8,739)	(41,897)
Due from related parties	(36)	(844)	1,769	0.3
Others receivable	6,080	6,817	(1,101)	17,946
Prepayments	(3,461)	(2,398)	(3,256)	111
Recoverable taxes	(15,273)	(4,730)	(27)	(165)
Security deposits	(2,293)	(14)	(65)	1,033
Trade accounts payable	20,057	75,133	1,703	(1,386)
Other liabilities	(7,389)	(4,784)	2,605	(1,932)
Provisions	(17,680)	(3,406)	14,514	(8,020)
Due to related parties	—	(56,630)	2,948	298
Employee benefits	3	2	3	7
Income tax payable	—	—	(2,454)	3,765
Employee profit sharing	(34)	(32)	2	32
Contributions for future capital stock increases	—	(192)	—	(6)
Deferred revenues	—	—	—	(17,900)
Net cash from operating activities	(72,968)	53,326	87,531	24,578
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,170)	(367)	(3,480)	(2,197)
Disposal of property, plant and equipment	—	—	192	—
Interest received	—	1,759	729	2,818
Net cash from (used) in investing activities	(1,1670)	1,392	(2,559)	621
Cash flows from financing activities:				
Capital stock increase (decrease)	(88,891)	—	12	—
Interest paid	(29,053)	(25,172)	(44,076)	(48,270)
Proceeds from bank loan facilities	290,657	3,900	—	5,280
Proceeds on interest swap	—	—	1,374	—
Payments of loans	(217,932)	(11,464)	(21,720)	(25,547)
Net cash from (used in) financing activities	(45,219)	(32,736)	(64,410)	(68,536)
Net increase (decrease) in cash and cash equivalents	26,579	21,982	20,561	(43,337)
Cash and cash equivalents:				
At beginning of period	45,552	24,991	24,991	68,328
At end of period	72,131	46,974	$45,552	$24,991

OTHER FINANCIAL DATA

(thousands of U.S.$)	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022
EVM CFADS(1)	**$29,644**	**$80,332**	**$20,549**
EVM EBITDA(1)	**$99,207**	**$69,442**	**$84,663**

(1) For the definition of EVM CFADS and EVM EBITDA, as well as for an explanation for they are included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF NET LOSS OF THE PERIOD TO EVM EBITDA

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Net loss for the period	$35,391	$(10,870)	$(26,854)
Income tax expense	(6,680)	13,065	20,144
Interest expense	45,989	42,357	58,812
Depreciation and amortization	24,508	24,890	32,561
EVM EBITDA(1)	**$99,207**	**$69,442**	**$84,663**

(1) For the definition of EVM EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF TOTAL REVENUES TO EVM CFADS

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Total revenues	$272,364	$403,949	$499,652
Cost of revenues & administrative expenses	(187,793)	(333,727)	(423,768)
Tax paid/funded	—	-	(2,454)
Capital expenditures, net	(1,170)	(367)	(3,480)
Net proceeds from sale of fixed assets	2	12	192
Interest income, net of other financial cost	—	1,759	729
VAT collections and compensation	—	—	—
Changes in working capital and foreign exchange gain (loss)	(14,438)	45,457	10,356
Release (fund) reserve accounts	—	—	—
Senior debt service payable	(39,321)	(36,750)	(60,678)
EVM CFADS(1)	**$29,644**	**$80,332**	**$20,549**

(1) For the definition of EVM CFADS, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RISK FACTORS

An investment in the Notes involves significant risks. In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before making an investment in the Notes. Any of the following risks below could adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes, which, in turn, could have an adverse effect on our ability to make payments under the Notes. The risks described below are not the only ones facing BEMH or other companies in Mexico. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. If any of the risks described below materializes or occurs, the value of the Notes could decline and you may lose some or all of your investment.

Risks Relating to Our Business and Industry

We operate in a highly regulated environment and our profitability depends on our ability to comply with a number of laws and regulations on a timely and efficient basis.

We operate under the laws and regulations of various federal, state and local governmental entities in Mexico and are required to obtain and maintain various permits, licenses and governmental approvals for our activities. In some cases (open access gas transportation), the prices that we charge for our products and services are limited by approval of governmental authorities. These regulations and permits may limit our operating flexibility, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. See "Regulatory, Permits and Environmental Matters."

In order to undertake new energy infrastructure projects in Mexico, we may require additional permits from SEMARNAT, CRE and SENER, as well as the favorable opinion of COFECE. Permits at the Municipal level may also be required. Various factors, including a change in the CRE's policy and actions, policies and reforms related or made to the laws and regulatory framework on the power and energy sectors in Mexico, could result in our inability to obtain such permits. Once the term of IPP power generation permits expire between 2026-2030, CRE's approval, among others, is also required for obtaining new energy generation permits under the LIE for MT Falcon Generating Assets or amending the existing ones. Also, an amendment to the Grid Interconnection Agreements for MT Falcon Generating Assets will be necessary. Similarly, CRE's approval is also required for obtaining an extension of the natural gas transportation permits for the MT Falcon Portfolio (CSO, EAA, CAC and GDR) before their expiration.

We cannot predict the future course of changes in policies, laws and regulations that currently cover our activities or the effect that this changing regulatory environment will have on our business. In addition, due to the complex overlapping federal, state and local regulatory regimes in which we operate, we may from-time-to time discover that we are lacking, or non-compliant with, one or more permits. If there is a delay in obtaining any required regulatory approval or permit (including any amendment of existing LIE power generation permits for MT Falcon Generating Assets upon expiration of IPP power generation permits or extension approval of the natural gas transportation permits for the MT Falcon Portfolio) to conduct operations or if we fail to obtain or maintain any required approval or permit, we may not be able to operate our energy infrastructure projects, or we may be forced to incur additional costs, which in turn could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. See "Business Overview—Legal, Administrative and Arbitration Proceedings."

Potential effects of the revised legal framework for regulating the energy sector in Mexico could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Mexico revised its legal framework for the regulation of the electric power sector through a reform to the LIE which was enacted and published in the Federal Official Gazette on March 9, 2021 (the "LIE Amendment"). The LIE Amendment provides a revised legal framework for our power generation business, although this framework has not come into force due to injunctions granted in several judicial proceedings challenging it. Therefore, our energy generation business continues to be regulated only under the pre-existing LIE. Given the recent enactment of the LIE Amendment and that it is subject to judicial review, it is still uncertain how the framework will be applied in practice over time if it were to become effective. For example, the LIE Amendment includes, among other things, measures that may change the dispatch order to give priority to CFE. While the provisions of the LIE Amendment themselves do not specify the order of dispatch, the explanatory statements to the LIE Amendment (*exposición de motivos*) provide the following dispatch order: CFE's hydroelectric power plants will have priority, followed by other plants owned by CFE with second priority and private wind and solar power plants will have third priority. CCGTs and other power plants owned by private generators would have fourth priority in the dispatch order. If this priority is strictly implemented our projects would only dispatch after all of CFE's plants. Any changes in the priority of dispatch with respect to our power plants could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or ability to repay the Notes.

Additionally, the LIE Amendment provides that IPP legacy contracts (i.e., those executed by the holder of an IPP permit and CFE) will be subject to review to ensure that they are legal and profitable to the Federal Government and, if applicable, will be either renegotiated or terminated early. The LIE Amendment fails to mention if, in the case of termination of the PPAs, CFE would pay compensation or if the advance termination provisions in such contracts would apply, including the rights for the projects to exercise their put option, as applicable. If the LIE Amendment is upheld and becomes effective, provisions related to the dispatch of our Generating Assets under our Market Participant Agreements could be modified and our IPP PPAs could be ultimately terminated, which could materially adversely affect our ability to operate in the Mexican wholesale power market and have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The revised framework under the LIE Amendment, and the provisions governing CFE's ability to review, renegotiate and terminate PPAs, specifically, is under judicial review but no definitive rulings have been issued; further, it is uncertain how the framework would be interpreted in practice. See "Risk Factors—Risks Relating to our Industry and Practice—The outcome of pending litigation against us or affecting our agreements permits in connection with our business could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes."

Events of default under our permits and authorizations could lead to their revocation or to the imposition of fines.

Our industry is highly regulated and requires permits for the operation of our Generating Assets and our ability to sell electricity. As a result, in order to operate our Generating Assets and sell electricity and comply with our obligations under our PPAs, we are dependent upon the validity of the permits and authorizations granted by the relevant authorities, including the IPP, LIE and natural gas transportation permits. Under the relevant permits and authorizations, we may be subject to events of default under certain circumstances. Upon the occurrence of certain events and defaults under such permits and authorizations, the relevant administrative authorities, including CRE, have the authority to initiate administrative proceedings for the revocation of such permits and authorizations and/or for the imposition of fines. When an IPP, LIE or natural gas transportation permit is revoked, it may be impossible for us to continue operating the respective power plant and selling the energy produced by such power plant. We could also be subject to the imposition of fines.

The terms and conditions of our permits and authorizations, and the applicable laws and regulations governing such permits and authorizations, are interpreted by administrative authorities, whose interpretation may differ from ours. Differences on interpretation may refer to the scope, terms and conditions, as well as consents and authorizations that may be required to undertake certain actions under the permits and authorizations (including, but not limited to, the transfer, pledging and/or enforcement of rights thereunder). These differences in interpretation may result in revocation of such permits and authorizations and/or the imposition of fines, which could require for us to challenge any such decisions from the administrative authorities, before the relevant instances, including the Mexican courts.

As a result of the notice submitted with CRE by CSO, EAA, CAC, GDR regarding the creation of a pledge over the natural gas transportation permits, CRE stated that such lien required prior approval from CRE. Although MT Falcon Entities holding a transportation permit (CSO, EAA, CAC and mainly GDR) have arguments to support that a prior notice was sufficient based on Natural Gas Regulations, CRE may insist on its position and could commence an administrative proceeding against the permit holders, which could result in the imposition of economic fines and the revocation of the transportation permits.

Any of the above could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We are subject to numerous environmental, health and safety regulations that may become more stringent in the future and may result in increased liabilities and increased capital expenditures.

Our business is subject to comprehensive federal, state and local environmental, health and safety legislation, as well as to the supervision by Mexican governmental agencies that are responsible for the implementation of such laws, regulations, official standards and related policies. These laws, regulations and official standards mandate, among other requirements, that we obtain and maintain environmental, health and safety licenses for construction and operation of all facilities, including our facilities related to the generation of electric energy, and the transportation of natural gas. These laws, regulations and official standards may also require us to obtain and maintain the following with respect to the construction and operation of our facilities: environmental impact authorizations; risk studies; management system for industrial safety operational safety and protection of the environment, accident prevention program authorizations; forestry land use change authorizations; air emissions or comprehensive environmental licenses; local land use permits and construction licenses; management authorizations for the generation, transportation and disposal of waste, including hazardous, special management and urban solid waste; concession titles for the use and exploitation of water and the discharge of wastewaters; and concession titles for the use and occupation of federal zones, construction of maritime infrastructure or installation of new equipment required for our operations. See "Regulatory, Permits and Environmental Matters." The failure to obtain and maintain these authorizations, licenses, permits and concessions could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Even once obtained, compliance with authorizations, permits, concessions, regulations and license terms and conditions may be expensive, difficult or economically unfeasible thereby curtailing future operations. Moreover, governmental agencies could take enforcement action against us for our failure to comply with their laws, regulations, official standards and related policies. These enforcement actions could include, among other things, the imposition of economic fines or remediation obligations, the seizure of machinery and equipment, the revocation of licenses and/or the temporary or permanent closure of part or all of a facility, and possibly imprisonment if environmental violations are classified as criminal offenses. Compliance with enhanced environmental, safety and health regulations, including as a result of any environmental contamination or pollution for which we may be held liable in the future, could require us to divert resources to make capital expenditures. In addition, complying with environmental health and safety laws, regulations, official standards and related policies, including obtaining related licenses, permits, concessions and/or authorizations, could cause delays in the schedule of construction and improvements of any of our ongoing projects and/or facilities for the generation of energy, and for the transportation, storage and distribution of natural gas. Private parties may also have the right to pursue legal actions to enforce compliance and to seek damages for personal injury, property damage, environmental damage caused to third parties or for violations of with respect to environmental laws, as well as compensation or remedial action of any environmental damage, as may be the case, which is independent of any civil, criminal or administrative liability. The failure to comply with these authorizations, permits, concessions, regulations and license terms and conditions could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The Mexican Federal Environmental Liability Law (*Ley Federal de Responsabilidad Ambiental*), which became effective in July 2013, provides for significant penalties for damages to the environment and could subject us to significant liability in the event of any such damage. However, we cannot predict the outcome of any action brought against us or the extent to which we could be held liable under such law. See "Regulatory, Permits and Environmental Matters." The cost of remediating or providing compensation for any environmental damage could be significant and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Mexico is also a party to many international agreements regarding environmental protection. We anticipate that the regulation of our business operations under Mexican federal, state and local environmental laws and regulations will increase and become more stringent over time, including as a result of international agreements. Such international agreements, upon ratification by the Mexican Senate, become a part of Mexican law. Under the Agreement on Environmental Cooperation ("ECA"), a side agreement to United States-Mexico-Canada Agreement ("USMCA"), core obligations for parties to maintain high levels of environmental protection and robust environmental governance are included, including commitments to each country that is a party to USMCA, including Mexico, to enforce environmental laws; not derogate from these laws to encourage trade or investment; promote transparency, accountability and public participation; and ensure environmental impact assessment processes are in place for projects having potential adverse effects on the environment.

Compliance with or increased regulatory requirements could require significant operating and capital expenditures.

We are subject to extensive laws and regulations related to pipeline integrity. There are, for example, certain official standards such as NOM-007-ASEA-2016 ("NOM 007"), a regulation issued by ASEA relating to natural gas transportation, which set forth the minimum safety requirements that must be met regarding the design, materials, construction, testing, operation, maintenance and security of the facilities, as well as the technical specifications and minimum safety requirements, which must be met by self-use pipeline systems. We plan to continue our facilities integrity testing programs to assess and maintain the integrity of facilities as required by the applicable laws and regulations. The results of these tests could cause us to incur significant and unanticipated capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of our facilities.

Further, additional laws and regulations that may be enacted in the future or a new interpretation of existing laws and regulations could significantly increase the amount of these expenditures. There can be no assurance as to the amount or timing of future expenditures for integrity regulation applicable to our self-use pipelines and actual future expenditures may be different from the amounts we currently anticipate. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. See "Regulatory, Permits and Environmental Matters."

We cannot predict the impact that legal, regulatory and social responses to climate change may have on our business.

A number of legal and regulatory measures as well as social initiatives have been and may continue to be introduced both internationally and in Mexico, at the federal or state level, in an effort to reduce greenhouse gases and other carbon emissions. According to SENER, in 2024, renewables must represent 35.0% of total generation, increasing this target to 50.0% for 2050, which influence consumer market shifts to renewable sources.

Mexico has ratified the United Nations' Framework Convention on Climate Change, as well as the Paris Agreement, committing to reducing its greenhouse emissions. As a result, several regulatory and institutional measures have been enacted by the Mexican federal government, including the General Law of Climate Change and Regulations on matters of the National Registry of Emissions, under which, all stationary sources of emission generating 25,000 tons or more of CO2 annually are required to measure and verify direct and indirect greenhouse emissions.

In addition, in 2020, the Mexican federal government began a trial period of the Mexican Emissions Trading Scheme (the "Mexican Emissions Trading Scheme"), which will work as a cap-and-trade system. After the three-year trial period, the Mexican federal government is expected to establish greenhouse emissions limits per industry, including the fossil-fueled power industry. However, no regulations or guidelines establishing greenhouse emissions limits per industry have been published. All sources of greenhouse gas emissions from the regulated sectors will have to meet such limits or trade allowances in the Mexican Emissions Trading Scheme. We cannot anticipate at this time how the Mexican Emissions Trading Scheme or the cap on greenhouse emissions or any other future act by the Mexican government, at a federal or state level, will affect our operations. However, this scheme, as well as future legislation and regulations related to climate change, may compel us to reduce the emissions of our Power Plant or acquire carbon credits from the market, which could force us to incur additional costs and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Various governmental entities may prematurely terminate our permits under various circumstances, some of which are beyond our control.

Our permits granted by the CRE (including our energy generation permits and transportation permits) are essential for the operation of our assets, and we would be unable to continue the operations of a particular asset without the applicable permit granted by the CRE.

Our existing permits may be revoked by the CRE for certain reasons set forth in the terms of those permits, as well as for any other cause provided by the legislation applicable to natural gas, hydrocarbons and electric power that were in effect when the permit was granted, including:

- if we engage in discriminatory practices or charge rates in excess of the maximum rates established by the CRE;
- if we transfer the permit in violation of its terms or applicable legislation;
- if we fail to take action to utilize the permit within the term provided therein; or
- our permits may be revoked in certain circumstances, including if we do not comply with our obligations under Mexican standards or conditions under the permits, or if we experience partial or total interruption in the operation of the system or facility without justified cause or authorization from the CRE. Generally speaking, these standards include:
    - For energy generation permits:
        - Not selling, disposing of or by any other legal means transferring the use or ownership of all or part of the power generated, to third parties, other than CFE (when applicable).
        - Operate and maintain the facilities and equipment without generating risks.
        - Execute interconnection agreements.
        - Comply with the applicable laws.
        - Obtain and maintain the required authorizations and permits.
        - Allow access to the facilities if requested by the corresponding authorities.
        - File all notices and reports required by the applicable laws.
        - Maintain insurance policies.
        - Pay applicable governmental duties for annual supervision.
    - For natural gas transportation permits:
        - Notify CRE and the competent authorities in case that the activities performed pose health or public safety risks.
        - File all notices, reports and programs required by the applicable laws.
        - Maintain insurance policies.

The Mexican Electricity Industry Law and the Mexican Hydrocarbons Law provide for similar revocation events that would apply to any new permit we obtain for purposes of our business activities. These events include:

- engaging in discriminatory practices that affect end consumers;
- failing to comply with regulations relating to rates and tariffs;
- assigning a permit without the prior approval of the CRE;
- failing to exercise our rights under the relevant permit within certain period of time;
- failure to maintain in full force and effect the required collateral and insurance; or
- the interruption of services without justified cause.

The early termination of any of our related permits and the suspension of the operations of any of our assets, or the imposition of changes to the manner in which we operate any of our assets as a result of changes to its permits requested by the CRE, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

An ongoing investigation of EVM Energía I, EVM Energía II, Tenedora, Buffalo Infrastructure and Buffalo Generation related to environmental violations may have a negative impact on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. A final unfavorable resolution on the investigation, after undergoing all available appeal processes and remedies, may result in an event of default under our EVM Project Facilities and we cannot assure you that we will successfully and timely resolve this issue.

On October 18, 2023, the local State of Mexico's Attorney General's Office (*Fiscalía General de Justicia del Estado de México*) (the "AG Office") conducted an inspection (*diligencia de inspección ministerial*) at EVM I and EVM II allegedly as a result of a third-party complaint related to alleged harmful air emissions and wastewater discharges. After finalizing the inspection, the experts accompanying the staff members of the AG Office concluded that: (i) EVM Energía I and EVM Energía II were operating in compliance with air emissions regulations, (ii) no wastewater discharge was generated by EVM I and EVM II, and (iii) no potential environmental violations were detected, and such conclusions were memorialized in an official minute that was issued by the inspecting officials and signed by such officials and a representative of EVM I and EVM II. Nevertheless, staff of the AG Office ordered the imposition of seals of assurance (*aseguramiento*) on EVM II's neutralization tank (*balsa de neutralización*). A seal of assurance (*aseguramiento*) does not require the interruption of operations but serves as a protective measure imposed over assets with the purpose of maintaining such assets in their current state (and preventing such assets from being altered, destroyed, or disposed of) during criminal or other investigations. We believe, (i) based on the advice of Mexican counsel to EVM Energía I and EVM Energía II, that the Mexican-law governed security documents pursuant to which the collateral for the benefit of creditors under the EVM I Project Facility and the EVM II Project Facility was granted did not become unenforceable as a result of the imposition of seals of assurance (*aseguramiento*) on EVM II's neutralization tank (*balsa de neutralización*), and (ii) based on the advice of New York counsel to EVM Energía I and EVM Energía II, that the seals of assurance (*aseguramiento*) on EVM II's neutralization tank (*balsa de neutralización*) do not trigger any breach under the EVM I Project Facility and the EVM II Project Facility given the absence of an impact to operations and the fact that it is not reasonable to expect that the matter would result in a material adverse consequence to EVM Energía I and EVM Energía II.

The allegations currently under investigation by the local AG Office consist of the following: (i) causing disease to plants, agricultural crops or forests, resulting in damage to public health and an imbalance towards the ecosystem; and (ii) air emissions or discharge of gases, smoke, dust, or liquids, that result or may result in damaging public health, flora, fauna or the ecosystem. The local AG Office has confirmed that the seal of assurance (*aseguramiento*) is limited to EVM II's neutralization tank (*balsa de neutralización*) with the sole purpose of maintaining such neutralization tank (*balsa de neutralización*) in its current state during the investigation, but that such measure does not entail the interruption of operations of the neutralization tank (*balsa de neutralización*) or EVM II.

While the water in EVM II's neutralization tank (*balsa de neutralización*) is not discharged, EVM Energía II has engaged its own third-party experts to conduct a testing of the water in EVM II's neutralization tank (*balsa de neutralización*) to serve as further evidence that even if such water were to be discharged, it would not damage the ecosystem or public health. While no assurances can be given, the result of such testing has confirmed that the water in EVM II's neutralization tank (*balsa de neutralización*) complies with Mexican environmental and health legal requirements. As to the claim that the air emissions by EVM II may result in damaging public health, flora, fauna or the ecosystem, we believe EVM II operates within the highest standards required by applicable law and has been the subject of multiple environmental audits and authorizations required under applicable law, such as the clean industry certification (*certificado de industria limpia*) issued by the PROFEPA.

On November 7, 2023, EVM Energía I and EVM Energía II filed an *amparo* lawsuit with the Federal Courts to request, among other things, an injunction (*suspensión*) that would lift the placement of the seals. On December 4, 2023, the *amparo* Federal Court denied our requested injunction (*suspension*). On December 11, 2023, EVM Energía I and EVM Energía II filed an appeal seeking to overturn such denial and obtain the requested injunction (*suspension*). As of the date of this offering memorandum, such appeal is pending resolution.

If the investigation were to continue, an unfavorable resolution against EVM Energía I, EVM Energía II, Tenedora, Buffalo Infrastructure and Buffalo Generation in such underlying investigation, which we believe to be unlikely, may lead to the AG Office bringing criminal charges against EVM Energía I, EVM Energía II, Tenedora, Buffalo Infrastructure or Buffalo Generation, or any of their officers, for the alleged environmental violations before a State of Mexico Court, which could lead to financial penalties, temporary suspension of operations of the plants, corporate governance changes at the relevant entities and imprisonment of responsible individuals. In the event that, after undergoing all available appeal processes and remedies, a final unfavorable resolution on the investigation results in any of the foregoing, such acts may impact our ability to operate the plants, which in turn would materially and adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes and may also result in a default under the EVM I Project Facility and the EVM II Project Facility and a cross-default of the Notes.

We will not be able to operate in the Mexican Wholesale Market if our Market Participant Agreements are terminated early.

The continued existence of the Market Participant Agreements is necessary for us to operate in the Mexican wholesale power market and perform our obligations under the bilateral PPAs between the CFEC and EVM, as well as offer surplus electricity by the MT Falcon project companies. Our principal obligation under such agreements is to maintain certain guarantees (including a standby letter of credit that will be issued under the Letter of Credit Facility) in favor of CENACE. See the description thereof under "Description of Certain Material Agreements." Failure by us to have the required letter of credit in place or to comply with any other obligations under any of the Market Participant Agreements may result in the termination of such Market Participant Agreement, which would have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

On June 15, 2023, the CRE imposed on EVM II an economic fine of approximately U.S.$890,000 due to certain defaults in the capacity offers made at the Mexican wholesale power market, which was paid in full in July 2023.

Future retail rates, commodity prices, supply and demand and asset operating patterns in the Mexican wholesale power market may differ from the projected retail rates, commodity prices and supply and demand contained in the Independent Energy Market Expert's Report prepared by AFRY and other estimates contained in this Offering Memorandum.

The future retail rates, commodity prices, supply and demand and asset operating patterns in the Mexican wholesale power market contained in the Independent Energy Market Expert's Report prepared by AFRY are not predictions. A model simply illustrates hypothetical results that are mathematically derived from specified assumptions. Accordingly, the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market for any future period may differ from any future retail rates, commodity prices and supply and demand in the Mexican wholesale power market.

The inclusion of the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market or summary information derived therefrom in this Offering Memorandum should not be regarded as a representation by us or any other person that the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market will be achieved. The projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market or summary information derived therefrom should not be relied upon for any purpose following the consummation of the offering contemplated by this Offering Memorandum.

We urge you to read the Independent Energy Market Expert's Report in its entirety before making a decision to invest in the Notes. The projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market have been prepared by AFRY on the basis of information and assumptions current as of the date of the report and are more fully described in the Independent Energy Market Expert's Report. You should review the Independent Energy Market Expert's Report in its entirety. We do not intend to provide the holders of the Notes with any projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market or any analysis of any differences between the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market and actual future retail rates, commodity prices and supply and demand in the Mexican wholesale power market.

For purposes of preparing the projected retail rates, commodity prices, supply and demand and asset operating patterns in the Mexican wholesale power market, certain assumptions were made with respect to, among other matters, distribution rates, transmission rates and other matters that are not within our control and the outcome of which cannot be predicted by us, AFRY or any other person with certainty or accuracy. These assumptions and the other assumptions used in preparing the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market and the Independent Energy Market Expert's Report are inherently subject to significant uncertainties and actual results will differ, perhaps materially, from those projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market. In addition, certain assumptions with respect to our future decisions with regards to our business are subject to change. None of us, AFRY or any other person can give any assurance that these assumptions are correct or that the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market will reflect actual future retail rates, commodity prices and supply and demand in the Mexican wholesale power market and results of operations.

Accordingly, the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market and the other forward-looking information contained in the Independent Engineer's Report are not necessarily indicative of current values or future performance. Therefore, no representation is made or intended, nor should any be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective investors are cautioned not to place undue reliance on the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market or any summary information derived from the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market or the Independent Energy Market Expert's Report. Actual results may be materially less favorable than those shown, and the assumptions used in formulating the projected retail rates, commodity prices and supply and demand in the Mexican wholesale power market or the Independent Energy Market Expert's Report may prove to be incorrect.

Our future financial results may differ from the Financial Model contained in the Independent Engineer's Report prepared by the Independent Engineer and other estimates contained in this Offering Memorandum.

The Notes have been structured in part on the basis of assumptions relating to our Generating Assets' capital and operating costs and revenue generation capacity over the term of the Notes set forth in the Financial Model included in the Independent Engineer's Report. The results included in the Financial Model are not projections or predictions. A model simply illustrates hypothetical results that are mathematically derived from specified assumptions. Accordingly, our actual performance and cash flows for any future period will differ significantly from the Financial Model.

No independent auditors, nor any other independent accountants, have audited, reviewed, examined, compiled nor performed any procedures with respect to the Financial Model or any other accompanying prospective financial information and, accordingly, Galaz Yamazaki, Ruiz Urquiza, S.C., our external auditor and a member of Deloitte Touche Tohmatsu Limited, has not expressed an opinion or any other form of assurance with respect thereto or its achievability, and assumes no responsibility for, and disclaims any association with, the prospective and projected financial information. The audit reports included in this offering memorandum relate to historical financial information. They do not extend to the prospective financial information and should not be read to do so.

The inclusion of the Financial Model or summary information derived therefrom in this Offering Memorandum should not be regarded as a representation by us or any other person that the results included in the Financial Model will be achieved. The Financial Model or summary information derived therefrom should not be relied upon for any purpose following the consummation of the offering contemplated by this Offering Memorandum.

The Independent Engineer's Report has been prepared by the Independent Engineer. The Independent Engineer relied on information, including estimates and projections, provided by us, which included information based upon assumptions about various matters that are not within our control. The Financial Model has been prepared on the basis of current information and assumptions as described in the Independent Engineer's Report. You should review the Independent Engineer's Report in its entirety. The Independent Engineer has not reviewed the Financial Model for mathematical accuracy, mechanical integrity, or consistency with the financing agreement or any other financing documents other than the technical inputs and O&M costs discussed in the Independent Engineer's Report, which were identified in the Financial Model for the Independent Engineer by us. The Independent Engineer has not reviewed the methodology and assumptions used by us in the Financial Model. We do not intend to provide the holders of the Notes with a revised Financial Model or any analysis of any differences between the Financial Model and actual operating results.

For purposes of preparing the Financial Model, certain assumptions were made with respect to, among other matters, future O&M of our Generating Assets, capital expenditures, O&M expenditures, capacity, heat rate, degradation of heat rate, capacity, availability and several other material contingencies and other matters that are not within our control and the outcome of which cannot be predicted by us, the Independent Engineer or any other person with certainty or accuracy. These assumptions and the other assumptions used in preparing the Financial Model and the Independent Engineer's Report are inherently subject to significant uncertainties and actual results will differ, perhaps materially, from those in the Financial Model. In addition, certain assumptions with respect to our future business decisions are subject to change. None of us, the Independent Engineer or any other person can give any assurance that these assumptions are correct or that the Financial Model will reflect actual results of operations.

Accordingly, the Financial Model and the other forward-looking information contained in the Independent Engineer's Report are not necessarily indicative of current values or future performance. Therefore, no representation is made or intended, nor should any be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective investors are cautioned not to place undue reliance on the Financial Model or any summary information derived from the Financial Model or the Independent Engineer's Report. Actual results may be materially less favorable than those shown, and the assumptions used in formulating the Financial Model or the Independent Engineer's Report may prove to be incorrect.

Most of our business depends on a limited number of customers, which are mainly CFE affiliates with which we have entered into long-term agreements.

Our power generation business sells a substantial majority of its energy under long-term PPAs. Our power generation business relies upon PPAs with a limited number of customers for the majority of its energy sales and revenues over the term of such PPAs, which, in most cases, is 20 or 25 years from the commercial operation date and where IPP PPAs and the CFEC PPAs are set to expire in 2026-2030 and 2038-2041, respectively. Our two biggest customers are CFEG and CFEC.

During the years ended December 31, 2022 and 2021, MT Falcon's revenues generated by its IPP PPAs accounted for 99.7% and 99.5%, respectively, of its total revenues during such periods and EVM's revenues generated by its CFE PPAs accounted for 79.52% and 81.74%, respectively, of its total revenues during such periods.

Depending on market conditions and regulatory requirements (e.g. having a valid LIE power generation permit in place, including the capacity currently authorized under the IPP permits), it may be difficult for our generation companies to secure long-term PPAs with new customers, renew existing long-term PPAs as they expire, or enter into long-term PPAs to support the development of new projects. These agreements are in general subject to:

- early termination provisions for the failure of a party to perform its obligations under the agreement;
- suspension or termination provisions for *force majeure* events beyond the control of the parties; and
- standard liability limitations.

If the customers in one or more of these agreements, particularly CFEG and CFEC, were to fail to perform or become unable to meet their contractual obligations on a timely basis, or if any of these agreements is prematurely terminated, it could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes and affect our ability to make payments on the Notes. Additionally, although pursuant to our power generation permits (other than IPP permits) it may provide power to other interested customers subject to availability of capacity, upon amending the corresponding power generation permit accordingly (which will require CRE's prior approval), we cannot assure you that upon the termination of any of these agreements, including projects under IPP permits, we will be able to secure PPAs with other customers on a long-term basis, on otherwise favorable terms or at all, or sell the surplus uncontracted energy in the Mexican wholesale power market, which could have an adverse effect on our business, financial condition, results of operations and/or our ability to make payments on the Notes.

Failure to perform under our PPAs, the early termination or the inability to renew our PPAs upon termination could result in reduced revenue and could materially adversely affect our results of operations and ability to make payments on the Notes.

Our principal assets are our Generating Assets. As a result, in order to make payments on the Notes, we are dependent upon the cash flows produced from the Generating Assets, which are mainly derived from their respective PPAs and related agreements. These PPAs are subject to termination prior to expiration in certain circumstances, including default by us.

In particular, the IPP PPAs state that the corresponding project company is responsible for maintaining in full force and effect the project's permits (including the IPP permits) during the term of the IPP PPAs. Failure to comply with this obligation, in connection with the IPP permits, could be interpreted as a breach of material obligations of the IPP PPAs, resulting in an event of default. However, there are discrepancies in the terms of validity of the IPP permits of EAA, CAC and CSO, and the term of validity of their respective IPP PPAs. Each IPP PPA expires on the 25th anniversary of the commercial operation date of the respective power plant and provides that the IPP PPA's term cannot exceed the term of respective IPP permit. In the case of EAA, CAC and CSO, the IPP PPA's expiration date, pursuant to each respective IPP PPA, is May 1, 2027, January 18, 2027 and November 19, 2026, respectively. However, the IPP permits have a term of validity of 25 years as from their issuance. The expiration date for EAA's, CAC's and CSO's IPP permits are March 28, 2027, July 16, 2026 and October 18, 2026, respectively, in each case, earlier than the expiration date for the plants' respective IPP PPAs. We cannot guarantee that such IPP permits will be renewed or that we will obtain new IPP permits for the remainder of the term of such IPP PPAs which may be interpreted as an event of default under such IPP PPAs by us, resulting in their termination.

When a PPA expires (the IPP PPAs will expire between 2026–2030), or it is terminated, it may be difficult for us to secure a new PPA on acceptable terms or timing, if at all. The price received under subsequent arrangements may be reduced significantly, there may be a delay in securing a new PPA until a significant time after the expiration of the original PPA. In the case of certain PPAs the penalty for early termination may not fully compensate us for the loss of future revenues. Any of the above could materially adversely affect our ability to make payments on the Notes.

We incur significant expenses to maintain and upgrade our operating equipment and plants, and any interruption in the operation of our facilities may decrease the capacity payments we are entitled to receive under our PPAs with CFE and consequently harm our operating performance.

We regularly incur significant expenses to maintain and upgrade our equipment and facilities. The machines and equipment that we use to produce our capacity are complex, have many parts and some are run on a continuous basis. We must perform routine maintenance on its equipment and will have to periodically replace a variety of parts such as motors, pumps, pipes and electrical parts. In addition, our facilities require periodic shutdowns to perform major maintenance and upgrades. These scheduled shutdowns of facilities result in decreased sales and increased costs in the periods in which a shutdown occurs and could result in unexpected operational issues in future periods as a result of changes to equipment and operational and mechanical processes made during the shutdown period.

In addition to scheduled maintenance, we may have to conduct unscheduled maintenance works on its power generation assets. In such cases, our power generation assets might be unavailable for longer time periods than anticipated and, as a result, our capacity payments could be further reduced. Additionally, if unscheduled maintenance is required, we may need to make additional unanticipated capital investments to repair our assets and restore their availability and reliability, in which case, the capital spent in connection with those repairs is also expensed as incurred. As a result, while we maintain business interruption insurance that would help it restore its cash position in any such instances, unscheduled major maintenance works nevertheless impacts our results of operations in the periods in which such expenditures are made, which, in turn, may affect our ability to make payments under the Notes.

We may not be able to enforce the guarantees by CFE under the CFEC PPAs, the IPP PPAs and the EVM II GSA (as defined herein).

CFEC's payment obligations under the CFEC PPAs and CFEG's payment obligations under the IPP PPAs are guaranteed by CFE (the "CFE PPA Guarantees"). Additionally, CFEnergía's obligations under the EVM II GSA are also guaranteed by CFE (the "CFE FSA Guarantee"). While the CFEC PPA Guarantees are uncapped, the CFE FSA Guarantee is subject to a cap of U.S.$31.4 million. See "Description of Certain Material Agreements."

Based upon the structure implemented under the energy sector reform of 2013, CFE has essentially become a holding company since the generation, transmission and distribution assets it used to own prior to the reforms were transferred to separate subsidiary entities, provided that most of such assets are subject to immunity from seizure. Even if we were able to obtain a favorable award in an arbitration proceeding against CFE under the guarantees, enforcement of such an award in Mexican courts may face many obstacles, including an allegation of immunity by CFE, which in practice may inhibit enforcement. There are no precedents as to the enforcement of such guarantees. In the past, CFE has honored its financial obligations, but we cannot assure you that it will do so in the future.

When we enter into fixed-price long-term contracts to provide services or commodities, we are exposed to inflation, interest rate, foreign exchange and counterparty credit risks.

We generally endeavor to secure long-term contracts with creditworthy customers for services and commodities to optimize the use of our facilities and reduce volatility in earnings. However, if these contracts are at fixed prices, the profitability of the contract may be adversely affected by inflationary pressures (in the case of contracts which are not adjusted for inflation), including rising operational costs and commodity prices, fuel costs, costs of labor, materials and equipment, rising interest rates that affect financing costs, and changes in the U.S. dollar to Mexican peso exchange rate. Furthermore, if future contracts are indexed to inflation, the profitability of the contract may be adversely affected by lower inflationary pressures, including lower operational costs and commodity prices, fuel costs, costs of labor, materials and equipment, lower interest rates that affect financing costs, and changes in the U.S. dollar to Mexican peso exchange rate. In addition, our contract counterparties to long-term contracts may potentially default on their obligations under these agreements. We would be materially and adversely affected if the counterparties under these contracts do not perform (such as a result of force majeure events) their contractual obligations under these agreements. Although we often require credit support from banks or affiliates, such support often does not cover all of the potential losses that we may incur and exposes us to counterparty credit risk. Moreover, in some instances we may hedge anticipated exposure to currency risks and/or interest rates risks that affect financing costs. If we fail to appropriately hedge against any interest rate risks (including by failing to match relevant projected cash flows), then we may be exposed to prevailing interest rate volatility, which could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. In addition, Mexican courts have had limited relevant experience with derivative financial transactions, and as a result, the outcome of derivative disputes being decided through the Mexican judicial system is not fully predictable.

Any of the foregoing factors could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Upon the occurrence of certain events of default by BEMH under its PPAs with CFEG for the Altamira, Saltillo, Río Bravo II, Río Bravo III and Río Bravo IV projects, CFEG has the right to take possession and operate the projects and, further, to obligate the corresponding project companies to transfer the projects' assets to CFEG, free of any liens, at a reduced cost or at no cost.

Upon the occurrence of an event of default by the MT Falcon Entities that have entered into IPP PPAs with CFEG (CSO, EAA, CAC, CLR and CVH), CFEG has the right to take possession of and operate the relevant project at the project's cost and expense. If, after expiration of customary cure periods, the event of default continues, CFEG has a right to request the corresponding project company to transfer to CFEG all of the project's assets, free and clear of any liens. The purchase price of the project assets is determined on the basis of the outstanding amount of the original debt incurred by each project company to finance the construction of its project, which would have been outstanding as per the corresponding amortization schedule of such initial financings, considering the portion associated exclusively with the guaranteed net capacity pursuant to such first financings. Because the original debt of the Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV projects has been repaid in full, the purchase price for their respective project assets would be equal to zero. As a result, the purchase price that CFEG would pay for the project assets of each such project company, if any, would not be sufficient to satisfy all of our mandatory repayments or other obligations under the Notes and other such permitted *pari passu* secured indebtedness.

Conversely, upon the occurrence of an event of default by CFEG after expiration of cure periods, the MT Falcon Entities that have entered into IPP PPAs with CFEG (CSO, EAA, CAC, CLR and CVH) have the right to demand CFEG to acquire the rights, title and interest in the project assets upon payment of the applicable acquisition price.

The MT Falcon Entities that have entered into IPP PPAs with CFEG (CSO, EAA, CAC, CLR and CVH), shall not sell, lease or otherwise transfer all or any part of its rights to the project assets to any third party, including the lenders or other financial entities, unless (i) the acquiring person or entity assumes in writing to the satisfaction of CFE all of the generator's obligations under the corresponding IPP PPAs; (ii) in CFE's opinion, the transfer does not materially and adversely affect the generator's operating or financial capacity; and (iii) necessary permits are obtained.

We could be adversely affected if CFE, CFEC or CFEG fails to perform under the IPP PPAs, CFEC PPAs or CFE FSAs.

If CFE or CFEC were to fail to perform or become unable to comply with their regulatory obligations or to make payments when due under its corresponding CFE FSA (after the relevant standby letter of credit has been drawn and not replenished), CFE, CFEC or CFEG may be unable to make the corresponding payment to us under the corresponding IPP PPA or CFEC PPA, and may therefore terminate the CFEC FSA which would result in our termination of the corresponding IPP PPA or CFEC PPA, respectively. If CFE, CFEC or CFEG were to fail to perform or become unable to meet its contractual obligations on a timely basis, or if any or all of IPP PPAs, CFEC PPAs or CFEC FSAs are prematurely terminated, it could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. Additionally, although pursuant to our LIE power generation permit we may sell power to other interested customers subject to availability of capacity, we cannot assure you that upon the termination of any of the CFEC PPAs we will be able to secure PPAs with other customers on a long-term basis or sell our energy and capacity in the Mexican wholesale power market, in each case, on favorable terms or at all, which could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. Moreover, once the IPP PPAs and the IPP power generation permits expire, CRE's approval, among others, will be required to amend the existing LIE power generation permits in order to include the whole capacity of the relevant MT Falcon Generating Assets and secure its operations.

Our ability to generate electricity at our power generation facilities depends on the availability of natural gas and fluctuations in the supply of natural gas could materially adversely affect our results of operations in a number of ways.

The delivery of natural gas to fuel our power generation facilities is dependent upon a number of factors, including the continuing financial viability of contractual counterparties and the infrastructure (including barge facilities, roadways and natural gas pipelines) available to serve each generation facility. Any disruption in the fuel delivery infrastructure or failure of a counterparty to perform may lead to delays, disruptions or curtailments in the production of power at one or more of our generation facilities. This risk of disruption is compounded by the supplier concentration that characterizes many of our operating companies.

Most of our sources of natural gas come from a limited number of suppliers. In the event of shipping delays which may affect our suppliers, we may experience delays in the receipt and transportation of our natural gas. Additionally, the Mexican fuel suppliers, who supply fuel to some of our power generation facilities, operate under an open market and we may source fuel supply from other Mexican suppliers, as the case may be.

If these suppliers cannot perform under their contracts, our plants would be unable to generate electricity at their facilities, and such a failure could prevent them from fulfilling their contractual obligations, which could have a material adverse effect on our business and financial results. Continued supply of natural gas to the plants is dependent upon a number of factors, over which we have no control. Additionally, the payment terms in our agreements with suppliers are considered customary in the markets in which we participate; however, a material change in the payment terms with our strategic suppliers could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Furthermore, as these suppliers of natural gas, and as the transportation and distribution suppliers with which we work are suppliers of natural gas transportation services to other generation facilities in Mexico fueled by natural gas, a change in the terms of any of these respective agreements with us or other power generators, or a failure by any of these suppliers to meet their contractual obligations, could have a significant effect on Mexico's entire electricity supply and, therefore, prompt the Mexican governmental authorities to undertake remedial or other actions. Any such actions could adversely affect our operations.

We are also exposed to the risk that our suppliers that owe us money or commodities as a result of market transactions or other long-term agreements fail to perform their obligations under such agreements. Should they fail to perform, we may be required to acquire alternative hedging arrangements or to honor underlying commitments by making purchases from other suppliers at then-current market prices. In such event, we may incur additional losses to the extent of amounts paid to such suppliers. Furthermore, any financial difficulties suffered by our suppliers could increase our costs or adversely impact the operation of our energy infrastructure. Our potential suppliers may also be subject to international political and economic pressures and risks, which may affect the supply of natural gas.

The financial condition of any of our suppliers could be harmed by a number of events, including natural disasters, accidents or acts of terrorism, which could restrict the suppliers' ability to fulfill their obligations to us.

Moreover, most of our fuel supply agreements, including those for the Saltillo and Altamira projects, are scheduled to expire during the life of the power plants which they service. If we are unable to renew these agreements, or enter into supply contracts and, in particular, enter into long-term supply contracts, we may be required to purchase our natural gas on spot markets at prices that may be significantly greater than the prices we previously paid for such commodities, or may be unable to purchase such commodities on competitive prices at all. As a result, we could face increased volatility in our earnings and cash flows and could experience substantial losses during certain periods which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our power generation business relies on being able to inject capacity to power transmission facilities and to be supplied with natural gas from pipelines that we do not own or control and that are subject to transmission and

carrying constraints. If these facilities fail to provide us with adequate transmission capacity, we may be restricted in our ability to deliver capacity and electricity and our may either incur additional costs or forego revenues.

Our power generation business depends upon transmission facilities owned and operated by others to deliver the capacity and electricity we sell from our power generation plants. If transmission is disrupted, or if the transmission capacity infrastructure is inadequate, CENACE may curtail our power plants and our ability to sell and deliver capacity and electricity may be adversely impacted. If the power transmission infrastructure in one or more of the markets that we serve is inadequate, our recovery of costs and profits may be limited. CFE, which is responsible for electricity transmission may not have sufficient incentive to budget in expansion of transmission infrastructure or could be limited by political policies or political activities. We cannot predict whether transmission facilities will be expanded in specific markets to accommodate competitive access to those markets, a failure of which could have a material adverse effect on our business, financial condition, results of operations or liquidity. Moreover, the specific constraints of the transmission infrastructure located near our facilities could affect our ability to generate electricity. Such constraints could result from lack of infrastructure planning, maintenance, or failures, among other factors.

We also depend on natural gas pipelines to receive gas from our suppliers. If transportation is disrupted, or if capacity is inadequate, our ability to generate electricity may be hindered and our recovery of costs and profits may be limited, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The Transactions may not achieve the intended benefits or may disrupt our plans and operations.

We may not be able to realize the anticipated synergies from the Transactions in the anticipated amounts or within the anticipated timeframes or cost expectations, nor may we realize them at all. The difficulties and risks associated with the Transactions and realizing the benefits therefrom include the following:

- the potential loss of customers, vendors and other business partners or difficulties or higher than anticipated costs in adding new customers, vendors and other business partners due to the actual or perceived impact of the Transactions;

- possible aggressive targeting of existing and potential customers by competitors seeking to capitalize on potential customer concerns about the Transactions;

- possible differences in the standards, controls, procedures, policies, corporate culture and compensation structures of our and other portfolio companies in the Actis group, which may lead to unanticipated delays, costs or inefficiencies, employee departures or difficulties consolidating the operations of the companies;

- difficulties and delays in implementing our integration plan, which may result in us failing to achieve the anticipated synergies from the Transactions in a timely manner or at all;

- the potential loss of key employees and the costs associated with our efforts to retain key employees;

- difficulties successfully managing relationships with our combined partner and vendor base;

- the possibility that we may have failed to discover actual or contingent liabilities of us, MT Falcon and EVM during the due diligence investigation prior to the Transactions, for which we, as a successor or owner, may be responsible;

- obligations that we may have to counterparties of MT Falcon and EVM that arise as a result of the change in control of MT Falcon and EVM; and

- the potential that we, MT Falcon or EVM may be adversely affected by other economic, political, legislative, regulatory, business, competitive or other factors affecting our industry.

Thus, the integration may be unpredictable, or subject to delays or changed circumstances, and the acquired businesses may not perform in accordance with our expectations. We may fail to realize some or all of the anticipated benefits of the Transactions, such as cost and revenue synergies and operational efficiencies. The anticipated benefits and synergies we expect from the Transactions are based on projections and assumptions about our businesses, which may not materialize as or when expected or may prove to be inaccurate. A failure to realize the expected cost and revenue synergies or operational efficiencies related to the Transactions could result in higher costs and lower revenue or Combined Pro Forma EBITDA than expected and have an adverse effect on our financial results and prospects. Any such effect on our financial results may mean that we are not able to meet our expectations for revenue, Combined Pro Forma EBITDA or other financial or operational metrics.

BEMH's unaudited condensed combined pro forma financial information included in this Offering Memorandum are presented for illustrative purposes only and may not be representative of our past or future results.

BEMH's unaudited condensed combined pro forma financial information included in this Offering Memorandum has been prepared for illustrative purposes only, is derived from our Financial Statements after giving effect to the Transactions and was subject to certain adjustments, assumptions and preliminary estimates made by our management in good faith and reviewed by our independent auditors. BEMH's unaudited condensed combined pro forma financial information is based in part on certain adjustments, assumptions and estimates and, as such, is not necessarily indicative of the financial position or results of operations we would have actually achieved had the Transactions occurred as of the date indicated therein or what our financial position or results of operations would be for any future periods. Our current financial condition and results of operations following the Transactions may not be consistent with, or evident from, these pro forma financial statements. For instance, as of the date of preparation of the pro forma financial information, management has not yet finalized the purchase price allocation related to the EVM Acquisition. The measurement of assets acquired, including recognized intangible assets, if any, and liabilities assumed reflected in the final purchase price allocation could therefore differ materially from the preliminary values reported herein. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect our financial condition or results of operations following the Transactions. As a result, BEMH's unaudited condensed combined pro forma financial information should not be relied upon to project our results of operations or financial position for any future date or period.

The outcome of pending litigation against us or affecting our agreements permits in connection with our business could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

On March 9, 2021, the LIE Amendment was published in the Federal Official Gazette. The LIE Amendment includes changes to the order of dispatch for CENACE, giving priority to CFE, and setting forth that legacy IPP contracts may be cancelled if they are deemed non-profitable to the Mexican government. In 2021, EAA, CAC, CLR, CVH, CSO, EVM Energía I and EVM Energía II, each filed an amparo lawsuit challenging the LIE Amendment. The lawsuit against the LIE Amendment is ongoing and definitive rulings have not been issued. If the LIE Amendment is upheld, enacted and becomes effective, provisions related to the dispatch of our Generating Assets under our Market Participant Agreements could be modified and our IPP PPAs could be ultimately terminated, which could materially adversely affect our ability to operate in the Mexican wholesale power market and have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

In addition to the matters described above, from time-to-time we may become involved in other litigation and administrative proceedings relating to claims arising out of our operations and properties. These may include claims filed by suppliers and customers, government regulators, including tax authorities, neighboring residents and environmental activists, as well as labor disputes. Responding to the demands of litigation claims and responding to or initiating proceedings may divert management's time, attention and financial resources. The outcome of these proceedings could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. For additional information regarding the legal and administrative proceedings to which we are a party, see "Business Overview—Legal, Administrative and Arbitration Proceedings."

The outcome of pending claims under tax disputes in Mexico against us, which we may not be able to successfully contest and/or be indemnified for, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We are involved in various tax proceedings, including several tax disputes with federal tax authorities in respect of our operations. As of the date of this Offering Memorandum, the most relevant tax related proceedings relate to the determination made by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*, "SAT") of a tax liability of Ps.559.3 million (estimated at U.S.$31.7 million) derived from certain findings and omissions identified in connection with the SAT's audit of CLR's income tax and value-added tax obligations for the fiscal year ended December 31, 2018. We intend to contest its determination through an administrative appeal before the SAT, a nullity claim before the Federal Administrative Court and eventually a constitutional trial (*amparo*) before a judicial court; if a nullity claim is brought in this matter, CLR will be required to post bond for the payment of the contested tax deficiency. On August 16, 2023, we initiated a claim pursuant to the representations and warranties contained in the purchase and sale agreement in connection with the MT Falcon Acquisition against the sellers thereof in order to request indemnity for the claims presented by SAT. As of the date of this Offering Memorandum, the MT Falcon Acquisition sellers have not contested such indemnity claim. See "Business Overview—Legal, Administrative and Arbitration Proceedings".

If any of these claims are resolved unfavorably to us, we may ultimately be required to pay amounts levied together with certain interests, penalties and fees associated with our challenges, which could have a material impact on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We are audited by the Mexican tax authorities from time-to-time and may be subject to additional tax related claims in the future. Any such future claims, to the extent significant and resolved unfavorably to us, may also have an adverse impact on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Tax legislation is often amended by the authorities. These amendments or interpretations by the relevant authorities, which may differ from our own, may have a material impact on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The operation of our facilities involves various operating risks, including availability risks, technology risks and other risks beyond our control.

There are a variety of hazards and operating risks inherent in our business, such as leaks, interruptions to power supplies, technical failures, human error, flooding, explosions, fire and mechanical problems, as well as deliberate sabotage, that could result in substantial financial losses. In addition, these risks could result in serious injury and loss of human life, significant damage to property, ancillary facilities and natural resources, environmental pollution and impairment of operations, any of which also could result in substantial financial losses. Incidents that cause an interruption of service could negatively affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes, while the affected asset is temporarily out of service. The operation of our business involves, among others, the following risks:

- the possibility of performing below expected levels of output or efficiency;
- facility shutdowns due to wear and tear, defects, design errors or the breakdown or failure of equipment or processes, or shortages of replacement equipment, consumables such as oil and grease or spare parts;
- unanticipated costs of operations, maintenance and replacement of components, machinery or facilities;
- software defects;
- failure to operate at design specifications;
- operator error or operational accidents;

- breaches of security, including cyber-attacks and other external attacks;
- severe weather conditions or natural or other unanticipated disasters or similar events; and
- government exercise of eminent domain power or similar events.

The occurrence of any of these risks could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or affect our ability to make payments on the Notes.

Higher than anticipated renewable penetration in the grid could result in lower-than-expected dispatch levels. Additionally fossil fuel sources of energy could face higher costs due to imposed regulation and higher financing costs, therefore increasing our generation costs.

To the extent that alternative/renewable sources of energy, cheaper than the technology used in our assets, become available, the consumption/dispatch of the energy of our assets could diminish, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Currently, we use natural gas as the main source of energy for our operations. However, in the future this source of energy could become more expensive as a result of taxes, regulation or higher cost of financing imposed to non-renewable sources. If we are unable to mitigate and/or transition into using renewable energy sources, our fuel supply could become relatively more costly and, consequently, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We may encounter significant competition from private companies, as well as from CFE.

The power generation industry is characterized by intense competition and we may encounter competition from utilities, industrial companies and other independent power producers, in particular with respect to uncontracted output. In recent years, there has been increasing competition among generators for PPAs, and this has contributed to a reduction in electricity prices where supply has surpassed demand plus appropriate reserve margins. Further, changes in technology may facilitate the entrance of new competitors, increase the supply of electricity or reduce the cost of methods of producing power that we do not currently use. If these technologies became cost-competitive, we could face increasing competition and the value of an investment in a project could be reduced. In addition, our projects may confront significant competition for investment opportunities and, to the extent that any opportunities are identified, we may be unable to effect investments on attractive terms, if at all.

Governments of certain countries in Latin America have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, governments own or control many companies, including some of the largest in their respective countries. For example, in Mexico, the Mexican government continues to exercise substantial control over and influence on CFE and Pemex, despite their status as state productive enterprises (*Empresas Productivas del Estado*). On the one hand, CFE is the national electricity company that continues to be owned by the Mexican government and generates the majority of the electricity consumed in Mexico and is exclusively responsible for the transmission and distribution of electricity for public service purposes throughout Mexico. On the other, Pemex, the state-owned oil and gas company, also generates a significant amount of power, and the remaining power generation corresponds to independent power producers as self-suppliers. The availability of investment opportunities depends in part on governments continuing to liberalize their policies regarding foreign investment and to further encourage private sector initiatives.

Increasing competition among participants in the power generation industry or from governments, as well as actions carried out by the current Mexican federal government seeking to strengthen CFE may negatively affect our results of operations and revenues. See "Risk Factors—Risk Relating to Mexico—*Changes in Mexican governmental policies could adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes*."

Inadequate operating systems and procedures may increase operating costs and the potential incidence of operator error; equipment failure could have a detrimental effect on our operations.

The ability of our projects to meet availability requirements and generate the required amount of power to be sold to customers may be the primary determinants of our financial results. There is a risk of equipment failure due to wear and tear, more frequent or larger than forecasted downtimes for equipment maintenance and repair, unexpected construction delays, latent defect, design error, operator error or force majeure events, among other things, any of which could adversely affect our financial results. Additionally, older equipment, even if maintained in accordance with good practices, is subject to operational failure, including events that are beyond our control, and may require unplanned expenditures to operate efficiently. Unplanned outages of generation facilities, including extensions of scheduled outages due to mechanical failures or other problems occur from time-to-time and are an inherent risk of our business. Unplanned outages typically increase operation and maintenance expenses and may reduce our revenues or require us to incur additional costs, sometimes in excess of the price received under the PPAs, as a result of obtaining replacement power from third parties in the open market to satisfy power supply obligations. Despite our attempts to create redundancy and reduce systemic risks of equipment failure, we cannot guarantee that any or all of our power generation equipment at any particular plant will not malfunction or otherwise be unavailable to generate electricity for an extended period of time. Any such extended malfunction or unavailability would have an adverse effect on our results of operations.

We may be subject to interruptions or failures in, or cyber-attacks on, our information technology systems.

We rely on sophisticated information technology systems and infrastructure to support its business, including process control technology, environmental responsibility and safety, and monitoring. Any of these systems may be susceptible to outages due to fire, explosions, floods, power loss, telecommunications failures, cyber-attacks and similar events. Information technology system failures, network disruptions and breaches of data security could disrupt our operations. Such failures could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes, and we cannot assure you that our business continuity plans, which we expect to continue, will be completely effective during an information technology failure or interruption.

New business technologies present a risk for attacks on our information systems and the integrity of our energy grid and our gas pipeline infrastructure, which could result in energy delivery service failures, financial loss, violations of privacy laws, customer dissatisfaction and litigation, any of which, in turn, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Elements of our energy infrastructure may be exposed to cyber security risks. In addition to general information and cyber risks, such as malware, malicious intent by insiders and inadvertent disclosure of sensitive information, the energy industry faces evolving cyber security risks associated with protecting sensitive and confidential customer information, smart-grid infrastructure, automated metering, and other electronic infrastructure components. Deployment of new business technologies represents a new and large-scale opportunity for attacks on information systems and confidential information as well as the integrity of the energy grid and natural gas infrastructure. While our computer systems have been, and will likely continue to be, subjected to computer viruses or other malware, unauthorized access attempts and cyber or phishing attacks, to date we have not experienced a material breach of cybersecurity. Addressing these risks is the subject of significant ongoing activities across our business, but we cannot ensure that a successful attack will not occur. An attack on our information systems, the integrity of the energy grid or one of our facilities, destruction of critical operating systems and data, or the unauthorized access to confidential customer information could result in energy delivery service failures, financial loss, violations of privacy laws, customer dissatisfaction and litigation, any of which, in turn, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

In the ordinary course of business, we collect and retain sensitive information, including personal identification information about customers and employees, customer energy usage and other information. The theft, damage or improper disclosure of sensitive electronic data can subject us to penalties for violation of applicable privacy laws, subject us to claims from third parties, require compliance with notification and monitoring regulations, and harm our reputation.

Finally, the goal of a cyber-attack may be primarily to inflict large-scale harm on a company and the places where it operates. Any such cyber-attack could cause widespread disruptions to our operating and administrative systems, including the destruction of critical information and programming, which could have a material adverse effect on our business operations and the integrity of the power grid, and/or release confidential information about us and our customers, employees and other constituents.

Our insurance contracts may be inadequate, and, if a significant accident or event occurs for which we are not adequately insured, our operations and financial results could be adversely affected.

We have insurance for our operations, including general public liability insurance covering liabilities to third parties for bodily injury, property damage, environmental liability insurance and property insurance covering the replacement cost of all owned real and personal property, including coverage for losses due to equipment breakdown, earthquake, fire, explosions, flood and resulting business interruption/extra expense, terrorism and sabotage, in amounts and with deductibles that we consider appropriate. However, we cannot assure you that the insurance currently in place or other insurance that may be appropriate will be available in the future at commercially reasonable rates or at all. In addition, in any particular instance our insurance coverage could prove to be insufficient or an accident or casualty could occur that either is not covered or becomes the subject of a dispute. Currently, we do not carry certain types of insurance (for example, for losses caused by war or government action) because these types of losses are often not economically insurable.

If certain casualties occur, if there is a total or partial loss of our facilities, or if there is extended business interruption, there can be no assurance that the proceeds from our applicable insurance policies will be sufficient to cover such loss or related lost revenues, increased expenses or the cost of repair or replacement. Further, there can be no assurance that at such time our insurers or their reinsurers will be solvent. Such loss, including loss of revenue, increased expenses or additional costs could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Coverage under major equipment warranties may be limited.

Major equipment warranties and guarantees are subject to certain conditions that, if not satisfied, would limit the coverage of the warranties and guarantees, thus requiring us to incur additional costs to repair the equipment or improve its efficiency, which could have an adverse effect on our financial condition and our ability to make payments on the Notes.

We regularly work with volatile and hazardous materials that subject us to risks that may materially impact our operations.

Our business involves using, storing, transporting and disposing of highly flammable and explosive materials, which are subject to extensive regulation. Even if we comply with requisite environmental, sanitary, security, transportation, risk management and safety requirements and standards, our operations are subject to significant hazards associated with using, storing, transporting and disposing of such materials, including:

- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure, including pipeline or storage tank leaks and ruptures;
- discharges or releases of hazardous substances or gases;

- other environmental risks; and
- sabotage or terrorist attacks.

If any of these hazards were to cause an accident, damage or destruction in relation to our business or the environment, it could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. See "—We are subject to numerous environmental, health and safety regulations that may become more stringent in the future and may result in increased liabilities and increased capital expenditures."

Severe weather conditions, natural disasters, health epidemics, accidents, major equipment failures, acts of terrorism or criminality could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Our assets may be damaged by natural disasters, health epidemics (such as COVID-19 and related variants, including the changes in regulation that may result in Mexico as a result), accidents, major equipment failures, acts of terrorism, sabotage or criminal acts. In addition, a health epidemic or other outbreak, including the COVID-19 and related variants outbreak, may materially and adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. Natural disasters, health epidemics, accidents, major equipment failures, acts of terrorism or criminality could result in severe business disruptions, significant decreases in revenues and earnings and/or significant additional costs to us. Any such incident could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Depending on the nature and location of the facilities affected, any such incident also could cause catastrophic fires, leaks, explosions, spills or other significant damage to natural resources or property belonging to third parties, or cause personal injuries, health impacts or fatalities, or present a nuisance to impacted communities. Any of these consequences could lead to significant claims against us. Insurance coverage may significantly increase in cost or become unavailable for certain of these risks, and any insurance proceeds received may be insufficient to cover our losses or liabilities, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Severe weather conditions may also impact our businesses. For example, the severe freeze in the United States and Mexico in early 2021, impacted the availability of some of our power generating assets and caused gas and power shortages, resulting in additional costs and production disruptions and losses. Additionally, significant rainstorms and associated high winds, could damage natural gas or power generation infrastructure, resulting in increased expenses, including higher maintenance and repair costs, and interruptions in electricity and natural gas delivery services. As a result, these events can have significant financial consequences, including regulatory penalties and disallowances if our utilities encounter difficulties in restoring service to their customers on a timely basis. Further, the cost of storm restoration efforts may not be fully recoverable through the regulatory process. Any such events could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Our risk management procedures may not prevent losses.

Although we have in place risk management systems and control systems that use advanced methodologies to quantify and manage risk, these systems may not always prevent material losses. Risk management procedures may not always be followed or may not always work as planned. In addition, daily value-at-risk and loss limits are based on historic price movements. If prices significantly or persistently deviate from historic prices, the limits may not protect us from significant losses. As a result of these and other factors, there is no assurance that our risk management procedures will prevent losses that could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We depend on our employees and their knowledge of the energy sector and our business, and we may not be able to replace employees if they leave.

Our employees are highly trained industry professionals with significant experience in the energy sector and particularly, in the power generation business. Furthermore, the operation of our business is dependent upon being able to attract and retain qualified personnel, including specialized engineers and employees, who have the necessary and required experience and expertise to manage and operate our businesses. We believe that our future success will depend on our continued ability to attract and retain highly skilled operational personnel with natural gas industry experience and competition for these people in the industry is intense. In the event that we were to lose the services of any such personnel, this could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The operation of our facilities depends on good labor relations with our employees.

On September 30, 2023, we had 278 active employees, of whom 120 were Mexico City based corporate employees and 158 provided operation and maintenance for our facilities. We have entered into three collective bargaining agreements with the *Sindicato Único de Trabajadores Electricistas de la República Mexicana* labor union which are in a renewal/execution process for the 2022-2024 period and will be signed by all and each of the MT Falcon entities and two collective bargaining agreements with the *Sindicato Nacional de Trabajadores "Nikola Tesla"* labor union for EVM Energía I and EVM Energía II. Each of our collective bargaining agreements are negotiated on a facility-by-facility basis, and the compensation terms are adjusted on a two-year basis for EVM Energía I and EVM Energía II and on an annual basis for MT Falcon.

Any failure to reach an agreement on new labor contracts or to negotiate these labor contracts might result in strikes or other labor disruptions. These potential labor disruptions could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. Labor disruptions, strikes or significant negotiated wage increases, whether due to union activities, employee turnover or otherwise, could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Our business is capital-intensive and changes in capital requirements or the availability of capital could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Any expansion of our businesses will be capital-intensive and require significant investment. The amount and timing of the capital investments and expenditures for any new energy infrastructure projects will depend in part on market conditions. We may not be able to accurately predict the timing or amount of capital investment and expenditures that would be required for new projects.

To the extent that we do not have sufficient internal resources available to fund new projects, we may be required to access external resources, which may be subject to certain limitations on the availability of credit and/or other financial alternatives and increases in interest rates or credit spreads. In difficult credit markets, we may find it necessary to fund our operations and capital expenditures at a higher cost or on other terms that are unfavorable to us, or we may be unable to raise as much funding as we need to support business activities. This could cause us to reduce capital expenditures and could increase our cost of funding, both of which could reduce our short-term and long-term profitability, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The volatility of oil and natural gas prices could have a material adverse effect on our suppliers, which could have a material adverse effect on our financial condition.

The sharp decline in oil prices in 2020 and the low prevailing prices of natural gas have had a negative effect on Pemex's revenues, profits, and cash flows. Some rating agencies have expressed concern regarding Pemex's financial condition, including its aggregate debt, which has increased significantly in recent years. Pemex is currently a supplier of us, with one of our plants relying on Pemex for its fuel supply, and if Pemex becomes unable to satisfy its contractual obligations to us, this could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Our businesses are exposed to market risks, including fluctuations in commodity prices, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We buy energy-related commodities from time-to-time in order to satisfy contractual obligations with customers. Our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes could be materially adversely affected if the prevailing market prices for electricity, natural gas or other commodities that we buy change in a direction or manner not anticipated and for which we had not provided adequately through purchase or sale commitments or other hedging transactions. Volatility in market prices for fuel and electricity may result from many factors which are beyond our control, and we do not generally engage in hedging transactions to minimize such risks. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH—Liquidity and Capital Resources—Quantitative and Qualitative Disclosures about Market Risk," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon—Liquidity and Capital Resources—Quantitative and Qualitative Disclosures about Market Risk," "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM—Liquidity and Capital Resources—Quantitative and Qualitative Disclosures about Market Risk" and notes 11 to each of the BEMH Audited Consolidated Financial Statements, the BEMH Unaudited Interim Consolidated Financial Statements, the MT Falcon Audited Consolidated Financial Statements and the MT Falcon Unaudited Interim Consolidated Financial Statements, and note 13 to each of the EVM Audited Combined Financial Statements and the EVM Unaudited Condensed Combined Interim Consolidated Financial Statements, included elsewhere in this Offering Memorandum.

The prices we pay for diesel and natural gas have been and may continue to be affected by, among other factors, the availability of diesel and natural gas in Mexico and, to a lesser extent, the United States, our ability to enter into agreements with local companies producing or transporting diesel and natural gas, the prices established by the Mexican government for these products and international supply and demand. Any significant increase in fuel prices could adversely affect our results of operations and financial condition, which, in turn, may affect our ability to make payments under the Notes.

Changes in the relative value of the Mexican peso to the U.S. dollar may adversely affect us.

The majority of our total revenues are either denominated in, or linked to the value of, the U.S. dollar and a small portion of our total costs of revenues are paid in pesos. For the nine months ended September 30, 2023, 17.1% of BEMH's total costs were denominated in, or linked to the value of, the peso, a portion of which is incurred on a pass-through basis corresponding to costs associated to our long-term PPAs. Consequently, if the peso depreciated materially relative to the U.S. dollar, our revenues in U.S. dollar terms would be reduced and if the peso appreciated materially relative to the U.S. dollar our costs in pesos terms will increase and, as a result, our profit margins could be affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH—Trends and Factors Affecting Our Results of Operations."

Additionally, the decision by the U.S. Federal Reserve to increase interest rates on banks' reserves could impact the Mexican peso-U.S. dollar exchange rate. In 2022, the peso appreciated by 4.95% against the U.S. dollar and in 2021, the peso depreciated by 3.08% against the U.S. dollar. The Mexican government has implemented a series of measures to limit the volatility of the peso. However, we cannot assure you that such measures will be applied in the future or will be effective if applied or how such measures will impact the Mexican economy and, in turn, our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. For information regarding recent trends in the Mexican peso-U.S. dollar exchange rate, see "Exchange Rate Information."

Our projects may impact the lifestyle and conditions of local communities.

Historically, power generation projects are subject to high levels of scrutiny by political parties, environmental groups and other organized advocacy groups. The perception that a local community's lifestyle may be endangered by the development, construction and operation of a project, may trigger protests, political action, legal remedies or negative press that may threaten the long-term viability of a project delay of construction or even disrupt the normal operations.

While we believe our operations incorporate the best industry practices in connection with social responsibility, in order to minimize any negative impact in all communities in which we operate, delays or disruptions caused by organized efforts from these groups may deviate resources and attention, and ultimately affect our revenues.

The interests of our shareholders may be contrary to our interests and the interests of the holders of the Notes.

We are directly owned and controlled by Actis, who has the power to elect the majority of our board of directors, officers and other representatives and determine, in the majority of cases, the outcome of any action requiring shareholder approval, including transactions with related parties, corporate reorganizations and, subject to contractual and legal restrictions, the issuance of additional equity and the declaration and payment of dividends if allowed under the terms of the Credit Agreement, the terms of the Indenture governing the Notes offered hereby and the terms of the Company's other indebtedness outstanding at the time. Actis will not have any liability for any obligations under or relating to the Notes and its interests may be in conflict with yours as a holder of Notes. For example, if the Company encounters financial difficulties or is unable to pay its debts as they mature, Actis may pursue strategies that favor equity investors over debt investors. In addition, the Company's equity holders may have an interest in pursuing transactions that could enhance their equity investments, even though such transactions may involve risks to you as a holder of the Notes. Additionally, Actis may make investments in businesses that directly or indirectly compete with the Company, or may pursue acquisition opportunities that may be complementary to the Company's business and, as a result, those acquisition opportunities may not be available to the Company.

Additionally, our board of directors will be responsible for establishing our general business policies and guidelines, as well as our long-term strategy. Pursuant to applicable regulation, our directors may be removed at a shareholders' meeting at any time. Our chief executive officers will be appointed and may be removed by the relevant board of directors at any time. Our shareholders, therefore, could substantially influence our policies, strategies and day-to-day management and operations. See "Management."

In circumstances involving a conflict of interest between our shareholders and the holders, our shareholders may exercise their ability to control us in a manner that would be adverse to the holders. For example, our shareholders may direct us, or cause our board of directors to direct us, not to engage in certain activities, to make certain expenditures and dividend payments and/or enter into transactions with affiliates, to the extent allowed under the terms of the Notes, which direction may be designed primarily to promote their own goals and not exclusively to enhance our business.

The impact of such actions and each of these factors may adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

If the commodities shipped in our pipeline fail to meet certain specifications, it could result in curtailments by interconnecting pipelines or markets.

Certain Mexican official standards (*Normas Oficiales Mexicanas*) establish specifications for the products that may be delivered through natural gas pipelines. These specifications include requirements such as hydrocarbon dew point, compositions, temperature and foreign content (such as water, sulfur, carbon dioxide and hydrogen sulfide). If the total mix of products that we deliver to a pipeline or market fails to meet the applicable product quality specifications set forth in the Mexican official standards (*Normas Oficiales Mexicanas*), we are required to disclose such noncompliance to the producer and to the pipeline or market that scheduled the delivery. The pipeline or market may refuse to accept all or a part of the non-compliant products scheduled for delivery to it, potentially reducing our through-put volumes or revenues, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We do not own all of the land on which our pipeline, facilities and ancillary infrastructure are located, so our operations could be disrupted by actions of the landowners. Our pipeline crosses waterways, in which case governmental approval from entities such as the CONAGUA and the Comisión Internacional de Limites y Aguas

are required. Furthermore, delays or the impossibility of obtaining the release of rights-of-way to the land, through which some of our future energy projects may be constructed, may cause material cost increases and delays in the start of operations.

We do not own all of the land on which our pipeline, facilities and ancillary infrastructure have been constructed. Our pipelines cross waterways, in which case governmental approval and concessions to occupy federal riverbank land from entities such as CONAGUA and the *Comisión Internacional de Límites y Agua* are required to maintain such a crossing. We would typically obtain the rights to construct and operate our pipelines and ancillary infrastructure on land owned by third parties and governmental agencies for a specific period of time. We are therefore subject to the possibility of more onerous terms or increased costs to retain necessary land or right-of-way use if in the future it is determined that we did not have valid rights-of-way or leases, or if such rights-of-way or leases lapse or terminate. The loss of these rights, through our or our inability to renew rights-of-way or lease contracts or otherwise, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We may face construction delays or increases in costs of energy generation or pipeline projects as a result of delays or the impossibility of obtaining rights-of-way to the land through which power transmission lines, pipelines, installations or other infrastructure will be constructed. Moreover, power transmission line projects require the Mexican federal government, the permit-holder, or both to obtain legal authorizations to use third party lands to construct and operate a particular project. If rights-of-way are not obtained on time, we may incur additional costs and delays in the start of operations. Furthermore, in the event that rights-of-way are impossible to obtain, we may be required to change the route of a project, which may also result in cost increases and delays in the start of operations, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We may not be successful in obtaining new energy infrastructure projects or required permits.

The market for new energy infrastructure projects in Mexico is highly competitive. We compete with Mexican and foreign companies for most of the new energy infrastructure projects in Mexico and some of our competitors may have better access to capital and greater financial and other resources, which would give them a competitive advantage in bidding for such projects. We may also experience increased competition for new energy infrastructure projects and the retention of key personnel.

Also, while we may compete for energy infrastructure projects, we may not be able to fully realize the benefit of these opportunities. Furthermore, we may not be able to obtain additional permits from CRE, SEMARNAT, ASEA, or the SENER or a favorable opinion from COFECE, which may be required for new or existing energy infrastructure projects, as well as CRE's approval of amendments to the existing LIE permits, which will be required once the IPP permits expire, or the renewal of our natural gas transportation permits. Further, the projections contained elsewhere in this Offering Memorandum relating to growth in the Mexican energy sector may not ultimately be correct. The inability to successfully obtain new energy infrastructure projects may adversely affect our ability to grow our business, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Business development activities may not be successful and future projects to be constructed may not commence operation as scheduled or be completed within budget, which could materially increase our costs and materially impair our ability to recover our investments.

The acquisition, development, construction or expansion of natural gas pipelines, storage and distribution facilities, electricity generation and transmission facilities, and other energy infrastructure projects, involve numerous risks. We may be required to spend significant sums for preliminary engineering, permitting, fuel supply, resource exploration, legal, and other expenses before we can determine whether a project is feasible, economically attractive, or capable of being built.

Success in developing a particular project is contingent upon, among other things:

- obtaining the necessary property rights and any other real estate rights;
- negotiation of satisfactory engineering, procurement and construction agreements;
- negotiation of satisfactory operations and maintenance agreements;
- negotiation of supply and natural gas or electricity sales agreements or firm capacity service agreements;
- timely receipt of required governmental permits, licenses, authorizations, and rights-of-way and maintenance or extension of these authorizations;
- negotiation with local communities and minority groups;
- timely implementation and satisfactory completion of construction; and
- obtaining adequate and reasonably priced financing for the project.

Successful completion of a particular project may be adversely affected by various factors, including:

- unforeseen engineering problems;
- unforeseen difficulty in obtaining, maintaining or extending governmental permits, licenses, authorizations, rights-of-way and easements;
- construction delays and contractor performance shortfalls;
- work stoppages, strikes or boycotts;
- equipment unavailability or delay and cost increases;
- adverse weather conditions;
- environmental and geological conditions;
- opposition or challenges (judicial or extrajudicial) by community organizers, stakeholders of industries affected by energy development activities, non-governmental environmental organizations or indigenous communities;
- risks related to brownfield projects, such as hidden defects, inherited environmental liabilities and problems with rights-of-way;
- unanticipated increases in costs associated with known or unknown adverse environmental conditions, including costs of compliance with environmental laws; and
- impact of exchange rates on imported equipment and supplies.

We may acquire other assets in the future which may involve certain risks to our results of operations.

Subject to certain limitations as described in "Description of the Notes," we may acquire other power generation and power generation infrastructure assets in the future. Although we conduct what we believe to be a prudent and thorough level of investigation in connection with an acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or other issues concerning, the acquisition. Further, any acquisition would involve certain non-recurring costs associated with acquiring and integrating the operations of any new assets. Finally, we may not be able to successfully integrate future acquisitions with our assets and operations within the expected costs or time.

Our business requires obtaining and maintaining various real property rights and permits, the failure of which may cause delays in the operation of our power generation facilities and natural gas transportation pipelines.

The operation of our power generation facilities and natural gas transportation pipelines requires us to secure real property rights, as well as long-term leases or rights-of-way for a specific period of time. These real property rights are subject to various federal and local legal and regulatory requirements (including due registration with federal and local public registries, as may be the case) which, if not met, could lead to us losing our rights to occupy and use, and give as collateral these properties and the related facilities, which could delay or derail our operation, increase our costs, or result in breaches of one or more permits or contracts related to the affected facilities, which could in turn represent legal costs, fines or penalties. In addition, the acquisition of real property may require us to perform social impact assessments or, upon consultation with the competent authorities, obtain the consent of indigenous communities for the development of our projects. Also, disputes regarding any of these real property rights could hinder or our ability to construct and, if completed, operate the affected facilities or proposed projects. We cannot assure you that we would be able to secure any additional permit, approval or right-of-way required for any after-acquired real property. If we fail to satisfy any such requirement or if we cannot obtain any such permit, approval or right-of-way in a timely fashion, we may be unable to operate or may experience delays in the development, construction and operation of our energy infrastructure projects. Furthermore, any change in the operating and disclosure rules for the Mexican energy sector, or any cost increase associated with complying with any gas emissions reduction or social impact assessment obligations, or with obtaining the consent of indigenous communities for the development of new projects, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We cannot assure you that we would be able to secure any additional permit, approval or right-of-way required for any after-acquired real property. If we fail to satisfy any such requirement or if we cannot obtain any such permit, approval or right-of-way in a timely fashion, we may be unable to operate or may experience delays in the development, construction and operation of our energy infrastructure projects. Furthermore, any change in the operating and disclosure rules for the Mexican energy sector, or any cost increase associated with complying with any gas emissions reduction or social impact assessment obligations, or with obtaining the consent of indigenous communities for the development of new projects, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We have relied on and we may rely in the future on certain affiliates for services and financing, and there can be no assurance that we will be able to obtain such services or financing from our affiliates or from alternate third parties in the future.

We have historically relied on certain of our affiliates to provide various technical, administrative and management services, and we expect to continue to do so in the future. We depend to a certain extent on these affiliates for the successful operation and development of our energy infrastructure projects. We have agreements in place pursuant to which these services are being rendered, as more fully described in "Certain Relationships and Related Party Transactions." However, there is no obligation on the part of these affiliates to provide these services upon the expiration of the existing agreements. While we intend to continue to rely on affiliates for these services, we may not be able to obtain such services from these affiliates or any alternate third party in the future at reasonable prices or at all. Any failure to obtain these key technical, administrative and management services on acceptable terms could materially adversely affect our ability to satisfy contractual obligations, or to grow our business, and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

As of December 31, 2022, the Company had borrowings from parent companies in the amount of U.S.$20,261,000. See "Certain Relationships and Related Party Transactions." We may be unable to secure similar alternative sources of funding in the future, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. While we believe that the rates and terms of the borrowings we have received in the past from our affiliates are comparable to those we would have obtained from unrelated third parties in arm's-length transactions, we can provide no assurance that we will be able to obtain such borrowings from unrelated third parties at rates and on terms that are as favorable to us as those we have received from our affiliates. We may not be able to obtain similar financing from our affiliates or any alternate third party at reasonable rates and terms or at all. Any failure to obtain sufficient debt financing on acceptable rates and terms could adversely affect our ability to satisfy contractual obligations, or to grow our business, and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We have contractual relationships with some of our affiliates that could lead to a conflict of interest.

We have contractual relationships with some of our affiliates. We cannot assure you that any of these arrangements provide us with terms that are substantially similar to those that we might have obtained from unaffiliated third parties. These arrangements include, but are not limited to, services and financing agreements. We may have conflicts of interest in determining whether to enforce or make claims against our affiliates in connection with any breach of any of their contracts with us. In addition, if we have to contract with third parties because our affiliates are unable to meet their obligations under these contracts, no assurance can be made that we could replicate the terms of these contracts, which could have a material adverse effect on our financial condition and ability to make payments on the Notes. See "Certain Relationships and Related Party Transactions."

Actis may seek to sell its ownership in the Company or its subsidiaries.

We are controlled by Actis. As a private equity firm, Actis is in the business of making investments in companies, and ultimately selling those investments. As a result, Actis may seek to sell its ownership interests in us at any time, which may trigger a Change of Control under the Notes, or a Change of Control Offer. See "Description of the Notes—Repurchase upon a Change of Control Repurchase Event." If a sale by Actis is consummated, any new controlling shareholder could pursue a strategy that differs from the business strategy described in this Offering Memorandum or implement corporate governance practices that differ from those described in this Offering Memorandum.

We may not be able to obtain or renew the Letter of Credit Facility that we need in order to operate our business.

If we were unable to renew the Letter of Credit Facility or obtain a replacement facility on a timely basis, it could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. Since the Letter of Credit Facility matures prior to the maturity of the Notes, we cannot assure you that upon the maturity of the Letter of Credit Facility we will be able to renew such facility or obtain a replacement facility on favorable terms or at all. Such a failure to maintain a letter of credit facility could trigger an event of default under the PPAs, the Market Participant Agreement, the Contractual Services Agreements and the Natural Gas Supply Agreements and prevent us from operating in the Mexican wholesale power market and, therefore, may have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Once our IPP PPAs and CFEC PPAs expire, or if they are otherwise terminated prior to expiration, we may encounter significant competition from private companies, as well as from CFE, with respect to the contracted capacity, and we may not be able to renew or secure additional PPAs.

We sell the contracted capacity pursuant to the IPP PPAs and CFEC PPAs, the majority of which are denominated in U.S. dollars. Moreover, under the Indenture we will be permitted to amend or terminate the IPP PPAs and CFEC PPAs, and replace them with one or more contracts or agreements, or not replace them at all, in our sole discretion. The resulting contracts, or lack of contracts, may expose us to additional or different risks than those under the IPP PPAs and CFEC PPAs.

The Mexican power generation industry is characterized by intense competition and we may encounter competition from CFE, qualified suppliers and marketers with respect to our contracted capacity once our IPP PPAs and CFEC PPAs expire or terminate. Due to competition, market conditions and regulatory requirements at that time, we may not be able to extend our PPAs with the same parties or replace them with other parties subject to terms similar to those of our IPP PPAs and CFEC PPAs. As such, we may have to accept lower capacity payments or, absent new PPAs, sell energy and capacity at variable prices in the Mexican wholesale power market, which may negatively impact our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. If the applicable locational marginal price ("LMP") for our power plants were to be below our current generating costs, we would not be dispatched which could further negatively impact our business.

Risks Relating to Mexico

Adverse economic and political conditions in Mexico may materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We are a Mexican company and all of our assets and operations are located and conducted, respectively, in Mexico; our business is therefore significantly dependent upon the performance of the Mexican economy. Mexico has experienced economic crises in the past, caused by internal and external factors, characterized by, among other things, exchange rate instability (including large devaluations), high inflation, high domestic interest rates, political events, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. As a result, such conditions, as well as the general condition of the Mexican economy, over which we have no control, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Currently, the Mexican government does not restrict the ability of Mexican companies or individuals to convert Mexican pesos into U.S. dollars (except for certain restrictions related to cash transactions involving a U.S. dollar payment to a Mexican bank) or other currencies. Mexico has not had a fixed exchange rate policy since 1982. The Mexican peso has been subject to significant devaluations against the U.S. dollar in the past and may be subject to significant fluctuations in the future. Severe devaluations or depreciations of the Mexican peso may result in governmental intervention to institute restrictive exchange control policies, as has occurred before in Mexico and other Latin American countries. Accordingly, fluctuations in the value of the Mexican peso against other currencies, particularly the U.S. dollar, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. For information regarding recent trends in the Mexican peso-U.S. dollar exchange rate, see "Exchange Rate Information."

Mexico's GDP grew by 2.0% in 2018 and declined 0.3% for the year ending December 31, 2019. In addition, Mexico's GDP growth declined by 8.8% for the year ended December 31, 2020, mostly driven by the COVID-19 pandemic. Subsequently, Mexico's GDP grew 6.1% and 3.6% for the years ended December 31, 2021, and 2022, respectively. However, if the Mexican economy experiences another recession, including one resulting from a global recession, if inflation or interest rates increase significantly, if Mexico's sovereign debt credit ratings continue to be downgraded or if the Mexican economy continue to show low growth, no growth at all or is otherwise adversely impacted, this could have a material adverse effect on our business, financial conditions, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Changes in Mexican governmental policies could adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, the Mexican federal governmental actions and policies concerning the economy, state owned enterprises and state controlled, funded or influenced financial institutions could have a significant impact on private sector entities in general, on us in particular, and on market conditions, prices and returns of Mexican securities. We cannot predict the impact that the political landscape, including multiparty rule and civil disobedience, will have on the Mexican economy. Furthermore, our prospects could be affected by currency fluctuations, inflation, interest rates, regulation, taxation and other political, social and economic developments in or affecting Mexico. In the context of the power industry, the current Mexican federal government has publicly stated that one of its objectives is to strengthen CFE. While we cannot predict whether specific actions by the Mexican Government entities in the power sector and/or formal regulatory changes will be implemented by power-related regulations, certain statements and communications made by some members of the Mexican federal government, suggest that CFE intends to regain a major role in the Mexican power industry, including by means of giving priority to the dispatch of CFE-owned power plants over privately owned power plants. However, we cannot predict the exact form and extent of any changes, if implemented, and any such changes would require amendments to the existing legal framework of the electricity sector. Furthermore, we cannot predict whether the Mexican Government would promote such changes.

The Mexican federal government occasionally makes significant changes in policies and regulations to manage expectations with respect to certain macroeconomic indicators and may do so again in the future. Actions to control inflation and other regulations and policies have involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations and capital controls and limits on imports. Tax and labor legislation, in particular, in Mexico is subject to continuous change, and we cannot assure you that the Mexican federal government will maintain existing political, social, economic or other policies or that any such changes would not have a material adverse effect on our financial performance.

The Mexican economy in the past has suffered balance of payment deficits and shortages in foreign exchange reserves. Although Mexico has imposed foreign exchange controls in the past, there are currently no exchange controls in Mexico. If Mexico experiences serious balance of payment difficulties or the threat of such difficulties in the future, it would have the right under USMCA to impose foreign exchange controls on investments made in Mexico, including those made by United States and Canadian investors. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. We cannot predict the impact of any such measures on the Mexican economy. See also "*—Risks Relating to Our Business and Industry—We cannot predict the impact that legal, regulatory and social responses to climate change may have on our business potential effects on our business of the legal framework for regulating the energy sector in Mexico*."

The Mexican government could implement significant changes in laws, policies and regulations, which could affect the economic and political situation in Mexico.

The most recent Mexican presidential and congressional elections took place in July 2018. Andrés Manuel López Obrador, presidential candidate for the National Regeneration Movement Party (*Movimiento de Regeneración Nacional*), or Morena, was elected President of Mexico and took office on December 1, 2018. As of the date of this Offering Memorandum, Morena, the political party of President Andrés Manuel López Obrador controls the majority in the House of Representatives (*Cámara de Diputados*) and has a significant influence in the Mexican Senate (*Senado de la República*), holding the most seats relative to any other party.

Morena's control over the Mexican Congress (*Congreso de la Unión*), as described above, could result in further reforms and secondary legislation of key sectors of the Mexican economy. The ruling political coalition led by Morena has been strengthened by fragmented support from the Green Ecologist Party of Mexico (*Partido Verde Ecologista*), the Institutional Revolutionary Party (PRI) and a deficient organization of dissident political groups. As a result, in the state elections of 2023, Morena acquired control of 20 of 32 local legislatures. We cannot ascertain whether, and to what extent, such policies may affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes or the legal framework in which we operate.

In addition, the current administration cancelled the Mexico City's New Airport (*Nuevo Aeropuerto Internacional de la Ciudad de México*) project and is constructing certain of the main infrastructure projects that were promised during the campaign (including a new refinery at Dos Bocas and the "Mayan train"). Additionally, the new airport in Santa Lucía is now operational. In statements subsequent to the cancellation of the airport project, the President of Mexico stated that during his term of office, similar surveys will be held on issues that are of national interest in the view of his administration. The consequences of such surveys and adoption of related policies on the Mexican economy or financial markets are uncertain. Several investors and credit rating agencies are still cautious about the new administration's policies, which could contribute to a decrease in the Mexican economy's resilience in the event of a global economic downturn.

Moreover, on May 19, 2023, President Andrés Manuel López Obrador published a decree in the Official Gazette that allowed the temporary takeover of Grupo Mexico Transportes' subsidiary, Ferrosur S.A. de C.V. ("Ferrosur") rail concession that goes from Coatzacoalcos to Medias Aguas in Veracruz, totaling 127 kilometers of railways (the "Railways"). On June 1, 2023, Grupo México announced that Ferrosur had agreed to voluntarily hand over the 127-kilometer section of the railway to the Mexican federal government in exchange for an extension of eight years to the term of the Concession. The consequences of any expropriations on the Mexican economy or financial markets are uncertain. In addition, a total or partial expropriation of any of our assets may interfere with our ability to use and operate all or a portion of our business, which may have an adverse impact on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Morena's coalition has sufficient control in the Mexican Congress (*Congreso de la Unión*) and in various local legislatures to implement significant reforms (excluding constitutional reforms) without the approval of other Mexican political parties. Such concentration of power and any changes in Mexican politics or economy as a result of the above can have a negative impact on our business, financial position or operating results.

The upcoming presidential, federal congressional and several other elections scheduled for June 2024 could result in additional changes to the regulation of the energy sector. The election of any potential candidates could result in adjustments or reforms to those implemented by the incumbents, which could lead to a decrease in investor confidence in the Mexican market. We cannot provide any assurance that the current political situation or any future developments in Mexico will not affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The extent of such impact cannot be accurately predicted. See also "—Risks Relating to Our Business and Industry—*We cannot predict the impact that legal, regulatory and social responses to climate change may have on our business potential effects on our business of the legal framework for regulating the energy sector in Mexico*."

Downgrades of Mexico and its state-owned companies, including CFE, could adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

On July 6, 2022, S&P affirmed the credit ratings of Mexico's sovereign debt of BBB, citing fiscal and monetary prudence expected and the stability of debt as a percentage of GDP. Fitch affirmed each of Mexico's sovereign debt and CFE's credit rating to BBB-, on June 16, 2023, and on July 18, 2022, respectively while Moody's downgraded Mexico's sovereign debt to Baa2 on July 8, 2022 and CFE's credit ratings at Baa2 on July 12, 2022.

These downgrades or other similar rating agency actions that may occur in the future could adversely affect the Mexican economy and, consequently, our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

New and unanticipated tax reforms may be approved.

Mexican tax legislation is frequently amended. The Mexican Congress (*Congreso de la Unión*) approved a tax reform submitted by the Mexican Executive Branch as part of a new economic plan, which includes important amendments to the Income Tax Law, Federal Fiscal Code, Value Added Tax Law, Excise Tax Law, Hydrocarbons Revenue Law, and the Federal Duties Law. Even though the Mexican Congress (*Congreso de la Unión*) did modify several of the amendments originally proposed, in general terms, all of the proposals submitted by the Mexican Executive Branch were approved. This reform was published in the Federal Official Gazette on December 9, 2019 and most of the amended provisions became effective on January 1, 2020.

On April 23, 2021, the Mexican government published a decree pursuant to which several amendments were made to the Federal Labor Law, Income Tax Law, Value Added Tax Law, among others, in order to prohibit outsourcing of personnel, limit subcontracting and amending profit-sharing rules. The amendments became effective on April 24, 2021, except for certain legal provisions which became effective on September 1, 2021.

On November 12, 2021, the Mexican government published a decree that resulted in several amendments to the Income Tax Law, Value Added Tax Law, Excise Tax Law, and Federal Tax Code. However, no new taxes were introduced, nor were there any increases to existing taxes.

We cannot assure you that these or future tax reforms will not have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We may be materially adversely affected by economic and political developments in the United States.

Economic conditions in Mexico are highly correlated with economic conditions in the United States due to the high degree of economic activity between the two countries generally, as well as physical proximity. Adverse economic conditions in the United States or other related events could have a significant adverse effect on the Mexican economy, which could adversely affect our business. In addition, political developments in the United States, including changes in the administration and governmental policies, can also have an impact on the exchange rate between the U.S. dollar and the Mexican peso, economic conditions in Mexico and the global capital markets.

On November 30, 2018, the United States, Canada and Mexico signed the USMCA. The USMCA was ratified in all three countries in March 2020 and replaced NAFTA on July 1, 2020. It did not target the power sector, but any action taken by the current U.S. or Mexican administrators, including changes to the USMCA that would increase the tariff rate between the countries, could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity or bilateral trade, or declining foreign direct investment in Mexico. In addition, increased or perceived increased economic protectionism in the United States and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy. These economic and political consequences could adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The 2020 U.S. presidential election and the change in the U.S. administration have had an impact on the worldwide economy and in Mexico, and any change in administration following the 2024 presidential election may similarly have an impact. As of the date of this Offering Memorandum, President Joe Biden's administration has not proposed substantial revisions to U.S. trade policies, including the renegotiation or termination of trade agreements, or proposed the imposition of border taxes, higher tariffs or other measures which would increase the price of goods imported into the United States, particularly from Mexico. Future decisions by the current U.S. administration, including with respect to U.S. laws and policies governing foreign trade and foreign trade relations, could have a negative impact on the Mexican economy by reducing the level of commercial activity between Mexico and the United States or effecting a slowdown in direct U.S. foreign investment in Mexico, which could adversely affect our business and our results of operations and the results of the 2024 U.S. presidential and congressional elections may result in additional changes. We cannot assure you that the U.S. government will not impose escalating or other tariffs on Mexico and that we will not be materially adversely affected by tariffs or other legislative or regulatory reforms in the future.

An increase in interest rates in the United States could adversely impact the Mexican economy and may have a negative effect on our financial condition or performance.

A decision by the U.S. Federal Reserve to increase interest rates on banks' reserves may lead to a general increase in interest rates in the United States. This, in turn, may redirect the flow of capital away from emerging markets and into the United States, because investors may be able to obtain greater risk-adjusted returns in larger or more developed economies rather than in Mexico. Thus, companies in emerging market economies such as Mexico could find it more difficult and expensive to borrow capital and refinance existing debt. This may negatively affect our potential for economic growth and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

High inflation rates in Mexico may adversely affect electricity prices and our revenues.

Mexico has experienced, and may again experience, high levels of inflation. The annual rate of inflation, as measured by changes in the Mexican national consumer price index, was 3.4% in 2020, 5.7% in 2021, 7.9% in 2022 and 4.63% in 2023. In the past, inflation in Mexico has led to higher interest rates, depreciation of the peso and the imposition of substantial government controls over exchange rates and prices. An adverse change in the exchange rates or the Mexican economy may have a negative impact on price stability and result in higher inflation than its main trading partners, including the United States. In 2022, inflationary pressures intensified due to a number of factors, including the revitalization of demand for consumer goods, labor shortages, supply chain issues and the rise of the prices of energy, oil, gas and other commodities exacerbated by the war in Ukraine and the Israel-Hamas conflict. In an effort to contain inflation, central banks, including Banco de México, have increased interest rates. High inflation rates can adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes in that, among other ways, to the extent inflation exceeds our electricity price increases, then our electricity prices and revenues would be adversely affected in "real" terms.

High interest rates in Mexico could increase our financing costs.

Mexico has experienced, and may again experience, high real and nominal interest rates. Mexico also has, and is expected to continue to have, high real and nominal interest rates relative to the United States. The interest rates on 28-day Mexican government treasury securities (*Certificados de la Tesorería de la Federación*) ("*Cetes*"), averaged 5.31%, 4.46%, 7.78% and 11.10% for the years ended December 31, 2020, 2021, 2022 and 2023, respectively. Accordingly, if we incur peso-denominated debt in the future, it could be at high interest rates, which could increase our financing costs and adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. A recession could affect our operations to the extent that we are unable to reduce our costs and expenses in response to falling demand of electricity not sold pursuant to IPP PPAs (as defined herein).

The Mexican government exerts significant influence over the Mexican economy and energy landscape, with political, economic, social and judicial implications that we cannot predict and that could have a material adverse effect on our businesses, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The Mexican government has exercised, and continues to exercise, significant and increasing influence over the Mexican economy and energy sector and is proposing additional changes that, in each case, could fundamentally impact private investment in this sector.

With respect to the electricity market, in 2021 the Mexican legislature considered a proposed constitutional reform that would, among other things, make the CFE the only entity allowed to commercialize electric energy in Mexico, thereby eliminating the Mexican wholesale power market entirely. This reform would have also limited the overall capacity and types of plants eligible to generate electricity for the CFE to commercialize, resulting in the cancellation of electricity generation permits and contracts for the sale of electricity to the CFE, including permits at all of our operational power generation facilities. Such constitutional reform proposal did not receive the minimum required votes and was dismissed. Likewise, recent Mexican governmental actions in the electricity market also include resolutions, orders, decrees, regulations and proposed amendments to Mexican law, which have all now been suspended or repealed by the Judicial Power.

The Mexican Congress (*Congreso de la Unión*) rejected such initiative in 2022. Nonetheless, by means of amendments to the sector's secondary regulation, including to the LIE, several changes have been implemented. On April 7, 2022, the Mexican Supreme Court discussed a constitutional claim presented by members of the Senate against certain modifications to the LIE published in the Federal Official Gazette on March 9, 2021. The Supreme Court dismissed such constitutional claim. Thus, the amendments to the LIE and the remaining regulation continue to be applicable.

Despite all such actions having been dismissed or suspended, it is important to note that the administration of the current President of Mexico has consistently held a stance against private-owned energy projects, threatening the prospects for private-party energy generation in the country, and limiting the ability to dispatch energy and receive or maintain operational permits. The current administration in Mexico has expressed a strong inclination towards supporting state-owned energy companies and has implemented policy changes that prioritize the state-owned energy assets over private enterprises. This regulatory uncertainty may lead to abrupt shifts in policies, including changes in permitting procedures, tariff structures, or other regulations governing private energy projects. Such unpredictability can adversely affect the viability and profitability of our current and future projects.

Apart from the above-mentioned regulatory framework amendment threats, the current Mexican government's approach to granting new permits or approving the modification of permits for private energy generation projects has become more restrictive, resulting in heightened competition among investors for limited opportunities. Delays in obtaining necessary permits or their modification can hinder project timelines and escalate operational costs, which may have a negative impact on the financial performance of potential investments.

The government's emphasis on a state-controlled energy sector could reduce the competitiveness of the energy market, limiting private sector participation and potentially leading to higher energy costs for end consumers. Private energy generation projects may face challenges in maintaining their competitive edge and achieving projected returns amid an increasingly state-dominated market.

We also cannot predict whether future legal actions to enjoin enforcement or suspend or overturn existing laws and other governmental actions will be successful. More generally, we cannot predict the impact that the political, social, and judicial landscape in Mexico will have on that country's economy and energy sector and our business in Mexico. If any of the recent Mexican governmental actions are passed or otherwise become effective, if efforts to enjoin their enforcement or suspend or overturn them fail, or if other similar moves by the Mexican government are taken to curb private-party participation in the energy sector, including the enactment of additional laws or regulations or increased investigative and enforcement activities, this could materially impact our ability to operate our facilities at existing levels or at all, may result in increased costs for us and our customers, may adversely affect our ability to develop new projects, and may negatively impact our ability to recover the carrying values of our investments in Mexico, any of which may have a material adverse effect on our businesses, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The increase in violence in Mexico has adversely impacted, and may continue to adversely impact, the Mexican economy and may have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

During recent years, Mexico has experienced a significant increase in violence relating to illegal drug trafficking, particularly in Mexico's northern states near the U.S. border despite the efforts of the Mexican government to increase security measures by strengthening its military and police forces, drug-related violence and crime continues to threaten the Mexican economy and peace and security of certain regions, resulting in economic and political instability and uncertainty in Mexico. Systematic criminal activity and isolated criminal events could interrupt our operations, affect our ability to generate revenue and increase the cost of our operations. Continued violence could result in the Mexican government adopting additional security measures, such as transport restrictions, prohibiting the transit of goods and people at certain times, and cross-border trade. These activities, their escalation and the violence associated with them, over which we have no control, could have a negative impact on the business environment in which we operate, and therefore on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Geopolitical challenges and other global uncertainties could have a material adverse effect on our businesses, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

In addition to the significant macroeconomic challenges caused by the COVID-19 pandemic, we could experience negative impacts on its business, financial condition and results of operations due to geopolitical challenges and other uncertainties worldwide. Currently, the global economy faces a number of exceptional challenges. Russia's invasion of Ukraine, the largest military attack on a European state since World War II, could continue to cause significant disruption, instability and volatility in global markets, as well as prolong the currently elevated inflation rates (including contributing to further increases in energy, oil and other commodity prices and causing further disruption in supply chains) and lower or negative growth. The European Union, the United Kingdom, the United States and other governments have imposed significant sanctions and export controls against Russia and its interests, as well as limitations of certain Russian citizens free transit and assets seizure within territories of the European Union and have threatened to impose additional sanctions and controls. Although the impact of such measures and Russia's possible responses to them are uncertain, any such measures could materially and adversely affect our businesses, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. Moreover, geopolitical and economic risks have also increased in recent years as a result of trade tensions between the United States and China, Brexit, the rise of populism and tensions in the Middle East, more recently with the Israel-Hamas conflict. Increasing trade tensions may lead, among other things, to a de-globalization of the world economy, increased protectionism or barriers to immigration, overall reduction in international trade in goods and services, as well as reduced financial market integration. All of the above could materially and adversely affect our businesses, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Events and the perception of risk in other countries may materially adversely affect the market price of Mexican securities, including that of our securities.

The market price of securities issued by Mexican companies is affected to varying degrees by economic and market conditions in other countries, including the United States, China and other Latin American and emerging market countries. Therefore, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Mexican issuers. Crises in the United States or other emerging market countries may reduce investor interest in securities issued by Mexican companies, including those issued by us.

In the past, the development of adverse economic conditions in other emerging market countries resulted, in general, in capital flight and, as a consequence, in a decrease in the value of foreign investments in Mexico. The financial crisis that originated in the United States during the third trimester of 2008 triggered a recession of global scale. This adversely affected the Mexican economy and Mexican capital markets, both directly and indirectly, and led to, among other things, fluctuations in the trading prices of securities issued by publicly-owned companies, scarcity of credit, cuts in expenditures, slowdown in the global economy, exchange rate volatility, and inflationary pressures. Recent turmoil in other large economies, such as those in Europe and China, could also have such effect.

In addition, in recent years economic conditions in Mexico have become increasingly correlated with economic conditions in the United States as a result of USMCA and increased economic activity between the two countries. Adverse economic conditions in the United States, the termination or re-negotiation of USMCA or other related events could have a significant adverse effect on the Mexican economy. We cannot assure you that events in other emerging market countries, in the United States or elsewhere will not have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The Mexican economy is still highly influenced by the economies of the United States, Europe and China. Therefore, if all commercial treaties are cancelled, modified or similar terminations occur, or the economic conditions in the United States, Europe and China are negative or have less growth, the Mexican economy could be adversely affected. These events could negatively affect our business, financial condition and results of operations.

We are exposed to compliance obligations and risks under the Mexican Federal Anticorruption Law in Public Contracting, the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws. Our failure to comply with these laws could result in penalties, harm our reputation and have an adverse effect on our business, results of operations and financial condition.

The Mexican Federal Anticorruption Law in Public Contracting (*Ley Federal Anticorrupción en Contrataciones Públicas*), the U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act and similar anti-bribery laws generally prohibit companies from, directly or indirectly through intermediaries, making improper payments to government officials or other persons for the purpose of obtaining or retaining business or any business advantage. Our operations require us to use third party agents to conduct business or to interact with persons who may be considered governmental officials under the FCPA and other anti-bribery laws. Thus, we face the risk that our contractors and other third-party agents acting on our behalf may offer or provide unauthorized payments or other things of value or may otherwise act in a manner that could give rise to violations of such laws. We maintain internal controls, policies and procedures related to anti-bribery compliance, but we cannot assure you that our policies and procedures will protect us from unlawful acts committed by our contractors or other third-party agents. If we, our officers or our employees fail to comply with any applicable anti-corruption, anti-bribery or anti-money laundering laws, we and our officers and our employees may be subject to criminal, administrative or civil penalties and other remedial measures, which could have material adverse effects on our business, financial condition and results of operations. Any investigation of potential violations of anti-corruption, anti-bribery or anti-money laundering laws by governmental authorities in Mexico or other jurisdictions could result in an inability to prepare our financial statements in a timely manner, including under certain circumstances the withdrawal of previously issued audited financial statements. Violations of these laws, or even allegations of such violations, could damage our reputation and be expensive to defend and disrupt our business and have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

Risks Related to the Notes, the Collateral, Our Indebtedness and Our Corporate and Financing Structure

The financial and operational information of CFE, CFEG, CFEC, TTL and Pemex is not included or otherwise incorporated in this Offering Memorandum.

This Offering Memorandum does not contain any financial or operational information of CFE, CFEG, CFEC, TTL and Pemex, including but not limited to any financial statements, or contain a description of any risks that may exist as to their respective businesses. Consequently, this Offering Memorandum does not provide any indication of their respective financial condition, results of operations, cash flows, prospects or ability to perform their respective contractual obligations, including under the CFEC PPAs, the IPP PPAs, the CFEC PPA Guarantee, and the CFE FSAs, as applicable. We are heavily dependent on CFE, CFEG, Pemex, TTL, CFEnergía V and CFEC as, one the one hand, we source all of our natural gas from CFEnergía V, Pemex and TTL and, on the other, CFEC and CFEG are committed to purchasing, in the aggregate, substantially all of our contracted energy and capacity output. In addition, the payment obligations of CFEC and CFEG are guaranteed by CFE. Any material negative change in their respective financial condition or operating results could jeopardize our business and we cannot assure you that the financial condition or results of operations of CFE, CFEG, CFEC, TTL and Pemex will not deteriorate in the future.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

The obligations to make payments of principal, premium, if any, and interest on the Notes and Note Guarantees will be solely the obligations of the Co-Issuers, the Joint Obligors and the Guarantors, respectively. None of Actis or any affiliates of any of the foregoing (other than the Co-Issuers, the Joint Obligors and the Guarantors) or their respective incorporators, stockholders, members, directors, managers, officers or employees will guarantee the payment of the Notes or will have any liability for any of the Guarantors' obligations under the Notes or for any claim based on, in respect of, or by reason of, such obligations or their creation.

Our ability to pay interest and principal with respect to the Notes depends entirely on payments of dividends, capital reductions or shareholders loan repayments by our subsidiaries to us. We are an indirect wholly owned subsidiary of Actis, and do not and are not expected to have any operations or employees. Our primary assets are 99.99% of the shares of GB and BGI, respectively. GB's primary assets are 99.99% of the shares of BE, which in turn owns 99.99% of the shares of MT Falcon, which in turn owns 99.99% of the shares of CSO, EAA, CAC, CLR, CVH, GDR and COMEGO, respectively. BGI primary assets are 99.99% of the shares of BEI, which in turn owns 99.99% of the shares of EVM Energía I and EVM Tenedora, respectively, and 40.0% of the shares of EVM Energía II. EVM Tenedora owns 60.0% of the shares of EVM Energía II. All of the assets of EVM Energía I and the equity interests in EVM Energía I have been pledged pursuant to the EVM I Project Facility and all of the assets of EVM Energía II and the equity interests in EVM Energía II have been pledged pursuant to the EVM II Project Facility. As such, the Co-Issuers' ability to make payments of the principal of principal, interest and any other amounts due on the Notes depends entirely on its receipt of dividends, capital reductions or shareholders loan repayments from its subsidiaries. If any of our subsidiaries fails or is unable to pay to us, including pursuant to the terms of the EVM Project Facilities in respect of EVM Energía I and EVM Energía II, as applicable, we may not have sufficient resources to satisfy our obligations under the Notes.

Our ability to make scheduled payments on, or to refinance, our obligations with respect to our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control, such as the negative impact of the COVID-19 pandemic. We cannot assure you that our business will generate sufficient cash flow or that future sources of capital will be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. The Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms, would materially and adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

If we cannot make scheduled payments on our debt, we will be in default and holders of the Notes could declare all outstanding principal and interest to be due and payable, causing a cross-acceleration or cross-default under other debt agreements, and we could be forced into bankruptcy, liquidation or restructuring proceedings.

The Company is a holding company with no independent operations or generation or distribution assets and it is dependent on cash flow generated by its subsidiaries.

The Company is a holding company that indirectly owns the MT Falcon Entities, EVM Energía I and EVM Energía II and, as a result, does not conduct independent operations or possess significant assets other than investments in MT Falcon Entities', EVM Energía I's and EVM Energía II's businesses (via dividends, loans or other distributions) to meet its obligations, including to repay its indebtedness, including the Notes, contribute committed capital to its businesses, and to pay dividends or other distributions to its shareholders. However, our subsidiaries, including EVM Energía I and EVM Energía II will generally be required to service their respective debt obligations before making distributions to the Company. The Company's ability to access such cash flow from its subsidiaries may be limited in some circumstances and the Company may not have the ability to cause entities in which it owns an interest to make distributions to it. Additionally, the terms of existing and future joint ventures, financings (including the EVM Project Facilities), or cooperative operational agreements, rating considerations, and/or Mexican federal, state and local laws and regulations may also limit the timing and amount of any dividends, other distributions, loans or loan repayment to the Company.

EVM Energía I and EVM Energía II do not have an obligation to contribute dividends sufficient to pay amounts due on the Notes or to make funds available, and for that purpose, they may not be able to do so. While the Indenture governing the Notes limits the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends, and includes a covenant for BEI and EVM Tenedora to cause EVM Energía I and EVM Energía II to declare and make dividends as often and promptly as possible in accordance with the EVM Project Facilities, these limitations are subject to certain qualifications and exceptions, most notably under the EVM Project Facilities in respect of EVM Energía I and EVM Energía II. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required payments on our indebtedness, including the Notes.

Certain restrictive covenants contained in the Indenture governing the Notes will limit our operating and financial flexibility in operating our business.

The Indenture governing the Notes will contain restrictive affirmative and negative (including in relation to indebtedness) and other covenants that limit or prohibit, among other things, the manner in which we and our Restricted Subsidiaries may structure or operate our business, including by limiting our and our Restricted Subsidiaries' ability to:

- incur indebtedness;
- make restricted payments and investments;
- create liens;
- change the nature of their business;
- sell assets;
- consolidate, merge or enter into transactions with affiliates; and
- create subsidiaries.

See “Description of the Notes—Affirmative Covenants of the Co-Issuers, the Co-Obligors and Subsidiaries” and “Description of the Notes—Negative Covenants of the Co-Issuers, the Co-Obligors and Subsidiaries.” As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business opportunities.

Certain restrictive covenants contained in the EVM Project Facilities will limit our operating and financial flexibility in operating EVM Energía I and EVM Energía II.

An important portion of our assets consists of our ownership of EVM Energía I and EVM Energía II. As of September 30, 2023, our total assets were U.S.$1,978.5 million. As of September 30, 2023, EVM Energía I’s and EVM Energía II’s total combined assets were U.S.$966.4 million. The EVM Project Facilities contain restrictive affirmative and negative (including in relation to indebtedness) and other covenants that limit or prohibit, among other things, the manner in which we ay structure or operate EVM Energía I and EVM Energía II’s businesses, including by limiting EVM Energía I’s and EVM Energía II’s ability to:

- incur indebtedness;
- make restricted payments and investments;
- create liens;
- change the nature of their business;
- sell assets; and
- consolidate, merge or enter into transactions with affiliates.

See “Description of Existing Financing Arrangements—EVM Project Facilities.” As a result of these covenants, we will be limited in the manner in which we conduct EVM Energía I’s and EVM Energía II’s businesses, and we may be unable to engage in favorable business.

Application of existing tax laws, rules and regulations is subject to interpretation by taxing authorities.

We may be subject to certain taxes in numerous jurisdictions, including Mexico, the Netherlands and Luxembourg. While we may rely on consultations with outside accounting and tax experts in computing our obligations under tax laws, rules and regulations, we are required to take various tax accounting and reporting positions on complex matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. We are also subject to intercompany transfer pricing laws, including those relating to the flow of funds among our companies pursuant to agreements or other arrangements between our companies.

Tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, such as the tax treatment or characterization of our indebtedness, existing and future intercompany loans and guarantees or the deduction of interest expenses. Although we believe our tax positions are reasonable, we cannot assure you that the applicable taxing authorities will agree with our positions.

If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our intercompany transactions, it could result in the disallowance of deductions, a limitation on our ability to deduct interest expenses, the imposition of withholding taxes, the application of penalties and accrued interest on intercompany loans or internal deemed transfers or other consequences that could have a material and adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

The transfer of the Notes is restricted, and it may be difficult to resell your Notes.

The Notes have not been, and will not be, registered under the Securities Act and will be subject to certain transfer restrictions for their entire term. We do not intend to provide registration rights to holders of the Notes and do not intend to file any registration statement with the U.S. Securities and Exchange Commission in respect of the Notes and, unless so registered, the Notes may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. By purchasing the Notes, prospective purchasers will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this Offering Memorandum. In addition, an affiliate of the Company and one of the Initial Purchasers may place a purchase order and be allocated a portion of the Notes offered hereby. Investors should be aware that they may be required to bear the risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Transfer Restrictions." The Notes and the Indenture will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except to people outside the United States purchasing in offshore transactions pursuant to Regulation S or to QIBs within the United States purchasing in reliance on Rule 144A or other exceptions under the Securities Act. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws. The Notes have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and therefore, may not be offered or publicly sold in Mexico. However, the Notes may be offered to investors domiciled in Mexico that qualify as institutional or qualified investors under Mexican law, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and regulations thereunder.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and we cannot assure you that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is currently no market. Although we will apply for the approval in-principle for the listing of the Notes on the SGX-ST, we cannot assure you that the Notes will receive final approval or will remain listed. The Initial Purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, the Initial Purchasers are not obligated to make a market in the Notes and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you as to the development or liquidity of any trading market for the Notes. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of Notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

Historically, the market for project finance debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. We cannot assure you that the market, if any, for the Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your Notes. Therefore, we cannot assure you that you will be able to sell your Notes at a particular time or price, if at all.

Developments in other markets may adversely affect the market value of the Notes.

The market price of securities issued by Mexican companies or companies holding Mexican assets may be affected to varying degrees by economic and market conditions in other countries, including the United States, China and other Latin American and emerging market countries. Therefore, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of companies holding Mexican assets.

Crises in the United States or other emerging market countries may reduce investor interest in securities secured by Mexican companies, including those issued by us.

The COVID-19 pandemic and other recent events, such as the Russian invasion of Ukraine and more recently the Israel-Hamas conflict, have led to additional geopolitical tensions and economic uncertainties, which may further impact global consumption, investment and trade. Current macroeconomic conditions, including historic levels of inflation, have led to rising interest rates, disruption and volatility within the capital markets, and fiscal and monetary policy uncertainty. Although Mexico's GDP experienced a significant recovery in recent years, growing 3.1% and 4.7% during 2022 and 2021, respectively, it is possible that a recession, economic slowdown or any other significant economic condition affecting consumers or corporations generally could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We cannot assure you that events in other emerging market countries, in the United States or elsewhere will not materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. Despite the improvement of the global economy, uncertainty remains concerning the future economic environment, most recently as impacted by the recent and ongoing escalation in violence among Israel, Hamas, the Palestinian Authority and other groups, as well as the extensive hostilities along Israel's border with the Gaza Strip, and the ongoing military conflict between the Russian Federation and Ukraine, each of which are contributing to increases in the prices of energy, oil and other commodities and to volatility in financial markets globally as well as a new landscape in relation to international sanctions. Such economic uncertainty could have a negative impact on our business and results of operations. A slowing or failing of the economic expansion would likely aggravate the adverse effects of these difficult economic and market conditions on us and on others in our industry.

In addition, any continued trade tensions between the U.S. and China could have a significant adverse effect on the world economy that could have a material adverse impact on our business and results of operations. The adoption and expansion of trade restrictions, changes in the state of China-U.S. relations, including the recent trade tensions, or other governmental action related to tariffs or trade agreements or policies are difficult to predict and could adversely affect demand for our products, our costs, our customers, our suppliers, and the world economy, which in turn could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

The Mexican economy is still highly influenced by the economies of the United States, Europe and China. Therefore, if all commercial treaties are cancelled, modified or similar terminations occur, or the economic conditions in the United States, Europe and China are negative or have less growth, the Mexican economy could be adversely affected. These events could negatively affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

We cannot assure you that the market value or trading prices of our debt securities, will not be adversely affected by events in the United States or elsewhere, including in emerging market countries.

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes and the assets of EVM Energía I and EVM Energía II and the equity interests in EVM Energía I and EVM Energía II do not secure the Notes.

If there is an event of default on the Notes, the holders of the Notes will be secured only to the extent of the value of the Collateral underlying their security interest. Although non-restricted payments from EVM Energía I and EVM Energía II will be source of revenue for payment of the Notes (subject to complying with the terms of the EVM Project Facilities for such distributions), the assets of EVM Energía I and EVM Energía II and the equity interests in EVM Energía I and EVM Energía II do not secure the Notes, and under the EVM Project Facilities, EVM Energía I and EVM Energía II, as applicable, are required to create interests over all of their respective assets (subject to certain customary limitations) and the shareholders of EVM Energía I and EVM Energía II are required to create interests over all of their respective equity interests in EVM Energía I and EVM Energía II (subject to customary limitations) for the benefit of the secured parties under such EVM Project Facilities and such claims would have priority over the Notes. We are required to obtain consent from EVM II Project Facility creditors for purposes of transferring and conveying BEI beneficiary rights (*derechos fideicomisarios*) with respect to non-restricted payments in EVM Energía

II. We cannot assure you that we will obtain such consent and, if not obtained in case of an insolvency proceeding (*concurso mercantil* or *quiebra*) of BEI, there will be no bankruptcy remoteness protection with respect to such beneficiary rights (*derechos fideicomisarios*). In the future, the obligations to provide additional guarantees and grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries or otherwise, is subject to certain agreed security principles. With respect to the Notes, the agreed security principles set forth in the Security Documents set out a number of limitations on the rights of the holders of the Notes to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any collateral provided, being limited or security not being granted over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by us, the Joint Obligors and the Guarantors. To the extent that the claims of the holders of the Notes exceed the value of the assets securing the Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking equally in right of payment with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid. Furthermore, upon enforcement against any collateral or in insolvency (*concurso* m*ercantil* or *quiebra*), the claims of the holders of the Notes to the proceeds of such enforcement will rank equal in right of payment with the claims of the lenders and other holders of any future senior indebtedness secured by the Collateral. As a result, holders of the Notes will receive less from the proceeds of the Collateral in an enforcement action or insolvency proceeding (*concurso mercantil* or *quiebra*) than if they were not required to share proceeds.

No appraisal of the value of the Collateral has been made in connection with this offering and the fair market value of the Collateral may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner (including the possibility of the Collateral or portions thereof being sold together or as an operating business) of the sale and the availability of prospective buyers. By its nature, some of the assets that comprise the Collateral may be illiquid and may have no readily ascertainable market value or any other comparable value at all. We cannot assure you that the Collateral can be sold and, even if saleable, the timing of its liquidation and the value to be derived therefrom are uncertain. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this Collateral may not be sufficient to repay the obligations under the Notes.

The rights of the holders of Notes with respect to the Collateral are subject to the terms of the Intercreditor Agreement and the other Security Documents, which may materially limit the rights of the holders of the Notes to take enforcement actions, including with respect to the Collateral securing the Notes.

The Notes, together with our other Secured Obligations (as defined herein) will be secured by a first priority lien on the Collateral pursuant to the other Security Documents. The rights of the holders of Notes and other Secured Obligations with respect to the Collateral will be subject to and may be limited by the terms of the Intercreditor Agreement.

Under the Intercreditor Agreement, the rights of the holders of the Notes to take any enforcement actions, including commencing legal proceedings against us in respect of the Notes, enforcing the Collateral securing the Notes and petitioning for the bankruptcy of the Company, will be limited. No holder of Secured Obligations, including the holders of the Notes, will be entitled to take such enforcement actions following an event of default under the applicable Secured Debt Documents unless the required percentage of Secured Obligations has elected to exercise such remedies and instructed the Intercreditor Agent to take such actions in accordance with the procedures set forth in the Intercreditor Agreement. Furthermore, the other holders of Secured Obligations may have the ability to control the outcome of certain intercreditor votes under the Intercreditor Agreement without the approval of the holders of the Notes, including with respect to (i) the approval of certain amendments to, and waivers of, the provisions of the other Security Documents, (ii) the exercise of remedies against us, including enforcement of the Collateral, and (iii) other instructions that may be provided to the Intercreditor Agent in accordance with the terms of the Intercreditor Agreement.

Each decision made in accordance with the terms of the Intercreditor Agreement will be binding upon the Indenture Trustee and the holders of the Notes and each other party to the relevant Secured Debt Documents. See

"Description of the Notes—Collateral Arrangements", "—Intercreditor Arrangements" and "—Amendment, Supplement, Waiver."

Additionally, if the holders of the Notes obtain any amount from us, including as payment of any amounts due on following the acceleration thereof or from any realization on any Collateral, other than amounts obtained from or through the applicable Collateral Agent pursuant to the Intercreditor Agreement and the other Security Documents, the holders of the Notes must promptly pay such amount to the applicable Collateral Agent for the account of the holders of Secured Obligations to be shared among such creditors in accordance with the Intercreditor Agreement. See "Description of the Notes—Collateral Arrangements."

The Collateral is subject to casualty risks, which may limit your ability to recover for losses to our assets.

We will maintain insurance or otherwise insure against risks to the extent customary with companies in the power generation and energy industry. There are, however, certain losses, including but not limited to losses resulting from natural perils, war and terrorism, defective design and wear and tear that may be either uninsurable, not economically insurable or insurable at unreasonable terms and high costs or not economically insurable, in whole or in part. As a result, we cannot assure you that the insurance proceeds will compensate us fully for any losses. If there is a total or partial loss of any of the Collateral securing the Notes, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all of our obligations under the Notes.

If we default on the Notes, recourse will be limited to the Company, the Joint Obligors and the Guarantors.

The Co-Issuers, the Joint Obligors and the Guarantors are the only parties required to make payments on the Notes. The Co-Issuers, the Joint Obligors and the Guarantors have no other business or significant assets other than MT Falcon, EVM and the rights under the project documents. However, EVM Energía I and EVM Energía II, will not guarantee our obligations under the Notes and the rights under the project documents for EVM have been pledged as security for the obligations of EVM Energía I and EVM Energía II under the EVM Project Facilities, and not for the benefit of the holders of the Notes. The Notes are the obligation of solely the Co-Issuers, the Joint Obligors and the Guarantors, payable solely from the Co-Issuers, the Joint Obligors, the Guarantors or the Collateral as applied in accordance with the Security Documents.

Payments on the Notes will be effectively junior to the debt obligations of EVM Energía I and EVM Energía II and junior to any of our secured debt to the extent such debt is secured by collateral that does not secure our Notes.

The Notes will constitute our senior secured obligations and will rank equal in right of payment with all of our other existing and future senior unsecured indebtedness.

As of September 30, 2023, our consolidated outstanding indebtedness, was equal to U.S.$ 1,082.9 million, of which U.S.$941.1 million was secured indebtedness and U.S.$141.8 million was unsecured indebtedness. As of September 30, 2023, EVM Portfolio had total outstanding secured indebtedness (total debt plus total due to related parties) of U.S.$905.3 million and the MT Falcon Entities had no outstanding secured indebtedness. The Notes will be subordinated to our other secured debt to the extent of the assets and property securing such debt that do not equally secure the Notes. The Notes are effectively junior to the debt obligations of the Co-Issuers subsidiaries and payment on the Notes will also be structurally subordinated to the payment of secured and unsecured debt and other creditors of our subsidiaries. In addition, the Onshore Collateral Agent will not be able to foreclose on the assets of EVM Energía I and EVM Energía II or on the equity interests in EVM Energía I or EVM Energía II as the Notes are not secured by EVM Energía I's and EVM Energía II's assets or the equity interests in EVM Energía I and EVM Energía II. The Indenture governing the Notes includes a limitation on our subsidiaries' (including EVM Energía I's and EVM Energía II's) ability to incur certain indebtedness, although this limitation is subject to certain significant exceptions, and the debt incurred in compliance with these restrictions could be substantial.

Failure to perform maintenance on our machinery and equipment pledged as Collateral may deteriorate the value of those assets.

If we fail to adequately perform or cause to be performed the maintenance, service, repair and overhaul of any machinery or equipment, including our power plants, pledged as Collateral, the value of the equipment or machinery may be reduced. In addition, the value of the equipment or machinery may deteriorate even if we fulfill our maintenance responsibilities. As a result, it is possible that upon a liquidation, there will be insufficient proceeds to satisfy all the obligations in respect of the Notes.

We may incur additional indebtedness that could adversely affect holders of the Notes.

We may be able to incur additional indebtedness in the future. Although the Indenture will contain restrictions on our incurrence of additional indebtedness, these restrictions on us are subject to a number of important qualifications and exceptions. See "Description of the Notes—Negative Covenants of the Co-Issuers, the Co-Obligors and Restricted Subsidiaries—Limitation on Indebtedness." If we incur additional indebtedness, the risks that we face as a result of such additional leverage could increase. The Indenture will permit us to issue additional indebtedness that ranks on an equal and ratable basis with the Notes. If we incur any additional debt that ranks on an equal and ratable basis with the Notes, the holders of that debt will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us or our subsidiaries, as applicable, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you.

We also have the ability to incur additional senior secured indebtedness. If we issue or incur any such additional senior secured indebtedness, the relative interest of holders of the Notes in the Collateral would be diluted by the proportion that the principal amount of, interest on, and other amounts due in respect of, such additional senior secured indebtedness bears to the total senior secured indebtedness outstanding at the time such additional senior secured indebtedness is issued or incurred. We cannot assure you that the level of the Collateral will be sufficient to protect your investment in the Notes, whether or not we issue additional Notes under the Indenture or incur other additional senior secured indebtedness and thereby dilute the relative interest of existing holders of the Notes in the Collateral, or that we will have sufficient funds to perform our payment obligations under the Notes and all other senior secured indebtedness that we or our subsidiaries issue or incur in the future.

Fraudulent conveyance laws may void the Notes or the Note Guarantees or subordinate the Notes or the Note Guarantees.

The issuance of the Notes and the Note Guarantees may be subject to review under applicable bankruptcy law or relevant fraudulent conveyance laws if a bankruptcy lawsuit or similar action affecting the rights of creditors generally is commenced by us or by or on behalf of our creditors. Such applicable bankruptcy law or relevant fraudulent conveyance laws may not be as favorable to your interests as creditors as the bankruptcy laws of the United States or other jurisdictions. While the relevant laws may vary from jurisdiction to jurisdiction and from time-to-time, in general under these laws, if a court were to find that, in such a lawsuit or action, at the time the Notes or the Note Guarantees are issued, the debt was incurred with the intent of hindering, delaying or defrauding current or future creditors and received less than reasonably equivalent value or fair consideration for incurring the debt, and we, the Joint Obligors or the Guarantors:

- were insolvent or became insolvent as a result of issuing the Notes or the Note Guarantees or the issuance of the Notes or the Note Guarantees occurred within a specific period of time prior to such insolvency;
- were engaged or about to engage in a business or transaction for which the remaining assets of the Guarantors constituted unreasonably small capital; or
- intended to incur, or believed that we or it would incur, debts beyond our or its ability to pay those debts as they matured, then the court would deem the issuance of Notes or the Note Guarantees as a fraudulent conveyance.

Then, in such case, a court may void the payment obligations under the Notes or such Note Guarantees or subordinate the Notes or such Note Guarantees to presently existing and future indebtedness of ours or such Guarantor or require the holders of the Notes to repay any amounts received with respect to the Notes or such Note Guarantees. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the Notes. Further, the voidance of the Notes could result in an event of default with respect to our other debt and that of the Joint Obligors and the Guarantors that could result in acceleration of such debt. Although standards for determining insolvency vary from jurisdiction to jurisdiction, generally, an entity would be considered insolvent if at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the value (saleable or other) of all or certain of its assets;

- the present value (saleable or other) of all or certain of its assets was less than the amount that would be required to pay its probable liability on all or a specific portion of its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we, the Joint Obligors or the Guarantors were solvent or, regardless of the standard that a court uses, that the issuance of the Notes and the Note Guarantees would not be subordinated to our or any Guarantor's other debt. If the Note Guarantees were legally challenged, any Note Guarantees could also be subject to the claim that, since the Note Guarantees was incurred for our benefit, and only indirectly for the benefit of the Guarantor, the obligations of the applicable Guarantor were incurred for less than fair consideration. A court could void the obligations under the Note Guarantees, subordinate them to the applicable Guarantor's other debt or take other action detrimental to the Notes.

While Mexican law does not prohibit the giving of subsidiary guarantees and, as a result, does not prevent the Note Guarantees of the Notes from being valid, binding and enforceable against our Guarantors, in the event that a Subsidiary Guarantor becomes subject to a judicial reorganization proceeding (*concurso mercantil*) or to bankruptcy (*quiebra*) under the Mexican Bankruptcy Law (*Ley de Concursos Mercantiles*), its Note Guarantee may be deemed to have been a fraudulent transfer and declared void based upon the Subsidiary Guarantor being deemed not to have received fair consideration in exchange for such Note Guarantee.

Our obligations and the obligations of the Guarantors under the Notes and the Note Guarantees will be subordinated to statutory preferences.

Under Mexican law, our obligations under the Notes and the obligations of the Guarantors under their Note Guarantees are subordinated to specified statutory preferences for payment of claims, including claims for wages, social security, taxes, court fees and expenses, and other secured claims. In the event of our liquidation, these preferences will have priority over any other claims, including claims by any holder in respect of the Notes or the Note Guarantees, and, as a result, holders of Notes may be unable to recover amounts due under the Notes, in whole or in part.

Our obligations and the obligations of the Joint Obligors and the Guarantors under the Notes and the Note Guarantees would be converted into Unidades de Inversión ("UDIs") in the event of insolvency or bankruptcy.

Under the Mexican Bankruptcy Law (*Ley de Concursos Mercantiles*), if we or any of the Joint Obligors and the Guarantors were to be declared insolvent (*concurso mercantil*) or bankrupt (*en quiebra*) by a Mexican court, our payment obligations and those of the Joint Obligators and the Guarantors, including those under the Notes or Note Guarantees would (i) be converted on the date of the insolvency court declaration (*concurso mercantil*) to pesos and then from pesos into UDIs (*unidades de inversión*), which is a Mexican synthetic unit adjusted by inflation, and would not be adjusted to take into account any devaluation of the peso relative to the dollar occurring after such conversion, (ii) cease to accrue interest from the date the insolvency proceedings (*concurso mercantil)* are declared, (iii) be subject to the outcome of, and priorities recognized in, the relevant proceedings (including statutory preferences for tax, social security and labor claims), and (iv) be satisfied at the time claims of all its unsecured creditors are satisfied.

The Notes will be structurally subordinated to all liabilities of subsidiaries that are not Joint Obligors or Guarantors.

Certain of our current and future subsidiaries will not act as Joint Obligors or guarantee the Notes. See "Description of the Notes—Certain Definitions—Unrestricted Subsidiary." In the event of a bankruptcy, liquidation or reorganization of any future non-guarantor subsidiary, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those entities before any assets are made available for distribution to us. As a result, the Notes will effectively be subordinated to the prior payment of all of the liabilities of all future non-Joint Obligor and non-guarantor subsidiaries. Non-Joint Obligor and non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans, distributions or other payments.

Certain security interests over the Collateral will not be in place or perfected by the issue date.

Before a valid first priority lien on the Collateral may be created for the benefit of the holders of the Notes, the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility and the EVM Acquisition Debt Facility must be prepaid in full on the issue date. Additionally, in some instances, we will be required to perfect the Collateral within certain time periods following the issue date. Any inability or failure by us to perfect the security interests in the Collateral may result in the holders of the Notes to lose priority in such Collateral, priority which they would have been entitled to, had the security interests been perfected on the issue date.

In addition, if the Company were to become subject to a reorganization proceeding (*concurso mercantil)* after the issue date of the Notes, any security interest in other Collateral delivered after the issue date of the Notes would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any security interest is avoided as a preference, you would not be secured by the property or assets subject to such mortgage or security interest. See "Description of the Notes—Collateral Arrangements."

We may not have the ability to raise the funds necessary to finance the Change of Control Offer required by the Indenture.

Upon the occurrence of a "Change of Control Repurchase Event," as defined in the Indenture, we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to the date of repurchase. See "Description of the Notes—Repurchase Upon Change of Control Repurchase Event." However, it is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of Notes. In any case, third-party financing most likely would be required in order to provide the funds necessary for us to make the Change of Control Offer for the Notes and to refinance any other indebtedness that would become payable upon the occurrence of such events. We may not be able to obtain such additional financing on terms favorable to us or at all.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its Subsidiaries, taken as whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether we are required to make an offer to repurchase the Notes.

In addition, a failure to make an offer to repurchase the Notes upon a Change of Control Repurchase Event would give rise to an event of default under the Indenture and could result in an acceleration of amounts due thereunder. Any such default and acceleration under the Indenture could trigger a cross-default or cross-acceleration under other indebtedness.

Payments claimed in Mexico on the Notes, pursuant to a judgment or otherwise, would be in Mexican Pesos.

In the event that proceedings are brought against us in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, or if payment is otherwise claimed from us in Mexico, we would not be required to discharge those obligations in a currency other than Mexican currency. Under the Monetary Law of Mexico (*Ley Monetaria de los Estados Unidos Mexicanos*) an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican pesos, which is payable in Mexico, may be satisfied in pesos at the rate of exchange in effect on the date on which payments are made. Such rate is currently determined the by Central Bank of Mexico (*Banco de México*) on each business banking day and published the following business banking day in the Official Gazette. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment or a distribution in bankruptcy in Mexico. It is unclear, however, whether the applicable rate of exchange applied by the Mexican court to determine the Mexican judgment currency is the rate prevailing at the time when the judgment is rendered or when the judgment is paid. You should be aware that no separate action exists or is enforceable in Mexico for compensation for any shortfall of this kind.

We may not be able to make payments in U.S. dollars.

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. The peso has been subject to significant devaluations against the U.S. dollar in the past and may be subject to significant fluctuations in the future. Severe devaluations or depreciations of the peso may result in governmental intervention to institute restrictive exchange control policies, as has occurred before in Mexico and other Latin American countries.

While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Mexican Pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. We cannot predict the impact of any such measures on the Mexican economy.

Accordingly, fluctuations in the value of the peso against other currencies, particularly the U.S. dollar, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes. For information regarding recent trends in the peso-U.S. dollar exchange rate, see "Exchange Rate Information."

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. We cannot assure you that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The Notes will be held in book-entry form and therefore you must rely on the procedures of the relevant clearing system to exercise any rights and remedies.

The Notes will be issued in fully registered form. The Regulation S Global Notes and the Rule 144A Global Notes will be deposited, on the closing date, with, or on behalf of, the Indenture Trustee for the account of DTC registered in the name of a nominee of the DTC.

Ownership of beneficial interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with DTC ("participants") or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and their participants. Owners of beneficial interests in the Global Notes will not be entitled to receive definitive Notes in registered form, except under the limited circumstances described in "Book-Entry; Settlement and Clearance." So long as the Notes are held in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Global Notes.

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and additional amounts, if any) will be made by the Co-Issuers to the paying agents. The paying agents will, in turn, make such payments to DTC, which will in turn distribute such payments to participants in accordance with its procedures. After payment to the DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the holders of Book-Entry Interests. Accordingly, if you hold a Book-Entry Interest, you must rely on the procedures of DTC, or the procedures of the participant through which you hold your interest, to exercise any rights and obligations of a holder of Notes under the Indenture governing the Notes.

Unlike the holders of the Notes themselves, holders of Book-Entry Interests will not have the direct right to act upon the Co-Issuers' solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you hold a Book-Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture governing the Notes, unless and until definitive registered Notes are issued in respect of all Book-Entry Interests, if you hold a Book-Entry Interest, you will be restricted to acting through DTC. The procedures to be implemented through DTC may not be adequate to ensure the timely exercise of rights under the Notes.

You may not be able to obtain judgments in civil proceedings based on U.S. securities law violations.

The Co-Issuers, the Joint Obligors and the Guarantors are companies incorporated outside the United States. Certain directors and executive officers of the Co-Issuers, the Joint Obligors and the Guarantors and certain experts named in this Offering Memorandum are non-residents of the United States. Although the Co-Issuers, the Joint Obligors and the Guarantors have submitted or will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States or in any other jurisdiction outside of Mexico on the directors and executive officers of the Co-Issuers, the Joint Obligors or the Guarantors or to enforce against such parties judgments obtained in jurisdictions outside of Mexico predicated upon the laws of any such jurisdiction, including judgments predicated upon the federal and state securities laws of the United States. In addition, as all of the assets of the Co-Issuers, the Joint Obligors and the Guarantors and most of the assets of the directors and executive officers of the Co-Issuers, the Joint Obligors and the Guarantors are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal and state securities laws of the United States. In addition, we have been informed that it is questionable whether a court in Mexico would accept jurisdiction and impose civil liability if proceedings were commenced in such court predicated solely upon U.S. federal and state securities laws. See "Service of Process and Enforcement of Civil Liabilities."

The Collateral Agents' ability to foreclose on the Collateral on your behalf may be subject to priority issues and practical problems associated with the realization of the Collateral Agents' security interest in such Collateral.

In the event of our bankruptcy, the Collateral Agents, on behalf of the holders of the Notes and other holders of any future *pari passu* debt, would have secured claims against us for amounts due under the Notes and any such other *pari passu* debt. The Collateral Agents' claims would be secured by the Collateral. In the event of any bankruptcy proceedings in the United States, however, the applicable Collateral Agent could not foreclose on any of the Collateral absent relief granted by the bankruptcy judge from the automatic stay in bankruptcy. In any insolvency proceeding in Mexico, foreclosure on the Collateral would be stayed pursuant to the court's insolvency declaration and such a stay would remain during the pendency of the bankruptcy proceedings. In addition, the Collateral Agent will not be able to foreclose on the assets of EVM Energía and EVM Energía II or on the equity interests in EVM Energía I or EVM Energía II as the Notes are not secured by EVM Energía I's and EVM Energía II's assets or the equity interests in EVM Energía I and EVM Energía II.

In addition, substantial rights of the Onshore Collateral Agent, including rights under the Mexican Master Trust and the Project Level Trusts, are governed by the laws of Mexico. The laws relating to trusts and to the creation and perfection of security interests in Mexico differ from those in the United States and may be subject to restrictions and limitations. These restrictions and limitations may have the effect of preventing, limiting and/or delaying the enforcement of the Onshore Collateral Agent's rights or the foreclosure and subsequent disposition of a material portion of the Collateral, and may materially impair the claims of the holders of the Notes and other *pari passu* debt. Any such delay in having an enforceable claim could also diminish the value of the interest of the holders of the Notes and other holders of *pari passu* debt in such Collateral due, among other things, to the existence of other potential creditors and claimants.

Furthermore, the ability of the Collateral Agents to require the foreclosure on or otherwise enforce the security and other rights in respect of the Collateral may be limited by both practical and legal considerations, including restrictions and delays arising under the laws of foreign jurisdictions and the effect of possible insolvency or similar proceedings under the laws of any of the jurisdictions of incorporation or organization of any of the entities involved in the Security Documents. As a result, the Collateral Agents may encounter material limitations or delays in the foreclosure or enforcement of rights with respect to the Collateral.

Your interests in the Collateral securing the Notes may be adversely affected by our failure to maintain, record and/or perfect security interests.

Your rights in the Collateral may be adversely affected by our failure to comply with our obligations to adequately perfect the security interests on the Collateral when initially put in place, to maintain the security interest in or the priority of the Collateral or to perfect security interests in certain Collateral in the future. The Indenture and the Security Documents will provide us with certain time periods to fully implement perfection of the security interest and will require that we maintain the security interest created thereunder as a perfected security interest with the priority required, when applicable, by the Security Documents. We may fail to notify the Collateral Agents of changes in name or other events which may adversely affect the security interest in the Collateral. Neither the Indenture Trustee nor the Collateral Agents have any obligation to monitor the Collateral or the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest in favor of the Notes against third parties. Our failure to perfect the security interest in the Collateral may result in the loss of the security interest therein or the priority of the security interest in favor of the Notes against third parties, which could adversely impact the value that can be derived from such security interest in favor of the holders of the Notes.

Perfection of security interests in the Collateral may not occur for some time and, as a result, you may lose the benefit of such security interests to the extent a default occurs prior to such perfection or if such security interest is perfected during the period immediately preceding the Company's bankruptcy or insolvency.

Impediments exist to any foreclosure on the Collateral, which may adversely affect the proceeds of any foreclosure.

Some of the documents that create liens on the Collateral for the benefit of the Notes will be governed by laws other than the laws of the United States. Such laws require that certain legal and procedural requirements be met, which may be different from those that would apply under the laws of the United States. For example, in Mexico, foreclosure is only permitted upon receipt of a judicial order, or after the extrajudicial procedure contemplated in a guaranty trust or non-possessory pledge agreement is completed, as applicable. In particular, except in foreclosure proceedings related to assets held by a guaranty trust or subject to a non-possessory pledge, Mexican law does not allow for self-executing mechanisms or expedited foreclosure proceedings with respect to certain types of liens that are contemplated to exist on the Collateral. Our business and the operation of our assets (including assets that are part of the Collateral) are subject to regulations and permitting requirements; such permits may restrict the ability of the Collateral Agents to foreclose on the Collateral or may be terminated upon sale of such assets (unless prior consent is obtained). There may be additional requirements that are applicable under the laws of Mexico that need to be completed prior to foreclosure. We cannot assure that the Collateral Agents will be able to efficiently comply with those requirements or if such requirements will affect the value of the Collateral.

Enforcement of security interests created under the laws of Mexico may be conducted in Mexican courts based on the procedures and subject to the rules set forth in such laws. Insolvency statutes in Mexico may stay any foreclosure procedures for the length or a portion of the duration of such proceedings. It is also possible that any such courts will require a judgment regarding the existence of an event of default under the Indenture from a U.S. court prior to any foreclosure. We may also have defenses available to us under Mexican law to foreclosure proceedings that are not available under U.S. law. Procedural delays could result in a decrease in the value of the Collateral that would otherwise be realizable upon foreclosure. During this period, the cash proceeds from any sales of assets that we are not required to hold in a segregated account with the Collateral Agents, if any, may become commingled with our other cash assets and therefore may not be identifiable. In addition to legal and procedural concerns, the Collateral Agents may encounter practical considerations that could delay the foreclosure on assets that are part of the Collateral.

Failure to comply with any legal or procedural requirements or any delay in the foreclosure of the Collateral could affect the value of the Collateral or the probability of the holders of the Notes to receive proceeds from the sale of such Collateral.

Perfection of security interests in the Collateral may not occur immediately upon the issue date and, as a result, you may lose the benefit of such security interests to the extent a default occurs prior to such perfection or if such security interest is perfected during the period immediately preceding bankruptcy or insolvency.

To the extent any security interest in the Collateral cannot be perfected on the issue date, we will be required to have all such security interests perfected within certain periods depending on the type of Collateral following the issue date. Although we will, as described in this Offering Memorandum, sign certain agreements that create liens in respect of the Collateral in Mexico and agree cause perfection of such liens within certain periods of time from the issue date, no assurance can be made that the registration of such liens will be properly or timely made. Liens on real property in Mexico are enforceable against third parties only after the same are registered in the applicable public registries; and the time periods for registration vary between public registries and Amendments to the Project Trusts have not and will not be registered before the relevant public registries of property and, consequently, upon enforcement against any collateral or in insolvency (*concurso mercantil or quiebra*), the secured claims of the holders of the Notes to the proceeds of such enforcement may not be fully acknowledged. No assurance can be made as to our ability to obtain such registrations in a timely manner, or at all. Perfection of the security interests in such Collateral after the issue date increases the risk that the liens granted become avoided and subject to the liens of intervening creditors and in the absence of such registration, the liens on such Collateral in Mexico would not be enforceable against third parties, which could adversely affect the Collateral Agents' rights to foreclose upon the Collateral.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and accepted by future creditors that have the benefit of security interests in the Collateral securing the Notes from time-to-time after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Collateral Agents to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

Enforcing your rights as a holder of Notes under the Notes or the Note Guarantees or the security across multiple jurisdictions may prove difficult.

The Notes will be issued by the Co-Issuers, which are incorporated under the laws of Mexico, and will be guaranteed by entities incorporated or organized, as applicable, under the laws of Mexico. Assets that constitute the Collateral, and the entities whose capital stock constitutes the Collateral, are located in Mexico. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in any of these jurisdictions. The rights of the holders under the Notes, the Note Guarantees and the Collateral are likely to be subject to insolvency and administrative laws of several jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. In addition, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the Co-Issuers, the Joint Obligors and the Guarantors may be materially different from, or in conflict with, one another, including creditors' rights, priority of creditors and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's laws should apply and could adversely affect the ability to enforce the security and to realize any recovery under the Notes and the Note Guarantees.

The Collateral or collateral under the EVM Project Facilities may be subject to expropriation, which may limit your ability to recover as a secured creditor if any of the Collateral or collateral under the EVM Project Facilities is expropriated or otherwise interfere with our business.

It is possible that all or a portion of the Collateral that will secure the Notes or the collateral that secured the EVM Project Facilities may become subject to a proceeding for expropriation. In such event, we may be compensated for any total or partial loss of property, but it is possible that such compensation will be insufficient to fully compensate us for our losses and, to the extent the expropriation is in respect of the collateral securing the EVM Project Facilities, the obligations under the EVM Project Facilities, as applicable, would be satisfied first. In addition, a total or partial expropriation, including of the assets of EVM Energía I or EVM Energía II and the equity interests in EVM Energía I and EVM Energía II that secure the EVM Project Facilities, may interfere with our ability to use and operate all or a portion of our business, which may have an adverse impact on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

If certain changes to tax law were to occur, we would have the option to redeem the Notes.

The Notes are redeemable at our option in whole (but not in part), at any time at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, on the principal amount of the Notes being redeemed plus Additional Amounts, if any, with respect to the Notes, if, as a result of certain tax-related changes, we become obligated to pay Additional Amounts with respect to interest on the Notes at a rate of withholding or deduction in excess of 4.9%. Although no proposal to increase the withholding tax rate in Mexico is currently pending, we cannot assure you that an increase in withholding tax rate will not be enacted. See "Description of the Notes—Optional Redemption upon Tax Event" and "Taxation—Certain Mexican Considerations—Taxation of Payments of Interest."

The covenants in the Indenture will contain broad exceptions to allow Permitted Reorganizations, which could allow us to take actions which may not be in the interests of the holders of the Notes.

Following the Issue Date, we may undertake any Permitted Reorganization order to simplify our corporate structure by consolidating, merging and eliminating a number of the various holding companies, subsidiaries and other entities below the Company. To allow us to implement such Permitted Reorganization efficiently, the covenants in the Indenture, including the covenants relating to restricted payments and investments, will contain broad exceptions to allow a Permitted Reorganization. While we do not expect that such Permitted Reorganization would affect any of the restrictions to be imposed on the Co-Issuers and the Restricted Subsidiaries or the Collateral pursuant to the terms of the Notes, it is possible that these exceptions may allow us to take actions as part of such Permitted Reorganization which may not be in the interests of the holders of the Notes. Any such actions which are not in the interests of the holders of the Notes, if they are sufficiently material, could have a material adverse effect on our ability to repay the Notes and on your investment in the Notes.

The Indenture will not be qualified under the Trust Indenture Act and the obligations of the Indenture Trustee are limited.

The Indenture will not be qualified as an indenture under the Trust Indenture Act of 1939 (the "Trust Indenture Act"), and the Indenture Trustee will not be required to qualify as a trustee under the Trust Indenture Act. Thus, the holders of the Notes will not have the benefit of the protection of the Trust Indenture Act with respect to the Indenture or the Indenture Trustee. The protections generally afforded to the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for "conflicting interests," as defined in the Trust Indenture Act;

- provisions preventing a trustee that is also a creditor of the Co-Issuers from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture;

- the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities; and

- unanimous voting thresholds for certain amendments.

The insolvency laws of Mexico may not be as favorable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude holders of the Notes from recovering payments due on the Notes.

The Co-Issuers, the Joint Obligors and the Guarantors are incorporated or organized, as applicable, under the laws of Mexico. Future subsidiaries of the Co-Issuers may be incorporated in other jurisdictions and are or may be subject to the insolvency laws of such jurisdictions.

The insolvency laws of these jurisdictions may differ or may not be as favorable to your interests as creditors as the bankruptcy laws of United States or other jurisdictions. If one or more of the Co-Issuers, the Joint Obligors or the Guarantors experience financial difficulties, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would first be commenced or how these proceedings would be resolved. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other. Any conflict between them could call into question whether, and to what extent, the laws of any particular jurisdiction should apply. There can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. In addition, the grant of the Note Guarantees or security interests by the respective Guarantors may be subject to challenge in the relevant local insolvency proceedings.

USE OF PROCEEDS

We expect the aggregate proceeds from the sale of the Notes in this offering to be approximately U.S.$530.0 million. We intend to apply the aggregate proceeds of this offering and cash on our balance sheet as of the issue date, as follows:

- approximately U.S.$18.3 million to pay transaction fees and expenses accrued in connection with the issuance of the Notes;

- approximately U.S.$159.5 million to repay and cancel the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility, including related interest, breakage costs, premia, fees, costs and other expenses;

- approximately U.S.$168.7 million to repay and cancel the term loan under the EVM Acquisition Debt Facility, including related interest, breakage costs, premia, fees, costs and other expenses;

- approximately U.S.$21.7 million to repay and cancel the BEMH 2022 Loan, including related interest, breakage costs, premia, fees, costs and other expenses;

- approximately U.S.$103.8 million to repay and cancel the BEMH 2023 Loan, including related interest, breakage costs, premia, fees, costs and other expenses; and

- approximately U.S.$58.0 million to make a distribution and/or an investment to certain direct or indirect shareholders of the Company.

Certain Initial Purchasers and/or their affiliates may hold a portion of the borrowings under and/or be agents and/or lenders under the MT Falcon Acquisition Debt Facility and under the EVM Acquisition Debt Facility, as applicable, and therefore may receive a portion of the net proceeds from this offering. See "Plan of Distribution."

EXCHANGE RATE INFORMATION

The following table sets forth, for the years and periods indicated, the period end, average, high and low exchange rates published by the Central Bank of Mexico expressed in Mexican pesos per U.S. dollar. The average annual rates presented in the following table were calculated by using the exchange rates on the last day of each month during the relevant period, whereas the average monthly rates were calculated by using the daily exchange rates for that month. The rates shown below are in nominal Mexican pesos that have not been restated in constant currency units. No representation is made that the Mexican peso amounts referred to in this Offering Memorandum could have been or could be converted into U.S. dollars at any particular rate or at all. Furthermore, the exchange rate for purposes of the convenience translation is not necessarily the same rate we used in preparing the Financial Statements and the unaudited pro forma condensed combined financial statements of BEMH, which means that U.S. dollar-denominated items, including U.S. dollar-denominated expenses and liabilities, may have been translated into Pesos using one exchange rate (or an average exchange rate) and have been re-translated into U.S. dollars for the convenience of the reader using the convenience translation exchange rate.

We cannot assure you that the Mexican federal government will maintain its current policies with respect to the Mexican peso or that the Mexican peso will not appreciate or depreciate significantly in the future.

	Central Bank of Mexico Exchange Rate(1)			
	Low	**High**	**Average(2)**	**Period-End**
Year ended December 31,				
2018	17.9787	20.716	19.238	19.6829
2019	18.7719	20.1253	19.2618	18.8452
2020	18.5712	25.1185	21.4961	19.9487
2021	19.5793	21.8185	20.2818	20.5835
2022	19.1433	21.3775	20.1250	19.3615
2023	16.6895	19.4883	17.7620	16.8935
Month ended				
July 2023	16.7338	17.2825	16.9542	16.7338
August 2023	16.6895	17.2892	16.9861	16.8402
September 2023	16.7477	17.7287	17.2400	17.6195
October 2023	17.4127	18.3482	18.0542	18.0752
November 2023	17.1268	18.0640	17.4707	17.1357
December 2023	16.8935	17.4470	17.2193	16.8935
January 2024 (through January 4, 2024)	16.8935	17.0297	16.9339	17.0297

(1) Source: Central Bank of Mexico.

(2) The average of the exchange rate for Mexican pesos is calculated taking daily quotations of the exchange rate for the fulfilment of obligations in USD payable in Mexico (*tipo de cambio para solventar obligaciones denominadas en dólares de los EE.UU.A. pagaderas en México*), during the relevant period.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and consolidated capitalization as of September 30, 2023 (i) on an actual basis, and (ii) as adjusted to reflect the issuance of the Notes offered hereby, the distribution we made to our shareholders on January 9, 2024 as a result of capital redemptions at BEMH and GB in the aggregate amount of U.S.$17.8 million representing the distributable cash flows available to GB and its Subsidiaries in respect of fiscal year 2023 and the use of the proceeds from this offering as described under "Use of Proceeds" as if these events had occurred on September 30, 2023.

The financial information of BEMH presented below has been derived from the BEMH Unaudited Consolidated Financial Statements as of September 30, 2023 included in this Offering Memorandum. You should read this table together with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon," "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM" and the Financial Statements, included elsewhere in this Offering Memorandum.

	As of September 30, 2023	
	Actual[(1)]	As Adjusted
	(U.S.$ in thousands)	
Cash and cash equivalents	$128,802	$112,720
DEBT		
Current debt	44,484	29,882
Long-term debt	896,637	584,761
Total debt due to related parties[(2)]	141,802	—
Senior Secured Notes offered hereby	—	511,711[(4)]
Total debt	**1,082,923**	**1,126,354**
EQUITY		
Common stock	384,659	325,146
Retained earnings	54,751	54,751
Other items of comprehensive loss	(861)	861
Total equity	**438,549**	**379,036**
Total capitalization[(3)]	**$1,476,988**	**$1,475,508**

(1) At an exchange rate of Ps.17.6195 to U.S.$1.00, which was the exchange rate published on September 30, 2023 by the Central Bank of Mexico in the Official Gazette.

(2) Total long term debt due to related party correspond to shareholders loans (including the BEMH Loans).

(3) Total Capitalization is equal to total debt, excluding current debt, plus total equity.

(4) Net proceeds from the offering of the Notes after deducting the initial purchasers' discount and other estimated expenses payable in connection with the offering of the Notes of approximately U.S.$18.3 million.

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL AND OPERATING DATA

The following tables present selected unaudited pro forma condensed combined financial information for BEMH for each periods presented. This selected financial information has been derived from the Financial Statements included elsewhere in this Offering Memorandum. The assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this selected financial information.

BEMH's unaudited pro forma condensed combined statements of profit or loss and other comprehensive income for the year ended December 31, 2022 and the nine months ended September 30, 2023 and 2022 give effect to the Transactions as if it occurred on January 1, 2022.

Each of the MT Falcon Acquisition and the EVM Acquisition business combinations is accounted for in accordance with the IFRS 3. See "Summary—The Transactions", "Summary Unaudited Pro Forma Condensed Combined Financial and Operating Data" and "Selected Unaudited Pro Forma Condensed Combined Financial and Operating Data".

The unaudited pro forma condensed combined financial information of BEMH presented is for informational purposes only and is not necessarily indicative of the results of operations that would have been realized if the Transactions had been completed on the date set forth above, nor is it indicative of future results of the combined company. The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies operating efficiencies or cost savings that may result from the Transactions. The pro forma adjustments, which BEMH believes are reasonable under the circumstances, are preliminary and are based upon available information and certain assumptions described in the accompanying notes to the unaudited pro forma condensed combined financial information. Actual results and valuations may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon," "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM" and the Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact our future financial condition and results of operations.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF BEMH FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Historical			
	The Company	EVM Unaudited Condensed Combined Interim Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
	(U.S.$ in thousands)			
Revenue and other income:				
Capacity charges	$235,784	—	—	$235,784
Energy charges	302,709	84,829	—	387,538
Gas transport services	2,116	—	—	2,116
Other Revenues	4,570	85,297	—	89,867
Net sales	$545,179	$170,126	—	$715,305
Cost and expenses:				
Fuel expense	(342,391)	(82,583)	—	(424,974)
Major maintenance costs	(50,162)	(6,720)	—	(56,882)
Depreciation and amortization[(A)]	(46,255)	(16,135)	(4,069)	(66,459)
Administrative expenses	(44,460)	(7,340)	—	(51,800)
Other costs	(8,620)	(19,525)	—	(28,145)

	Historical			
	The Company	EVM Unaudited Condensed Combined Interim Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
	(U.S.$ in thousands)			
Total cost and expenses	(491,888)	(132,303)	(4,069)	(628,260)
Operating income	53,291	37,823	(4,069)	87,045
Other financing cost:				
Interest income	114	2,476	—	2,590
Interest expense[(B) (C)]	(34,905)	(29,628)	(5,121)	(69,653)
Other financial cost	(2,440)	—	—	(2,440)
Other financial income	2,373	547	—	2,920
Foreign exchange gain – Net	5,821	6,168	—	11,989
	(29,037)	(20,437)	(5,121)	(54,594)
Income (loss) before income taxes	24,254	17,836	(9,190)	32,451
Income tax benefit (expense)	29,736	(27,500)	—	2,236
Net income (loss)	53,990	(10,113)	(9,190)	34,687
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Cash flow hedges:				
Changes in fair value of derivative financial instruments – net of tax	701	(1,034)	—	(333)
Comprehensive income (loss)	$54,691	$(11,147)	$(9,190)	$34,354

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF BEMH FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	Historical				
	The Company	MT Falcon	EVM Unaudited Condensed Combined Interim Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
			(U.S.$ in thousands)		
Revenue and other income:					
Capacity charges	—	$175,983	$—	—	$175,983
Energy charges	—	563,781	272,849	—	836,630
Gas transport services	—	2,070	—	—	2,070
Other Revenues	—	—	131,100	—	130,310
Net sales	—	741,834	403,949	—	1,145,783
Cost and expenses					
Fuel expense	—	(610,585)	(266,547)	—	(877,132)
Major maintenance costs	—	(50,528)	(13,350)	—	(63,878)
Depreciation and amortization(A)	—	(38,990)	(24,466)	1,339	(62,117)
Administrative expenses	—	(24,036)	(16,254)	—	(40,290)
Other costs	—	—	(38,001)	—	(38,001)
Total cost and expenses	—	(724,139)	(607,908)	1,339	(1,081,417)
Operating income	—	17,695	45,331	699	64,366
Other financing cost:					
Interest income	—	447	1,759	—	2,206
Interest expense(B) (C)	—	(7,099)	(42,357)	(25,824)	(75,280)
Other financial income	—	—	14	—	14
Other financial cost	—	—	(2,438)	—	(2,438)
Foreign exchange rate gain – Net	—	(1,116)	(114)	—	(1,230)
	—	(7,768)	(43,136)	(25,824)	(76,728)
Income before income taxes	—	9,927	2,195	(24.485)	(12,363)
Income tax benefit (expense)	—	(3,199)	(13,065)	—	(16,264)
Net income (loss)	—	6,728	(10,870)	(24,485)	(28,627)
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss:					
Cash flow hedges:					
Changes in fair value of derivative financial instruments – net of tax	—	—	—	—	—
Comprehensive income (loss)	—	$6,728	$(10,870)	$(24,485)	$(28,627)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF BEMH FOR THE YEAR ENDED DECEMBER 31, 2022

	Historical				
	The Company	MT Falcon*	EVM Audited Combined Financial Statements Data, Reclassified (see note 3)	Transaction Adjustments	Pro Forma Combined
			(U.S.$ in thousands)		
Revenue and other income:					
Capacity charges	$40,206	$205,928	—	—	$246,134
Energy charges	87,809	607,625	338,995	—	1,034,429
Other revenues	—	—	160,658	—	160,658
Net sales	128,015	813,553	499,653	—	1,441,221
Cost and expenses:					
Fuel expense	(99,551)	(667,582)	(322,271)	—	(1,089,404)
Major maintenance costs	(9,843)	(55,842)	(12,215)	—	(77,900)
Loss on disposal of fixed assets	(594)	(60)	—	—	(654)
Depreciation and amortization(A)	(8,027)	(43,344)	(32,247)	1,790	(81,828)
Administrative expenses	(9,739)	(27,231)	(22,533)	—	(59,503)
Other costs	—	—	(67,063)	—	(67,063)
Total cost and expenses	(127,754)	(794,060)	(456,328)	1,790	(1,376,352)
Operating profit	261	19,493	43,324	1,790	64,868
Other financing cost:					
Interest income	10,258	500	—	—	10,758
Interest expense – net*(B) (C)	(3,336)	(9,146)	(55,347)	(34,547)	(102,376)
Other financial cost	(10,610)	—	1,569	—	(9,041)
Foreign exchange rate gain – Net	751	—	3,744	—	4,495
	2,937	(8,646)	(53,173)	(34,547)	(96,164)
Income (loss) before income taxes	(2,676)	10,847	(6,710)	(32,757)	(31,296)
Income tax (expense) benefit	(7,039)	(2,742)	(20,144)	—	(29,925)
Net income (loss)	(9,715)	8,105	(26,854)	(32,757)	(61,221)
Other comprehensive income:					
Remeasurement of net defined benefit asset, net of tax	432	—	—	—	432
Changes in fair value of derivative financial instruments – net of tax	(1,994)	—	5,956	—	3,962
Comprehensive income (loss)	$(11,277)	$8,105	$(20,898)	$(32,757)	$(56,827)

* MT Falcon results for the 10-month period prior to the MT Falcon Acquisition

NOTES TO UNAUDITED PRO FORMA CONDESENSED COMBINED FINANCIAL AND OPERATING DATA

1. MT Falcon's purchase price allocation and goodwill determination

Purchase price (consideration paid)

For the MT Falcon Acquisition, the total consideration transferred amounted to U.S.$198.5 million which was paid entirely in cash on November 8, 2022. According to the MT Falcon purchase and sale agreement, no other consideration was payable to the sellers.

The purchase price purports to represent the actual value of the total consideration that will be received by the sellers, as of the date when the MT Falcon Acquisition was completed. In accordance with IFRS, the fair value of the cash consideration equals to its nominal value.

Purchase price allocation

Under the acquisition method of accounting MT Falcon's assets and liabilities are recorded at fair value at the date of the consummated MT Falcon Acquisition and combined with the historical carrying amounts of BEMH's assets and liabilities. For this purpose, fair value shall be determined in accordance with the fair value concepts defined in International Financial Reporting Standard 13 *Fair Value Measurements* ("IFRS 13"). Fair value is defined in IFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value measurements can be highly subjective and can involve a high degree of estimation. Purchase price allocation for the MT Falcon is final. BEMH has completed a full, detailed valuation analysis necessary to determine the fair values of MT Falcon's identifiable assets to be acquired and liabilities to be assumed.

BEMH engaged a third-party valuation company to assist it in completing the valuation of certain assets acquired and liabilities assumed. The valuation performed is based on a review of comparable market transactions. This process involves reviewing comparable transactions to determine how much premium is assigned to individual intangible assets. The comparable transaction will inform a relative range of value for primary intangible asset groups (as a percentage of premium). The market-based assessment can be used to allocate value to intangible assets for MT Falcon and estimate remaining useful life ("RUL") of the assets.

The valuation is also based on available financial statement information as of November 9, 2022. Accordingly, the unaudited pro forma condensed combined financial information includes an allocation of the purchase price based on the information and estimates that were provided by the third-party valuation company.

The purchase price is allocated to the assets acquired and liabilities assumed based on the estimated fair values, with any excess purchase price allocated to goodwill as follows:

	MT Falcon's Book Value	Fair Value Adjustments (U.S.$ in thousands)	MT Falcon's Fair Value
Assets			
Cash and cash equivalents	$26,017	—	$26,017
Accounts Receivable	101,273	—	101,273
Inventories	71,845	—	71,845
Advances on contracts	1,849	—	1,849
Prepaid expenses and other assets	26,366	—	26,366
Property, plant and equipment	658,658	(111,706)	546,952
Deferred tax asset	—	32,664	32,664
Intangible assets - Power Purchase Agreements	31,606	(23,941)	49,139
Total assets	$917,645	(102,983)	$823,441

	MT Falcon's Book Value	Fair Value Adjustments (U.S.$ in thousands)	MT Falcon's Fair Value
Liabilities:			
Current Liabilities			
Accounts payable to suppliers and accrued expenses	93,302	—	93,302
Related parties (MPA, MITSUI & CO.)	2,409	—	2,409
Long term debt Current Portion	108,735	—	108,735
Interests	1,291	—	1,291
Retirement Allowance	7,360	1,233	8,593
Payable taxes	15,704	—	15,704
Deferred tax liability	8,810	(8,810)	—
Deferred revenues	346,226	—	346,226
Misc. Current Liabilities (Derivative Liability)	1,194	—	1,194
Long term debt	42,927	—	42,927
Total liabilities	627,958	(7,577)	629,191
Net assets	289,657	(95,407)	194,250
Goodwill	—	—	4,275
Consideration paid	—	—	$198,525

2. EVM's purchase price allocation and goodwill determination

Purchase price (consideration paid)

For the EVM Acquisition, the total consideration transferred amounted to U.S.$461.9 million which was paid entirely in cash on July 13, 2023. According to the EVM purchase and sale agreements, no other consideration was payable to the sellers.

The purchase price purports to represent the actual value of the total consideration that will be received by the sellers, as of the date when the EVM Acquisition was completed. In accordance with IFRS, the fair value of the cash consideration equals to its nominal value.

Purchase price allocation

Under the acquisition method of accounting EVM's assets and liabilities are recorded at fair value at the date of the consummated EVM Acquisition and combined with the historical carrying amounts of BEMH's assets and liabilities. For this purpose, fair value shall be determined in accordance with the fair value concepts defined in IFRS 13. Fair value is defined in IFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Fair value measurements can be highly subjective and can involve a high degree of estimation. In the unaudited pro forma condensed combined balance sheet, the purchase price paid by BEMH to acquire EVM has been allocated to the assets acquired, liabilities assumed, and goodwill based upon management's preliminary estimate of respective fair values. Purchase price allocation for EVM is final. BEMH has completed a full, detailed valuation analysis necessary to determine the fair values of EVM's identifiable assets to be acquired and liabilities to be assumed.

BEMH engaged a third-party valuation company to assist it in completing the valuation of certain assets acquired and liabilities assumed. The valuation performed is based on a review of comparable market transactions. This process involves reviewing comparable transactions to determine how much premium is assigned to individual intangible assets. The comparable transaction will inform a relative range of value for primary intangible asset groups (as a percentage of premium). The market-based assessment can be used to allocate value to intangible assets for EVM and estimate RUL of the assets.

The valuation is also based on available financial statement information as of July 13, 2023. Accordingly, the unaudited pro forma condensed combined financial information includes an allocation of the purchase price based on the information and estimates that were provided by the third-party valuation company.

The purchase price is allocated to the assets acquired and liabilities assumed based on the estimated fair values, with any excess purchase price allocated to goodwill as follows:

	EVM Group's Book Value	Fair Value Adjustments (U.S.$ in thousands)	EVM Group's Fair Value
Assets			
Cash and cash equivalents	$52,721	—	$52,721
Accounts Receivable	53,348	—	53,348
Other receivables	9,438	—	9,438
Income tax	137	—	137
Prepayments	8,517	—	8,517
Financial instruments	2,104	—	2,104
Property, plant and equipment	791,263	109,434	900,697
Deferred income taxes	31,546	—	31,546
Security deposits	3,498	—	3,498
Intangible assets	5,420	89,580	95,000
Total assets	$957,992	$199,014	$1,157,006

	EVM Group's Book Value	Fair Value Adjustments (U.S.$ in thousands)	EVM Group's Fair Value
Liabilities:			
Current Liabilities			
Current installments of long-term debt	$20,241	—	$20,241
Accounts payable	35,262	—	35,262
Other liabilities	15,895	—	15,895
Employee profit sharing	24	—	24
Provisions	20,780	—	20,780
Employee benefits	12	—	12
Long-term debt, excluding current installments	583,493	—	583,493
Deferred taxation related to the transaction	—	59,704	59,704
Total liabilities	675,707	59,704	735,411
Net assets	282,285	139,310	421,595
Goodwill	—	—	40,299
Consideration paid	—	—	$461,894

3. EVM Presentation Reclassifications

The following tables present a reclassification to make the presentation of EVM's combined financial statements comparable with BEMH's financial statements.

Unaudited Pro Forma Condensed Combined Interim Statement Of Profit Or Loss And Other Comprehensive Income of EVM For The Six Months Period Ended June 30, 2023

	Historical EVM Condensed Combined Interim Statement of Profit or Loss and Other Comprehensive Income Data	Presentation Adjustments	As presented
		(U.S.$ in thousands)	
Net sales	$170,126	$(170,126)	—
Capacity charges	—	—	—
Energy charges	—	84,829	84,829
Gas transport services	—	—	—
Other Revenues	—	85,297	85,297
Net sales	170,126	—	170,126
Cost of sale...s	124,963	(124,963)	—
Gross profit	45,163	(45,163)	—
Operating expenses	7,340	(7,340)	—
Fuel expense	—	82,583	82,583
Major maintenance costs	—	6,720	6,720
Depreciation and amortization	—	16,135	16,135
Administrative expenses	—	7,340	7,340
Other costs	—	19,525	19,525
	37,823	—	37,823
Finance income (expense cost):			
Interest income	2,476	—	2,476
Interest expense	(29,628)	—	(29,628)
Amortized cost	(406)	406	—
Other financial cost	—	547	547
Changes in the fair value of derivative financial instruments	953	(953)	—
Foreign exchange rate (gain) loss, net	—	6,168	6,168
Foreign exchange gain, net	6,168	(6,168)	—
Finance cost, net	(20,437)	—	(20,437)
Profit before income taxes	17,386	—	17,386
Corporation income tax	(15,253)	15,253	—
Deferred income taxes	(12,246)	12,246	—
Income tax (benefit) loss	—	(27,500)	(27,500)
Net loss for the period	(10,113)	—	(10,113)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Changes in fair value of derivative financial instruments - net of tax	(1,034)	—	(1,034)
Other comprehensive loss for the period	$(11,147)	—	$(11,147)

Unaudited Pro Forma Condensed Combined Interim Statement Of Profit Or Loss And Other Comprehensive Income For The Nine Months Period Ended September 30, 2022

	Historical EVM Condensed Combined Interim Statements of Profit or Loss and Other Comprehensive Income Data	Presentation Adjustments (U.S.$ in thousands)	As presented
Net sales	$403,949	$(403,949)	$—
Capacity charges	—	—	—
Energy charges	—	272,849	272,849
Gas transport services	—	—	—
Other Revenues	—	131,100	131,100
Net sales	403,949	—	403,949
Cost of sale s	(342,364)	342,364	—
Gross profit	61,585	(61,585)	—
Operating expenses	(16,254)	16,254	—
Fuel expense	—	(266,547)	(266,547)
Major maintenance costs	—	(13,350)	(13,350)
Depreciation and amortization	—	(24,466)	(24,466)
Administrative expenses	—	(16,254)	(16,254)
Other costs	—	(38,001)	(38,001)
	(16,254)	—	(385,618)
Finance income (expense cost):			
Interest income	1,759	—	1,759
Interest expense	(42,357)	—	(42,357)
Other financial income	14	—	14
Other financial cost	(2,438)	—	(2,438)
Foreign exchange rate (gain) loss, net	(114)	—	(114)
Finance cost, net	(43,136)	—	(43,136)
Profit before income taxes	2,195	—	2,195
Corporation income tax	—	—	—
Deferred income taxes	(13,065)	13,065	—
Income tax (benefit) loss	—	(13,065)	(13,065)
Net loss for the period	(10,870)	—-	(10,870)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Changes in fair value of derivative financial instruments - net of tax	—	—	—
Other comprehensive loss for the period	$(10,870)	$—	$(10,870)

Unaudited Pro Forma Combined Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended December 31, 2022

	Historical EVM Condensed Combined Interim Statements of Profit or Loss and Other Comprehensive Income Data	Presentation Adjustments (U.S.$ in thousands)	As presented
Net sales	$499,653	$(499,653)	—
Energy charges	—	338,995	338,995
Other Revenues	—	160,658	160,658
Net sales	499,653	—	499,653
Cost of sales	433,796	(433,796)	—
Gross profit	65,857	(65,857)	—
Operating expenses	22,533	(22,533)	—
Fuel expense	—	322,271	322,271
Major maintenance costs	—	12,215	12,215
Depreciation and amortization	—	32,247	32,247
Administrative expenses	—	22,533	22,533
Other costs	—	67,063	67,063
Finance income (expense cost):			
Interest income	3,465	(3,465)	—
Interest expense	(58,812)	58,812	—
Interest expense - net	—	(55,347)	(55,347)
Amortized debt issuance cost	(931)	931	—
Other financial cost	—	1,569	1,569
Changes in the fair value of derivative financial instruments	2,500	(2,500)	—
Foreign exchange rate (gain) loss, net	—	3,744	3,744
Foreign exchange gain (loss), net	3,744	(3,744)	—
Finance cost, net	(50,034)	—	(50,034)
Loss before income taxes	(6,710)	—	(6,710)
Current income tax	1,080	(1,080)	—
Deferred income taxes	19,064	(19,064)	—
Income tax (benefit) loss	—	20,144	20,144
Net loss for the period	(26,854)	—	(26,854)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Changes in fair value of derivative financial instruments - net of tax	5,956	—	5,956
Total comprehensive loss	$(20,898)	—	$ (20,898)

4. Transaction adjustments

Transactions adjustments included in the unaudited pro forma financial information are represented by the following. Adjustments are calculated in U.S. dollars.

A. Represents an adjustment to operating expenses related to the depreciation and amortization differential from the fair value of the acquired property, plant and equipment and intangible assets assessed by the third-party valuation company on the day of the MT Falcon Acquisition and the EVM Acquisition. As per the purchase price allocation, MT Falcon's property, plant and equipment adjustments to fair value is a reduction of U.S.$111.7 million, the intangible assets adjustment is a reduction of U.S.$23.9 million, the liability related employee benefits increased in U.S.$1.2 million and the deferred tax related to the transaction resulted in an asset of U.S.$41.5 million, which is presented net from the deferred tax liability of U.S.$8.8 million that comes from historical figures. As per the purchase price allocation, EVM's property, plant and equipment adjustments to fair value is an increase of U.S.$80.1 million, the intangible assets adjustment is an increase of U.S.$95.0 million and the deferred tax related to the transaction resulted in a liability of U.S.$59.7 million. The pro forma effect from this fair value adjustments to assets and liabilities are:

a. An increase in depreciation expense of U.S.$1.4 million, U.S.$2.1 million and U.S.$2.6 million for the nine-month periods ended September 30, 2023 and 2022, and the year ended December 31, 2022, respectively; and

b. An increase in amortization expense of U.S.$2.6 million, U.S.$2.1 million and U.S.$5.3 million for the nine-month periods ended September 30, 2023 and 2022, and the year ended December 31, 2022, respectively.

B. Represents the interest expense that arises from the computation of interests under the MT Falcon Debt Facility for an amount of $18.0 million and $24.3 million for the nine-month period ended September 30, 2022 and the year ended December 31, 2022. No pro forma effect is given to the interest expense related to the MT Falcon Debt Facility for the nine-month period ended September 30, 2023 since it is already reflected in the consolidated financial information of BEMH.

C. Represents the incremental interest expense that arises from the computation of interests under the EVM Acquisition Debt Facility and the Related Party Financing when compared to historical amounts of refinanced debts for an amount of U.S.$7.8 million and U.S.$10.2 million for the nine-month period ended September 30, 2022 and the year ended December 31, 2022, respectively. A pro forma effect of U.S.$5.1 million is given to the interest expense related to the EVM Acquisition Debt Facility for the six-month period ended June 30, 2022 since the results for the period then ended is not included in the financial results of the Company as the EVM Acquisition was completed on July 13, 2023.

OTHER FINANCIAL DATA

(thousands of U.S.$)	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022
Combined Pro Forma EBITDA[(1)]....................	**$168,563**	**$125,034**	**$153,563**

(1) For the definition of Combined Pro Forma EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF PRO FORMA NET INCOME (LOSS) TO COMBINED PRO FORMA EBITDA

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Net (income) loss for the period	$34,687	$(28,627)	$(61,220)
Income tax expense (benefit)............	(2,236)	16,264	29,925
Interest expense	69,653	75,280	102,376
Loss on disposal of fixed assets.........	—	—	654
Depreciation and amortization.........	66,459	62,117	81,828
Combined Pro Forma EBITDA[(1)]	**$168,563**	**$125,034**	**$153,563**

(1) For the definition of Combined Pro Forma EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA OF BEMH

The following tables present selected consolidated financial and operating data for BEMH for each of the periods presented. The selected consolidated financial information as of December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021 has been derived from, and is qualified in its entirety by reference to, BEMH Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. The selected consolidated financial information as of September 30, 2023 and for the nine months ended September 30, 2023 and 2022 has been derived from, and is qualified in its entirety by reference to, BEMH Unaudited Consolidated Interim Financial Statements included elsewhere in this Offering Memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of BEMH" and BEMH Consolidated Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact BEMH's future financial condition and results of operations.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BEMH

	As of September 30, 2023	As of December 31, 2022	2021
		(U.S.$ in thousands)	
Assets			
Current assets:			
Cash and cash equivalents	$128,802	$55,390	—
Accounts receivable	124,563	86,632	—
Prepaid expenses	29,590	30,377	—
Recoverable taxes	32,052	—	—
Total current assets	315,007	172,399	—
Non-current assets:			
Due from related parties – long term	3,480	—	—
Power plants, natural gas, pipeline, property and equipment – Net	1,372,965	541,456	—
Diesel fuel and spare parts inventories and other consumables	104,649	71,519	—
Finance instruments	10,067	9,690	—
Goodwill	44,937	4,638	—
Intangible asset – Net	100,615	7,539	—
Security deposits	3,390	—	—
Deferred income tax	23,383	16,819	—
Total non-current assets	1,663,486	651,661	—
Total assets	$1,978,493	$824,060	—
Liabilities and stockholders' equity			
Current liabilities:			
Interest payable – Credit Agricole Corporate and Investment Bank	$14,602	$2,448	—
Due to related parties – Buffalo Holdings, S.A.R.L	3,664	261	—
Short-term debt	29,882	—	—
Credit line from Credit Agricole Corporate and Investment Bank	—	30,000	—
Accounts payable to gas suppliers	70,525	18,264	—
Accrued expenses and direct employee benefits	52,705	47,762	—
Tax payable	31,946	17,823	—
Total current liabilities	203,324	116,558	—
Non-current liabilities:			—
Long-term debt – Buffalo Holdings, S.A.R.L	138,138	20,000	—
Long-term debt – Credit Agricole Corporate and Investment Bank	896,637	159,830	—

Deferred revenue under contract with Mexican Federal Electricity Commission	302,344	339,712	—
Employee benefits	9,977	7,832	—
Derivative financial instruments	—	1,426	—
Total non-current liabilities	1,347,096	528,800	—
Total liabilities	1,550,420	645,358	—
Commitments and contingencies			
Stockholders' equity:			
Common stock	384,659	189,979	—
Retained earnings	44,275	(9,715)	—
Other comprehensive loss	(861)	(1,562)	—
Total stockholders' equity	428,073	178,702	—
Total liabilities and stockholders' equity	$1,978,493	$824,060	—

CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS OF BEMH

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Revenue:				
Capacity charges	$235,784	—	$40,206	—
Energy charges	302,709	—	87,809	—
Gas transport services	2,116	—	—	
Other revenue	4,570	—	—	—
	545,179	—	128,015	—
Cost and expenses:				
Fuel expense	(342,391)	—	(99,551)	—
Major maintenance costs	(50,162)	—	(9,843)	—
Other operating costs	(8,620)		—	—
Loss on disposal of fixed assets	—	—	(594)	—
Depreciation and amortization	(46,255)	—	(8,027)	—
Administrative expenses	(44,460)	—	(9,739)	—
	(491,888)	—	(127,754)	—
Operating income	53,291	—	261	—
Other financing cost:				
Interest expense – Net	(34,905)	—	(3,336)	—
Finance income – Interest income	114	—	10,258	—
Other financing cost	(2,440)	—	(10,610)	—
Other financing income	2,373	—	—	
Foreign exchange income – Net	5,821	—	751	—
	(29,037)	—	(2,937)	—
Income (loss) before income tax	24,254	—	(2,676)	—
Income tax benefit	29,736	—	(7,039)	—
Net income (loss) for the period	$53,990	—	(9,715)	—
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Pension and post-retirement obligations:				
Remeasurement of the net defined liability – Net of tax expense of $185	—	—	432	—
Item that may be reclassified subsequently to profit or loss				
Cash flow hedges:				
Changes in the fair value of hedging instruments – Net of income of $855	—	—	(1,994)	—
Changes in the fair value of hedging instruments	701	—	—	
	701	—	(1,562)	—
Comprehensive income (loss)	$54,691	—	$(11,277)	—

CONSOLIDATED STATEMENTS OF CASH FLOWS OF BEMH

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Cash flows from operating activities:				
Net income (loss) for the period	$53,990	—	$(9,715)	—
Adjustments for:				
Income tax benefit recognized in profit for the year	(29,736)	—	—	—
Income tax expense recognized in loss for the year	—	—	7,039	—
Depreciation and amortization	46,255	—	8,027	—
Loss on disposal of fixed assets	—	—	594	—
Deferred revenue under contract with Mexican Federal Electricity Commission – Long term	(37,368)	—	(6,514)	—
Interest income	(114)	—	—	—
Adjustments to reconcile net loss to net cash financing activities:				
Finance income – Interest income	—	—	(10,258)	—
Other financing cost	—	—	10,610	—
Interest expense	34,905	—	3,336	—
Foreign exchange income (loss)	—	—	(751)	—
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	15,418	—	14,641	—
Diesel fuel and spare parts inventories and other consumables	(9,208)	—	327	—
Recoverable Taxes	(31,916)	—	—	—
Prepaid expenses	9,304	—	(2,161)	—
Other accounts receivable	2,295	—	—	—
Security deposits	108	—	—	—
(Decrease) increase in:				
Accounts payable to gas suppliers	16,999	—	(75,040)	—
Accrued expenses and direct employee benefits	(30,917)	—	57,710	—
Income tax payable	9,137	—	(2,942)	—
Due to related parties	9,361	—	261	—
Net cash from operating activities	58,513	—	(4,836)	—
Cash flows from investing activities:				
Interest received	114	—	—	—
Acquisition of subsidiary net of cash received of $26,017	—	—	(172,508)	—
Acquisition of subsidiary net of cash received of $52,721	(409,173)	—	—	—
Disposal	935	—	—	—
Acquisition of equipment	—	—	(2,991)	—
Net cash from investing activities	(408,124)	—	(175,499)	—
Cash flows from financing activities:				
Long term loans received	281,093	—	—	—
Payment to Credit Agricole Corporate and Investment Bank	(30,000)	—	—	—
Proceeds from loan – Credit line from Credit Agricole Corporate & Investment Bank	—	—	189,830	—
Payments of long-term debt with Japanese Banks on behalf of subsidiary MT Falcon	—	—	(152,953)	—
Transaction costs related to loans, borrowings and acquisition	—	—	(10,509)	—
Proceeds from long-term debt with related parties	—	—	20,000	—
Capital contributions	—	—	189,979	—
Acquisition of equipment	—	—	—	—
Interest received	—	—	(622)	—

Interest paid	(22,750)	—	—	—
Equity reduction	(8,698)			
Equity increase	203,378	—	—	—
Net cash used in financing activities	423,023	—	235,725	—
Net increase in cash and cash equivalents	73,412	—	55,390	—
Cash and cash equivalents at the beginning of period	55,390	—	—	—
Cash and cash equivalents at the end of period	$128,802	—	$55,390	—

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA OF MT FALCON

The following tables present selected consolidated financial and operating data for MT Falcon for each of the periods presented. The selected consolidated financial information as of December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021 has been derived from, and is qualified in its entirety by reference to, MT Falcon Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum. The selected consolidated financial information as of September 30, 2023 and for the nine months ended September 30, 2023 and 2022 has been derived from, and is qualified in its entirety by reference to, MT Falcon Unaudited Consolidated Financial Statements included elsewhere in this Offering Memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon" and MT Falcon Consolidated Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact MT Falcon's future financial condition and results of operations.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MT FALCON

	As of September 30, 2023	As of December 31, 2022	2021
		(U.S.$ in thousands)	
Assets			
Current assets:			
Cash and cash equivalents	$43,324	$36,347	$86,000
Accounts receivable	65,632	86,632	59,418
Prepaid expenses	22,399	30,377	15,214
Recoverable taxes	12,981	—	—
Due from related parties	386	—	—
Total current assets	144,722	153,356	160,632
Non-current assets:			
Power plants, natural gas pipeline, property and equipment – Net	505,970	536,421	692,613
Diesel fuel and spare parts inventories and other consumables	80,580	71,519	71,463
Goodwill	4,638	4,638	8,815
Intangible asset – Net	6,498	7,040	35,535
Deferred income tax	58,262	19,120	—
Total non-current assets	655,948	638,738	808,426
Total assets	$800,670	$792,094	$969,058
Liabilities and stockholders' equity			
Current liabilities:			
Accrued interest	—	—	$1,199
Credit from Buffalo Energy, related party	2,713	18,289	—
Credit from Generación Buffalo, related party	2,146	2,000	—
Short-term debt	—	—	48,927
Credit line from MUFG Bank México, S.A. and MUFG Bank, Ltd.	—	—	69,090
Accounts payable to gas suppliers	12,812	18,264	9,113
Accrued expenses and direct employee benefits	48,024	48,035	64,059
Tax payable	21,907	17,823	7,091
Due to related parties	—	—	4,131
Total current liabilities	87,602	104,411	203,610
Non-current liabilities:			
Long-term debt – Buffalo Energy, related party	138,852	153,186	—
Long-term debt	—	—	87,651
Deferred revenue under contract with Mexican Federal Electricity Commission	302,344	339,712	364,366

Employee benefits	9,908	7,832	7,201
Derivative financial instruments	—	—	3,869
Deferred income tax	—	—	13,868
Total non-current liabilities	451,104	500,730	476,955
Total liabilities	538,706	605,141	680,565
Commitments and contingencies			
Stockholders' equity:			
Common stock	—	—	—
Paid-in capital	323,880	323,880	323,880
Additional paid-in capital	1,674	1,674	1,674
Accumulated deficit	(84,813)	(159,825)	(53,305)
Reserve fund	18,629	18,629	18,100
Other items of comprehensive loss	2,594	2,595	(1,856)
Total stockholders' equity	261,964	186,953	288,493
Total stockholders' equity and liabilities	$800,670	$792,094	$969,058

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF MT FALCON

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Revenue and other income:				
Capacity charges	$189,512	$175,983	$241,236	$217,755
Energy charges	247,599	563,781	695,434	514,789
Gas transport services	2,116	2,070	2,787	3,912
Other revenue	4,570	—	—	—
	$443,797	$741,834	$939,457	$736,456
Cost and expenses:				
Fuel expense	(290,050)	(610,585)	(761,052)	(564,427)
Major maintenance costs	(42,101)	(50,528)	(65,013)	(77,572)
Loss on disposal of fixed assets	—	—	(654)	(3,772)
Depreciation and amortization	(35,455)	(38,990)	(51,308)	(52,027)
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	—	—	(144,751)	—
Administrative expenses	(23,988)	(24,036)	(35,610)	(32,875)
	(391,594)	(724,139)	(1,058,388)	(730,673)
Operating (loss) income	52,203	17,695	(118,931)	5,783
Other financing cost:				
Interest income	21	447	663	234
Interest expense	(12,120)	(7,099)	(10,430)	(7,276)
Other financial cost	—	—	(891)	(410)
Foreign exchange gain (loss) – Net	(425)	(1,116)	(100)	(1,114)
	(12,524)	(7,768)	(10,758)	(8,566)
Income (loss) before income tax	39,679	9,927	(129,689)	(2,783)
Income tax benefit	35,333	(3,199)	(23,698)	(954)
Net income (loss) for the period	$75,012	$6,728	(105,991)	(3,737)
Other comprehensive income:				
Item that will not be reclassified subsequently to profit or loss:				
Pension and post-retirement obligations:				
Net unrealized loss on labor obligations – Net of tax effect of $(747) and $1,522), respectively	—	—	1,742	3,552
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges:				
Net unrealized loss on hedging instruments	—	—	2,709	2,540
Total other comprehensive income	—	—	4,451	6,092
Comprehensive (loss) income	$75,012	$6,728	$(101,540)	$2,355

CONSOLIDATED STATEMENTS OF CASH FLOWS OF MT FALCON

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Cash flows from operating activities:				
Net income (loss) for the period	$75,012	$6,728	$(105,991)	$(3,737)
Adjustments for:				
Income tax benefit recognized in profit for the period	(35,333)	3,199	(23,698)	(954)
Depreciation and amortization	35,455	38,990	51,308	52,027
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	—	—	144,751	—
Profit on disposal of fixed assets	—	—	654	3,772
Deferred revenue under contract with Mexican Federal Electricity Commission – Long term	(37,368)	(18,087)	(24,654)	(27,037)
Interest income	(21)	(447)	(663)	(234)
Adjustments to reconcile net loss to net cash financing activities:				
Interest expense	12,120	7,099	10,430	7,276
Foreign exchange loss	—	—	100	1,114
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	21,000	(53,741)	(27,214)	9,831
Inventories of diesel fuel, spare parts and other consumables	(9,061)	5,282	(56)	(1,640)
Prepaid expenses, mainly maintenance	7,978	(20,522)	(15,163)	15,214
Recoverable taxes	(12,981)	—	—	—
Accounts receivable related parties	(386)	—	—	—
(Decrease) increase in:				
Accounts payable to gas suppliers	(5,452)	(9,113)	9,151	3,864
Accrued expenses and direct employee benefits	2,066	61,598	(16,024)	(2,294)
Employee benefits	—	—	5,082	379
Income tax	275	3,975	1,442	—
Due to related parties	2,859	(1,687)	12,981	317
Net cash generated by operating activities	56,163	23,274	22,436	57,898
Cash flows from investing activities:				
Acquisition of fixed assets	(4,462)	(7,536)	—	—
Interest received	—	—	663	234
Income from sale of equipment	—	—	—	7,181
Investment acquisition	—	—	—	—
Interest income	21	—	—	—
Acquisition of equipment	—	—	(7,489)	(23,601)
Net cash used in investing activities	(4,441)	(7,536)	(6,826)	(16,186)
Cash flows from financing activities:				
Payment to Buffalo Energy	(32,625)	—	—	—
Payment to long-term debt	—	—	(48,927)	(15,388)
Payment to Credit line from Bank of Tokyo Mitsubishi, UFJ, S.A.	—	(54,241)	(5,906)	(16,809)
Interest paid	(12,120)	(7,392)	(10,430)	(7,276)
Net cash used in financing activities	(44,745)	(61,633)	(65,263)	(39,473)

Net (decrease) increase in cash and cash equivalents	6,977	(45,895)	(49,653)	2,239
Cash and cash equivalents at the beginning of period	36,347	86,000	86,000	83,761
Cash and cash equivalents at the end of period	$43,324	$40,105	$36,347	$86,000

OTHER FINANCIAL DATA

(thousands of U.S.$)	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022
MT Falcon CFADS[1]	**$52,147**	**$16,853**	**$16,601**
MT Falcon EBITDA[1]	**$87,254**	**$49,618**	**$77,454**

(1) For the definition of MT Falcon CFADS and MT Falcon EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF COMPREHENSIVE (LOSS) TO MT FALCON EBITDA

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Net income (loss) for the period...	$75,012	$6,728	$(105,991)
Income tax benefit	(35,333)	(3,199)	(23,698)
Interest expense	12,120	7,099	10,430
Profit on disposal of fixed assets..	—	—	654
Depreciation and amortization	35,455	38,990	51,308
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	—	—	144,751
MT FALCON EBITDA[1]	**$87,254**	**$49,618**	**$77,454**

(1) For the definition of MT Falcon EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF TOTAL REVENUES TO MT FALCON CFADS

(thousands of U.S.$)	For the nine months ended September 30 2023	2022	For the year ended December 31, 2022
Total gross margin	$116,379	$113,162	$153,751
Operating and administrative expenses.....................................	(66,089)	(74,564)	(100,623)
Income Tax Expense...	(12,706)	3,975	(1,442)
Capital Expenditures, net..	(4,462)	(7,536)	(6,826)
Interest Income, net of Other Financial Cost.............................	21	—	—
Changes in net working capital requirements............................	19,004	(18,184)	(28,359)
Foreign exchange gain (losses)	—	—	100
MT FALCON CFADS[1]	**$52,147**	**$16,853**	**$16,601**

(1) For the definition of MT Falcon CFADS, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

SELECTED HISTORICAL COMBINED FINANCIAL AND OPERATING DATA OF EVM

The following tables present selected combined financial and operating data for EVM for each of the periods presented. The selected combined financial information as of December 31, 2022, 2021 and January 1, 2021 and for the years ended December 31, 2022 and 2021 has been derived from, and is qualified in its entirety by reference to, EVM Audited Combined Financial Statements included elsewhere in this Offering Memorandum. The selected combined financial information as of September 30, 2023 and for the nine months ended September 30, 2023 and 2022 has been derived from, and is qualified in its entirety by reference to, EVM Unaudited Condensed Combined Interim Financial Statements included elsewhere in this Offering Memorandum.

The following tables should be read in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM" and EVM Combined Financial Statements included in this Offering Memorandum. The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact EVM's future financial condition and results of operations.

COMBINED STATEMENTS OF FINANCIAL POSITION DATA OF EVM

	As of September 30,	As of December 31,		As of January 1,
	2023	2022	2021	2021
		(U.S.$ in thousands)		
Assets				
Current Assets:				
Cash and cash equivalents	$72,131	$45,552	$24,991	$68,328
Trade accounts receivable	58,930	52,105	43,366	1,469
Due from related parties	44	9	8	9
Other receivables	1,843	7,922	6,821	24,768
Recoverable income tax	10,837	192	165	—
Prepayments	6,944	3,472	211	329
Total current assets	150,729	109,252	75,563	94,903
Prepayments, long-term	—	11	16	8
Derivative financial instruments	2,634	1,727	—	—
Property, plant and equipment, net	759,294	806,404	835,278	865,329
Spare parts inventories	24,069	—	—	—
Intangible assets, net	5,320	5,619	6,018	6,417
Deferred income tax	21,009	10,896	18,358	8,836
Security deposits	3,390	1,096	1,031	2,064
Total non-current assets	815,716	825,755	860,701	882,654
Total assets	$966,445	$935,007	$936,265	$977,557
Liabilities and Net Parent Investment				
Current Liabilities:				
Current installments of long-term debt	29,882	22,838	$23,302	$24,244
Trade accounts payable	57,734	37,677	35,974	37,360
Due to related parties, short term	—	10,913	6,115	—
Other liabilities	—	3,757	1,368	3,191
Statutory employee profit sharing payable	—	34	32	—
Tax payable	8,305	—	—	—
Provisions	539	18,219	3,705	11,725
Deferred revenues	—	—	—	17,900
Total current liabilities	96,460	93,439	70,496	94,420
Non-current Liabilities:				
Due to related parties, long-term portion	290,657	116,100	109,559	102,773
Employee benefits	13	10	7	—
Derivative financial instruments	—	—	5,354	10,200
Other liabilities	—	3,632	3,416	3,525
Deferred income tax	726	10,228	—	—
Contributions for future parent investment	—	—	192	198
Long-term debt, excluding current installments	584,762	663,653	678,602	695,515
Total non-current liabilities	876,157	793,623	797,130	812,210

Total liabilities	$972,619	$887,063	$867,626	$906,631
Net Parent Investment				
Controlling interest:				
Net parent investment	17,396	106,287	106,083	106,083
Accumulated deficit	(42,277)	(64,051)	(46,307)	(43,412)
Other comprehensive income	4,945	5,316	1,742	47
Net parent investment attributable to controlling interest	(19,936)	47,551	61,518	62,719
Non-controlling interest	13,763	393	7,121	8,208
Total net parent investment	(6,173)	47,944	68,639	70,927
Total liabilities and net parent investment	$966,445	$935,007	$936,265	$977,557

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME DATA OF EVM

	For the nine months ended September 30,		For the year ended December 31,	
	2023	2022	2022	2021
	(U.S.$ in thousands)			
Net sales	$272,364	$403,949	$499,653	$374,842
Cost of sales	194,899)	342,364	433,796	312,481
Gross profit	77,465	61,585	65,857	62,361
Operating expenses	(17,402)	(16,254)	22,533	20,914
Finance income (expense cost):				
Interest income	2,499	1,759	3,465	2,818
Interest expense	(45,989)	(42,357)	(58,812)	(58,471)
Amortized debt issuance costs	—	—	(931)	(1,049)
Other financing income	36	14	—	—
Other financing loss	(1,694)	(2,438)	—	—
Changes in the fair value of derivative financial instruments	1,382	—	2,500	2,692
Foreign exchange gain (loss), net	12,414	(114)	3,744	(1,403)
Finance cost, net	31,352	43,136	(50,035)	(55,412)
Profit (loss) before income taxes	28,711	2,195	(6,710)	(13,965)
Current income taxes	13,039	—	1,080	—
Deferred income taxes	(19,719)	13,065	19,064	(8,852)
Net loss for the period	$35,391	$(10,870)	$(26,854)	$(5,113)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Changes in fair value of derivative financial instruments, net of tax	(617)	—	5,956	2,824
Items that will not be reclassified to profit or loss:				
Remeasurement of net defined benefit liability, net of tax	—	—	—	1
Other comprehensive income (loss) for the period	(617)	—	5,956	2,825
Total comprehensive income (loss) for the period	34,774	(10,870)	$(20,898)	$(2,288)
Loss attributable to:				
Controlling interest	21,774	(12,159)	(17,744)	(2,895)
Non-controlling interest	13,617	1,289	(9,110)	(2,217)
Total loss	35,391	(10,870)	(26,854)	(5,113)
Total comprehensive loss attributable to:				
Controlling interest	21,404	(12,159)	(14,171)	(1,200)
Non-controlling interest	(13,370)	1,289	(6,727)	(1,088)
Total comprehensive loss	34,774	(10,870)	$(20,899)	$(2,288)

COMBINED STATEMENTS OF CASH FLOWS DATA OF EVM

	For the nine months ended September 30, 2023	2022	For the year ended December 31, 2022	2021
	(U.S.$ in thousands)			
Cash flows from operating activities:				
Profit (loss) of the period before income taxes	28,711	2,195	$(6,710)	$(13,965)
Adjustments for:				
Changes in the fair value of derivative financial instruments	(1,524)	—	(2,500)	(2,692)
Amortized debt issuance costs	2,308	1,747	931	1,049
Interest income	—	(1,759)	(3,465)	(2,818)
Depreciation and amortization	24,508	24,890	32,561	32,647
Gain on sale of Property, plant and equipment	2	12		
Interest expense	45,816	37,415	58,812	58,471
Changes in:				
Trade accounts receivable	(6,825)	(20,094)	(8,739)	(41,897)
Due from related parties	(36)	(844)	1,769	0.3
Others receivable	6,080	6,817	(1,101)	17,946
Prepayments	(3,461)	(2,398)	(3,256)	111
Recoverable taxes	(15,273)	(4,730)	(27)	(165)
Security deposits	(2,293)	(14)	(65)	1,033
Trade accounts payable	20,057	75,133	1,703	(1,386)
Other liabilities	(7,389)	(4,784)	2,605	(1,932)
Provisions	(17,680)	(3,406)	14,514	(8,020)
Due to related parties	—	(56,630)	2,948	298
Employee benefits	3	2	3	7
Income tax payable	—	—	(2,454)	3,765
Employee profit sharing	(34)	(32)	2	32
Contributions for future capital stock increases	—	(192)	—	(6)
Deferred revenues	—	—	—	(17,900)
Net cash from operating activities	(72,968)	53,326	87,531	24,578
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,170)	(367)	(3,480)	(2,197)
Disposal of property, plant and equipment	—	—	192	—
Interest received	—	1,759	729	2,818
Net cash from (used) in investing activities	(1,1670)	1,392	(2,559)	621
Cash flows from financing activities:				
Capital stock increase (decrease)	(88,891)	—	12	—
Interest paid	(29,053)	(25,172)	(44,076)	(48,270)
Proceeds from bank loan facilities	290,657	3,900	—	5,280
Proceeds on interest swap	—	—	1,374	—
Payments of loans	(217,932)	(11,464)	(21,720)	(25,547)
Net cash from (used in) financing activities	(45,219)	(32,736)	(64,410)	(68,536)
Net increase (decrease) in cash and cash equivalents	26,579	21,982	20,561	(43,337)
Cash and cash equivalents:				
At beginning of period	45,552	24,991	24,991	68,328
At end of period	72,131	46,974	$45,552	$24,991

OTHER FINANCIAL DATA

(thousands of U.S.$)	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022	For the year ended December 31, 2022
EVM CFADS[1]	**$29,644**	**$80,332**	**$20,549**
EVM EBITDA[1]	**$99,207**	**$69,442**	**$84,663**

(1) For the definition of EVM CFADS and EVM EBITDA, as well as for an explanation for they are included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF NET LOSS OF THE PERIOD TO EVM EBITDA

(thousands of U.S.$)	For the nine months ended September 30 2023	For the nine months ended September 30 2022	For the year ended December 31, 2022
Net loss for the period	$35,391	$(10,870)	$(26,854)
Income tax expense	(6,680)	13,065	20,144
Interest expense	45,989	42,357	58,812
Depreciation and amortization	24,508	24,890	32,561
EVM EBITDA[1]	**$99,207**	**$69,442**	**$84,663**

(1) For the definition of EVM EBITDA, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

RECONCILIATION OF TOTAL REVENUES TO EVM CFADS

(thousands of U.S.$)	For the nine months ended September 30 2023	For the nine months ended September 30 2022	For the year ended December 31, 2022
Total revenues	$272,364	$403,949	$499,652
Cost of revenues & administrative expenses	(187,793)	(333,727)	(423,768)
Tax paid/funded	—	-	(2,454)
Capital expenditures, net	(1,170)	(367)	(3,480)
Net proceeds from sale of fixed assets	2	12	192
Interest income, net of other financial cost	—	1,759	729
VAT collections and compensation	—	—	—
Changes in working capital and foreign exchange gain (loss)	(14,438)	45,457	10,356
Release (fund) reserve accounts	—	—	—
Senior debt service payable	(39,321)	(36,750)	(60,678)
EVM CFADS[1]	**$29,644**	**$80,332**	**$20,549**

(1) For the definition of EVM CFADS, as well as for an explanation for why it is included in this Offering Memorandum, please see "Presentation of Financial and Other Information—Special Note About Non-IFRS Financial Measures."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF BEMH

You should read the information below together with "Presentation of Financial and Other Information," "Summary Historical Consolidated Financial and Operating Data of BEMH," "Capitalization," "Use of Proceeds" and "Selected Historical Consolidated Financial and Operating Data of BEMH" and the BEMH Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum. The Financial Statements were prepared in accordance with IFRS.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may vary materially from those discussed in such forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and other matters set forth in this Offering Memorandum.

Overview

The Company, a variable capital corporation (*sociedad anónima de capital variable*) organized and existing under the laws of Mexico. The Company was incorporated on July 23, 2021 and its purpose was to consummate the Transactions and serve as a holding company of MT Falcon and EVM. Prior to the consummation of the Transactions, the Company did not engage in any activities and had no material assets or liabilities.

On November 9, 2022, BE, a subsidiary of the Company, acquired MT Falcon, an energy portfolio of power generating assets and a natural-gas pipeline. MT Falcon owns and operates five CCGT power plants in Mexico (Altamira, Río Bravo II, Río Bravo III, Río Bravo IV and Saltillo) with a total commercial capacity of 2.2 GW and an adjacent open access natural gas-pipeline (Gasoducto del Río). Immediately after our acquisition of MT Falcon, BEMH re-branded with immediate effect as "BEMH Energía." See "Business Overview—Transactions—MT Falcon Acquisition."

On July 13, 2023, BEMH, through its subsidiaries BEI and BGI, acquired EVM, an energy portfolio of power generation assets with an aggregate total capacity of 950 MW. EVM's energy portfolio is composed by EVM I and EVM II. EVM Energía I owns and operates EVM I, a SCGT plant with an installed capacity of 100 MW. EVM Energía II, a subsidiary of EVM Tenedora, owns and operates EVM II, a CCGT with an installed capacity of 850 MW. See "The Transactions—EVM Acquisition."

As of September 30, 2023, BEMH's asset base was composed of eight assets including seven operating power generation facilities (six competitive operating gas-fueled CCGTs and one operating gas-fueled SCGT) and an associated operating open access natural gas pipeline.

The following table summarizes BEMH's operating assets as of the date of this Offering Memorandum:

Asset	Saltillo	Altamira	Rio Bravo II	Rio Bravo III	Rio Bravo IV	EVM I	EVM II	Gasoducto del Rio (pipeline)
Contracted Capacity	247.5 MW	495.0 MW	495.0 MW	495.0 MW	500.0 MW	94.0 MW	750.0 MW 90.0 MW(1)	410,000 MMBTU/d
Commercial Capacity	247.5 MW	495.0 MW	495.0 MW	495.0 MW	500.0 MW	100.0 MW	850.0 MW	N/A
Technical Capacity	275.0 MW	539.0 MW	540.0 MW	560.0 MW	547.0 MW	100.0 MW	850.0 MW	N/A
Location	Ramos Arizpe, Coahuila	Altamira, Tamaulipas	Valle Hermoso, Tamaulipas	Valle Hermoso, Tamaulipas	Valle Hermoso, Tamaulipas	Axapusco, State of Mexico	Axapusco, State of Mexico	Valle Hermoso, Tamaulipas
COD	2001	2002	2002	2004	2005	2017	2021	2003
Expected Useful Life(2)	2041	2042	2042	2044	2045	2056	2061	N/A
Technology	CCGT	CCGT	CCGT	CCGT	CCGT	SCGT	CCGT	N/A
Equipment	1 x Siemens 501F	2 x Mitsubishi 501F	2 x Siemens 501F	2 x Siemens 501F	2 x Siemens 501F	3 x General Electric LM-6000 PF	2 x General Electric 7HA.02	N/A
Fuel	Gas/Diesel	Gas/Diesel	Gas/Diesel	Gas	Gas	Gas	Gas	Gas
Heat Rate (3) (kJ/kWh)	7,325	6,928	7,403	7,110	7,092	9,759	6,749	N/A
Average Availability(4)	89%	91%	88%	95%	90%	99%	93%	N/A
Offtaker	CFE	CFE	CFE	CFE	CFE	CFEC	CFEC	CFE/Rio Bravo III & IV
PPA Maturity	2026	2027	2027	2029	2030	2037	750 MW: 2041 90 MW: 2025-2026(1)	2029 and 2030(5)
Gas Supplier	CFE	Pemex	CFE	TTL	TTL	CFEnergia	CFEnergia	N/A

Gas Supply Agreement Maturity	2026	2027	2027	2029	2030	2037	2041	N/A
CSA	PSM	Mitsubishi	Mitsubishi	Mitsubishi	Mitsubishi	GE	GE	N/A
CSA Maturity	2026	2027	2027	2029	2030	2038	2042	N/A

(1) See "Business Overview—Material Agreements—Key Power Purchase Agreements—EVM I and EVM II."
(2) According to the Independent Engineer's review.
(3) Average heat rate for the period from January 2020 to November 2023 and, in the case of EVM II, for the period from January 2021 to November 2023. The system average, which refers to heat rate average plan in SIN, is 10,389 kJ/kWh.
(4) The system average, which refers to the average of AFRY monthly historical thermal availability for all thermal plants, based on CENACE data, is 76%.
(5) Transport service agreements with CLR and CVH mature in March 2029 and March 2030, respectively. Transport service agreement with CFE is subject to yearly renewals.

Trends and Factors Affecting Results of Operations

BEMH serves as a holding company of MT Falcon and EVM. For a detailed summary of the trends and factors affecting BEMH's results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon—Trends and Factors Affecting Results of Operations."

Description of Income Statement Line Items

Revenue

Revenue is mainly composed of contracted revenue from PPAs and uncontracted revenue.

- Contracted revenue reflects the revenue generated pursuant to the long-term PPAs with CFE and is divided into:

  (a) Capacity revenue—fixed capacity charge, O&M charge and capacity for fuel supply capacity; and

  (b) Energy Revenue—variable O&M charge, fuel charge and start up charge.

- Uncontracted revenue reflects the revenue generated under sales to the Mexican wholesale power market. Uncontracted revenue factors the local marginal price for electricity, the capacity price and the energy generated and available capacity of the power plant. The local marginal price for electricity is defined by the marginal cost of the most expensive unit injecting energy to the grid (i.e. the setting marginal technology which in turn is a function of supply and demand in the system), it is also defined by the congestion and losses in the transmission network in the particular node of injection. The other source of uncontracted income comes from the capacity balancing market which is set based on the operating margin of the system in the 100 most critical hours in the entire year and the availability of the plant in that period of time.

Cost and expenses

Costs and expenses consist mainly of those costs associated with BEMH's generation, including the cost of natural gas and diesel, as well as fuel-transportation expenses. The majority of these costs are passed through to BEMH's customers pursuant to its PPAs. However, the costs associated with BEMH's generation sold into the Mexican wholesale power market are not passed through to BEMH's customers. Costs and expenses also include O&M expenses comprised of fixed and operational major maintenance of BEMH's power generation facilities and pipeline. Costs and expenses also include administrative costs comprised of expenses associated with management and personnel expenses related to the management and administration of BEMH's power generation facilities and its pipeline.

Interest expense – Net

Interest expense, net consists of the interest incurred with respect to BEMH's outstanding debt under the MT Acquisition Debt Facility, as well as interest income and other financing costs.

Finance income – Interest income

Estimated fair value of the mark to market BEMH's interest rate swaps.

Foreign exchange income – Net

Foreign exchange income, net is generated from currency fluctuation with respect to assets, liabilities, revenues and expenses denominated in currencies other than the U.S. dollar, which is BEMH's functional currency.

Income tax

Income tax consists of the amount of current income taxes incurred for the period as well as deferred tax expense reflected in accordance with IFRS.

Critical Accounting Policies

Critical accounting policies are those that are most important to the portrayal of BEMH's financial condition, results of operations and cash flows, and require management to make judgments, assumptions and estimates about matters that are inherently uncertain or where judgments, assumptions and estimates are significant. BEMH's management bases its estimates on historical experience and other assumptions that it believes are reasonable based upon information available to BEMH at the time that these judgments, assumptions and estimates are made. BEMH continually evaluates its judgments, assumptions and estimates. BEMH's actual results may differ from the judgments, assumptions and estimates made by BEMH's management. To the extent that there are material differences between these judgments, assumptions and estimates (on the one hand) and actual results (on the other hand), BEMH's future financial statement presentation, financial condition, results of operation and cash flows may be affected.

The following are some of the key judgments that management has made in the process of applying BEMH's accounting policies that have or may have the most significant effect on the amounts recognized in the BEMH Consolidated Financial Statements.

Principles of Consolidation

The consolidated financial statements incorporate the financial statements of BEMH and its subsidiaries controlled by it as of September 30, 2023. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when BEMH has existing rights that give it the ability to direct the activities of the investee unilaterally. BEMH considers all relevant facts and circumstances in assessing whether or not its rights in an investee are sufficient to give it power, including, among others, the size of its holdings of voting rights, contractual agreements or currently exercisable potential voting rights of a company's share capital.

Consolidation of a subsidiary begins when BEMH obtains control over the subsidiary and ceases when BEMH loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date BEMH gains control until the date when BEMH ceases to control the subsidiary.

All of the intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full. For subsidiaries that BEMH controls, but does not own, 100% of the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interest in the consolidated statements of financial position and consolidated statements of comprehensive loss.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

BEMH's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	Jurisdiction	Nature of operations
Generación Buffalo, S.A. de C.V.	99.9%	Mexico	Holding
Buffalo Generation Infrastructure, S.A. de C.V.	99.9%	Mexico	Holding

GB's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	Jurisdiction	Nature of operations
Buffalo Energy, S.A. de C.V.	99.9%	Mexico	Holding

BE's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	Jurisdiction	Nature of operations
MT Falcon Holdings Company, S.A.P.I. de C.V.	99.9%	Mexico	Holding

MT Falcon's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	Jurisdiction	Nature of operations
Central Saltillo, S.A. de C. V. (CSO)	99.9%	Mexico	Energy Power generation
Electricidad Águila de Altamira, S. de R. L. de C. V. (EAA)	99.9%	Mexico	Energy Power generation
Central Lomas de Real, S.A. de C. V. (CLR)	99.9%	Mexico	Energy Power generation
Central Valle Hermoso, S.A. de C. V. (CVH)	99.9%	Mexico	Energy Power generation
Gasoducto del Río, S.A. de C. V. (GDR)	99.9%	Mexico	Natural gas transportation services
Compañía Mexicana de Gerencia y Operación, S.A. de C. V. (COMEGO)	99.9%	Mexico	Provides administrative services exclusively to its related parties

BGI's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	Jurisdiction	Nature of operations
Buffalo Energy Infrastructure, S.A. de C.V.	99.9%	Mexico	Holding

BEI's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	Jurisdiction	Nature of operations
EVM Tenedora, S.A.P.I. de C.V.	99.9%	Mexico	Holding
EVM Energía del Valle de México, S.A.P.I. de C.V.	99.9%	Mexico	Energy Power generation
EVM Energía del Valle de México Generador, S.A.P.I. de C.V.	40.0%	Mexico	Energy Power generation

EVM Tenedora's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	Jurisdiction	Nature of operations
EVM Energía del Valle de México Generador, S.A.P.I. de C.V.	60.0%	Mexico	Energy Power generation

Foreign currency financial statements

In preparing the financial statements of each of BEMH and its subsidiaries, transactions in currencies other than the BEMH's functional currency (US dollars) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the end of each reporting period. Income and expense items are translated at the rates prevailing on the dates of the transactions. Exchange differences arising, if any, are recognized in profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in profit or loss.

Relevant exchange used in the preparation of the consolidated financial statements were as follows (Mexican pesos per one U.S. dollar).

	2022	**2021**
Current exchange rate as of December 31, ...	Ps. 19.3615	Ps. 20.5835
Weighted average exchange rate for the year ended December 31, ...	Ps. 20.1250	Ps. 20.2818

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by BEMH, liabilities incurred by BEMH to the former owners of the acquiree and the equity interest issued by BEMH in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of BEMH entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the date of such acquisition (see below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by BEMH in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Power plants, natural gas pipeline, property and equipment

BEMH's power plants, natural gas pipeline, property and equipment were recorded at fair values based upon the appraised values of such assets in accordance with IFRS 3. Assets acquired after the business combination adoption are recorded at acquisition cost. Depreciation is calculated using the straight-line method over the average estimated useful lives of the powerplants, natural gas pipeline, property and equipment. BEMH reviews the estimated remaining useful lives and the method of depreciation every year.

Impairment of long-lived assets

The carrying amount of the power plants, natural gas pipeline, amortizable intangible assets and other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the expected undiscounted future cash flows are less than the carrying value of the long-lived assets, an impairment charge is recorded based on such asset's estimated fair value. Changes in estimates of future cash flows could result in a write-down of the asset in a future period.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax is recognized in the results of the year in which it is incurred. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect in included in the accounting for the business combination.

Results of Operations—Nine Months Ended September 30, 2023 and 2022 and Years Ended December 31, 2022 and 2021

BEMH was incorporated on July 23, 2021 for the purpose of consummating the Transactions and serving as a holding company of MT Falcon and EVM. Prior to the consummation of the Transactions, the Company did not engage in any activities and had no material assets or liabilities. As a result, BEMH has limited historical results of operations for the nine months ended September 30, 2022, the year ended December 31, 2022 and the period from July 23, 2021 through December 31, 2021. The results for the nine months ended September 30, 2023 and December 31, 2022 mainly consist of the results of operations of MT Falcon, post-MT Falcon Acquisition.

BEMH's historical results of operations are not indicative of future results of operations because activities previously undertaken have been related to the Transactions. Planned future activities include the operation of BEMH's power generating assets and pipeline, which have provided us with revenue since the MT Falcon Acquisition and the EVM Acquisition, as the case may be. Please refer to the financial model in the Independent Engineer's Report for a base case of BEMH's future results of operations. See "Independent Engineer's Report."

The following table sets forth BEMH's results of operations for the years ending December 31, 2022 and 2021 and for the nine months ended September 30, 2023 and 2022, and the corresponding variances for each period.

	Nine months ended September 30,		Year ended December 31,		Variance			
					For the nine months ended September 30, 2023 vs. 2022		For the year ended December 31, 2022 vs. 2021	
(thousands of U.S.$, except percentages)	2023	2022	2022	2021				
Revenue:								
Capacity charges	$235,784	—	$40,206	—	$235,784	nm	$40,206	nm
Energy charges	302,709	—	87,809	—	302,709	nm	87,809	nm
Gas transport services	2,116	—	—	—	2,116	nm	—	nm
Other revenue	4,570	—	—	—	4,570	nm	—	nm
	545,179	—	128,015	—	545,179	nm	128,015	nm
Cost and expenses:								
Fuel expense	(342,391)	—	(99,551)	—	(342,391)	nm	(99,551)	nm
Major maintenance costs	(50,162)	—	(9,843)	—	(50,162)	nm	(9,843)	nm
Other operating costs	(8,620)		—	—	(8,620)	nm	—	—
Loss on disposal of fixed assets	—	—	(594)	—	—	nm	(594)	nm
Depreciation and amortization	(46,255)	—	(8,027)	—	(46,255)	nm	(8,027)	nm
Administrative expenses	(44,460)	—	(9,739)	—	(44,460)	nm	(9,739)	nm
	(491,888)	—	(127,754)	—	(491,888)	nm	(127,754)	nm

(thousands of U.S.$, except percentages)	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Year ended December 31, 2022	Year ended December 31, 2021	Variance: For the nine months ended September 30, 2023 vs. 2022		Variance: For the year ended December 31, 2022 vs. 2021	
Operating income	53,291	—	261	—	53,291	nm	261	nm
Other financing cost:								
Interest expense – Net	(34,905)	—	(3,336)	—	(34,905)	nm	(3,336)	nm
Finance income – Interest income	114	—	10,258	—	114	nm	10,258	nm
Other financing cost	(2,440)	—	(10,610)	—	(2,440)	nm	(10,610)	nm
Other financing income	2,373	—	—	—	2,373	nm	—	—
Foreign exchange income – Net	5,821	—	751		5,821	nm	751	nm
	(29,037)	—	(2,937)	—	(29,037)		(2,937)	
Income (loss) before income tax	24,254	—	(2,676)	—	24,254	nm	(2,676)	nm
Income tax benefit	(29,736)	—	(7,039)	—	(29,736)	nm	(7,039)	nm
Net income (loss) for the period	$53,990	—	$(9,715)	—	$53,990	nm	$(9,715)	nm

In the nine months ended September 30, 2023, BEMH's revenue was U.S.$ 545.2 million and its costs and expenses were U.S.$ 491.9 million. This increase in the first nine months of 2023, as compared to no revenue and costs and expenses in the first nine months of 2022, is due to revenues received and cost and expenses incurred in connection with EVM and MT Falcon's results of operations. Due to the increase in both revenues and costs and expenses for the nine months ended September 30, 2023, BEMH's operating income for the nine months ended September 30, 2023 was U.S.$ 53.3 million.

In the nine months ended September 30, 2023, BEMH's interest expense, net was U.S.$ 34.9 million and its other financing cost was U.S.$2.4 million. This increase in the first nine months of 2023, as compared to no interest expense and other financing cost in the first nine months of 2022, is due to the proceeds for the term loan used in connection with the MT Falcon Acquisition, EVM Acquisition and the related interest and financing expenses.

In the nine months ended September 30, 2023, BEMH's finance income, interest income was U.S.$ 0.1 million and its other financing income and foreign exchange income, net were U.S.$ 2.4 million and U.S.$ 5.8 million, respectively. This increase in the first nine months of 2023, as compared to no finance income, interest income, other financing income and foreign exchange income, net in the first nine months of 2022, is due to the MT Falcon Acquisition and EVM Acquisition. In the nine months ended September 30, 2023, BEMH's income tax was U.S.$ 29.7 million. This increase in the first nine months of 2023, as compared no income tax in the first nine months of 2022, is due to the MT Falcon Acquisition and EVM Acquisition. For the reasons specified above, BEMH's net income for the nine months ended September 30, 2023 was U.S.$54.0 million.

In the year ended December 31, 2022, BEMH's revenue was U.S.$128.0 million and its costs and expenses were U.S.$127.8 million. This increase in 2022, as compared to no revenue and costs and expenses in 2021, is due to revenues received and cost and expenses incurred in connection with MT Falcon's results of operations. Due to the increase in both revenues and costs and expenses for 2022, BEMH's operating income for the year ended December 31, 2022 was U.S.$261 thousand.

In the year ended December 31, 2022, BEMH's interest expense, net was U.S.$3.3 million and its other financing cost was U.S.$10.6 million. This increase in 2022, as compared to no interest expense and other financing cost in 2021, is due to the proceeds for the term loan used in connection with the MT Falcon Acquisition and the related interest and financing expenses. In the year ended December 31, 2022, BEMH's finance income, interest income was U.S.$10.3 million and its foreign exchange income, net was U.S.$751 thousand. This increase in 2022, as compared to no finance income, interest income and foreign exchange income, net in 2021, is due to the MT Falcon Acquisition. In the year ended December 31, 2022, BEMH's income tax was U.S.$7.0 million. This increase in 2022, as compared to no income tax in 2021, is due to the MT Falcon Acquisition. For the reasons specified above, BEMH's financial loss for the year ended December 31, 2022 was U.S.$9.7 million.

Liquidity and Capital Resources

Overview

BEMH currently finances most of its liquidity needs through the contributions or loans from BEMH's shareholders, including under the BEMH Loans (as defined herein) and earnings and cash flows of BEMH's subsidiaries and borrowings, including under its MT Falcon Acquisition Debt Facility and EVM Acquisition Debt Facility. We expect to apply a portion of the net proceeds from the sale of the Notes to repay the outstanding amount of the BEMH Loans, the MT Falcon Acquisition Debt Facility and the EVM Acquisition Debt Facility. See "Use of Proceeds." Following repayment of the outstanding amount of the BEMH Loans, the MT Falcon Acquisition Debt Facility and the EVM Acquisition Debt Facility, our main source of liquidity will be cash obtained from operations or future shareholder contributions.

BEMH's principal liquidity needs are for working capital, capital and operational expenditures related to maintenance and debt service. BEMH's ability to fund BEMH's capital needs depends on our ongoing ability to generate cash from operations, including dividends received from entities in which BEMH owns controlling interests, the terms of BEMH's financing arrangements (including the Notes, the MT Falcon Acquisition Debt Facility, the EVM Acquisition Debt Facility, the EVM I Project Facility and the EVM II Project Facility) and BEMH's access to the capital markets. In connection with managing BEMH's capital needs, BEMH may also seek to replace BEMH's existing financing arrangements from time-to-time, although there is no guarantee as to whether, or when, BEMH may conduct such activities or the terms upon which any new financing may be available, if at all. See "Risk Factors—Risks Relating to Our Business and Industry—Our business is capital-intensive and changes in capital requirements or the availability of capital could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes."

In addition, a portion of the capacity of the assets across BEMH's business is under long-term agreements with customers, which we believe provides BEMH with a generally steady and predictable cash flow stream. Moreover, BEMH's counterparty with respect to all of these agreements is a stable, creditworthy government entity. Nevertheless, we cannot assure you that BEMH will generate positive operating cash flow. Additionally, the vast majority of these agreements will expire prior to the maturity date of the Notes, so we may not be able to extend them or replace them with agreements on similar terms with other customers, which could, in turn, materially impact our cash flow stream under long-term agreements and our results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—Our business depends on a limited number of customers with which we have entered into long-term agreements" for a discussion of our risk factors that could affect our cash flow stream under long-term agreements.

As of September 30, 2023, BEMH had cash and cash equivalents of U.S.$ 128.8 million.

As of September 30, 2023 and December 31, 2022, BEMH had working capital of U.S.$30.2 million and U.S.$ 33.1 million, respectively. As of the date of this Offering Memorandum, we believe that BEMH's working capital will be sufficient to meet both BEMH's short-term (i.e., within 12 months) and long-term liquidity needs in light of the trends and factors we consider to be most significant to BEMH's business as highlighted above.

Liquidity

Holding Company Structure

The Company is a holding company. As a result, the Company's ability to meet its obligations depends primarily on the earnings and cash flows of its subsidiaries, which upon consummation of the MT Falcon Acquisition and the EVM Acquisition, include MT Falcon and EVM, and the ability of those subsidiaries to pay dividends or other amounts to the Company.

Sources and Uses of Cash

(thousands of U.S.$)	Nine months Ended September 30, 2023	2022	Year Ended December 31, 2022	2021
Net cash from (used in) operating activities	$58,513	—	$(4,836)	—
Net cash from (used in) investing activities	(408,124)	—	(175,499)	—
Net cash from (used in) financing activities	423,023	—	235,725	—
Cash and cash equivalents at the beginning of period	55,390	—	—	—
Cash and cash equivalents at end of period	$128,802	—	$55,390	—

BEMH's net cash from operating activities, net cash used in investing activities and net cash used in financing activities for the nine months ended September 30, 2023 was U.S.$58.5 million, U.S.$408.1 million and U.S.$423,0 million, respectively. BEMH did not have any sources or uses of cash for the nine months ended September 30, 2022. BEMH's cash and cash equivalents at the beginning of 2023 was U.S.$55.4 million. BEMH's net cash used in operating activities, net cash used in investing activities and net cash from financing activities for the year ended December 31, 2022 was U.S.$4.8 million, U.S.$175.5 million and U.S.$235.7 million, respectively. BEMH did not have any sources or uses of cash for the year ended December 31, 2021. The changes in BEMH's sources and uses of cash were due to the sources and uses of cash associated with the MT Falcon Acquisition and EVM Acquisition.

Existing Consolidated Indebtedness

Historical

(thousands of U.S.$)	As of September 30, 2023	As of December 31, 2022	2021
Current debt, net	$48,148	$32,708	—
Long-term debt[(1)]	1,034,775	179,830	—
Total debt facilities	$1,082,923	$212,538	—

(1) Long term debt includes MT Falcon Acquisition Debt Facility, EVM Acquisition Debt Facility, EVM I Project Facility, EVM II Project Facility and the BEMH Loans (as defined herein).

As of September 30, 2023, BEMH had a total of U.S.$1,082.9 million in debt. Such debt includes U.S.$159.8 million under the MT Falcon Acquisition Debt Facility, U.S.$100.0 million under the BEMH 2023 Loan, and U.S.$ 20 million under the BEMH 2022 Loan, U.S.$161.7 million under the EVM Acquisition Debt Facility and outstanding balances for the EVM I Project Facility and EVM II Project Facility. We intend to use a portion of the net proceeds of the issuance of Notes to repay the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility, the EVM Acquisition Debt Facility and the BEMH Loans. See "Use of Proceeds."

The following description summarizes material terms of certain of BEMH's credit arrangements, including a description of certain covenants contained in such credit arrangements. The following description is only a summary and does not purport to describe all the terms of the credit arrangements that may be important.

BEMH 2023 Loan

On July 15, 2023, BEMH, as borrower, and BH, a shareholder of BEMH, as lender, entered into a loan agreement for U.S.$100 million (the "BEMH 2023 Loan") for the financing of the EVM Acquisition. The BEMH 2023 Loan matures on July 15, 2033. The principal amount under the BEMH 2023 Loan shall be repaid on the termination date, with the interest on the principal amount due and payable yearly, unless agreed differently by BEMH and BH. However, subject to sending BH a notice stating its intention to repay the loan prior to the termination date, BEMH shall be entitled to repay the BEMH 2023 Loan in whole or in part, in each event including the respective interest as accrued pursuant to the BEMH 2023 Loan. Pursuant to the BEMH 2023 Loan, BEMH is required to inform BH, without undue delay, any material change, or threat of material change, in its financial situation or liquidity.

We intend to use a portion of the net proceeds of the issuance of the Notes to repay the BEMH 2023 Loan in full. See "Use of Proceeds."

EVM Acquisition Debt Facility

In April 2023, BEI entered into a credit agreement consisting of a term loan facility as well as a credit facility, related to the acquisition of EVM, as well as a credit facility to fund the debt service reserve account to its required balance. The acquisition loan matures in February 2028 and the credit facility available for working capital and letters expire in expires in February 2028 and the letters of credit are automatically renewed for one-year periods until 2028. The total debt outstanding under the term loan facility as of September 30, 2023 is U.S.$ 161.7 million. Debt payments are made on a semi-annual basis in February and August. As of the date of this Offering Memorandum, BEI has further borrowing capacity under the credit facility. Among other restrictions, BEI must maintain a minimum DSCR of 1.10:1.00. BEI was in compliance with the DSCR as of the most recent measurement date.

We intend to use a portion of the net proceeds of the issuance of the Notes to repay the EVM Acquisition Debt Facility in full. See "Description of Existing Financing Arrangements—EVM Acquisition Debt Facility" and "Use of Proceeds."

BEMH 2022 Loan

On October 28, 2022, BEMH, as borrower, and BH, a shareholder of BEMH, as lender, entered into a loan agreement for U.S.$20 million (the "BEMH 2022 Loan," and together with the BEMH 2023 Loan, the "BEMH Loans"). The BEMH 2022 Loan matures on October 28, 2052. The total debt outstanding under the BEMH 2022 Loan as of September 30, 2023 is U.S.$20 million, not including interest. The principal amount under the BEMH 2022 Loan shall be repaid on the termination date, with the interest on the principal amount due and payable yearly, unless agreed differently by BEMH and BH. However, subject to sending BH a notice stating its intention to repay the loan prior to the termination date, BEMH shall be entitled to repay the BEMH 2022 Loan in whole or in part, in each event including the respective interest as accrued pursuant to the BEMH 2022 Loan. Pursuant to the BEMH 2022 Loan, BEMH is required to inform BH, without undue delay, any material change, or threat of material change, in its financial situation or liquidity.

We intend to use a portion of the net proceeds of the issuance of the Notes to repay the BEMH 2022 Loan in full. See "Use of Proceeds."

MT Falcon Acquisition Debt Facility

In June 2022, BE entered into an amended and restated credit agreement consisting of a term loan facility as well as a revolving credit facility available for working capital and letters of credit, related to the acquisition of MT Falcon. The acquisition loan matures in June 2030 and the credit facility available for working capital and letters expire in June 2026. The total debt outstanding under the term loan facility as of September 30, 2023 is U.S.$ 159.8 million. Debt payments are made on a semi-annual basis in June and December. The total amount available under the credit facility as of September 30, 2023 is U.S.$ 235 million, of which no more than U.S.$30.0 million can be drawn for working capital. As of September 30, 2023, U.S.$176.5 million letters of credit have been issued. Among other restrictions, BEMH must maintain a minimum DSCR of 1.05:1.00. BEMH was in compliance with the DSCR as of the most recent measurement date.

We intend to use a portion of the net proceeds of the issuance of the Notes to repay the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility in full. See "Description of Existing Financing Arrangements—MT Falcon Acquisition Debt Facility" and "Use of Proceeds."

EVM I Project Facility

In July 2018, EVM Energía I entered into a credit agreement for a credit facility available for letters of credit, as well as a note purchase agreement to issue and sell U.S.$80,000,000 aggregate principal of its 6.19% senior secured notes, for the refinancing, development and maintenance of the EVM I facility. For further information on EVM I

Project Facility (as defined herein), see "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM—Liquidity and Capital Resources—Existing Project Indebtedness—EVM I Project Facility."

EVM II Project Facility

In September 2019, EVM Energía II entered into a credit agreement for a term loan facility and a credit facility available for letters of credit, as well as a note purchase agreement to issue and sell U.S.$469,000,000 aggregate principal of its 6.02% senior secured notes, for the construction, development and maintenance of the EVM II facility. The term loan is for a principal aggregate amount of U.S.$125,000,000 and consists of tranche A term loan and tranche B term loan, with the principal amount under each tranche maturing on December 31, 2027 and June 30, 2027, respectively. For further information on EVM II Project Facility (as defined herein), see "Management's Discussion and Analysis of Financial Condition and Results of Operations of EVM—Liquidity and Capital Resources—Existing Project Indebtedness—EVM II Project Facility."

Hedging arrangements

BEMH has entered into hedging arrangements with respect to 75% of its consolidated term debt, swapping variable interest for fixed rate interest. As of September, 30 2023, BEMH had outstanding derivative financial instruments with a fair market value of U.S.$10.1 million. As of December 31, 2022 BEMH had outstanding derivative financial instruments with a fair market value of U.S.$8.3 million. For further information on BEMH's hedging arrangements, see "—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments" and "Risk Factors—Risks Relating to Our Business and Industry—Our businesses are exposed to market risks, including fluctuations in commodity prices, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes."

As of September 30, 2023, the composition of BEMH's interest rate swap portfolio was as follows:

Hedged Liability	**Contracting Date**	**Maturity Date**	**Term (days)**	**Underlying Asset**	**Exercise Price**	**Notional Amount (in millions of U.S. Dollars)**	**Prepaid Premium (in millions of U.S. Dollars)**	**Fair Value (in millions of U.S. Dollars)**
Acquisition debt	Various	Various	Various	Various	2.52%	181.7	0	10.1
Total:	—	—	—	—	—	181.7	0	10.1

As of December 31, 2022, the composition of BEMH's interest rate swap portfolio was as follows:

Hedged Liability	**Contracting Date**	**Maturity Date**	**Term (days)**	**Underlying Asset**	**Exercise Price**	**Notional Amount (in millions of U.S. Dollars)**	**Prepaid Premium (in millions of U.S. Dollars)**	**Fair Value (in millions of U.S. Dollars)**
Acquisition debt	Various	Various	2,737	SOFR	2.10%	119.9	0	8.3
Total:	—	—	—	—	—	119.9	0	8.3

The notional amount of the interest rate swaps reflects the balance of the financial instrument but does not reflect the risks. The risk amounts are generally limited to profits or losses not reflected by market valuation, which could vary depending on changes in the market value of the respective asset, its volatility, and the creditworthiness of the relevant counterparties.

Capital Expenditures

BEMH made capital expenditures of U.S.$409.2 million nine months ended September 30, 2023. These capital expenditures mainly included expenditures related to the acquisition and major maintenance for BEMH's power generation facilities and pipeline.

We expect to continue making investments in the optimization and expansion of our existing facilities to increase our revenues and profitability as well as the reliability of our plants.

BEMH estimates that its capital expenditures for 2023 will be approximately U.S.$6.1 million and will be related mainly to major maintenance activities on its facilities. BEMH estimates that its capital expenditures for 2024 will be approximately U.S.$24 million and will be related to major maintenance for its power generation facilities and pipeline and life extension for such assets.

Contractual Obligations

Historical

The following is a summary of BEMH's contractual obligations as of September 30, 2023, considering undiscounted cash flows of financial liabilities based on the earliest date on which BEMH can be required to pay, including both interest and principal payments:

(thousands of U.S.$)	Less than 1 year	1–2 years	3 – 5 years	More than 5 years(1)	Total
Bank loans and derivative financial instruments	75,126	86,825	275,203	696,607	1,133,760
Long Term Services Agreement	27,614	33,108	80,455	239,308	380,485
Fuel Supply Agreement	719,580	933,343	2,198,924	7,754,855	11,606,701
Total	822,320	1,053,276	2,554,581	8,690,770	13,120,947

(1) Figures consider up to year 2038.

BEMH's obligations under derivative financial instruments are described further below under "—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

Dividend Policy

Any future determination to pay dividends will be made at the discretion of BEMH's shareholders subject to applicable laws and the restrictions set forth in BEMH's financing agreements, and will depend upon, among other factors, BEMH's results of operations, financial condition, contractual restrictions and capital requirements.

Off-Balance Sheet Arrangements

BEMH has no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Derivative Financial Instruments

BEMH's utilizes derivative financial instruments to mitigate exposure to fluctuations in its indebtedness caused by interest rates changes. These instruments are negotiated with recognized financial institutions and are used to manage the company's risk exposure. In BEMH's financial statements, all derivative assets or liabilities are recognized at their fair value. This fair value is determined by referencing prices of identical or similar assets and liabilities in active markets, or using observable inputs verified through market data. Various factors, including counterparty credit standing, BEMH's nonperformance risk, exit market conditions, and specific instrument-related risks, are considered in BEMH's fair value assessments. Credit standing assessments consider ratings from recognized agencies and credit default swap implied default probabilities as of the fair value measurement date.

BEMH's utilizes interest rate swaps to achieve BEMH's targeted level of fixed-rate debt as a percent of total debt. The current fair value of these swaps is calculated by discounting and netting estimated future cash inflows and outflows related to the agreements. This calculation incorporates contract terms, market parameters like interest rates, credit risk, and volatility. It's important to note that all of BEMH's debt is variable rate debt, and it's carrying amount is considered to be at fair value as it is derived from observable current market rates.

Currency Exchange Risk

BEMH's functional currency is the U.S. dollar given that BEMH's revenues and capital expenditures are principally in that currency. In accordance with IFRS principles, BEMH's principal exchange rate risk involves changes in the value of the peso relative to the U.S. dollar. BEMH holds its cash and cash equivalents in U.S. dollars and in pesos, in amounts sufficient to source financial and operational obligations which have payment due in either currency.

In general, BEMH is exposed to the risk of exchange rate fluctuations due to transactions conducted in pesos. Transactions generating revenues in pesos include variable O&M charges, primarily under PPAs with CFE and sales in the Mexican wholesale power market. Currency exchange gains or losses can occur on both realized and unrealized basis. Realized gains or losses stem from currency fluctuations between invoicing recognition and the settlement date, usually within one week of accounting recognition. Unrealized gains or losses arise from BEMH's monthly foreign currency revaluation process as per IFRS standards.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF MT FALCON

You should read the information below together with "Presentation of Financial and Other Information," "Summary Historical Consolidated Financial and Operating Data of MT Falcon," "Capitalization," "Use of Proceeds" and "Selected Historical Consolidated Financial and Operating Data of MT Falcon" and the MT Falcon Consolidated Financial Statements and related notes included elsewhere in this Offering Memorandum. The Financial Statements were prepared in accordance with IFRS.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may vary materially from those discussed in such forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and other matters set forth in this Offering Memorandum.

Overview

MT Falcon is a leading IPP in Mexico with more than 20 years of operating experience in the country. BEMH, through MT Falcon, owns and operates portfolio of U.S. dollar-based, long term contracted, operationally efficient and highly competitive assets with a total commercial capacity of 2.2 GW. The MT Falcon asset base is composed of five gas fired CCGTs and a natural gas pipeline measuring 57.9 kilometers located in Northeastern Mexico with a delivery capacity of 410,000 MMbtu per day. The generation capacity and energy output produced by the power plants are sold to the CFE in accordance with the IPP PPAs, each with a term of 25 years starting on the commercial operating date of each respective power plant, and the surplus energy over contracted energy is offered and provided to the Mexican wholesale power market operated by CENACE.

MT Falcon has obtained permits granted by the CRE for each of its power plants to generate and sell electricity to the CFE as an independent producer. These permits to generate and sell electricity to the CFE as an independent producer have mandatory terms of 25 years. Additionally, MT Falcon obtained permits from the CRE for each power plant to produce and sell electricity as a generator into the Mexican wholesale power market under LIE regime. Each of these permits has a mandatory term of 30 years, expiring on the following dates:

Asset	Saltillo	Rio Bravo II	Rio Bravo III	Rio Bravo IV	Altamira
CRE LIE permit expiration date	September 1, 2046	September 1, 2046	September 1, 2046	September 1, 2046	October 13, 2046

In order to sell electricity as generators to CENACE into the Mexican wholesale power market, CSO, EAA, CAC, CLR and CVH each executed individual market participant agreements with CENACE, enabling each generator to operate in the market. The form of the market participant agreement is publicly available, and all market participants must enter such agreement in its standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreements."

The following table summarizes MT Falcon's operating assets as of the date of this Offering Memorandum:

Asset	Saltillo	Altamira	Rio Bravo II	Rio Bravo III	Rio Bravo IV	Gasoducto del Rio (pipeline)
Contracted Capacity	247.5 MW	495.0 MW	495.0 MW	495.0 MW	500.0 MW	410,000 MMBTU/d
Commercial Capacity	247.5 MW	495.0 MW	495.0 MW	495.0 MW	500.0 MW	N/A
Technical Capacity	275.0 MW	539.0 MW	540.0 MW	560.0 MW	547.0 MW	N/A
Location	Ramos Arizpe, Coahuila	Altamira, Tamaulipas	Valle Hermoso, Tamaulipas	Valle Hermoso, Tamaulipas	Valle Hermoso, Tamaulipas	Valle Hermoso, Tamaulipas
COD	2001	2002	2002	2004	2005	2003
Expected Useful Life(1)	2041	2042	2042	2044	2045	N/A
Technology	CCGT	CCGT	CCGT	CCGT	CCGT	N/A
Equipment	1 x Siemens 501F	2 x Mitsubishi 501F	2 x Siemens 501F	2 x Siemens 501F	2 x Siemens 501F	N/A
Fuel	Gas/Diesel	Gas/Diesel	Gas/Diesel	Gas	Gas	Gas
Heat Rate (2) (kJ/kWh)	7,325	6,928	7,403	7,110	7,092	N/A
Average Availability(3)	89%	91%	88%	95%	90%	N/A
Offtaker	CFE	CFE	CFE	CFE	CFE	CFE/Rio Bravo III & IV

PPA Maturity	2026	2027	2027	2029	2030	2029 and 2030 (4)
Gas Supplier	CFE	Pemex	CFE	Trafigura	Trafigura	N/A
Gas Supply Agreement Maturity	2026	2027	2027	2029	2030	N/A
CSA	PSM	Mitsubishi	Mitsubishi	Mitsubishi	Mitsubishi	N/A
CSA Maturity	2026	2027	2027	2029	2030	N/A

(1) According to the Independent Engineer's review.
(2) Average heat rate for the period from January 2020 to November 2023. The system average, which refers to heat rate average plan in SIN, is 10,389 kJ/kWh.
(3) The system average, which refers to the average of AFRY monthly historical thermal availability for all thermal plants, based on CENACE data, is 76%.
(4) Transport service agreements with CLR and CVH mature in March 2029 and March 2030, respectively. Transport service agreement with CFE is subject to yearly renewals.

Trends and Factors Affecting MT Falcon's Results of Operations

The following are certain key factors that affect, or have recently affected, the Company's results of operations. These should be read in conjunction with the risks and uncertainties discussed under "Risk Factors."

Mexican Economic Environment

All of MT Falcon's operations are conducted in Mexico. As a result, MT Falcon's business, financial condition and results of operations depend on and may be affected by the general condition of the Mexican economy, over which MT Falcon has no control. In particular, the general performance of the Mexican economy affects demand for electricity and inflation, which primarily affects MT Falcon's business by leading to increases in wages and other administrative costs while at the same time reducing MT Falcon's net income if inflation is not completely passed through the IPP PPA contracts or, as applicable, future market electricity prices do not increase at the same pace as inflation.

The following table sets forth the year-over-year changes in Mexico of various economic indicators, including GDP, the national consumer price index, the national producer price index, merchandise export growth and interest rates, as well as a comparison of these changes to the changes in the demand for electricity in Mexico for the years indicated.

Selected Economic Indicators for the Years Ended December 31, 2018 through 2022

	2018	2019	2020	2021	2022
Real GDP (% change)(1)	2.0	(0.3)	(8.8)	6.1	3.6
National consumer price index (% change)(2)	4.8	2.8	3.2	7.4	7.8
National producer price index - core inflation (*inflación subyacente*) (% change)(2)	3.7	3.6	3.8	5.9	8.3
Merchandise export growth without oil (% change)(3)	8.9	3.6	(8.2)	16.5	15.7
Interest rates (average % based on 28-day Cetes)(2)	7.6	7.8	5.3	4.4	7.7
Change in Electricity Demand in Mexico (% change)(4)	2.7	2.2	(2.2)	3.5	3.4

Sources:
(1) INEGI
(2) Banco de México
(3) INEGI
(4) PRODESEN

Mexico's GDP grew by 2.0% in 2018 and declined 0.3% for the year ending December 31, 2019. In addition, Mexico's GDP growth declined by 8.8% for the year ended December 31, 2020, mostly driven by the COVID-19 pandemic. Subsequently, Mexico's GDP grew 6.1% and 3.6% for the years ended December 31, 2021 and 2022. The current U.S. governmental policies towards Mexico have created instability, uncertainty and may adversely affect the Mexican economy. Uncertainty as to Mexican Politics or the Mexican economy that, if prolonged, could lead to a decrease in investor confidence in the Mexican market and a negative impact on the Mexican economy as well as on

MT Falcon's business, financial condition and results of operations, particularly after PPA the expiration of the IPP PPAs.

However, MT Falcon expects that current macroeconomic dynamics in Mexico will continue to create opportunities for growth in the energy infrastructure sector over the next several years as demand for energy continues to grow. See "Risk Factors."

Revenues

Revenues generated by each of MT Falcon's businesses are affected by the following factors:

- MT Falcon depends on CFEG as its single customer, with whom MT Falcon has entered into long-term agreements. If MT Falcon is unable to collect payments from CFEG under these agreements, MT Falcon's revenues could materially decrease. These agreements are, in general, subject to:
    - early termination provisions for the failure of a party to perform its obligations under the agreement;
    - suspension or termination provisions for force majeure events beyond the control of the parties; and
    - standard liability limitations that may not have a specific limit.
- General economic conditions in Mexico. See "—Mexican Economic Environment." With respect to the merchant energy sold during the IPP PPA term, lower customer demand due to unfavorable economic conditions would result in a marginal reduction of MT Falcon's revenues and profits from sales in the Mexican wholesale power market.
- Availability of the plants is the single most relevant key performance indicator in the PPAs, affecting the capacity payments. Therefore, any event that affects plants availability, which is not categorized as Force Majeure, will result in a decrease of revenues and therefore profit.
- Despite abundant gas availability in the regions where our assets are located, a lack of natural gas to generate electricity could affect MT Falcon's revenues as the plants would not be available, resulting in penalties under the PPA or in the incapacity to sell electricity in the wholesale market.
- Inflationary pressures may partially affect the profitability of MT Falcon's contracts, including rising operational costs and commodity prices, fuel costs, cost of labor, materials and equipment, rising interest rates that affect financing costs, and changes in the U.S. dollar to Mexican peso exchange rate. Nevertheless, current PPA contracts provide a shield against inflation due to their inflation linked revenues.
- After the PPA term expires, assets revenues and profit might be subject to additional market risk that encompasses variables such as: GDP growth, electricity demand at the regional and national level, energy market prices, dispatch priority, renewable penetration, transmission infrastructure, natural gas prices and others. See "AFRY Market Study." In addition, MT Falcon might enter into subsequent PPA agreements with different conditions than the existing ones.

Contract Capacity and Energy Sales

Generally, under MT Falcon's PPAs, MT Falcon's electricity sales are denominated and paid in U.S. dollars and pesos to reflect actual operating costs, and are composed of the following:

- Fixed charges:

- a fixed capacity charge,
- a fixed O&M charge, and
- a fixed fuel capacity charge.

- Variable charges:
  - a variable O&M charge,
  - a variable fuel charge, and
  - a variable startup charge.

Fixed capacity charges. Fixed capacity charges are meant to cover financing expenses, equity return and taxes, and operate as a take-or-pay provision whereby MT Falcon receives payment for the contracted capacity regardless of whether the customer uses or actually requires it, except in force majeure circumstances that extend beyond certain periods of time. Additionally, actual plant availability relative to guaranteed availability may result in an adjustment to the fixed capacity charges.

Fixed O&M charges. Fixed O&M charges are meant to cover project fixed operating expenses (e.g., labor, fixed fuel and transmission charges and insurance costs) and operate as a take-or-pay provision whereby MT Falcon receives payment for the contracted capacity regardless of whether the customer uses or actually requires it, except in force majeure circumstances that extend beyond certain periods of time. Additionally, actual plant availability relative to guaranteed availability may result in an adjustment to the fixed O&M charges.

Fixed fuel capacity charges. Fixed fuel capacity charges are meant to cover the fixed cost of fuel (e.g. transport) for the energy generated through the contracted capacity and operate as a take-or-pay provision whereby MT Falcon receives payment for the contracted capacity regardless of whether the customer uses or actually requires it, except in force majeure circumstances that extend beyond certain periods of time. Additionally, actual plant availability relative to guaranteed availability may result in an adjustment to the fixed fuel capacity charges.

Variable O&M charges. Variable O&M charges are meant to cover project variable operating expenses (e.g., cost of generation other than fuel, for example water usage, chemicals or variable long-term service agreements fees) and operate as a cost per unit of electricity generated.

Variable fuel charges. Variable fuel charges are meant to cover the cost of fuel for the generation delivered. The fuel charges are passed through on a guaranteed fuel-to-electricity conversion rate basis, the guaranteed or contracted heat rate. Projects performing better than the contracted heat rate will generate additional margin, while projects performing worse than the contracted heat rate will generate additional fuel losses.

Startup charges. Startup charges are meant to cover the costs associated with starting a generation unit as a result of a dispatch nomination from the customer. These costs consist of fuel expended during startup. Startup charges operate as a variable amount based on the fuel consumed per startup, charged to the customer.

Effects on availability as a result of Major Maintenance Work Relating to MT Falcon's Power Generation Assets

The number of days that MT Falcon's power generation plants are unavailable and beyond the scheduled major maintenance in any given month, will impact each plant's future 12-month rolling average capacity availability factor, and as a result, it may reduce the next 12-month period capacity charges MT Falcon is entitled to receive under its PPAs.

MT Falcon's IPP PPAs with CFE provide a schedule of major maintenance and therefore a guaranteed availability under the PPAs. To the extent that MT Falcon has to conduct major maintenance work on its turbines or other assets that go beyond the schedule under the PPA and therefore actual availability is below guaranteed availability the capacity charges MT Falcon receives from CFEG will have an impact in the next 12-month period. In addition, MT Falcon might incur additional expenses by having to buy energy in the Mexican wholesale power market to comply with their obligations under the PPAs during a period of unscheduled extended major maintenance.

Additionally, the amount of capital spent in connection with scheduled major maintenance works also impacts MT Falcon's results of operations as such amounts are spent as they are incurred (unless such investments can be capitalized under IFRS because they improve the output or reliability of the asset). As such, although MT Falcon maintains business interruption insurance that would help MT Falcon restore its cash position in any such circumstances, MT Falcon's results of operations can be impacted in any year where MT Falcon has to incur significant expenses in connection with scheduled major maintenance works.

In addition to scheduled maintenance, MT Falcon may also have to conduct unscheduled maintenance works on its power generation assets. In such cases, MT Falcon's power generation assets might be unavailable for longer periods of time than anticipated and, as a result, MT Falcon's capacity payments could be further reduced if actual availability is lower than guaranteed availability. Additionally, if unscheduled maintenance is required, MT Falcon may need to make additional unanticipated capital investments to repair its assets and restore their availability and reliability, in which case, the capital spent in connection with those repairs is also expensed as incurred. Furthermore, MT Falcon might incur additional expenses by having to buy energy in the Mexican wholesale power market to comply with their obligations under the PPAs during a period of unscheduled extended major maintenance. As a result, while MT Falcon maintains business interruption insurance that would help MT Falcon restore its cash position in any such instances, unscheduled major maintenance works nevertheless impact its results of operations in the periods in which such expenditures are made.

Changes in the Prices MT Falcon receives for Local Marginal Prices and pays for Natural Gas

MT Falcon's profit margins from its electricity sales come (i) mainly from sales to CFEG under the PPAs and (ii) from sales to the Mexican wholesale power market (uncontracted revenues). The latter are exposed to the prices that MT Falcon obtains in the Mexican wholesale power market as well as the prices MT Falcon is required to pay for the fuel that powers its generation activities. For the nine months ended September 30, 2023, revenues from uncontracted capacity, which are calculated based on the wholesale electricity price in the Mexican wholesale power market, represented 0.95% of MT Falcon's total revenues.

Total fuel costs, in turn, represented 86.5% of MT Falcon's total cost of revenues. While under MT Falcon's PPAs substantially all of the fuel costs are passed through to MT Falcon's customers, because not all costs are fully passed through to MT Falcon's customers, any material changes in fuel prices could have an impact on MT Falcon's results of operations. Three of MT Falcon's generating plants (i.e., CAC, CSO and EAA) can use either natural gas or diesel (with diesel being used only (i) for emergencies when natural gas is unavailable and (ii) by election of the off-taker (in both cases CFE)).

The prices MT Falcon pays for natural gas and diesel have been and may continue to be affected by, among other factors, the availability of natural gas and diesel in the United States and, to a lesser extent, Mexico. MT Falcon has a demonstrated ability to enter into agreements with local companies producing or transporting diesel and natural gas. Any significant increase in fuel prices could adversely affect MT Falcon's results of operations and financial condition, on any uncontracted portion of the assets if the market electricity price fails to properly and timely reflect such gas price increases. Under our existing PPAs, an increase in the price of natural gas would be a pass-through increase under the PPAs. However, after the IPP PPAs' expiration, an increase in the fuel costs that is not reflected in the price increases in the wholesale electricity price could affect MT Falcon's results of operations.

Changes in Exchange Rates

As the U.S. dollar is MT Falcon's functional currency, any changes in the U.S. dollar/peso exchange rate could have material impact on MT Falcon's results of operations due to the following factors:

- For the nine months ended September 30, 2023, 81.19% of MT Falcon's total revenues were denominated in or linked to U.S. dollars, which include revenues from fixed capacity charges, fixed

O&M charges and fuel pass-through charges, paid by MT Falcon's off-takers, mainly CFE, which have allowed MT Falcon to comply with its repayment obligations under its financing denominated in U.S. dollars with no significant effect in the cost of U.S. dollars.

- For the nine months ended September 30, 2023, 18.81% of MT Falcon's total revenues were denominated in pesos, which include revenues from variable O&M charges mostly under MT Falcon's PPAs, in each case operating on a cost pass-through basis to CFE, as off-takers. Because costs associated with these streams of revenues are incurred and recovered in pesos, there is limited associated exchange rate risk.

- For the nine months ended September 30, 2023, 81.06% of MT Falcon's total costs were denominated in or linked to U.S. dollars and 18.94% of MT Falcon's total costs are denominated or linked to pesos.

- As of September 30, 2023, 7.51% of MT Falcon's liabilities and 7.24% of MT Falcon's assets were denominated in or linked to the peso.

As a result of the above factors, if the peso depreciated materially relative to the U.S. dollar, MT Falcon's revenues in U.S. dollar terms would be reduced because of the negative effect on 18.81% of MT Falcon's revenues which are denominated in pesos. However, MT Falcon believes it is naturally hedging the effect of any such currency fluctuations through the breakdown of MT Falcon's revenues and costs of revenues per currency denomination and the pass-through nature of certain of MT Falcon's costs. Therefore, MT Falcon does not currently hedge any potential currency risk.

Customer Concentration

A substantial portion of MT Falcon's capacity and electricity sales under its IPP PPAs come from MT Falcon's main customer: CFEG. The revenues from CFEG contracts accounted for 99% of MT Falcon's total revenues for the nine months ended September 30, 2023. The vast majority of these agreements will expire prior to the maturity date of the Notes, so we may not be able to extend them or replace them with agreements on similar terms with other customers, which could, in turn, materially impact our results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—Our business depends on a limited number of customers with which we have entered into long-term agreements".

Description of Income Statement Line Items

Revenue and other income

Revenue and other income are mainly composed of contracted revenue and uncontracted revenue from PPAs. Uncontracted revenue reflects the revenue generated under sales to the Mexican wholesale power market and contractual revenue reflects the revenue generated pursuant to the long-term PPAs with CFEG. Uncontracted revenue and contracted revenues can come in the form of capacity or energy revenues. In the case of contracted revenues, they are broken down as follows:

(a) Capacity revenue—fixed capacity charge, O&M charge and capacity for fuel supply capacity; and

(b) Energy Revenue—variable O&M charge, fuel charge and start up charge.

Uncontracted revenue factors the local marginal price for electricity, the capacity price and the energy generated and available capacity of the power plant. The local marginal price for electricity is defined by the marginal cost of the most expensive unit injecting energy to the grid (i.e. the setting marginal technology which in turn is a function of supply and demand in the system), it is also defined by the congestion and losses in the transmission network in the particular node of injection. The other source of uncontracted income comes from the capacity balancing market which is set based on the operating margin of the system in the 100 most critical hours in the entire year and the availability of the plant in that period of time.

Cost and expenses

Costs and expenses consist mainly of those costs associated with MT Falcon's generation, including the cost of natural gas and diesel, as well as fuel-transportation expenses. The majority of these costs are passed through to MT Falcon's customers pursuant to its PPAs. However, the costs associated with MT Falcon's generation sold into the Mexican wholesale power market are not passed through to MT Falcon's customers. Costs and expenses also include O&M expenses comprised of fixed and major operational maintenance of MT Falcon's power generation facilities and pipeline. Costs and expenses also include administrative costs comprised of expenses associated with the management and personnel of MT Falcon's power generation facilities and its pipeline.

Interest income

Interest income consists of the estimated fair value of the mark to market MT Falcon's interest rate swaps.

Interest expense

Interest expense, net consists of the interest incurred with respect to MT Falcon's outstanding debt, as well as interest income and other financing costs.

Other financial cost

Other financing income consists primarily of income or expenses associated with non-operating activities, such as gain or losses on the sale of property and other assets (other than inventory).

Foreign exchange income – Net

Foreign exchange income, net is generated from currency fluctuation with respect to assets, liabilities, revenues and expenses denominated in currencies other than the U.S. dollar, which is MT Falcon's functional currency.

Income tax benefit

Income tax consists of the amount of current income taxes incurred for the period as well as deferred tax expense reflected in accordance with IFRS.

Critical Accounting Policies

Critical accounting policies are those that are most important to the portrayal of MT Falcon's financial condition, results of operations and cash flows, and require management to make judgments, assumptions and estimates about matters that are inherently uncertain or where judgments, assumptions and estimates are significant. MT Falcon's management bases its estimates on historical experience and other assumptions that it believes are reasonable based upon information available to MT Falcon at the time that these judgments, assumptions and estimates are made. MT Falcon continually evaluates its judgments, assumptions and estimates. MT Falcon's actual results may differ from the judgments, assumptions and estimates made by MT Falcon's management. To the extent that there are material differences between these judgments, assumptions and estimates (on the one hand) and actual results (on the other hand), MT Falcon's future financial statement presentation, financial condition, results of operation and cash flows may be affected.

The following are some of the key judgments that management has made in the process of applying MT Falcon's accounting policies that have or may have the most significant effect on the amounts recognized in the MT Falcon Consolidated Financial Statements.

Principles of Consolidation

The consolidated financial statements incorporate the financial statements of MT Falcon and its subsidiaries controlled by it. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when MT Falcon has existing rights that give it the ability to direct the activities of the investee unilaterally. MT Falcon considers all relevant facts and circumstances in assessing whether or not its rights in an investee are sufficient to give it power, including, among others, the size of its holdings of voting rights, contractual agreements or currently exercisable potential voting rights of a company's share capital.

Consolidation of a subsidiary begins when MT Falcon obtains control over the subsidiary and ceases when MT Falcon loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date MT Falcon gains control until the date when MT Falcon ceases to control the subsidiary.

All of the intra-group balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated in full. For subsidiaries that MT Falcon controls, but does not own, 100% of the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interest in the consolidated statements of financial position and consolidated statements of comprehensive loss.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

MT Falcon's subsidiaries and related shareholding percentage as of September 30, 2023 is shown below:

	% of ownership	**Jurisdiction**	**Nature of operations**
Central Saltillo, S.A. de C. V. (CSO)	99.9%	Mexico	Energy Power generation
Electricidad Águila de Altamira, S. de R. L. de C. V. (EAA) ...	99.9%	Mexico	Energy Power generation
Central Lomas de Real, S.A. de C. V. (CLR)	99.9%	Mexico	Energy Power generation
Central Valle Hermoso, S.A. de C. V. (CVH)	99.9%	Mexico	Energy Power generation
Gasoducto del Río, S.A. de C. V. (GDR)	99.9%	Mexico	Natural gas transportation services
Compañía Mexicana de Gerencia y Operación, S.A. de C. V. (COMEGO)...	99.9%	Mexico	Provides administrative services exclusively to its related parties

Foreign currency financial statements

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (US dollars) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the end of each reporting period. Income and expense items are translated at the rates prevailing on the dates of the transactions. Exchange differences arising, if any, are recognized in profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in profit or loss.

Relevant exchange used in the preparation of the consolidated financial statements were as follows (Mexican pesos per one U.S. dollar).

	2022	2021
Current exchange rate as of December 31, ...	Ps. 19.3615	Ps. 20.5835
Weighted average exchange rate for the year ended December 31, ...	Ps. 20.1250	Ps. 20.2818

Power plants, natural gas pipeline, property and equipment

MT Falcon's power plants, natural gas pipeline, property and equipment were recorded at fair values based upon the appraised values of such assets in accordance with IFRS 3. Assets acquired after the business combination adoption are recorded at acquisition cost. Depreciation is calculated using the straight-line method over the average estimated useful lives of the powerplants, natural gas pipeline, property and equipment. MT Falcon reviews the estimated remaining useful lives and the method of depreciation every year.

Impairment of long-lived assets

The carrying amount of the power plants, natural gas pipeline, amortizable intangible assets and other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the expected undiscounted future cash flows are less than the carrying value of the long-lived assets, an impairment charge is recorded based on such asset's estimated fair value. Changes in estimates of future cash flows could result in a write-down of the asset in a future period.

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current income tax ("ISR", for its acronym in Spanish) is recognized in the results of the year in which is incurred. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Results of Operations—Nine Months Ended September 30, 2023 and 2022 and Years Ended December 31, 2022 and 2021

The following table sets forth MT Falcon's results of operations for the years ending December 31, 2022 and 2021 and for the nine months ended September 30, 2023 and 2022, and the corresponding variances for each period.

(thousands of U.S.$, except percentages)	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Year ended December 31, 2022	Year ended December 31, 2021	Variance For the nine months ended September 30, 2023 vs. 2022		Variance For the year ended December 31, 2022 vs. 2021	
Revenue and other income:								
Capacity charges	$189,512	$175,983	$241,236	$217,755	$13,529	7.69%	$23,481	10.78%
Energy charges	247,599	563,781	695,434	514,789	(316,182)	(56.08%)	180,645	35.09%
Gas transport services	2,116	2,070	2,787	3,912	46	2.22%	(1,125)	(28.76%)
Other revenue	4,570	—	—	—	4,570	nm	—	—
Total revenue and other income	443,797	741,834	939,457	736,456	(298,037)	(40.18%)	203,001	27.56%
Cost and expenses								
Fuel expense	(290,050)	(610,585)	(761,052)	(564,427)	320,535	52.50%	(196,625)	(34.84%)
Major maintenance costs	(42,101)	(50,528)	(65,013)	(77,572)	8,427	16.68%	12,559	16.19%
Loss on disposal of fixed assets	—	—	(654)	(3,772)	—	—	3,118	82.66%
Depreciation and amortization	(35,455)	(38,990)	(51,308)	(52,027)	3,535	9.07%	719	1.38%
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	—	—	(144,751)	—	—	—	(144,751)	nm
Administrative expenses	(23,988)	(24,036)	(35,610)	(32,875)	48	0.20%	(2,735)	(8.32%)
Total cost and expenses	(391,594)	(724,139)	(1,058,388)	(730,673)	332,545	45.92%	(327,715)	(44.85%)
Operating (loss) income	52,203	17,695	(118,931)	5,783	34,508	195.02%	(124,714)	(2,156.56%)
Other financing cost:								
Interest income	21	447	663	234	(426)	(95.30%)	429	183.33%
Interest expense	(12,120)	(7,099)	(10,430)	(7,276)	(5,021)	(70.73%)	(3,154)	(43.35%)
Other financial cost	—	—	(891)	(410)	—	—	(481)	(117.32%)
Foreign exchange gain (loss) – Net.	(425)	(1,116)	(100)	(1,114)	691	61.92%	1,014	91.02%
	(12,524)	(7,768)	(10,758)	(8,566)	(4,756)	(61.23%)	2,192	25.59%
Income (loss) before income tax	39,679	9,927	(129,689)	(2,783)	29,752	299.71%	$(126,906)	(4,560.04)%
Income tax benefit (expense)	35,333	(3,199)	23,698	(954)	38,532	1,204.50%	$24,652	2,584.07%
Net income (loss) for the period	$75,012	$6,728	$(105,991)	$(3,737)	$68,284	1,014.92%	$(102,254)	(2,736.26)%

Nine months ended September 30, 2023 compared to nine months ended September 30, 2022

(thousands of U.S.$, except percentages)	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Variance Nine months ended September 30, 2023 vs. 2022	
Revenue and other income:				
Capacity charges	$189,512	$175,983	$13,529	7.69%
Energy charges	247,599	563,781	(316,182)	(56.08%)
Gas transport services	2,116	2,070	46	2.22%
Other revenue	4,570	—	4,570	nm
Total revenue and other income	443,797	741,834	(298,037)	(40.18%)
Cost and expenses				
Fuel expense	(290,050)	(610,585)	320,535	52.50%
Major maintenance costs	(42,101)	(50,528)	8,427	16.68%
Depreciation and amortization	(35,455)	(38,990)	3,535	9.07%
Administrative expenses	(23,988)	(24,036)	48	0.20%
Total cost and expenses	(391,594)	(724,139)	332,545	45.92%
Operating (loss) income	52,203	17,695	34,508	195.02%

(thousands of U.S.$, except percentages)	Nine months ended September 30, 2023	2022	Variance Nine months ended September 30, 2023 vs. 2022	
Other financing cost:				
Interest income	21	447	(426)	(95.30%)
Interest expense	(12,120)	(7,099)	(5,021)	(70.73%)
Foreign exchange gain (loss) – Net	(425)	(1,116)	691	61.92%
	(12,524)	(7,768)	(4,756)	(61.23%)
Income (loss) before income tax	39,679	9,927	29,752	299.71%
Income tax benefit (expense)	35,333	(3,199)	38,532	1,204.50%
Net income (loss) for the period	$75,012	$6,728	$68,284	1,014.92%

Total revenue and other income

MT Falcon's total revenue and other income decreased by U.S.$298.0 million, or 40.18%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The decrease was primarily due to (i) the decrease in natural gas prices from U.S.$6.36 per MMBtu in 2022 to U.S.$2.61 to MMBtu and (ii) an increase of 3,903,945 MMBtu in molecule consumption.

Total cost and expenses

MT Falcon's total cost and expenses decreased by U.S.$332.5 million, or 45.92%, for the nine months ended September 30, 2023 compared to 2022. The decrease in MT Falcon's total cost and expenses was primarily due to (i) a decrease in natural gas prices, (ii) a decrease in major maintenance costs due to lower maintenance activities carried out in the plants during the nine months of 2023 compared to the first nine months of 2022 and (iii) a decrease in depreciation and amortization caused by the impairment recorded in 2022 when adjusting the acquisition price of the assets during BEMH's acquisition of MT Falcon. On the other hand, the increase shown in administrative expenses in 2023 is mainly because most of these expenses were incurred in the local currency and therefore affected by the appreciation of the peso against the dollar. Accounting for the exchange rate, this represented an increase in expenses of 12.07%.

Interest income

MT Falcon's reported U.S.$21 thousand in interest income for the nine months ended September 30, 2023, as compared to U.S.$447 thousand for the nine months ended September 30, 2022, related to an increase in the interest rate.

Interest expense

MT Falcon reported U.S.$12.1 million in interest expense for the nine months ended September 30, 2023, compared to U.S.$7.1 million for the nine months ended September 30, 2022. This increase was mainly due to an increase in the financing interest rate from 5.29% in 2022 to 9.52% in 2023 due to the refinancing of MT Falcon's debt as a result to the MT Falcon Acquisition.

Foreign exchange loss – Net

MT Falcon's foreign exchange loss, net decreased by U.S.$0.7 million to U.S.$0.4 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. This was mainly due to the appreciation of the peso against the dollar from Ps. 19.36 to Ps. 17.62.

Income tax benefit

MT Falcon's income tax benefit increased U.S.$38.5 million to an expense of U.S.$35.3 million for the nine months ended September 30, 2023, compared to an expense of U.S.$3.2 million for the nine months ended September

30, 2022. The reversal from an income tax expense to an income tax benefit was primarily driven by the revaluation of assets caused by the purchase price allocation performed, resulting in a higher value of MT Falcon's assets.

Net income (loss) for the period

For the nine months ended September 30, 2023, MT Falcon's net income was U.S.$75.0 million compared to U.S.$6.7 million for the nine months ended September 30, 2022. The variance of U.S.68.3 million is mainly due to the increase of U.S.$18.1 million in capacity charges revenues & other revenues. There was also a reduction in maintenance costs, depreciation, and amortization expense and therefore, a deferred tax benefit.

Year ended December 31, 2022, compared to year ended December 31, 2021

(thousands of U.S.$, except percentages)	**Year Ended December 31, 2022**	**2021**	**Variance Year ended December 31, 2022 vs. 2021**	
Revenue and other income:				
Capacity charges	$241,236	$217,755	$23,481	10.78%
Energy charges	695,434	514,789	180,645	35.09%
Gas transport services	2,787	3,912	(1,125)	(28.76%)
Total revenue and other income	939,457	736,456	203,001	27.56%
Cost and expenses				
Fuel expense	(761,052)	(564,427)	(196,625)	(34.84%)
Major maintenance costs	(65,013)	(77,572)	12,559	16.19%
Loss on disposal of fixed assets	(654)	(3,772)	3,118	82.66%
Depreciation and amortization	(51,308)	(52,027)	719	1.38%
Impairment of power plants, natural gas pipeline, property and equipment, intangible asset and goodwill	(144,751)	—	(144,751)	nm
Administrative expenses	(35,610)	(32,875)	(2,735)	(8.32%)
Total cost and expenses	(1,058,388)	(730,673)	(327,715)	(44.85%)
Operating (loss) income	(118,931)	5,783	(124,714)	(2,156.56%)
Other financing cost:				
Interest income	663	234	429	183.33%
Interest expense	(10,430)	(7,276)	(3,154)	(43.35%)
Other financial cost	(891)	(410)	(481)	(117.32%)
Foreign exchange loss – Net	(100)	(1,114)	1,014	91.02%
	(10,758)	(8,566)	2,192	25.59%
Loss before income tax	(129,689)	(2,783)	$(126,906)	(4,560.04)%
Income tax benefit (expense)	23,698	(954)	$24,652	2,584.07%
Loss for the period	$(105,991)	$(3,737)	$(102,254)	(2,736.26)%

Total revenue and other income

MT Falcon's total revenue and other income increased by U.S.$203.0 million, or 27.56%, for the year ended December 31, 2022, compared to the year ended December 31, 2021. The increase was primarily due to (i) an increase in fuel pass-through cost, (ii) an increase of U.S.$1.00 per MMBtu in the natural gas price and (iii) an increase of 14,887,392 MMBtu in the molecules consumed for energy generation.

Total cost and expenses

MT Falcon's total cost and expenses increased by U.S.$327.7 million, or 44.85%, for the year ended December 31, 2022 compared to 2021. The increase in MT Falcon's total cost and expenses was primarily due to (i) an increase in the price paid for natural gas, (ii) the impairment of power plants, natural gas pipelines, property and equipment, intangible assets, and goodwill due to BEMH's acquisition of MT Falcon. Additionally, the management identified a possible indication of impairment in long-term assets. Consequently, impairment tests were conducted, considering the present value of future net cash flows from the assets versus book values. This resulted in an impact of U.S.$145 million. The increase in administrative expenses in 2023 is primarily related to legal contingencies for

U.S.$2.25 million. On the other hand, the decrease in major maintenance is a result of the reduced maintenance activities carried out in the plants in 2022 (Río Bravo III and Río Bravo IV) compared to 2021 (Río Bravo II, Río Bravo III, Río Bravo IV, Saltillo and Altamira). Asset write-downs in 2021 focused on Río Bravo II and Río Bravo IV to enhance plant reliability and in Saltillo due to the failure in the main leads, rotor, brushing and parallel ring,

Operating (loss) income

Operating losses for the year ended December 31, 2022, were U.S.$118.9 million, representing a decrease of U.S.$124.7 million compared to the operating income of U.S.$5.8 million for the year ended December 31, 2021. This decrease in MT Falcon's operating income was primarily due to impairment of fixed assets.

Interest income

MT Falcon reported U.S.$0.7 million in interest income for the year ended December 31, 2022, as compared to U.S.$0.2 million for the year ended December 31, 2021, related to an increase in the interest rate for the banks accounts, from 1.88% to 5.30% in pesos and from 0.15% to 2.80% in dollars.

Interest expense

MT Falcon's reported U.S.$10.4 million in interest expense for the year ended December 31, 2022, as compared to U.S.$7.3 million for the year ended December 31, 2021, related to an increase in the interest rate for the working capital facility and increase in project financing unhedged interest rate from 3.61% in 2021 to 5.55% in 2022.

Other financial cost

MT Falcon reported U.S.$0.9 million in other financing cost for the year ended December 31, 2022, as compared to U.S.$0.4 million for the year ended December 31, 2021. This was driven mainly by the fact that MT Falcon paid U.S.$0.3 million as a prepayment to project financing.

Foreign exchange loss – Net

MT Falcon's foreign exchange loss, net decreased U.S.$1.0 million for the year ended December 31, 2022 from U.S.$1.1 million for the year ended December 31, 2021. This decrease was due to the fluctuation of the exchange rate between 2021 and 2022, from an average of Ps. 20.28 to an average of Ps. 20.12, respectively.

Income tax (expense) benefit

MT Falcon's income tax expense increased U.S.$22.7 million to U.S.$23.7 million for the year ended December 31, 2022, compared to an income tax expense of U.S.$1.0 million for the year ended December 31, 2021. The increase in our income tax expense was primarily due to the impairment in long-term assets and a decrease of deferred tax for the pending amortization of the remaining assets, resulting in a positive tax effect.

Loss for the year

For the year ended December 31, 2022, MT Falcon's loss for the year was U.S.$106.0 million compared to U.S.$3.7 million. The variance of U.S.$102.3 million, is mainly due to long-term asset impairment, net of taxes.

Liquidity and Capital Resources

Overview

MT Falcon currently finances most of its liquidity needs through the earnings and cash flows of MT Falcon's subsidiaries.

MT Falcon's principal capital needs are for working capital, capital expenditures related to maintenance and debt service. MT Falcon's ability to fund MT Falcon's capital needs depends on our ongoing ability to generate cash from operations, including dividends received from entities in which MT Falcon owns, the terms of MT Falcon's financing arrangements (including the Notes) and MT Falcon's access to the capital markets. In connection with managing MT Falcon's capital needs, MT Falcon may also seek to replace MT Falcon's existing financing arrangements from time-to-time, although there is no guarantee as to whether, or when, MT Falcon may conduct such activities or the terms upon which any new financing may be available, if at all. See "Risk Factors—Risks Relating to Our Business and Industry—Our business is capital-intensive and changes in capital requirements or the availability of capital could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes."

In addition, a substantial portion of the capacity of the assets across MT Falcon's business is under long-term agreements with customers, which we believe provides MT Falcon with a generally steady and predictable cash flow stream. Moreover, MT Falcon's counterparty with respect to the substantial majority of these agreements is a stable, creditworthy government entity. Nevertheless, we cannot assure you that MT Falcon will generate positive operating cash flow. See "Risk Factors—Risks Relating to Our Business and Industry—Our business depends on a limited number of customers with which we have entered into long-term agreements."

As of September 30, 2023, MT Falcon had cash and cash equivalents of U.S.$ 43.3 million.

As of September 30, 2023 and December 31, 2022, MT Falcon had working capital of U.S.$18.3 million and U.S.$ 32.8 million, respectively. As of the date of this Offering Memorandum, we believe that MT Falcon's working capital will be sufficient to meet both MT Falcon's short-term (i.e., within 12 months) and long-term liquidity needs in light of the trends and factors we consider to be most significant to MT Falcon's business as highlighted above.

Liquidity

Holding Company Structure

MT Falcon is a holding company. As a result, the Company's ability to meet its obligations depends primarily on the earnings and cash flows of its subsidiaries, which include CSO, EAA, CLR, CVH, CAC and GDR and the ability of those subsidiaries to pay dividends or other amounts to the Company.

Sources and Uses of Cash

	Nine months Ended September 30,		**Year Ended December 31,**	
(thousands of U.S.$)	**2023**	**2022**	**2022**	2021
Net cash generated by operating activities	$56,163	$23,274	$22,436	$57,898
Net cash generated by (used in) investing activities	(4,441)	(7,536)	(6,826)	(16,186)
Net cash generated by (used in) financing activities	(44,745)	(61,663)	(65,263)	(39,473)
Cash and cash equivalents at the beginning of period	36,347	86,000	86,000	83,761
Cash and cash equivalents at end of period	$43,324	$40,105	$36,347	$86,000

Operating Activities

MT Falcon's net cash provided by operating activities was U.S.$ 56.2 million for the nine months ended September 30, 2023, compared to U.S.$ 23.3 million for the nine months ended September 30, 2022. This increase was due to (i) higher energy margin, (ii) reduced maintenance expenses, and (iii) improvement in working capital, primarily driven by the decrease in gas prices from December 2022 to September 2023, in contrast to the gas price increase from December 2021 to September 2022. MT Falcon's net cash provided by operating activities was U.S.$22.4 million for the year ended December 31, 2022, compared to U.S.$57.9 million in 2021. The decrease was due to the U.S.$15.16 million spent for maintenance carried out at the end of 2021, for which payments were made until early 2022. Additionally, there was an increase in accounts receivable at the end of 2022 compared to 2021, partly due to (i) the increase in gas prices mentioned before, and (ii) the impact on working capital due to the shutdowns in December 2021, negatively affecting the cash flow for 2022 due to the payment terms of the accounts receivable and payable of the power plants.

Investing Activities

MT Falcon's net cash used in investment activities for the nine months ended September 30, 2023 was U.S.$ 4.4 million compared to U.S.$ 7.5 million used in investment activities for the nine months ended September 30, 2022. This increase was primarily the result of the investments made in Altamira (Gas Heater in Turbine 1 and the adaptation of a new GIES substation) and in Anahuac (equipment necessary to ensure the quality of Diesel). MT Falcon's net cash used in investment activities for the year ended December 31, 2022 was U.S.$6.8 million compared to U.S.$16.2 million in 2021. This decrease was primarily the result of investments made in 2021 in Río Bravo II to enhance reliability (changing Gas Turbine's Exhaust cylinder, core blocking generators, drift elimination), and in Saltillo due to an incident in the first half of 2021 where the rotor, main leads, parallel rings, bushings, and manifold were replaced.

Financing Activities

MT Falcon's net cash used in financing activities for the nine months ended September 30, 2023 was U.S.$ 44.7 million as compared to U.S.$ 61.6 million for the nine months ended September 30, 2022, primarily as a result of (i) U.S.$12.12 million paid in interest for the refinancing with Buffalo Energy, (ii) U.S.$17.39 million were reimbursed for the debt restructuring expenses related to the new financing for the acquisition of MT Falcon, and (iii) U.S.$15.24 million principal prepayment to BE. Additionally, in 2022, scheduled capital payments of U.S.$48.93 million were made to Japan Bank for International Cooperation, MUFG Bank, Ltd, Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, and a credit line prepayment of U.S.$5.31 million was made to Bank of Tokyo Mitsubishi UFJ, along with U.S.$7.39 million in financing interest. MT Falcon's net cash used in financing activities for the year ended December 31, 2022 was U.S.$65.3 million as compared to U.S.$39.5 million in 2021, primarily as a result of the payment for the long term debt with the Japanese banks for U.S.$48.93 million in 2022, along with U.S.$5.51 million to Bank of Tokyo Mitsubishi UFJ, S.A., and U.S.$10.43 million in financing interest, compared to the U.S.$32.20 million paid in 2021 to the Japanese banks (U.S.$15.39 million to Japan Bank for International Cooperation, MUFG Bank, Ltd, Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, and U.S.$16.81 million to Bank of Tokyo Mitsubishi UFJ, S.A.). Additionally, there was a U.S.$7.28 million increase in financing interest.

Existing Indebtedness

Historical debt and total due to related parties

(thousands of U.S.$)	Nine months Ended September 30, 2023	Year Ended December 31, 2022	2021
Current debt and due to related parties, short term	$4,859	$20,289	$53,058
Long-term debt..	138,852	153,186	87,651
Total debt facilities and due to related parties.......................	$143,711	$173,475	$140,709

As of September 30, 2023, MT Falcon had a total of U.S.$ 143.7 million in debt (current debt and long-term debt) and total due to related parties (due to related parties, short term). We do not intend to use the proceeds of the issuance of the Notes to repay MT Falcon's existing indebtedness.

The following description summarizes material terms of certain of MT Falcon's credit arrangements, including a description of certain covenants contained in such credit arrangements. The following description is only a summary and does not purport to describe all of the terms of the credit arrangements that may be important.

Existing MT Falcon Debt

On November 9, 2022, MT Falcon, EAA, CSO, CAC, CLR and CVH, as borrowers, entered into a loan agreement for U.S.$153.4 million with BE. The term of the loan is seven years, and it accrues interest at a 7.00% fixed interest rate for U.S.$119,873 and an 8.06% variable interest rate, in each case as of September 30, 2023. We do not intend to use the proceeds of the issuance of the Notes to terminate this agreement.

Capital Expenditures

MT Falcon made capital expenditures of U.S.$4.4 million and U.S.$7.5 million for the nine months ended September 30, 2023 and 2022, and of U.S.$7.5 million and U.S.$23.6 million for the years ended December 31, 2022 and 2021, respectively. These capital expenditures mainly included expenditures related to the plant and equipment and variable major maintenance for the development of MT Falcon's power generation facilities and pipeline.

We expect to continue making investments in the energy infrastructure sector in Mexico that are capable of generating stable cash flows as well as expanding into related businesses to increase our revenues and profitability.

MT Falcon estimates that its capital expenditures for 2023 will be approximately U.S.$6.1 million and will be related mainly to major maintenance activities on its facilities. MT Falcon estimates that its capital expenditures for 2024 will be approximately U.S.$22 million and will be related to major maintenance for its power generation facilities and pipeline and life extension for such assets.

Contractual Obligations

Historical

The following is a summary of MT Falcon's contractual obligations as of September 30, 2023, considering undiscounted cash flows of financial liabilities based on the earliest date on which MT Falcon can be required to pay, including both interest and principal payments:

(thousands of U.S.$)	Less than 1 year	1—2 years	3 - 5 years	More than 5 years[1]	Total
Bank loans and derivative financial instruments	15,677	27,340	93,932	65,306	202,255
Long Term Services Agreement	15,927	19,477	54,011	141,381	230,796
Fuel Supply Agreement	423,505	573,902	1,265,092	4,231,206	6,493,704
Total	455,108	620,718	1,413,035	4,437,893	6,926,755

(1) Figures consider up to year 2038.

MT Falcon's obligations under derivative financial instruments are described further below under "—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

Dividend Policy

Any future determination to pay dividends will be made at the discretion of MT Falcon's shareholders subject to applicable laws and the restrictions set forth in MT Falcon's financing agreements, and will depend upon, among other factors, MT Falcon's results of operations, financial condition, contractual restrictions and capital requirements.

Off-Balance Sheet Arrangements

MT Falcon has no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Derivative Financial Instruments

MT Falcon has no derivative financial instruments.

Currency Exchange Risk

MT Falcon's functional currency is the U.S. dollar given that MT Falcon's revenues and capital expenditures are principally in that currency. In accordance with IRFS principles, MT Falcon's principal exchange rate risk involves changes in the value of the peso relative to the U.S. dollar. MT Falcon holds its cash and cash equivalents in U.S. dollars and in pesos, in amounts sufficient to source financial and operational obligations which have payment due in either currency.

In general, MT Falcon is exposed to the risk of exchange rate fluctuations due to transactions conducted in pesos. Transactions generating revenues in pesos include variable O&M charges, primarily under PPAs with CFE. Currency exchange gains or losses can occur on both realized and unrealized basis. Realized gains or losses stem from currency fluctuations between invoicing recognition and the settlement date, usually within one week of accounting recognition. Unrealized gains or losses arise from MT Falcon's monthly foreign currency revaluation process as per IFRS standards.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF EVM

You should read the information below together with "Presentation of Financial and Other Information," "Summary Historical Combined Financial and Operating Data of EVM," "Capitalization," "Use of Proceeds" and "Selected Historical Combined Financial and Operating Data of EVM" and the EVM Combined Financial Statements and related notes included elsewhere in this Offering Memorandum. The Financial Statements were prepared in accordance with IFRS.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may vary materially from those discussed in such forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and other matters set forth in this Offering Memorandum.

Overview

EVM, a portfolio of gas-fired power generation assets, consists of EVM Energía I and EVM Tenedora and its consolidated subsidiary, EVM Energía II. EVM's asset base is composed of one SCGT with an installed capacity of 100 MW, part of EVM I, and one CCGT with an installed capacity of 850 MW, part of EVM II. Together, the two power plants achieve an aggregate generating capacity of 950 MW. Most of the generation capacity and energy output produced by the power plants are sold exclusively to the CFEC under the CFEC PPAs, each with a term of 20 years, starting on the commercial operating date of EVM I and EVM II, as applicable. The surplus energy over contracted energy is offered and provided to the Mexican wholesale power market operated by CENACE.

EVM Energía I and EVM Energía II have obtained permits granted by the CRE for their respective power plants to produce and sell electricity as a generator to the CFEC and to CENACE into the Mexican wholesale power market. Each permit has a mandatory term of 30 years as of the dates of their respective issuance.

Asset	EVM I	EVM II
CRE permit expiration	April 28, 2046	November 16, 2047

In order to sell electricity as generators to CENACE into the Mexican wholesale power market, EVM Energía I and EVM Energía II each executed individual market participant agreements with CENACE, enabling each generator to operate in the market. The form of the market participant agreement is publicly available and all market participants must enter such agreements in its standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreements."

The following table summarizes EVM's operating assets as the date of this Offering Memorandum:

Asset	EVM I	EVM II
Contracted Capacity	94.0 MW	750.0 MW 90.0 MW(1)
Commercial Capacity	100.0 MW	850.0 MW
Technical Capacity	100.0 MW	850.0 MW
Location	Axapusco, State of Mexico	Axapusco, State of Mexico
COD	2017	2021
Expected Useful Life(2)	2056	2061
Technology	SCGT	CCGT
Equipment	3 x General Electric LM-6000 PF	2 x General Electric 7HA.02
Fuel	Gas	Gas
Heat Rate (3) (kJ/kWh)	9,759	6,749
Average Availability(4)	99%	93%
Offtaker	CFEC	CFEC
PPA Maturity	2037	750 MW: 2041 90 MW: 2025-2026(1)
Gas Supplier	CFEnergia	CFEnergia
Gas Supply Agreement Maturity	2037	2041
CSA	GE	GE
CSA Maturity	2038	2042

(1) See "Business Overview—Material Agreements—Key Power Purchase Agreements—EVM I and EVM II."
(2) According to the Independent Engineer's review.
(3) Average heat rate for the period from January 2020 to November 2023 and, in the case of EVM II, for the period from January 2021 to November 2023. The system average, which refers to heat rate average plan in SIN, is 10,389 kJ/kWh.
(4) The system average, which refers to the average of AFRY monthly historical thermal availability for all thermal plants, based on CENACE data, is 76%.

Trends and Factors Affecting EVM's Results of Operations

The following are certain key factors that affect, or have recently affected, EVM's results of operations. These should be read in conjunction with the risks and uncertainties discussed under "Risk Factors."

Mexican Economic Environment

All of EVM's operations are conducted in Mexico. As a result, EVM's business, financial condition and results of operations depend on and may be affected by the general condition of the Mexican economy, over which EVM has no control. In particular, the general performance of the Mexican economy affects demand for electricity and inflation primarily affects EVM's business by leading to increases in wages and other operating costs while at the same time reducing EVM's net income if inflation is not completely passed through the PPA contracts or, as applicable, future market electricity prices do not increase at the same pace as inflation.

The following table sets forth the year-over-year changes in Mexico of various economic indicators, including GDP, the national consumer price index, the national producer price index, merchandise export growth and interest rates, as well as a comparison of these changes to the changes in the demand for electricity in Mexico for the years indicated.

Selected Economic Indicators for the Years Ended December 31, 2018 through 2022

	2018	2019	2020	2021	2022
Real GDP (% change)[1]	2.0	(0.3)	(8.8)	6.1	3.6
National consumer price index (% change)[2]	4.8	2.8	3.2	7.4	7.8
National producer price index - core inflation (inflación subyacente) (% change)[2]	3.7	3.6	3.8	5.9	8.3
Merchandise export growth without oil (% change)[3]	8.9	3.6	(8.2)	16.5	15.7
Interest rates (average % based on 28-day Cetes)[2]	7.6	7.8	5.3	4.4	7.7
Change in Electricity Demand in Mexico (% change)[4]	2.7	2.2	(2.2)	3.5	3.4

Sources:
(1) INEGI
(2) Banco de México
(3) INEGI
(4) PRODESEN

Mexico's GDP grew by 2.0% in 2018 and declined 0.3% for the year ending December 31, 2019. In addition, Mexico's GDP growth declined by 8.8% for the year ended December 31, 2020, mostly driven by the COVID-19 pandemic. Subsequently, Mexico's GDP grew 6.1% and 3.6% for the years ended December 31, 2021 and 2022. The current U.S. governmental policies towards Mexico have created instability, uncertainty and may adversely affect the Mexican economy. Uncertainty as to Mexican Politics or the Mexican economy that, if prolonged, could lead to a decrease in investor confidence in the Mexican market and a negative impact on the Mexican economy as well as on EVM's business, financial condition and results of operations, particularly after PPA the expiration of the IPP PPAs.

However, EVM expects that current macroeconomic dynamics in Mexico will continue to create opportunities for growth in the energy infrastructure sector over the next several years as demand for energy continues to grow. See "Risk Factors."

Revenues

Revenues generated by each of EVM's businesses are affected by the following factors:

- EVM's depends on CFEC as its single customer, with whom EVM has entered into long-term agreements. If EVM is unable to collect payments from CFEC under these agreements for any of these reasons or otherwise, EVM's revenues could materially decrease. These agreements are, in general, subject to:
  - early termination provisions for the failure of a party to perform its obligations under the agreement;
  - suspension or termination provisions for force majeure events beyond the control of the parties; and
  - standard liability limitations that may not have a specific limit.
- General economic conditions in Mexico. See "—Mexican Economic Environment." With respect to the merchant energy sold during PPA term, lower customer demand due to unfavorable economic conditions would result in a marginal reduction of EVM's revenues and profits from sales in the Mexican wholesale power market.
- Availability of the plants is one of the most relevant key performance indicators in the PPAs as it drives energy charge payments. If plants are below guaranteed availability and local marginal price is above energy charge, EVM Energía I and EVM Energía II must source energy from the Mexican wholesale power market, in order to comply with their contractual energy delivery obligations, except for events characterized as Force Majeure, resulting in a decrease of energy revenues and therefore profit.
- A lack of natural gas to generate electricity could affect, as long as the gas deficit is not attributable to the gas supplier (CFEE), EVM revenues as the plants would not be available, resulting in penalties under the PPA or in the incapacity to sell electricity in the wholesale market.
- Inflationary pressures may partially affect the profitability of EVM's contracts, including rising operational costs and commodity prices, fuel costs, cost of labor, materials and equipment, rising interest rates that affect financing costs, and changes in the U.S. dollar to Mexican peso exchange rate. Nevertheless, current PPA contracts provide a shield against inflation due to their inflation linked revenues.

Contract Energy and Capacity Sales

Generally, under EVM's PPAs, electricity sales are denominated and paid in U.S. dollars and pesos to reflect actual operating costs, and are composed of the following:

- Fixed charges:
  - a fixed capacity charge,
  - a fixed O&M charge, and
  - a fixed fuel reserve charge
- Variable charges:
  - a variable fuel charge,

- a variable O&M charge, and
- transferable charges,

Fixed capacity charges. Fixed capacity charges are meant to cover financing expenses, equity return, and taxes and operate as a take-or-pay provision whereby EVM receives payment for the contracted capacity regardless of whether the customer uses or actually requires it, except in force majeure circumstances that extend beyond certain periods of time. Additionally, actual plant availability relative to guaranteed availability may result in an adjustment to the fixed capacity charges.

Fixed O&M charges. Fixed O&M charges are meant to cover project fixed operating expenses (e.g. labor and fixed cost of materials) and operate as a take-or-pay provision whereby EVM receives payment for the contracted capacity regardless of whether the customer uses or actually requires it, except in force majeure circumstances that extend beyond certain periods of time. Additionally, actual plant availability relative to guaranteed availability may result in an adjustment to the fixed O&M charges.

Fixed fuel reserve charges. Fixed fuel reserve charges are meant to cover the fixed cost of fuel (i.e. transport) related to the firm base volume of the gas consumption linked to the guaranteed heat rate under the contract.

Variable O&M charges. Variable O&M charges are meant to cover project variable operating expenses (e.g., cost of generation other than fuel, for example water usage, chemicals, or variable long-term service agreements fees) and operate as a cost per unit of electricity generated.

Variable fuel charges. Variable fuel charges are meant to cover the cost of fuel for the generation delivered. The fuel charges are passed through on a guaranteed fuel-to-electricity conversion rate basis, the guaranteed or contracted heat rate. Projects performing better than the contracted heat rate will generate additional margin, while projects performing worse than the contracted heat rate will generate additional fuel losses.

Transferable charges. Variable transferable charges are meant to cover transmission service charge and market operation fee and system control services in connection with the contracted energy sold by EVM pursuant to the CFEC PPAs. Transferable charges operate as a variable amount based on the amount of energy transferred to the Mexican energy grid, charged to the customer.

PPA capacity payments (annual settlement). The payments are based on the availability of the plants during the 100 most critical hours (i.e. when margin reserve is lower) of the electrical system. The payments are made each month and after one year there is an ex-post reconciliation based on the assets' actual availability during such hours.

PPA energy payments (hourly settlement). There is an hourly settlement for contracted energy under the PPA and payments are made each month for the energy generated. Energy payments under the PPA are activated only when the spot price is above the PPA price. If the plant is not available when the spot price is above the PPA price, due to the hourly requirement in the PPA to provide the energy contracted the Project has to purchase the missing energy on the spot.

Effects on availability as a result of Major Maintenance Work Relating to EVM's Power Generation Assets

The number of days that EVM's power generation plants are unavailable due to major maintenance and the exercise by CFEC of its option under the CFEC PPAs for energy delivery will impact each plant's capacity availability factor. In these cases, the fixed capacity payments could be affected and EVM would be required to buy energy in the Mexican wholesale power market to comply with the contracted energy and capacity delivery obligation.

Additionally, the amount of capital expended in connection with scheduled major maintenance works also impacts EVM's results of operations as such amounts are expensed as they are incurred (unless such investments can be capitalized under IFRS because they improve the output or reliability of the asset). As such, although EVM maintains business interruption insurance that would help EVM restore its cash position in any such instances, EVM's results of operations can be impacted in any year where EVM has to incur significant expenses in connection with scheduled major maintenance works.

In addition to scheduled maintenance, EVM may also have to conduct unscheduled maintenance works on its power generation assets. In such cases, EVM's power generation assets might be unavailable for longer time periods than anticipated and, as a result, EVM's capacity payments could be further reduced if actual availability is lower than guaranteed availability. Additionally, if unscheduled maintenance is required, EVM may need to make additional unanticipated capital investments to repair its assets and restore their availability and reliability, in which case, the capital spent in connection with those repairs is also expensed as incurred. Furthermore, EVM might incur additional expenses to buy energy in the wholesale market to comply with their obligations under the PPAs during a period of extended major maintenance. As a result, while EVM maintains business interruption insurance that would help EVM restore its cash position in any such instances, unscheduled major maintenance works nevertheless impact its results of operations in the periods in which such expenditures are made.

Changes in the Prices EVM pays for Electricity and Natural Gas

EVM's profit margins from its electricity sales come (i) mainly from sales to CFEC under the PPA, and (ii) sales to the Mexican wholesale power market (uncontracted revenues). The latter are exposed to the prices that EVM obtains in the Mexican wholesale power market as well as the prices EVM is required to pay for the fuel that powers its generation activities. The principal supplier of natural gas is CFE Energía S.A. de C.V. ("CFEE"). The Gas supply is secured under a 20-year firm gas supply agreement with CFEE in accordance with the maturity of the CFEC PPAs. For the nine months ended September 30, 2023, revenues from uncontracted capacity which are calculated based on the wholesale electricity price in the Mexican wholesale power market, represented 4.0% of EVM's total revenues.

Total fuel costs represented 36.5% of EVM's total cost of revenues for the nine months ended September 30, 2023. As discussed previously, fuel costs under the PPAs are pass-through to CFEC depending on the power plants efficiency.

The prices EVM pays for natural gas have been and may continue to be affected by, among other factors, the availability of natural gas in Mexico and, to a lesser extent, the United States. EVM's has a demonstrated ability to enter into agreements with local companies producing or transporting natural gas. Any significant increase in fuel prices could adversely affect EVM's results of operations and financial condition, on any uncontracted portion of the assets and if market electricity prices fail to properly and timely reflect such gas prices increases. Under our existing CFEC PPAs, an increase in the price of natural gas would be a pass-through increase under the PPAs.

Changes in Exchange Rates

As the U.S. dollar is EVM's functional currency, any changes in the U.S. dollar/peso exchange rate could have material impact on EVM's results of operations due to the following factors:

- For the nine months ended September 30, 2023, 100% of EVM's total revenues were denominated in or linked to U.S. dollars, which include revenues from fixed capacity charges, fixed O&M charges and fuel pass-through charges, paid by EVM's off-taker, CFEC which have allowed EVM to comply with its repayment obligations under its project financing denominated in U.S. dollars with no significant effect in the cost of U.S. dollars.

- For the nine months ended September 30, 2023, 0% of EVM's total revenues were denominated in pesos, which include revenues from variable O&M charges mostly under EVM's PPAs, in each case operating on a cost pass-through basis to CFEC, as off-taker. Because costs associated with these streams of revenues are incurred and recovered in pesos, there is limited associated exchange rate risk.

- For the nine months ended September 30, 2023, 91.17% of EVM's total costs were denominated in or linked to U.S. dollars and 8.83% of EVM's total costs are denominated or linked to pesos.

- As of September 30, 2023, 1.58% of EVM's liabilities and 7.48% of EVM's assets were denominated in or linked to the peso.

As a result of the above factors, if the peso depreciated materially relative to the U.S. dollar, EVM's revenues in U.S. dollar terms would be reduced because of the negative effect on 8.83% of EVM's revenues which are denominated in pesos. However, EVM believes it is naturally hedging the effect of any such currency fluctuations through the breakdown of EVM's revenues and costs of revenues per currency denomination and the pass-through nature of certain of EVM's costs. Therefore, EVM does not currently hedge any potential currency risk.

Customer Concentration

A substantial portion of EVM's capacity and electricity sales under its CFEC PPAs come from EVM's principal customer: CFEC. The revenues from CFEC contracts accounted for 96% of EVM's total revenues for the nine months ended September 30, 2023.

Description of Income Statement Line Items

Net sales

Net sales are mainly composed of uncontracted revenue and contracted revenue from PPAs. Uncontracted revenue reflects the revenue generated under sales to the Mexican wholesale power market and contractual revenue reflects the revenue generated pursuant to the long-term PPAs with CFEC. Contracted revenues and uncontracted revenues can come in the form of capacity or energy revenues. In the case of contracted revenues, they are broken down as follows:

(a) Capacity revenue—fixed capacity charge, O&M charge and capacity for fuel supply capacity; fixed unitary cost of labor; and

(b) Energy Revenue—variable O&M charge, fuel charge (including transportation costs) and transferrable charge.

Uncontracted revenue factors are the local marginal price for electricity, the capacity price and, energy generated and available capacity of the power plant. The local marginal price for electricity is defined by the marginal cost of the most expensive unit injecting energy to the grid (i.e. the setting marginal technology which in turn is a function of supply and demand in the system), it is also defined by the congestion and losses in the transmission network in the particular node of injection. The other source of uncontracted income comes from the capacity balancing market which is set based on the operating margin of the system in the 100 most critical hours in the entire year and the availability of the plant in that period of time.

Cost of sales

Costs and expenses consist mainly of the cost of natural gas and fuel-transportation. The majority of these costs are passed through to EVM's customers pursuant to its PPAs. However, the costs associated with EVM's generation sold into the Mexican wholesale power market are not passed through to EVM's customers. Costs of sales also include O&M expenses related to the gas turbines and repairs of EVM's power generation facilities, insurance and costs of services associated with EVM's power generation facilities.

Operating expenses

Operating expenses consist of administrative expenses related to the management and personnel of EVM's power generation facilities, management expenses, depreciation and amortization, advisory and bank fees, private security services, among other expenses.

Interest income

Interest income is related to EVM's investments and the impact of the increase in their interest rate.

Interest expense

Interest expense consists of the interest incurred with respect to EVM outstanding debt under the EVM I Project Facility and the EVM II Project Facility, and other financing costs.

Amortized costs

Amortized costs consist of costs incurred by EVM in connection with its term debt and amortized with the amortized cost method.

Changes in the fair value of derivative financial instruments

Changes in the fair value of derivative financial instruments consist of the changes associated with fluctuations due to shifts in market conditions that affect the estimated fair value of the mark to market EVM's interest rate swaps.

Foreign exchange gain (loss), net

Foreign exchange gain is generated from currency fluctuation with respect to assets, liabilities, revenues and expenses denominated in currencies other than the U.S. dollar, which is EVM's functional currency.

Income tax expense

Income tax consists of the amount of current income taxes incurred for the period as well as deferred tax expense reflected in accordance with IFRS.

Critical Accounting Policies

Critical accounting policies are those that are most important to the portrayal of EVM's financial condition, results of operations and cash flows, and require management to make judgments, assumptions and estimates about matters that are inherently uncertain or where judgments, assumptions and estimates are significant. EVM's management bases its estimates on historical experience and other assumptions that it believes are reasonable based upon information available to EVM at the time that these judgments, assumptions and estimates are made. EVM continually evaluates its judgments, assumptions and estimates. EVM's actual results may differ from the judgments, assumptions and estimates made by EVM's management. To the extent that there are material differences between these judgments, assumptions and estimates (on the one hand) and actual results (on the other hand), EVM's future financial statement presentation, financial condition, results of operation and cash flows may be affected.

The following are some of the key judgments that management has made in the process of applying EVM's accounting policies that have or may have the most significant effect on the amounts recognized in the EVM Combined Financial Statements.

Basis for combination

EVM has conducted the combination of EVM Energía I and EVM Tenedora and its consolidated subsidiary, EVM Energía II, under the approach of common control. All companies were owned by the same shareholders. The acquisitions of EVM were consummated on July 13, 2023, and, as a result of the acquisitions, EVM is now indirectly and wholly owned by Buffalo.

The combined companies share the same financial reporting system, accounting policies under IFRS and operate in the energy industry and are operated by the same management group.

Transactions among the combined companies and the balances and unrealized gains or losses arising from intra-group transactions have been eliminated in the preparation of the combined financial statements following the guidance of IFRS 10 Consolidated Financial Statements, with the particularity that all shareholder's equity accounts are added up, after eliminations of intercompany transactions, and presented as the "Net Parent Investment".

The non-controlling interests arise from the consolidation procedures of EVM Tenedora, and it is measured initially and subsequently at the proportionate share of the subsidiary's net assets, which is determined by the percentual ownership interests over the subsidiary.

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. EVM recognizes revenue when it transfers control over a good or service to a customer.

EVM's revenues are primarily derived from the ownership and operation of an 850-megawatt combined cycle gas turbine power plant, a 100-megawatt open cycle gas turbine power plant, and associated facilities, as well of selling the produced energy.

For the selling of the energy by EVM, revenue is recognized when the KWs are transmitted and have been accepted by customers. For the operation revenue, EVM recognizes the accrued amount based on the pattern of the transfer of control of the service, which is determined based on a formula that considers resources consumed and costs incurred.

Property, Plant and Equipment, Net

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment as of January 1, 2021, EVM's date of transition to IFRS, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to EVM.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Depreciation on property, plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets as determined by EVM's Management.

Income Taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting fate, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Results of Operations—Nine Months Ended September 30, 2023 and 2022 and Years Ended December 31, 2022 and 2021

The following table sets forth EVM's results of operations for the years ending December 31, 2022 and 2021 and for the nine months ended September 30, 2023 and 2022, and the corresponding variances for each period.

	Nine months ended September 30,		Year ended December 31,		Variances			
					For the nine months ended September 30, 2023 vs. 2022		For the year ended December 31, 2022 vs. 2021	
(thousands of U.S.$, except percentages)	2023	2022	2022	2021				
Net sales	$272,364	$403,949	$499,653	$374,842	$(131,585)	(32.57%)	$124,811	33.30%
Cost of sales	194,899	342,364	433,796	312,481	(147,465)	(43.07%)	121,315	38.82%
Gross profit	77,465	61,585	65,857	62,361	15,880	25.79%	3,496	5.61%
Operating expenses	17,402	16,254	22,533	20,914	1,148	7.06%	1,619	7.74%
Finance income (expense cost):								
Interest income	2,499	1,759	3,465	2,818	740	42.07%	647	22.96%
Interest expense	(45,989)	(42,357)	(58,812)	(58,471)	(3,632)	(8.57%)	(341)	(0.58%)
Amortized costs	—	—	(931)	(1,049)	—	—	118	11.25%
Other financing income	36	14	—	—	22	157.14%	—	—
Other financing loss	(1,694)	(2,438)	—	—	744	30.52%	—	—
Changes in the fair value of derivative financial instruments	1,382	—	2,500	2,692	1,382	nm	(192)	(7.13%)
Foreign exchange gain (loss), net	12,414	(114)	3,744	(1,403)	12,528	10,989.47%	5,147	366.86%
Finance cost, net	31,352	43,136	(50,034)	(55,412)	(11,784)	(27.32%)	5,378	9.71%
Profit (loss) before income taxes	28,711	2,195	(6,710)	(13,965)	26,516	1,208.02%	7,255	51.95%
Current income tax expense	13,039	—	1,080	—	13,039	nm	1,080	nm
Deferred income tax (benefit) expense	(19,719)	13,065	19,064	(8,852)	(32,784)	(250.93%)	27,916	315.36%
Net profit (loss) for the period	$35,391	$(10,870)	$(26,854)	$(5,113)	$46,261	425.58%	$(21,741)	(425.21%)

Nine months ended September 30, 2023 compared to nine months ended September 30, 2022

(thousands of U.S.$, except percentages)	Nine months ended September 30, 2023	2022	Variances Nine months ended September 30, 2023 vs. 2022	
Net sales	$272,364	$403,949	$(131,585)	(32.57%)
Cost of sales	194,899	342,364	(147,465)	(43.07%)
Gross profit	77,465	61,585	15,880	25.79%
Operating expenses	17,402	16,254	1,148	7.06%
Finance income (expense cost):				
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Interest expense	(45,989)	(42,357)	(3,632)	(8.57%)
Other financing income	36	14	22	157.14%
Other financing loss	(1,694)	(2,438)	744	30.52%
Changes in the fair value of derivative financial instruments	1,382	—	1,382	nm
Foreign exchange gain (loss) , net	12,414	(114)	12,528	10,989.47%
Finance cost, net	31,352	43,136	(11,784)	(27.32%)
Profit before income taxes	28,711	2,195	26,516	1,208.02%
Current income tax expense	13,039	—	13,039	nm
Deferred income tax (benefit) expenses	(19,719)	13,065	(32,784)	(250.93%)
Net profit (loss) for the period	$35,391	$(10,870)	$46,261	425.58%

Net Sales

EVM’s net sales decreased by U.S.$131.6 million, or 32.6%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The decrease in EVM’s net sales was primarily due to a decrease in energy revenues due to a decrease fuel prices from U.S.$6.26 per MMBtu in 2022 to U.S.$2.19 per MMBtu in 2023.

Cost of Sales

Cost of sales decreased by U.S.$147.5 million or 43.07% for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The decrease in EVM’s cost of sales was primarily due to the lower fuel prices.

Operating expenses

EVM’s total operating expenses increased by U.S.$1.1 million, or 7.1%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The increase in EVM’s operating expenses was primarily due to the fact that during the nine months ended September 30, 2023 there were U.S.$0.84 million of banking commissions in operating expenses, and in the nine months ended September 30, 2022 such banking commissions were categorized as “other financing losses.” Additionally, there was an increase in insurance by an amount of U.S.$0.23 million during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

Interest income

Interest income for the nine months ended September 30, 2023 was U.S.$2.5 million, representing an increase of U.S.$740 thousand or 42.1%, compared to U.S.$1.8 million in the nine months ended September 30, 2022. This increase in EVM’s interest income was primarily due to an increase in the Eurodollar interest rate related to the EVM Project Facilities and hedging effect.

Interest expense

EVM's interest expense increased by 8.6%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. The increase in EVM's interest expense was primarily due to an increase in the Eurodollar interest rate related to the EVM Project Facilities from 6.97% in 2022 to 7.21% in 2023.

Other financing income

EVM reported U.S.$36 thousand in other financing income for the nine months ended September 30, 2023, representing an increase of U.S.$22 thousand, or 157.1%, compared to U.S.$14 thousand in the nine months ended September 30, 2022. This was driven by a reversion of certain provisions registered in the nine months ended September 30, 2023.

Other financing loss

EVM reported U.S.$1.7 million in other financing loss for the nine months ended September 30, 2023, representing a decrease of U.S.$744 thousand, or 30.52%, compared to a U.S.$2.4 million loss in the nine months ended September 30, 2022. This was driven by a change of banking commissions in the nine months ended September 30, 2023 mentioned above.

Changes in the fair value of derivative financial instruments

Changes in the fair value of derivative financial instruments increased to U.S.$1.4 million for the nine months ended September 30, 2023, as compared to no changes in the fair value of derivative financial instruments for the nine months ended September 30, 2022. The increase in EVM's changes in the fair value of derivative financial instruments was primarily due to the change in interest rates on our hedge instruments. See "Management Discussion and Analysis of Financial Condition and Results of Operations of EVM—Liquidity and Capital Resources—Hedging arrangements."

Foreign exchange gain, net

EVM's foreign exchange gain, net increased U.S.$12.5 million, to U.S.$12.4 million, for the nine months ended September 30, 2023 compared to a loss of U.S.$114 thousand in the nine months ended September 30, 2022. The increase in EVM's foreign exchange gain, net was primarily due to the appreciation of the peso against the dollar from Ps. 19.36 to Ps. 17.62.

Finance cost, net

EVM reported U.S.$31.4 million in finance cost, net for the nine months ended September 30, 2023, a U.S.$11.8 million decrease, or 27.3%, as compared to U.S.$43.1 million for the nine months ended September 30, 2022. The decrease was primarily due to the increase in foreign exchange gain, net.

Current income taxes

For the nine months ended September 30, 2023, EVM's current income tax expense was U.S.$13.0 million compared to no current income tax expense in the nine months ended September 30, 2022. This variation is related to the outstanding balance of accumulated losses in EVM Energía II. In September 2022, EVM Energía II still had tax losses pending to be amortized. Such tax losses were applied against the current income tax for that period. However, by September 2023, the company did not have any tax losses, leading to the determination of income tax.

Deferred income taxes

For the nine months ended September 30, 2023, EVM's deferred income tax benefit was U.S.$19.7 million compared to a deferred income tax expense of U.S.$13.1 million in the nine months ended September 30, 2022. The benefit was due to variations in exchange rates during these periods, presenting a decrease of Ps.2.69 per dollar, annual adjustment for inflation and other non-deductible items.

Net profit (loss) for the period

For the reasons set forth above, EVM experienced a net profit of U.S.$35.4 million in the nine months ended September 30, 2023, compared to a net loss of U.S.$10.9 million for the nine months ended September 30, 2022. The variance of U.S.$46.6 million, is mainly due to a higher gross profit, increased expenses, an increased exchange rate gain, and decrease in taxes primarily due to deferred income taxes.

Year ended December 31, 2022 compared to year ended December 31, 2021

	Year ended December 31,		Variances	
(thousands of U.S.$, except percentages)	**2022**	**2021**	**2022 vs. 2021**	
Net sales	$499,653	$374,842	$124,811	33.30%
Cost of sales	433,796	312,481	121,315	38.82%
Gross profit	65,857	62,361	3,496	5.61%
Operating expenses	22,533	20,914	1,619	7.74%
Finance income (expense cost):				
Interest income	3,465	2,818	647	22.96%
Interest expense	(58,812)	(58,471)	(341)	(0.58%)
Amortized costs	(931)	(1,049)	118	11.25%
Changes in the fair value of derivative financial instruments	2,500	2,692	(192)	(7.13%)
Foreign exchange gain (loss), net	3,744	(1,403)	5,147	366.86%
Finance cost, net	(50,034)	(55,412)	5,378	9.71%
Loss before income taxes	(6,710)	(13,965)	7,255	51.95%
Current income taxes	1,080	—	1,080	nm
Deferred income taxes	19,064	(8,852)	27,916	315.36%
Net loss for the period	$(26,854)	$(5,113)	$(21,741)	(425.21%)

Net sales

EVM's net sales increased by U.S.$124.8 million, or 33.30%, for the year ended December 31, 2022 compared to 2021. The increase in EVM's net sales was primarily due (i) an increase in fuel price to U.S.$5.8 per MMBtu in 2022 compared to U.S.$4.3 per MMBtu in 2021 and (ii) an increase in the energy dispatched of 445 GWh when comparing 2022 to 2021.

Cost of Sales

EVM's cost of sales increased by U.S.$121.3 million or 38.82% for the year ended December 31, 2022 compared to 2021. The increase in EVM's cost of sales was primarily due (i) the increase in fuel price and (ii) increase in the energy dispatched.

Operating expenses

EVM's operating expenses increased by U.S.$1.6 million, or 7.74%, for the year ended December 31, 2022 compared to 2021. The increase in EVM's operating expenses was primarily due to the increase of the following expenses: management expenses by U.S.$483 million, bank fees by U.S.$419 million, maintenances and repairs by U.S.$348 million.

Interest income

Interest income for the year ended December 31, 2022 was U.S.$3.5 million, representing an increase of U.S.$0.6 million, or 22.94%, compared to U.S.$2.8 million in 2021, mainly due to an increase in Eurodollar interest rate related to the EVM Project Facilities and hedging effect.

Interest expense

EVM reported U.S.$58.8 million in interest expense for the year ended December 31, 2022, as compared to U.S.$58.5 million in 2021 related to an increase in the interest rate payable under EVM's existing debt of 7.39% in 2022 compared to 7.15% in 2021.

Amortized debt issuance costs

EVM reported U.S.$0.9 million in amortized cost for the year ended December 31, 2022, as compared to U.S.$1.0 million in 2021. This was driven by the amortization of the financing cost, which was deferred over the loan period and in relation to the amortization of principal.

Changes in the fair value of derivative financial instruments

Changes in the fair value of derivative financial instruments decreased by U.S.$0.2 million to U.S.$2.5 million for the year ended December 31, 2022. The decrease in EVM's changes in the fair value of derivative financial instruments was primarily due to the change in interest rates on our hedge instruments.

Foreign exchange gain (loss), net

EVM's foreign exchange gain, net increased U.S.$5.1 million to U.S.$3.7 million for the year ended December 31, 2022, compared to 2021. This increase in EVM's foreign exchange gain, net was primarily due to the appreciation of the peso against the dollar.

Finance cost, net

EVM reported U.S.$50.0 million in finance cost, net for the year ended December 31, 2022, as compared to U.S.$55.4 million for the year ended December 31, 2021, the decrease was related mainly to variations in the foreign exchange gain (loss), net.

Current income taxes and Deferred income taxes

For the year ended December 31, 2022, EVM's income taxes were U.S.$20.1 million (U.S.$1.1 million and U.S.$19.1 million in current and deferred income taxes, respectively) compared to a credit of U.S.$8.9 million (comprised only of deferred income taxes) in 2021. The increase of U.S.$29.0 million is mainly due to annual adjustment for inflation.

Net loss for the period

For the reasons set forth above, EVM experienced a net loss of U.S.$26.9 million in the year ended December 31, 2022, compared to U.S.$5.1 million for the year ended December 31, 2021. The variance of U.S.$21.7 million is mainly due to deferred income taxes.

Liquidity and Capital Resources

Overview

EVM currently finances most of its liquidity needs through the earnings and cash flows of EVM Energía I and EVM Energía II and the EVM Energía I and EVM Energía II borrowings, including under its EVM Project Financings.

EVM's principal capital needs are for working capital, capital expenditures related to maintenance and debt service. EVM's ability to fund EVM's capital needs depends on our ongoing ability to generate cash from operations, the terms of EVM's financing arrangements (including the Notes, EVM I Project Facility and the EVM II Project Facility) and EVM's access to the capital markets. In connection with managing EVM's capital needs, EVM may also seek to replace EVM's existing financing arrangements from time-to-time, although there is no guarantee as to whether, or when, EVM may conduct such activities or the terms upon which any new financing may be available, if at all. See "Risk Factors—Risks Relating to Our Business and Industry—Our business is capital-intensive and changes in capital requirements or the availability of capital could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes."

In addition, a substantial portion of the capacity of the assets across EVM's business is under long-term agreements with CFEC, which we believe provides EVM with a generally steady and predictable cash flow stream. Moreover, EVM's counterparty is a stable, creditworthy government entity. Nevertheless, we cannot assure you that EVM will generate positive operating cash flow. See "Risk Factors—Risks Relating to Our Business and Industry—Our business depends on a limited number of customers with which we have entered into long-term agreements."

As of September 30, 2023 EVM had cash and cash equivalents of U.S.$72.1 million.

As of September 30, 2023 EVM had working capital of U.S.$54.2 million (total current assets less of U.S.$150.7 million less total current liabilities of U.S.$96.5 million). As of the date of this Offering Memorandum, we believe that EVM's working capital will be sufficient to meet both EVM's short-term (i.e., within 12 months) and long-term liquidity needs in light of the trends and factors we consider to be most significant to EVM's business as highlighted above.

Liquidity

Company Structure

EVM consists of EVM Energía I, EVM Tenedora, and its consolidated subsidiary EVM Energía II. As a result, the Company's ability to meet its obligations depends on the earnings and cash flows of EVM Energía I and EVM Energía II and the ability of those subsidiaries to pay dividends or other amounts to the Company.

Sources and Uses of Cash

	Nine Months Ended September 30,		Year Ended December 31,	
(thousands of U.S.$)	2023	2022	2022	2021
Net cash from operating activities	$72,968	$53,326	$87,531	$24,578
Net cash from (used in) investing activities	(1,170)	1,392	(2,559)	621
Net cash from (used in) financing activities	(45,219)	32,736	(64,410)	(68,536)
Cash and cash equivalents at beginning of period / year	45,552	24,991	24,991	68,328
Cash and cash equivalents at end of period / year	$72,131	$46,974	$45,552	$24,991

Operating Activities

EVM's net cash from operating activities was U.S.$73.0 million for the nine months ended September 30, 2023, compared to U.S.$53.3 million for the nine months ended September 30, 2022. The increase was due to an increase in gross margin during the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, generating a positive cash flow for the first nine months of 2022. EVM's net cash from operating activities was U.S.$87.5 million for the year ended December 31, 2022, compared to U.S.$24.6 million in 2021. The increase was due to the start of EVM II operations during the last quarter of 2021, resulting in a negative working capital due to anticipated purchase of gas and delayed billing process for gas utilized during power generation, impacting in U.S.$43.28 million. Additionally, in 2022, a higher energy margin of U.S.$3.50 million was achieved compared to 2021. In 2022, there was also an outstanding accounts receivable provision to CENACE amounting to U.S 15.95 million related to accounts payable to CRE, which was not settled by the end of 2022 due to an unexpected equipment failure causing a 40-hour shutdown during critical demand hours.

Investing Activities

EVM's net cash used in investment activities for the nine months ended September 30, 2023 was U.S.$1.2 million compared to U.S.$1.4 million net cash from investment activities for the nine months ended September 30, 2022. This increase was primarily the result of investing U.S.$0.48 million in parts inventory, U.S.$0.14 million in machinery and equipment and U.S.$0.55 million in office equipment in the nine months ended September 30, 2023, in contrast to investing U.S.$0.20 million in office equipment and U.S. $ 0.16 million in machinery and equipment and an interest benefit of U.S.$1.76 million in the nine months ended September 30, 2022. EVM's net cash used in investment activities for the year ended December 31, 2022 was U.S.$2.6 million compared U.S.$621 thousand provided by investment activities in 2021. This was primarily the result of investing U.S.$1.26 million in parts inventory and U.S.$0.92 million in office equipment in 2021, along with earning an interest benefit of U.S.$2.82 million. In contrast, in 2022, U.S.$2.87 million were invested in parts inventory, and an interest benefit of U.S.$0.73 million was obtained.

Financing Activities

EVM's net cash used in financing activities for the nine months ended September 30, 2022 was U.S.$45.2 million as compared to U.S.$32.7 million net cash from financing activities for the nine months ended September 30, 2023, primarily as a result of changes in the balances of intercompany loans due to the EVM Acquisition transaction. EVM's net cash provided by financing activities for the year ended December 31, 2022 was U.S.$64.4 million as compared to U.S.$68.5 million in 2021, primarily as a result of reduction in interest due to principal payments made.

Existing Project Indebtedness

Historical total debt and total due to related parties

(thousands of U.S.$)	Nine months Ended September 30, 2023	Year Ended December 31, 2022	2021
Current installments of long-term debt and due to related parties, short term	$29,882	$33,751	$29,416
Long-term debt, excluding current installments and due to related parties, long-term portion	875,419	779,754	788,161
Total debt and total due to related parties	$905,301	$813,505	$817,577

As of September 30, 2023, EVM had a total of U.S.$905.3 million in total debt (current installments of long-term debt and long-term debt, excluding current installments) and total due to related parties (due to related parties, short term and due to related parties, long-term portion). We do not intend to repay EVM's existing indebtedness with the proceeds of this offering.

The following description summarizes material terms of certain of EVM's credit arrangements, including a description of certain covenants contained in such credit arrangements. The following description is only a summary and does not purport to describe all of the terms of the credit arrangements that may be important.

EVM I Project Facility

In July 2018, EVM Energía I entered into a credit agreement for a credit facility available for letters of credit, as well as a note purchase agreement to issue and sell U.S.$80,000,000 aggregate principal of its 6.19% senior secured notes, for the refinancing, development and maintenance of the EVM I facility. The credit facility available for letters of credit expire on July 31, 2023 and the notes under the note facility mature on June 30, 2037. As of September 30, 2023, U.S.$11 million of letters of credit have been issued, but not drawn, under the credit facility. The total amount of notes outstanding under the notes facility as of September 30, 2023 is U.S.$66.0 million. Among other restrictions, EVM Energía I must maintain a minimum DSCR of 1.20:1.00 to make restricted payments. EVM Energía I was in compliance with the DSCR as of the most recent measurement date.

We do not intend to terminate the EVM I Project Facility or release the security interests created thereunder with the proceeds of the issuance of the Notes. See "Description of Existing Financing Agreements—EVM Project Facilities—EVM I Project Facility." In addition, see "Risk Factors—Risks Relating to the Notes, the Collateral, Our Indebtedness and Our Corporate and Financing Structure—*Payments on the Notes will be effectively junior to the debt obligations of EVM Energía I and EVM Energía II and junior to any of our secured debt to the extent such debt is secured by collateral that does not secure our Notes"* for a discussion on the structural subordination of the Notes to indebtedness under the EVM Project Facilities.

<u>EVM II Project Facility</u>

In September 2019, EVM Energía II entered into a credit agreement for a term loan facility and a credit facility available for letters of credit, as well as a note purchase agreement to issue and sell U.S.$469,000,000 aggregate principal of its 6.02% senior secured notes, for the construction, development and maintenance of the EVM II facility. The term loan is for a principal aggregate amount of U.S.$125,000,000 and consists of tranche A term loan and tranche B term loan, with the principal amount under each tranche maturing on December 31, 2027 and June 30, 2027, respectively. The credit facility available for letters expires on December 31, 2027, and the notes under the note facility mature on December 31, 2040.

The total debt outstanding under the term loan facility as of September 30, 2023 is U.S.$82.5 million. Debt payments are made on a semi-annual basis in June and December. The total amount of notes outstanding under the notes facility as of September 30, 2023 is U.S.$469 million. As of September 30, 2023, U.S.$135 million of letters of credit have been issued, but not drawn, under the credit facility (out of U.S.$146 million available). Among other restrictions, EVM Energía II must maintain a minimum DSCR 1.20:1.00 to make restricted payments. EVM Energía II was in compliance with the DSCR as of the most recent measurement date.

We do not intend to terminate the EVM II Project Facility or release the security interests created thereunder with the proceeds of the issuance of the Notes. See "Description of Existing Financing Agreement—EVM Project Facilities—EVM II Project Facility." In addition, see "Risk Factors—Risks Relating to the Notes, the Collateral, Our Indebtedness and Our Corporate and Financing Structure—*Payments on the Notes will be effectively junior to the debt obligations of EVM Energía I and EVM Energía II and junior to any of our secured debt to the extent such debt is secured by collateral that does not secure our Notes"* for a discussion on the structural subordination of the Notes to indebtedness under the EVM Project Facilities.

Hedging arrangements

EVM has entered into hedging arrangements with respect to a portion of its consolidated debt, swapping variable interest for fixed rate interest. As of September 30, 2023, EVM had outstanding derivative financial instruments with a fair market value of U.S.$ 2.6 million. As of December 31, 2022 and 2021 EVM had outstanding derivative financial instruments with a fair market value of U.S.$1.7 million and U.S.$(5.3) million, respectively. For further information on EVM's hedging arrangements, see "—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments" and "Risk Factors—Risks Relating to Our Business and Industry—Our businesses are exposed to market risks, including fluctuations in commodity prices, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes."

As of September 30, 2023, the composition of EVM's interest rate swap portfolio was as follows:

Hedged Liability	**Contracting Date**	**Maturity Date**	**Term (days)**	**Underlying Asset**	**Exercise Price**	**Notional Amount (in millions of U.S. Dollars)**	**Prepaid Premium (in millions of U.S. Dollars)**	**Fair Value (in millions of U.S. Dollars)**
Project debt..................................	Various	Various	1,553	Various	Various	59.9	0	2.6

Total:	—	—	—	—	—	59.9	0	2.6

As of December 31, 2022, the composition of EVM's interest rate swap portfolio was as follows:

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Underlying Asset	Exercise Price	Notional Amount (in millions of U.S. Dollars)	Prepaid Premium (in millions of U.S. Dollars)	Fair Value (in millions of U.S. Dollars)
Project debt	Various	Various	1,826	Various	Various	74,2	0	1.7
Total:	—	—	—	—	—	74.2	0	1.7

As of December 31, 2021, the composition of EVM's interest rate swap portfolio was as follows:

Hedged Liability	Contracting Date	Maturity Date	Term (days)	Underlying Asset	Exercise Price	Notional Amount (in millions of U.S. Dollars)	Prepaid Premium (in millions of U.S. Dollars)	Fair Value (in millions of U.S. Dollars)
Project debt	Various	Various	2,191	LIBOR	3.35%	86.3	0	(5.3)
Total:	—	—	—	—	—	86.3	0	(5.3)

The notional amount of the interest rate swaps reflects the balance of the financial instrument, but does not reflect the risks. The risk amounts are generally limited to profits or losses not reflected by market valuation, which could vary depending on changes in the market value of the respective asset, its volatility and the creditworthiness of the relevant counterparties.

Capital Expenditures

EVM made capital expenditures of U.S.$1.2 million for the nine months ended September 30, 2023, and of U.S.$3.5 million and U.S.$2.2 million for the years ended December 31 2022 and 2021, respectively. These capital expenditures mainly included expenditures related to major maintenance and acquisitions of plant and equipment for the development of EVM's power generation facilities.

We expect to continue making investments in the optimization and expansion of our existing facilities to increase our revenue and profitability as well as the reliability of our plants.

EVM estimates that its capital expenditures for 2024 will be approximately U.S.$2 million and will be related to major maintenance for its power generation facilities and life extension for such assets.

Contractual Obligations

Historical

The following is a summary of EVM's contractual obligations as of September 30, 2023, considering undiscounted cash flows of financial liabilities based on the earliest date on which EVM can be required to pay, including both interest and principal payments:

(thousands of U.S.$)	Less than 1 year	1— 2 years	3 - 5 years	More than 5 years	Total
Bank loans & derivative financial instruments	59,450	59,485	181,271	631,300	931,506
Long Term Services Agreement	11,686	13,632	26,444	97,927	149,689
Fuel Supply Agreement	296,075	359,441	933,831	3,523,649	5,112,997
Total	367,211	432,558	1,141,546	4,252,876	6,194,192

EVM's obligations under derivative financial instruments are described further below under "—Quantitative and Qualitative Disclosures about Market Risk—Derivative Financial Instruments."

Dividend Policy

Any future determination to pay dividends will be made at the discretion of EVM's shareholders subject to applicable laws and the restrictions set forth in EVM's financing agreements, and will depend upon, among other factors, EVM's results of operations, financial condition, contractual restrictions, and capital requirements.

Off-Balance Sheet Arrangements

As of September 30, 2023, EVM had no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Derivative Financial Instruments

EVM's utilizes derivative financial instruments to mitigate exposure to fluctuations in its indebtedness caused by interest rates changes. These instruments are negotiated with recognized financial institutions and are used to manage the company's risk exposure. In EVM's financial statements, all derivative assets or liabilities are recognized at their fair value. This fair value is determined by referencing prices of identical or similar assets and liabilities in active markets, or using observable inputs verified through market data. Various factors, including counterparty credit standing, EVM's nonperformance risk, exit market conditions, and specific instrument-related risks, are considered in EVM's fair value assessments. Credit standing assessments consider ratings from recognized agencies and credit default swap implied default probabilities as of the fair value measurement date.

EVM's utilizes interest rate swaps to achieve EVM's targeted level of fixed-rate debt as a percent of total debt. The current fair value of these swaps is calculated by discounting and netting estimated future cash inflows and outflows related to the agreements. This calculation incorporates contract terms, market parameters like interest rates, credit risk, and volatility. It is important to note that part of EVM's debt is variable rate debt, and it's carrying amount is considered to be at fair value as it is derived from observable current market rates.

Currency Exchange Risk

EVM's functional currency is the U.S. dollar given that EVM's revenues and capital expenditures are principally in that currency. In accordance with IRFS principles, EVM's principal exchange rate risk involves changes in the value of the peso relative to the U.S. dollar. EVM holds its cash and cash equivalents in U.S. dollars and in pesos, in amounts sufficient to source financial and operational obligations which have payment due in either currency.

In general, EVM is exposed to the risk of exchange rate fluctuations due to transactions conducted in pesos. Transactions generating revenues in pesos include transportation fuel pass-through charges under PPAs with CFEC. Currency exchange gains or losses can occur on both realized and unrealized basis. Realized gains or losses stem from currency fluctuations between invoicing recognition and the settlement date, usually within one week of accounting recognition. Unrealized gains or losses arise from EVM's monthly foreign currency revaluation process as per IFRS standards.

BUSINESS OVERVIEW

The Co-Issuers

The Notes will be issued by the Co-Issuers, each a variable capital corporation (*sociedad anónima de capital variable*) organized and existing under the laws of Mexico.

BEMH was formed on July 23, 2021, to serve as a holding company of MT Falcon and EVM. Prior to the consummation of the Transactions, the Company did not engage in any activities and had no material assets or liabilities.

BE was formed on July 30, 2021, to consummate the MT Falcon Acquisition and serve as a holding company of MT Falcon. Prior to the consummation of the MT Falcon Acquisition, BE did not engage in any activities and had no material assets or liabilities.

BEI was formed on December 22, 2022, to consummate the EVM Acquisition and serve as a holding company of EVM. Prior to the consummation of the EVM Acquisition, BE did not engage in any activities and had no material assets or liabilities.

As a result of the Transactions, BEMH indirectly owns 100% of the equity interests of MT Falcon and EVM, respectively. BEMH's interest in MT Falcon and EVM represents all of its assets and does not hold equity interests or shares of any other company. See "—Valia's Corporate Structure."

The equity interest of BEMH is wholly-owned on an indirect basis by certain investment funds managed by Actis. See "Principal Shareholders."

Overview of BEMH

As of the date of this Offering Memorandum, based on our internal assessment of the market and subject to the closing of Iberdrola's sale of a portfolio of assets totaling 8.54 GW to Mexico Infrastructure Partners, BEMH is the largest private energy generation platform in Mexico with a total commercial capacity of 3.2 GW, distributed among seven gas-fired power generation plants, as well as one natural gas transportation pipeline. BEMH achieved this position in the Mexican market through two major acquisitions: the MT Falcon Acquisition in November 2022 and the EVM Acquisition in July 2023.

On November 9, 2022, BEMH, through its subsidiary BE, acquired MT Falcon, an energy portfolio of power generating assets and an open access natural-gas pipeline. MT Falcon owns and operates five CCGT power plants in Mexico (Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV) with a total commercial capacity of 2.2 GW and an adjacent 57.9-kilometer natural gas-pipeline (Gasoducto del Río). Immediately after our acquisition of MT Falcon, BEMH re-branded with immediate effect as "Valia Energía." See "The Transactions—MT Falcon Acquisition."

On July 13, 2023, BEMH, through its subsidiaries BEI and BGI, acquired EVM, an energy portfolio of power generation assets with an aggregate total capacity of 950 MW. EVM Energía I owns and operates EVM I, a SCGT plant with an installed capacity of 100 MW. EVM Energía II, a subsidiary of EVM Tenedora, owns and operates EVM II, a CCGT with an installed capacity of 850 MW. See "The Transactions—EVM Acquisition."

BEMH is owned by funds managed by Actis. Actis is a leading global investor in infrastructure with a long track record in the electricity industry. On energy infrastructure, Actis invests globally buying and building power generation and distribution businesses driven by strong market demand and growth. Its investment strategy supports the energy transition and accelerates the journey to net zero. In power generation, Actis acquires and structures projects to build world class generation businesses that produce predictable cash flows. Actis leverages both on its extensive team of investment, operational and sustainability professionals that bring deep industrial expertise, and on its local knowledge, network and relationships. With 17 offices across the world and over 130 investment professionals, Actis' footprint covers 85% of the global population and currently manages over 100 companies across over 50 countries.

Over the past 20 years, Actis has been involved in the construction and operation of approximately 30 GW in over 30 countries across Asia, Africa, and Latin America. Its differentiating approach to asset management, has enabled Actis to drive value across its portfolio of nearly 120 individual generation assets.

Overview of MT Falcon

MT Falcon is one of the leading IPP in Mexico with more than 20 years of operating experience in the country. MT Falcon is comprised of a diverse portfolio of highly contracted, efficient, and competitive generation assets with a total commercial capacity of 2.2 GW. MT Falcon asset base is composed of five CCGT plants and a natural gas pipeline. The power plants are in the Northeast of Mexico, in the States of Tamaulipas and Coahuila. The natural gas transportation pipeline, measuring 57.9 kilometers, is in Northeastern Mexico and has a delivery capacity of 410,000 MMbtu per day, serving the Rio Bravo plants of MT Falcon´s portfolio, as well as other CFE power plants in the area.

The capacity and energy produced by MT Falcon's power plants are sold to CFE pursuant to its PPAs. Each PPA has a term of 25 years starting on the commercial operating date of each respective power plant. Any surplus energy generated over the contracted energy commitment is offered and provided to the Mexican wholesale power market operated by CENACE.

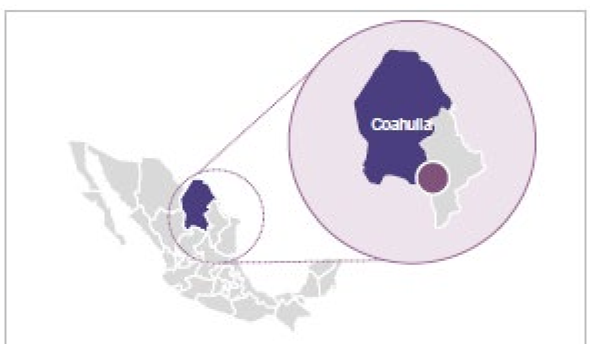
From the point of view of permits and regulation, each of MT Falcon power plants has permits from CRE to generate and sell electricity to CFE as an independent producer. These permits have mandatory terms of 25 years. Additionally, MT Falcon has obtained from CRE for each of its power plants permits to produce and sell electricity as a generator into the Mexican wholesale power market operated by CENACE. Each of these permits has a mandatory term of 30 years from the date of their respective issuance.

To sell electricity as generators into the Mexican wholesale power market operated by CENACE, the MT Falcon power plants including Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV have each executed individual market participant agreements with CENACE. The form of the market participant agreement is publicly available, and all market participants must enter into such agreements with standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreements."

MT Falcon's Portfolio

Saltillo

Central Saltillo, S.A. de C.V. (CSO), the project company, is a CCGT power plant ("Saltillo"). The plant is located in the northern Mexican city of Ramos Arizpe within the state of Coahuila. The city is located about 15 kilometers north of the State's capital, Saltillo. The relative location of Saltillo is shown in the figure below.



Ramos Arizpe within the state of Coahuila. The city is located about 15 km north of the State's capital, Saltillo

The plant is dual fuel, utilizing both natural gas as primary fuel and diesel as a backup fuel. It has a 1x1 configuration using one Siemens W501FD2 combustion turbine, Nooter/Eriksen heat recovery steam generator and one Alstom steam turbine. The plant has a contracted capacity of 247.5 MW.

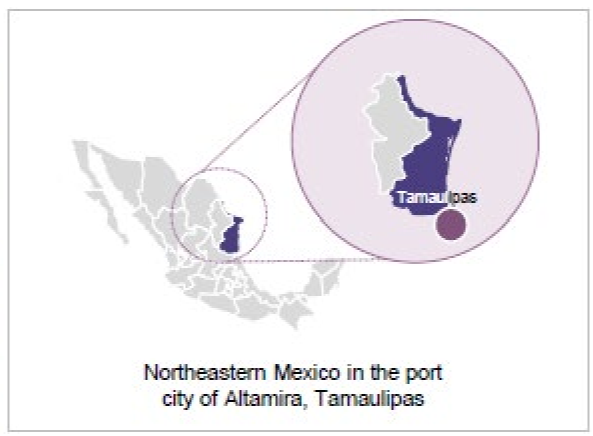
The commercial operations date was November 19, 2001. The power plant's generation capacity and energy output are sold to the CFE in compliance with the IPP PPA, which commenced on March 2, 1998 and for a period of 25 years from the commercial operation date, ending on November 19, 2026. For this purpose, CSO obtained an IPP permit to generate electric power as an external energy producer, in accordance with RLSPEE.

On October 16, 2000, CSO obtained a self-use natural gas transportation permit issued by the CRE to receive, conduct and deliver natural gas through the self-use transportation system in order to satisfy CSO's necessities. The permit was granted for a term of 30 years from the date of issuance, ending on October 16, 2030.

On September 1, 2016, following a request submitted by CSO, the CRE authorized CSO's capacity under the IPP power generation permit to be 232.47 MW. On the same date, the CRE issued a LIE power generation permit in favor of CSO for 50.0 MW of capacity and its associated electricity output, for sale of electricity energy associated products at the Mexican wholesale power market. This LIE permit has a mandatory term of 30 years as of the date of its issuance.

Altamira

Electricidad Águila de Altamira, S. de R.L. de C.V. (EAA), the project company, owns and operates a CCGT power plant ("Altamira"). The plant is located in northeastern Mexico in the port city of Altamira within the state of Tamaulipas. The relative location of Altamira is shown in the figure below.



The plant is dual fuel, utilizing both natural gas as a primary fuel and diesel as a backup fuel. It has a 2x1 configuration using two Mitsubishi 501F combustion turbines, two Cerrey manufactured heat recovery steam generators and one Mitsubishi steam turbine. The plant has a contracted capacity of 495 MW.

The commercial operations date was May 1, 2002. The power plant's generation capacity and energy output are sold to the CFE, in compliance with the IPP PPA, which commenced on April 7, 2000 and for a period of 25 years from the commercial operation date, ending on March 31, 2029. For this purpose, EAA obtained a permit to generate electricity power as an external energy producer, in accordance with RLSPEE.

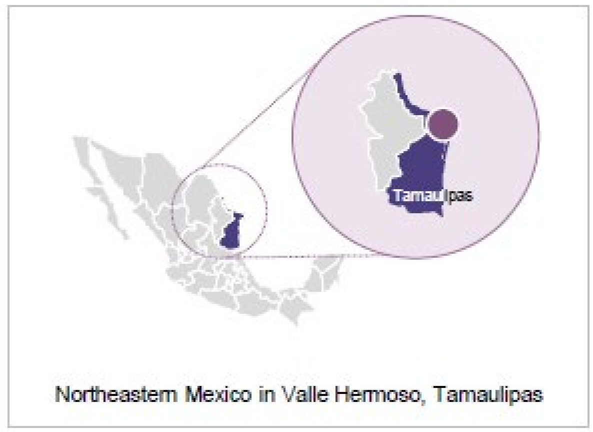
On July 6, 2001, EAA obtained a self-use natural gas transportation permit issued by the CRE, to receive, conduct and deliver natural gas through the self-use transportation system in order to satisfy EAA's necessities. The permit was granted for a term of 30 years from the date of issuance.

On October 13, 2016, following a request submitted by EAA, the CRE authorized EAA's capacity under the IPP power generation permit to be 515.90 MW. On the same date, the CRE issued a LIE power generation permit for 49.40 MW of capacity and its associated electricity output, for sale of electric energy and associated products in the

Mexican wholesale power market. This permit has a mandatory term of 30 years as of the date of its issuance, ending on October 13, 2046.

Río Bravo II

Central Anáhuac, S.A. de C.V. (CAC), the project company, owns and operates a CCGT power plant ("Río Bravo II"). The plant is located in northeastern Mexico in the city of Valle Hermoso, within the state of Tamaulipas. The relative location of Río Bravo II is shown in the figure below.



The plant is dual fuel, utilizing both natural gas as a primary fuel and diesel as a backup fuel. It has a 2x1 configuration, using two Siemens W501FD2 combustion turbines, two CMI heat recovery steam generators and one Alstom steam turbine. The plant has a contracted capacity of 495.0 MW.

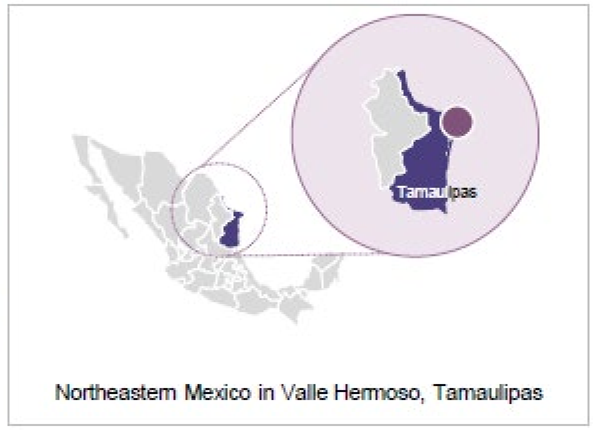
The commercial operations date was January 18, 2002. The power plant's generation capacity and energy output are sold to the CFE in compliance with the IPP PPA, which commenced in November 27, 1998 and for a period of 25 years from the commercial operation date, ending on January 17, 2027. For this purpose, CAC obtained an IPP permit to generate electric power as an external energy producer, in accordance with RLSPEE.

On January 7, 2000, CAC obtained a self-use natural gas transportation permit issued by the CRE, to receive, conduct and deliver natural gas through the self-use transportation system in order to satisfy Río Bravo II's necessities. The permit was granted for a term of 30 years from the date of issuance.

On September 1, 2016, following a request submitted by CAC, the CRE authorized the capacity under the IPP permit to be 528.70 MW. On the same date, the CRE issued a LIE power generation permit for 49.40 MW of capacity and its associated electricity output, for sale of electric energy and associated products in the Mexican wholesale power market. This permit has a mandatory term of 30 years as of the date of its issuance, ending on September 1, 2046.

Río Bravo III

Central Lomas de Real, S.A. de C.V. (CLR), the project company, is a CCGT power plant ("Río Bravo III"). The plant is located in northeastern Mexico in the city of Valle Hermoso within the state of Tamaulipas. The relative location of Río Bravo III is shown in the figure below.



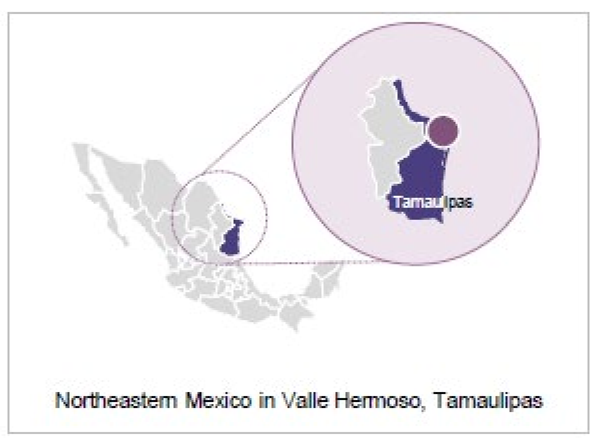
The plant is single fuel, using natural gas. It has a 2x1 configuration using two Siemens W501FD2 combustion turbines, two CMI heat recovery steam generators and one Alstom steam turbine. The plan has a contracted capacity of 495.0 MW.

The commercial operations date of Río Bravo III was April 1, 2004. The power plant's generation capacity and energy output are sold to the CFE, in compliance with an IPP PPA, which commenced in July 5, 2001 and is for a period of 25 years from the commercial operation date, ending on March 31, 2030. For its purpose, CLR obtained an IPP permit to generate electric power as an external energy producer, in accordance with RLSPEE.

On September 1, 2016, following a request submitted by CLR, the CRE authorized the capacity under the IPP permit to be 522 MW. On the same date, the CRE issued a LIE power generation permit for 49.40 MW of capacity and its associated electricity output for the sale of electric energy and associated products in the Mexican wholesale power market. The permit has a mandatory term of 30 years as of the date of its issuance, ending on September 1, 2046.

Río Bravo IV

Central Valle Hermoso, S.A. de C.V. (CVH), the project company, owns and operates a CCGT power plant ("Río Bravo IV" and together with Saltillo, Altamira, Río Bravo II and Río Bravo III, the "MT Falcon Generating Assets"). The plant is located in northeastern Mexico in the city of Valle Hermoso within the state of Tamaulipas. The relative location of Río Bravo IV is shown in the figure below.



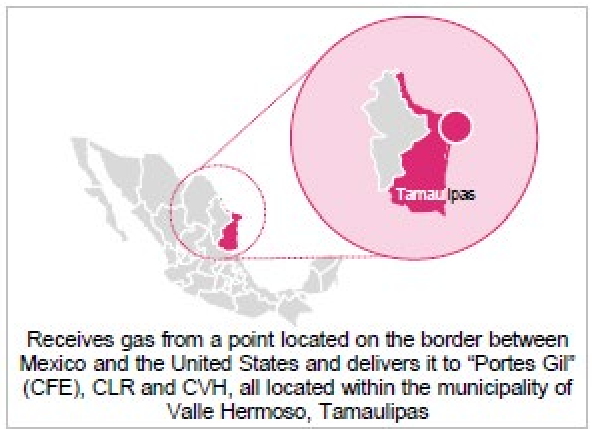
The plant is single fuel, using natural gas. It has a 2x1 configuration using two Siemens W501FD2 combustion turbines, two CMI heat recovery steam generators and one Alstom steam turbine. The plant has a contracted capacity 500.0 MW.

The commercial operations date of Río Bravo IV was April 1, 2005. The power plant's generation capacity and energy output are sold to the CFE in compliance with the IPP PPA, which commenced on March 7, 2002 and for a period of 25 years from the commercial operation date, ending on April 30, 2027. For this purpose, CVH obtained an IPP permit to generate electric power as an external energy producer, in accordance with RLSPEE.

On September 1, 2016, following a request submitted by CVH, the CRE authorized the capacity under the IPP permit to be 518.63 MW. On the same date, the CRE issued a LIE power generation permit for 49.40 MW of capacity and its associated electricity output as a generator for the sale of electric energy and associated products in the Mexican wholesale power market. This permit has a mandatory term of 30 years, ending on September 1, 2046.

Gasoducto del Río

Gasoducto del Río S.A. de C.V. (GDR) built and currently operates a 57.9-kilometer gas pipeline located in northeastern Mexico with a delivery capacity of 11.60 million cubic meters per day ("Gasoducto del Río"). The pipeline, which is divided into three sections, receives gas from a point located on the border between Mexico and the United States and delivers it to Río Bravo III, Río Bravo IV and an electricity generation plan operated by the CFE called "Portes Gil," located in Río Bravo, Tamaulipas.



Receives gas from a point located on the border between Mexico and the United States and delivers it to "Portes Gil" (CFE), CLR and CVH, all located within the municipality of Valle Hermoso, Tamaulipas

On September 26, 2002, GDR obtained an open access natural gas transportation permit issued by the CRE, to receive, conduct and deliver natural gas through the open access transportation system in order to satisfy the necessities of clients that contract the transport service. The permit was granted for a term of 30 years from the date of issuance.

On September 26, 2002, GDR entered into a natural gas transportation agreement with Pemex and established a delivery capacity of natural gas of 130,000 MMBtu per day. The contract term is for 15 years and is subject to automatic annual extensions every year thereafter. On March 11, 2015, Pemex transferred its rights and obligations of the natural gas transportation service agreement to the CFE.

On November 6, 2002, CLR entered into a natural gas transportation agreement with GDR and established a delivery capacity of natural gas of 100,000 MMBtu per day. The contract term is for 25 years and is subject to automatic annual extensions every year thereafter.

On November 6, 2002, CVH entered into a natural gas transportation agreement with GDR and established a delivery capacity of natural gas of 100,000 MMBtu per day. The contract term is for 25 years and is subject to automatic annual extensions every year thereafter.

Overview of EVM

EVM has a recent history in the IPP sector in Mexico, as its power plants were built and entered in operation in 2017 and 2021. EVM is comprised of two gas-fired power generation assets, EVM I and EVM II, with an aggregate generating capacity of 950 MW. EVM I is a fast-response SCGT unit with an installed capacity of 100 MW, and EVM II is what we believe is a state-of-the art CCGT with an installed capacity of 850 MW. Most of the generation capacity and energy output produced by EVM's power plants are sold exclusively to CFEC under the CFEC PPAs, each with a term of 20 years starting on the commercial operating date of EVM I and EVM II, as applicable. Any surplus energy generated over the contractually committed energy is offered and provided to the Mexican wholesale power market operated by CENACE.

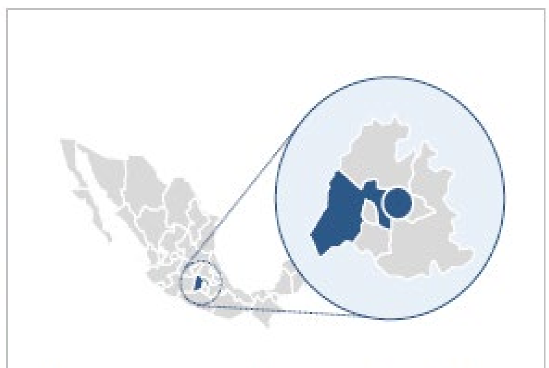
EVM Energía I and EVM Energía II have obtained permits from the CRE for their respective power plants to produce and sell electricity as a generator for CFEC and the Mexican wholesale power market operated by CENACE. Each permit has a mandatory term of 30 years as of the dates of their respective issuance.

To sell electricity as generators into the Mexican wholesale power market, each of EVM Energía I and EVM Energía II have executed individual market participant agreements with CENACE. The form of the market participant agreement is publicly available, and all market participants must enter such agreements in the standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreements."

EVM's Portfolio

EVM I

EVM Energía del Valle de Mexico, S.A.P.I. de C.V. (EVM Energía I), the project company, owns and operates a SCGT power plant ("EVM I"). The plant is located near the town of Jaltepec, Municipality of Axapusco, State of Mexico. The relative location of EVM I is shown in the figure below.



Jaltepec, Municipality of Axapusco, Estado de Mexico

The plant consists of a nominal 100 MW natural gas-fired SCGT generating facility. It has three aeroderivative GE LM6000 PF combustion turbines. The plant has a contracted capacity of 94 MW.

The facility delivers 94 MW of net capacity and contracted electric energy of up to 778,150 MWh/year to CFEC, a subsidiary of CFE, under a PPA dated November 10, 2016. EVM I achieved commercial operations in December 2016, prior to the PPA required scheduled commercial operations date of January 1, 2017. The term of the PPA is 20 years commencing from the commercial effective date of January 1, 2017. Beginning on the commercial effective date, the guaranteed capacity and the contracted electric energy is sold by EVM I Mexico to CFEC at the rates set forth in the PPA. The remainder of EVM I's net capacity is sold as capacity and energy to the Mexican wholesale power market. EVM I entered into a market participant agreement on August 18, 2016 with CENACE as a generator in order to participate at the Mexican wholesale power market by selling the net capacity. The market participant agreement has a term of 30 years, ending on April 28, 2046.

EVM II

EVM Energía del Valle de Mexico Generador, S.A.P.I. de C.V. (EVM Energía II), the project company, owns and operates a CCGT power plant ("EVM II" and together with EVM I, the "EVM Generating Assets"). The plant is located near the town of Jaltepec, Municipality of Axapusco, State of Mexico. The relative location of EVM II is shown in the figure below.

EVM II consists of two General Electric 7HA.02 combustion turbines with associated electric generators and a single steam turbine. EVM II delivers 750 MW of net capacity and concentrated electric energy of 6,077,250 MWH/year to CFEC, a subsidiary of CFE, under the terms of the PPA between EVM II and CFEC dated November 10, 2016, as amended July 28, 2017 and July 31, 2017. The plant has a contracted capacity of 797.0 MW.

EVM II achieved commercial operations in January 2021, prior to the PPA required scheduled commercial operations date. The term of the PPA is 20 years commencing from the commercial effective date of January 1, 2021. From the scheduled commercial operation date until the commercial effective date, EVM II's capacity and energy up to the guaranteed capacity and contracted electric energy was sold by EVM into the Mexican wholesale power market. Beginning on the commercial effective date, the guaranteed capacity and contracted electric energy started to be sold by EVM to CFEC at the rates set forth in the PPA. The reminder of EVM II's net capacity is sold as capacity and energy to the Mexican wholesale power market. EVM II entered into a market participant effective on November 16, 2017, with CENACE as a generator in order to participate in the Mexican wholesale power market by selling its net capacity. The market participant agreement has a term of 30 years, ending on November 16, 2047.

The Transactions

MT Falcon Acquisition

On September 15, 2021, BE, a subsidiary of BEMH, as buyer, entered into a purchase and sale agreement with Mitsui & CO., LTD., Tokyo Gas CO., LTD., Chubu Electric Power Falcon B.V. and Tohoku Power Investment Company B.V., as sellers, to purchase all shares of MT Falcon. The acquisition was consummated on November 9, 2022. We refer to this transaction as the "MT Falcon Acquisition."

As a result of the MT Falcon Acquisition, we indirectly acquired one of the largest IPP platforms in Mexico, with a total commercial capacity of 2.2 GW.

MT Falcon Acquisition Financing

In connection with the MT Falcon Acquisition, BE entered into the MT Falcon Acquisition Debt Facility comprised of a U.S.$159,830,195 term facility and a U.S.$235,000,000 revolving facility pursuant to a credit agreement dated June 30, 2022, entered into by BE, as initial borrower, MT Falcon, COMEGO, CSO, EAA, CAC, CLR, CVH and GDR (the "MT Falcon Entities"), as subsidiary borrowers, and Crédit Agricole Corporate and Investment Bank, BNP Paribas Securities Corp., JPMorgan Chase Bank, N.A., Société Générale and ING Bank N.V., Dublin Branch, as lenders. The acquisition financing closed substantially concurrently with the MT Falcon Acquisition. We intend to repay in full the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility with portion of the net proceeds of the Notes offered hereby. See "Use of Proceeds".

The credit agreement is governed by the laws of the State of New York. The MT Falcon Acquisition Debt Facility includes a security package that is market standard for this type of transaction and that includes (i) security trust agreements which estate (*patrimonio*) is comprised of the equity interests of the capital stock of BE, MT Falcon and the MT Falcon Entities, (ii) security trusts which estate (*patrimonio*) is comprised of all assets of the MT Falcon Entities, including rights under the IPP PPAs, the other material agreements and the power plant's permits have been transferred, (iii) pledge agreements over all assets of BE, MT Falcon and MT Falcon Entities not otherwise transferred to the security trust estate and bank accounts to receive cashflows corresponding to each MT Falcon Entity, and (iv) a security and depositary agreement under New York law with respect to MT Falcon Entities bank accounts in New York. See "Description of Existing Financing Arrangements – MT Falcon Acquisition Debt Facility – Collateral".

EVM Acquisition

On December 30, 2022, BEI and BGI, subsidiaries of BEMH, as buyers, entered into a purchase and sale agreement with two natural persons, as sellers, to purchase all shares of EVM Energía I and EVM Tenedora, which owns 60% of the equity interests in EVM Energía II. Contemporaneously with the acquisition of EVM Energía I and EVM Tenedora, BEI, as buyer, entered into a purchase and sale agreement with EFS Global Energy, B.V., as seller, to purchase the remaining 40% equity interests in EVM Energía II. The Company, BEI and BGI are indirectly owned subsidiaries of certain investment funds managed by Actis. The acquisitions of EVM were consummated on July 13, 2023. We refer to these transactions as the "EVM Acquisition." The MT Falcon Acquisition and the EVM Acquisition are collectively referred to as the "Transactions."

As a result of the EVM Acquisition, the Company indirectly acquired two power plants in a strategic location in Mexico, with an aggregate generating capacity of 950 MW.

EVM Acquisition Financing

In connection with the EVM Acquisition, we entered into the EVM Acquisition Debt Facility comprised of a U.S.$162,000,000 term loan facility and a U.S.$15,000,000 letter of credit facility pursuant to a credit agreement dated April 5, 2023, entered into by BEI as borrower, and JPMorgan Chase Bank, N.A., BNP Paribas, Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Banco Nacional de México, S.A. integrante del Grupo Financiero Banamex and Citibank, N.A., as lenders. The acquisition financing closed substantially concurrently with the EVM Acquisition and it also included an equity contribution from Actis, through its subsidiaries. We intend to repay in full the term loan under the EVM Acquisition Debt Facility with a portion of the net proceeds of the Notes offered hereby. See "Use of Proceeds".

The credit agreement is governed by the laws of the State of New York. The acquisition financing is secured by (i) all shares of BEI and EVM Tenedora, and (ii) nonpossessory pledge agreements over certain bank accounts of BEI and EVM Tenedora. See "Description of Existing Financing Arrangements – EVM Acquisition Debt Facility – Collateral".

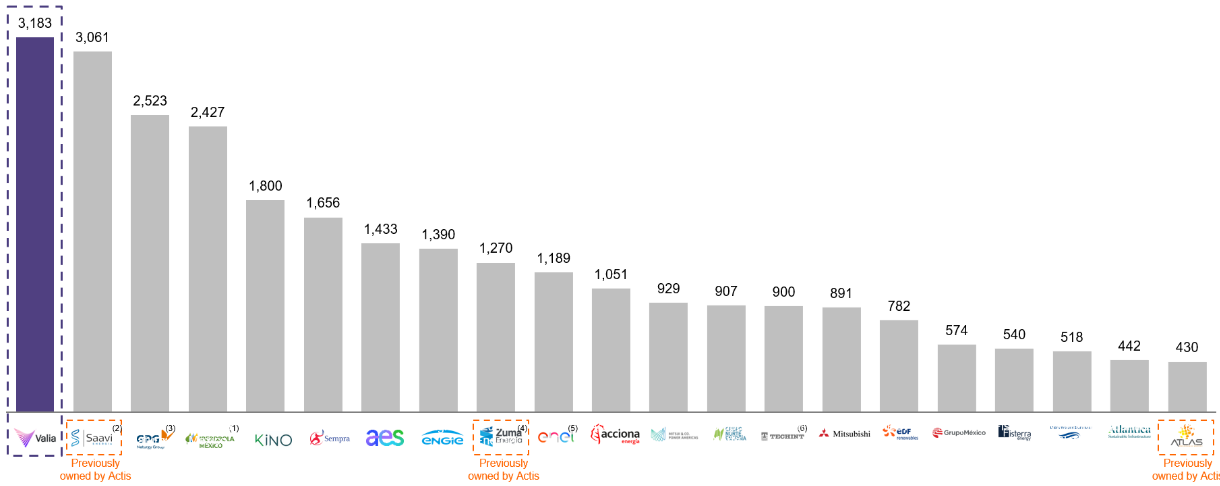
BEMH's Competitive Strengths

We believe that BEMH features tangible competitive advantages in the Mexican power market, based on its strong operational and technical performance, long-term contracted revenues and gas procurement, geographic proximity to energy demand poles in Mexico, dispatching dynamics, and attractiveness of future commercial opportunities. We are committed to maintaining our competitive advantages and our role as the pivotal generation player in the Center and Northern area of the country, where the industrial dynamism and nearshoring centers are located.

BEMH is a leading Mexican gas-fired producer with proven track-record in the energy sector in Mexico

BEMH owns and operates what we believe is the largest privately owned portfolio of strategically located power infrastructure assets. It had a 7% market share of the Mexican electricity generation sector for the year ended December 31, 2022, according to PRODESEN. The chart below shows BEMH's leading market position in terms of the installed capacity within independent power producers in Mexico based on our own internal assessments of the market.

Private Power Installed Capacity in Mexico (MW)



Sources: BEMH with information from Asociación Mexicana de Energía (December 2022) and Saavi Energía, Iberdrola (April 2023), Enel, Techint, Kino, SPIC Mexico, Inframation, EDF, Fisterra, Atlas.

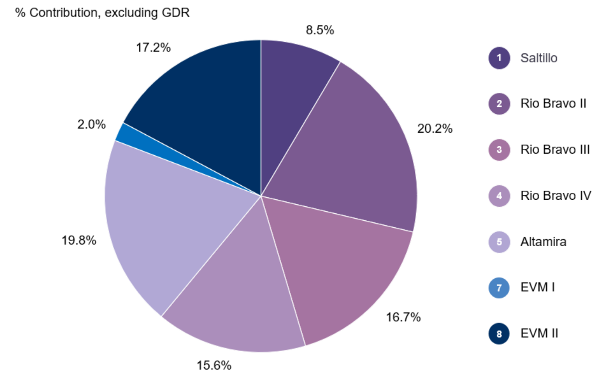
Notes:

1. Subject to the closing of Iberdrola's sale of a portfolio of assets totaling 8.54 GW to Mexico Infrastructure Partners
2. Adjusted for 51% ownership in Bajio CCGT (668 MW) and acquisition of Tierra Mojada (874 MW)
3. Global Power Generation. Owned by Naturgy (75%) and KIA (25%)
4. Adjusted to reflect 79% ownership in the recent acquisition of Jaguar Solar (216 MW)
5. Excludes Kino Energia (20% owned by Enel)
6. Excludes Grupo Norte Energia (10% owned by Techint)

BEMH has a well-diversified fleet of assets, in terms of geography, capacity, PPA maturity and expected decommissioning date. Our assets are located near strategic demand hubs as well as gas supply centers. The table below provides a summary BEMH's operating assets and location:

Portfolio Overview and 2024-2038 Cumulative CFADS by Asset

	Asset	Commercial Capacity	Contracted Capacity	Decommissioning Date(1)	Offtaker	PPA Maturity
MT Falcon	1 Saltillo Power Plant	248 MW	248 MW	2041	CFE	2026
	2 Altamira Power Plant	495 MW	495 MW	2042	CFE	2027
	3 Rio Bravo II Power Plant	495 MW	495 MW	2042	CFE	2027
	4 Rio Bravo III Power Plant	495 MW	495 MW	2044	CFE	2029
	5 Rio Bravo IV Power Plant	500 MW	500 MW	2045	CFE	2030
	6 Gasoducto del Rio Pipeline	57.9 km	N/A	N/A	CFE/Rio Bravo III & IV(2)	N/A
	MT Falcon Total	2,233 MW	2,233 MW			
EVM	7 EVM I Power Plant	100 MW	94 MW	2056	CFE Calificados	2037
	8 EVM II Power Plant	850 MW	750 MW 90 MW(3)	2061	CFE Calificados	2041 2025 & 2026
	EVM Total	950 MW	934 MW			
Total	**BEMH Total**	**3,183 MW**	**3,167 MW**			**~8.2yr Weighted Avg. Remaining Life(4)**



Source: BEMH and Hatch

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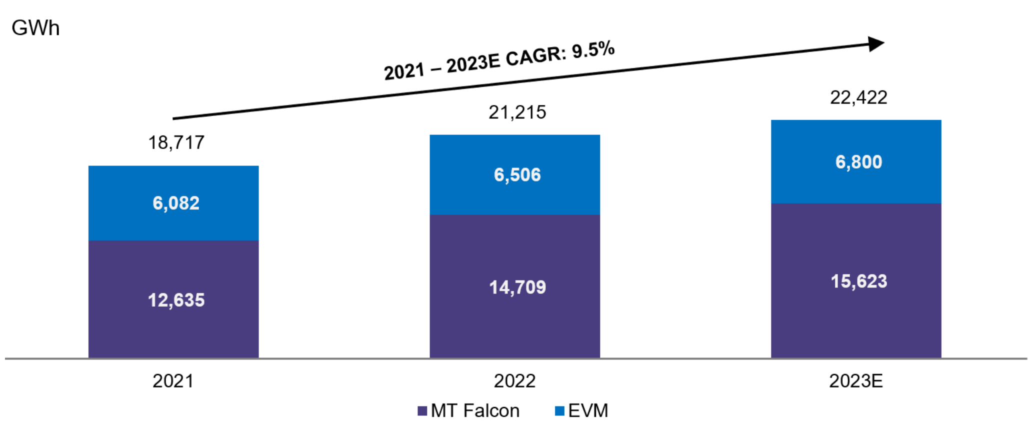
(1) According to Hatch's Review.
(2) Transport service agreement with Río Bravo II and Río Bravo IV mature in 2029 and 2030, respectively. Transport service agreement with CFE is subject to yearly renewals.
(3) 3-year 90 MW contract executed in 2022 between EVM Energía II and CFE Calificados.
(4) As of September 30, 2023.

BEMH's assets have an operational history of superior performance compared to the average of the sector, featuring a historical availability factor that largely outperforms SIN´s averages. Similarly, our portfolio also features competitive heat rates when compared to the rest of operators active in the SIN. Our assets have a strong track record of energy generation in terms of GWh, which increased from 18,717 GWh in 2021 to an expected 22,422 GWh in 2023, a CAGR of 9.5%, which we believe showcases the baseload profile of our assets, our competitiveness, and our positioning in the geographic areas where energy demand is increasing.

Energy Generation (GWh)



Source: BEMH

Highly contracted portfolio in U.S. dollar-denominated terms with creditworthy offtakers

BEMH's portfolio is highly contracted, with long term, stable and 95% U.S. dollar-denominated or U.S. dollar-linked cash flows supported by long term CFE PPAs, with a ~8.2 year weighted average remaining PPA life as of September 30, 2023. These revenues are indexed to inflation and have what we believe is limited dispatch and commodity risks. Our PPAs feature attractive fixed and variable revenue streams that allow us to cover operational expenditures, tax and debt service obligations, and sponsor's returns.

In terms of counterparty risk, more than 99% of BEMH's cashflows are derived from contracts with CFE, Mexico's Government owned national utility. CFE has a rating of Baa2, BBB and BBB- by Moody's, S&P and Fitch, respectively.

IPP Long-term CFE PPAs

Approximately 2.2 GW of the MT Falcon portfolio are contracted directly with CFE until 2026-2030, through the IPP regulatory scheme since the Energy Reform in 2013.

Under the IPP PPAs, CFE is required to purchase a monthly demonstrated net capacity and associated net energy output per project. As compensation for the capacity, CFE pays (1) fixed capacity charges in dollars, calculated based on the fixed capacity charge for the period which is then adjusted based on demonstrated availability relative to the guaranteed availability, and (2) variable charges in pesos and dollars which are a pass-through to CFE.

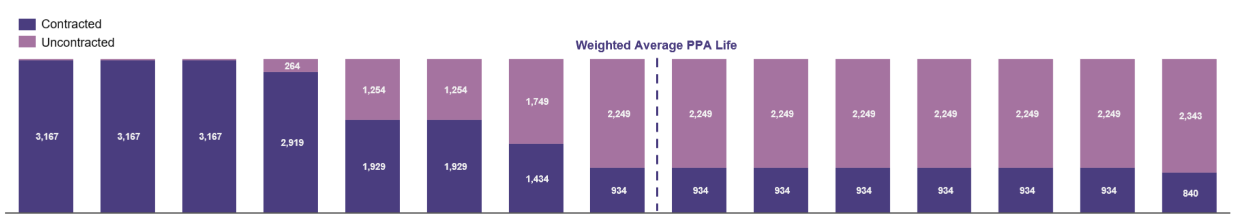
CFEC PPAs

For the EVM portfolio, a total of 934 MW are contracted directly and bilaterally on a long-term basis in PPAs through 2037 for EVM I and 2041 for EVM II. See "Business Overview—Material Agreements—Key Power Purchase Agreements—EVM I and EVM II." CFEC is a subsidiary of CFE engaged in the business of qualified supply of electricity in the Mexican wholesale power market. CFEC's obligations under the contracts are guaranteed by CFE.

Under the CFEC PPAs, CFEC is required to purchase a monthly demonstrated net capacity and associated net energy output per project. As compensation for capacity, CFEC pays (1) a fixed capacity fee relating to capacity, operation and maintenance and a fuel supply fee, (2) a variable energy fee based on a variable operation and maintenance fee and a fuel fee, (3) an ancillary market and non-market services fee, and (4) a pass-through of transmission, market operation, market supervision and other market settlement fees.

Residual installed capacity is contracted out through PPAs for the surplus capacity and energy where CFEC pays for the delivered surplus capacity and energy with a pass-through of transmission, market operation, market supervision and other market settlement fees.

Contracted Capacity (MW)(1)



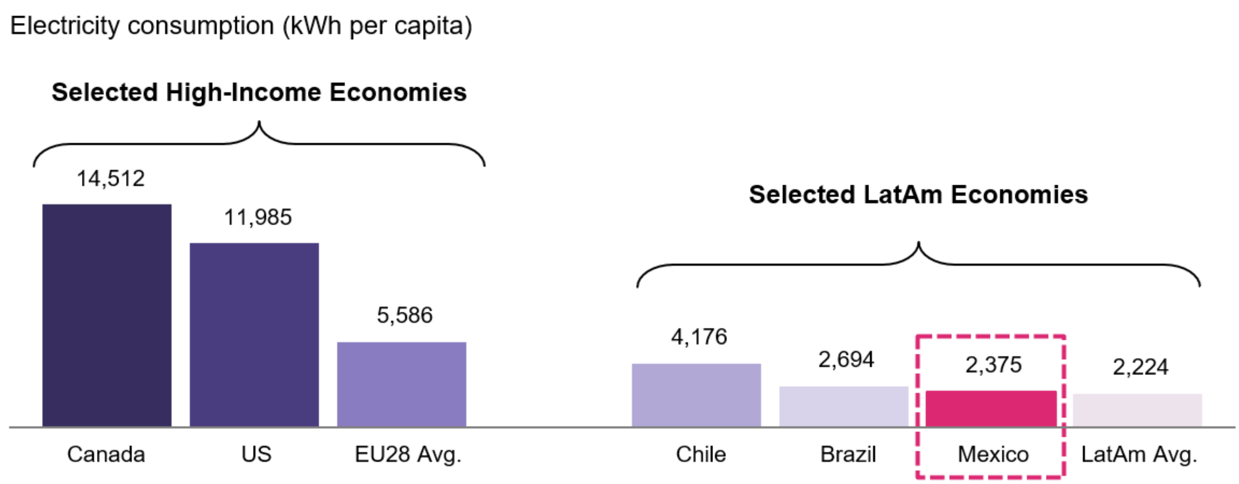
Source: BEMH and Hatch

(1) Assumes continual renewal of the 3-year 90 MW contract executed in 2022 between EVM II and CFE Calificados.

Highly attractive power markets dynamics that favor BEMH

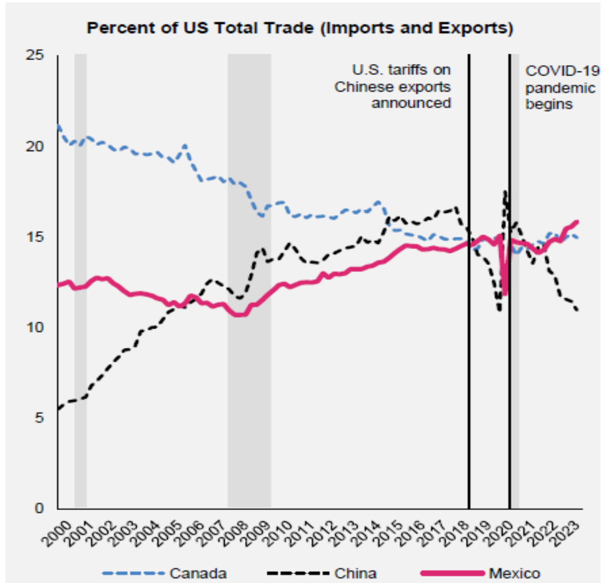
BEMH's generation assets are strategically located in the Northeast and Center (within the Mexico City Metropolitan area) regions. These are two of the largest electricity consumption hubs in Mexico. These regions represent 36% of the energy demand in Mexico and are where commercial and industrial activity is burgeoning primarily due to the nearshoring trend in which global companies are migrating their production to areas located closer to their demand centers. The impact and benefits of this nearshoring trend are benefiting Mexico which already became in 2023 the largest trading partner with the United States ahead of China. Nearshoring as well as strong macro fundamentals for Mexico are expected to continue to drive robust energy demand and in particular in regions in which BEMH´s assets are located.

Mexico Electricity Consumption Lagging Supply vs. Growing Demand



Source: Company supplemented by data from US Energy Information Administration (EIA) and World Bank data (2021)

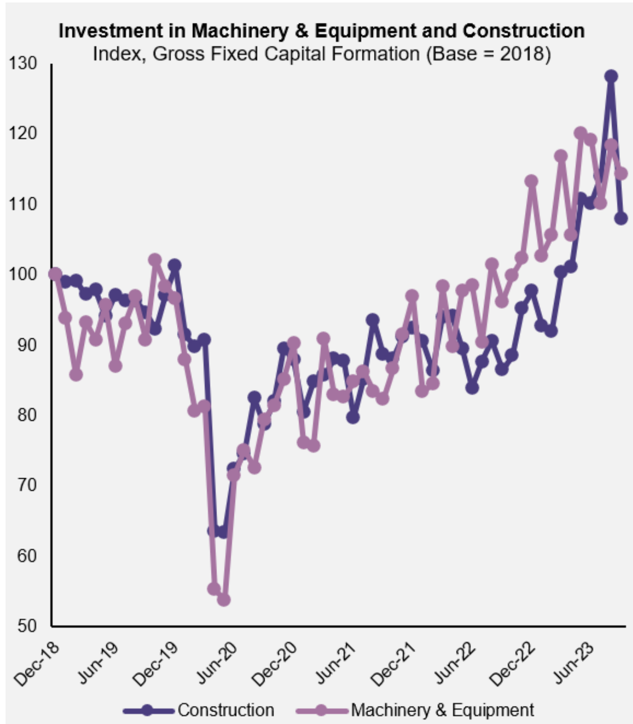
Percent of US total Trade (Imports and Exports)



Source: US Census Bureau, Federal Reserve Bank of Dallas. Data are seasonally adjusted and quarterly. Shaded Area denotes a recession. Total trade is the sum of exports and imports.

Investment in Machinery & Equipment and Construction has demonstrated remarkable growth, rebounding to pre-COVID levels in October 2020. As of the end of the third quarter of 2023, there has been an accumulated growth of 41% in Machinery & Equipment and 46% in Construction, reflecting respective average annual growth rates of 12% and 13%. This surge highlights the dynamic impact of nearshoring on the Mexican economy. However, it also emphasizes the need for increased investment in power infrastructure to meet the escalating demands of these dynamic, power-dependent industries.

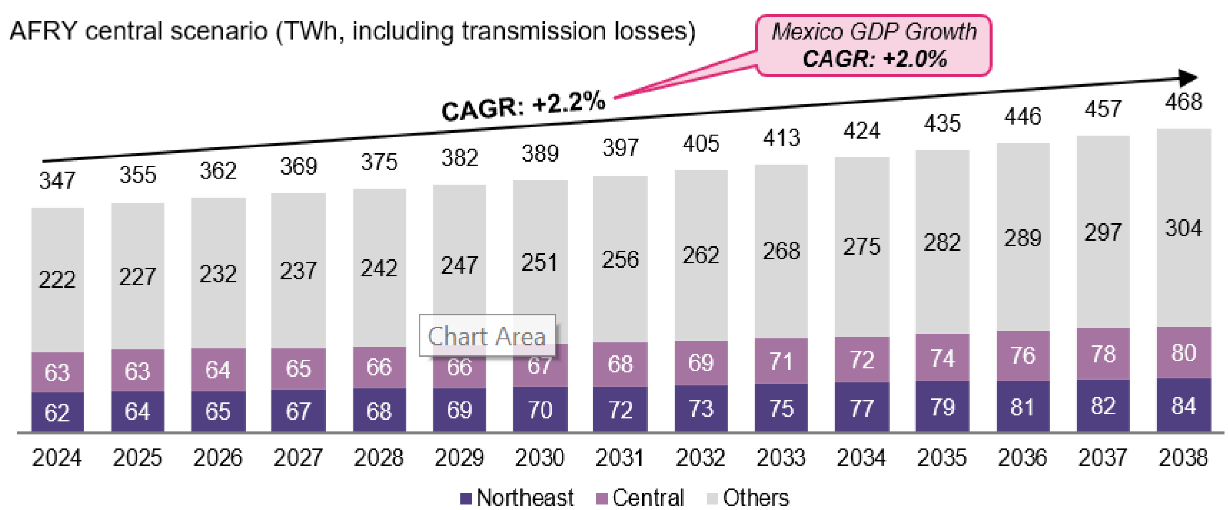
Investment in Mexico Continues to Grow



Source: INEGI

AFRY estimates that demand in the Mexican power market will increase by 2.2% CAGR until 2038, excluding additional demand resulting from nearshoring. This forecast is based on the relationship between electricity demand, Gross Domestic Product (GDP), and population over the long term. AFRY adjusts their projections for factors such as temperature variations, improvements in energy efficiency, the shift in energy demand caused by electric transportation, and anticipated changes in transmission and distribution losses.

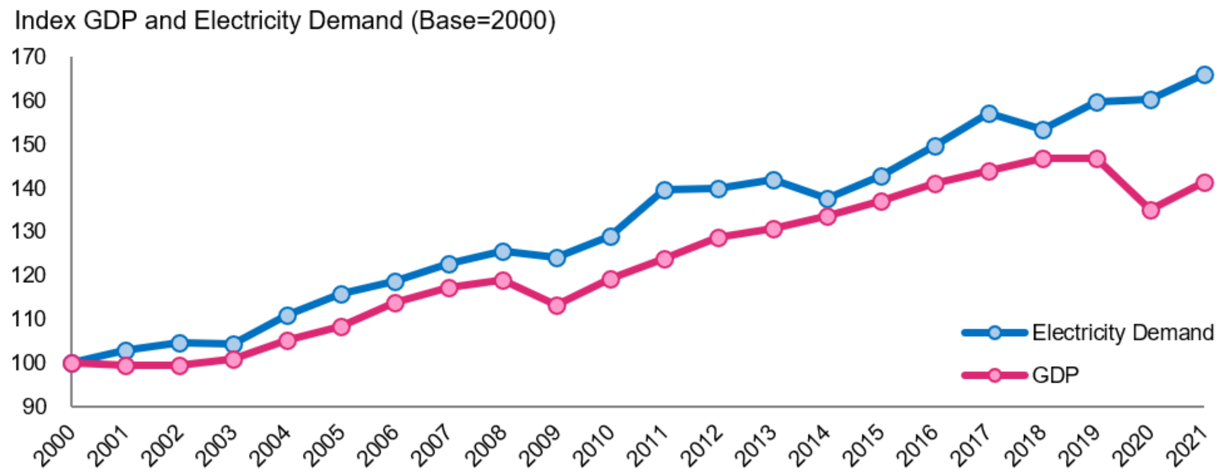
Robust Projected Growth of Energy in Mexico



Source: AFRY

On the supply side, AFRY's projections for installed capacity consider existing capacity, ongoing construction projects, plant closures, and the development of new generic capacity. Changes to the capacity mix depend on technical constraints, policy initiatives, clean energy goals, and economic factors. The Model assumes that Mexico's long-term capacity development aims for a 6% minimum operating margin.

Power Demand Grows Faster than GDP in Mexico

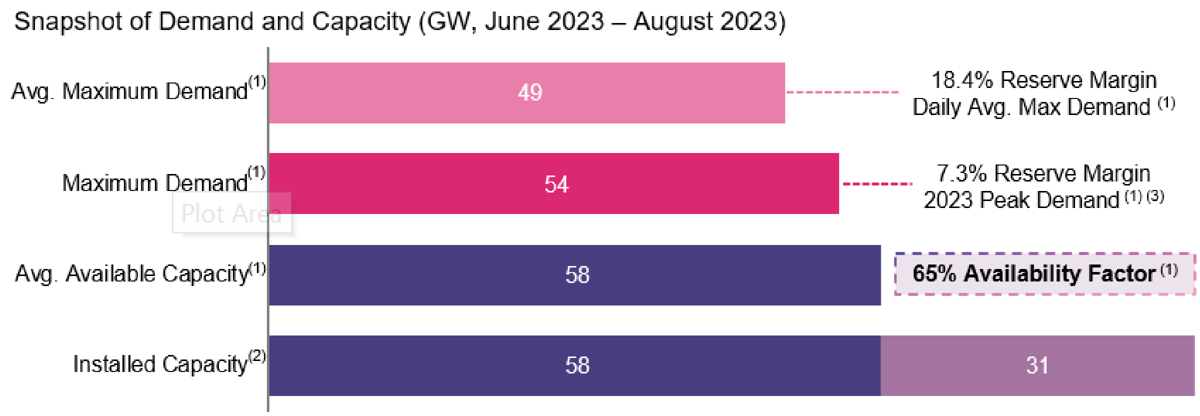


Source: AFRY

We believe that BEMH is well-positioned to benefit from opportunities arising from growing demand for energy and Mexico's market structure. If demand continues to grow at rates higher than the GDP and new generation capacity is not built, as it has been the case in recent years, reserve margins should tighten, and prices could be pressured upwards making the current power infrastructure even more critical for the system.

Mexico currently possesses approximately 89 GW of installed capacity interconnected to CFE's grid, comprising a mix of state-owned and privately permitted facilities. However, the actual average available capacity during peak demand months (specifically, June through August 2023) stood at 58 GW, resulting in an Availability Factor of 65%. Within the same timeframe, the average maximum daily power demand reached 49 GW, resulting in an average Reserve Margin of 18.4%. During these high-demand months, the absolute maximum power demand peaked at 54 GW, driving the Reserve Margin to its lowest point at 7.3%. Considering that CENACE's minimum reliability operating reserve margin is 6%, this emphasizes Mexico's imperative to continue investing in capacity to meet its escalating power demand effectively.

Further Investment in Capacity is Needed to Cover Power Demand



Source: BEMH elaborated with CFE data (as of June 2023), PRODESEN and CENACE data

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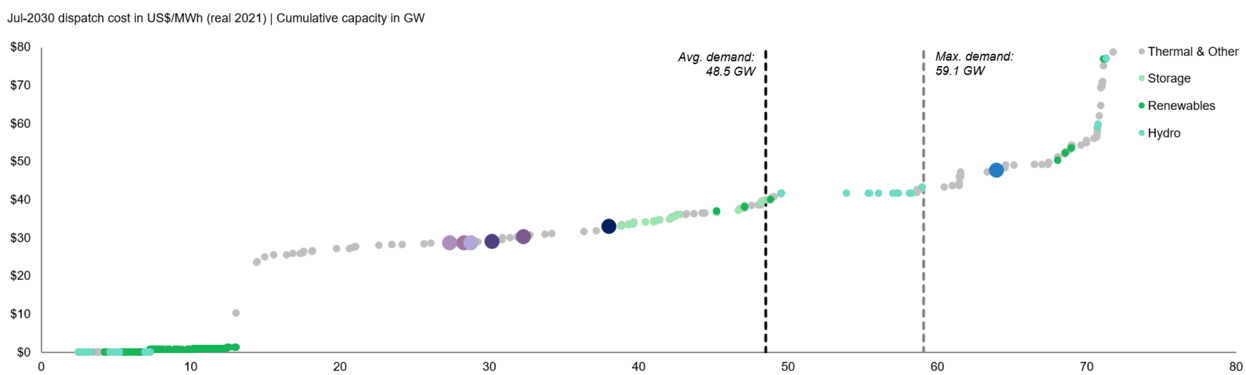
(1) Daily CENACE data for the period of June 2023 through August 2023 (peak demand months)
(2) According to CFE as of June 20, 2023.
(3) CENACE's operational reserve margin is 6%.

BEMH's is situated well-inside of the average demand, supporting post-PPA asset life and monetization opportunities

Based on AFRY's estimates, BEMH assets will continue having a competitive position in the dispatch curve and are expected to be fundamental to supply average and maximum demand of the system, which in turn should guarantee their access to capacity revenue, through PPAs or through the spot market. In terms of energy revenue, in 2030, BEMH CCGTs are expected to have an average dispatch cost of \$29.3 USD / MWh whereas the average demand is expected to be set at a price of \$32.6 USD / MWh.

2030 Supply Stack Capacity (GW)



Project	Rio Bravo III	Rio Bravo II	Rio Bravo IV	Saltillo	Altamira	EVM II	EVM I
Contracted Capacity	495 MW	495 MW	500 MW	248 MW	495 MW	750 MW & 90 MW	94 MW
PPA End Date	2029	2027	2030	2026	2027	2041 & 2025/2026	2037
2030 Dispatch Cost (US\$/MWh)(1)	28.7	28.8	28.9	29.2	30.5	33.1	47.8
2030 Realized Power Price (US\$/MWh)(2)	38.6	38.8	39.1	39.6	40.4	45.0	60.6

Source: BEMH and AFRY

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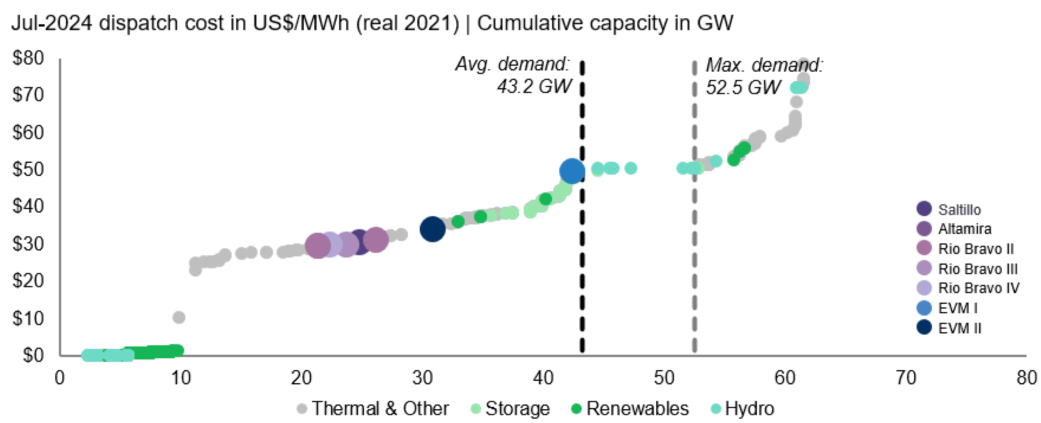
(1) July 2023 Projected Dispatch Cost.

As the largest private multi-asset CCGT platform, we believe BEMH is well positioned to re-contract its capacity and has several commercial paths to follow post PPA-life given its expected position in the dispatch curve. Furthermore, BEMH expertise across the regulated (i.e. IPPs PPAs) and unregulated (LIE PPAs) market will be highly valuable to optimize its re-contracting strategy.

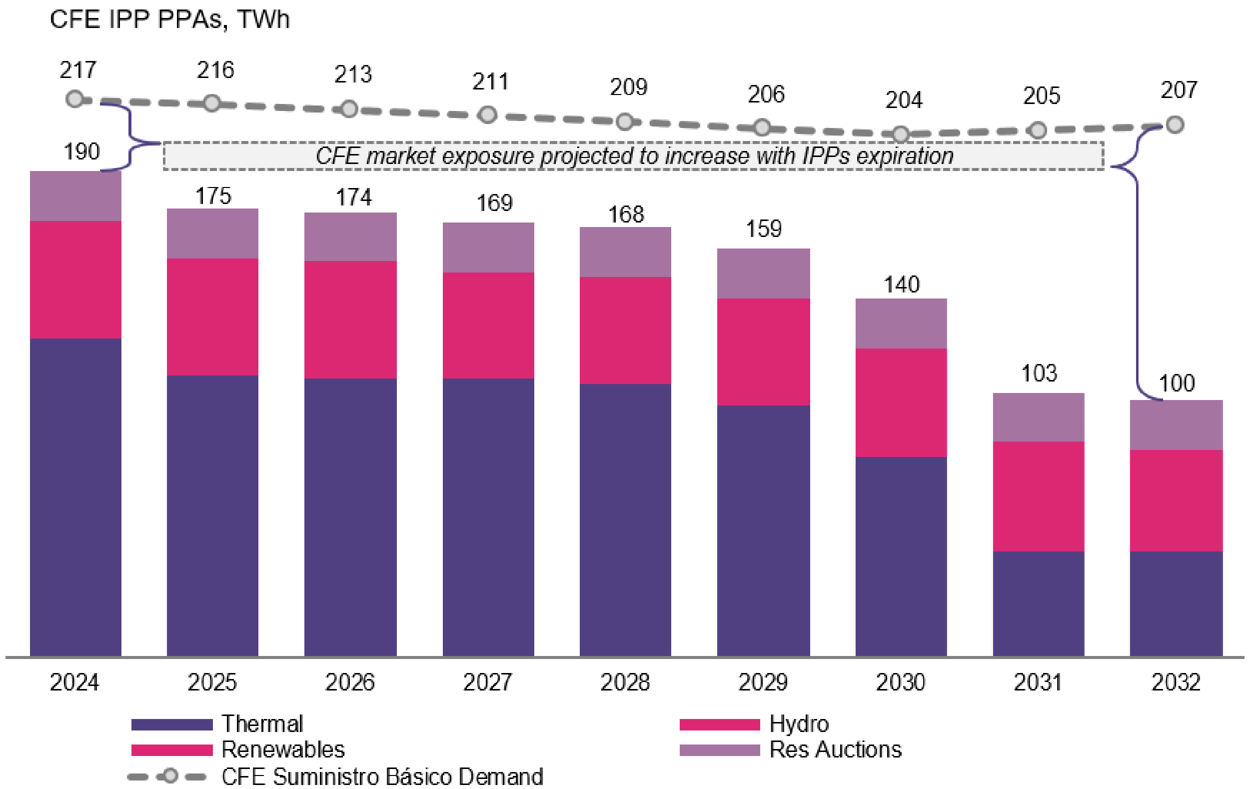
2024 Supply Stack Capacity (GW)



Source: BEMH and AFRY

One alternative for the re-contracting strategy for BEMH will be to re-contract with CFE. Per regulation, CFE basic supply is required to have 100% of its load hedged and we estimate that there are close to 8 GW IPP PPAs expiring in the coming years while expected new projects from CFE only account for 6 GW of additional supply. In order for CFE to comply with its hedge obligation, we expect that it will have to go to market to recontract this energy exposure with independent producers such as BEMH.

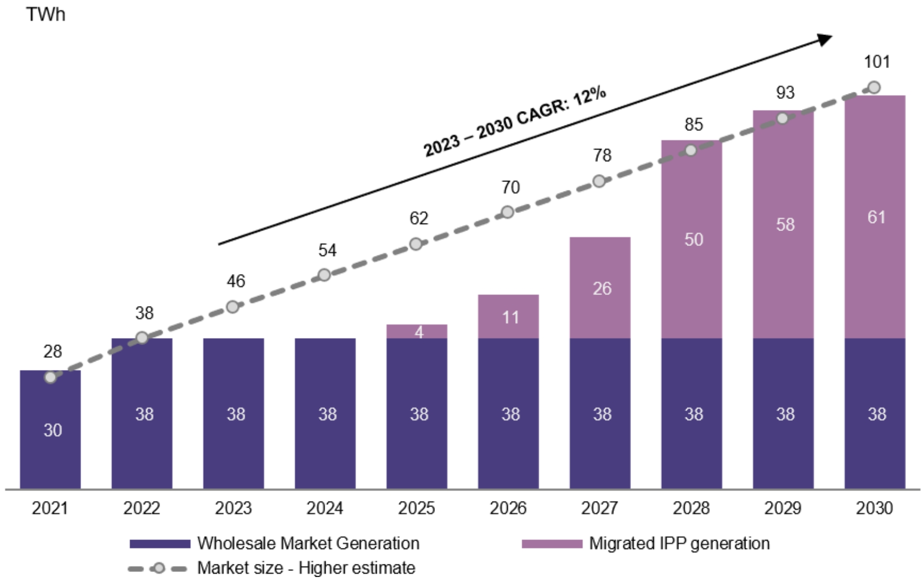
Continued Increase in Demand as Existing PPAs Expire



Source: AFRY

Another alternative for BEMH's re-contracting strategy is the Mexican wholesale energy market which has been growing steadily in recent years as increasingly more commercial and industrial ("C&I") consumers source their energy through this market. These customers are expected to increase their demand above the system average according to PRODESEN. Selected qualified suppliers in the market have continuously grown their activity and have become more relevant and creditworthy which is positive for both qualified consumers. If the growth pace continues with the historical trend, qualified suppliers could potentially accommodate a large portion of the IPPs capacity in the future once the PPAs with CFE expire. The most recent example of contracting in this market within BEMH's portfolio is the EVM II roll-over PPA signed in 2022 for 90 MW out of the 100 MW available.

Significant Qualified Supply Market Growth

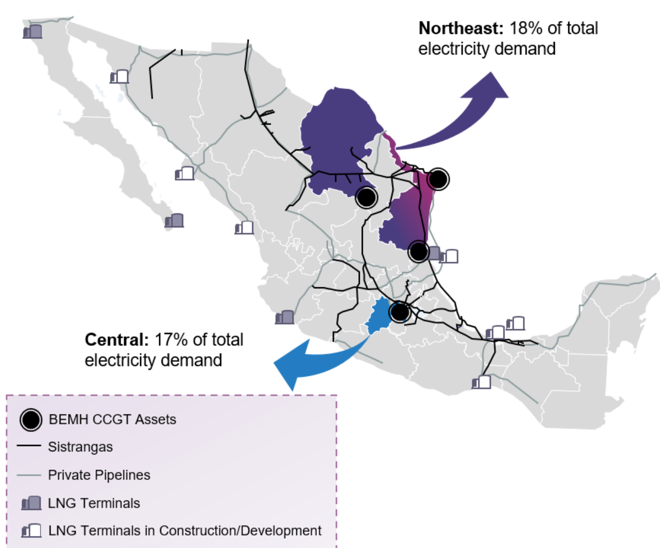


Source: AFRY

Access to gas transportation infrastructure and advantageous supply agreements

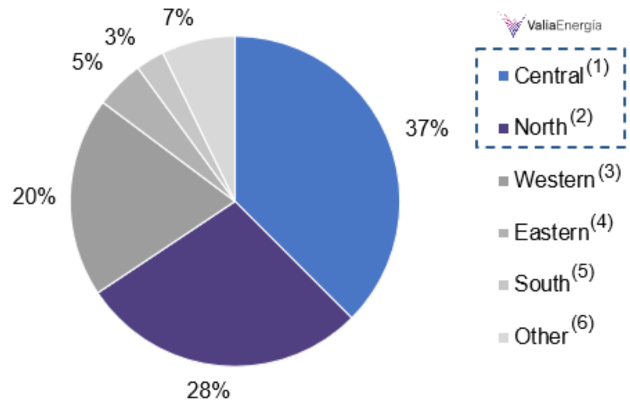
BEMH is very well positioned along the backbone of Mexico's gas midstream infrastructure, which provides us with us the opportunity to analyze different natural gas sourcing proposals from creditworthy suppliers that have strong presence in Mexico. In the future BEMH should be able to source gas at attractive prices from Houston Ship Channel and potentially Waha. We expect that this access and closeness to the gas sources will be a key competitive advantage for BEMH's assets in the Mexican market.

Strategic Asset Location



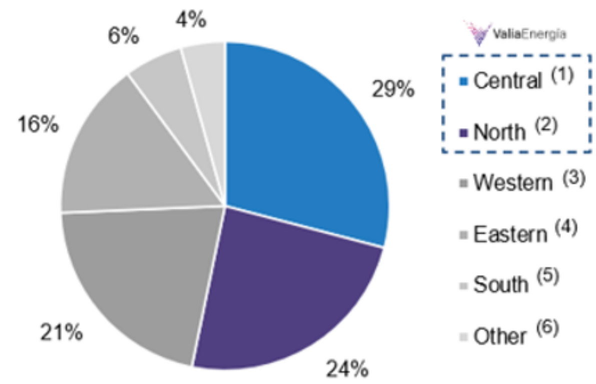
Source: AFRY, CENAGAS, CENACE and SENER

FDI per Region in Mexico (2022)



Source: Comisión Nacional de Inversiones Extranjeras

GDP per Region in Mexico (2021)



Source: INEGI

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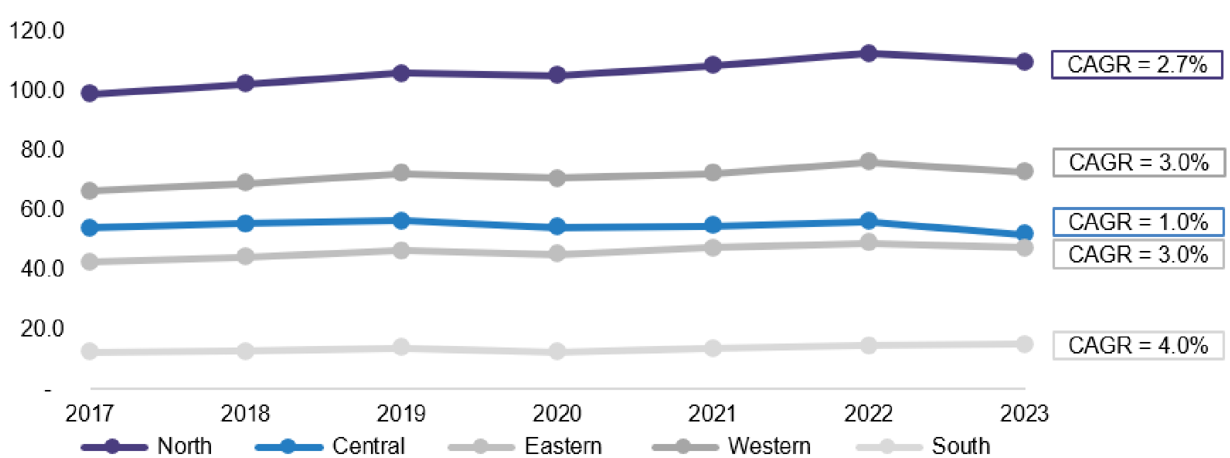
(1) Mexico City, State of Mexico, Hidalgo and Morelos.
(2) Chihuahua, Durango, Coahuila, Nuevo Leon, Tamaulipas, Sonora, and Sinaloa.
(3) Jalisco, Guanajuato, Querétaro, Aguascalientes, Nayarit, Colima, Michoacán, Zacatecas and San Luis Potosí.
(4) Tlaxcala, Oaxaca, Tabasco, Chiapas, Guerrero, Puebla and Veracruz.
(5) Quintana Roo, Yucatán and Campeche.
(6) Baja California and Baja California Sur.

Mexico's Power Demand in TWh exhibits a consistent structural distribution, with approximately 36% originating from the North region, 25% from the Western (el Bajio) region, 19% from the Central region, and the remaining 20% from the Eastern and Southern regions.

Over the past six years, the national yearly average growth in power demand has stood at 4.17%, primarily propelled by the historically underdeveloped South, which has experienced a notable growth rate of 7.2%. Meanwhile, the North and Central regions have seen yearly average growth rates in power demand of 3.4% and 2.0%, respectively. As new market forces and investments in high-power-demand industries continue to stimulate the country's economy, regional demand for energy is expected to persistently grow in the foreseeable future.

Power Demand in TWh



Source: BEMH elaborated with AFRY data. CAGR calculated using AFRY data for 2017-2022, and projected 2023 demand using historical annual growth rate between 2017-2022, excluding 2020.

Experienced management team backed by a world-class sponsor

BEMH has assembled what we believe is a highly experienced and diverse management team, who has put in place a robust organization with strong governance. Our team combines professionals with extensive strategic, financial, business development, construction and operational value-driving experience internationally and in Mexico. The combination of these factors ensures a deep understanding of the Mexican market local dynamics and stakeholders, while maintaining a best-in-class global approach.

Valia's strong and experienced management team is backed by Actis, a world-class sponsor with strong expertise in the power and infrastructure sectors. Actis has committed over U.S.$9 billion of capital to 200+ energy projects globally having built and operated 30 GW in over 30 countries across Asia, Africa and Latin America over the past 20 years. In Latin America, Actis has developed a leading energy investing platform with 16 investments across the region with 14.7 GW of installed capacity.

In Mexico, Actis built and has successfully divested 3 of the largest energy platforms in the country that include Saavi Energia, the second largest independent power producer in Mexico that was sold to Global Infrastructure Partners in 2021, Atlas Renewables, a 575 MW renewables platform sold to Global Infrastructure Partners in 2022, and Zuma Energia, a 818 MW renewables platform sold to China's SPIC in 2020.

BEMH's Business Strategy

Our business strategy is to generate long-term value for our stakeholders by operating our energy assets with the highest standards, maintaining our cost-efficient and flexible generation portfolio while securing long-term power contracts with creditworthy counterparties. We aim to provide reliable and cost-efficient energy to our customers, and ultimately obtaining solid and stable financial results. In line with our strategy, we intend to:

Provide highly reliable service availability, while maximizing efficiency

We are focused on operating our uniquely positioned and sizeable generating assets efficiently and safely, providing world-class service to BEMH's customers while achieving the highest levels of availability by adhering to health, safety, accident prevention, security and environmental policies intended to protect our employees, clients, and the local communities in which we operate. BEMH, with the support of Actis, will aim to maintain the best professional team in the marketplace and to engage world class operating service providers throughout the life of our assets to ensure that our operations (i) adhere to global benchmarks for safety, environmental compliance and operating standards, (ii) ensure that our equipment is maintained in accordance with the highest market standards, and (iii) secure the maximum efficiency and reliability of our power plants in the long-term.

Secure long-term power purchase agreements that generate stable and predictable revenues and margins with financially strong counterparties as our existing contracts expire

As our power purchase agreements begin to expire, we will seek to implement a long-term re-contracting strategy that capitalizes on BEMH's leading position in the Mexican electricity market, taking advantage of the size, geographical diversification, technology, cost efficiency, and track record of our assets. A significant portion of our contracts expire in 2026-2030, a period in which we expect the Mexican market to continue to experience important demand growth with limited new power generations supply, particularly of flexible and readily available sizeable gas-fired capacity.

We will seek to secure new long-term, and dollar denominated power purchase agreements in the Mexican wholesale power market with qualified electricity suppliers, such as CFEC and others counterparties that are becoming relevant in the market. The Mexican wholesale power market has grown in recent years and will face increasingly higher needs for capacity and energy. BEMH will also seek, to the extent permitted by the regulatory framework, to contract or recontract directly with CFE given their increasing sourcing energy needs. Additionally, we may consider maintaining a portion of the portfolio's capacity available in the spot market, which could offer temporarily high profitability and add commercial flexibility to capitalize on expected high realized energy prices.

Maintain and optimize a stable and efficient capital structure.

BEMH intends to have, at all times, a stable long-term capital structure that minimizes cost and refinancing risk and at the same time offers ancillary facilities that provide strong access to liquidity in the form of DSRAs and operating LCs. BEMH, as a portfolio company of Actis, intends to develop and preserve commercial relationships with Mexican and international financial institutions to maintain access to the financial markets.

BEMH has access to a strong liquidity pool of approximately U.S.$448 million in the form of operational and DSRA letters of credit and a working capital facility which serves as a back-stop in short-term liquidity events.

Access to a Strong Liquidity Pool

	EVM Energía I	EVM Energía II	MT Falcon	Notes
		(U.S.$ in thousands)		
DSRA LC	$4,000	$30,000	—	$45,000
Performance LC(2)	7,000	105,000(1)	—	205,000
Minimum cash reserve	—	5,000	—	—
MMRA(3)	—	5,000	—	—
OMRA (Cash funded)	—	12,000	—	—
WK Facilities	—	—	—	30,000
Total		**$448,000**		

Source: BEMH

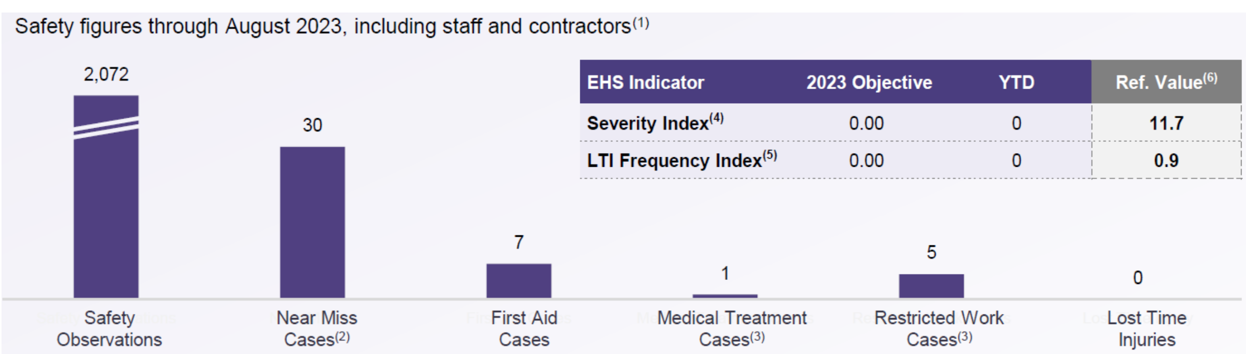
(1) Amount issued as of September 30, 2023.
(2)Additional U.S.$11 million available under facility.
(3) As of September 30, 2023.

Maintain our commitment to sustainability and the energy transition.

BEMH generates power to meet rising power demand (critical to sustain economic growth) and creates skilled and semi-skilled jobs, contributing to the SDG 8. The greenhouse gas emission factor for BEMH (443.42 gCO2/kWh) is below the Mexican Grid Emission Factor. BEMH has committed to develop a Net Zero strategy, which has been approved by Actis.

Additionally, BEMH prevents regulatory, financial and reputational risks, and protects the health of our employees and communities by implementing a systematic approach to preventing and managing environmental, health and safety risks in line with international best practices. Our focus on safety minimizes incidents with no loss time injuries in 2023, well below the US BLS reference value.

2023 Safety Overview



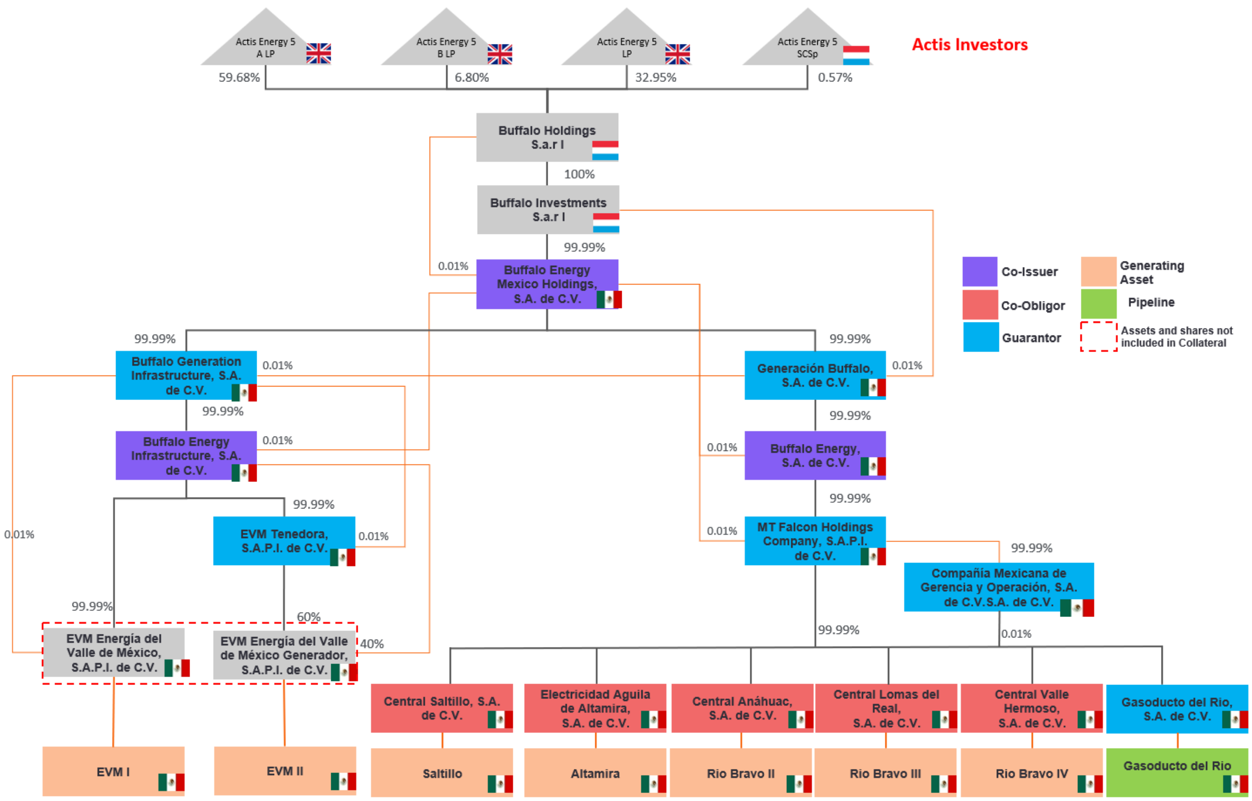
Source: BEMH

(1) In July and August of 2023, two non-recordable traffic accidents (during commuting) occurred (one in Rio Bravo IV and one in Saltillo).

(2) In July and August of 2023, three near miss cases occurred (one in Altamira II, one in Rio Bravo III and one in EVM II).
(3) A medical treatment case event from Altamira II was re-qualified to a restricted work case.
(4) Severity Index means numbers of lost time days * 200,000 / total number of man hours worked.
(5) LTI Frequency Index means number of total accidents * 200,000 / total number of man hour worked.
(6) Source: 2021 US Bureau of Labor Statistics for Fossil Fuel Electric Power Generation.

BEMH's Corporate Structure

The following diagram illustrates our corporate structure.



Independent Energy Market Expert's Report

AFRY has prepared the Independent Energy Market Expert's Report and has consented to the inclusion of a copy of the Independent Energy Market Expert's Report as Annex A to this Offering Memorandum. AFRY is an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. The Independent Energy Market Expert's Report summarizes AFRY's analysis, provides an overview of the Mexican energy markets describes the underlying base case market assumptions and modeling methodology and discusses the projections of the wholesale power market, retail price projections, commodity price projections and supply and demand projections for the Mexican energy market from 2023 through 2050.

Independent Engineer's Report

The Independent Engineer has prepared a draft of the Independent Engineer's Report. The Independent Engineer has consented to the inclusion of a copy of the Independent Engineer's Report as Annex B to this Offering

Memorandum. The Independent Engineer is an international consulting firm that provides technical consulting services to the energy industry. The Independent Engineer's Report assesses, among other things, principal aspects of the Generating Assets' design, engineering, expected performance, risk assessment, operations, and O&M costs, as well as certain technical aspects, including technical provisions in certain of BEMH's operating agreements, including the PPAs, connection agreements, fuel supply agreements, long term service agreements and any other contracts that have a material commercial impact on the Financial Model and permits. It also includes the Financial Model.

Technology

BEMH's six operating CCGT facilities are powered by (1) one Siemens 501 FD2 combustion turbine, with one Alstom steam turbine serving as a supplemental power source, (2) two Siemens 501 FD2 combustion turbines, with one Alstom steam turbine serving as a supplemental power source, (3) two Siemens 501 FD2 combustion turbines, with one Alstom steam turbine serving as a supplemental power source, (4) two Siemens 501 FD2 combustion turbines, with one Alstom steam turbine serving as a supplemental power source (5) two Mitsubishi M501F combustion turbines, with one Mitsubishi TC2F steam turbine serving as a supplemental power source, and (6) two General Electric 7HA.02 combustion turbines, with one General Electric steam turbine as a supplemental power source. Our CCGT facilities are powered by natural gas or a combination of natural gas and diesel and utilize low Nox environmental control technology.

BEMH's operating SCGT facility is powered by three General Electric LM6000 PF combustion turbines with associated electric generators, fuel delivery regulation and control system and three generators step up transformer.

BEMH believes the technology of our facilities described above is comparable to the technology used in our industry.

Maintenance Schedules and Historical Availability

Saltillo

The gas turbines at Saltillo are on 32,000-hour planned operating interval. Steam turbine intervals are matched with major inspections.

Saltillo has a 2020-2023 average availability of 88.4% with a monthly equivalent unplanned outage factor of 7.53% over the same period. Unscheduled unavailability has averaged 8.05% over the last five years. This period was marked by many months with forced outage rates of 2%. With an industry expectation of 2%, the units are only allowed to be forced offline for a maximum of 7 days annually without a consideration of forced derating that increases the outage rates.

The site experienced a significant forced outage event in April 2021 resulting from a combustion turbine generator failure due to main leads and bushing damages and an unscheduled outage event in November 2021 to replace the combustion turbine generator main leads and bushings. Under the terms of its PPA, Saltillo is to supply 247.5 MW of guaranteed capacity.

Altamira

The gas turbines in Altamira are on an operating interval of 32,000 hours and allow for service interval every four years. Steam turbine service intervals are matched with major inspections to ensure the steam turbine outage window does not extend an otherwise short inspection of the gas turbine.

The site has a 2020-2023 average availability of 90.7% with an unplanned outage factor of 5.48% over the same time period. There have been significant forced outage events in 2020 resulting from scheduled outage extension due to combustion turbines inlet guide vanes and blushing replacement and in 2022 resulting from unscheduled outage to replace to replace combustion turbine row 1 vanes.

The site executed its latest planned outage in January 2023 to perform borescope inspections of the gas turbines. Under the terms of its PPA, Altamira is to supply 495 MW of guaranteed capacity.

Río Bravo II

The gas turbines at Rio Bravo II are on 32,000-hour planned operating interval. Steam turbine intervals are matched with major inspections.

The site has a 2020-2023 average availability above 87.3% with an unplanned outage factor of 8.27% over the same time period. Many periods are marked with performance of 98% availability or greater which meet industry expectations.

The maintenance program at Río Bravo II focuses on the routine maintenance of the gas turbines. Siemens, the OEM for the turbines, provided the LTSA services for the period from commercial operations through 2018. In 2018, CAC terminated the contract with Siemens and hired MHPSA to provide the LTSA for the gas turbines. Maintenance for the steam turbine and generators is provided on an ad-hoc basis with the preferred supplier at the time of execution. The gas turbines are on 32,000-hour intervals and allow for service intervals every four years. Steam turbine service intervals are matched with major inspections on the gas turbines.

In October 2021 the site executed its latest planned outage as a result of major inspections of gas turbines, which were completed successfully without any Lost Time Incidents.

Unscheduled unavailability has averaged 7.79% for Río Bravo II over the last six years. This period is marked with many months with forced outage rates in excess of 2% with an industry expectation of 2%, the units are only allowed to be forced offline for a maximum of 7 days annually without a consideration of forced derating that increases the outage rates. There have been significant forced outage events in 2021 resulting from scheduled outage extension due to unexpected findings during the inspections and in 2022 resulting from combustion turbine 2 compressor damage and combustion turbine 1 collector bearing high vibrations. Under the terms of its PPA, Río Bravo II is to supply 495 MW of guaranteed capacity.

Río Bravo III

The gas turbines at Rio Bravo III are on 32,000-hour planned operating interval. Steam turbine intervals are matched with major inspections.

Río Bravo III has a 2020-2023 average availability of 95.3% with an unplanned outage factor of 2.18% over the same period.

The maintenance program at Río Bravo III focuses on the routine maintenance of the gas turbines. Siemens, the OEM for the turbines, provided the LTSA services for the period from commercial operations through 2018. In 2018, CLR terminated the contract with Siemens and hired MHPSA to provide the LTSA for the gas turbines. Maintenance for the steam turbine and generators is provided on an ad-hoc basis with the preferred supplier at the time of execution. The gas turbines are on 32,000-hour planned operating interval and allow for service intervals every four years. Steam turbine intervals are matched with major inspections.

In June 2022 the site executed its latest planned outage as a result of inspections of the borescope. This inspection was completed successfully without any Lost Time Incidents and ahead of plan. The next planned outage for Río Bravo III is scheduled for November 2023.

Unscheduled unavailability has averaged 5.14% over the last five years. This period is marked with many months with forced outage rates of lower than 2%. With an industry expectation of 2%, the units are only allowed to be forced offline for a maximum of 7 days annually without a consideration of forced derating that increases the outage rates. Under the terms of its PPA, Río Bravo III is to supply 495 MW of guaranteed capacity.

Río Bravo IV

The gas turbines at Rio Bravo IV are on 32,000-hour planned operating interval. Steam turbine intervals are matched with major inspections.

Río Bravo IV has a 2020-2023 average availability of 88.9% with an unplanned outage factor of 6.23% over the same period.

The maintenance program at Río Bravo IV focuses on the routine maintenance of the gas turbines. Siemens, the OEM for the turbines, provided the LTSA services for the period from commercial operations through 2018. In 2018, CLR terminated the contract with Siemens and hired MHPSA to provide the LTSA for the gas turbines. Maintenance for the steam turbine and generators is provided on an ad-hoc basis with the preferred supplier at the time of execution. The gas turbines are on 32,000 hour planned operating interval and allow for service intervals every four years. Steam turbine intervals are matched with major inspections.

In September 2021 the site executed its latest planned outage as a result of inspections of the borescope of the gas turbines. This inspection was completed successfully with two Lost Time Incidents. The next planned outage for Río Bravo IV is scheduled for February 2024.

Unscheduled unavailability has averaged 5.76% over the last five years. This period is marked with many months with forced outage rates of 2%. With an industry expectation of 2%, the units are only allowed to be forced offline for a maximum of 7 days annually without a consideration of forced derating that increases the outage rates. Under the terms of its PPA, Río Bravo IV is to supply 500 MW of guaranteed capacity.

EVM I

EVM I has operation and maintenance agreements with NAES to provide routine operations and maintenance services to support continuous facility operations, including, but not limited to, procuring goods and services, managing waste, managing facility outages and supporting and overseeing contractors. Additionally, EVM I has a contractual service agreement (the "EVM I CSA") with General Electric International Operations Company, Inc. ("GEIOC"), GE Packaged Power Inc. ("GEPPI" and together with GEIOC, "GE EVM I"), pursuant to which GE Operations provides for the parts and services associated with the major maintenance of the three combustion turbine compressors, turbines and associated generators and auxiliaries.

The maintenance inspections covered under the EVM I CSA are to be performed in accordance with a condition-based maintenance program. The EVM I CSA does not specify maintenance intervals or the scope of a condition-based program. GE Operations may undertake or apply inspections, techniques, monitoring and/or analysis to extend or optimize outage intervals, parts usage and/or work scope and maintenance activities.

The site executed its latest planned outage in October 2022 to perform its annual borescope inspection. The first hot gas inspection will occur in January 2025, at 35,000 fired hours operated.

EVM I has a 2021-2023 average availability of 98.7% with an unplanned outage factor of 1.09% over the same period, and without significant forced outage events. Under the terms of its PPA, EVM I is to supply up to 778,150 MWh contracted electric energy per year and 88.83 MW of guaranteed capacity, which is equivalent to a capacity factor of 94.5% when supplying the guaranteed capacity of 94 MW.

EVM II

EVM II has a contractual services agreement (the "EVM II CSA") with GE Global Parts & Products GMBH ("GEGPP"), General Electric International, Inc. ("GEI"), General Electric Global Services GMBH ("GEGS" and together with GEGPP and GEI, "GE EVM II"), pursuant to which GE EVM II provides for the parts and services associated with the major maintenance of two CT compressors; turbines and associated generators; and one ST and associated generator, inspection only, (each a "Covered Unit").

The maintenance inspections covered under the EVM II CSA are to be performed in accordance with a condition-based maintenance program. The EVM II CSA does not specify maintenance intervals or the scope of a condition-based program. GE EVM II may undertake or apply inspections, techniques, monitoring and/or analysis to extend or optimize outage intervals, parts usage and/or work scope and maintenance activities. GE Power Services provides parts and services for periodic inspections, all of which constitutes planned Maintenance, beginning on the commercial operations date of the units. The periodic inspections for the turbines include borescope inspection, combustion inspection, hot gas path inspection, major inspection of the combustion turbine, and minor and major inspection of combustion turbine generator. The periodic inspections for the steam turbine and its generator include only minor and major inspections.

The site executed its latest unplanned outage in March 2023 as a result of the findings of a borescope inspection of a gas turbine in January 2023. The next unplanned outage for EVM II is scheduled for November 2023 to perform a partial replacement of hot gas combustion parts (stage 1 nozzles, stage 1 buckets and unibodies). The first hot gas path inspection will occur in the fourth quarter of 2024 according with the periodic inspections planned maintenance.

EVM II has a 2021-2023 average availability of 93.1% with an unplanned outage factor of 3.09% over the same period, and with two unscheduled combustion turbine outage events due to stage one degradation of nozzles. Under the terms of the PPA, EVM I is to supply up to 6,077,250 MWh contracted electric energy per year and 737.25 MW of guaranteed capacity (which includes the EVM II PPA and the purchase orders under the EVM II CFEC PPA), which is equivalent to a capacity factor of 92.5% when supplying the guaranteed capacity of 797 MW.

Gasoducto del Río

The maintenance area of Gasoducto del Río is divided into (i) the pipeline supervisor, who prepares the preventative maintenance program of the areas of patrol, instrumentation and telecommunications, (ii) the instrumentation and control maintenance technician, who addresses any corrective maintenance, supervises contractor work and provides monthly reports on activities and (iii) CAC operations specialist, who monitors maintenance work and ensures safety in the field is adhered to.

The preventative maintenance program is reviewed annually. Responsibility resides with each specialty group. Specialist contractors are used for the actual work where required. Preventative maintenance intervals range from a 3-month schedule to a 12-month schedule, depending on activity. The 3-month interval includes wall thickness testing, coating inspections and leak detection at the stations, filter purging and instrumentation inspection and calibration where required. Records indicate that preventative maintenance is always completed on time.

Corrective maintenance is initiated by the area specialist when a fault in the system is detected. For the SCADA system is the instrumentation and control maintenance technician, and for other areas is the respective specialist in the Patrolling, Instrumentation and Telecommunications specialist. Records indicate that the corrective maintenance is completed within a month of identification.

Upgrades in various aspects of instrumentation, communication and cathodic protection are either planned or underway. Gasoducto del Río has faced several maintenance issues. The notable and recurring issues include (i) damage to cathodic poles by third parties, (ii) pipeline coating where regular repair is done when problems are identified and (iii) a gas leaks on the pipeline.

Material Agreements

Key Power Purchase Agreements

Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV

MT Falcon's subsidiary, CSO, a Joint Obligor, as IPP, has entered into a PPA with CFE (later assigned in favor of CFEG) (the "Saltillo PPA"). The term of the Saltillo PPA is through the 25th anniversary of the commercial operations date of November 19, 2001, unless terminated earlier, however, the term of the PPA shall not exceed the term of the IPP power generation permit. Under the Saltillo PPA, CFE is required to purchase a monthly demonstrated net capacity and associated net energy output of 247.5 MW nominal capacity with base fuel and 202.6 MW with alternate fuel.

MT Falcon's subsidiary, EAA, a Joint Obligor, as IPP, has entered into a PPA with CFE (later assigned in favor of CFEG) (the "Altamira PPA"). The term of the Altamira PPA is through the 25th anniversary of the commercial operations date of May 1, 2002, unless terminated earlier, however, the term of the PPA shall not exceed the term of the IPP power generation permit. Under the Altamira PPA, CFE is required to purchase a monthly demonstrated net capacity and associated net energy output of 495 MW nominal capacity and associated electrical output with base fuel and 405 MW with alternate fuel.

MT Falcon's subsidiary, CAC, a Joint Obligor, as IPP, has entered into a PPA with CFE (later assigned in favor of CFEG) (the "Río Bravo II PPA"). The term of the Río Bravo II PPA is through the 25th anniversary of the commercial operations date of January 18, 2002, unless terminated earlier, however, the term of the PPA shall not exceed the term of the IPP power generation permit. Under the Río Bravo II PPA, CFE is required to purchase a monthly demonstrated net capacity and associated net energy output of 495 MW nominal capacity with base fuel and 454.3 MW with alternate fuel.

MT Falcon's subsidiary, CLR, a Joint Obligor, as IPP, has entered into a PPA with CFE (later assigned in favor of CFEG) (the "Río Bravo III PPA"). The term of the Río Bravo III PPA is through the 25th anniversary of the commercial operations date of April 1, 2004, unless terminated earlier, however, the term of the PPA shall not exceed the term of the IPP power generation permit. Under the Río Bravo III PPA, CFE is required to purchase a monthly demonstrated net capacity output of 495 MW nominal capacity with base fuel.

MT Falcon's subsidiary, CVH, a Joint Obligor, as IPP, has entered into a PPA with CFE (later assigned in favor of CFEG) (the "Río Bravo IV PPA," and together with the Altamira PPA, the Saltillo PPA, the Río Bravo II PPA and the Río Bravo IV PPA, the "IPP PPAs"). The term of the Río Bravo IV PPA is through the 25th anniversary of the commercial operations date of April 1, 2005, unless terminated earlier, however, the term of the PPA shall not exceed the term of the IPP power generation permit. Under the Río Bravo IV PPA, CFE is required to purchase a monthly demonstrated net capacity and associated net energy output of 500 MW nominal capacity with base fuel.

As compensation under each IPP PPA, CFE pays (1) a fixed capacity charge in dollars, calculated based on the fixed capacity charge for the month, as adjusted for availability relative to the guaranteed availability, (2) a fixed operation and maintenance charge in both dollars and pesos, as adjusted for availability relative to the guaranteed availability, escalated based on the relevant price index and adding the corresponding fixed labor component in accordance with the economic bid offered during the tender process for awarding the PPA, (3) a variable operation and maintenance charge in pesos, (4) a fuel charge in pesos based on the weighted average price of fuel for the month and the fuel consumption calculated using the guaranteed heat rate and (5) a startup charge in pesos, paid in the event the plant is required to restart after a shutdown instruction. Payments under the IPP PPAs are made in dollars and pesos to reflect actual costs, this payment structure functions as a natural currency hedge. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon—Trends and Factors Affecting MT Falcon's Results of Operations—Changes in Exchange Rates."

EVM I and EVM II

EVM Energía I, as generator, has entered into a PPA with CFEC (the "EVM I PPA"). The term of the EVM I PPA is through the 20th anniversary from its commercial effective date of January 1, 2018, unless terminated earlier, which term shall be extended for a period of 10 years upon notice by CFEC at least 30 days prior to the expiration of the original term. Under the EVM I PPA, CFEC is required to purchase an annual demonstrated net capacity and ancillary and associated net energy of 94 MW nominal capacity and associated electrical output.

EVM Tenedora's subsidiary, EVM Energía II, as generator, has entered into a PPA with CFEC (the "EVM II PPA," and together with the EVM I PPA, the "CFEC PPAs"). The term of the EVM II PPA is through the 20th anniversary from its commercial effective date of January 1, 2021, unless terminated earlier, which term shall be extended for a period of 10 years upon notice by CFEC at least 30 days prior to the expiration of the original term.

Under the EVM II CFEC PPA, CFEC is required to purchase an annual demonstrated net capacity and ancillary and associated net energy of 750 MW nominal capacity and associated electrical output.

As compensation under each CFEC PPA, CFEC pays (1) a fixed capacity charge denominated both in dollars and pesos, relating to the capacity, operation and maintenance, and capacity reserve for the fuel reserve charges, (2) variable energy charge in both dollars and pesos, relating to the operation and maintenance fee and a fuel fee, and (3) a pass-through transmission service charge, market operation fee, market supervision and other market settlement charge.

Subsequently, CFEC and EVM Energía II entered into a master PPA for the purchase and sale of surplus power and electricity ("Surplus EVM II PPA"). Under the Surplus EVM II PPA, EVM II's incremental capacity of up 90 MW will be allocated through individual purchase orders. As of September 30, 2023, the incremental capacity has been released under three purchase orders: the contracted capacity under the first purchase order is of 20 MW and is valid from August 1, 2022 to July 31, 2025, the contracted capacity under the second purchase order is of 27 MW and is valid from May 1, 2023 to April 30, 2026, and the contracted capacity under the third purchase order is of 43 MW and is valid from January 1, 2024 to December 31, 2026.

Key Fuel Supply and Transportation Agreements

Saltillo

CSO entered into a gas supply agreement with CFE under which CSO agrees to purchase in pesos an expected 9,919.2 Gcal of base fuel per day. The term under the gas supply agreement is through the 25th anniversary of the Saltillo facility commercial operation date or upon early termination. Under this agreement, CSO pays to CFE a monthly variable fee in pesos calculated using the cost of gas and the amount of gas consumed during the month and the additional charges incurred or paid by the CFE to deliver gas to Saltillo.

Altamira

EAA entered into a gas supply agreement with Pemex Gas y Petroquímica Básica (now Pemex Transformación Industrial or "PTI") under which EAA agrees to purchase in dollars a flexible base of 22,176 Gcal per day, which can be reduced as low as 11,088 Gcal per day upon request by EAA. PTI is not required to supply gas.in excess of the amount required to generate the required energy output under the Altamira CFE PPA. Under this agreement, EAA pays to PTI a monthly variable fee in dollars calculated using the cost of gas and the amount of gas consumed on each day within the month and a fixed monthly charge based on the incremental costs of new infrastructure needed to deliver gas to Altamira.

Río Bravo II

CAC entered into a gas supply agreement with CFE under which CAC agrees to purchase in pesos a minum base quantity of 25,335 Gcal per day. The term under the gas supply agreement is through the 25th anniversary of the commercial operation date of the Río Bravo II facility or upon early termination. Under this agreement, CAC pays to CFE a monthly variable fee in pesos calculated using the cost of gas and the amount of gas consumed during the month and the additional charges incurred or paid by the CFE to deliver gas to Río Bravo II.

Río Bravo III

CLR entered into a fuel supply agreement with TTL for fuel supply necessary to generate electricity. The term of this agreement is until the termination of the delivery period which concludes on March 31, 2023. TTL has the right to extend the delivery period with a new contract price from April 1, 2023 to April 1, 2029. Under the agreement, CLR agreed to purchase and receive up to 95,000 Mmbtu per day of base fuel, to generate net energy output dispatched in accordance with the Río Bravo III PPA. Under this agreement, CLR pays to TTL a monthly variable fee in pesos calculated using the gas daily midpoint spot price publication. There is no credit support requirement under this agreement.

Río Bravo IV

CVH entered into a fuel supply agreement with TTL for fuel supply necessary to generate electricity. The term of this agreement is until the termination of the delivery period which concludes on May 31, 2022. TTL shall have the right to extend the delivery period with a new contract price from June 1, 2022 to April 1, 2030. Under the agreement, CVH agreed to purchase and receive up to 95,000 Mmbtu per day of base fuel, to generate net energy output dispatched in accordance with the Río Bravo IV PPA. Under this agreement, CVH pays to TTL a monthly variable fee in pesos calculated using the gas daily midpoint spot price publication. There is no credit support requirement under this agreement.

EVM I

On October 31, 2017, EVM Energía I entered into a long-term interruptible gas supply agreement with CFEnergía. Under the agreement, upon CFEnergía's confirmation of the corresponding gas schedule, CFEnergía shall deliver pipeline-quality gas at a daily maximum amount of 22,200 MMBtu per day on a higher heating value basis. The agreement became effective on November 16, 2017 and ends December 31, 2037 or upon early termination. The term of the agreement may be extended for an additional five years upon request of either EVM Energía I or CFEnergía. EVM Energía I shall pay to CFEnergía in dollars, a variable fee calculated based on several formulas. EVM Energía I may terminate the agreement early upon prior written notice provided to CFEnergía 30 days in advance, in the event that CFEnergía incurs and fails to cure any event of default, including if the deficiency amount represent more than 15% of the total confirmed scheduled amount during two consecutive months or twelve nonconsecutive months within three years or if CFEnergía ceases to be an affiliate of CFE. CFEnergía may terminate the agreement early upon prior written notice provided to EVM Energía I 30 days in advance if EVM Energía I breaches and fails to cure any event of default, including the failure to provide or keep the guarantees set forth in the agreement or defaults payment obligations under the agreement.

EVM II

EVM Energía II entered into a firm long-term gas supply agreement with CFEnergía. Under the agreement, CFEnergía shall deliver pipeline-quality gas at a daily maximum amount of 134,600 MMBtu per day on a higher heating value basis. The agreement is for 20 years from January 1, 2021 to December 31, 2040 or upon early termination. EVM Energía II shall pay to CFEnergía in dollars, a variable fee calculated based on several formulas. EVM Energía II may terminate the agreement early upon prior written notice provided to CFEnergía 30 days in advance, in the event that CFEnergía incurs and fails to cure any event of default, including if the deficiency amount represent more than 15% of the total confirmed scheduled amount during two consecutive months or twelve nonconsecutive months within three years or if CFEnergía ceases to be an affiliate of CFE. CFEnergía may terminate the agreement early upon prior written notice provided to EVM Energía II 30 days in advance if EVM Energía II breaches and fails to cure any event of default, including the failure to provide or keep the guarantees set forth in the agreement or defaults payment obligations under the agreement.

Gasoducto del Río

On March 12, 2015, GDR entered into a firm basis transportation services agreement with CFE for the daily transportation of gas up to the maximum daily quantity, after receiving the confirmation of the authorized quantity from the receptions points to the delivery points established in the transportation services agreement between Gasoducto del Río and CFE.

On September 26, 2002, GDR entered into an uninterrupted transportation services agreement with Pemex for the daily transportation of gas up to the maximum daily quantity, after receiving the confirmation of the authorized quantity from the receptions points to the delivery points established in the transportation services agreement between Gasoducto del Río and Pemex.

Key Management Services Agreements

Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV

On September 1, 2021, the MT Falcon Entities, as owners, entered into individual management services agreement with COMEGO, as manager, for purposes of establishing the general terms and condition of the management services to be provided by COMEGO in favor of each owner, which include, among others, treasury, financial, tax and legal services. COMEGO is a related party to CSO, EAA, CAC, CLR, CVH and GDR.

The term of each agreement is until the earlier of (i) termination of the owner's respective IPP PPA or (ii) early termination; provided that if such owner continues to operate the plant following the termination, the agreement shall automatically renew and continue in force and effect for so long as such owner continues to operate the plant (except as to any party who objects to such renewal within 180 days of the termination of the IPP PPAs). In such case, the owner shall be entitled to reasonable transitional services based on the designated services for a period of six months, which can be extended for two further periods of three months at owner' s sole option. Each owner shall pay COMEGO a service fee consisting of the costs and expenses incurred by COMEGO in connection with the provision of services the COMEGO Reimbursable Expenses and the COMEGO Margin.

EVM I and EVM II

On July 13, 2023, EVM Energía I and EVM Energía II, as owners, entered into individual management services agreements with COMEGO, as manager, for purposes of establishing the general terms and condition of the management services to be provided by COMEGO in favor of each owner, which include, among others, treasury, financial, tax and legal services. COMEGO is a related party to EVM Energía I and EVM Energía II.

The term of each agreement is until the earlier of (i) early termination, or (ii) termination of the owner's respective CFEC PPA; provided that if such owner continues to operate the plant following such termination, such agreement shall automatically renew and continue in force and effect for so long as such owner continues to operate the plant (except as to any party objecting such renewal within 180 days of the termination of the CFEC PPAs). In such case, the owner shall be entitled to reasonable transitional services based on the services for a period of six months, which can be extended for two further periods of three months at owner's sole option.

Key Operations and Maintenance Agreements

EVM I and EVM II

On September 1, 2021, EVM Energía I and EVM Energía II, as owners, entered into amended and restated operations and maintenance agreements with NAES, as contractor under each agreement. Pursuant to the agreements, NAES' services include transfer or parts, refurbishment of reconditioned parts, operations support, planned and unplanned maintenance, and parts supply, among other obligations. The term of the agreement is from September 1, 2021 to December 31, 2031 and is to automatically extend in increments of one year until either party, as applicable to each agreement, gives notice of its intention not to extend one year in advance of the following renewal date of its respective agreement.

Under the agreements, each owner pays NAES variable fees for the equipment, supplies, personnel and other costs incurred in connection with such agreement's operations and maintenance services. Additionally, under EVM Energía I's agreement, EVM Energía I pays to NAES an annual service fee of U.S.$181.4 thousand, payable in equal monthly installments and under EVM Energía II's agreement, EVM Energía II pays to NAES an annual service fee of U.S.$322.5 thousand, payable in equal monthly instalments.

EVM I

On December 31, 2013, GE EVM I, as contractors, and EVM Energía I, as owner, entered into the EVM I CSA, for purposes of providing maintenance to the gas turbines of EVM I power plant. Such agreement is subject to US law.

EVM II

On December 27, 2017, GE EVM II, as contractors, and EVM Energía II, as owner, entered into a contractual service agreement, for purposes of providing maintenance works to the gas and steam turbines of EVM II power plant. Such agreement is subject to Mexican law.

Market Participant Agreements

On January 30, 2017, CSO, EAA, CAC, CLR and CVH on August 18, 2016, EVM Energía I, and on July 8, 2019, EVM Energía II, each as a generator, entered into individual market participant agreements with CENACE (each a "Market Participant Agreement") to enable each generator to operate in the Mexican wholesale power market. The form of the Market Participant Agreement is publicly available and all market participants must enter into such agreement in its standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreements."

Existing Debt and Financing Arrangements

BEMH, MT Falcon and EVM are parties to a number of existing financing arrangements. For a detailed summary of such existing financing arrangements, see "Description of Existing Financing Arrangements."

Real Property and Land Use Rights

The real property of BEMH's facilities falls mainly into four categories: (1) owned property, relating to power plants' sites and certain sections of the gas pipelines, (2) easements (*servidumbres de paso*) or rights of way contracts contracted with private and communal landowners (*ejidos or comunidades*), (3) leases and usufructs documenting the right to use third-party properties, and (4) permits acquired from federal, state and municipal government entities for road crossings, water body crossings and use of any other state owned land and infrastructure.

BEMH believes that all of BEMH's production facilities are in good operating condition. BEMH believes that BEMH has satisfactory title to BEMH's generation units and facilities in accordance with standards generally accepted in the electric power industry. BEMH cannot guarantee that titles leases, or other arrangements based upon which BEMH has laid or constructed BEMH's assets will not be challenged.

Health, Safety and Environmental Matters

Our endeavors to comply with applicable Mexican national, state and municipal environmental standards, rules and regulations, and we believe that our current operations are substantially in compliance with such standards, rules and regulations as they have historically been interpreted and enforced.

Our Health, Safety, Environmental and Quality ("HSEQ") program considers a regional strategy development and implementation, training and qualification plans, full regulatory compliance systems management & reporting (Occupational Health and Safety, Environmental & Quality systems ISO-45001, ISO-14001 & ISO-14000), as well as the development of security protocols and assessments, allowing us to operate safely even in security challenging environments.

The deployment of standard HSSE procedures and the use of a compliance matrix, ensure our locations are in full compliance with all applicable regulations and permits. All Mexico locations identify and assess the requirements of the safety and environmental regulations and the required actions are managed through dedicated procedures and formats of our HSEQ management system. A specialized firm is in charge of monitoring and alerting on any new or modified regulations whether at a federal or at a state level. An obligatory compliance report is compiled monthly by each site. We are also in the process of introducing a digital platform for proper management and timely renewal of relevant permits.

Security risk assessments are performed by third party experts and our security personnel evaluating the site, its infrastructure and the local area on a routine basis, including perimeter protection, access control and surveillance.

The successful implementation of the HSEQ strategy is demonstrated by the results that MT Falcon and EVM have achieved in recent years. For example, the aggregate Lost Time Injury Frequency for MT Falcon and EVM decreased 65% from 2021 to 2022, resulting in 0.15 Lost Time Injury Frequency. This rate is 66% below the average Lost Time Injury Frequency of the main comparable Mexican power generation companies. The average Lost Time Injury Frequency for the past 4 years, is 20% below the 0.9 industry average recorded in the last publication of the U.S. Bureau of Labor Statistics. Additionally, the severity rate and the total recordable injury frequency have also decreased by 80.32% and 55.1%, respectively, during the same reporting periods through the application of the company's strategy. Most importantly, during 2023 we have not experienced a Lost Time Incident at the plants under our operational control.

Market and Industry Trends

Power Generation

As previously noted, power generation in Mexico by private-sector companies was historically limited by applicable laws and regulations to certain types of generation facilities, namely, IPPs, export, small scale, and captive/self-supply. However, with the energy reform initiated in Mexico in 2013-2014, power generation by private-sector companies is no longer limited and sale to the Mexican wholesale power market is permitted. See "Regulatory, Permits and Environmental Matters."

The MT Falcon Platform has long-term contracted IPP PPAs with CFEG subject to the previous regulatory framework, while EVM Energía has entered into long-term bilateral PPAs with CFEC under the LIE framework.

Upon termination of the IPP PPAs with CFEG, we expect to migrate the MT Falcon Platform to the Mexican wholesale power market LIE regime upon CRE's approval and seek bilateral PPAs combined with the sale of products in a merchant scheme and subject to spot prices. See "Risk Factors—Risks Relating to Mexico—Changes in Mexican governmental policies could adversely affect BEMH's business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes." Going forward, we expect to continue facing keen competition from other developers, including IEnova, Intergen, Gas Natural Fenosa, Enel and Iberdrola, among others, who have made significant investments in Mexico in the past. The principal elements of competition are price and availability, terms of service, flexibility and reliability of service. General economic activity, conservation, legislation, governmental regulations, weather, additional generation capacities and other factors affect the supply and demand for electricity. As the market matures and more customers understand the possibilities of switching suppliers, we expect competition in this segment to further increase.

Insurance

We maintain a comprehensive package of insurance consistent in nature with operations of a portfolio of power plants and related energy operations. Our insurance coverage is written through various carriers in Mexico as required by insurance regulation. Each of the carriers and/or their reinsurance are rated A (Excellent), AM (Best) or better, or maintain similar S&P ratings for financial assurance and claims paying ability. Our operating platform includes property damage and business interruption as the core coverages for all power plants, the pipeline and related operations. These insurance programs are provided by FM Global. The structure of coverage is common for similar operations and provides coverages for (i) physical damage to the operations of the assets, including fire, mechanical breakdown and natural hazards such as flood, quake, windstorms and other similar events and (ii) business interruption resulting from the aforementioned covered events. Coverage is provided based upon the projected new replacement costs of all property and continues annually to be re-evaluated and updated to track with inflation and supply chain impacts on costs of such replacement.

Our insurance policies comply with our various contractual commitments, including CFE's requirements. In addition, we believe that the level of insurance coverage that we maintain for our properties, operations, personnel and businesses is reasonably appropriate for the risks that we face. Our policies, including policy terms, conditions, limits, exclusions and deductibles are comparable to those obtained by other energy companies with similar operations.

Employees

As of September 30, 2023, BEMH employs 120 Mexico City based corporate employees and 158 plant operations employees. The following table shows the number of BEMH's active full-time employees by area of activity:

By Activity	Employees
Plant Operations	158
Management	4
Finance	36
Operations & Commercial	28
Legal	3
Human Resources	10
IT	9
General Services	6
Internal Control	2
Health, Safety and Environmental	20
Transformation	2
Total	278

Unions

As of September 30, 2023, 89 of 278, or 32.0%, of BEMH's employees were represented by unions, such that 89 of the 158 operational staff are unionized, whereas all 113 Mexico City based corporate employees were not. Employees are represented under six separate collective bargaining agreements, all of which were renegotiated during 2023. Historically, BEMH has had good relations with BEMH's unions. Each plant has a union representative on site for day-to-day issues. In addition, BEMH's human resources department in the Mexico City office has direct relationships with each union's regional unit and national office. No strikes have occurred at any of the BEMH plants to date.

Legal, Administrative and Arbitration Proceedings

From time-to-time, BEMH may become involved in litigation and administrative proceedings relating to claims arising in the ordinary course and business relating to BEMH's operations and properties. These may include claims filed by suppliers and customers, federal, state or local governmental authorities, including tax authorities, neighboring residents and environmental and social activists, as well as labor disputes.

These proceedings are not likely, individually or in the aggregate, to have a material adverse effect on BEMH's operations, financial condition or results of operations. BEMH is currently involved in the following two material litigation proceedings:

On October 18, 2023, the AG Office conducted an inspection (*diligencia de inspección ministerial*) at EVM I and EVM II allegedly as a result of a third-party complaint related to alleged harmful air emissions and wastewater discharges. After finalizing the inspection, staff of the AG Office ordered the imposition of seals of assurance (*aseguramiento*) on EVM II's neutralization tank (*balsa de neutralización*). On November 7, 2023, EVM Energía I and EVM Energía II filed an *amparo* lawsuit with the Federal Courts to request, among other things, an injunction (*suspensión*) that would lift the placement of the seals. On December 4, 2023, the *amparo* Federal Court denied our requested injunction (*suspension*). On December 11, 2023, EVM Energía I and EVM Energía II filed an appeal seeking to overturn such denial and obtain the requested injunction (*suspension*) . As of the date of this offering memorandum, such appeal is pending resolution. See "Risk Factors—Risks Relating to Our Business and Industry—An ongoing investigation of EVM Energía I, EVM Energía II, Tenedora, Buffalo Infrastructure and Buffalo Generation related to environmental violations may have a negative impact on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. A final unfavorable resolution on the investigation, after undergoing all available appeal processes and remedies, may result in an event of default under our EVM Project Facilities and we cannot assure you that we will successfully and timely resolve this issue."

Tax Liabilities

On March 15, 2022, SAT alleged that CLR failed to pay certain amounts of income tax and of value added tax in fiscal year 2018, mainly in connection with (i) the alleged omission to consider sales revenue totaling Ps.142.1 million (U.S.$8.1 million) as taxable income for purposes of determining income tax, (ii) the alleged omission to consider certain bank deposits totaling Ps.3,736.0 million (U.S.$212.0 million) as taxable income for purposes of determining income tax and value-added tax, and (iii) the alleged omission to report Ps.356.0 million (U.S.$20.2 million) for purposes of advance income tax payments. On April 18, 2022, CLR requested a conclusive agreement procedure before the Mexican Taxpayer's Ombudsman. As a result to the conclusive agreement procedure, SAT withdrew certain of the allegations aforementioned and on April 14, 2023, CLR and SAT entered into a conclusive agreement relating to the withdrawn allegations.

Furthermore, during the conclusive agreement procedure, CLR and SAT did not reach an agreement in connection with (i) the alleged omission to consider certain bank deposits totaling Ps.440.9 million (U.S.$25.0 million) as taxable income for purposes of determining income tax and value-added tax, and (ii) the alleged omission to report Ps.210.2 million (U.S.$11.9 million) for purposes of advance income tax payments.

SAT assessed a tax liability, considering the applicable inflation adjustments, surcharges, and penalties, of Ps.559.3 million (U.S.$31.7 million) in connection with the alleged omissions for which no consensus was reached.

Derived from SAT's notification to CLR of abovementioned tax liability, we contested such tax deficiency determination through an administrative appeal before the Mexican tax authorities, and intend to file a nullity claim before the Federal Administrative Court, and ultimately, a constitutional trial (*amparo*) before a judicial court. Should a nullity claim be brought in this matter, CLR will be required to post bond for the payment of the contested tax deficiency.

Moreover, on August 16, 2023, BE issued a claim notice alleging breach of the representations and warranties contained in the purchase and sale agreement in connection with the MT Falcon Acquisition by the sellers thereof in order to request indemnity for the claims presented by SAT. As of the date of this Offering Memorandum, the MT Falcon Acquisition sellers have not contested such indemnity claim.

While management believes we will be successful in our position and, thus, the matter would be resolved without any material effect on our consolidated financial position or results of operations, we cannot offer any assurances as to the outcome of the SAT proceedings, if the representations and warranties insurance policy would cover the full amount of the tax contingency or how the MT Falcon Acquisition sellers will respond to the indemnification claim. If our position does not prevail in these proceedings, these tax liabilities could negatively affect our business prospects, financial condition and/or results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—The outcome of pending claims against us under tax disputes in Mexico, which we may not be able to successfully contest and/or be indemnified for, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or ability to repay the Notes."

INDUSTRY OVERVIEW AND COMPETITION

Overview

Prior to 1992, the CFE was the sole entity engaged in the generation, transmission and distribution of electricity in Mexico. In 1992, a constitutional reform allowed electricity generation by the private sector for self-supply, small production (30 MW), import and export and Independent Power Producers ("IPPs"). In the latter case, IPPs were allowed to build, finance, own, operate and maintain electricity generation plants *provided* that the electricity generated was sold exclusively to CFE under long-term generation agreements at fixed prices. As a result of this change, generation capacity from IPPs gradually increased. These measures were supported by additional legislative reforms in 1997 that allowed the CFE to tender for IPP projects.

According to the Ministry of Energy (*Secretaría de Energía* or "SENER"), between 2016 and 2022, the CFE went from controlling 58.9% of the installed generation capacity to 49.5%, as IPPs, self-supply, cogeneration, and other types of producers gained strength in the marketplace. The driver behind the decrease in the relevance of the CFE came from the growth in the cogeneration and self-supply producer modalities. Cogeneration plants simultaneously generate electrical and thermal energy, with either one functioning as a by-product of the other. The self-supply scheme allows owners of power plants to satisfy their own demand by entering into contracts and purchasing electricity directly. Additional relevant modalities in Mexico are classified under self-supply small producers and exporting producers, among others.

In 2013, the Energy Reform introduced a new legal framework that would further open the industry to private investments and foster competitive prices. As a result of the 2013 Energy Reform and the LIE being enacted, the private sector was allowed to participate directly in the generation and commercialization of electricity in the wholesale electric power market, and to enter into contracts for the financing, installation, maintenance, procurement, operation and expansion of the transmission network. While the supply of electricity to small and medium size customers remains an activity exclusive to CFE, qualified users (customers with more than 1 MW of peak demand) may purchase electricity from any power supplier through the MEM. The reform also transformed CFE into a state productive enterprise that continues to be owned and controlled by the federal government.

In March 2021, the LIE was amended with an aim to modify market rules, reorganize regulatory agencies and increase the State's participation in the National Electric System (*Sistema Eléctrico Nacional* or "SEN"). However, such amendments have faced a number of challenges including opposition by federal judges and potential arbitrations under international trade treaties, delaying effectiveness avoiding distortive impacts in the electric sector. See "Industry Overview and Competition—Overview" and "Risk Factors—Risks Relating to Our Business and Industry—We cannot predict the potential effects on our business of the revised legal framework for regulating the energy sector in Mexico." and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Trends and Factors Affecting Our Results of Operations—LIE Reform Regulatory Changes."

In addition to changes in the LIE, constitutional amendments to the 2013 Energy Reform were proposed in October 2021. The proposal did not meet the required majority in Congress and has been ultimately discarded by the current administration.

In accordance with the provisions of the LIE, the Mexican government directs the planning activities of the SEN through the Ministry of Energy ("SENER"), which issues the Program for the Development of the National Electricity System ("PRODESEN"). CENACE has the authority to formulate and propose to SENER expansion and modernization programs to the National Transmission Network and the elements of the General Distribution Networks that correspond to the Wholesale Electricity Market in order to strengthen the national energy policy.

In May 2023, SENER unveiled a new main guidance in PRODESEN 2023-2037. The PRODESEN is the master planning instrument by SENER which guides the next 15 years for the electricity sector in Mexico.

Electricity Supply

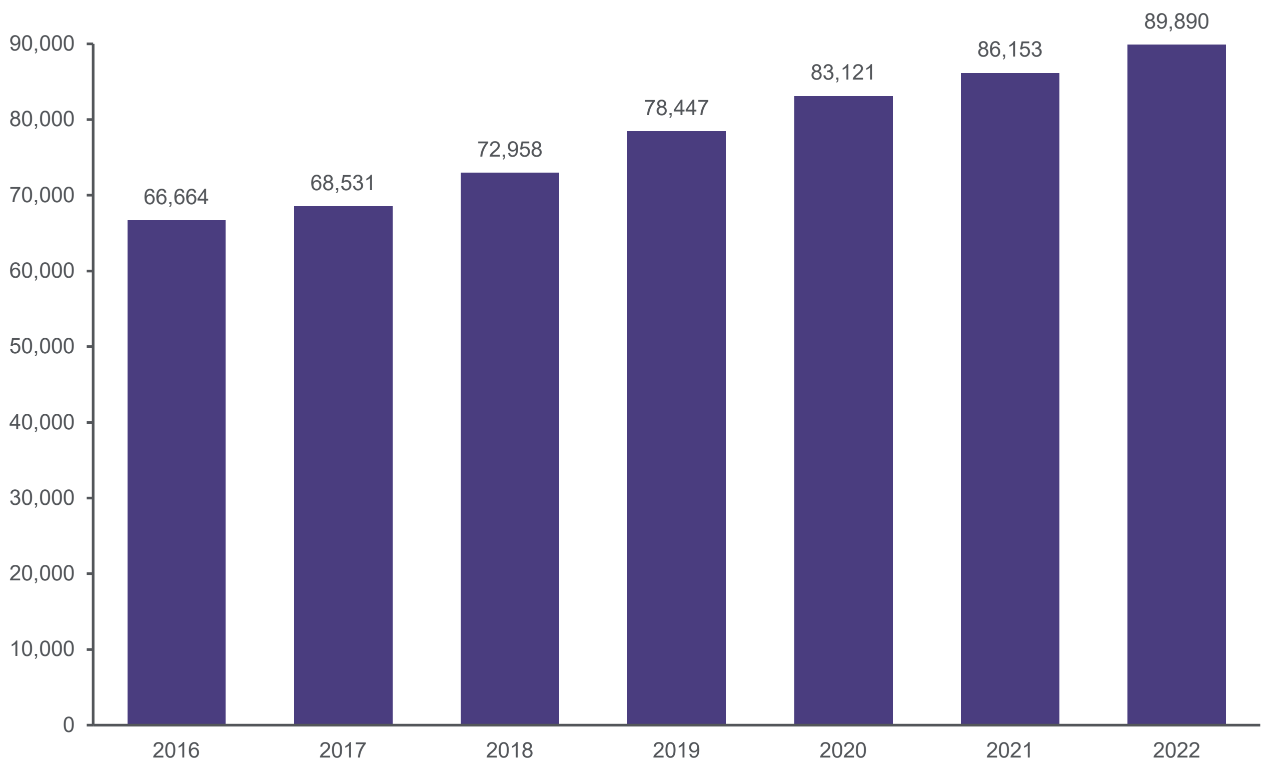
Installed Generation Capacity

By the end of 2021, the installed capacity delivered to the grid in commercial operation of power plants owned by CFE, IPPs and other permit holders was 86,153 MW, while as of year-end 2022 it increased to 89,890 MW, which reflects an increase of 4.33% compared to 2021. This total capacity is categorized broadly into conventional and renewable sources.

While overall capacity has a 3.64% compound annual growth rate ("CAGR") during the 4-year period between 2019-2022, renewables increased by 4.1% CAGR. In terms of conventional energy types, combined-cycle capacity had a 3.2% CAGR between 2019 and 2022, increasing its total installed capacity from 30,402 MW to 34,413 MW.

The following chart illustrates Mexico's total installed capacity evolution over the past several years:

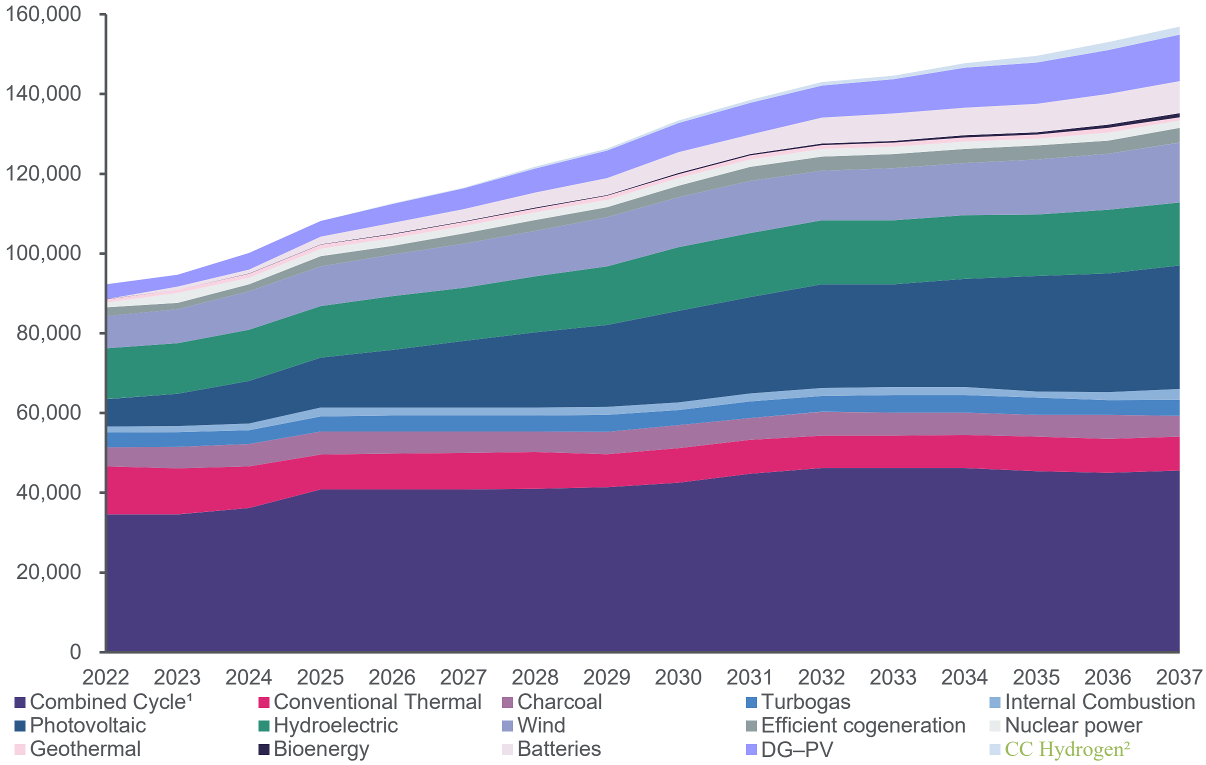
Installed Capacity Evolution, 2016-2022 (MW)



Source: PRODESEN 2023-2037 (May 2023)

As of December 31, 2022, the installed capacity of conventional and renewable energy was 62,437 MW and 27,453 MW, respectively, for an aggregate installed capacity in Mexico of 89,890 MW. Combined cycle is expected to continue to lead, representing 38.3% of the total with hydroelectricity and conventional thermal each representing 14.0% and 12.6% of the total installed capacity in Mexico as of December 31, 2022, respectively. The chart below illustrates the breakdown of installed capacity in December 2022 by energy type and expected installed capacity in 2037:

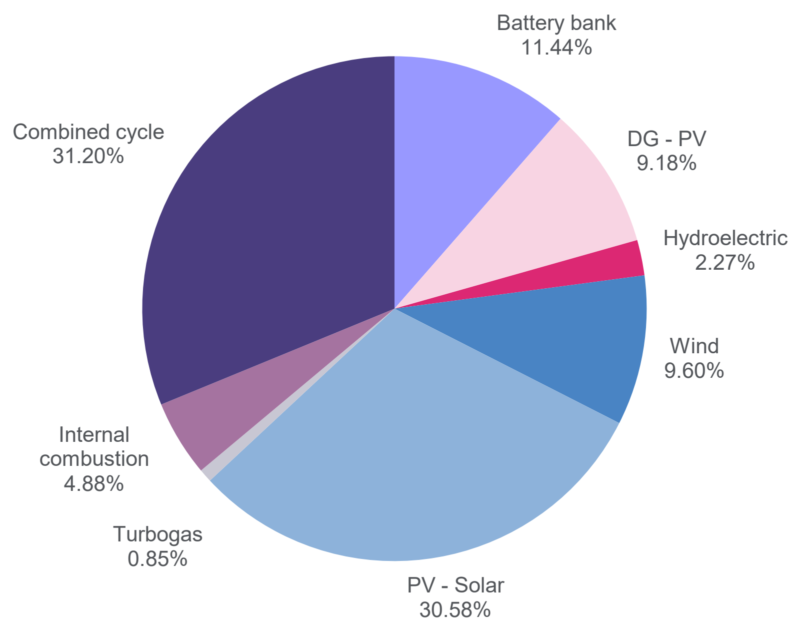
Installed Capacity by Technology, 2022-2037
(Total)



Source: PRODESEN 2023-2037 (May 2023)
Notes:
1. Consider the proportion of 70% natural gas from combined cycles with hydrogen blended and the conversions of 12 CC projects 100% natural gas to: 70% natural gas and 30% hydrogen.
2. Consider combined cycles with hydrogen mixture in a proportion of 30%.
3. DG-PV: Photovoltaic Distributed Generation

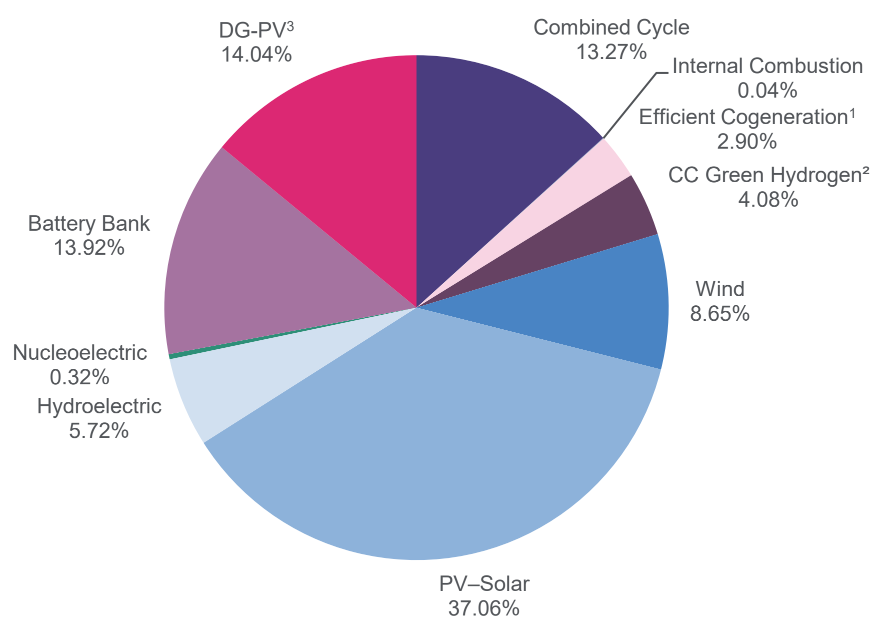
The past years have shown a shift from aging gasoil and diesel-fueled generation to efficient natural gas and, more recently, renewables. One of the pillars of the Energy Reform was the Energy Transition Law (*Ley de Transición Energética*, or "LTE"), which sets commitments moving forward regarding the percentage of total energy generated that must come from renewable resources. According to SENER, in 2024, renewables must represent 35.0% of total generation, increasing this target to 50.0% for 2050. These generation targets will have to be supported by proportional increases in capacity. Nevertheless, according to SENER, 31.2% of the total additional installed capacity until 2026 is expected to come from combined cycle technologies, followed by photovoltaic (30.6%). From 2027 to 2037, the SENER expects a majority of capacity additions to come from photovoltaic (37.0%), distributed generation (14.0%) and combined cycle (13.3%). The graphs below illustrate the expected capacity additions by type of technology in the near term and through 2037:

Expected Evolution of Installed Capacity Additions by Technology, 2023-2026E (Percentage)



Source: PRODESEN 2023-2037 (May 2023)

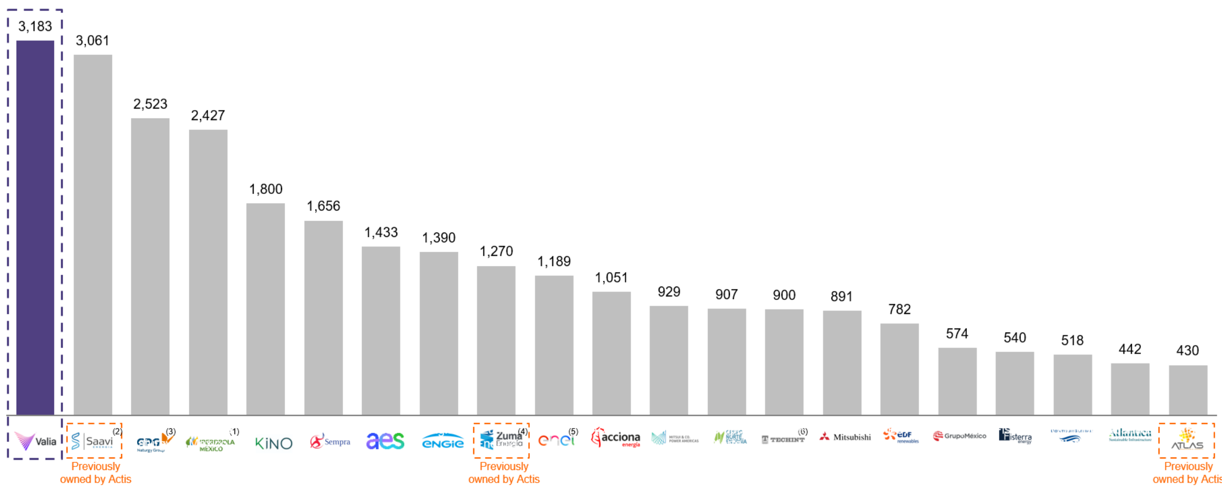
Expected Evolution of Installed Capacity Additions by Technology, 2027-2037E (Percentage)



Source: PRODESEN 2023-2037 (May 2023)
Notes:
1. Combined cycle with an efficient cogeneration system.
2. Consider the proportion of 30% hydrogen from Combined Cycles with hydrogen mixture.
3. Photovoltaic Distributed Generation.

The major private players in the Mexican electricity industry are primarily large, international companies. As of June 2023, Valia leads the industry, followed by Saavi Energía, GPG, and Iberdrola:

Private Power Installed Capacity in Mexico (MW)



Sources: BEMH with information from Asociación Mexicana de Energía (December 2022) and Saavi Energía, Iberdrola (April 2023), Enel, Techint, Kino, SPIC Mexico, Inframation, EDF, Fisterra, Atlas.

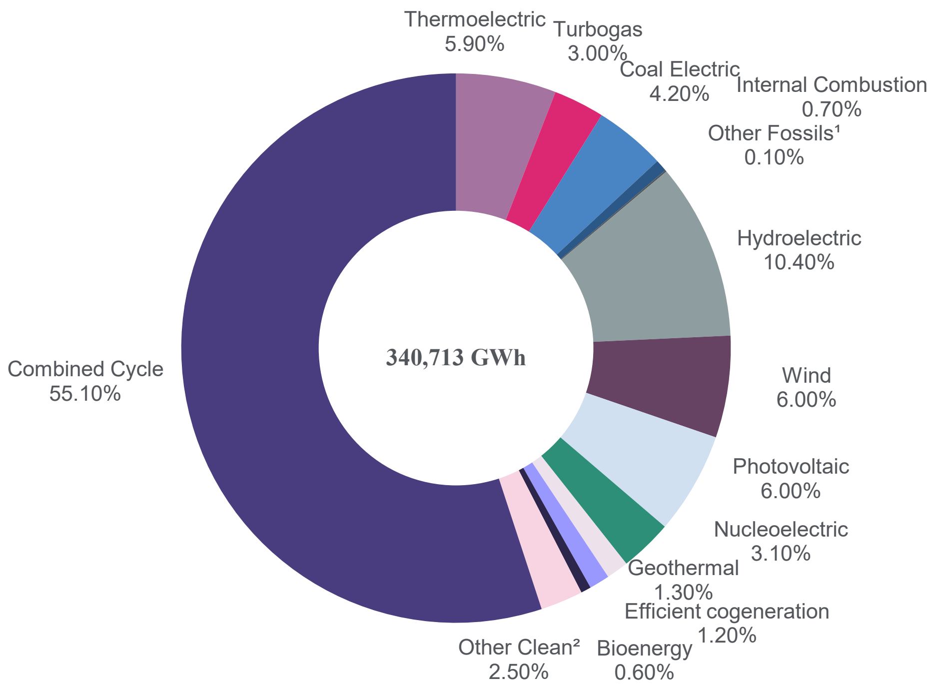
Notes:

1. Subject to the closing of Iberdrola's sale of a portfolio of assets totaling 8.54 GW to Mexico Infrastructure Partners
2. Adjusted for 51% ownership in Bajio CCGT (668 MW) and acquisition of Tierra Mojada (874 MW)
3. Global Power Generation. Owned by Naturgy (75%) and KIA (25%)
4. Adjusted to reflect 79% ownership in the recent acquisition of Jaguar Solar (216 MW)
5. Excludes Kino Energia (20% owned by Enel)
6. Excludes Grupo Norte Energia (10% owned by Techint)

Generation

Mexico's electricity generation is currently the most diversified it has ever been. Between 2018 and 2022, total electricity generation had a 1.7% CAGR, while wind and solar photovoltaic alone had CAGRs of 13.1% and 106.7%, respectively. During 2022, 31.2% and 68.8% of the total electricity generation came from renewables and conventional energy sources, respectively. The chart below illustrates the total electricity generation in the country, as well as the mix by technology:

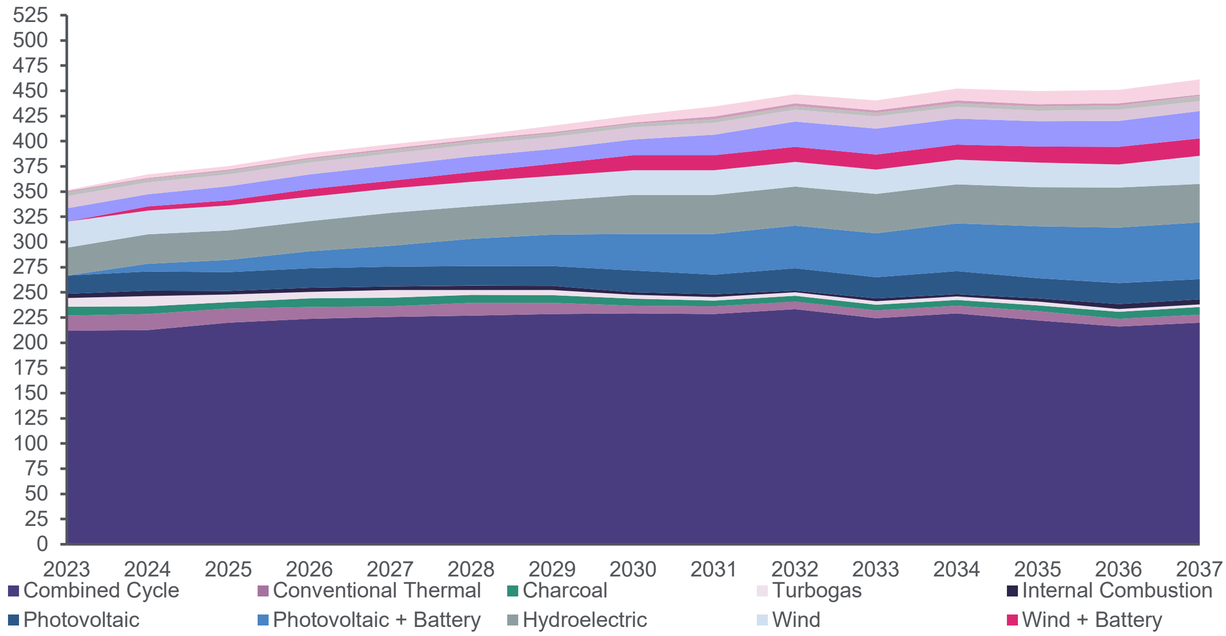
Gross Generation by Technology, 2022 (GWh, Percentage)



Source: PRODESEN 2023-2037 (May 2023)
Notes: The total value of clean energies was obtained based on the methodological modifications of Agreement No. A/018/2023 of the CRE, published in the DOF on May 26, 2023.
Notes:
1. Other Fossils include isolated supply cogeneration and imports.
2. Other Clean Includes Regenerative Brakes, Fossil Fuel Free Energy, Additional Auxiliary Cooling Power and Batteries.

Combined cycle generation continues to be the main source of electricity in Mexico accounting for 55.1% of total generation as of December 31, 2022. According to SENER, total generation is expected to increase to over 500,000 GWh by 2037, while the mix is expected to shift so that 60.0% will be generated by conventional sources and 40% by clean sources including renewables. The following chart show the breakdown of energy generation evolution by type in December 2022 and expected in 2037:

Expected Evolution of Net Electricity Generation, PIIRCE[1] 2023–2037
(TWh)



Source: PRODESEN 2023-2037 (May 2023)
Note: Considers electric power for export to Central America.
1. Indicative Program for the Installation and Retirement of Power Plants (PIIRCE by its Spanish acronym).

CEL Requirements

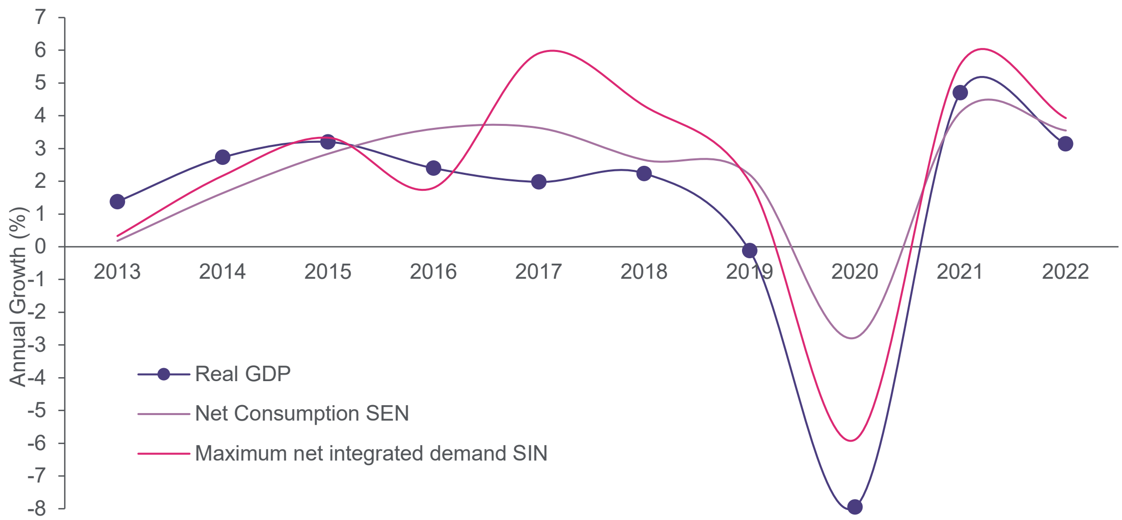
In 2015, Mexico enacted the LTE to develop and implement legal, regulatory and tax conditions aimed at boosting energy efficiency, emissions reduction, and fossil fuels replacement. This was supported by the creation of the CELs issued by the CRE as a method of accreditation for the generation of clean, renewable energy and as an incentive for the generation of such.

Electricity Demand

Consumption

Electricity consumption in Mexico is highly correlated with the country's economic performance, as electricity provides a key resource for growth in the commercial, industrial, residential, services, agricultural and other sectors.

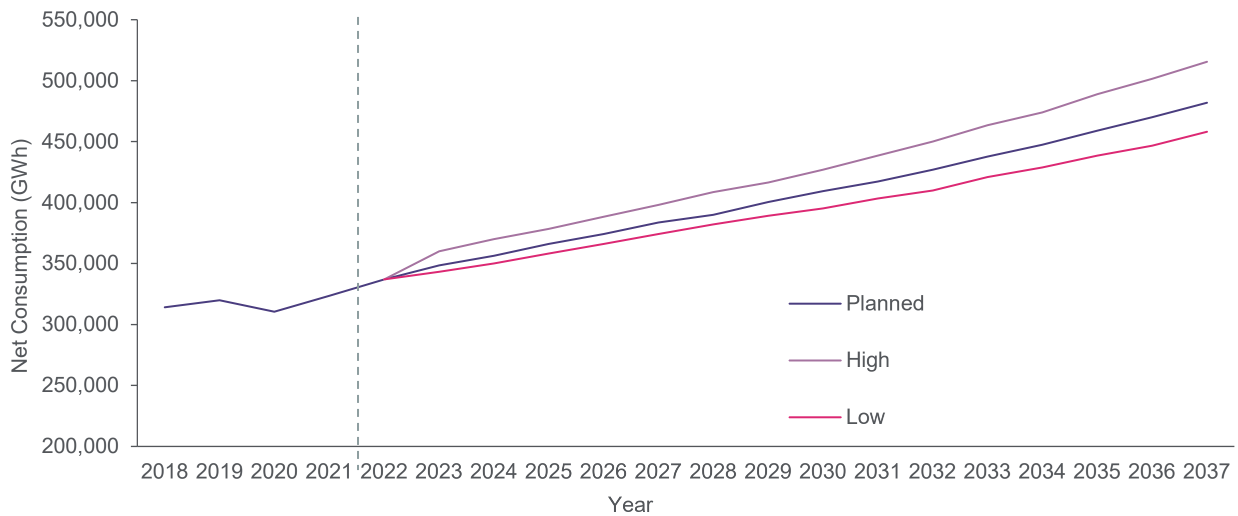
GDP and Electricity Consumption (Annual Growth Rate)



Source: PRODESEN 2023-2037 (May 2023)

Energy demand is expected to grow in line with gross domestic product ("GDP"), population growth, and greater transport electrification. Below is the SEN gross consumption evolution for the next 15 years as indicated by SENER under three scenarios: plan, high, and low. It is estimated that the plan scenario will have a 2.5% CAGR, while the high and low scenarios will have a CAGR of 2.9% and 2.1%, respectively.

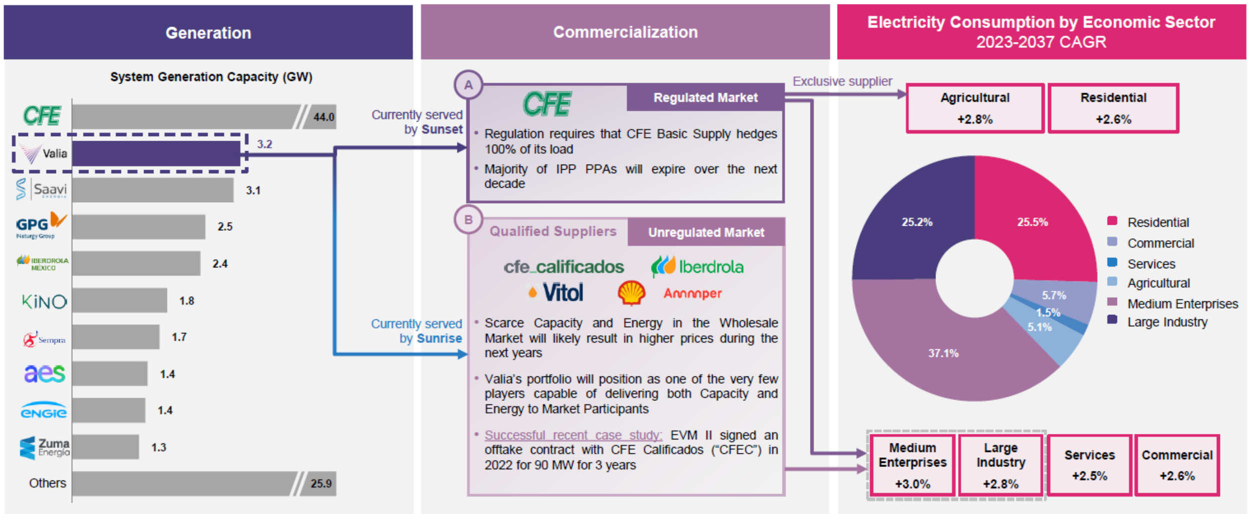
SEN Gross Consumption Forecast

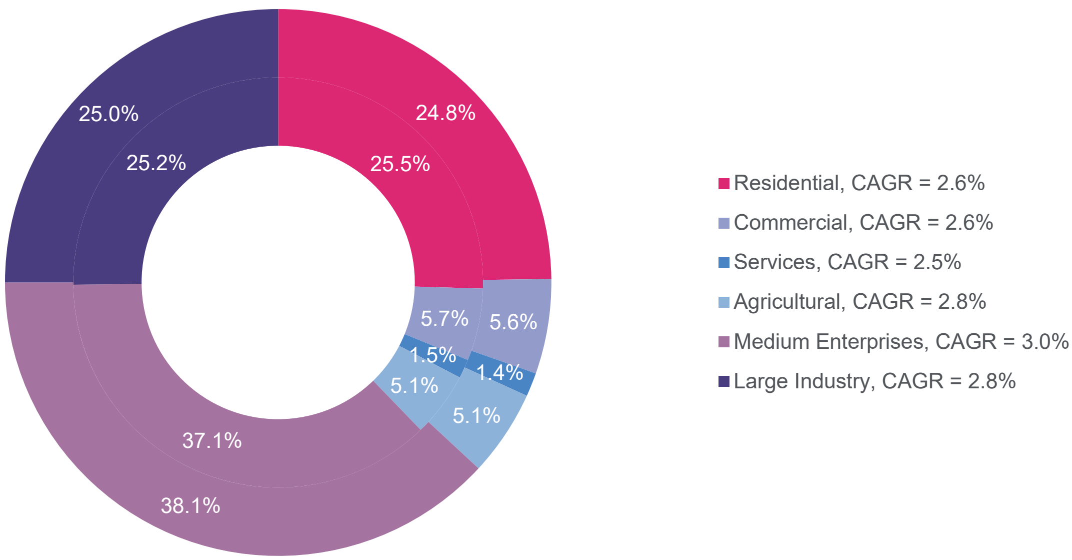


Source: PRODESEN 2023-2037 (May 2023)

The sector has a well-balanced final user distribution, with medium enterprises (37.1%), residential (25.5%) and industrial (25.2%) driving the majority of consumption. The larger growth in consumption is expected to come from medium enterprises, which is expected to grow at a CAGR of 3.0% from 2023-2037. Other sectors are expected to grow in a similar fashion between 2.5% and 2.8%. The chart below illustrates the breakdown of total electricity consumption by economic sector for 2023 and expected for 2037:

Electricity Consumption
Simplified Commercial Overview of Mexican Power Sector

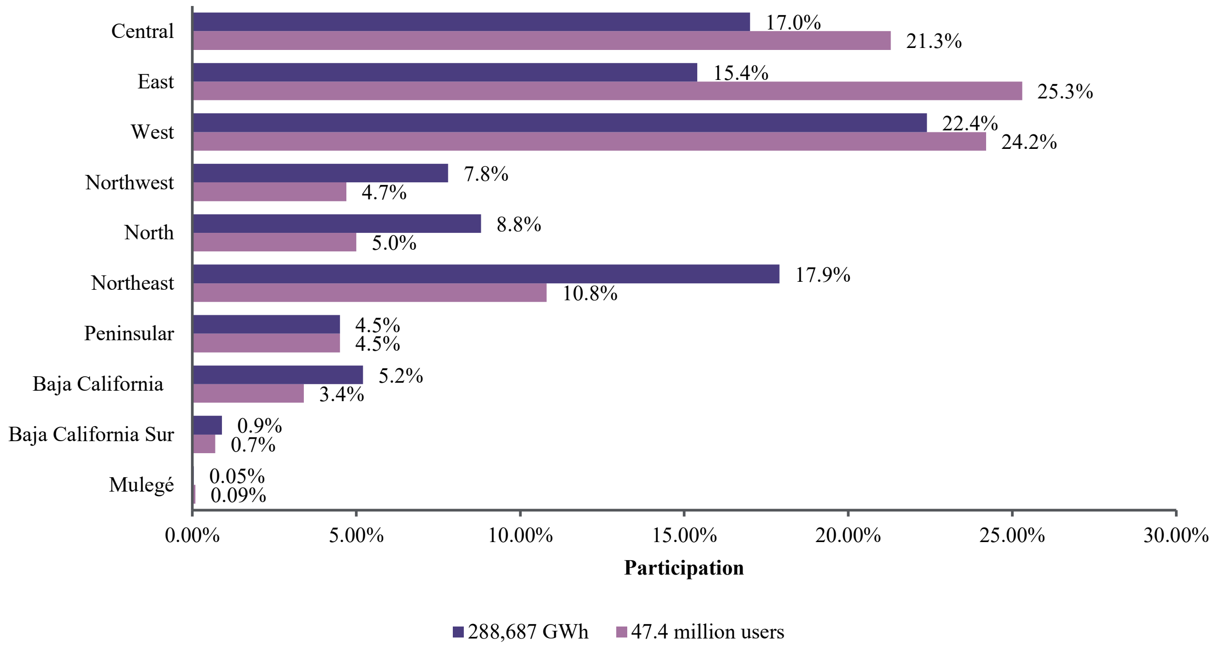




Source: PRODESEN 2023-2037 (May 2023)

Differentiating electricity consumption by region provides insights on the economic development of the different regions in a country and allows for the efficient allocation of capacity resources. Energy consumption is categorized in Mexico into seven interconnected control regions that make up the SEN (which include the Northwest, North, Northeast, Peninsular, East, Central and West regions) and three additional isolated regions that makeup what is generally referred to as Baja California ("BC"). The three regions comprising the BC are the Baja California North ("BCN"), Baja California Sur ("BCS"), and Mulege. The Mulege system is usually grouped under the BCS area for reporting purposes given its proximity and size. Collectively, those 10 regions compose the SEN. The chart below illustrates the distribution of energy consumption and final users by region:

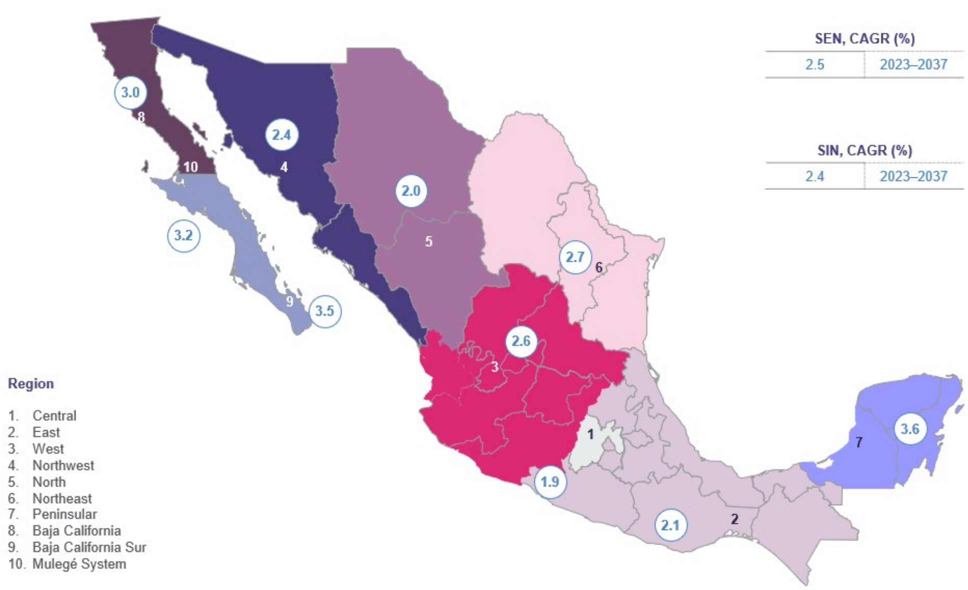
Electricity Consumption and Users by Control Area, 2022 (Percentage)



Source: PRODESEN 2023-2037 (May 2023)

Despite showing lower expected growth rates, the West, Central and Northeast regions continue to lead the overall consumption mix of the country (consuming 22.4%, 17.0% and 17.9% of total GWh, respectively). The chart below summarizes the expected growth consumption by region:

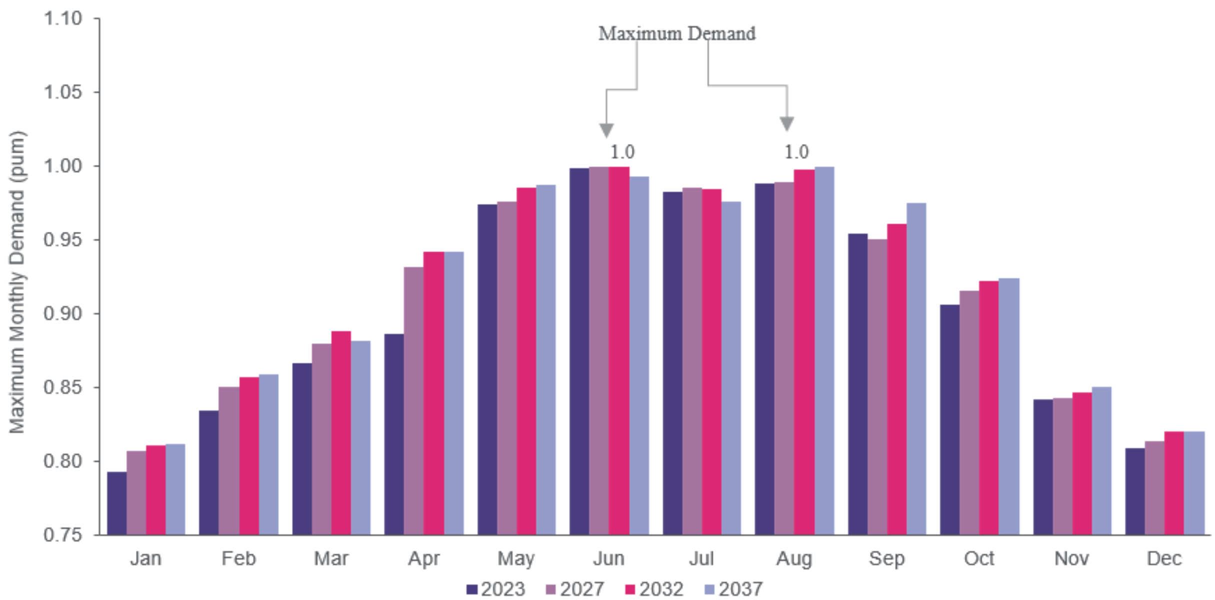
Expected Consumption Growth by Region (CAGR, 2023-2037)



Source: PRODESEN 2023-2037 (May 2023)
Note: CAGR, base year 2021

Similarly to electricity consumption, peak demand is highly correlated with economic and population growth in Mexico. SENER calculates an official projection of demand using historical correlation with major macroeconomic factors in an effort to identify the required infrastructure to support its growth. The optimal allocation and minimum capacity requirement of installed capacity is determined by the gross maximum demand on an annual basis. This demand is measured as the sum of the maximum demand experienced by each control area throughout a year. Below chart shows planned peak demand for years 2023, 2027, 2032 and 2037, confirming usual dynamics with peak demand occurring in June:

Expected Peak Demand, Planning Scenario



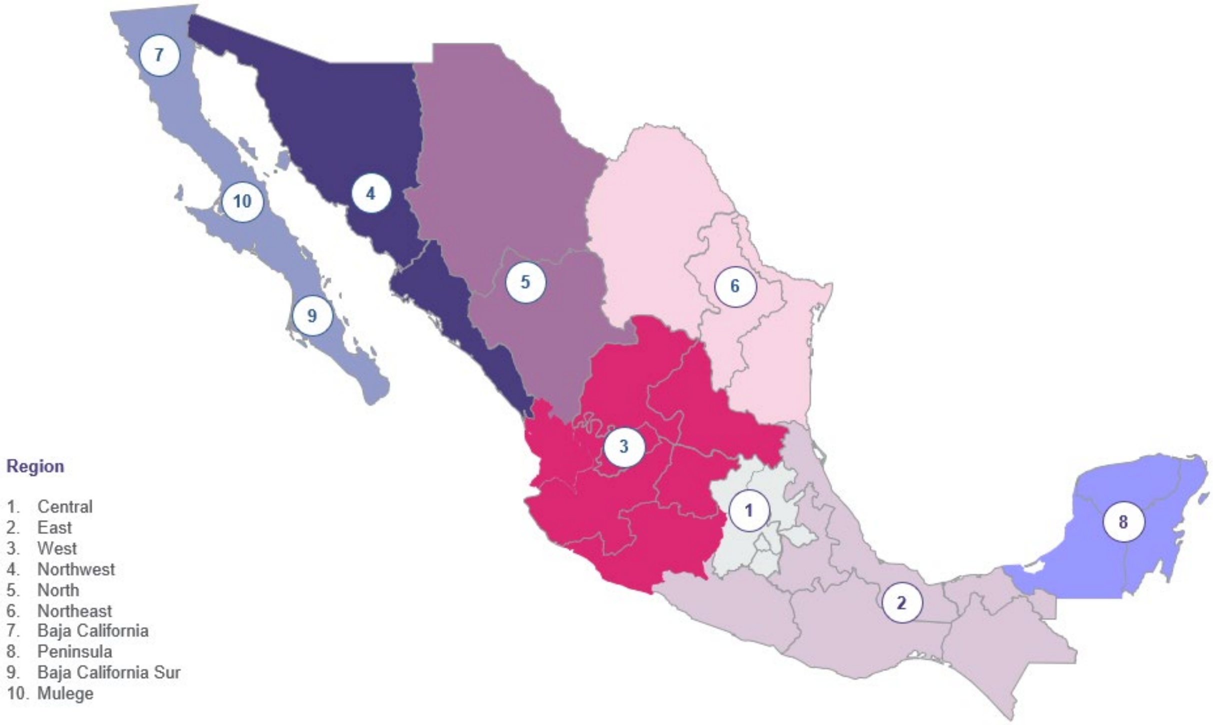
Source: PRODESEN 2023-2037 (May 2023)

Transmission Grid

Overview

As mentioned, the SEN is composed of nine regions and one isolated grid: Central, East, West, Northeast, North, Northwest, Peninsular, BCN, BCS and an isolated region in the middle of the last two called the Mulege. The BCN, BCS and Mulege are three isolated grids usually grouped under what is regarded as the BC grid. The map below shows the transmission control areas under the SEN, incorporating Mulege into BCS:

Mexico's Transmission Control Areas



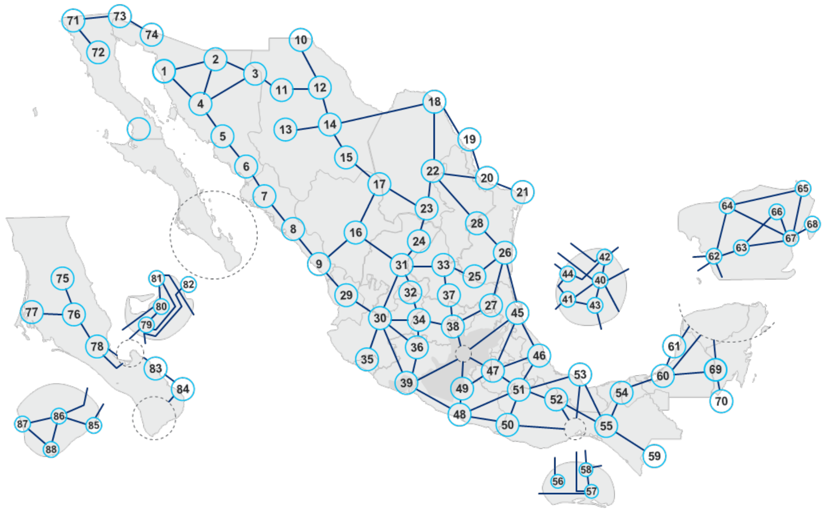
Source: PRODESEN 2023-2037 (May 2023)

Counting Mulege as an isolated grid, the SEN is comprised of 10 control regions. These are operated through 10 decentralized control centers: Mexico City, Mérida, Puebla Guadalajara, Hermosillo, Gómez Palacio, Monterrey, Mexicali, La Paz and Santa Rosalía.

The SIN is divided into seven interconnected control regions that share capacity, reserves and resources. This allows for energy exchanges across regions that improve the operation and efficiency of the overall energy system. The BCN grid is connected to the Western Electricity Coordinating Council ("WECC") in the U.S. through two 230kV transmission lines, La Rosita-Imperial Valley and Tijuana-Miguel, while, on the other hand, the BCS and Mulege grids operate independently.

The following map shows the breakdown of the SEN's total transmission lines as of December 2020.

SEN Transmission Grid, 2020



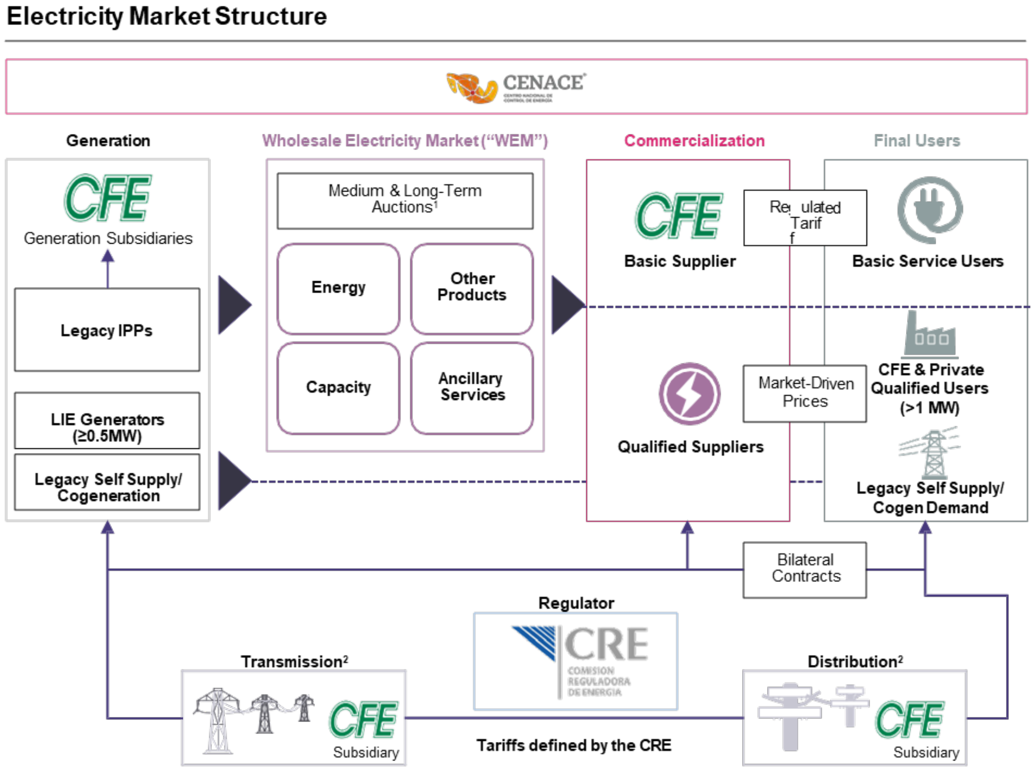
Source: PRODESEN 2021-2035 (June 30, 2021)

As illustrated above, Mexico's four grids operate completely independent of and isolated from each other. One of the major areas for improvement is the potential to improve the allocation of resources that results in inefficiencies from the separation in the grids, evident, for example, in the operation of the BCS and Mulege grids. The main consumption centers for the BCS grid are La Paz, Cabo San Lucas and San Jose del Cabo; all predominantly-tourist towns. The Mulege grid, on the other hand, includes smaller towns towards the northern part of the state. Given the BCS has a relatively small electrical network for the amount of tourist towns it must support, and that the Mulege grid cannot support its energy requirements, BCS must satisfy demand through internal combustion and other costly, highly-pollutant energy generation alternatives. Against the regulatory landscape, it is unlikely that the BCS will be able to install additional projects of this kind to support its energy needs.

System Operation

As part of the 2013 Energy Reform, the LIE called for the creation of the MEM comprised of next-day and real-time markets, a capacity market and a CELs market. Its main objective was to provide transparency to transactions within the power industry, as well as to guarantee competitive prices between suppliers and users.

Operation of the MEM



Source: CFE, CENACE

Regulating Entities for the MEM

The Finance Ministry (*Secretaría de Hacienda y Crédito Público*, or "SHCP") sets the Mexican government's economic policy. It is responsible for the economic and fiscal characteristics of contracts and tender/auctions designated by the SENER.

SENER sets the Mexican government's policy relating to energy and plans national infrastructure projects and transmission & generation grid expansion. It also determines the clean energy portfolio minimums and oversees the CFE.

CRE designs, implements and oversees the wholesale market. In this function, it issues suppliers and generation permits, registers qualified users in the market and issues CELs.

CENACE has operative control of the market and the system. It supervises power auctions and registers short-term transactions by allocating the relevant amount electricity produced and injected into the system by generators to the supplier which has purchased it. The CENACE also monitors prices of electricity in the short-term market and ensures compliance from participants.

Participants in the MEM

Generators ("GenCos")—These are private generation companies (including IPPs and cogeneration companies) or independent subsidiaries of the CFE which have been spun-off as independent market participants, which operate in generation (capacity of over 0.5 MW), transmission, distribution and commercialization. GenCos compete with each other in the market and can produce electricity using different types of technology. They can sell electricity into the system at the Mexican wholesale power market operated by the CENACE, to a qualified services supplier, to a basic services supplier and/or to a participating qualified user. GenCos can also participate in long-term auctions (*Subastas de Largo Plazo* or "LTAs") and enter into long-term contracts directly with qualified services suppliers, basic services suppliers and/or qualified users. In addition to electricity, GenCos can also sell capacity, CELs and financial transmission rights (*Derechos Financieros de Transmisión* or "FTRs").

Each GenCo participating in the short-term market is able to set its price for electricity, but has to report its operating costs to the CENACE on a daily basis. The CENACE maintains a database of the operating costs of all generators to determine whether prices are being offered competitively.

In transmission, CFE operates and maintains the national transmission grid, under the instructions of CENACE with prices determined by CRE. It can hire third parties through bidding processes to expand and operate transmission projects. In distribution, CFE operates the general distribution grid, under the instructions of CENACE with prices determined by CRE. It also executes, under the instruction of SENER, the expansion and improvement of the distribution grid. In the commercialization, it operates as the only basic services supplier.

Services Suppliers (*Suministradores*)—Services suppliers are entities in the market which purchase products from GenCos, to then supply to the end users. These entities drive demand in the market in accordance with consumption from end users.

Qualified Services Suppliers (*Suministradores de Servicios Calificados*)—Qualified services suppliers can purchase products in both the short-term and long-term markets, but must only supply to qualified users (users with a peak demand of 1 MW or more), for which the supply is non-regulated. In the long-term market, qualified services suppliers may execute non-regulated electricity coverage contracts with GenCos at negotiated prices and quantities to supply electricity to qualified users. Additionally, they may also participate in regulated LTAs. In the short-term market, qualified services suppliers may purchase products in the Spot Market through the CENACE to satisfy last minute demands of its qualified users clients. Qualified services suppliers shall also buy and may sell CELs.

Basic Services Suppliers (*Suministradores de Servicios Básicos*)—Basic services suppliers provide regulated supply to basic users and as such they are required to purchase their products with the model electricity coverage contracts awarded at the LTAs. As of August 2023, CFE is the only basic services supplier.

Qualified Users (*Usuarios Calificados*)—Qualified users are those with peak demand of 1 MW or more. By virtue of their size, bargaining power and electricity consumption, transactions between qualified services suppliers and qualified users are not regulated and as such can be negotiated freely. Alternatively, qualified users can also enter the market as participating qualified users and purchase products directly from GenCos, thus skipping the qualified services supplier intermediary.

Basic Users (*Usuarios Básicos*)—Basic users are retail and small-scale users of electricity with peak demand below 1 MW. These are usually homes and small shops.

CENACE—CENACE has the operative control of the wholesale electricity market. It supervises long-term auctions and registers short-term transactions by allocating the relevant amount of electricity produced and injected in the system by the GenCos to the supplier who has purchased it. It also monitors prices of electricity in the short term market.

Market Products

The main product bought and sold in the MEM is generated electricity. Additionally, capacity, CELs, FTRs and ancillary services are also exchanged.

Capacity—Capacity is a commercial product determined by the amount of electricity which a GenCo made available to the grid system during peak hours (100 critical hours) throughout a year, in accordance with the calculations made by the CENACE at the end of the given year. GenCos selling their capacity undertake the obligation to ensure production availability to the short-term market for a determined period of time.

CELs—Qualified and basic services suppliers and participating qualified users are required to purchase a certain amount of CELs from GenCos with reference to the total amount of electricity which they have purchased in the market. CELs are transferrable title certificates which may be purchased through bilateral transactions between two parties, insofar as the transaction satisfies the monetary, reporting and verification requirements established by the CRE in order to validate the title certificates.

FTRs—FTRs allow market participants to offset potential losses (hedge) related to the price risk of delivering energy to the grid. FTRs are a financial contract entitling the FTR holder to a stream of revenues (or charges) based on the day-ahead hourly congestion price difference across an energy path. FTRs are a method to bypass congestion charges associated with locational marginal pricing. They give market participants the ability to increase price certainty when delivering energy across the grid. FTRs are worth the economic value determined by the day-ahead hourly congestion prices.

Ancillary Services—Ancillary services relate to the operation of the grid system and are necessary to ensure and maintain quality, reliability, continuity and security. They include operational and revolving reserves, the monitoring of frequency and voltage and emergency start of the system.

Short-Term Market/Spot Market

In Mexico, the short-term market/spot market is segmented into three parts: the day-ahead, real-time and hour-ahead. GenCos which do not hold long-term coverage contracts can sell electricity through the CENACE to qualified services suppliers on a more immediate basis through this market.

The day-ahead market launched first in late January 2016. Locational marginal prices (*Precios Marginales Locales* or "LMPs") are established in the grid, with nodal price calculations including energy, congestion, and loss components. CENACE also reports "distributed nodes" within the primary interconnection which represent average off-taker pricing around a given area. The day-ahead market has been the primary platform for price discovery so far (largely within the CFE subsidiaries) and a baseline for auction and contract pricing. The real-time market first began reporting prices in mid-January 2017, and was fully operational as of the end of 2018. The hour-ahead market is intended to bridge the day-ahead and real-time markets. It is considered a second stage of the market, which will be implemented after the real-time market.

Dispatch Order in Short-Term Markets

In short-term markets, utilities are dispatched through an economic model, where most efficient (clean plants) are assigned accordingly until the total demand is met at a given point in time (merit order dispatch). The last plant dispatched in order to cover demand sets the location marginal price, determined by its variable and maintenance costs, which also vary according to the generation technology.

Medium-Term Auctions

CENACE can organize medium-term auctions for existing capacity. The products available are capacity and electricity, with contract lengths ranging from one to three years. Energy offers are defined by total energy as a fraction of load per year, for given load blocks (peak, intermediate and base), for a given grouped load zone, at a given offer price. Capacity offers are defined by quantity, price, year, and capacity zone.

Long-Term Auctions

To incentivize investments in new capacity, CENACE can organize LTAs. The products traded in these contests are energy, capacity, and CELs. Energy and capacity contracts have a 15-year term, while CEL contracts have 20 years. Bids must be submitted as descending offer curves for each product, with maximum prices established by the CRE. CENACE then aggregates bids for each product and publishes an offer curve.

Bids in the market must conform to a few guidelines. First, participants must clear a pre-qualification process that involves qualification with CENACE, a technical, legal and financial strength screen, and finally posting of guarantees along with the offer. Projects may submit offers for one or multiple products, subject to rules on minimum quantity and combinations of products offered.

Results of LTAs

As of 2017, through three LTAs, CFE had acquired 20.6 million CELs, 19.8 million MWh of electricity and 1.8 GW of capacity, accounting for a total investment of US$9,000 million. In January 2019, SENER cancelled the fourth LTA and, since November 2019, auctions have remained suspended.

Since Mexico's energy reform, three energy auctions and one medium-term auctions have taken place in an aim of generating competitive processes for contracting long-term supply agreements between private generators and the CFE as an offtaker.

The first LTA concluded in March 2016. It had 11 companies close 18 securing long-term PPAs for a total of 5.4 million MWh, or 84.9% of the original energy demand by the CENACE. The energy auctioned represented 1.9% of Mexico's total annual generation.

The second auction concluded in September 2016. It had 23 winning bidders for a total of 56 energy projects, mainly on solar, wind, and other types of renewables. As a result of the auction, 2.8 GW of new renewable energy capacity will be installed in the country. Prices for the PPAs obtained on this second round were 30% lower than those of the first auction.

In these first two auctions, the CFE (Basic Supply) was the only buyer, but beginning with the third auction, any market participant was able to submit offers to buy. To facilitate the process, CENACE has set up a clearinghouse through which all buyers and sellers can operate a single contract, rather than potentially splitting up and having multiple contracts for every generator-supplier pair.

The third, and latest, energy auction was the medium-term auction, which took place in 2017 and added 2.5 GW of installed energy capacity. This auction was the first that allowed companies different from the CFE to come in as offtakers for energy, CELs and power. The three auctions in total will, among others, allow the government to meet its goal of having 35% of the total national energy generation in 2024 come from renewable sources.

The results for the first medium-term auction were announced by CENACE in March 2018, with one company being awarded a contract for 50 MW of capacity to be delivered starting in 2018.

Bilateral Contracting

Under the existing regulation, bilateral contracting is allowed directly between market participants. CENACE specifies three types of contracts: Financial, as a fixed energy delivery schedule ("*TBFin Fijos*"); Financial, as a percentage of unit generation or supplier demand at a given node ("*TBFin Referenciadas*"); and Capacity ("*TBPot*").

Energy contracts are purely financial, and have no unit scheduling or delivery guarantees associated. The generator must clear generation in the market or cover the cost associated with the transaction. TBFin Fijo contracts may be bid in day-ahead or real-time, whereas TBFin Referenciadas may only bid in the real-time market. These contracts can be settled directly through their accounts with CENACE as obligations to buy/sell. Finally, TBPot contracts simply provide coverage for the supplier in the balancing capacity market and associated requirements, and are settled directly between parties. CFE basic supply, the regulated retail entity, cannot sign bilateral contracts outside of the medium and long-term auctions. However, qualified suppliers are allowed to sign bilaterally outside of the formal mechanisms.

Prior to the 2103 Energy Reform, the Electric Energy Public Service Law (*Ley del Servicio Publico de Energía Eléctrica* or "LSPEE") allowed private companies to enter into contracts with private generators in which they had an ownership stake, through the "self-supply" regime. Under this regime, electricity could be transmitted through the generator's own lines or through the national transmission grid. Players who operated under this regime prior to the reform can continue to operate in this manner, *provided* that they meet specific CRE requirements.

However, this regime is unavailable for new projects and has been subject of ongoing review and discussion in the current administration.

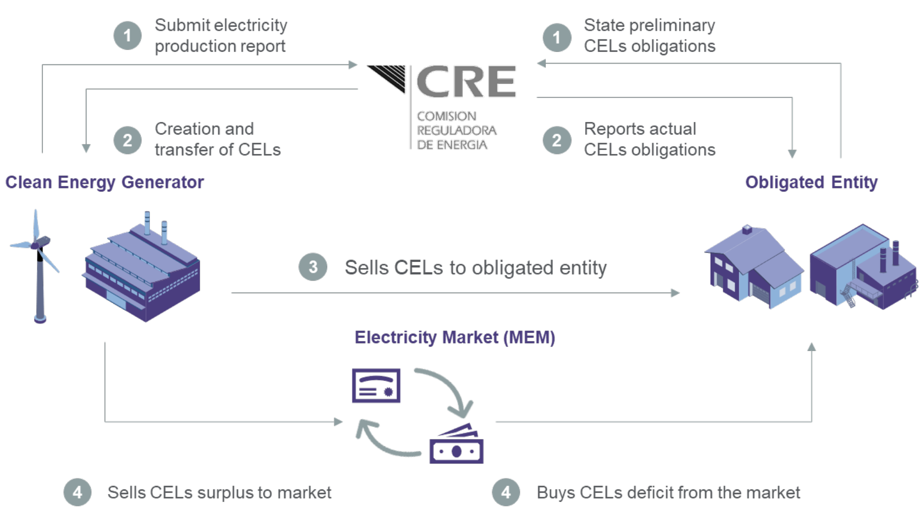
CEL Market Dynamics

The issuance and subsequent trading of the CELs seeks to incentivize the production of clean energy and serve as a secondary source of income for renewable generators. For every 1 MWh of clean energy produced, generators receive 1 CEL. These will be subsequently tradeable on what is expected to become an open, spot market for CELs.

While the supply of CELs depends on the amount of clean energy produced by any non to low-carbon emitting generator, certain off-takers are required by regulation to acquire an amount of CELs that is determined as a percentage of their load that does not come from clean sources. These include service suppliers (*suministradores)*, which buy electricity on behalf of qualified and basic users (the latter do not participate in the MEM) and self-supply generators on isolated sources. The requirement can either be met by purchasing CELs directly, if consuming conventional energy only, or by consuming renewable energy that blends in the CELs.

The requirements are established by SENER and are set by taking into consideration projected economic factors in the country and the 2024 renewables government goal. Failure to meet these requirements by the consumers may result in fines, dependent on the CRE's judgement at the time, the number of CELs the consumer fell short by and the number, if any, of prior violations to the minimum requirement. The following diagram illustrates the operation of the CEL market.

CELs Market Simplified Process



Source: CRE

In October 2019, SENER issued a decree changing the criteria for eligibility for generators to obtain and issue CELs, creating a surplus of CELs and making their price uncertain. The content of this decree was later included in the amendments to the LIE and has not yet been enforced.

Balancing Capacity

To ensure resource adequacy, CENACE has implemented annual capacity requirements for all load-serving entities ("LSEs"). A balancing capacity market measures system capacity shortage or excess, and operates ex-poste for the preceding year.

The capacity market centers on calculations of load and delivered capacity during 100 “critical hours” during the year. The critical hours are estimated for the upcoming year, but only finally calculated at the conclusion of the year. Since 2018 onwards the critical hours are defined by the hours with lowest operating reserves.

Prices

CFE Reference Tariff

Historically, the CFE has published monthly reference prices for electricity. After the 2013 energy reform, and the introduction of the spot market, CFE tariffs continue to be used as a reference for legacy contracts. These tariffs are adjusted monthly using factors to update previous prices, including changes in input (fuel) prices and inflation, among others. Also, different adjustment factors are applied depending on the sector to which the end user belongs.

Starting in 2018, the calculation methodology for CFE reference tariff was updated based on a “cost recovery” approach and eliminating some factors related to fuel and inflation. This process is still ongoing and CFE tariffs continue to be under a calibration phase.

Spot Prices

With the introduction of the day-ahead market in 2016, the spot prices have become a relevant reference in the market. In this market, energy purchase and sale orders are received in the morning of the previous day, after which they are run through the dispatch model, which distribute the generation responsibilities within the generators. With the resulting dispatch curve, prices are calculated and subsequently published at the end of the following day. Prices in the MEM are nodal prices, meaning they are calculated in each node of the system, based on three components:

- *Energy component*: accounts for the marginal cost of generating electricity
- *Congestion component*: accounts for the level of saturation of the grid
- *Loss component*: accounts for the transmission losses

Natural Gas Sector Overview

As mentioned above, in December 2013 the Mexican constitution was amended in order to increase the scope of open private investment in the energy industry. The constitutional amendment and the reform to secondary laws enable the private sector to participate in the refining, marketing, transportation, storage, import and export of hydrocarbons, including the processing, compression, liquefaction, regasification, transportation, distribution, commercialization and retail of natural gas, refined products and the transportation and storage of petrochemicals. The reforms also transformed Pemex into a state productive enterprise owned and controlled by the federal government.

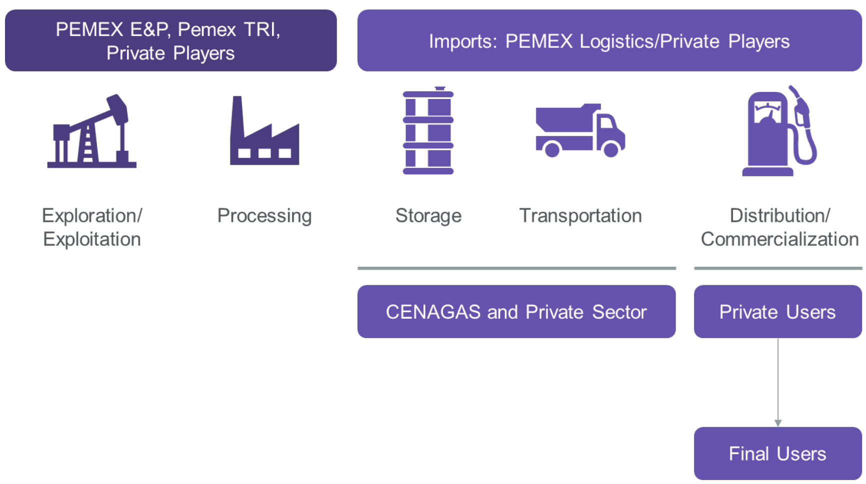
Complementary to the 2013 Energy Reform, Mexico launched the Natural Gas Supply Integrated Strategy (*Estrategia Integral de Suministro de Gas Natural* or “EISGN”) as a way to incentivize the development of the national distribution and infrastructure of natural gas. Prior to the 2013 Energy Reform, the production and other activities related to natural gas were controlled by the Mexican government through Pemex and its subsidiaries. Participation of the private sector formally was first allowed in 1995, although limited to transportation, storage and distribution activities.

As part of the 2013 Energy Reform, the National Natural Gas Control Center (*Centro Nacional de Control de Gas Natural* or “CENAGAS”) was created in 2014. CENAGAS is a decentralized public entity of the Mexican federal government which main responsibility is to manage and operate the country’s transportation and storage system for natural gas called the National Integrated Natural Gas Transportation and Storage System (*Sistema de Transporte y Almacenamiento Nacional Integrado de Gas Natural* or “SISTRANGAS”). The reform instructed PEMEX to transfer its midstream assets to CENAGAS. On January, 2016 a transfer of 9,168 kilometers of natural gas pipeline was made to CENAGAS. The SISTRANGAS would be managed through Open-Access Pipeline Transportation Projects, ("*Temporadas Abiertas*"), through which the CENAGAS would assign available transportation capacity to different players, fostering competitive markets and the number of natural gas customers.

In 2015, the SENER published the first version of the Five-Year Plan for Hydrocarbons Exploration and Extraction Tenders 2015-2019, the latest version of which was published in 2020 and comprises the period between 2020-2024. Additionally, in 2015, SENER also published the first version of the Five-Year Plan to Expand the Natural Gas Transportation and Storage National Integrated System, the latest version of which was published in 2020 and comprises the period between 2020-2024. In 2016, the SENER published additional guidelines that would allow for the creation of an efficient and competitive natural gas market, seeking to incentivize investment in the sector and keep barriers to entry low. Complementary to the guidelines, the recently created CENAGAS, launched a process with the National Transportation and Storage System of Natural Gas for the open reservation of transportation capacity. This fostered competition in the sector and allowed new players to enter the market, ultimately, to the benefit of consumers.

The diagram below illustrates the value chain of natural gas in Mexico, and where the different players lie along the way:

Mexico's Natural Gas Value Chain

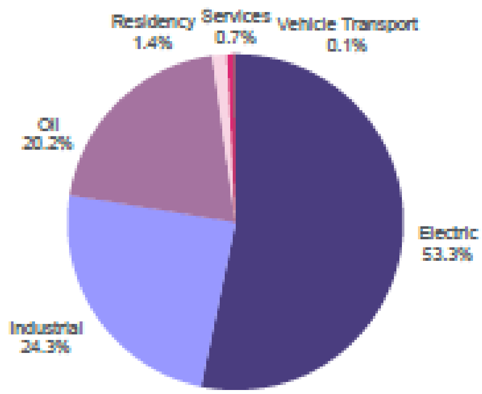


Source: SENER

Gas Demand

The 2013 Energy Reform boosted demand for and participation in the natural gas sector in Mexico. At year-end 2022 the total natural gas consumption reached 7,486.4 MMcfd and is estimated to be 9,921 MMcfd in 2032, an increase of 32.5%. The growth in demand for natural gas will be driven by the electricity sector, which will make up 53.3% of the total demand expected in 2032 and correspond to a volume of 5,292 MMcfd. The following chart illustrates the projected demand for natural gas by sector for 2032:

Natural Gas Demand by Economic Sector, 2032
(Percentage)



Source: SENER (Natural Gas Prospective 2018-2032, November 23, 2018)

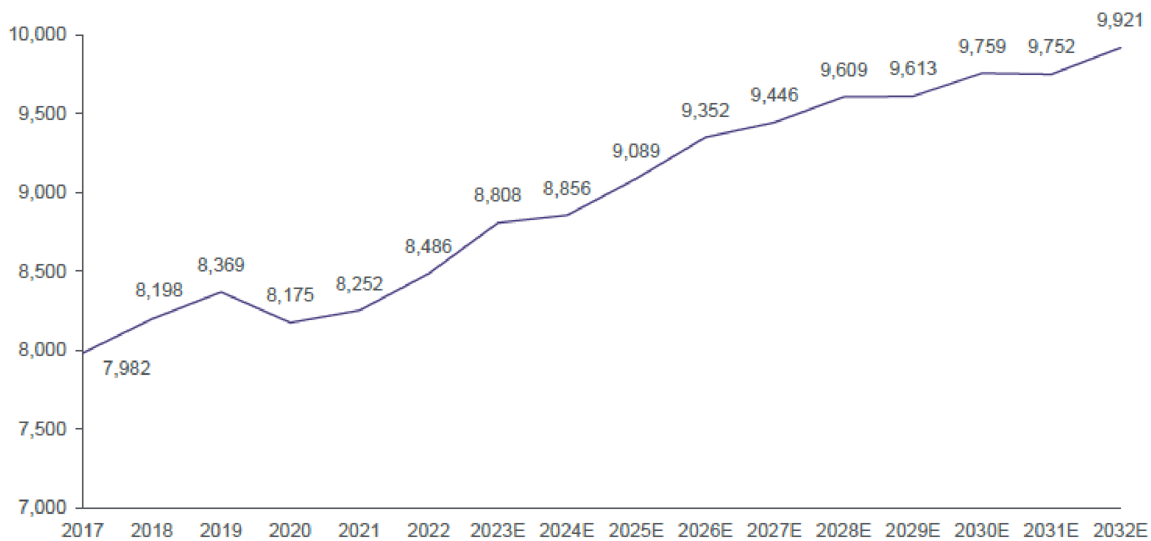
In terms of geographical consumption, the Southeast region demands the most natural gas in the country. The map below illustrates the differences in natural gas demand as of 2023E between regions in the country, with the Southeast region representing 32.6% of the total:

Regional Demand for Natural Gas, 2023E
(MMcfd)

Source: SENER (Natural Gas Prospective 2018-2023, November 23, 2018)

Total demand for natural gas is expected to reach 9,921 MMcfd in 2032 representing a 1.57% CAGR as compared to 2022. The graph below illustrates the actual natural gas for the past 5 years, 2017-2022, and its expected evolution in between 2023 and 2032:

Expected Demand for Natural Gas, 2017-2032E
(MMcfd)

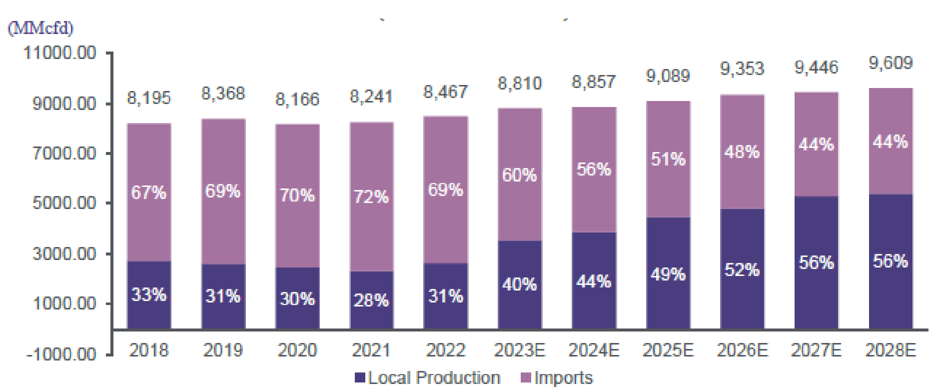


Source: SENER (Natural Gas Prospective 2018-2032), CONAHCYT (Historical data 2018-2022)

Despite the increased demand over the past decade, local production has been unable to keep up. Hence, Mexico has geared towards importing natural gas from the United States through pipelines. According to various reports issued by SENER, Mexico is a net importer of natural gas. Furthermore, the majority of imports (92%) come from the United States through pipelines.

Natural gas imports to Mexico have experience an increase given the gap between production and demand for gas in the country, as well as the low prices of gas in the United States as compared to the local costs of natural gas extraction.

Evolution of Natural Gas Production and Imports, 2018 – 2028E
(% of Total MMcfd)

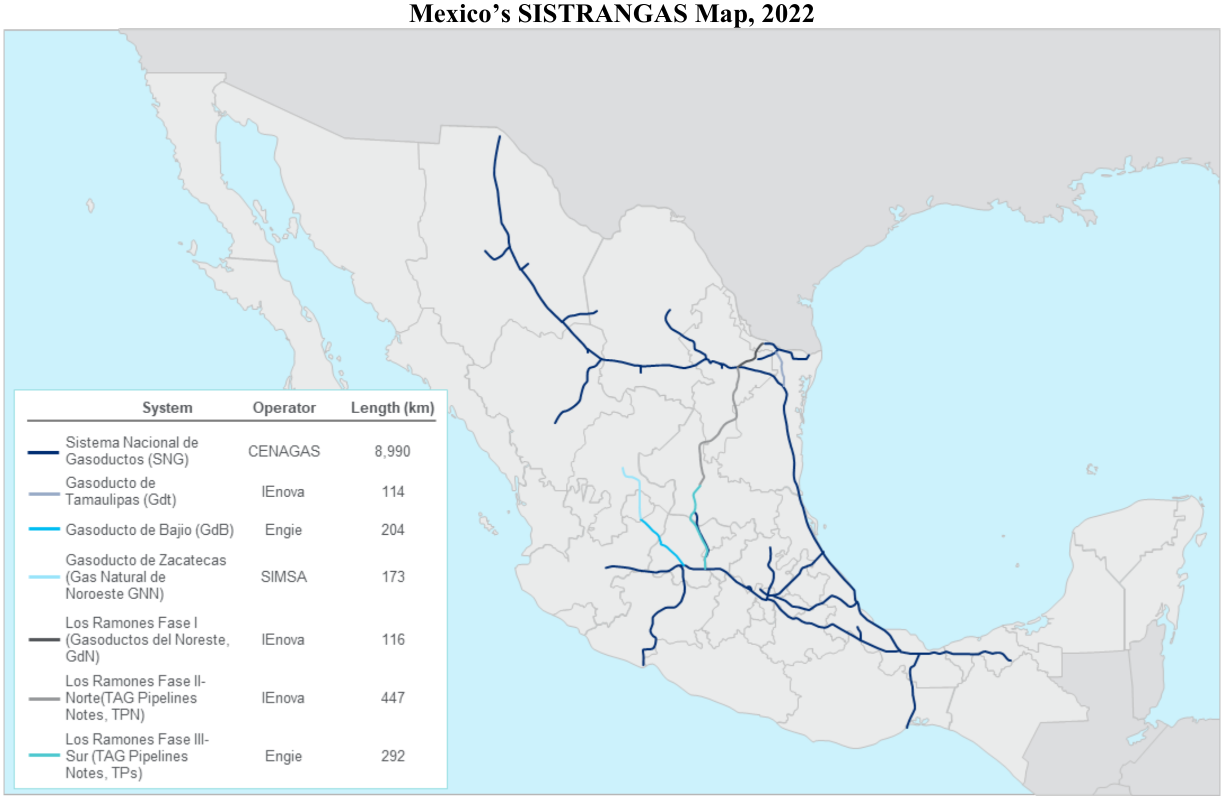


Source: SENER (Natural Gas Prospective 2018-2032), CONAHCYT (Historical data 2018-2022)

Gas Transportation

The natural gas is transported throughout the country by the means of the seven systems that make up the SISTRANGAS. The network of natural gas pipelines in Mexico is composed of approximately 20,472 km of open access transport pipelines. The map below illustrates such systems:

Mexico's SISTRANGAS Map, 2022



Source: CENAGAS

The liberalization of prices and market participants has also been accompanied by improvements in infrastructure. The open-access awards by the CENAGAS will further improve the natural gas infrastructure in the country moving forward, creating an extensive pipeline network that will successfully satisfy the increasing demand for natural gas.

REGULATORY, PERMITS AND ENVIRONMENTAL MATTERS

All of BEMH's activities in Mexico are governed by the Mexican Constitution along with a diverse body of laws, rules, regulations, general administrative provisions, guidelines and official technical standards.

BEMH is subject to Mexican legislation governing the following activities of BEMH's business:

- *Electricity generation:* The process that transforms energy (renewable, kinetic, thermal, nuclear, among others) into electricity. Includes the supply of electrical energy to users (CFE, qualified users, among others) or to the Mexican wholesale power market.

- *Transportation of natural gas:* Includes building, operating and owning pipeline systems for receiving, transporting and delivering natural gas, excluding marketing of such gas.

Electricity Generation

Given the amendment to the Mexican Constitution in December 2013 and the enactment of the Mexican Electric Industry Law (*Ley de la Industria Eléctrica*, the "LIE"), which repealed and replaced the former Law of the Public Service of Electric Energy (*Ley del Servicio Público de Energía Eléctrica*, the "LSPEE"), private entities are allowed to obtain permits for the generation and marketing of electricity in the Mexican wholesale power market, and to participate in the construction, operation and management of power plants. The Mexican State continues to carry out the transmission and distribution of electricity through the CFE and/or its subsidiaries, known as productive subsidiaries (*empresas productivas subsidiarias*), but it may enter into contracts with private companies related to such activities, including contracts for the financing, installation, maintenance, procurement, operation and expansion of the electric network infrastructure. Planning and control of the grid falls under the exclusive authority of the Mexican Federal government and is carried out through CENACE, the governmental body responsible for managing the national electrical grid, acting as an independent system operator for the Mexican wholesale power market.

The LSPEE and its Regulations remain in force in the case of legacy projects (as is the MT Falcon platform) until the end of term of the corresponding permits.

In terms of the LSPEE and the RLSPEE, the electricity industry was reserved to the Mexican government, and private parties were only allowed to participate in electricity generation for self-use (self-supply and cogeneration schemes), for the sale to CFE (independent power producers and small production) and for import or export. IPP projects were developed under public tenders carried out by the CFE. CFE developed the site, provides the gas under a long-term supply agreement and is the anchor offtaker under long-term IPP PPAs (20-25 years).

Upon expiration of IPP energy generation permits, or earlier, generators have the right to migrate to the market regime provided under the LIE, prior termination of its existing regulatory commitments and legacy PPAs (such as the IPP PPAs).

The current electricity framework, which has the LIE as its cornerstone, is comprised of a comprehensive set of legislations, regulations and administrative rules of general application regulating diverse matters such as interconnection of plants and connection of load points to the grid, transactions in the Mexican wholesale power market, social impact, environmental health and safety for the oil and gas industry, clean energy requirements, and the powers and authorities of the regulatory bodies.

In terms of the Electricity Market Rules (*Bases del Mercado Eléctrico*), private generators of electricity may participate in a Mexican wholesale power market operated by CENACE by selling energy and associated products to the CFE and other suppliers. Within such market, only final users who become market participant "Qualified Users" (i.e., final users that register with the CRE and that have a yearly demand of at least 1 MW) are able to purchase electricity and associated products through long-term power coverage agreements or in a spot market either from the CFE or from other market participants. Suppliers are able to purchase electricity and associated products through bilateral agreements or in the spot market to satisfy the demand of final users. When such final users have a demand of at least 1 MW, such supply may be carried out under the Qualified Supply regime, which is subject to market prices.

Under the LIE, power plants with an installed capacity of 0.5 MW or more, such as our EVM projects, as well as those represented by a generator in the wholesale market (regardless of the installed capacity), require a power generation permit. Power stations with an installed capacity of less than 0.5 MW do not require a permit but will need a supplier acting on their behalf to sell their energy and associated products in the Mexican wholesale power market.

Permits granted prior to the enactment of the LIE, such as MT Falcon IPP permits, continue to be effective, and rights held by permit-holders will not be affected by the new laws and regulations.

Pursuant to the LIE and implementing regulations, certain clean energy usage obligations (for the reduction of GHG emissions) are applicable to participants in the electric energy market. Such participants include energy suppliers, "Qualified Users" and final users whose source of energy results from a self-supply (*abasto aislado*) scheme and load points in grandfathered interconnection agreements. These usage obligations are credited by CELs (clean energy certificates) and have been required starting since 2018 in the proportion to the actual energy consumption that the SENER sets for each year (5.0% for 2018, 5.8% for 2019, 7.4% for 2020, 10.9% for 2021 and 13.9% for 2022 and 2023). CELs are issued to "clean energy generators" only and are negotiable through bilateral agreements.

In December 2015, the Energy Transition Law (*Ley de Transición Energética*, the "LTE") was published. This new law, which repeals a former renewable energy statute, aims to foster energy transition and to regulate obligations regarding clean energy and reduction of greenhouse gases emissions in the electricity industry. Consequently, the Mexican government must implement strategies and programs to achieve specific goals regarding clean energy; at present, such goals consist of generating at least 25% of the electricity in Mexico from clean sources by 2018, 30% by 2021 and 35% by 2024. The national goals that have been established in the LTE would be achieved by means of several mechanisms, including the voluntary Mexican Emissions Trading Scheme. See "Risk Factors—Risks Relating to Our Business and Industry—*We cannot predict the impact that legal, regulatory and social responses to climate change may have on our business.*"

Interconnection to the grid is based on an open access principle. Generators have the right to interconnect to transmission and distribution infrastructure owned and operated by CFE subject to constructing required network upgrades and interconnection works that are determined by CENACE.

In accordance with the Market Rules, generation of electricity and its sale in the Mexican wholesale power market, even through bilateral electric coverage agreements, requires obtaining and maintaining several permits, including the LIE power generation permits. A market participant agreement must be obtained from CENACE, as well as the approval from a technical perspective for a power plant to operate. Financial guarantees must be in place to carry out transactions in the market in amounts sufficient to cover a market's participant exposure.

As independent system operator, CENACE is the authority in charge of setting the dispatch order of power plants. Dispatch order is based on the supply and demand across Mexico and in the region where a power plant is located, congestion and transmission capability of the grid, and efficiency of power plants and their costs of generation.

Natural Gas

Article 27 of the Mexican Constitution sets forth the general principles that regulate activities involving oil, natural gas and other hydrocarbons in Mexico. Historically, Article 27 prohibited the Mexican government from entering into agreements or granting concessions with respect to hydrocarbons activities and specified that certain activities involving oil and other hydrocarbons were exclusively reserved to the Mexican government under a vertical integration system.

In 1995, the Mexican Congress passed a bill allowing private-sector participation in transportation, storage, distribution and commercialization of natural gas and LPG in Mexico. The Natural Gas Regulations (*Reglamento de Gas Natural*) were published in 1995. The LPG Regulations (*Reglamento de Gas Licuado de Petróleo*) were issued in 1999.

In December 2013, certain provisions of the Mexican Constitution related to the hydrocarbons sector were amended, and the legal framework applicable to, among others, the upstream and midstream sectors was modified in

August 2014 and October 2014 with the enactment of new laws and the issuance of implementing regulations, allowing the Mexican government to grant contracts to private-sector entities in the upstream sector through public tenders. These amendments also allow private-sector entities to obtain permits for the processing, refining, marketing, transportation, storage, import and export of hydrocarbons, including the processing, compression, liquefaction, regasification, transportation, distribution, marketing and retail of natural gas, the transportation, storage, distribution, marketing and retail of oil products, including LPG, and the transportation (through pipelines) and related storage of petrochemicals.

Legislation enacted in 2014, including the Mexican Hydrocarbons Law (*Ley de Hidrocarburos*), which preserves the concept of state ownership over hydrocarbons while located in the subsoil, and opens the hydrocarbon sector to the participation of private companies, subject to certain regulatory requirements.

In particular, in October 2014, two sets of implementing regulations for the Mexican Hydrocarbons Law were enacted: (i) the Mexican Hydrocarbons General Regulations (*Reglamento de la Ley de Hidrocarburos*) and (ii) the Regulations Relating to the Activities Specified in Title Three of the Mexican Hydrocarbons Law (*Reglamento de las actividades a que se refiere el Título Tercero de la Ley de Hidrocarburos*). The 2014 implementing regulations repealed the previous natural gas regulations. These regulations and the General Administrative Rules (*Disposiciones Administrativas de Carácter General*) issued by the CRE regulate Mexico's natural gas, LNG, LPG, oil products and ethane markets.

The natural gas transportation activities of BEMH's business are regulated by the Regulations Relating to the Activities Specified in Title Three of the Mexican Hydrocarbons Law. Among others, they establish technical requirements applicable to the operations of permit-holders, such as efficiency, frequency, safety, continuity and uniformity in the supply of natural gas and open access obligations.

The Mexican Hydrocarbons Law allows private-sector entities holding a permit granted by the CRE to store, transport, distribute, commercialize and carry out direct sales of hydrocarbons, as well as to own and operate pipelines and related equipment in accordance with technical and other regulations. In addition, private-sector entities may import or export hydrocarbons subject to a permit from the SENER. Permits granted prior to the enactment of the Mexican Hydrocarbons Law, such as the BEMH gas transportation permits , will remain in force during their original term, and rights held by permit-holders will not be affected by the new laws and regulations, although permit holders should comply with the current applicable framework.

Building and operating natural gas pipelines require governmental permits and authorizations from federal, state and municipal authorities, such as the CRE, the Mexican Federal Economic Competition Commission, SEMARNAT, ASEA and the SENER, real estate rights-of-way, and other related authorizations. Permits issued by the CRE also impose a series of regulatory obligations and specific terms and conditions commonly referred to as "general terms and conditions" (*Términos y Condiciones Generales*) which should be duly approved by CRE.

Open Access

Pursuant to the Natural Gas Regulations, there were two types of natural gas storage and transportation permits: open-access (to provide services in a way similar to a utility) and self-use (granted exclusively to end-users or a group of end-users organized in a special purpose vehicle or company).

Permit holders subject to open access obligations that have available capacity are bound to perform open seasons to allocate such capacity to third parties. Available capacity is deemed to exist when (1) a new system is developed, (2) the capacity of an existing system is increased in view of operational efficiencies or an extension of infrastructure, (3) existing capacity has not been allocated by means of a firm basis service contract, or if having been contracted under executed services agreements is not actually being used by the corresponding users or (4) the end user transfers the capacity through the permit-holder.

Open access natural gas transportation pipelines are subject to "maximum regulated rates" that are determined by the CRE. Permit holders may grant discounts or reach specific agreements on a non-discriminatory basis, with respect to rates subject to general rules issued by the CRE. Any agreement must be registered with the CRE and uploaded to the permit holder's electronic bulletin, which will allow for public access to the agreements.

Mexican Energy Sector Coordinated Regulatory Agencies Law

In addition to the LIE and the Mexican Hydrocarbons Law (*Ley de Hidrocarburos*), the Mexican Energy Sector Coordinated Regulatory Agencies Law (*Ley de los Órganos Reguladores Coordinados en Materia Energética*) establishes the authorities of the CRE as well as its structure and internal organization. The CRE is an agency of the Mexican government that has technical, operating and management autonomy, and is the sole body responsible for granting permits for midstream and downstream activities to participants in the natural gas, LPG, LNG, oil products and petrochemicals sectors in Mexico, except for permits to import and export crude oil, condensates, natural gas, and refined products, which are granted by the SENER. Additionally, the CRE is responsible for granting energy-related permits to generators and qualified users, as well as permits for the import and export of such energy, and for supervising, monitoring and inspecting such generators' and users' operations and full performance of the corresponding permits. The CRE is BEMH's primary regulatory and supervising authority.

Pursuant to the Mexican Energy Sector Coordinated Regulatory Agencies Law, the CRE has broad powers and authority to regulate energy generation, transmission, distribution and supply, as well as natural gas, LPG, LNG, oil products and petrochemicals storage, regasification, transportation, distribution, processing, liquefaction, compression, decompression, marketing, retail, import and export activities. Such authorities include the issuance of regulations that shall govern services provided by the public and private sectors and to calculate the maximum rates applicable to transportation of natural gas subject to open access and rates applicable to basic supply of electricity to domestic users. It also has the authority to oversee the operations in the Mexican wholesale power market and to issue regulations and general rules to foster the generation and use of clean energies.

Change of control restrictions

IPP energy generation permits and natural gas transportation permits include the shareholding structure of the permit holder and any change in the structure reported to CRE requires this entity's approval.

Marketing and Cross-Shareholding Restrictions

The Mexican Hydrocarbons Law provides cross-shareholding restrictions with respect to end users, marketers and open-access transportation or storage permit-holders. However, cross-shareholding may be allowed by the CRE, with the prior approval from the Mexican Federal Economic Competition Commission, provided that such cross-shareholding does not affect competition, market efficiency or effective open-access. Compliance with these requirements may be met by guaranteeing independent operations or by establishing legal and corporate mechanisms to prevent intervention in operations and management. According to the applicable rules, the following may be required: (1) the strict legal unbundling of permitted activities or a functional, operational and accounting separation, (2) participation limitations in a company's share capital, (3) maximum participation limitations for economic agents in the marketing market and (4) limitations to the reservation of capacity in storage facilities and pipelines.

Mexican Official Standards, Directives and General Rules

In addition to the laws and regulations mentioned above, the legal framework that regulates BEMH's activities also includes (1) the Mexican Official Standards issued by the SENER, CRE and ASEA in connection with technical matters of BEMH's business, such as product quality and technical specifications related to the design, construction, safety, operation and maintenance of BEMH's generation and transportation facilities, (2) the Directives issued by the CRE that regulate economic matters applicable to BEMH's business such as prices and rates and accounting, (3) the General Rules related to service provision issued by the CRE and the General Rules related to environmental protection, insurance and industrial safety issued by ASEA, and (4) public policy documents issued by the SENER regarding any of the activities in which BEMH participates.

Other Authorizations

There are several other permits and/or licenses that may be required by the three different levels of government (municipal, state or federal) for the development, construction and operation of hydrocarbons systems. These include environmental permits, social permits, zoning permits, construction permits, concessions over and/or crossing of federal areas such as rivers, streams and maritime zones, among others.

Mexican Federal Economic Competition Commission

COFECE is an independent body of the Mexican government that has joint jurisdiction in the activities of energy generation, natural gas, and other activities of the energy sector concerning the prevention of, and enforcement against, monopolistic practices and economic concentrations. With the approval of COFECE, the CRE may issue new regulations to develop competitive markets in the energy and hydrocarbons sector, which may include bundling restrictions, shareholder limitations, and caps in economic operators' participation in marketing activities.

National Center of Control of Natural Gas (CENAGAS)

CENAGAS is a newly-created agency of the Mexican Federal government (*organismo público descentralizado*). CENAGAS' main responsibility is to manage and operate the Integrated National System of Transportation and Storage of Natural Gas (*Sistema de Transporte y Almacenamiento Nacional Integrado de Gas Natural*), which was previously managed by Pemex.

Other Relevant Provisions

BEMH's business operations are subject to other standards that may affect BEMH's business, including state and municipal laws, and regulations related to zoning, construction and civil protection.

General Law of Administrative Responsibility

On July 18, 2016, the legal framework that creates Mexico's National Anticorruption System was published in the Federal Official Gazette. This new legal framework implements the 2015 Constitutional reform on anticorruption matters and is comprised by several laws, including the General Law of Administrative Responsibility (*Ley General de Responsibilidades Administrativas*, or "GLAR"). Although it was published in the Official Gazette on July 18, 2016, the GLAR became effective on July 19, 2017, being applicable at all levels of Government (*i.e.*. Federal and State, including municipal).

The aforementioned law sets forth the corrupt conducts that are considered as an administrative misconduct of both Government Officials and private parties as well as the corresponding sanctions that may be applicable to those found guilty of committing a corrupt conduct. The GLAR also establishes certain mechanisms for private parties to prevent corruption, which if followed by private parties, may result in reduced sanctions, such as (i) organizational guidelines establishing areas in charge of doing business with the government and their obligations and responsibilities; (ii) a code of conduct for their employees; (iii) recruiting policies addressed to detect potential liabilities and/or conflicts of interest when conducting business with governmental entities; and (iv) monitoring procedures and accountability for the company's personnel, as well as disciplinary procedures for any employee who fails to comply with the company's policies and/or the applicable law.

Additionally, the GLAR sets forth certain rules and guidelines to prevent and sanction persons and companies for the unlawful participation in administrative procedures, influence peddling, bribery, wrongful exercise of public funds, collusion in public tenders (including procedures called by foreign entities), use of false information when applying for an administrative permit, authorization or concession, among others.

In view of the above, BEMH is subject to the GLAR with respect to any activities that require the granting of a permit or a concession, public procurement processes, and/or any other administrative procedure carried out before a governmental entity.

The GLAR establishes the administrative investigation and sanctioning procedures for the investigation of possible unlawful conduct and addressing claims. Pursuant to such law, the Ministry of the Public Function of the Federal Government (*Secretaría de la Función Pública*) and ministries of state governments are responsible for its enforcement, while the Federal Superior Audit Office (*Auditoría Superior de la Federación*) and the state audit offices will be responsible for investigating and penalizing major offenses.

Administrative misconduct by private parties will be subject to the Federal Administrative Court (*Sala Superior del Tribunal Federal de Justicia Administrative*), which now has a special chamber in charge of judging severe corruption actions and is entitled to impose the corresponding penalties and required sanctions.

As to the extent of the penalties that may be applied to a private company upon any unlawful action, the GLAR provides for the following: (i) fines up to two times the amount obtained by the company from any unlawful action or between 1,000 up to 1,500,000 times the unit of measure (*unidad de medida y actualización*); (ii) disqualification from participating in any public procurement procedure for at least 3 months and up to 10 years; (iii) suspension of all commercial activities of the private company, for at least 3 months and up to 10 years; (iv) dilution of the company and (v) compensation for the damages caused to the federal public treasury, and/or federal, state or municipal entities.

Mexican Data Protection Law

BEMH is subject to the provisions of the Mexican Data Protection Law (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*) that became effective in Mexico as of July 6, 2010. The Mexican Data Protection Law is applicable to individuals or private entities that collect, handle, store, or process personal data concerning Mexican citizens.

Pursuant to the Mexican Data Protection Law, the processing and transfer of personal data requires consent by the data owner prior to such processing or transfer. Consent can be obtained by means of a document referred to in the law as a "privacy notice," which informs the data owner of the personal data being collected, the purpose for the use of the personal data, any intended transfers and the data owner's rights of access, correction, and cancellation or opposition to the processing of the personal data. A data owner grants consent for the use of the personal data if it does not oppose the privacy notice. The privacy notice can be delivered through printed, digital, visual, electronic or sonorous means or in any other format. According to the Mexican Data Protection Law, data owners are entitled to revoke their consent at any time. The Mexican Data Protection Law provides certain requirements for the transfer of personal data to third parties and certain exceptions for such requirements in which the transfer of information is permitted.

Class Actions

On July 29, 2010, Article 17 of the Mexican Constitution was amended in order to allow class actions to be brought in federal courts in connection with civil actions on matters related, among others, to consumer protection and environmental law. Consequently, on August 30, 2011, the Mexican Federal Code of Civil Procedure (*Código Federal de Procedimientos Civiles*), the Mexican Federal Consumer Protection Law and the Mexican General Law on Ecological Equilibrium and Environmental Protection (*Ley General del Equilibrio Ecológico y la Protección al Ambiente*) were amended to incorporate class actions. Such amendments became effective on March 1, 2012, though as of the date of this Offering Memorandum, to BEMH's knowledge, only a few class actions have been brought before the federal courts in connection with environmental matters.

Mexican Federal Environmental Liability Law

The Mexican Federal Environmental Liability Law (*Ley Federal de Responsabilidad Ambiental*) enacted on July 7, 2013, regulates environmental liability arising from damages to the environment including remediation, restoration and compensation. In the event of intentional and unlawful action or inaction, the responsible party may be fined up to approximately Ps 62 million for 2023. This liability regime is independent from administrative, civil or criminal liability regimes.

Environmental liability may be attributed to an entity for conduct carried out by its representatives, managers, directors, employees, or officers who have an operational domain of their activities. The statute of limitations to claim environmental liability is 12 years from the date when the environmental damage was caused or ceased to produce effects. The law allows the interested parties to solve disputes by means of alternative dispute resolution mechanisms, provided the public interest or third-party rights are not affected.

Mexican Federal Labor Law

In May 2019, the Mexican Federal Labor Law (*Ley Federal del Trabajo*) and other related regulations were amended regarding labor justice, freedom of association and collective bargaining. Pursuant to these reforms, new labor authorities and courts were created that, among other things, are intended to guarantee workers' rights and prevent and combat labor discrimination. The amendments altered the process of collective bargaining in Mexico resulting in increased union activity within the country.

On November 12, 2020, the executive branch proposed to the Mexican Congress an amendment to several labor and tax regulations, including the Mexican Federal Labor Law, intended to curtail the use of personnel subcontracting arrangements (the "Subcontracting Laws"). This reform was approved by the Congress and published in the Mexican Federal Official Gazette (*Diario Oficial de la Federación*) on April 23, 2021, becoming effective the day after its publication with certain exceptions. The Subcontracting Laws have three main components: (i) a significant limitation on indirect hiring (both outsourcing and insourcing), (ii) a limitation on the amount of employers' profit-sharing obligation, and (iii) the inclusion of new penalties in respect of tax deductions and fines. As a consequence of the approval and enactment of the Subcontracting Laws, several Mexican entities may be required to modify their current labor structure, labor costs may increase, and the type and number of labor obligations Mexican companies will have to observe will change significantly.

Pursuant to the Mexican Federal Labor Law, employers are required to distribute and pay their employees 10% of their pre-tax profits each year within 60 days after the date on which the employer's annual tax statement was filed with the relevant authorities. The amount of profit sharing to be allocated and paid among employees is capped at either (i) three months of each employee's salary, or (ii) the average of the payments made in the previous three years to the employees, whichever amount is more favorable to the employees.

Finally, the Mexican government has historically passed laws, regulations and decrees requiring companies in the private sector to increase wages and provide specified benefits to employees, and it may do so again in the future. Mexican employers, both in the public and private sectors, have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. The Mexican government, as a result, increased the minimum salary by 20% as of January 2023.

Any of the reforms discussed above, as well as other labor-related reforms that the Mexican government undertakes in the future, may adversely affect our businesses, financial condition, results of operations, cash flows, and prospects.

Permits

Energy Generation Permits

Saltillo Permits

An IPP generation permit number E/133/PIE/99 was issued by the CRE on March 18, 1999, in favor of CSO, with the purpose of generating electrical power under the modality of independent production for its sale exclusively to CFE, with a capacity of 232.47 MW, by a combined cycle power plant located in the municipality of Ramos Arizpe, Tamaulipas, with a term until October 18, 2026.

A generation permit number E/1832/GEN/2016 was issued by the CRE on September 1, 2016 in favor of CSO. The purpose of the generation permit is the generation of electrical power associated to a capacity of 50 MW, valid through September 1, 2046. The generation permit is subject to the LIE and CSO can sell energy and associated products generated thereunder in the Mexican wholesale power market or through bilateral agreements.

Altamira Permits

An IPP generation permit number E/165/PIE/2000 was issued by the CRE on April 28, 2000, in favor of EAA, with the purpose of generating electrical power under the modality of independent production for its sale exclusively to CFE, with a capacity of 515.9 MW, by a combined cycle power plant located in the municipality of Altamira, Tamaulipas, with a term until March 28, 2027.

A generation permit number E/1854/GEN/2016 was issued by the CRE on October 13, 2016 in favor of EAA. The purpose of the generation permit is the generation of electrical power associated to a capacity of 49.4 MW, valid through October 13, 2046. The generation permit is subject to the LIE and EAA can sell energy and associated products generated thereunder in the Mexican wholesale power market or through bilateral agreements.

Río Bravo II Permits

An IPP generation permit number E/128/PIE/98 was issued by the CRE on December 16, 1998, in favor of CAC, with the purpose of generating electrical power under the modality of independent production for its sale exclusively to CFE, with a capacity of 528.7 MW, by a combined cycle power plant located in the municipality of Valle Hermoso, Tamaulipas, with a term until July 16, 2026.

A generation permit number E/1829/GEN/2016 was issued by the CRE on September 1, 2016 in favor of CAC. The purpose of the generation permit is the generation of electrical power associated to a capacity of 49.4 MW, valid through September 1, 2046. The generation permit is subject to the LIE and CAC can sell energy and associated products generated thereunder in the Mexican wholesale power market or through bilateral agreements.

Río Bravo III Permits

An IPP generation permit number E/198/PIE/2001 was issued by the CRE on August 16, 2001, in favor of CLR, with the purpose of generating electrical power under the modality of independent production for its sale exclusively to CFE, with a capacity of 522 MW, by a combined cycle power plant located in the municipality of Valle Hermoso, Tamaulipas, with a term until April 1, 2029.

A generation permit number E/1831/GEN/2016 was issued by the CRE on September 1, 2016 in favor of CLR. The purpose of the generation permit is the generation of electrical power associated to a capacity of 49.4 MW, valid through September 1, 2046. The generation permit is subject to the LIE and CLR can sell energy and associated products generated thereunder in the Mexican wholesale power market or through bilateral agreements.

Río Bravo IV Permits

An IPP generation permit number E/208/PIE/2002 was issued by the CRE on April 22, 2002, in favor of CVH, with the purpose of generating electrical power under the modality of independent production for its sale exclusively to CFE, with a capacity of 518.63 MW, by a combined cycle power plant located in the municipality of Valle Hermoso, Tamaulipas, with a term until April 1, 2030.

A generation permit number E/1830/GEN/2016 was issued by the CRE on September 1, 2016 in favor of CVH. The purpose of the generation permit is the generation of electrical power associated to a capacity of 49.9 MW, valid through September 1, 2046. The generation permit is subject to the LIE and CVH can sell energy and associated products generated thereunder in the Mexican wholesale power market or through bilateral agreements.

EVM I Permit

A generation permit number E/1354/GEN/2015 was issued by the CRE on April 28, 2016 in favor of EVM I. The purpose of the generation permit is the generation of electrical power associated to a capacity of 129.3 MW through an open cycle power plant, located in the Municipality of Axapusco, Estado de México, and valid through April 28, 2046. The generation permit is subject to the LIE and EVM I can sell energy and associated products generated thereunder in the Mexican wholesale power market or through bilateral agreements.

EVM II Permit

A generation permit number E/1985/GEN/2017 was issued by the CRE on November 16, 2017 in favor of EVM. Energía II. The purpose of the generation permit is the generation of electrical power associated to a capacity of 850 MW through a combined cycle power plant, located in the Municipality of Axapusco, Estado de México, and valid through November 16, 2047. The generation permit is subject to the LIE and EVM Energía II can sell energy and associated products generated thereunder in the Mexican wholesale power market or through bilateral agreements.

Natural Gas Transportation Permits

Saltillo Permit

A self-use natural gas transportation permit number G/093/TUP/2000 was issued by the CRE on October 16, 2000, in favor of CSO, which purpose is to receive, conduct and deliver natural gas through the self-use transportation system in order to satisfy CSO's necessities. The permit was granted for a term of 30 years from the date of issuance and the term can be extended for an additional period of 15 years with the prior written request of CSO, two years before the original term elapses.

Altamira Permit

A self-use natural gas transportation permit number G/108/TUP/2001 was issued by the CRE on July 6, 2001, in favor of EAA, which purpose is to receive, conduct and deliver natural gas through the self-use transportation system in order to satisfy EAA's necessities. The permit was granted for a term of 30 years from the date of issuance and the term can be extended for an additional period of 15 years with the prior written request of EAA, two years before the original term elapses.

Río Bravo II Permit

A self-use natural gas transportation permit number G/079/TUP/2000 was issued by the CRE on January 7, 2000, in favor of CAC, to transport at design capabilities 5.58 million daily cubic meters of natural gas at a design pressure of 7.198.4 kilopascals in order to satisfy CAC's necessities. The permit was granted for a term of 30 years from the date of issuance and the term can be extended for an additional period of 15 years with the prior written request of CAC, two years before the original term elapses.

Gasoducto del Río Permit

An open access natural gas transportation permit number G/130/TRA/2002 was issued by the CRE on September 26, 2002, in favor of GDR, which purpose is to receive, conduct and deliver natural gas through the open access transportation system in order to satisfy the necessities of clients that contract the transport service. The capacity of the pipeline has been contracted by CLR and CVH The permit was granted for a term of 30 years from the date of issuance and the term can be extended for an additional period of 15 years with the prior written request of GDR, filed to least two years before the original term elapses.

Grid Interconnection

Saltillo Interconnection

In connection with the capacity and electricity generated under IPP power generation permit number E/133/PIE/99 granted in favor of CSO, CSO is allowed to interconnect to the grid in terms of the IPP PPA with CFEG.

In connection with the capacity and electricity generated under generation permit number E/1832/GEN/2016 granted in favor of CSO for a capacity of 50 MW, on September 1, 2016, CSO entered into the interconnection agreement number CTR/GRT NES/CI/0121/2017 with CFE Transmisión which is valid for 30 years as of September 1, 2016.

Altamira Interconnection

In connection with the capacity and electricity generated under IPP power generation permit number E/165/PIE/2000 granted in favor of EAA, EAA is allowed to interconnect to the grid in terms of the IPP PPA with CFEG.

In connection with the capacity and electricity generated under generation permit number E/1854/GEN/2016 granted in favor of EAA for a capacity of 49.4 MW, on October 13, 2016, EAA entered into the interconnection agreement number CTR/GRT ORI/CI/0124/2017 with CFE Transmisión which is valid for 30 years as of October 13, 2016.

Río Bravo II Interconnection

In connection with the capacity and electricity generated under independent power producer generation permit number E/128/PIE/98 in favor of CAC, CAC is allowed to interconnect to the grid in terms of the IPP PPA with CFEG.

In connection with the capacity and electricity generated under generation permit number E/1829/GEN/2016 in favor of CAC for a capacity of 49.4 MW, on February 1, 2017, CAC entered into the interconnection agreement number CTR/GRT NES/CI/0119/2017 with CFE Transmisión which is valid for 30 years as of September 1, 2016.

Río Bravo III Interconnection

In connection with the capacity and electricity generated under IPP power generation permit number E/198/PIE/2001 granted in favor of CLR, CLR is allowed to interconnect to the grid in terms of the IPP PPA with CFEG.

In connection with the capacity and electricity generated under generation permit number E/1831/GEN/2016 granted in favor of CLR for a capacity of 49.4 MW, on February 1, 2017, CLR entered into the interconnection agreement number CTR/GRT NES/CI/0120/2017 with CFE Transmisión which is valid for 30 years as of September 1, 2016.

Río Bravo IV Interconnection

In connection with the capacity and electricity generated under IPP power generation permit number E/208/PIE/2002 granted in favor of CVH, CVH is allowed to interconnect to the grid in terms of the IPP PPA with CFEG.

In connection with the capacity and electricity generated under generation permit number E/GEN/1830/2016 in favor of CVH for a capacity of 50 MW, on February 1, 2017, CVH entered into the interconnection agreement number CTR/GRT NES/CI/0122/2017 with CFE Transmisión which is valid for 30 years as of September 1, 2016.

EVM I Interconnection

In connection with the capacity and electricity generated under generation permit number E/1354/GEN/2015 for a capacity of 129.3 MW, on August 31, 2016, EVM I entered into the interconnection agreement number GRTCE-CI-001-2016 with CFE Transmisión which is valid for 30 years as of May 29, 2016.

EVM II Interconnection

In connection with the capacity and electricity generated under generation permit number E/1985/GEN/2017 for a capacity of 850 MW, on September 20, 2018, EVM II entered into the interconnection agreement number CTR/GRT CEN/CI/0071/2018 with CFE Transmisión which is valid for 30 years as of November 16, 2017.

Environmental Matters

Environmental Regulations

Our Mexican operations are subject to federal, state and local environmental authorities, laws, regulations, Mexican Official Standards and other technical standards. The distribution of jurisdiction over environmental matters among governmental authorities at the federal, state and municipal levels is based on a "residual formula" provided in the Mexican Constitution which establishes that those matters which are not expressly reserved to the Mexican Federal government fall under the jurisdiction of the local governments, referred to as concurrent jurisdiction. While energy projects mainly fall under the jurisdiction of the Mexican Federal government, some specific environmental matters such as the handling of special management or urban solid wastes and the opening of new access roads, land use and construction may fall under state or municipal jurisdiction.

The primary federal environmental laws in Mexico applicable to BEMH's business are: the Mexican General Law on Ecological Equilibrium and Environmental Protection; the Mexican General Law for the Prevention and Comprehensive Management of Wastes (*Ley General para la Prevención y Gestión Integral de los Residuos*); the Mexican National Waters Law (*Ley de Aguas Nacionales*); the Mexican General Law for Sustainable Forestry Development (*Ley General de Desarrollo Forestal Sustentable*); the Mexican Federal Environmental Liability Law (*Ley Federal de Responsabilidad Ambiental*), the Mexican General Law of National Assets (*Ley General de Bienes Nacionales*) and the Mexican General Law on Climate Change (*Ley General de Cambio Climático*). Pursuant to these laws, rules and regulations have been issued concerning environmental impact and risk matters, forestry land use change, noise emissions, air emissions, water extraction and wastewater discharge, waste management, etc., to which BEMH's businesses are also subject. BEMH's businesses may also be subject to other laws, regulations and technical requirements relating to the protection of the environment such as the Mexican General Health Law (*Ley General de Salud*) and the Mexican Federal Regulations on Safety, Hygiene and Work Environment (*Reglamento Federal de Seguridad*, *Higiene y Medio Ambiente en el Trabajo*). Additionally, compliance with the ASEA's General Administrative Rules applicable to the gas pipeline is required through the implementation of mandatory health, safety and environmental management systems such as the Authorization of the Implementation of the Industrial, Operational Safety and Environmental Management System (*Sistema de Administración de Seguridad Industrial, Seguridad Operativa y Protección al Ambiente*), registrations of environmental and civil liability insurance policies and the Program for the Prevention and Comprehensive Management of Methane Emissions (*Programa de Prevención y Control Integral de Emisiones de Metano*).

Non-compliance with the applicable environmental laws, regulations and Mexican Official Standards may result in the imposition of administrative fines or sanctions; revocations of authorizations, concessions, licenses, permits or registries; administrative arrests; seizure of polluting equipment; and in certain cases, temporary or permanent closure of facilities and even imprisonment, when environmental violations are classified as criminal offenses as well as in remediation, reparation or compensation obligations in matters of civil or environmental liability.

Our projects operate under licenses, permits, authorizations, concessions and registrations issued under these environmental laws. We believe that BEMH has all material permits, licenses, registrations, concessions and/or authorizations for the facilities and projects that BEMH operates, and that BEMH is in substantial compliance with applicable environmental laws and the respective permits. There are currently no material legal or administrative proceedings pending against BEMH with respect to any environmental matters.

BEMH follows internal policies and procedures to ensure compliance with applicable laws, regulations and BEMH's permits. BEMH manages the updating of its permits, authorizations, licenses, concessions and registrations and make periodic assessments in connection with their validity, including the amendment, renewal, extension or termination of such permits. If as a result of such assessments any action is needed to renew, maintain, transfer or obtain any permit, authorization, license or approval, BEMH undertakes the necessary actions to maintain the effectiveness thereof.

Regulatory and Supervising Authorities

SEMARNAT is the primary federal environmental agency responsible for environmental policies and management and is empowered, among other things, to grant federal environmental impact and risk authorizations and federal air emissions licenses and to issue Mexican Official Environmental Standards (*Normas Oficiales Mexicanas*). ASEA has recently become the key environmental, as well as industrial and operational safety, regulator in the oil and gas sector, which is of relevance regarding the gas pipelines owned by BEMH.

There are four administrative departments within SEMARNAT (which are dependent on SEMARNAT and act on its behalf), and two decentralized administrative departments (with legal standing and economic autonomy from SEMARNAT, but under the coordination of SEMARNAT), which oversee specific areas of environmental law. PROFEPA is the enforcement branch of the SEMARNAT, while ASEA has been entrusted with this authority in the hydrocarbons sector, including gas transportation systems. PROFEPA is responsible for investigating and verifying facilities (including through the voluntary environmental audit program described below), imposing sanctions, as well as presiding over administrative appeals filed by persons who have been sanctioned for failure to comply with the law, and ASEA has the function of inspecting and imposing sanctions related to the matters regulated by such agency.

The CONAGUA oversees national waters management and administration, both surface and underground, the prevention of pollution to water, as well as the use and protection of certain national assets related to rivers, dams and other bodies of water. The CONAGUA grants concessions for the use and exploitation of national waters and permits for wastewater discharges into federal receptor water-bodies. The CONAGUA has its own enforcement department, independent from PROFEPA; however, PROFEPA also has administrative functions enacted by law to verify on matters of national waters.

Environmental Certifications, Policies and Programs

Clean Industry or Environmental Quality Certifications

As part of these voluntary environmental audit programs, companies agree to conduct biannual environmental audits of their own facilities and operations through an authorized third-party consultant. Based on the audit findings, the consultant prepares and proposes to the company a corrective and/or improvement action plan and, depending on the certification process, advises the Mexican Environmental Protection Enforcement Agency or ASEA, as the case may be, on the results of the audit and the appropriateness of the resulting action plan. Subject to its review and approval of the audit findings and recommendations, the Mexican Environmental Protection Enforcement Agency or ASEA, as the case may be, enters into an agreement with the audited company for the implementation of the action plan.

A clean industry or an environmental quality certificate is the end product of this voluntary environmental audit program, which generally shows that the company or business has complied with the action plan and is in compliance with applicable federal and local environmental laws and regulations, and in some cases with international standards and prudent engineering and operational practices for the relevant business. The certificate is valid for a two-year period and can be continuously renewed for similar periods as long as the company continues to prove that it has maintained or improved the environmental compliance conditions present at the time when the certificate was first awarded.

Our goal is that all of BEMH's other businesses participate in this program and obtain the corresponding certificates.

Corporate Environmental Policies

BEMH conduct its business in compliance with BEMH's Corporate Environmental Policy and related management system certified under ISO-14001. This policy and all related requirements of the environmental management services are communicated to BEMH's employees and contractors and applied in new projects and the operation and maintenance of BEMH's facilities and processes. We intend to continue implementing and improving our environmental management system in the future. The commitments stated in this policy and in the management system include:

- minimizing and controlling the environmental impact from BEMH's operations and the services provided by BEMH;

- sustainably managing BEMH's resources and constantly monitoring BEMH's operations and environmental management;

- optimizing and reviewing BEMH's environmental performance report on BEMH's consumption of water, fuels and energy, conforming to BEMH's objectives and environmental goals, which are verified on an annual basis; and

- complying with applicable environmental laws, regulations and norms and the best practices in the industry.

BEMH often imposes internal standards beyond Mexican regulatory requirements to BEMH's operations.

Environmental Programs for the Conservation of Biodiversity

BEMH has several ongoing environmental programs to conserve biodiversity as well as construction projects and operations that are focused on conservation, protection and restoration of species of flora and fauna, most of which have been designed and implemented as part of BEMH's environmental impact and forestry authorizations.

BEMH does not believe that it will incur material costs and liabilities related to environmental matters with respect to BEMH's current projects, based on BEMH's existing clean industry certificates, the implementation of BEMH's corporate environmental policies and ongoing compliance monitoring programs. However, we cannot assure that future costs and liabilities associated with BEMH's projects could not have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and/or our ability to repay the Notes.

DESCRIPTION OF CERTAIN MATERIAL AGREEMENTS

Power Purchase Agreements

IPP Power Purchase Agreements with CFEG

Saltillo

On March 2, 1999, CSO, as independent power producer, entered into the Saltillo PPA with CFE (later assigned in favor of CFEG), as a result of being awarded such agreement in a public tender process carried out by CFE in 1998, in relation to its Saltillo plant located in Ramos Arizpe, Coahuila. The term of this contract is through the 25th anniversary of the commercial operations date of November 19, 2001, ending on November 19, 2026, unless terminated earlier.

Altamira

On April 7, 2000, EAA, as independent power producer, entered into the Altamira PPA with CFE (later assigned in favor of CFEG), as a result of being awarded such agreement in a public tender process carried out by CFE in 1998, in relation to its Altamira plant located in Altamira, Tamaulipas. The term of this contract is through the 25th anniversary of the commercial operations date of May 1, 2002, ending on May 1, 2027, unless terminated earlier.

Río Bravo II

On November 27, 1998, CAC, as independent power producer, entered into the Río Bravo II PPA with CFE (later assigned in favor of CFEG), as a result of being awarded such agreement in a public tender process carried out by CFE in 1998, in relation to its Río Bravo II plant located in Valle Hermoso, Tamaulipas. The term of this contract is through the 25th anniversary of the commercial operations date of January 18, 2002, ending on January 17, 2027, unless terminated earlier.

Río Bravo III

On July 5, 2001, CLR, as independent power producer, entered into Río Bravo III PPA with CFE (later assigned in favor of CFEG), as a result of being awarded such agreement in a public tender process carried out by CFE in 2000, in relation to its Río Bravo III plant located in Valle Hermoso, Tamaulipas. The term of this contract is through the 25th anniversary of the commercial operations date of April 1, 2004, ending on April 1, 2029, unless terminated earlier.

Río Bravo IV

On March 7, 2002, CVH, as independent power producer, entered into the Río Bravo IV PPA with CFE (later assigned in favor of CFEG), as a result of being awarded such agreement in a public tender process carried out by CFE in 2001, in relation to its Río Bravo IV plant located in Valle Hermoso, Tamaulipas. The term of this contract is through the 25th anniversary of the commercial operations date of April 1, 2005, ending on April 1, 2030, unless terminated earlier.

Relevant IPP PPA Provisions

Under the IPP PPAs, each of the MT Falcon Entities party thereto must provide credit support in the form of an irrevocable letter of credit in favor of CFEG, issued by CSO in the face amount of U.S.$15 million and by EAA, CAC, CLR and CVH each in the face amount of U.S.$20 million. If CFEG draws under these letters of credit, MT Falcon Entities party thereto are required to reinstate the amounts drawn within 10 business days following receipt of notice of such drawing. Additionally, to secure MT Falcon Entities indemnification obligations, CFEG holds a second mortgage (or a second preferential right if the plant's assets are held in a trust) over the plant's assets with a priority right to payment immediately after any original lenders that benefit from liens on the plant's assets.

Upon the occurrence of an event of default by one party, the other party may terminate the agreement upon 30 days' notice to the other party. If CFEG exercises its right to terminate, it is required to provide notice to lenders, secured parties and collateral agents. These agreements do not contemplate renewal.

Following an exchange of notifications and correspondence between the CFEG and the MT Falcon Entities in December 2023 relating to the alleged breach of the MT Falcon Entities' obligations to maintain all-risks insurance due to deficiencies in the relevant insurance policies, on January 5, 2024, the CFEG sent an event of default notification under the MT Falcon Entities' PPAs to the lenders under the MT Falcon Acquisition Debt Facility. While we believe that there has been no default or event of default under the PPAs of the MT Falcon Entities, we decided to undertake the following remediation actions: (i) on January 8, 2024, GB advanced the payment of the annual premium under the applicable insurance policy of the MT Falcon Entities (i.e., before the January 15, 2024 deadline) and (ii) on January 9, 2024, the MT Falcon Entities delivered to CFEG endorsements of the insurance policies that are expected to address CFEG alleged deficiencies. Therefore, even if such alleged event of default under the PPAs were to exist, based on the advice of our Mexican counsel, it would have been cured and/or remedied with the actions described herein. On January 9, 2024, the MT Falcon Entities communicated and sent the relevant documentation to CFEG to prove that such deficiencies have been addressed. However, based on the advice of our Mexican counsel, we do not expect CFEG to confirm that any alleged event of default under the PPAs has been cured or remedied.

CFEG may terminate the agreement with 120 days' notice to lenders upon a producer event of default, which include abandonment or cessation of operation or maintenance of the facilities, failure to maintain an average demonstrated availability, failure to make payments or maintain the operational guaranty after a cure period of five business days, failure to maintain insurance, any violation of assignment or transfer provisions, a material error in any representation or warranty that remains uncured for 30 days, insolvency, failure to maintain its power production permits, failure to comply with material obligations that remain uncured for 30 days and the termination of the gas supply agreement as result of a breach by the producer. In such instance, the producer is required to pay a termination fee of U.S.$20.0 million, which can be collected from the guaranty. Alternatively, upon a producer event of default, CFEG may take possession and operate the facilities during any period in which a producer event of default remains in effect.

Each of the MT Falcon Entities party to an IPP PPA may terminate the agreement with 120 days' notice in the event of force majeure and with 30 days' notice in the event of a CFEG event of default, which include failure to make payments after a cure period of five banking days, a material error in any representation or warranty that remains uncured for 30 days, failure to comply with material obligations that remain uncured for 30 days, failure to make a payment with respect to borrower funds or guaranties, insolvency, consolidation or merger with another entity, declaration of a general moratorium on foreign debt or the cessation of CFEG's status as a decentralized public agency of the Mexican Government. Upon termination, each of the MT Falcon Entities may require CFEG to purchase the plant's assets for a purchase price calculated in dollars.

The purchase price for the plant's assets would be equal to the sum of the total number of months in which the fixed capacity charge must be paid, as set forth in the bid, minus the amount received or having a right to receive from the collection of the insurance policies required under the IPP PPAs, plus the reasonable and documented costs resulting from the termination of the IPP PPAs, including breakage costs, in the understanding that if such amount is lower than the market value (VM), which is defined in paragraph 8.3 of Annex 8 as the lower value of (i) 80% of the total sums actually invested in the works up to commercial operation date plus interest accrued on such sums before and after commercial operation date at the compensatory interest rate and (ii) the outstanding amount of the debt of the producer up to commercial operation date plus interest accrued on such sums before and after commercial operation date at the compensatory interest rate, then the purchase price for the plant's assets would be equal to the market value (VM). In case of a producer event of default, and if CFEG does not terminate the agreement, the producer will be responsible for all damages and losses caused to CFEG by such event. If CFEG exercises the right to terminate the agreement with a producer, such producer must pay CFEG liquidated damages.

In the event of a force majeure event affecting either party's performance, the counterparty party to the applicable IPP PPA may terminate the agreement upon prior notice of such continuing force majeure event. CFEG's payments for capacity will not cease, but will be adjusted, less any insurance policy proceeds for lost profits in connection with commercial interruption. The party arguing force majeure must notify the other party as soon as is reasonably possible and, in any event, within 10 business days from the force majeure event. If the notification is not made within such term, such party will lose its right to invoke a specific force majeure event. If an event of force majeure event occurs after the commercial operation date, the net power output that the producer is capable of deliver to CFEG is reduced more than 50% of the demonstrated net capacity for a period of 180 consecutive days or 270 non-consecutive days in a period of 3 years, any of the parties will have the right to terminate the agreement. The definition of force majeure under the agreement includes the failure for any reason of CFEG to deliver the amount and quality of base fuel or alternate fuel specified in the fuel supply agreement, in such way that the producer cannot operate the power plant.

There is a general prohibition on total or partial assignments. Under the IPP PPAs, the MT Falcon Entities shall be entitled to assign or encumber its collection rights, actual or future, and other rights in favor of: (i) creditors in connection with the original financing agreements; or (ii) third parties appointed by the creditors, through documentation acceptable to CFEG; CFEG shall be entitled to assign its rights and obligations to third parties only with the producer's prior written consent. CFEG may assign its rights or obligations at any time to: (i) any of its affiliates, (ii) any legal entity with which CFEG merges or consolidates or to which CFEG sells, assigns, leases or otherwise transfers any material portion of its property or assets, or (iii) the Mexican government or any entity whose obligations are guaranteed by the Mexican government.

If the producers were to have a change of control in its capital stock, prior written consent from CFEG is required for said substantial change (i.e., if participations of original bidders are less than 20% of the producer's capital stock).

Bilateral Power Purchase Agreements with CFEC

EVM I

On November 10, 2016, EVM Energía I, as generator, entered into the EVM I PPA with CFEC, in relation to its EVM I plant located in the State of Mexico, Mexico. The term of this contract is 20 years as of January 1, 2018, ending on December 31, 2037, unless terminated, and may be extended for an additional 10-year period if notified by CFEC at least 30 days prior to the expiration of the original term.

Under the EVM I PPA, EVM I must place an operational guarantee in favor of CFEC for an amount equivalent to U.S.$7.0 million, while CFEC must deliver a corporate guarantee of Comisión Federal de Electricidad, to constitute an unconditional and irrevocable obligation of Comisión Federal de Electricidad to assume jointly and severally the obligation to pay any amounts owed by the Supplier to the Generator up to an amount equivalent to U.S.$20.0 million.

If EVM I or any of its affiliates, subsidiaries, participate, directly or indirectly, in the development, construction or operation of a power plant (different from the EVM I power plant), the CFEC will have the right of first refusal to acquire the products of such power plant.

Supplier and/or any of its affiliates, has the right to acquire free of charge a certain percentage of the Generator's capital stock in the final term of the EVM I PPA, in accordance with the following:

COD anniversary	Percentage
As of the 17th anniversary	5%
As of the 18th anniversary	8%
As of the 19th anniversary	11%
As of the 20th anniversary	15%
As of the 21st anniversary (in case the term is extended)	51%

EVM II

On November 10, 2016, EVM Energía II, as generator, entered into the EVM II PPA with CFEC, in relation to its EVM II plant located in the State of Mexico, Mexico. The term of this contract is 20 years as of January 1, 2021, ending on January 1, 2041, unless terminated, and may be extended for an additional 10-year period if notified by CFEC at least 30 days prior to the expiration of the original term.

Under the EVM II PPA, EVM II must place an operational guarantee in favor of CFEC for an amount equivalent to U.S.$50.0 million, while CFEC must deliver a corporate guarantee of Comisión Federal de Electricidad, to constitute an unconditional and irrevocable obligation of Comisión Federal de Electricidad to assume jointly and severally the obligation to pay any amounts owed by the Supplier to the Generator up to an amount equivalent to U.S.$130.0 million.

Additionally, on August 1, 2022, CFEC, as qualified supplier, and EVM II, as generator, entered into a master power purchase agreement for the purchase and sale of surplus power and electricity ("Surplus EVM II PPA") in order to establish the general terms for the allocation of EVM II power plant's incremental capacity of up 90 MW, which will be allocated through individual "purchase orders." As of September 30, 2023, the incremental capacity has been released under three purchase orders: the contracted capacity under the first purchase order is of 20 MW and is valid from August 1, 2022 to July 31, 2025, the contracted capacity under the second purchase order is of 27 MW and is valid from May 1, 2023 to April 30, 2026, and the contracted capacity under the third purchase order is of 43 MW and is valid from January 1, 2024 to December 31, 2026.

Under the Surplus EVM II PPA, the parties agreed, as of the execution date thereunder, not to require each other the issuance of any type of guarantees; provided, however, that during the term of validity, EVM II has the right to request CFEC to issue a guarantee to secure its obligations established in the Surplus EVM II PPA, in the understanding that EVM II would also have to issue a guarantee to secure its obligations established in the Surplus EVM II PPA.

Relevant CFEC PPAs Provisions

CFEC shall pay to the generators (i) a capacity fee which is composed of (a) a fixed capacity fee; plus (b) a fixed operation and maintenance fee; plus (c) a fixed capacity reserve for fuel supply fee, (ii) an energy fee which is composed of (a) variable operation and maintenance fee and (b) a fuel fee, (iii) an ancillary services fee, composed of the ancillary services included in the market and the ancillary services not included in the market; and (iv) transferrable fees which correspond to (a) transmission services fees, (b) market operation fees, (c) market supervision service fee, and (d) the net balance of other settlements that CENACE assigns to the generator.

Either party has the right to terminate the CFEC PPAs, seek any other remedy thereunder or under the applicable law and/or draw on the operative or corporate guarantee, as applicable, upon the expiration of the cure period of any event of default.

Under the CFEC PPAs, an event of default of the supplier occurs in case, unless resulting from an event of default of the generator or an act of God or force majeure, (i) of payment default, provided that such default continues for a consecutive period of 5 business days as of the reception of the generator's notification requesting such payment, (ii) of failure to post and maintain the corporate guarantee in full force and effect, in which case the supplier must pay, as liquidated damages, an amount equivalent to U.S.$10,000 per day, (iii) information or guarantee provided by supplier is proven to be incorrect and results to be detrimental to the generator, provided that such default continues for a period of 30 days as of the reception of the generator's notification in connection thereto, (iv) of insolvency or bankruptcy, (v) spin-offs or mergers with an entity that fails to carry out the activities the supplier carries out as per the CFEC PPAs, or (vi) of failure to comply with any material obligation assumed under the CFEC PPAs, provided that such default continues for a period of 30 days as of the reception of the Generator's notification in connection thereto.

Additionally, under the CFEC PPAs, an event of default of occurs of the generator occurs if, unless resulting from an event of default of the supplier or an act of God or force majeure, (i) the generator fails to carry out or abandons the maintenance or operation of the power plant, provided that such default continues for a period of 30 days as of the notice reception of the supplier's notification in connection thereto, (ii) the generator defaults on payment and such default continues for a consecutive period of 5 business days as of the reception of the supplier's notification requesting such payment, (iii) the generator fails to post and maintain the operational guarantee in full force and effect, provided that such default continues for a period of 5 days as of the reception of the supplier's notification in connection thereto, in which case, the generator must pay, as liquidated damages, an amount equivalent to 10% of the security amount in default, (iv) the generator fails to obtain or maintain the insurance policies in full force and effect, provided that such default continues for a period of 10 days as of the reception of the supplier's notification in connection thereto, in which case, the generator must pay, as liquidated damages, an amount equivalent to U.S.$10,000 per day, (v) fails to reach commercial operations during the following 180 days as of the scheduled commercial operation date, (vi) any information or guarantee provided by the generator is proven to be incorrect and results to be detrimental to the supplier, provided that such default continues for a period of 30 days as of the reception of the supplier's notification in connection thereto, (vii) insolvency or bankruptcy occur, (viii) the energy generation permit is revoked, (ix) the interconnection agreement is terminated, (x) the market participant agreement is terminated, (xi) the gas supply agreement is terminated, or (xii) the generator without prior notice to supplier, sells or transfer, directly or indirectly, a part of its assets, or in case it conducts any mergers or spin-offs.

Upon the occurrence of generator's event of default, the generator or the supplier must notify the generator's lenders of such event of default. The lenders have the right, but not the obligation to, within 120 days or receiving notice, (i) pursue, in the name and on behalf of the generator, actions to cure the event of default or (ii) exercise their guaranteed rights, under the financing documents, against the generator in order to assume all rights and obligations of the generator with respect to the project assets.

The party alleging an act of God or force majeure must make its best efforts, including the expenditure of reasonable sums, to cure, mitigate or remedy the effects of an act of God or force majeure. The party alleging an act of God or force majeure must notify the other party (i) the occurrence of an act of God or force majeure and (ii) the time at which an act of God or force majeure ceases to prevent such party to perform its obligations. The notice must be given as soon as possible, but not later than 10 business days following the date on which the party became aware of the events. The party alleging an act of God or force majeure is obliged to provide documentary evidence, with reports, opinions, opinions or other documents from third parties within a period of 90 days evidencing (i) that the event prevented or delayed the performance of its contractual obligations in whole or in part; (ii) that it was not possible to avoid such event because it was beyond its reasonable control, and that it was not due to its fault or negligence; and (iii) that it made efforts to avoid such event by the exercise of due diligence. Either party may terminate the CFEC PPAs if an act of God or force majeure lasts more than 180 consecutive days or 270 non-consecutive days within a 3-year period.

In case any party intends to assign its rights and obligations under the CFEC PPAs, such party must notify the other 30 business days prior to the date on which it intends to carry out the assignment. The other party will have a maximum term of 15 business days to notify its justified objection regarding such assignment. The supplier may assign any of its rights and obligations to any affiliate, without prior written consent form the generator, provided that the supplier notifies such assignment to the generator with 15 business days in advance and insofar the assignee posts a corporate guarantee in favor of the generator. The generator may, without the authorization of the supplier, assign or encumber its collection rights, as well as any other rights under the CFEC PPAs, in favor of lenders or any third parties designated by the lenders.

Fuel Supply Agreements

Altamira

On July 25, 2001, EAA, as buyer, entered into a Natural Gas Base Supply Agreement for the purchase and sale of natural gas molecule with Pemex Gas y Petroquímica Básica (now PTI), as supplier, (the "Altamira FSA") in relation to its plant located in Altamira, Tamaulipas, for the delivery of 22,176 Gcal/Day of natural gas. The term of this contract is through the earlier of 25 years as of May 1, 2002, or upon early termination of the Altamira PPA.

The Altamira FSA is expressly governed by the Terms and Conditions for Firsthand Sales of Natural Gas of Pemex, approved by CRE and published in the Federal Official Gazette on August 23, 2000, as amended from time-to-time.

Under the Altamira FSA, EAA is required to pay PTI a monthly variable fee in pesos calculated using the cost of gas and the amount of fuel consumed on each day within the month and a month fixed charge based on the incremental costs of new infrastructure needed to deliver gas to the Altamira area.

If PTI fails to deliver gas, or delivers gas below the permitted quality or pressure, Altamira is entitled to receive substitute gas for the sole purpose of operating its facilities and generate the power required by CFEG. If Altamira does not receive substitute gas, PTI must pay a penalty fee in terms of the formulas of the Altamira FSA.

If Altamira (i) consumes more than the daily amount, or (ii) receives less than the inferior limit, Altamira must pay PTI the penalty fees provided under the Altamira FSA.

EAA may rescind the Altamira FSA, without the need of judicial declaration and without any responsibility, by delivering a notice to PTI with 30 days of anticipation, if PTI incurs and does not remedy any of the following events of default:

(i) PTI stops delivering 40% or more of the daily amount (a) for the third time during 20 consecutive days, or (b) during 120 nonconsecutive days, in each case within a year's term;

(ii) PTI delivers gas that does not comply with the quality specifications (a) for the third time during 20 consecutive days, or (b) during 120 nonconsecutive days, in each case, within a year's term, unless this quality condition has been notified by PTI to EAA and has been expressly accepted by EAA;

(iii) any breach of its assignment or transfer obligations;

(iv) any representation or guarantee of PTI (a) turns out to be incorrect, (b) is damaging for buyer and (c) is not remedied during the 30 business days following buyer's notice;

(v) PTI breaches any significant obligation and does not correct it during 30 business days following buyer's notice;

(vi) PTI loses its transportation permit;

(vii) PTI ceases to be a public decentralized body of the Mexican Government, or the governmental authority suspends PTI's operations, unless PTI's obligations are assumed or guaranteed by said governmental authority;

(viii) PTI goes bankrupt, insolvent or any other similar circumstance;

(ix) PTI merges with another entity or spin-off or stops carrying out its activities or alienates a significant part of its assets;

(x) PTI declares a general deferment of its external debt; and

(xi) due to any of the abovementioned causes, the Altamira PPA is terminated.

PTI may rescind the Altamira FSA, without the need of judicial declaration and without any responsibility, by delivering a notice to Altamira and the lenders' representative with 30 days of anticipation, when Altamira incurs and does not remedy any of the following events of default:

(i) Altamira breaches its payment obligations;

(ii) Altamira does not constitute or maintain the guarantee;

(iii) Altamira stops receiving 40% or more of the inferior limit (a) for the third time during 20 consecutive days, or (b) during 120 nonconsecutive days, in each case within a year's term;

(iv) Altamira does not reestablish the required balance within two months from the date on which PTI makes the corresponding charge in case Altamira opts for the anticipated payment scheme;

(v) Altamira does not pay its debt in one month, when exempted from presenting the guarantee, or when such guarantee is reduced in Altamira's benefit, it is insufficient to cover the pending debts;

(vi) any breach of its assignment and transfer obligations;

(vii) any representation or guarantee of Altamira (a) turns out to be incorrect, (b) is damaging for PTI and (c) is not remedied during the 30 business days following PTI's notice;

(viii) Altamira goes bankrupt, insolvent or any other similar circumstance;

(ix) independent power generation permit is revoked; and

(x) CFEG terminates the Altamira PPA for causes attributable to Altamira.

Altamira or the lenders acting through their joint representative may postpone the rescission for up to 270 days as of the date on which PTI notifies its intention to rescind in order to cure the event of default, if they deliver, within the 30 days following said notice, a guarantee for the amount that results from multiplying the number of days that the rescission is postponed, by the daily equivalent of the fixed charge. Said guarantee must also cover the default interests that may be generated, as well as all amounts owed.

The party affected by force majeure must notify the occurrence of the event as soon as possible and confirm it in writing within the 10 days following the occurrence, indicating the characteristics and estimated duration of the event. Likewise, the affected party must notify of the cessation of the event. In case of governmental force majeure or CFE's force majeure, Altamira must continue paying the fixed charge as long as such events continue or CFE continues to pay Altamira. For the duration of a producer's force majeure under the Altamira PPA, Altamira must notify PTI in writing the amount of gas required to operate the facilities. If an event of force majeure occurs and affects the net power that Altamira is able to deliver to CFE, or CFE may no longer receive it, in more than 50% of the net demonstrated capacity for a period of 180 consecutive days or 270 non-consecutive days in a term of 3 years, any party may terminate the Altamira FSA, as long as the event continues. If due to force majeure, PTI is unable to supply the amount of gas agreed, the gas available must be apportioned between Altamira and the other clients.

The parties to the Altamira FSA may not assign or encumber their rights and obligations without the other party's prior written consent. Altamira may assign its rights and obligations, by means of a prior written notice with 30 days of anticipation to PTI, to (i) any authorized person as per the Altamira PPA and under its terms and conditions and as long as it has the capacity to comply with the corresponding obligations; (ii) any person determined by the lenders, as long as it has the capacity to comply with the corresponding obligations; or (iii) CFEG. PTI may assign its rights and obligations to any affiliate, through the delivery of a written notice with 60 days of anticipation, as long as it has equivalent capacity to that of PTI.

Río Bravo II and Saltillo

On November 27, 1998, CAC entered into a gas supply agreement with CFE (the "Río Bravo II FSA") in relation to its plant located in Valle Hermoso, Tamaulipas, for the delivery of 25,335 Gcal/Day of natural gas.

On March 2, 1999, CSO entered into a fuel supply agreement with CFE (the "Saltillo FSA," and together with the Río Bravo II FS, the "CFE FSAs") in relation to its plant located in Ramos Arizpe, Coahuila, for the delivery of 9,919.2 Gcal/Day of natural gas.

The term of the CFE FSAs is through the earlier of 25 years as of the commercial operation dates of each project, or upon early termination of their respective PPAs.

The price of both the base fuel and alternate fuel to be supplied under the CFE FSAs is determined each month in accordance with the formulas set forth in Appendix 3 to the CFE FSAs.

Regarding the purchase and sale of base fuel and alternate fuel, CFE shall sell and deliver to the buyers, and the buyers shall receive and buy from CFE (i) at the delivery point, the quantities of base fuel, up to the maximum daily quantity, and (ii) at the alternate fuel delivery point, the quantities of alternate fuel, in the absence of base fuel, required by the buyers to generate the net power output dispatched in accordance with their respective PPAs.

With respect to the programming of base fuel deliveries, the parties shall, for information purposes, formulate (i) an annual program: consisting of daily quantities of base fuel for the year in which such consumption is programmed to take place, which shall be developed at least 90 days prior to the beginning of the year in which the base fuel consumption is planned to occur, (ii) a monthly program: consisting of daily quantities of base fuel for the month in which such consumption is programmed to take place which shall confirm or modify the information in the annual program and shall be developed at least 15 days prior to the beginning of the month in which the base fuel consumption is planned to occur and (iii) a daily program: consisting of the daily quantity of base fuel for the gas day in which such consumption is programmed to take place which shall confirm or modify the information in the monthly program and shall be notified to CFE no later than 11 a.m. and confirmed by CFE no later than 2 p.m. of the day prior to the gas day in question (such hours may be modified by CFE in its sole discretion).

Upon the occurrence of an event of default by one party, the other party may terminate the agreement upon 30-days' notice to the other party.

The suspension of payment or delivery will not last longer than the duration of the force majeure, and the affected party will take all reasonable efforts to continue complying with its obligations under the CFE FSA. The party alleging the existence of an event of force majeure shall have the burden of proof. In the event that the force majeure prevents CFE from supplying base fuel to the buyer, CFE shall deliver alternate fuel to the buyer to the extent that the buyer's power plant is dispatched in accordance with the PPA. If the event of force majeure prevents the buyer from receiving base fuel, the buyer must continue paying to CFE fixed charges included in the additional charges referred to in Annex 3 of the agreement, commencing on the commercial operation date and continuing for so long as the force majeure continues, provided that buyer receives payments from CFE that compensate the buyer for such fixed charges in accordance.

Nothing shall relieve the buyer of its obligation to pay the full price of base fuel and alternate fuel previously sold and delivered.

There is a general prohibition on total or partial assignments. This general rule has its exceptions: regarding the buyer, it shall be entitled to assign its rights and obligations in connection with the financing of the facilities; CFE shall consent to the assignment of the agreement to a permitted assignee of the IPP PPA. Regarding CFE, it shall be entitled to assign its rights and obligations under the agreement to any affiliate.

If at any time after commercial operation date, net power output is required from the buyer in accordance with the IPP PPA, and CFE does not deliver sufficient base fuel to generate such net power output, CFE shall deliver and sell to the buyer the quantity of alternate fuel required to generate net power output dispatched in accordance with the IPP PPA. The alternate fuel shall be paid for in accordance the agreement.

The ownership and possession of the base fuel delivered and sold by CFE to the buyer shall pass to the buyer once the base fuel flows through the last blocking valve at the meter station at the delivery point. From that moment on, the control and liability of the base fuel shall reside with the buyer.

The ownership and possession of the alternate fuel delivered and sold by CFE to the buyer shall pass the buyer once the alternate fuel is delivered to the alternate fuel delivery point. From that moment on, the control and liability of the alternate fuel shall reside with the buyer.

All the base fuel and alternate fuel provided by CFE at the delivery point and the alternate fuel delivery point shall be free of liens or claims of any kind and CFE shall indemnify and hold the buyer harmless from any and all adverse claims to such base fuel and alternate fuel.

Río Bravo III and Rio Bravo IV

On May 29, 2018, each of CLR and CVH, as buyers, entered into an individual fuel supply agreement with TTL (the "CLR FSA" and "CVH FSA," respectively, and collectively, the "TTL FSAs") in relation to the Rio Bravo III and Rio Bravo IV plants in Valle Hermoso, Tamaulipas, in each case for the delivery of 95,000 Gcal/Day of natural gas.

The term of the CLR FSA is for 6 years commencing April 1, 2023. The term of the CVH FSA is for 8 years from June 2022 to March 20230.

The price of both the base fuel and alternate fuel to be supplied under the TTL FSAs is determined in accordance with the formula set forth in the respective TTL FSA.

With respect to the programming of base fuel deliveries, CLR and CVH will nominate at least 50,000 MMBtu firm fixed quantity of fuel (the "Minimum Daily Quantity" or "Purchase Obligation"). CLR and CVH will be released from the minimum purchase obligation during the scheduled maintenance with notice to TTL 30 days before delivery is due. Also, CLR and CVH may notify request of a firm variable quantity up to 45,000 MMBtu for each day.

On any day when TGP's system restriction or generally applicable scheduling procedures prevent Buyer from transporting gas form Delivery Points to the Rio Bravo delivery point GDR/TGP Rio Bravo Hidalgo.

The standard terms of the TTL FSAs permit any party to terminate the respective base contract on 365 days' written notice, subject to the outstanding delivery periods under any transaction confirmations. The standard base contract terms also limit early termination rights to a non-defaulting party, who is contractually authorized to send an early termination notice if the other party is in a continuing default. However, in both TTL FSAs, the non-defaulting party shall also aggregate the costs which it incurs in liquidating and accelerating each terminated transaction, or otherwise settling obligations arising from the liquidation and termination of each terminated transaction, and such costs shall be due to the non-defaulting party.

EVM I

On October 31, 2017, CFEnergía, as supplier, and EVM Energía I, as client, entered into an interruptible base gas supply agreement, to establish the general terms and conditions for purposes of supplying natural gas in an interruptible base scheme to the EVM I power plant (the "EVM I FSA").

The term of the EVM I FSA will expire once the EVM I Supply Period (as described below) concludes, unless early terminated in accordance with the provisions of the agreement. Any of the parties may notify to the other party with at least 90 days in advance of the termination of the EVM I Supply Period, their request to extend the term of validity of the agreement for an additional term of five years. In case any of the parties requests such extension, the other party must make commercially reasonable efforts, but will not be obliged to, accept such extension and notify to the party requesting its acceptance or rejection of such extension request.

The "EVM I Supply Period" (period for regular supply of gas), which must commence on November 16, 2017 and will conclude upon the earliest occurrence of (i) December 31, 2037; or (ii) the date the EVM I FSA is early terminated.

EVM I is required to pay for the natural gas supplied by the supplier or the non-taken nominated natural gas. The applicable charges for the supply of natural gas correspond to the (i) Delivered Confirmed Daily Amount, (ii) Delivered Confirmed Additional Amount, (iii) Delivered Confirmed Surplus Amount, (iv) Delivered Non-Confirmed Additional Amount, (v) Delivered Non-Confirmed Surplus Amount, (vi) Non-taken Confirmed Daily Amount, (vii)

Non-taken Confirmed Additional Amount, (viii) Non-taken Confirmed Surplus Amount, and (ix) Variable Fee Related to Transport

CFEnergía will be solely responsible for the transportation of the natural gas to EVM I's delivery points. EVM I's delivery points are set forth in Annex 2 of the EVM I FSA.

Daily Nomination

EVM I shall notify to the supplier, no later than 6:00 pm, two business days prior to the flow day, a daily nomination. Supplier may confirm (but is not obliged to) the nomination at lates at 8:15 am of the immediate preceding day to the flow date. If the nomination is not confirmed, the daily amount will not be delivered.

EVM I may nominate additional amounts to the daily confirmed amount, provided that such amounts in the aggregate do not exceed the maximum daily amount for a flow day. CFEnergía must use commercially reasonable efforts to supply such additional amounts but is not obligated to comply with such request.

In the event that, on any flow day, the client consumes an amount in excess of the 2% of the daily maximum amount, such excess will be considered as additional unconfirmed quantity.

Any of the parties may terminate the EVM I FSA, by written notification and without the need for a court or arbitral resolution, with at least 30 days prior the effective date of termination, in case of a client's event of default or a supplier's event of default, as applicable. Events of default include (among others) EVM I's failure to make payment of amounts due, certain insolvency events and a cessation of business and CFEnergía's failure to perform or carry out material obligations, certain insolvency events and if a deficiency amount represents more than 15% of the total confirmed scheduled amount during two consecutive months or twelve non-consecutive months within three years.

The termination of the EVM I FSA does not prejudice any other remedy, right or remedy under the EVM I FSA or applicable laws. In the event of the termination of the EVM I FSA, the provisions relating to the payment of any sums due by either party continue to be in full force and effect.

Upon the occurrence of an event of default of EVM I, either EVM I or the CFEnergía must notify the occurrence of such event of default to EVM I's lenders.

None of the parties may assign totally or partially its rights and obligations derived from the EVM I FSA without prior written consent from the other party, except for the supplier in favor of any of CFE's subsidiary or affiliate companies, in which case a simple notification to the client with 15 business days of anticipation suffices.

EVM II

On June 29, 2017, CFEnergía, as supplier, and EVM Energía II, as client, entered into certain firm base gas supply agreement to establish the general terms and conditions for purposes of supplying natural gas in a firm base scheme to the EVM II power plant ("EVM II GSA"), as amended from timeto-time.

The term of the agreement will expire once the EVM II Supply Period (as described below) concludes, unless early terminated in accordance with the provisions of the agreement. Any of the parties may notify to the other party with at least 90 days in advance of the termination of the EVM II Supply Period, a request to extend the term of validity of the agreement for an additional term of five years. In case any of the parties requests such extension, the other party must make commercially reasonable efforts, but will not be obliged to, accept such extension request.

The "EVM II Supply Period" commenced on September 1, 2020 and will conclude upon the earliest occurrence of (i) once 20 years have elapsed as of January 1, 2021, concluding by January 1,2041; or (ii) the date the agreement is early terminated.

EVM II is obliged to pay for the natural gas supplied by CFEnergía, or the non-taken nominated natural gas. The applicable charges for the supply of natural gas correspond to the (i) Yearly Delivered and Confirmed Amount, Monthly Delivered and Confirmed Amount, Daily Delivered and Confirmed Amount, (ii) Delivered and Confirmed Additional Amount and Delivered Non-Confirmed Additional Amount, (iii) Delivered Confirmed Surplus Amount, (iv) Non-Taken Confirmed Amount, (v) Monthly Fee for Reservation Capacity, (vi) Monthly Fee for Consumption Variation during the first three years, and (vii) Monthly Variable Fee Associated to Transport.

During the EVM II Supply Period, CFEnergía will supply to EVM II's delivery point a firm maximum daily amount of natural gas of 134,600 MMBtu., in compliance with the natural gas specifications requirements under the agreement (Mexican Official Standard NOM-001-SECRE-2010) and free of liens. EVM II may request to CFEnergía the increase of the maximum daily amount and the parties must negotiate in good faith the terms and conditions of such increase.

CFEnergía will be solely responsible for the transportation of the natural gas to EVM II's delivery points. EVM II's delivery points are set forth in Annex 2 of the EVM II GSA.

EVM II must notify to CFEnergía 90 days in advance to each contractual year, a yearly nominations proposal. CFEnergía must confirm to EVM II, within 10 days following the reception of the annual nomination, a confirmation of such nomination, provided that the annual nominated amount for each day does not exceed the maximum daily amount.

In addition to the annual confirmed nomination, EVM II will deliver to CFEnergía a monthly nomination of natural gas, at the latest 7 days in advance to the corresponding month of flow. CFEnergía must confirm such nomination at the latest 2 days in advance to the corresponding month of flow, provided that the annual nominated amount and the monthly nominated amount for each day does not exceed the maximum daily amount.

Further, EVM II may notify to CFEnergía, no later than 6:00 p.m., two business days prior to the flow day, a daily nomination in addition to the annual and monthly nominated amounts. CFEnergía must confirm the daily nomination, at the latest by 8:15 a.m. of the day prior to the flow day, provided that the annual, monthly and daily nominated amounts do not exceed the maximum daily amount.

EVM Energía II may nominate additional amounts to the annual, monthly and daily confirmed amount, provided that such amounts in the aggregate do not exceed the maximum daily amount for a flow day. CFEnergía must use commercially reasonable efforts to supply such additional amounts but is not obligated to comply with such request.

In the event that, on any flow day, EVM II consumes an amount in excess of the 2% of the daily maximum amount, such excess will be considered as additional unconfirmed quantity.

Pursuant to the terms of the EVM II GSA, EVM II delivered to CFEnergía a standby letter of credit, which amount for the first contractual year was of the amount resulting from multiplying the monthly capacity reservation charge times 12, in favor of CFEnergía, on October 2, 2020, to guarantee EVM II's obligations that are applicable during the EVM II Supply Period, which must be updated yearly in accordance with the terms and conditions set forth in the agreement. CFEnergía is able to draw on the guarantee to collect: (i) liquidated damages; (ii) reimbursements of payments made in excess by CFEnergía; (iii) any payment obligation of EVM II, expired an unpaid; (iv) payments for indemnities owed by EVM II to CFEnergía. Such drawing can only be made in case that CFEnergía requested the relevant payment to EVM II and EVM II does not make such payment within 5 days following the request.

CFEnergía also delivered to EVM II a corporate guarantee issued by CFE.

Any of the parties may terminate the EVM II GSA, by means of a written notification and without the need for a court or arbitral resolution, at least 30 days prior the effective date of termination, in case of EVM II's event of default or CFEnergía's event of default, as applicable. Events of default include (among others) EVM II's failure to make payment of amounts due, certain insolvency events and a cessation of business and CFEnergía's failure to perform or carry out material obligations, certain insolvency events and if a deficiency amount represents more than 15% of the total confirmed scheduled amount during two consecutive months or twelve non-consecutive months within three years.

Should EVM II terminate the EVM II GSA due to CFEnergía's event of default, EVM II will have the right to claim to CFEnergía the assignment in favor of EVM II (or an entity appointed by EVM II) of the transportation capacity required for the supply of natural gas under the EVM II GSA for the maximum daily amount and for the rest of the term of the EVM II GSA, had it not been terminated. In addition, during the term of such assignment, EVM II must pay to CFEnergía, a transporter or an affiliate of CFE (as determined by CFEnergía), an amount equal to the capacity reservation fee of the relevant pipelines, and, to guarantee EVM II's obligations under such assignment, EVM II must issue a letter of credit, in terms substantially similar to EVM II's performance guarantee, for an amount equal to one month of the applicable capacity reservation fee. Further, in case of early termination due to CFEnergía's event of default, CFEnergía must pay to EVM II liquidated damages of U.S.$5.0 million should the referred assignment be executed. If such assignment is not executed, CFEnergía must pay to EVM II liquidated damages of U.S.$31,370,855.00. On the other hand, should CFEnergía terminate the EVM II GSA due to EVM II's event of default, EVM II must pay to CFEnergía liquidated damages of U.S.$31,370,855.00.

None of the parties may assign totally or partially its rights and obligations derived from the EVM II GSA without prior written consent from the other party, which consent may not be unreasonably withheld. Notwithstanding the foregoing, the following assignments will not require prior authorization from the other party -but only a notification to the other party with 15 days of anticipation: (i) assignment of EVM II in favor of an affiliate, so long as the guarantees that must be provided by EVM II are modified to CFEnergía's satisfaction or the assignee provides a new guarantee to CFEnergía's satisfaction; and (ii) assignment of CFEnergía's in favor of any of CFE's subsidiary or affiliate companies to the extent the corporate guarantee is maintained.

Gas Interconnection Agreements

Altamira and Saltillo

On July 24, 2001, EAA and Pemex Gas y Petroquímica Básica (later assigned in favor of CENAGAS) entered into a gas interconnection agreement ("Altamira Gas Interconnection Agreement") to interconnect Altamira's self-use transport system and CENAGAS' transport system.

On May 31, 2001, CSO, as transporter, and Pemex Gas y Petroquímica Básica (later assigned in favor of CENAGAS), as shipper, entered into a gas interconnection agreement (the "Saltillo Gas Interconnection Agreement" and jointly with the Altamira Gas Interconnection Agreements, the "CENAGAS Interconnection Agreements") to interconnect Saltillo's self-supply transport system and CENAGAS' transport system.

The CENAGAS Interconnection Agreements must remain in full force and effect until the revocation or termination of Altamira's and Saltillo's self-use gas transportation permits, respectively, and/or the dismantlement of the Altamira and Saltillo project, respectively. Notwithstanding the foregoing, Altamira and Saltillo have the right to early terminate the agreements by means of prior written notification to CENAGAS with at least 30 days of anticipation.

Each party must maintain in force, at its own cost, from the begging of construction and until the celebration of the terminated works notice, an insurance policy covering civil liability covering liabilities before third parties (including injuries, deaths, damages or losses on properties) for an amount of U.S.$20,000,000.

Río Bravo II

On August 1, 2003, GDR and CAC, entered into a gas interconnection agreement, as amended on April 3,2006 ("Río Bravo II Gas Interconnection Agreement") to interconnect Río Bravo II's self-supply transport system and Gasoducto del Río's transport system. The Río Bravo II Gas Interconnection Agreement will remain in full force and effect until the termination of GDR´s gas transportation permit.

CAC must maintain in force, at its own cost, at all times during the term of the Interconnection Agreement, (i) employment injury insurance and protection, as required by applicable law, (ii) civil liability insurance, (iii) liability vehicle insurance, and (iv) property insurance for the total value of the interconnection facilities.

GDR must maintain in force, at its own cost, at all times during the term of the agreement, the insurance policies required by the prudent industry practices and applicable law.

The agreement may be terminated by any party, without the need for a prior judicial resolution, upon (i) a breach by any of the parties to any material obligation subject to a term in accordance with the agreement or (ii) reiterated or essential breaches by any of the parties to any obligations under the agreement, as long as such breach is not cured within 90 days after notice from the terminating party.

In addition, CAC may terminate the agreement, by written notice to GDR, because of a force majeure event that extends for 12 consecutive months in accordance with the terms thereunder.

Río Bravo III

On August 1, 2003, GDR and CLR, entered into a gas interconnection agreement ("Río Bravo III Gas Interconnection Agreement") to interconnect CLR´s facilities and GDR's transport system. The Río Bravo III Gas Interconnection Agreement will remain in full force and effect until the termination of GDR's gas transportation permit.

CLR must maintain in force, at its own cost, at all times during the term of the Río Bravo III Gas Interconnection Agreement, (i) employment injury insurance and protection, as required by applicable law, and (ii) civil liability insurance. The insurance policies must cover the replacement value of the interconnection facilities.

GDR must maintain in force, at its own cost, at all times during the term of the agreement, the insurance policies required by the prudent industry practices and applicable law.

The agreement may be terminated by any party, without the need for prior judicial resolution, upon (i) a breach by any of the parties to any material obligation subject to a term in accordance with the agreement or (ii) reiterated or essential breaches by any of the parties to any obligations under the agreement, as long as such breach is not cured within 90 days after notice from the terminating party.

In addition, CLR may terminate the agreement, by written notice to GDR, because of a force majeure event that extends for 12 consecutive months in accordance with the terms therunder.

Río Bravo IV

On August 1, 2003, GDR and CVH, entered into a gas interconnection agreement ("Río Bravo IV Gas Interconnection Agreement") to interconnect Río Bravo IV's self-supply transport system and GDR's transport system. The Río Bravo IV Gas Interconnection Agreement will remain in full force and effect until the termination of GDR's gas transportation permit.

CVH must maintain in force, at its own cost, at all times during the term of the Río Bravo IV Gas Interconnection Agreement, (i) employment injury insurance and protection, as required by applicable law, (ii) civil liability insurance, and (iii) property insurance for the total value of the interconnection facilities.

GDR must maintain in force, at its own cost, at all times during the term of the agreement, the insurance policies required by the prudent industry practices and applicable law.

The agreement may be terminated by any party, without the need for prior judicial resolution, upon (i) a breach by any of the parties to any material obligation subject to a term in accordance with the agreement or (ii) reiterated or essential breaches by any of the parties to any obligations under the agreement, as long as such breach is not cured within 90 days after notice from the terminating party.

In addition, CVH may terminate the agreement, by written notice to Gasoducto del Río, because of a force majeure event that extends for 12 or more consecutive months in accordance with the terms thereunder.

EVM II

On June 6, 2016, EVM Energía I, as user, and the CENAGAS, as transporter, entered into an interconnection and metering agreement which contained the terms and conditions for the interconnection of the EVM I power plant located in Axapusco with the Cempoala Santa-Ana 48" pipeline of the National Integrated Natural Gas Transportation and Storage System (*Sistema Nacional Integrado de Transporte y Almacenamiento de Gas Natural*) ("Original Gas Interconnection Agreement").

In connection with the development of the EVM II power plant, originally, the primary transportation of natural gas source under the EVM II GSA was the Tuxpan-Tula Pipeline. However, due to the delay in the construction of the Tuxpan-Tula Pipeline and considering that the EVM I power plant and the EVM II power plant are located within few meters away from each other, EVM II, in accordance with a regulatory assessment of the CRE and CENAGAS, determined it would be technically feasible to install a metering station nearby the trunk valve Cempoala Santa-Ana 48" pipeline and request a modification of the existing interconnection agreement between EVM Energía I and CENAGAS, assigning it to EVM Energía II.

On February 14, 2020, CENAGAS, as transporter, and EVM Energía II, as user, entered into the first amendment agreement to the Original Gas Interconnection Agreement for purposes of establishing EVM II's metering station as the interconnection point with Cempoala Santa-Ana's 48" pipeline and as delivery point of EVM I's and EVM II's natural gas under the corresponding gas supply agreement (together with the Original Gas Interconnection Agreement, the "Gas Interconnection Agreement"). The Gas Interconnection Agreement shall be valid as long as EVM II has a gas supply agreement in force.

Failure to comply with one or more of the obligations agreed upon the Gas Interconnection Agreement must be remedied within a maximum period of 15 calendar days, prior written notice in writing from the non-defaulting party. If the defaulting party does not remedy the damage within the term established in the preceding paragraph, the affected party may choose between demanding the performance of the obligation or the recission of the obligations with compensation for damages in both cases. In the event that the failure to remedy such default is due to EVM II's fault, the interconnection facilities will be closed, which will result in EVM II having to assume the corresponding legal claims. In case EVM II fails to comply with its obligations under the Gas Interconnection Agreement, CENAGAS may require EVM I to promptly comply with its obligations under the Gas Interconnection Agreement.

Neither of the parties may, without the prior written consent of the other party, assign, encumber or transfer to third parties, in whole or in part, their respective rights or obligations arising from the Gas Interconnection Agreement. Notwithstanding the foregoing, the parties may assign all or part of the rights and obligations arising from the Gas Interconnection Agreement to any company in which such party owns capital stock.

Transportation Agreements

Río Bravo III and Río Bravo IV

On November 6, 2002, GDR, as transporter, entered into individual transportation services agreements with CLR, on one hand and with CVH, on the other, each in their capacity as shippers. The term of such agreements is for 25 years as of commercial operation of the power plant under the Río Bravo III PPA and Río Bravo IV PPA, respectively. These agreements shall be jointly referred in this section as the "agreement".

GDR is obliged to provide natural gas transportation services from the receipt point and delivery points of the agreement. The transporter will pass the title of the natural gas on the delivery point.

The parties must comply with the General Terms of Conditions approved by CRE in favor of the transporter. In case of contradiction between the General Terms and Conditions and the agreement, the terms of the agreement will prevail.

To the extent that a shipper nominates to the transporter the maximum daily quantity in accordance with the agreement per day, GDR must, at the receiving point, receive from such shipper the quantity of gas that nominated, which can be up to the maximum daily quantity.

To the extent that the shipper nominates GDR in accordance with the general terms and conditions, on each day during the term of the agreement, GDR must receive from such shipper, at the receiving point, any additional amounts of gas than the maximum daily quantity made available by such shipper and deliver at the delivery point specified by the shipper.

The rate to be charged to the shipper both for the interruptible and firm transportation services is U.S.$0.0796 per MMBtu, which will be adjusted each month starting on August 1, 2003, to reflect the monthly change in the U.S. Producer Price Index from the immediately preceding month (the "Rate"). For the firm transportation services, the shipper must pay to GDR each month a reservation charge equal to the Rate multiplied by the Maximum Daily Quantity.

For the interruptible transportation services the shipper must pay to GDR each month the Rate multiplied by the quantity of gas delivered by the transporter during the month in question. The Maximum Daily Quantity is 100,000 MMBtu per day.

If GDR fails to deliver the nominated quantities by the shipper for firm transportation up to the Maximum Daily Quantity at the quantity, quality or the requisite pressure at the delivery point for reasons other than force majeure, scheduled maintenance or failure to comply with the provisions of the agreement by the shipper, then such shipper must be granted a credit on the next invoice from GDR equal to the product of five (5) times the amount that the shipper would have otherwise been obligated to pay for the firm transportation of such affected quantities.

GDR must receive the gas at the receipt point at a pressure of not less than 698 psig. And must deliver gas to the delivery point at no less than 550 psig. GDR is not obliged to receive the natural gas at the receipt point if such gas does not comply with the specifications set forth in the General Terms and Conditions.

The occurrence of one of the following events will constitute a transporter event of default:

(i) failure by GDR to pay the Shipper any amount when due under the agreement, which is not cured within 30 days after receipt of notice of non-payment by the shipper;

(ii) if GDR fails to comply any material obligation under the agreement, including its obligation to deliver the quantities of gas nominated and confirmed by the shipper, which is not cured within 60 days after receipt of a shipper's notice of default; and

(iii) if any material representation or warranty of GDR proves to be inaccurate in any material respect at the time it was made or becomes inaccurate after having been made, which has a material adverse effect on the shipper and that is not cured within 30 days after discovered by the shipper.

Upon the occurrence of an event of default by GDR, the shipper may rescind the agreement by written notice to GDR. The transporter must within 90 days of receipt of the shipper rescission notice pay the shipper an amount equal to the tariff multiplied by the Maximum Daily Quantity multiplied by 365.

The occurrence of one of the following events will constitute a shipper event of default:

(i) failure by the shipper to pay GDR any amount when due under the agreement, which is not cured within 30 days after receipt of notice of non-payment by GDR;

(ii) if the shipper fails to comply any material obligation under the agreement, which is not cured within 60 days after receipt of GDR's notice of default; and

(iii) if any material representation or warranty of the shipper proves to be inaccurate in any material respect at the time it was made or becomes inaccurate after having been made, which has a material adverse effect on GDR and that is not cured within 30 days after discovered by GDR.

Upon the occurrence of a shipper event of default, GDR may suspend the transportation services and rescind the agreement if such event of default is not cured by the shipper within 90 days following delivery of written notice to the shipper of the occurrence of such event of default. The shipper must within 90 days following the end of the 90-days cure period, pay an amount equal to the sum of (i) 50% of the present value of all remaining payments of the monthly reservation charges of the then-remaining term of the agreement calculated at a discount rate of 15% and (ii) all amounts due and outstanding under the agreement plus interest at a late payment rate of LIBOR plus 200 bps.

Gasoducto del Río

On March 12, 2015, GDR, as transporter, and CFE, as shipper, entered into a firm and interruptible base transportation services agreement ("Firm Base TSA"). The initial term of the agreement was 15 years as of August 1, 2003, with automatic renewal for one-year periods.

GDR is obliged to provide natural gas transportation services from the receipt point and delivery points provided in Annex 1 of the Firm Base TSA. The CFE will pass the property title of the natural gas on the delivery point.

To the extent that the CFE notifies to GDR the Maximum Daily Quantity (up to 130,000 MMBtu per day total for both delivery points) in accordance with the Firm Base TSA per day, GDR must (i) receive from the CFE, or at the CFE's expense, at the receiving point the quantity of gas specified by the CFE and (ii) deliver to the delivery points specified by the CFE, on a firm basis, the quantity of gas.

To the extent that the CFE notifies GDR in accordance with the General Terms and Conditions, on each day during the term of Firm Base TSA, GDR must receive from the CFE, at the point of receipt, any additional amounts of gas that exceeds the Maximum Daily Quantity made available by the CFE and deliver such additional amounts of gas to the delivery point specified by the CFE.

The contract price is composed by (i) the tariff of U.S.$0.0585 per MMBtu (the "Firm Basis Tariff") and U.S.$0.0685 per MMBtu for interruptible basis services, (the "Interruptible basis Tariff"), to be charged to the CFE for firm transportation services, (ii) the firm transportation charge, paid by the CFE to Gasoducto del Río each month in arrears a reservation charges equal to the Firm Basis Tariff multiplied by the Maximum Daily Quantity, and (iii) the interruptible transportation charge paid by the CFE must pay to GDR each month in arrears the interruptible basis tariff multiplied by the quantity of gas delivered by Gasoducto del Río during the month in question.

If GDR fails to deliver the nominated quantities by the CFE for firm transportation up to the Maximum Daily Quantity at the quantity, quality or the requisite pressure at the point of delivery for reasons other than force majeure, scheduled maintenance or failure to comply by shipper, then the CFE will be granted a credit on the next invoice from GDR equal to the product of (i) five (5) times (ii) the amount that the CFE would have otherwise been obligated to pay for the firm transportation of such affected quantities.

The occurrence of the following events constitutes an event of default by GDR:

(i) if GDR does not provide transportation services to the CFE of at least 80% of the gas volumes nominated by the CFE for more than 30 consecutive days or 90 nonconsecutive days within a calendar year;

(ii) failure by GDR to pay the CFE any amount when due under the agreement, which is not cured within 60 days after receipt of notice of non-payment by the CFE;

(iii) if GDR fails to comply any material obligation under the agreement, which is not cured within 60 days after receipt of the CFE's notice of default; and

(iv) if any material representation or warranty of the transporter proves to be inaccurate in any material respect at the time it was made or becomes inaccurate after having been made, which has a material adverse effect on the CFE and that is not cured within 30 days after discovered by the CFE.

Upon the occurrence and continuance of an event of default by GDR, the CFE has the right to rescind the agreement by written notice to GDR. GDR must within 60 days of receipt of such rescission notice pay the CFE an amount equal to: (i) the Firm Basis Tariff multiplied by 545; plus (ii) all outstanding amounts owed by GDR in favor the CFE, including interests at the Prime Commercial Rate of Citibank, N.A., New York, plus 200 base points.

The occurrence of the following events constitutes an event of default by the CFE:

(i) failure by the CFE to pay GDR any amount when due under the agreement, which is not cured within 60 days after receipt of notice of non-payment by the transporter;

(ii) if the CFE fails to comply any material obligation under the agreement, which is not cured within 60 days after receipt of GDR's notice of default;

(iii) if any material representation or warranty of the CFE proves to be inaccurate in any material respect at the time it was made or becomes inaccurate after having been made, which has a material adverse effect on Gasoducto del Río and that is not cured within 30 days after discovered by Gasoducto del Río; and

(iv) if a competent authority rules that the gas delivered by the CFE to Gasoducto del Río has been illegally acquired.

Upon the occurrence and continuance of an event of default by the CFE, GDR has the right to suspend the services through written notice to the CFE, provided that the CFE must continue to pay GDR the monthly reservation charge.

The CFE must, within 60 days of receiving such termination notice, pay an amount equal to the sum of (i) 50% of the present value of all remaining payments of the monthly reservation charges over the then remaining term of the agreement calculated at a discount rate of 10%; and (ii) all amounts due and outstanding under the agreement plus interest at the Prime Commercial Rate of Citibank, N.A., New York, plus 200 base points. If the CFE does not pay the abovementioned amount to GDR within 60 days after receiving the corresponding default notice from GDR, GDR will be entitled to terminate the agreement and the CFE must remain obliged to make the corresponding payment.

Neither party has the right to assign any of its rights or obligations under the agreement without the prior written consent of the other party, provided that the assignee complies with all the technical, legal and financial requirements necessary to fulfill with the obligations under the agreement.

Other Agreements

Operation & Maintenance Agreements

EVM I and EVM II

On September 1, 2021, NAES, as contractor, entered into individual amended and restated agreements with each EVM I and EVM II, as clients, to the operations and maintenance specialized services agreements previously executed with EVM I and EVM II, respectively, for purposes of providing maintenance specialized services to EVM I and EVM II power plants.

The initial term of the agreement is from September 1, 2021, to December 31, 2031. Such terms can be extended in one-year increments until either party notifies the other of its intention to not extend one year in advance to the following renewal date.

Under each agreement, EVM I and EVM II must each pay to NAES (i) site costs for (a) equipment, material, supplies, consumables, spare parts, replacement components, tools, office equipment and supplies and utilities used at the facility site, (b) special training and expenses of site personnel; (c) third party advisors and contractors; (d) permits; and (e) community and labor relations activities, (ii) home office costs as approved in the annual budget or by the client, costs for (a) relocation and recruitment expenses for site personnel; (b) emergency response costs; (c) home office personnel rates set forth in the agreement; (d) insurance costs; (e) third party advisors and contractors, and (iii) a service fee of U.S.$181,480.20, in the case of EVM I, and U.S.$322,503.43 in the case of EVM II, paid in twelve equal monthly installments. Additionally, NAES may earn a bonus calculated annually by comparing actual performance to the performance goals defined in Appendix B of the agreements. NAES must submit its calculation and invoice to the clients for approval no later than February 1 following the year for which the payment is calculated. EVM I and EVM II, as applicable, have 30 days to review the calculations. EVM I and EVM II must pay NAES the undisputed portion of the bonus by the next applicable invoice.

NAES must pay liquidated damages to EVM I or EVM II in the event that NAES' performance does not meet the performance goals defined in Appendix B of the agreements. NAES must submit its calculations to EVM I and EVM II for approval no later than February 1 following the year for which the payment is calculated together. EVM I and EVM II each have 30 days to review the calculations. NAES must pay the undisputed portion of liquidated damages by the next applicable invoice. Such liquidated damages are the sole and exclusive remedy of EVM I and EVM II for the failure of NAES to meet the performance goals.

The agreement may be terminated by the client upon (i) a bankruptcy of NAES, (ii) payment default by NAES that is not cured within 10 days of written notice by EVM I or EVM II, (iii) default by NAES in performance of its obligations that has a material effect that is not cured, or made substantial progress towards curing it, within 90 days of written notice, or (iv) if during two consecutive years NAES incurs the maximum liquidated damages or the maximum liability.

The agreement may be terminated by NAES upon (i) payment default that is not cured within 10 days after due date for any invoice, (ii) bankruptcy of EVM I or EVM II, or (iii) default by EVM I or EVM II of any obligation that has a material effect on NAES' ability to perform, or fails to make substantial progress towards curing it, within 90 days of written notice.

The parties agree that to assign or transfer the rights and obligations derived from this contract express written consent from the other party is required. Except in case the client intends to collaterally assign its rights and obligations in favor of a lender or third parties to which the lenders make an assignment, in connection with financing of the facility.

Contractual Services Agreements

EVM I

On December 31, 2013, GE EVM I, as contractors, and EVM Energía I, as owner, entered into the EVM I CSA, for purposes of providing maintenance works to the gas and steam turbines of EVM I power plant. For each unit, the performance end date is the later of either 232,000 fired hours of operation from the maintenance start date of each respective unit or completion of the fourth planned maintenance major overhaul performed under the agreement. If the units are dispatched to their full potential, the performance end date would occur in 2042. Such agreement is subject to U.S. law.

EVM II

On December 27, 2017, GE EVM II, as contractors, and EVM Energía II, as owner, entered into a contractual service agreement, for purposes of providing maintenance works to the gas and steam turbines of EVM II power plant. The term of the agreement expires on December 27, 2042. Such agreement is subject to U.S. law.

Management Services Agreements

Saltillo, Altamira, Río Bravo II, Río Bravo III, Río Bravo IV and Gasoducto del Río

On September 21, 2021, the MT Falcon Entities, as owners, entered into individual management services agreement with COMEGO, as manager, for purposes of establishing the general terms and condition of the management services to be provided by COMEGO in favor of CSO, EAA, CAC, CLR, CVH and GDR, respectively. Such management services include, among others, treasury, financial, tax and legal services. COMEGO is a related party to CSO, EAA, CAC, CLR, CVH and GDR.

Each agreement has a term until the earlier of (i) termination of the owner's respective IPP PPA or GDR's natural gas transportation permit, or (ii) early termination; provided that if such owner continues to operate the plant following such termination, such agreement shall automatically renew and continue in force and effect for so long as such owner continues to operate the plant (except as to any party who objects to such renewal within 180 days of the termination of the IPP PPAs). In such case, the owner shall be entitled to reasonable transitional services based on the services for a period of six months, which can be extended for two further periods of three months at owner's sole option.

Each owner shall pay COMEGO a service fee consisting of the costs and expenses incurred by COMEGO in connection with the provision of services (the "COMEGO Reimbursable Expenses"), payable in the currency in which each cost or expense is incurred, and a fee in dollars of 6.0% of the COMEGO Reimbursable Expenses (the "COMEGO Margin").

EVM I and EVM II

On July 13, 2023, EVM Energía I and EVM Energía II, as owners, entered into individual management services agreements with COMEGO, as manager, for purposes of establishing the general terms and condition of the management services to be provided by COMEGO in favor of each owner, which include, among others, treasury, financial, tax and legal services. COMEGO is a related party to EVM Energía I and EVM Energía II.

The term of each agreement is until the earlier of (i) early termination, or (ii) termination of the owner's respective CFEC PPA; provided that if such owner continues to operate the plant following such termination, such agreement shall automatically renew and continue in force and effect for so long as such owner continues to operate the plant (except as to any party who objects to such renewal within 180 days of the termination of the CFEC PPAs). In such case, the owner shall be entitled to reasonable transitional services based on the services for a period of six months, which can be extended for two further periods of three months at the owner's sole option.

During the term of the agreements, EVM Energía I and EVM Energía II shall each pay to COMEGO a management and support fee, payable in monthly installments prorated on a daily basis for any month during the term that is less than one full calendar month, in the amount of up to U.S.$647,000 per annum, in the case of EVM Energía I, and U.S.$10,491,000 in the case of EVM Energía II, as increased pursuant to the paragraph below (prorated on a daily basis for any year during the term that is less than 365 days), such amount to be finally confirmed by the owner through written notice prior to the start of the provision of the services and as amended for future calendar years through written notice from the owner (the "COMEGO Service Fee").

Commencing with the 2024 calendar year, the COMEGO Service Fee shall be escalated annually by a percentage equal to the CPI increase for the previous calendar year. COMEGO will calculate the CPI increase for any calendar year in reasonable detail and submit such calculation to each of EVM Energía I and EVM Energía II for their approval no later than June 1 of the following calendar year, and the escalated fee amounts will be effective from and after July 1 of such following calendar year.

Market Participant Agreements

On January 30, 2017, EAA, CSO, CAC, CLR and CVH, on August 18, 2016, EVM Energía I, and on July 8, 2019, EVM Energía II, each as a generator, entered into individual Market Participant Agreements. The Market Participant Agreement is required in order to participate in the Mexican wholesale power market. The form of the Market Participant Agreement is publicly available, and all participants must enter such agreement in its standard terms approved by CENACE, whereby the participant agrees to comply with, and be subject to, the Electricity Market Rules (*Bases del Mercado Eléctrico*) and CENACE agrees to operate and maintain the Mexican wholesale power market pursuant to the Electricity Market Rules (*Bases del Mercado Eléctrico*). Each generator's principal obligation under its respective Market Participant Agreement is to maintain performance guarantees for its payment and product and services delivery obligations. In the case of EAA, CSO, CAC, CLR and CVH, these guarantees are provided in the form of standby letters of credit, placed in favor of CENACE, that were each issued under a letter of credit facility for an amount of Ps.1,000,000 each. In the case of EVM Energía I, these guarantees are provided in the form of a deposit of funds to CENACE, for an amount of Ps.20,000,000. In the case of EVM Energía II, these guarantees are provided in the form of a standby letter of credit, placed in favor of CENACE and that was issued under a letter of credit facility, for an amount of Ps.400,000,000. The guaranteed amounts are determined by CENACE and may vary depending on the participant's estimated aggregated liability *(responsabilidad estimada agregada)*, which is the sum of the acquired liabilities plus the amount of the estimated potential liabilities. The term of each Market Participant Agreement is indefinite, but can be terminated if, among other reasons, (i) the parties agree to terminate it with 90 business days' advance notice, (ii) any of the parties breaches the terms of the LIE or the Electricity Market Rules (*Bases del Mercado Eléctrico*), (iii) any of the parties repeatedly, whether over three times within a year or over ten times within a five-year period, breaches any of its obligations under the Market Participant Agreement, (iv) the generator is inactive for a period of more than 180 continuous calendar days without the corresponding notice to CENACE or, in any case, for a period of more than 360 continuous calendar days, (v) a change in Mexican law makes the Market Participant Agreement unsustainable and (vi) the Market Participant Agreement is terminated because the generator, among others, assigns or encumbers the Market Participant Agreement, with the exception of its collection rights thereunder.

DESCRIPTION OF EXISTING FINANCING ARRANGEMENTS

Set forth below is a summary of our existing financing arrangements, including the MT Falcon Acquisition Debt Facility, the EVM Acquisition Debt Facility and the EVM Project Facilities. The summary below is not complete and reference should be made to the full text of the financing documents governing each of the obligations summarized below.

Among other things, we intend to repay the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility and the term loan under the EVM Acquisition Debt Facility with the proceeds of this offering. See "Use of Proceeds."

As of September 30, 2023 we had a total of U.S.$56.6 million in loans owed to affiliates outstanding.

MT Falcon Acquisition Debt Facility

The MT Falcon Acquisition Debt Facility consists of a term loan facility and a revolving working capital facility. The term loan facility and the revolving working capital facility are each governed by the same amended and restated credit agreement, dated as of June 30, 2022, which sets forth the common provisions regarding financings under the MT Falcon Acquisition Debt Facility. The term loan and working capital facility outstanding under the MT Falcon Acquisition Debt Facility is expected to be repaid using the proceeds from the sale of the Notes in this offering and the security documents regulating the collateral securing BEMH's obligations under the MT Falcon Acquisition Debt Facility be amended to secure the Notes and the amended and restated MT Falcon Revolving Facility.

Term Loan Facility

BE, as initial borrower, entered into an amended and restated term loan of up to U.S.$159,830,195 with MT Falcon, COMEGO, the MT Falcon Entities, as subsidiary borrowers, and Crédit Agricole Corporate and Investment Bank, BNP Paribas Securities Corp., JPMorgan Chase Bank, N.A., Société Générale, ING Bank N.V., Dublin Branch, and Banco Sabadell, S.A., Institución de Banca Múltiple as lenders in connection with the purchase of 100% of the ownership interests in MT Falcon (the "MT Falcon Term Loan"). The MT Falcon Term Loan was drawn in a single disbursement at the time of the MT Falcon Acquisition. The principal amount under the term loan of the MT Falcon Term Loan matures on June 30, 2030. Borrowings are supported by certain assets of the initial borrower and its affiliates, including the assets described below under the section heading "Collateral." As of the date of this Offering Memorandum, the borrowers do not have any further borrowing capacity under the term loan of the MT Falcon Term Loan.

The borrowers pay interest on the unpaid principal amount of the MT Falcon Term Loan at alternate base rate or Adjusted Daily Compounded SOFR plus an applicable margin. As of September 30, 2023, the interest rate on the loan was SOFR plus 2.5%.

The MT Falcon Term Loan requires compliance with a debt service coverage ratio of 1.05:1.00. Breach of such covenant (subject to customary permitted equity cures) constitutes an event of default. As of September 30, 2023, the borrowers were in compliance with the MT Falcon Term Loan financial ratios and were permitted to make distributions, but none were made.

The MT Falcon Term Loan contains certain other customary events of default, such as termination of material project documents, CFE payments being made to another account, failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The agreement also contains customary affirmative and negative covenants in acquisition financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of rights and consents, rights of way, prudent industry practice and ownership of the project assets. Failure to comply with a covenant or the occurrence of an event of default could result in the acceleration of payment obligations under the MT Falcon Term Loan. The MT Falcon Term Loan is governed by New York Law. We intend to use the proceeds of the Notes to repay the term loan and the working capital loan outstanding under the MT Falcon Acquisition Debt Facility.

Working Capital and Letter of Credit Facility

BE, as initial borrower and the MT Falcon Entities , as subsidiary borrowers, Crédit Agricole Corporate and Investment Bank, as letter of credit fronting bank, and BNP Paribas Securities Corp., JPMorgan Chase Bank, N.A., Société Générale, Sabadell SA Instituición de Banca Múltiple, ING Bank N.V., Dublin Branch, as working capital and letter of credit lenders, entered into an amended and restated working capital and letter of credit agreement which allows the initial borrower and the subsidiary borrowers to maintain their working capital requirements by drawing up to U.S.$235 million under a working capital and letter of credit facility, provided that the maximum outstanding principal amount drawn under the working capital facility may not exceed U.S.$30 million (the "MT Falcon Revolving Facility," and together with the MT Falcon Term Loan, the "MT Falcon Acquisition Debt Facility"). The MT Falcon Revolving Facility was drawn in multiple disbursements over the course of 2022 and 2023. The principal amount under the MT Falcon Revolving Facility expires on June 2026. Borrowings are supported by certain assets of the initial borrower and subsidiary borrowers, including the assets described below under the section heading "Collateral."

The borrowers pay interest on the unpaid principal amount of the MT Falcon Revolving Facility at the alternate base rate or Adjusted Daily Compounded SOFR plus an applicable margin. As of September 30, 2023, the interest rate on the loan was SOFR plus 2.25%.

The MT Falcon Revolving Facility requires compliance with certain financial covenants, including a debt service coverage ratio of 1.05:1.00 and compliance with a financial model. Breach of any of these requirements constitutes an event of default. As of September 30, 2023, the borrowers were in compliance with the MT Falcon Revolving Facility financial ratios.

The MT Falcon Revolving Facility contains certain other customary events of default, such as termination of material project documents, CFE payments being made to another account, failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The agreement also contains customary affirmative and negative covenants in acquisition financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of rights and consents, rights of way, prudent industry practice and ownership of the project assets. Failure to comply with a covenant or the occurrence of an event of default could result in the acceleration of payment obligations under the MT Falcon Revolving Facility. The MT Falcon Revolving Facility is governed by New York Law. We intend to amend and restate the MT Falcon Revolving Facility substantially concurrently with the issuance of the Notes. See "Description of Principal Finance Agreements—Collateral."

Collateral

In connection with the MT Falcon Acquisition Debt Facility, BE and its affiliates entered into, among other security agreements, (i) a New York law governed amended and restated security and depositary agreement between BE, CSO, EAA, CAC, CLR, CVH, U.S. Bank National Association (as successor to MUFG Union Bank, N.A.) (in its capacities as Offshore Collateral Agent and Depositary), and Crédit Agricole Corporate and Investment Bank, pursuant to which U.S. Bank National Association (as successor to MUFG Union Bank, N.A.), in its capacity as Offshore Collateral Agent, has a security interest over certain New York bank accounts of the MT Falcon Entities (ii) a Mexican law governed management and security trust agreement, which (a) holds majority of the equity interests in each of MT Falcon, BE, and the MT Falcon Entities, and (b) maintains bank accounts to receive cash flows from each of the MT Falcon Entities Security Trusts and pay debt service under the MT Falcon Acquisition Debt Facility, (iii) a Mexican law governed management and security trust agreement (*contrato de fideicomiso irrevocable de administración y garantía*) entered by BE, CAC, and COMEGO, which holds minority of the equity interests in each of MT Falcon, BE and the MT Falcon Entities, (iv) seven Mexican law governed management and security trust agreements (*contratos de fideicomiso irrevocables de administración y garantía*) (the "MT Falcon Security Trusts") which, respectively, (a) hold the assets of each of the MT Falcon Entities, except for those that because of their nature or by operation of law cannot be conveyed to such trusts and (b) maintain bank accounts to receive all cashflows corresponding to each of the MT Falcon Entities which are in turn transferred to the MT Falcon Majority Trust, (v) nine Mexican law governed non-possessory pledge agreements (*contratos prenda sin transmission de posesión*) with each of the MT Falcon Entities, BE, and MT Falcon (the "MT Falcon Non-Possessory Pledges") over all the assets of each of the MT Falcon Entities, BE and MT Falcon not transferred to each of the MT Falcon Security Trusts. The following bank accounts of each MT Falcon Entity are subject to the MT Falcon Non-Possessory Pledges:

- Certain primary and back-up accounts of each of the MT Falcon Entities for receiving market participant payments pursuant to the applicable law. Such accounts are subject to irrevocable mandate agreements pursuant to which all amounts deposited therein are transferred to each of the MT Falcon Security Trusts.

- Certain value added tax ("VAT") accounts for each of the MT Falcon Entities for receiving VAT reimbursements (the "VAT Accounts"). Such accounts are subject to irrevocable mandate agreements pursuant to which all amounts deposited therein are transferred to each of the MT Falcon Security Trusts.

Cashflows under the MT Falcon Acquisition Debt Facility are paid by CFE to the NY Revenue accounts and then transferred to bank accounts hold by each of the MT Falcon Security Trusts. Such cashflows are then transferred to the bank accounts held by the MT Falcon Majority Trust and, finally, to the payment of debt service under the MT Falcon Acquisition Debt Facility. Any remaining distributions are made to GB.

We intend to amend and restate the MT Falcon Acquisition Debt Facility security documents to secure the Notes and the amended and restated MT Falcon Revolving Facility on a *pari passu* basis.

EVM Acquisition Debt Facility

EVM Acquisition Debt Facility consists of a term loan facility and a credit facility at the parent level. The term loan facility and the credit facility held at the parent level are each governed by the same credit agreement, dated as of April 5, 2023, which sets forth the common provisions regarding financings under the EVM Acquisition Debt Facility. The EVM Acquisition Debt Facility is expected to be repaid in full using the proceeds from the sale of the Notes in this offering and any collateral securing the obligations under the EVM Acquisition Debt Facility are expected to be discharged and to secure the Notes.

Term Loan Facility

BEI entered into an acquisition loan agreement of up to U.S.$162,000,000 with JPMorgan Chase Bank, N.A., BNP PARIBAS, Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat and Banco Nacional de México, S.A. integrante del Grupo Financiero Banamex, as lenders, in connection with the EVM Acquisition (the "EVM Term Loan"). The EVM Term Loan was drawn in a single disbursement at the time of the EVM Acquisition. The principal amount under the EVM Term Loan matures on February 15, 2028. Borrowings are supported by certain assets of BEI and its affiliates, including the assets described below under the section heading "Collateral." As of the date of this Offering Memorandum, BEI does not have any further borrowing capacity under the EVM Term Loan").

BEI pays interest on the unpaid principal amount of the EVM Term Loan at the alternate base rate or Daily Compounded SOFR plus an applicable margin. As of September 30, 2023, the interest rate on the loan was SOFR plus 4.0%.

The EVM Term Loan requires compliance with certain financial covenants, including a debt service coverage ratio of 1.10:1.00. Breach of any of these requirements constitutes an event of default. As of September 30, 2023, BEI was in compliance with the EVM Term Loan financial ratios.

The EVM Term Loan contains certain other customary events of default, such as failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The agreement also contains customary affirmative and negative covenants in acquisition financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of rights and consents, rights of way, prudent industry practice and ownership of the project assets. Failure to comply with a covenant or the occurrence of an event of default could result in the acceleration of payment obligations under the EVM Term Loan. The EVM Term Loan is governed by New York Law.

Letter of Credit Facility

BEI entered into a letter of credit agreement with JPMorgan Chase Bank, N.A., BNP PARIBAS, The Bank of Nova Scotia and Citibank, N.A. and letter of credit issuing banks, which allows BEI to fund the debt service reserve account to its required balance by drawing up to U.S.$15,000,000 under the letter of credit facility, provided that the maximum outstanding principal amount drawn under the facility may not exceed U.S.$15 million (the "EVM Revolving Facility," and together with the EVM Term Loan, the "EVM Acquisition Debt Facility"). The EVM Revolving Facility has not been drawn. The credit facility available for letters of credit expires in February 2028 and the letters of credit are automatically renewed for one-year periods until 2028. Borrowings are supported by certain assets of BEI and subsidiary borrowers, including the assets described below under the section heading "Collateral." As of the date of this Offering Memorandum, BEI has further borrowing capacity under the EVM Revolving Facility.

BEI pays interest on the unpaid principal amount of the EVM Working Capital at either the alternate base rate or Daily Compounded SOFR plus an applicable margin.

The EVM Revolving Facility requires compliance with certain financial covenants, including a debt service coverage ratio of 1.10:1.00 and compliance with a financial model. Breach of any of these requirements constitutes an event of default. As of September 30, 2023, BEI was in compliance with the EVM Revolving Facility financial ratios.

The EVM Revolving Facility contains certain other customary events of default, such as failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The agreement also contains customary affirmative and negative covenants in acquisition financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of rights and consents, rights of way and ownership of the project assets. Failure to comply with a covenant or the occurrence of an event of default could result in the acceleration of payment obligations under the EVM Working Capital and LC Agreement. The EVM and LC Agreement is governed by New York Law.

Collateral

In connection with the EVM Acquisition Debt Facility, BEI and its affiliates entered into, among other security agreements, (i) a Mexican law governed trust agreement (*contrato de fideicomiso irrevocable de garantía, administración y fuente de pago*) entered by BEI, GB, and EVM Tenedora (the "EVM Majority Trust"), which (a) holds 99.99% of the equity interests of BEI and EVM Tenedora and (b) maintains bank accounts to receive cashflows from each of the EVM Project Facilities Trusts (as defined below) and pay debt service under the EVM Acquisition Debt Facility, (ii) a Mexican law governed share pledge agreement (*contrato de prenda sobre acción*) entered by the Company as pledgor, by means of which the Company pledged its rights over its *de minimis* participation in BEI, (iii) a Mexican law governed share pledge agreement (*contrato de prenda sobre acción*) entered by BGI, by means of which such entity pledged its rights over its *de minimis* participation in EVM Tenedora, and (iv) a Mexican law governed non-possessory pledge agreement (*contrato de prenda sin transmission de posesión*) over (a) a Mexican bank account of BEI opened for the specific purposes of becoming a "qualified transferee" under the existing project financing of EVM Energía I and (b) a Mexican bank account of EVM Tenedora opened for receiving certain VAT recoverable amounts of which U.S.$3 million will be repaid to the sellers in the EVM Acquisition and any remaining amounts will be transferred to the EVM Majority Trust for their application as provided under the EVM Majority Trust.

Cashflows under the EVM Acquisition Debt Facility run from the bank accounts held by each of the EVM Project Facilities Trusts to the bank account held by the EVM Majority Trust. Such cashflows proceed to the payment of debt service under the EVM Acquisition Debt Facility. Any remaining distributions are made to BGI.

We intend to terminate the EVM Acquisition Debt Facility security documents and release the security interests created thereunder following the repayment of the EVM Acquisition Debt Facility. The MT Falcon Acquisition Debt Facility security documents will be amended and restated to include collateral granted the EVM Acquisition Debt Facility. See "Description of Principal Finance Arrangements—Collateral."

EVM Project Facilities

EVM I Project Facility

EVM Energía I's Project Debt Facility consists of a letter of credit facility and a note purchase agreement with third parties, held at the EVM I project level.

Letter of Credit Facility

On July 31, 2018, EVM Energía I, and certain lenders and letter of credit issuing banks , among others, entered into a credit agreement which allows EVM Energía I to issue the letters of credit required to be issued by EVM I (i) under certain power purchase agreement for U.S.$7,000,000 under a letter of credit sub facility and (ii) to fund the debt service reserve account for such credit facility for U.S.$4,000,000 under a debt service reserve letter of credit sub facility, provided that the maximum outstanding principal amount drawn under both facilities combined may not exceed U.S.$11,000,000 (the "EVM I Credit Facility"). The principal amount under the EVM I Credit Facility expires on July 31, 2024 and the last day of the availability period is seven business days before such date. Each letter of credit issued under the EVM I Credit Facility bears a defined expiration date. Borrowings are supported by certain assets of the borrower and its affiliates, including the assets described below under the section heading "Collateral." As of the date of this memorandum, EVM Energía I has not drawn on any letters of credit despite having U.S.$11,000,000 posted in letters of credit under the EVM I Credit Facility.

The EVM I Credit Facility requires that, in the event of any repayment, the payment shall be applied in the following order: (a) first, in or towards payment of any unpaid fees, costs, indemnities, charges or expenses of any agent due and payable (on a pro rata basis among such agents); (b) second, to any fees, costs, indemnities, charges or expenses payable to any other secured loan party (on a pro rata basis among them); (c) third, on a pro rata basis, to (i) any accrued but unpaid interest then due and owing and remaining unpaid in respect of the loans and (ii) the cash collateral account; (d) fourth, in or towards payment pro rata of any principal amount due but unpaid under the outstanding loans and the letters of credit; and (e) fifth, to such other obligations that remain outstanding.

EVM Energía I pays interest on the unpaid principal amount of the EVM I Credit Facility at either the daily compounded LIBOR or an alternate base rate, in both cases plus an applicable margin. As of September 30, 2023, the interest rate on the loan was LIBOR plus 2.25% minus 1.0%. Loans are converted from alternate base rate loans to SOFR denominated loans automatically three business days after the applicable disbursement date.

The EVM I Credit Facility requires compliance with certain financial covenants. Breach of any of these requirements constitutes a default and, after the expiration of any applicable cure periods, an event of default. As of September 30, 2023, EVM Energía I was in compliance with the financial ratios required to make distributions.

The EVM I Credit Facility contains certain other customary events of default, such as failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The agreement also contains customary affirmative and negative covenants in project financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of rights and consents, rights of way, prudent industry practice and ownership of the project assets. Failure to comply with a covenant or the occurrence of an event of default could result in the acceleration of payment obligations under the EVM I Credit Facility. The EVM I Credit Facility is governed by New York Law.

Note Facility

On July 31, 2018, EVM Energía I entered into a note purchase agreement to issue and sell U.S.$80,000,000 aggregate principal of its 6.19% senior secured notes, due on June 30, 2037 (the "EVM I Notes," and together with the EVM I Credit Facility, the "EVM I Project Facility"). The proceeds of this issuance were used mainly for payment of existing indebtedness, project costs and make a closing date distribution. The notes are secured by certain assets of EVM Energía I, including the assets described below under the section heading "Collateral." As of September 30, 2023, the outstanding amount of the EVM I Notes is U.S.$66.0 million.

Interest on the EVM I Notes is computed on the basis of a 360-day year of twelve 30-day months and interest on the outstanding principal balance thereof is payable semi-annually in arrears, on each June 30 and December 31 of each year, commencing with December 31, 2018.

The EVM I Notes contain certain customary events of default, such as failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The notes also contain customary affirmative and negative covenants in project financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of insurance and good working order, rights of way, prudent industry practice and ownership of the project asset. Change in control, distribution suspense and non-permitted dispositions could result in a mandatory repurchase offer by EVM Energía I under the EVM I Notes. The EVM I Notes are governed by New York Law.

Collateral

EVM Energía I entered into, among other security agreements, (i) a Mexican law governed trust agreement (*contrato de fideicomiso irrevocable de garantía, Administración y Fuente de pago*) among EVM Energía I and two natural persons, as settlors and secondary beneficiaries (subsequently assigned in favor of Buffalo Energy Infrastructure), which holds 99.99% of the equity interests in EVM Energía I, the project accounts, insurance policies, credit rights and interests under the project documents, 100% of the subordinated debt of EVM Energía I, all real estate of EVM Energía I and all the assets of EVM Energía I that are capable of being transferred to the trustee thereunder under Mexican law (the "EVM I Project Trust"), (ii) a Mexican law governed share pledge agreement (*contrato de prenda sobre acción*) entered by a natural person (subsequently assigned in favor of Buffalo Generación Infrastructure), as pledgor, pursuant to which the pledgor pledged, in favor of the Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria (the "EVM I Collateral Agent"), the remaining equity interests in EVM Energía I which were not contributed to the EVM I Project Trust, (iii) a Mexican law governed non-possessory share pledge agreement (*contrato de prenda sin transmisiónn de posesión*) entered by EVM Energía I, pursuant to which EVM Energía I pledged its rights over certain permits, licenses and bank accounts that, because of their nature, cannot be contributed to the EVM I Project Trust, (iv) a Mexican law governed direct agreement entered by EVM Energía I, CFEC, the EVM I Project Facility Collateral Agent and Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero (the "EVM I Trustee"), by means of which CFEC acknowledges EVM Energía I's right to assign its rights under the EVM I PPA, in favor of the EVM I Trustee, and grants the EVM I Collateral Agent and the EVM I Trustee lender step-in rights in connection with the EVM I PPA, (v) a Mexican law governed direct agreement entered by EVM Energía I, GE EVM I, EVM I Collateral Agent and the EVM I Trustee, pursuant to which GE EVM I acknowledges and consents to EVM Energía I's assignment of its rights under the EVM I CSA, in favor of the EVM I Trustee, and grants the EVM I Collateral Agent and the EVM I Trustee lender step-in rights in connection with the EVM I CSA, and (vi) a Mexican law governed consent agreement and recognition (*convenio de consentimiento y reconocimiento*) entered by EVM Energía I, CFEnergía, the EVM I Collateral Agent and the EVM I Trustee, pursuant to which CFEnergía consents to EVM Energía I's assignment of its rights under the EVM I FSA, in favor of the EVM I Trustee, and grants the EVM I Collateral Agent and the EVM I Trustee lender step-in rights in connection with the EVM I Supply Agreement.

The EVM I Project Facility security documents secure EVM Energía I's obligations under the EVM I Project Facility and grant a security interest over all of EVM Energía I's assets and all of the equity interests in EVM Energía I for the benefit of the lenders thereunder.

We do not intend to terminate the EVM I Project Facility or release the security interests created thereunder with the proceeds of the issuance of the Notes. See "Risk Factors—Risks Relating to the Notes, the Collateral, Our Indebtedness and Our Corporate and Financing Structure—*Payments on the Notes will be effectively junior to the debt obligations of EVM Energía I and EVM Energía II and junior to any of our secured debt to the extent such debt is secured by collateral that does not secure our Notes"* for a discussion on the structural subordination of the Notes to indebtedness under the EVM Project Facilities.

EVM II Project Facility

EVM Energía II's existing financings consist of a term loan facility, a letter of credit facility and senior secured notes with third parties held at the EVM II project level. In addition to their respective debt documents, the term loan facility, the letter of credit facility and the senior secured notes are each governed by the same common terms agreement, dated as of September 21, 2018, which sets forth the common provisions regarding such financings.

Term Loan and LC Facilities

On September 21, 2018, EVM Energía II entered into a credit agreement (the "EVM II Credit Agreement") with a group of lenders and issuing banks in connection with term loan and letter of credit facilities for the development, construction and maintenance of the EVM II Generating Facility. The term loan under the EVM II Credit Agreement is for U.S.$125,000,000 (the "EVM II Term Loan"). The EVM II Term Loan was drawn in multiple disbursements over the course of the years. The term loan consists of tranche A term loans and tranche B term loans, with the principal amount under each tranche maturing on December 31, 2027 and June 30, 2027, respectively Borrowings are supported by certain assets of the EVM Energía II, including the assets described below under the section heading "Collateral."

The letter of credit facility under the EVM II Credit Agreement is for up to U.S.$146,181,264.99 (the "EVM II Credit Facility"). The principal amount under the EVM II Credit Facility expires on December 31, 2027 and availability period varies depending on the purpose of each letter of credit. Each letter of credit issued under the EVM II Credit Agreement bears a defined expiration date. Borrowings are supported by certain assets of the borrower and its affiliates, including the assets described below under the section heading "Collateral."

EVM Energía II pays interest on the unpaid principal amount of the EVM II Term Loan and the EVM II Credit Facility at either the eurodollar rate or an alternate base rate, in both cases plus an applicable margin. As of September 30, 2023, the applicable interest rate on was Eurodollar rate plus 2.25%.

The EVM II Credit Agreement requires compliance with certain financial covenants. Breach of any of these requirements constitutes a default and, after the expiration of any applicable cure periods, an event of default. As of September 30, 2023, EVM Energía II was in compliance with the financial ratios required to make distributions.

The EVM II Credit Agreement contains certain other customary events of default, such as failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The agreement also contains customary affirmative and negative covenants in project financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of rights and consents, rights of way, prudent industry practice and ownership of the project assets. Failure to comply with a covenant or the occurrence of an event of default could result in the acceleration of payment obligations under the EVM II Credit Agreement. The EVM II Credit Agreement is governed by New York Law.

Note Facility

On September 21, 2018, EVM Energía II entered into a note purchase agreement to issue and sell U.S.$469,000,000 aggregate principal of its 6.02% senior secured notes, due on December 31, 2040 (the "EVM II Notes," and together with the EVM II Term Loan and the EVM II Credit Facility, the "EVM II Project Facility"). The proceeds of this issuance were used for project costs. The notes are secured by certain assets of EVM Energía II, including the assets described below under the section heading "Collateral." As of September 30, 2023, the outstanding amount of the EVM II Notes is U.S.$469 million. The EVM I Project Facility and the EVM II Project Facility are collectively referred to as the "EVM Project Facilities."

Interest on the EVM II Notes is computed on the basis of a 360-day year of twelve 30-day months and interest on the outstanding principal balance thereof is payable semi-annually in arrears, on the last business day of June and December of each year, commencing with December 31, 2018.

The EVM II Notes contain certain customary events of default, such as failure to make payment of amounts due, default under other agreements evidencing financial indebtedness, certain insolvency events and a cessation of business. The notes also contain customary affirmative and negative covenants in project financings, including restricting, among other things, the granting of security, incurrence of indebtedness, the provision of loans and guarantees, mergers and dispositions, and certain maintenance covenants, including maintenance of insurance and good working order, rights of way, prudent industry practice and ownership of the project asset. Change in control, distribution suspense and non-permitted dispositions could result in a mandatory repurchase offer by EVM Energía II under the EVM II Notes. The EVM II Notes are governed by New York Law.

Collateral

EVM Energía II entered into, among other security agreements, (i) a Mexican law governed trust agreement (*contrato de fideicomiso irrevocable de garantía, Administración y Fuente de pago*) among EVM Energía II, EVM Tenedora and EFS Global Energy, B.V., as settlors and secondary beneficiaries (subsequently assigned in favor of Buffalo Energy Infrastructure), which holds 99.99% of the equity interests in EVM Energía II, the project accounts, insurance policies, credit rights and interests under the project documents, 100% of the subordinated debt of EVM Energía II, all real estate of EVM Energía II and all the assets of EVM Energía II that are capable of being transferred to the trustee thereunder under Mexican law (the "EVM II Project Trust"), (ii) a Mexican law governed share pledge agreement (*contrato de prenda sobre acción*) entered by EVM Tenedora as pledgor, pursuant to which EVM Tenedora pledged, in favor of the Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero (the "EVM II Collateral Agent"), the remaining equity interests in EVM Energía II which were not contributed to the EVM II Project Trust, (iii) a Mexican law governed non-possessory share pledge agreement (*contrato de prenda sin transmissión de posesión*) entered by EVM Energía II, pursuant to which EVM Energía II pledged its rights over certain permits, licenses and bank accounts that, because of their nature, cannot be contributed to the EVM II Project Security Trust; (iv) a Mexican law governed direct agreement entered by EVM Energía II, CFEC, EVM II Collateral Agent, and Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, División Fiduciaria (the "EVM II Trustee"), by means of which CFEC acknowledges EVM Energía II's right to assign its rights under the EVM II PPA, in favor of the EVM II Trustee, and grants the EVM II Collateral Agent and the EVM II Trustee lender step-in rights in connection with the EVM II PPA, (v) a Mexican law governed direct agreement entered by EVM Energía II, GE EVM II, the EVM II Collateral Agent, and the EVM II Trustee, pursuant to which GE EVM II acknowledges and consents to EVM Energía II's assignment of its rights under the EVM II CSA, in favor of the EVM II Trustee, and grants the EVM II Collateral Agent and the EVM II Trustee lender step-in rights in connection with the EVM II CSA, (vi) a Mexican law governed direct agreement entered by EVM Energía II, COMEGO, EVM II Collateral Agent and the EVM II Trustee, pursuant to which COMEGO acknowledges and consents to EVM Energía II's assignment of its rights` under certain management services agreement executed with COMEGO on July 13, 2023 (the "EVM II MSA"), in favor of the EVM II Trustee, and grants the EVM II Collateral Agent and the EVM II Trustee lender step-in rights in connection with the EVM II MSA, and (vii) a Mexican law governed consent agreement and recognition (*convenio de consentimiento y reconocimiento*) entered by EVM Energía II, CFEnergía, the EVM II Collateral Agent and the EVM II Trustee, pursuant to which CFEnergía consents to EVM Energía II's assignment of its rights under the EVM II GSA, in favor of the EVM II Trustee, and grants the EVM II Collateral Agent and the EVM II Trustee lender step-in rights in connection with the EVM II Supply Agreement.

The EVM II Project Facility security documents secure EVM Energía II's obligations under the EVM II Project Facility and grant a security interest over all of EVM Energía II's assets and all of the equity interests in EVM Energía II, for the benefit of the lenders and noteholders thereunder.

We do not intend to terminate the EVM II Project Facility or release the security interests created thereunder with the proceeds of the issuance of the Notes. See "Risk Factors—Risks Relating to the Notes, the Collateral, Our Indebtedness and Our Corporate and Financing Structure—*Payments on the Notes will be effectively junior to the debt obligations of EVM Energía I and EVM Energía II and junior to any of our secured debt to the extent such debt is secured by collateral that does not secure our Notes"* for a discussion on the structural subordination of the Notes to indebtedness under the EVM Project Facilities.

MANAGEMENT

Board of Directors

We are managed by a board of directors (the "Board of Directors") comprised by Actis' partners and independent directors. Our registered offices are located at Montes Urales 505, Lomas de Chapultepec, Miguel Hidalgo, 11000 Mexico City, Mexico.

Board of Directors

Our board of directors currently consists of five members who are responsible for setting general guidelines and policies for our business and operations on a day-to-day basis, and for monitoring the implementation of those guidelines. Each director is appointed by a general shareholders' meeting for an unlimited term until such director resigns or is removed from the Board of Directors. Further, such directors may be removed from the Board of Directors at any time by a decision of our general shareholders' meeting. The Board of Directors meets four times during the year and can meet extraordinarily as necessary.

The following table sets forth information for the members of the Board of Directors as of the date of this Offering Memorandum, in accordance with the designation carried out at the general shareholders' meeting held in 2022:

Name	Position	Date Appointed	Age	Address
Michael Harrington	Chairman	November 24, 2022	46	Reforma 115, piso 6. Miguel Hidalgo C.P 11000
Alberto Estefan..................................	Director	November 24, 2022	38	Reforma 115, piso 6. Miguel Hidalgo C.P 11000
Barry Lynch.......................................	Director	November 24, 2022	46	Reforma 115, piso 6. Miguel Hidalgo C.P 11000
Adrian Katzew...................................	Independent Director	November 24, 2022	47	Reforma 115, piso 6. Miguel Hidalgo C.P 11000
Jeff Pavlovic......................................	Independent Director	November 24, 2022	45	Reforma 115, piso 6. Miguel Hidalgo C.P 11000

Below is a summary of the business experience, activities and areas of expertise as of September 30, 2023 of the Company's directors.

Michael Harrington: Mr. Harrington is a Partner with Actis, Head of Actis' Americas leading teams in São Paulo and Mexico City and is a member of the Executive Committee of Actis as Head of Strategy. He has over 20 years of experience in growth strategies and sustainable infrastructure and helped build Actis' energy infrastructure business in Latin America including investments such as Atlas Renewable, Saavi Energía, Zuma, GME and Energuate. Mr. Harrington also sits on Actis' Energy Investment Committee. Before joining Actis, Mr. Harrington spent his early career in roles at Arthur Andersen and NM Rothschild & Sons, based in Mexico. Mr. Harrington holds an MBA with distinction from London Business School, was a Fulbright Scholar in Mexico and has a Major in Finance from the University of Texas at Austin.

Alberto Estefan: Mr. Estefan is a Partner in the Actis Energy Infrastructure team covering Latin America. Mr. Estefan joined Actis in 2014 and is based in Mexico City. His investment experience includes Actis' investments in Globeleq Mesoamerica Energy (leading Central American renewables business), Energuate (distribution concession in Guatemala), Zuma Energía (leading Mexican renewables IPP), Atlas Renewable Energy (pan-regional Latin American solar IPP) and, most recently, the launching of Saavi Energía on the back of the U.S.$1.3 billion acquisition of InterGen's Mexico portfolio. Prior to Actis, he was an Associate Director with Temasek's Latin America Investment Group. Mr. Estefan started his career in Morgan Stanley's Investment Banking Division. Mr. Estefan holds an MBA from The Wharton School of the University of Pennsylvania, a BSc. in Economics from CIDE in Mexico City and pursued undergraduate studies in Sciences-Po in Paris and the London School of Economics.

Barry Lynch: Mr. Lynch is a Partner in Actis and Head of Operations in the Actis' Energy Infrastructure team. Mr. Lynch joined Actis in 2016. Prior to Actis, he spent 8 years with Mainstream Renewable Power as Managing Director of Procurement, Construction and Operations and was responsible for delivering large scale wind and solar projects through the equity structuring, project financing and construction phases into operation in Europe, North America, Latin America and Africa. He was an executive director and board member at Mainstream and sat on the boards of two Actis Energy portfolio companies (Lekela Power and Aela Energia) in which Mainstream is a minority partner. Mr. Lynch was also involved in the development of Actis Energy investee company Globeleq Africa within the renewable energy side of the business focused on South Africa. Prior to joining Mainstream, Mr. Lynch spent 8 years with ESB International and was involved in the construction and operation of large-scale thermal power plants. He undertook a number of roles including Group Safety Manager and Operations Manager for Asia with responsibility for four power plants in Pakistan and Malaysia. Mr. Lynch holds a Degree in Mechanical Engineering from Dublin Institute of Technology.

Adrian Katzew: Mr. Katzew is a well-known expert in energy transition, specialized in project development. He has over 20 years of experience and has served as CEO of Zuma Energía, the leading Mexican Independent Power Producer and as Vice President at Vestas, the global leader of wind power technology. At Vestas, Mr. Katzew was responsible for the execution of over 1000 MW, including the first wind projects across several markets, such as Guatemala and the Dominican Republic, and many regions of Mexico. Mr. Katzew also served as Vice President of Market Development at First Solar, the leader in thin-film PV technology, in Europe, Middle East and Africa, where he was responsible for the expansion of the activities of the firm across new markets. Prior to this, Mr. Katzew commenced his career in the energy sector at Banco Santander in Madrid, where he ultimately became the Executive Director, with global responsibility for the project and acquisition finance for power and renewable projects. At Santander, he was responsible for opening many new markets, such as France, Germany and the US, and leading the firm into the structuring of innovative technologies and financing structures. He holds an MBA from Harvard Business School and an Honors BA in Economics from Wilfrid Laurier University in Canada.

Jeff Pavlovic: Mr. Pavlovic is a well-known expert in the electricity market regulation in the Mexican Wholesale Power Market, the development of price forecasts, and other value-added services for market participants. Previously, he was Managing Director of Electric Industry Coordination and Managing Director of Generation and Transmission in the Ministry of Energy and Unit Leader of Modernization in the Comisión Federal de Electricidad (CFE). In the United States, Mr. Pavlovic was Manager of Generation Control and Dispatch for Xcel Energy in Denver, Colorado. He began his career as a financial analyst at LEK Consulting, where he specialized in the unbundling of electric utilities. He has earned a NERC system operator certification and holds the Chartered Financial Analyst designation. Mr. Pavlovic holds degrees in Economics and Mathematics from Duke University, an MBA from Stanford University and a master's degree in Economics from the Centro de Investigación y Docencia Económicas.

Actions of the Board

BEMH's board of directors is vested with the broadest powers to act in the name of BEMH and to take any actions necessary or useful to fulfil BEMH's corporate purpose.

General board meetings of BEMH's board of directors will be validly convened and held if a majority of the BEMH's board members are present. Resolutions at the meetings will be valid if approved by a majority of the BEMH board members present.

BEMH's board of directors may appoint a secretary who is not a member of the board to send meeting notices to other members of the board. Additionally, BEMH's board of directors is vested with power of attorney for lawsuits, collections, administrative acts and acts of ownership, pursuant to local law.

BEMH's board of directors also has the power to appoint add remove officials and employees of the company, determine their working conditions, remuneration and powers, as well as to establish internal labor regulations and grant general powers of attorney.

Committees of the Board

Our board of directors has incorporated a remuneration committee, an audit committee and a sustainability committee to improve the governance of BEMH. These committees are formed by members of the board of directors.

Remuneration Committee

The remuneration committee reviews the competitiveness of BEMH's executive compensation programs to ensure (a) the attraction and retention of executives, (b) the motivation of executives to achieve BEMH's business objectives, and (c) the alignment of the interests of key leadership with the long-term interests of the BEMH's stockholders. Additionally, the committee considers and recommend to the board the terms of service (including service agreements), rewards and benefits (including bonus awards, profit sharing, share option and other long term incentive schemes, corporate loans, pension scheme benefits and termination and compensation arrangements) of the senior executives, for approval by the board. The remuneration committee meets formally at least twice in each year and quorum for meetings require two members of the board. No member of the remuneration committee attending a meeting shall participate in the discussions or decisions on their own remuneration. The following table sets forth information for the members of the remuneration committee as of the date of this Offering Memorandum:

Name	**Position**	**Date Appointed**
Alberto Stefan	Chairman	November 24, 2022
Barry Lynch	Member	November 24, 2022

Audit Committee

The audit committee reviews the relationship with external auditors, including (but not limited to) the independence and objectivity of the external auditors, the policy on engagement of the external auditor to supply non-audit services, considering relevant ethical guidance regarding the provision of non-audit services by the external audit firm, audit fees and fees payable to external auditors with respect to non-audit activities. In addition, it is the duty of the audit committee to assess the effectiveness of external audit functions annually. The audit committee meets formally at least four times a year and quorum for meetings require two members of the board. Furthermore, meetings can be requested by the external auditors if they consider one is necessary. The following table sets forth information for the members of the audit committee as of the date of this Offering Memorandum:

Name	**Position**	**Date Appointed**
Adrian Katsew	Chairman	November 24, 2022
Jeffrey Pavlovic	Member	November 24, 2022
Bernardo Graf	Member	November 24, 2022

Sustainability Committee

The sustainability committee's duties are to monitor the implementation of environmental, health and safety management systems in place, monitor the progress of community engagement programs and the effectiveness of the community grievant mechanism. The sustainability committee also provides guidance on the interpretation of BEMH's ESG principles and monitors BEMH's implementation of the relevant IFC standards, guidelines and ESG related legislation. The sustainability committee determines the form and manner of its own proceedings. Additionally, the sustainability committee must meet at least four times per year and quorum for meetings require two members of the board. The following table sets forth information for the members of the sustainability committee as of the date of this Offering Memorandum:

Name	**Position**	**Date Appointed**
Barry Lynch	Chairman	November 24, 2022
Adrian Katsew	Member	November 24, 2022
James Magor	Member	November 24, 2022
Hernan Arrigone	Member	November 24, 2022

Officers

As of the date of this Offering Memorandum, the following table sets forth our current executive management:

Name	Position	Year Appointed	Age
Narcís de Carreras	Chief Executive Officer	2022	56
Arturo Infazón	Chief Financial Officer	2022	52
Gianluca Liuzzi	Chief Sustainability Officer	2023	57
Othón Gutiérrez	Chief Commercial Officer	2023	40
Gabriel Diaz Barrio	Chief Asset Manager Officer	2023	47
Ramón Sanchez[(1)]	Chief Technical Officer	2001	45

(1) Ramón Sanchez joined the management of BEMH in 2023, but was part of Mitsui since 2021.

Below is a summary of the business experience, activities and areas of expertise of our current officers (that are not members of our Board of Directors).

Narcís de Carreras: Mr. Carreras is Chief Executive Officer of BEMH since the launching of the company in early 2023. He has more than 30 years of international experience in the power and gas sector, including in the Americas and Mexico. Prior to joining BEMH, Mr. Carreras worked for 17 years at Naturgy, the Spanish gas and power conglomerate, where he recently served as Chief Executive Officer of Nedgia, the largest gas distribution network operator in Spain, and before that as Chief Executive Officer for Naturgy México between 2013 and 2020. Mr. Carreras has participated in a variety of roles, from corporate areas such as strategy, business development or M&A, to the management of energy business with a focus on growth, on operational transformation and digitalization, and the implementation of strategies to enhance the sustainability angle of natural gas energy business. He has had direct responsibility in projects and management of companies throughout the Americas (Mexico, Panama, Colombia, Brazil, Argentina, Chile), Europe (Spain, France, Italy, Greece, Turkey), and Australia. Mr. Carreras holds a BA in Business Administration, and an MBA from ESADE (Escuela Superior de Administración y Dirección de Empresas) in Barcelona, Spain.

Arturo Infanzón: Mr. Infanzón has over 25 years of experience in the energy sector across the Americas, having served in key executive financial and operations positions. Prior to Actis, he served as Chief Financial Officer of Sempra Energy/IENOVA, where he led acquisitions of over U.S.$4.2 billion in aggregate. Mr. Infanzón studied accounting at Universidad Autónoma Baja California and holds an MBA from San Diego State University and a Certificate of Management Excellence from Harvard Business School.

Gianluca Liuzzi: Mr. Liuzzi is responsible for the management of all sustainability aspects across BEMH, working with internal and external stakeholders to design and execute the company's sustainability strategy. He has over 26 years of experience in large EPC Companies and turnkey projects for the power, oil and gas and heavy industries, as well as in large energy and technology companies such as ABB, Techint Group of Companies, Siemens Mesoamerica and TransCanada. His last position was ESG Director in Zuma Energía an Actis Portfolio's Platform (exit completed in 2020). His experience includes HSEQ&S corporate strategies, development, implementation, and certification of Management Systems based on ISO standards, and management of all sustainability aspects in challenging environments, in Mexico and abroad. Prior to Actis, he served as Units' Commander in the Italian Special Forces. Mr. Liuzzi studied International Political Sciences at the Italian Military Academy and pursued several courses and certificates in defense, security and HSEQ fields.

Othón Gutierrez: Mr. Gutierrez has proven track record in the Mexican energy industry spanning over 15 years, with expertise in commercial and trading roles for both gas and power and designing and leading commercial strategies for major players. Prior to joining BEMH, Mr. Gutierrez served Shell as the General Manager for Shell's Gas and Power Trading and Supply branch in Mexico. Mr. Gutierrez holds a Mechanical and Electrical Engineering degree from the Universidad Iberoamericana and an MBA from IPADE Business School.

Gabriel Diaz Barrio. Mt. Barrio has over 15 years of experience in the energy sector. Prior to joining BEMH, MR Barrio served as the Chief Operating Officer at ContourGlobal. During this period, Mr. Barrio Managed the Spanish business, which was comprised of six power plants (including CCGTs and CSPs), with a consolidated capacity of over 1 GW. Mr. Barrio holds a Bachelors in Science in Industrial Engineering from Universidad de Salamanca and an Advance Management Program for IE Business School.

Ramón Sanchez: Mr. Sanchez has over 20 years of experience in the construction, operation and maintenance of the current BEMH portfolio. He has been successful in guaranteeing the safe, reliable and efficient operation of our assets. Mr. Sanchez studied mechanical and electrical engineering at the Universidad Autónoma Nuevo Leon and holds a Master of Science in Industrial Management from the University of Texas.

Compensation of Directors and Officers

For the nine months ended of September 30 2023, BEMH's executive management received compensation of Ps. 18 million (approximately U.S.$1 million).

The Company

The Company is indirectly 99.43% majority-owned by certain Actis subsidiaries (comprising Actis Energy 5 LP, Actis Energy 5 A LP and Actis Energy 5 B LP investment funds which are English limited partnerships managed by its managing general partner Actis) and the remaining 0.57% owned by Actis Energy 5 SCSp (an affiliate of Actis). Actis is authorized and regulated in the United Kingdom by the Financial Conduct Authority and is entered on the Financial Services Register.

Actis is a leading growth markets investor with an established track record in the electricity sector and is responsible for the construction and operation of 30 GW in over 30 countries across Asia, Africa and Latin America over the past 20 years. Actis brings a wealth of experience in the growth markets' energy sector with particular relevance for our continued successful operation, as well as proven regional capabilities, past performance and commitment to the Mexican energy sector, which we believe are particularly relevant for our continued successful operations.

Actis was created in 2004 as a management buy-out from CDC Group and is owned by its partners. Headquartered in London, with a portfolio of investments in South Asia, Southeast Asia, Africa, Latin America and China, Actis has raised approximately U.S.$25 billion since its inception.

As of the date of this Offering Memorandum, Actis has raised five energy funds managed and invested by a dedicated team of investment professionals located in London, Mumbai, São Paulo and Austin (Texas), Singapore and Tokyo, and who enjoy the support and advice of specialist legal, technical, debt financing and RI teams with the firm. The fifth and most recent energy fund, Actis Energy V, closed in 2021 at its hard cap with U.S.$4.75 billion of available capital. In Latin America, Actis and its investee companies have owned over 14.7 GW of energy generation assets in operation and under construction, including assets in Mexico, Peru, Chile, Brazil, Guatemala, El Salvador, Panama, Costa Rica, Nicaragua and Honduras.

PRINCIPAL SHAREHOLDERS

As of September 30, 2023, the aggregate amount of our issued and outstanding capital stock is Ps. 7,046.4 million (U.S.$399.9 million) represented by 7,046,432,579 shares.

The following table sets forth certain information as of the date of this Offering Memorandum, concerning the ownership of Company's shares:

Shareholders	Fixed Capital Class I Shares	% of Class I Shares	Variable Capital Class II Shares	% of Class II Shares	Total	% of Total
Buffalo Investments S.Á.R.L.......	9,999	99.99%	7,045,717,897	99.99%	7,045,727,896	99.99%
Buffalo Holdings S.Á.R.L.	1	0.01%	704,682	0.01%	704,683	0.01%
Total...	10,000	100%	7,046,422,579	100%	7,046,432,579	100%

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of certain transactions since September 2021 to which we have been a party and in which one or more of our directors, the members of our senior management or our indirect controlling shareholder, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest. It is our policy to conduct all related party transactions at an arm's-length basis. We believe the terms obtained or consideration that it paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, from unaffiliated third parties.

BEMH 2022 Loan. On October 1, 2022, BEMH entered into a shareholder's loan agreement with BH for $20 million at an annual interest rate of 6.79% and a 30-year term. See "Management Discussion and Analysis of Financial Condition and Results of Operations of BEMH—Liquidity and Capital Resources—Existing Consolidated Indebtedness—BEMH 2022 Loan." We intend to use the proceeds of the Notes to repay the term loan under the BEMH 2022 Loan. See "Use of Proceeds."

BEMH 2023 Loan. On July 15, 2023, BEMH entered into a shareholder's loan agreement with BH for $100 million at an annual interest rate 6.32% and a 10-year term. See "Management Discussion and Analysis of Financial Condition and Results of Operations of BEMH—Liquidity and Capital Resources—Existing Consolidated Indebtedness—BEMH 2023 Loan ." We intend to use the proceeds of the Notes to repay the term loan under the BEMH 2023 Loan. See "Use of Proceeds."

MT Falcon Loan. On November 9, 2022, BE, as lender, entered into a loan agreement with MT Falcon, GDR, EAA, CSO, CAC, CLR and CVH, as borrowers, for an aggregate principal of U.S.$153.4 million for a term of seven years. The intercompany loan accrues interest at a rate per annum of 7.00% fixed interest rate and an 8.06% variable interest rate. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of MT Falcon—Liquidity and Capital Resources—Existing Indebtedness—Existing MT Falcon Debt."

Actis Loan. BEMH entered into a non-bearing interest shareholder's loan agreement with Actis Energy Fund on July 13, 2023, for a total amount of U.S.$18.13 million with a 10-year term.

BEI Loans. On July 13, 2023, BEI granted loans to its subsidiaries for a total amount of U.S.$260 million with an interest rate per annum of SOFR plus a margin of 4.35%. On July 17, 2023, BEI granted a two-year term loan to BEMH for a total amount of U.S.$56 million. The intercompany loan accrues interest at a rate per annum equal to 6.35%.

Saltillo, Altamira, Río Bravo II, Río Bravo III and Río Bravo IV Management Agreements. On September 21, 2021, the MT Falcon Entities, as owners, entered into individual management services agreement with COMEGO, our affiliate, for management, administrative and other support services in connection with the operations and maintenance of each respective MT Falcon Generating Asset and Gasoducto del Río and the day-to-day business of each MT Falcon Entity. See "Description of Certain Material Agreements—Management Services Agreements--Saltillo, Altamira, Río Bravo II, Río Bravo III, Río Bravo IV and Gasoducto del Río."

EVM I and EVM II Management Agreements. On July 13, 2023, EVM Energía I and EVM Energía II entered into individual management services agreements with COMEGO, our affiliate, for management, administrative and other support services in connection with the operation and maintenance of EVM I and EVM II, as applicable, and the day-to-day business of EVM Energía I and EVM Energía II, as applicable. See "Description of Certain Material Agreements—Management Services Agreements—EVM I and EVM II."

On July 13, 2023, EVM Energía II entered into an additional management services agreement with COMEGO, our affiliate, for management, administrative and other support services in connection with the operation and maintenance of EVM I and EVM II, as applicable, and the day-to-day business of EVM Energía I and EVM Energía II, as applicable. See "Description of Certain Material Agreements—Management Services Agreements—EVM I and EVM II."

DESCRIPTION OF PRINCIPAL FINANCE AGREEMENTS

In order to secure the full and punctual payment and performance of our obligations under the Indenture and the Notes and establish the intercreditor arrangements with respect to the Collateral, we will enter into, among others, the following financing agreements governed by New York and Mexican law. The following are summaries of the principal terms of our principal financing agreements. These summaries should not be considered to be a full statement of the terms and provisions of such contracts. Accordingly, the following summaries are qualified in their entirety by reference to each contract. Copies of the contracts described below are available for inspection upon request to us at our address listed on the inside back cover page of this Offering Memorandum. Unless otherwise stated, any reference in this Offering Memorandum to any contract means such contract and all schedules, exhibits and attachments thereto as amended, supplemented or otherwise modified and in effect as of the date hereof. Spanish language versions of any of the agreements described in this summary and governed by Mexican law are determinative.

Amended Credit Agreement

We will enter into the Second Amended and Restated Credit Agreement on or before the Issue Date (the "Amended Credit Agreement"), with JPMorgan Chase Bank, N.A., BNP Paribas, Morgan Stanley Bank, N.A., Citibank, N.A., and Société Générale, as lenders and issuing banks, the Co-Issuers, the Joint Obligors and the Guarantors (collectively, the "Borrowers"), as borrowers, Citibank, N.A., as Administrative Agent on behalf of the lender parties (the "Administrative Agent"), and each other person that may become party hereto from time to time. Under the Amended Credit Agreement, the lenders provide a revolving credit facility to finance the Borrowers' working capital needs, working capital letters of credit and letters of credit to be used to fund the debt service reserve accounts for the Notes and the Amended Credit Agreement. BNP Paribas is fronting bank with respect to the issuance of working capital letters of credit under the Amended Credit Agreement.

The Amended Credit Agreement is governed by the laws of the State of New York.

Working Capital Facility and Letters of Credit

The financing of working capital and general corporate expenditures are primarily financed with the proceeds of a two hundred thirty five million dollars (U.S.$235,000,000) revolving credit facility under the Amended Credit Agreement (the "Working Capital Facility"). The proceeds of the Working Capital Facility may be utilized for (i) working capital loans, and (ii) letters of credit. Any working capital letter of credit issued under the Amended Credit Agreement constitutes a utilization of the Working Capital Facility commitment in the available amount of such letter of credit as in effect from time to time. The Working Capital Facility is available (the "Availability Period") from the Issue Date until the "Working Capital Facility Maturity Date", which is five (5) years from the Issue Date.

Interest Rate for the Working Capital Facility

Borrowings under the Working Capital Facility (the "Working Facility Loans") bear interest at a rate per annum equal to, with respect to the alternate base rate loans, the alternate base rate plus the Applicable Margin (as defined below) and with respect to the SOFR loans, a rate per annum equal to the Adjusted Daily Compounded SOFR (as defined in the Amended Credit Agreement) for such interest period for such borrowing plus the Applicable Margin. The Amended Credit Agreement contemplates 6-month interest periods. All interest under the Amended Credit Agreement is computed on the basis of a year of three hundred sixty (360) days except that interest computed by reference to the alternate base rate at times when the alternate base rate is based on the prime rate shall be computed on the basis of a year of three hundred sixty-five (365) days (or three hundred sixty-six (366) days in a leap year), and in each case is payable for the actual number of days elapsed (including the first day but excluding the last day). Interest is payable at the end of each interest period and on the Maturity Date (as defined in the Amended Credit Agreement). Interest on any amount overdue under the Amended Credit Agreement following the occurrence of a payment event of default or bankruptcy or insolvency event of default is payable at a default rate of 2% per annum above the rate which would otherwise have been payable. Adjusted Daily Compounded SOFR is the greater of (i) SOFR with a lookback period of five U.S. government securities business days *plus* and adjustments of 0.42826% per annum and (ii) a floor of 0%, for the relevant interest period.

The "Applicable Margin" with respect to each Working Facility Loan is 2.25% per annum.

Letters of Credit

Pursuant to the Amended Credit Agreement, we may request that the issuing banks issue letters of credit during the Availability Period for the Borrowers' account to (i) meet the credit support obligations (including performance guarantees) under various project documents to which any Borrower is a party (including power purchase agreements, gas supply agreements, compression services agreements and fuel supply agreements), as such obligations arise from time to time, and (ii) fund the debt service reserve accounts for the Notes and the Amended Credit Agreement. The available amount of the working capital letters of credit referred to in clause (i) above to be issued by the issuing banks may not exceed the aggregated unused working capital facility commitments and after giving effect to an issuance of such working capital letters of credit, the working capital facility exposure of all working capital facility lenders may not exceed the sum of all working capital facility commitments. The available amount of the DSRA letters of credit referred to in clause (ii) above to be issued by an issuing bank shall not exceed the aggregate unused DSRA LC Commitment (as defined in the Amended Credit Agreement), and after giving effect to the issuance of all such requested DSRA letters of credit, the DSRA LC Facility Exposure (as defined in the Amended Credit Agreement) of all DSRA LC Lenders (as defined in the Amended Credit Agreement) shall not exceed the sum of all DSRA LC Commitments.

Each working capital facility letter of credit and DSRA letter of credit shall expire at or prior to the close of business on the earlier of (A) the date that is twelve (12) months after the date of the issuance of such letter of credit (or, in the case of any extension thereof, twelve (12) months after the then-current expiration date of such letter of credit), and (B)(1) with respect to a DSRA letter of credit, the fifth business day before the DSRA LC Facility (as defined in the Amended Credit Agreement) maturity date, and (2) with respect to a working capital facility letter of credit, the fifth business day before the working capital facility maturity date, as applicable. No letter of credit may be issued or extended within thirty (30) days of the maturity date applicable thereto. We may request a letter of credit which expires on a date that is five (5) business days before the applicable maturity date or thereafter so long as (a) we provide cash collateral to the issuing bank, prior to the issuance of such letter of credit, in an amount equal to one hundred three percent (103%) of the outstanding amount of such letter of credit, (b) we pay in full, prior to the relevant maturity date, all commissions required to be paid with respect to any such letter of credit through the then-current expiration date of such letter of credit and (c) the issuing bank agrees (in its sole discretion) to issue such letter of credit.

If an issuing bank makes a letter of credit disbursement in respect of any applicable letter of credit, the Borrowers are required to reimburse such letter of credit disbursement to the Administrative Agent for the account of the LC Lenders (as defined in the Amended Credit Agreement) within one (1) Business Day (as defined in the Amended Credit Agreement) after such letter of credit disbursement, in an amount equal to the full amount of such letter of credit disbursement plus accrued interest thereon from the disbursement date to the date of repayment of the letter of credit disbursement. The failure to pay such reimbursement obligation is not a potential event of default or an event of default to the extent such reimbursement obligation converts to a letter of credit loan (the "Letter of Credit Loan").

Fees

A commitment fee of 30% of the Applicable Margin per annum of unfunded commitment of the LC Lenders is payable semi-annually on each interest payment date in arrears. A fee equal to the Applicable Margin on the undrawn face amount of all outstanding letters of credit is payable semi-annually on each interest payment date in arrears. A letter of credit exposure fee is payable by the Borrowers for the account of each LC Lender of a class with respect to (i) any outstanding WCF Letters of Credit (as defined in the Amended Credit Agreement) and DSRA Letters of Credit (as defined in the Amended Credit Agreement) issued to meet the Note Debt Service Reserve Requirement (as defined in the Amended Credit Agreement), and (ii) any outstanding DSRA Letters of Credit (as defined in the Amended Credit Agreement) issued to meet the Loan Debt Service Reserve Requirement (as defined in the Amended Credit Agreement), any Projected Sum thereof (as defined in the Amended Credit Agreement). A fronting fee is payable by the Borrowers to the Administrative Agent for account of BNP Paribas in accordance with the terms of the Amended Credit Agreement (the "Fronting Fee"). In addition, the Borrowers shall also pay the standard fees and charges, such as set-up fees, cable charges and other customary administrative charges, of an issuing bank in effect from time to time for the issuing, transfer or amendment of each letter of credit.

Prepayment of Loans

Mandatory Prepayments

Pursuant to the Amended Credit Agreement, we agreed to prepay the outstanding letter of credit loans thereunder (in each case, in accordance with the Waterfall):

(i) with Cash Flows Available for Debt Service (as defined in the "Description of Notes") but only to the extent required to reduce the principal amount of any letter of credit loans to zero; and

(i) in an amount equal to the ratable prepayment amount of the net cash proceeds of: (A) unless otherwise permitted under the Indenture, all non-ordinary course asset sales or other disposals of Collateral in each case in excess of an aggregate amount for the then applicable Financial Year (as defined in the Amended Credit Agreement) of seven million five hundred thousand dollars (US$7,500,000); and (B) all Loss Proceeds (as defined in the Amended Credit Agreement) and other insurance proceeds (but excluding proceeds of business interruption, delayed start-up and third-party liability insurance) or any Condemnation Event (as defined in the Amended Credit Agreement) in excess of fifteen million dollars (US$15,000,000) not applied to Restoration (as defined in the Amended Credit Agreement) of the Collateral or the continuation of the business during such Restoration.

Any amounts required to be applied to a mandatory prepayment in accordance with paragraph (i) above that are also required to be applied to a prepayment requirement or other offer to purchase or prepay under any other Senior Debt Agreement (as defined in the Amended Credit Agreement) shall be applied *pro rata* in respect of Indebtedness (as defined in the Amended Credit Agreement) under all such applicable Senior Debt Agreements based on the respective principal amounts thereof and, in the event that, following any offer to purchase or prepay under any other Senior Debt Agreement, there are excess amounts of prepayment proceeds remaining following the expiration of any such offer, such excess proceeds shall be applied *pro rata* in respect of Indebtedness under all Senior Debt Agreements based on the respective principal amounts thereof (excluding for these purposes the Indebtedness owed to any Secured Party declining such offer).

Prepayments pursuant to paragraph (ii) above shall be applied on a *pro rata* basis among the Letter of Credit Loans (as defined in the Amended Credit Agreement) based on the respective principal amounts thereof.

Voluntary Prepayments

We may voluntarily prepay the loans under the Amended Credit Agreement without premium or penalty, in whole or in part, together with any accrued but unpaid interest and subject to the prepayment of any applicable break funding costs under the Amended Credit Agreement if such prepayment is made on a date which is not an interest payment date, upon fifteen (15) Business Days' written notice to the Administrative Agent.

Covenants

Pursuant to the Amended Credit Agreement we are subject to certain covenants, including affirmative requirements to take any actions required to perfect and maintain the security interest over the Collateral for the benefit of the Secured Parties pursuant to the Security Documents. We must also comply with, among others, the following affirmative covenants, with certain exceptions and qualifications: (i) delivery of annual consolidated and quarterly consolidated financial statements (within 120 days of year end for delivery of annual financial statements and within 60 days of quarter end for quarterly financials (with extended time periods of 150 days for delivery of the first annual and 90 days for delivery of the first three quarterly financial statements, in each case, to be delivered after the second amendment and restatement effective date)), and with annual financial statements to be accompanied by an audit opinion from internationally recognized auditors reasonably acceptable to the

Administrative Agent that is not subject to qualification as to “going concern” or the scope of such audit; (ii) delivery of annual budget reports in the form customarily prepared by the Borrowers (within 30 days of year end); (iii) delivery of officers’ compliance certificates and customary corporate documents; (iv) delivery of customary reports, notices and information; (v) delivery of other information reasonably requested by the Administrative Agent; (vi) maintenance of organizational existence and rights and privileges; (vii) maintenance of properties; (viii) maintenance of insurance; (ix) payment of taxes and claims; (x) corporate franchises; (xi) corporate separateness; (xii) compliance with laws (including environmental laws, laws against sanctioned persons (including pursuant to the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”) rules and regulations), anti-terrorism laws (including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001 (the “Patriot Act”)), anti-money laundering laws, anti-bribery and anti-corruption laws (including the FCPA) and other anti-bribery, anti-corruption, anti-money laundering and anti-terrorism laws); (xiii) environmental matters; (xiv) compliance with Equator Principles and environmental requirements; (xv) compliance with the Employee Retirement Income Security Act of 1974 (“ERISA”); (xvi) good repair; (xvii) transfer all available cash to the Dollar Construction Account (as defined in the Amended Credit Agreement) (subject, with respect to the EVM Energía I and EVM Energía II, to the terms and conditions of the EVM Project Facilities and the financing documents relating thereto), other than amounts reinvested in a subsidiary of BEMH with proceeds of restricted payments subject to satisfying the restricted payment conditions; (xviii) collateral (including after-acquired collateral); (xix) use of proceeds; (xx) books and records; and (xxi) inspections.

The Amended Credit Agreement also contains customary negative covenants that, subject to certain exceptions and baskets, limit the ability of the Borrowers to, among other things, (i) incur debt (other than permitted debt); (ii) create liens (other than permitted liens); (iii) make subsidiary distributions, investments, loans, advances and acquisitions; (iv) make sales and other dispositions of assets (including equity interests in subsidiaries), (v) with respect to BEMH, make dividend payments and certain restricted payments unless restricted payment conditions are met (however, the restricted payment conditions do not apply to certain restricted payments to be made on the second amendment and restatement effective date, certain transfers to the Tenedora Recoverable VAT Account (as defined in the Amended Credit Agreement) and the Development Fee Account (as defined in the Amended Credit Agreement), and, subject to the satisfaction of the conditions set forth in the Indenture for such purposes, dividends and distributable cash flows available in respect of fiscal year 2023); (vi) engage in mergers or consolidations (except as permitted under the Indenture and the Notes and for certain changes in the legal existence of any Borrower (other than BEMH) required to optimize the allocation of the indebtedness under the Financing Documents among the Borrowers and, in the case of EVM Energía I and EVM Energía II, except to the extent permitted by the terms and conditions of the EVM Project Facilities and the financing documents relating thereto), liquidations or dissolutions; (vii) enter into transactions with affiliates (with certain exceptions, including in connection with changes in the legal existence of any Borrower (other than BEH) required to optimize the allocation of the Indebtedness under the financing documents among the Borrowers); (viii) change its accounting policies or fiscal year; (ix) enter into any sale/leaseback transactions; (x) enter into any speculative derivative transactions, (xi) make capital expenditures (other than permitted capital expenditures); (xii) conduct of business, (xiii) make any amendments and waivers of constitutional documents, and (xiv) make assignments, amendments, terminations, or modifications or waivers of material project contracts. The Amended Credit Agreement also contains customary negative covenants that restrict our ability and the ability of the Guarantors to, among other things, use the proceeds received from the loans under the Amended Credit Agreement in violation of laws against sanctioned persons (including OFAC), anti-terrorism laws (including the Patriot Act), anti-money laundering laws, anti-bribery and anti-corruption laws (including the FCPA), and fund available cash to any account other than the Dollar Collection Account (as defined in the Amended Credit Agreement).

Financial Covenants

Our debt service coverage ratio under the Amended Credit Agreement (the “DSCR”) must be at least 1.05:1.00 for the most recent 12-month period ending on the relevant calculation date (the “Measurement Period”); provided that with respect to any interest payment date occurring prior to the end of the consecutive twelve (12)-month period after the Issue Date, the Measurement Period shall be the period commencing on the Issue Date to, and ending on, such interest payment date. If the DSCR is less than 1.05:1.00 for any Measurement Period, any affiliate of Buffalo Energy Holdings may, directly or indirectly, provide Buffalo Energy Holdings equity in the form of capital contributions or subordination affiliate loans, and such equity will (for the purposes of calculating the DSCR) be deemed to constitute Cash Flows Available for Debt Service or operating net income, as applicable (the "Equity Cure"). Notwithstanding the foregoing, in no event may the Equity Cure be exercised (i) during more than two consecutive 6-month periods and (ii) more than four times in the aggregate.

Events of Default

Under the Amended Credit Agreement, each of the following events summarized below, among others, will constitute an event of default, unless waived or cured within the cure period and in the manner set forth in the Amended Credit Agreement:

(i) failure to pay principal, interest or any other amount payable under any Financing Document contemplated in the Amended Credit Agreement when they become due;

(ii) a misrepresentation by any Borrower under any of the Financing Documents;

(iii) failure to comply with certain covenants under the Financing Documents;

(iv) an insolvency or similar procedure with respect to any Borrower, EVM Energía I or EVM Energía II;

(v) any provision of any of the Material Project Documents (as defined in the Amended Credit Agreement) ceases to be in full force and effect or is amended or modified, in each case, without the prior written consent of the lenders having outstanding Loans, letter of credit exposures and unused commitments representing more than 66.66% of the sum of the total and unused outstanding Loans, letter of credit exposures and unused commitments at such time;

(vi) any permits having been obtained, ceases to be binding, after issuance thereof, are repudiated, revoked, terminated, expired, modified, cancelled, suspended or becomes illegal or invalid so as to have a material adverse effect;

(vii) final judgments (i) in respect of Buffalo Energy Holdings, in excess of seven million and five hundred thousand dollars (US$7,500,000) in the aggregate or (ii) in respect of any other Borrower, that has had or could reasonably be expected to have a Material Adverse Effect;

(viii) any lien in favor of the Loan Secured Parties under the Security Documents ceases to constitute valid and fully perfected liens granting a first priority security interest (subject to permitted Liens and certain post-closing Mexican security obligations) in a material portion of the Collateral in favor of the Loan Secured Parties or any agent or trustee on their behalf, and any of the applicable Security Documents shall at any time for any reason cease to be valid and binding or in full force and effect in accordance with its terms;

(ix) any Financing Document once executed (i) is declared by a court of competent jurisdiction invalid, illegal or unenforceable or any Borrower shall have repudiated or disavowed or stated that it is entitled to repudiate or disavow or taken any action to challenge the validity or enforceability of such agreement or (ii) except as otherwise expressly permitted under the Financing Documents or a consequence of expiry, ceases to be in full force and effect;

(x) a Change of Control, as defined in the Amended Credit Agreement, occurs;

(xi) an ERISA Event, as defined in the Amended Credit Agreement, occurs; or

(xii) any Borrower defaults for a period beyond any applicable grace period (i) in the payment of any principal, interest or other amount due under any agreement or instrument involving indebtedness (other than under the Financing Documents) and the outstanding amounts payable under any such agreement or instrument equals or exceeds ten million dollars (US$10,000,000) (or the equivalent in any other currency) or (ii) in the performance of any obligation due under any agreement or instrument involving indebtedness that equals or exceeds ten million dollars (US$10,000,000) (or the equivalent in any other currency), if in the case of this clause (ii), such default would entitle the holders of the obligation concerned to accelerate the scheduled maturity of such indebtedness,

(xiii) on and after the second amendment and restatement effective date, indebtedness entered into by EVM Energía I or EVM Energía II, including pursuant to the terms and conditions of the EVM Project Facilities and the financing documents relating thereto, becomes due (or required to be prepaid, repurchased, redeemed or defeased) and payable prior to the scheduled maturity thereof; or

(xiv) any payment required to be made by the *Comisión Federal de Electricidad* pursuant to the PPAs entered into with such entity is made to any account other than (i) the accounts maintained by the Depositary pursuant to the Amended and Restated Offshore Depositary Agreement, or (ii) the Peso VAT Accounts (*Cuenta de IVA en Pesos*, as defined in each of the Second Amended and Restated Project Trust Agreements entered *inter alia* among Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, as first place beneficiary and for the benefit of the *Comisión Federal de Electricidad* as second place beneficiary, CIBanco, S.A. Institución de Banca Múltiple as trustee, and each of Gasoducto del Río, COMEGO, Electricidad Águila, Central Anáhuac, Central Lomas de Real, Central Valle Hermoso and Central Saltillo, as settlors and third place beneficiaries, respectively).

Amended Intercreditor Agreement

The security over the Collateral and the rights of holders of the Co-Issuer's indebtedness, including the indebtedness under the Notes and under the Amended Credit Agreement (together, the "Senior Secured Debt"), will be subject to the provisions of the Amended and Restated Collateral Agency and Intercreditor Agreement to be entered into on or prior to the Issue Date, among the Co-Issuers, the Joint Obligors, the Guarantors, Citibank, N.A., as the Administrative Agent, U.S. Bank Trust Company, National Association, as the Indenture Trustee and the Intercreditor Agent and U.S. Bank National Association, as the Offshore Collateral Agent, and Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, as the Onshore Collateral Agent (the "Amended Intercreditor Agreement"). The Amended Intercreditor Agreement will govern the rights of the Secured Parties with respect to the Collateral.

The Amended Intercreditor Agreement establishes the relative creditor rights of each class of creditors of the Senior Secured Debt (the "Secured Parties") with respect to payments from proceeds of Collateral, security, enforcement and recoveries of the Co-Issuer's and the Joint Obligors' Senior Secured Debt.

The Amended Intercreditor Agreement is governed by laws of the State of New York.

Ranking and Priority

All Senior Secured Debt rank *pari passu* in right of payment and in right of security with the other Senior Secured Debt, without any preference or priority among the Secured Parties.

The Amended Intercreditor Agreement provides that the Secured Parties will share ratably in the Collateral. Each Secured Party has agreed that it will not accept any lien on any collateral for the benefit of any Secured Obligations other than pursuant to the Security Documents and by executing the Amended Intercreditor Agreement each of the Secured Parties has agreed that it will not question or contest or support any other Person in contesting, in any proceeding, the perfection, priority, validity, attachment or enforceability of a lien held by or on behalf of any of the Secured Parties in all or any part of the Collateral.

Each Secured Party has agreed that if it obtains possession of any Shared Collateral or realizes any proceeds or payment in respect of any such Shared Collateral for any reason, at any time prior to the discharge of each of the Secured Obligations, then it will hold such Shared Collateral, proceeds or payment in trust for the other Secured Parties.

Waivers and Amendments

No Collateral Agent may enter into any consent, waiver, amendment, modification or supplement to any Security Document other than pursuant to the direction of the Intercreditor Agent acting at the direction of the Required Secured Debtholders (as defined in the Amended Intercreditor Agreement) and is otherwise in accordance with the requirements of the Security Documents.

The Amended Intercreditor Agreement may only be terminated, waived, amended or modified in writing by each authorized representative and each Collateral Agent (acting at the direction of the Intercreditor Agent at the direction of the Required Secured Debtholders). We and the Guarantors do not have any right to consent to or approve any termination, amendment, waiver or other modification to or of the Amended Intercreditor Agreement except to the extent that (i) the Co-Issuer's or the Guarantors' consent is expressly required under the Amended Intercreditor Agreement for such termination, amendment, waiver or other modification, (ii) such termination, amendment, waiver or other modification directly affects any obligation or right of any of the credit party or that would impose any additional obligations on the Co-Issuers or the Guarantors or (iii) such termination, amendment, waiver or other modification reduces the rights of the Borrowers or any other Credit Party to refinance the Secured Obligations or which increases the obligations or reduces the rights of the Borrowers or any other Credit Party, or requires the consent of the Borrower and/or such other Credit Party.

Voting

Except as otherwise expressly provided in the Amended Intercreditor Agreement, each Secured Debtholder (as defined in the Amended Intercreditor Agreement) shall be entitled to vote (through its authorized representative) in each Intercreditor Vote (as defined in the Amended Intercreditor Agreement) conducted under the Amended Intercreditor Agreement. Each decision of the Required Secured Debtholders made in accordance with the terms of the Amended Intercreditor Agreement shall be binding upon each of the Secured Parties.

Each Secured Party that is a party to the Amended Intercreditor Agreement (for itself, each Secured Party on whose behalf it executes the Amended Intercreditor Agreement and any other Person claiming through it) will agree under the Amended Intercreditor Agreement that no Secured Party shall, except in accordance with the provisions of the Amended Intercreditor Agreement, take any enforcement action except in accordance with the provisions of the Amended Intercreditor Agreement.

Each Secured Debtholder (through its authorized representative) will have a number of votes in any Intercreditor Vote equal to the portion (in dollar amounts in relation to the aggregate dollar amount of the Combined Exposure (as defined in the Amended Intercreditor Agreement)) of the Combined Exposure represented by the Secured Obligations owed to it under its respective Secured Debt Documents (as defined in the Amended Intercreditor Agreement).

In calculating the Voting Party Percentage (as defined in the Amended Intercreditor Agreement) consenting to, approving, waiving or otherwise providing direction with respect to any Decision (as defined in the Amended Intercreditor Agreement), the total number of votes cast by all Secured Debtholders in favor of the proposed Decision (the "Numerator") shall be divided by the total number of votes entitled to be cast with respect to such matter (the "Denominator"). The Voting Party Percentage shall not include any votes excluded.

Except as specified in the Amended Intercreditor Agreement, a Secured Hedge Bank (as defined in the Amended Intercreditor Agreement) shall not have (A) any voting rights with respect to any Secured Obligations arising under any Secured Hedge Agreement (as defined in the Amended Intercreditor Agreement) to which it is a party or (B) the Intercreditor Agent, in determining the percentage of votes cast (and instructions of the Required Secured Debtholders), shall disregard the principal amount of Secured Obligations held by non-voting secured Debtholders in both the Numerator and Denominator of the calculation in determining the outcome of such vote.

If, within forty-five (45) Business Days or a longer period prescribed by the Intercreditor Agent (not to exceed one hundred and twenty (120) days) (the "Decision Period"), the required Voting Party Percentage is reached then such proposed decision is approved and no Secured Party may object to any of the terms or provisions contained in the Intercreditor Vote. If, within the Decision Period, a Secured Debtholder does not respond approving or disapproving the relevant Intercreditor Vote, then the number of votes of such Secured Debtholder in such Intercreditor Vote (as defined in the Amended Intercreditor Agreement) is deemed to be cast against the proposed consent, approval, direction or other action for the purpose of calculating the Voting Party Percentage. Except in cases where DTC's Automated Tender Offer Program ("ATOP") procedures are utilized, any outstanding Indebtedness under any Secured Debt Documents constituting a bond or similar security (including the holders in respect of the Notes) that does not vote affirmatively or negatively in connection with any decision within the prescribed period for such Intercreditor Vote shall be excluded from both the Numerator and Denominator of the calculation. In all cases in which the Indenture authorized representative is required to notify holders of the Notes of any Intercreditor Vote (including any solicitation to such Holders to approve or disapprove a relevant Intercreditor Vote) the Indenture authorized representative may structure the notice to Holders so that such notice or solicitation is eligible in accordance with the applicable procedures at DTC that the Indenture authorized representative determines to facilitate such vote, including causing such notice to be processed through DTC's ATOP, which among other things may only allow Holders to provide an affirmative vote.

The Indenture will address the manner in which holders of Notes may instruct the Indenture Trustee to vote on their behalf in connection with Intercreditor Votes, including in respect of the provision of instructions or votes to the Indenture Trustee through the systems of DTC (including the ATOP procedures described above). The Indenture Trustee will have no responsibility or liability for the terms or requirements of any such systems or procedures offered by DTC, or any unavailability thereof.

Priority of Payments

Following an enforcement action in connection with the sale, disposition or other realization, collection or recovery of any amounts or any Shared Collateral (or any portion thereof), all proceeds of any sale, collection or other liquidation of any Collateral and all proceeds of any such distribution (collectively, the "Proceeds") will be transferred by the applicable Collateral Agent, including all such Proceeds attributable to any Debt Service Reserve Account (as defined in the Amended Intercreditor Agreement), to the appropriate authorized representative with respect to the Secured Obligations to which such Debt Service Reserve Account relates, to be applied, *first* for the pro rata payment of all accrued and unpaid interest (including default interest, if any) on the relevant Secured Obligations and any accrued and unpaid LC Commitment Fees, Letter of Credit Exposure Fees (each as defined in the Amended Intercreditor Agreement), and Fronting Fees in respect of any Loan Obligations, and *second*, if any unpaid principal or premium (if applicable) of such Secured Obligations has become due (by acceleration or otherwise), to the payment of such unpaid principal and premium. Following the application of the amounts described in the immediately preceding sentence, the applicable Collateral Agent (acting upon the direction of the Intercreditor Agent) will apply all other Proceeds toward the payment of the Secured Obligations in the following order of priority:

(i) *first*, (A) *first*, to the payment of the fees, indemnities, costs (including administrative costs owed to all agents under the Amended Intercreditor Agreement, receiver or delegate) and expenses then due and payable to all agents (including the Indenture Trustee) under the Amended Intercreditor Agreement in respect of any Secured Obligations and then (B) *second*, to the payment of the fees (other than fees payable pursuant to clause (ii) below), indemnities, costs and expenses then due and payable to the other Secured Parties (pursuant to the Amended Intercreditor Agreement) in respect of any Secured Obligations;

(ii) *second*, to the payment of any (A) accrued and unpaid interest, premium and breakage costs (including post-petition interest, whether or not an allowed claim in any liquidation or Insolvency Proceeding (as defined in the Amended Intercreditor Agreement)) in respect of any Secured Obligations, (B) accrued and unpaid commitment fees (including LC Commitment Fees), Letter of Credit Exposure Fees, Fronting Fees and participation or other fees in respect of any Secured Obligations (other than (1) administrative costs owed to all agents (including the Indenture Trustee) under the Amended Intercreditor Agreement, receiver or delegate and (2) fees payable pursuant to expense reimbursement and indemnification provisions set forth in any Secured Debt Document under clause (i) above) and (C) accrued and unpaid ordinary course settlement payments under any Secured Hedge Agreements;

(iii) *third*, to the payment of any (A) outstanding principal amount then due and payable in respect of any Secured Obligations (including cash collateralization (at 100% of the available amount thereof) of all outstanding letters of credit (if any) constituting Secured Obligations) and (B) Swap Contract Termination Payments (as defined in the Amended Intercreditor Agreement) and remaining settlement obligations then due and payable under any Secured Hedge Agreement;

(iv) *fourth*, to the payment of any other outstanding Secured Obligations under any Secured Debt Document; and

(v) *fifth*, the balance, if any, after all Secured Obligations have been paid in full in cash to the Co-Issuers, the Joint Obligors and the Guarantors or their successors or permitted assigns, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Shared Collateral

The Amended Intercreditor Agreement will provide that the Secured Parties will share ratably in the Collateral in which a Collateral Agent holds, on behalf of the Secured Parties of two or more Series (as defined in the Amended Intercreditor Agreement) of Secured Obligations, a valid and perfected security interest at such time, except for the Debt Service Reserve Accounts (the "Shared Collateral"). If more than two Series of Secured Obligations are outstanding at any time and the applicable Collateral Agent holds on behalf of Secured Parties of less than all of the outstanding Series of Secured Obligations a valid and perfected security interest in any Collateral at such time, then such Collateral only constitutes Shared Collateral for those Series of Secured Obligations on whose behalf the applicable Collateral Agent is acting for such Collateral at such time and does not constitute Shared Collateral for any Series which does not (through a Collateral Agent) have a valid and perfected security interest in such Collateral at such time. Notwithstanding the foregoing, other than with respect to Debt Service Reserve Accounts, any assets of the Co-Issuers, the Joint Obligors and the Guarantors which at any time secure any Series of Secured Obligations is deemed to be "Shared Collateral" of the Secured Obligations, regardless of whether all of the Secured Parties then hold a valid and perfected security interest in such assets at such time.

Each Secured Party will agree that it will not accept any Lien on any Collateral for the benefit of any Secured Obligations other than pursuant to the Security Documents and by executing the Amended Intercreditor Agreement each of the Secured Parties will agree that it will not question or contest or support any other Person in contesting, in any proceeding, the perfection, priority, validity, attachment or enforceability of a lien held by or on behalf of any of the Secured Parties in all or any part of the Collateral.

Each Secured Party will agree that if it obtains possession of any Shared Collateral or realizes any proceeds or payment in respect of any such Shared Collateral for any reason, at any time prior to the discharge of each of the Secured Obligations, then it will hold such Shared Collateral, proceeds or payment in trust for the other Secured Parties.

Mexican Law Security Documents

The Secured Obligations will be secured by the following Collateral.

Mexican Project Level Trusts

The project trusts related to the operating facilities with respect to MT Falcon's portfolio and GDR natural gas pipeline (the "Project Level Trusts") will be amended in order to secure all Secured Obligations. No third-party consents must be obtained for purposes of entering into the amendments to the Project Level Trusts and any notices to be given to relevant authorities with respect to such, will need to be given post-execution. The amendments to the Project Level Trusts, which hold real estate of the Guarantors, have not and will not be registered before the relevant public registries of property. See "Risk Factors - Perfection of security interests in the Collateral, meaning the registration thereof in the Mexican *Registro Único de Garantías Mobiliarias*, will occur within 5 business days after the Issue Date. Therefore, it may not occur immediately upon the issue date and, as a result, you may lose the benefit of such security interests to the extent a default occurs prior to such perfection or if such security interest is perfected during the period immediately preceding bankruptcy or insolvency."

The Project Level Trusts will include all assets (including all real estate assets) and rights (including collection and contract rights and receivables) of the Joint Obligors.

COMEGO Trust

The security trust related to COMEGO will be amended to secure all Secured Obligations (the "COMEGO Trust"). In addition, the COMEGO Trust will receive and/or maintain all assets and rights (including collection and contract rights and receivables) of COMEGO.

Mexican Master Trust

The security trust related to the majority interests in MT Falcon, BE, the operating companies and COMEGO (the "Mexican Master Trust") will be amended and restated in order to secure all Secured Obligations. The following assets will be transferred to the Mexican Master Trust:

- all the shares representative of the majority of the capital stock of the Company, BEI, EVM Tenedora, GB and BGI, so that all but the minority shares or equity interests of the Co-Issuers, Joint Obligors, and the Guarantors, as applicable, are transferred to such Mexican Master Trust;
- proceeds arising from the Project Level Trusts;
- certain beneficiary rights related to non-restricted payments of BEI and EVM Energía I's under the EVM I Project Trust; and
- certain beneficiary rights related to non-restricted payments of EVM Tenedora under the EVM II Project Trust.

The Mexican Master Trust will secure all Secured Obligations.

Mexican Minority Trust

The security trust related to the minority interests in MT Falcon, BE, the operating companies and COMEGO (the "Mexican Minority Trust") will be amended and restated in order to secure all Secured Obligations. All the shares representative of the minority of the capital stock of the Company, BEI, EVM Tenedora, GB and BGI, will be transferred to the Mexican Minority Trust, so that the minority shares or equity interests of the Co-Issuers, Joint Obligors, and the Guarantors, as applicable, are transferred to such Mexican Minority Trust.

The Mexican Minority Trust will secure all Secured Obligations.

Mexican Non-Possessory Pledge

The existing non-possessory pledge agreements entered by each of the Joint Obligors, COMEGO, MT Falcon and BE, will be amended in order to recognize that such non-possessory pledge agreement secure all Secured Obligations. Also new non-possessory pledge agreements will be executed by each of the Company, EVM Tenedora, BEI, BG and GB to create a first priority security interest in favor of the Onshore Collateral Agent over (a) any and all movable assets, permits and rights of the relevant pledgor, but excluding any assets, permits or rights (i) that have otherwise been transferred to any trust or (ii) as to which the grant of a security interest is prohibited by applicable law or requires a consent of any governmental authority or other third party that has not been obtained, and (b) over certain assets and rights, including any Mexican bank accounts, other than, in respect of EVM Tenedora, certain bank account held at CIBanco, S.A., Institución de Banca Múltiple, which shall be closed no later thirty (30) days following the date on which its purpose is fulfilled.

Mexican Mandate Agreements over market participant accounts

The existing mandate agreements with respect to the existing market participant accounts (main and backup), executed by the companies who own the operating facilities with respect to MT Falcon's portfolio, by means of which payments made by the CENACE are to be deposited in such accounts for their transfer into the relevant accounts under the project trusts, will be amended for purposes of transferring all amounts deposited therein into each Project Level Trust and, thereafter, to the Mexican Master Trust.

Mexican Mandate Agreements over VAT reimbursement accounts

The existing mandate agreements with respect to the existing VAT reimbursements accounts executed by the companies who own the operating facilities and EVM Tenedora, by means of which payments made by the SAT are to be deposited in such accounts for their transfer into the relevant accounts under the project trusts and the Mexican Master Trust, as applicable, will be amended for purposes of transferring all amounts deposited therein into each Project Level Trust and, thereafter, to the Majority Equity Trust Agreement or to the Mexican Master Trust, as applicable.

New York Law Security Documents

On or about the Issue Date, the Borrowers will enter into an amended and restated security and depositary agreement with the Offshore Collateral Agent pledging as collateral, among other things, (i) all of the rights in, to and under the Material Project Documents governed by U.S. law and (ii) the project accounts of the Borrowers (including the Debt Service Reserve Accounts) which are not subject to the Mexican trusts described above.

DESCRIPTION OF THE NOTES

The following summary of certain provisions of the Indenture, the Notes (including the related Note Guarantees), certain Financing Documents and the Collateral is not complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Indenture, the Notes (including the related Note Guarantees) and the Financing Documents, as applicable. The holders of the Notes will be entitled to the benefits of, be bound by, and be deemed to have notice of, all of the provisions of the Indenture, the Notes (including the related Note Guarantees) and the Financing Documents, including, without limitation, the immunities and rights of the Indenture Trustee and Collateral Agents. Copies of the Indenture and other Financing Documents will be on file at the corporate trust office of the Indenture Trustee and may be inspected upon request.

General

In this "Description of the Notes," the word "Company" refers only to BEMH, and not to any of its Subsidiaries, as defined herein, and the word "Co-Issuers" refers collectively to BEMH, BEI and BE, and not to any other of BEMH's Subsidiaries. The definitions of certain other terms used in this description are set forth throughout the text and under "—Certain Definitions."

The Co-Issuers will issue U.S.$530.0 million in aggregate principal amount of 7.875% Senior Secured Notes due 2039 (the "Notes"). The Notes will be issued under an indenture (the "Indenture") among the Co-Issuers, the Joint Obligors, the Guarantors from time to time thereunder, U.S. Bank Trust Company, National Association, as trustee (the "Indenture Trustee") registrar, transfer agent and paying agent, and the Collateral Agents.

The Notes will constitute senior secured indebtedness of the Co-Issuers and the Joint Obligors on a joint and several basis, and will be fully and unconditionally guaranteed by the Guarantors on a joint and several basis.

The Notes will be due and payable on February 15, 2039. The Notes and all other Secured Obligations will be secured by a security interest in the Collateral, with the ranking described in "—Collateral Arrangements" below.

The Notes will have the benefit of, and shall be subject to, the terms of the Security Documents. The Security Documents set forth the terms of the agreements in respect of the Collateral that will secure the Notes and the other Secured Obligations. For a description of the Security Documents, see "Description of Principal Finance Agreements." We urge each investor to read the Indenture and the Security Documents because those documents, and not this summary, define your rights as a holder of the Notes.

The Indenture will not be qualified under the Trust Indenture Act of 1939, as amended, and holders of the Notes will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under an indenture that is so qualified.

As of the Issue Date, all of the Company's Subsidiaries, including but not limited to BEI, BE, the Joint Obligors and the Initial Guarantors, will be "Restricted Subsidiaries." Under the circumstances described below in the definition of "Unrestricted Subsidiary" under the caption "—Certain Definitions," the Company will be permitted to designate Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture. Further, Unrestricted Subsidiaries will not Guarantee the Notes.

Status, Ranking and No Recourse

The Notes will constitute joint and several, direct and unconditional senior secured obligations of the Co-Issuers and the Joint Obligors, secured by a first priority Lien on the Collateral, and will rank *pari passu* in right of payment without any preference among themselves and with all Additional Notes (as defined herein), if any, and certain other Permitted Debt, if any, any Co-Issuer or any Joint Obligor may issue or incur in the future. The payment obligations of the Co-Issuers and the Joint Obligors under the Notes will, other than in the case of certain of their respective tax, labor or other obligations granted preferential treatment over the Notes pursuant to law, at all times rank at least *pari passu* in priority of payment with all of their respective other present and future senior secured obligations from time to time outstanding, including the Facility, except that such obligations will be effectively subordinated to any future Indebtedness of each of the Co-Issuers and the Joint Obligors that is secured by Liens on assets that do not secure the Notes, to the extent of the value of the assets securing such Indebtedness, and will rank senior in priority of payment to all its present and future unsecured (to the extent of the value of the Collateral) or subordinated obligations from time to time outstanding. The Excluded Subsidiaries will not guarantee the Co-Issuers' or the Joint Obligors' obligations under the Notes.

The Note Guarantees will constitute the Guarantors' joint and several direct and unconditional senior secured obligations, and will rank *pari passu* in right of payment without any preference among themselves and certain other Permitted Debt, if any, that any such Guarantor may incur in the future. Each Guarantor's payment obligations under its Note Guarantee will, other than in the case of certain of its tax, labor or other obligations granted preferential treatment over the Note Guarantee pursuant to law, at all times rank at least *pari passu* in priority of payment with all of its other present and future senior secured obligations from time to time outstanding, except that such obligations will be effectively subordinated to any future Indebtedness of the Guarantors that is secured by Liens on assets that do not secure the Note Guarantees, to the extent of the value of the assets securing such Indebtedness, and will rank senior in priority of payment to all its present and future unsecured (to the extent of the value of the Collateral) or subordinated obligations from time to time outstanding.

All obligations in connection with the Notes are solely obligations of the Co-Issuers, the Joint Obligors and the Guarantors, secured under the Security Documents by the Collateral, with no recourse to any other Person or entity. No Person nor any Permitted Holder or any other Affiliate of any of the Co-Issuers or of any of the Joint Obligors (including the Excluded Subsidiaries), or any of their respective incorporators, stockholders, members, managers, representatives, partners, directors, officers or employees, has guaranteed or will guarantee the payment of the Notes or have any obligation or liability with respect to payment of the Notes or in respect any of the Co-Issuers', any of the Joint Obligors' or any of the Guarantors' obligations under the Notes, the Note Guarantees and/or any of the other Financing Documents. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

As of the Issue Date, and after application of the proceeds of this offering, the Company's consolidated Indebtedness will be U.S.$1,137.9 million, of which U.S.$607.9 million will be Indebtedness of the Excluded Subsidiaries. The Indenture will prohibit the Co-Issuers and the Restricted Subsidiaries from incurring Indebtedness other than Permitted Debt.

Principal, Maturity and Interest

The Notes will bear interest at 7.875% per annum from January 22, 2024 or from the immediately preceding interest payment date to which interest has been paid, payable semi-annually in arrears on each Scheduled Payment Date of each year, commencing on August 15, 2024, to the holders of record of the Notes at the close of business on January 31 or July 31, respectively, immediately preceding the corresponding interest payment date (each, a "Regular Record Date"). Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

Installments of principal will be payable semi-annually on each Scheduled Payment Date of each year beginning on August 15, 2025, pro rata (subject to the procedures of the depositary for the Notes) to the registered holder thereof on the immediately preceding Regular Record Date in accordance with the following schedule:

Payment Date	Percentage of Original Principal Amount Payable	Amount Payable in U.S.$
August 15, 2024	0.00%	—
February 15, 2025	0.00%	—
August 15, 2025	0.15%	795,000
February 15, 2026	0.15%	795,000
August 15, 2026	0.20%	1,060,000
February 15, 2027	0.20%	1,060,000
August 15, 2027	1.24%	6,565,836

February 15, 2028	1.94%	10,286,230
August 15, 2028	1.00%	5,300,000
February 15, 2029	1.00%	5,300,000
August 15, 2029	0.50%	2,650,000
February 15, 2030	0.50%	2,650,000
August 15, 2030	4.25%	22,519,676
February 15, 2031	0.71%	3,750,355
August 15, 2031	4.92%	26,084,044
February 15, 2032	2.50%	13,228,276
August 15, 2032	8.12%	43,028,197
February 15, 2033	2.90%	15,386,677
August 15, 2033	7.99%	42,326,794
February 15, 2034	3.30%	17,476,446
August 15, 2034	7.18%	38,066,161
February 15, 2035	2.40%	12,720,990
August 15, 2035	5.74%	30,398,907
February 15, 2036	3.01%	15,937,898
August 15, 2036	9.82%	52,050,883
February 15, 2037	2.08%	11,032,899
August 15, 2037	7.66%	40,585,979
February 15, 2038	0.84%	4,437,172
August 15, 2038	3.17%	16,819,196
February 15, 2039	0.51%	2,687,385

The Notes will not be entitled to the benefit of any sinking fund to retire them.

Note Guarantees

General

The due and punctual payment of all amounts payable under the Notes, including principal, premium, if any, and interest, together with all other payment obligations of the Co-Issuers and the Joint Obligors under the Indenture and the Notes, will be jointly and severally unconditionally and irrevocably guaranteed on a senior secured basis by the Initial Guarantors and the future Guarantors. See "—Future Guarantors" below.

Each Guarantor that makes a payment under its Note Guarantee will be entitled to contribution from any other Guarantor.

The Indenture will provide that the obligations of each Guarantor under its Note Guarantee shall not exceed the maximum amount that can be guaranteed by such Guarantor by law or without resulting in its obligations under its Note Guarantee being voidable or unenforceable under applicable laws relating to bankruptcy, fraudulent transfer, or under similar laws affecting the rights of creditors generally. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may effectively have no obligation under its Note Guarantee. See "Risk Factors—Risks Related to the Notes, the Note Guarantees, the Collateral, Our Indebtedness and Our Corporate and Financing Structure—Fraudulent conveyance laws may void the Notes or the Note Guarantees or subordinate the Notes or Note Guarantees."

Future Guarantors

On or after the Issue Date, any Restricted Subsidiary that is not a Guarantor, other than the Excluded Subsidiaries, must become a Guarantor promptly and, in any event, no later than 30 days after the date on which such Restricted Subsidiary becomes a Restricted Subsidiary, and execute a supplemental indenture to provide a Note Guarantee and deliver an Opinion of Counsel to the Indenture Trustee, each in accordance with the provisions of the Indenture. Any such Restricted Subsidiary, other than the Excluded Subsidiaries, must also accede to or join, as applicable, the relevant Security Documents as provided in the covenant described under the caption "—Affirmative

Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Covenant to Give Security."

Release of the Note Guarantees and Guarantors

A Note Guarantee of a Guarantor will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect):

(1) in connection with any sale or other disposition (including by merger or otherwise) of capital stock of the Guarantor after which such Guarantor is no longer a Restricted Subsidiary, if the sale of all such capital stock of that Guarantor complies with the applicable provisions of the Indenture;

(2) upon a defeasance or satisfaction and discharge of the Indenture that complies with the provisions under "—Defeasance" or "—Satisfaction and Discharge;"

(3) upon payment in full of the aggregate principal amount of all Notes then outstanding and all other obligations under the Indenture and the Notes then due and owing;

(4) if the Company properly designates such Guarantor as an Unrestricted Subsidiary under the Indenture;

(5) as reasonably necessary or advisable in connection with a Permitted Reorganization; or

(6) as otherwise provided in the Intercreditor Agreement;

provided that with respect to any release pursuant to clause (5), the Co-Issuers must provide to the Indenture Trustee no later than five (5) Business Days before the date of such release prior written notice and an Officer's Certificate (which may be combined with the notice), to the effect that the release of the Note Guarantee is reasonably necessary or advisable in connection with the Permitted Reorganization and that such release complies with the applicable conditions precedent and terms and conditions of the Indenture, and any Note Guarantee released pursuant to clause (5) above will be required to be reinstated promptly pursuant to a supplemental indenture to the Indenture upon completion of the applicable steps in the Permitted Reorganization which resulted in such release, unless, in each case, such Note Guarantee had previously been provided by an entity that, upon consummation of the applicable steps of the Permitted Reorganization, no longer exists.

Upon any release of a Guarantor from its Note Guarantee, if such former Guarantor does not otherwise remain a Restricted Subsidiary, such Guarantor will also be released from its obligations under the Security Documents to the extent permitted under the Security Documents. Upon any occurrence giving rise to a release of a Note Guarantee as specified above, the Indenture Trustee and relevant Collateral Agent will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee or the release of such Guarantor from its obligations under the Security Documents; *provided* that, in each case, the Indenture Trustee and each Collateral Agent shall be entitled to an Officer's Certificate and Opinions of Counsel stating that all conditions precedent to any such release, discharge and termination or other release in the Indenture and the other Financing Documents have been satisfied. Neither the Co-Issuers, the Joint Obligors nor any Guarantor will be required to make a notation on the Notes to reflect any Note Guarantee or any such release, termination or discharge.

Further Issuances

The Co-Issuers will initially issue an aggregate of U.S.$530.0 million of Notes, but may, subject to the limitations set forth under "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Indebtedness," issue an unlimited principal amount of the Notes. The Co-Issuers may, without your consent, issue additional Notes (the "Additional Notes") in one or more transactions, which have substantially identical terms (other than issue price, date of issuance and date from which the interest will accrue) as the Notes issued on the Issue Date. Such Additional Notes may be issued with the same or different CUSIP numbers; *provided*, *however*, that unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes, such Additional Notes must be issued under a different CUSIP number. Any Additional Notes will be consolidated and form a single class with the other Notes issued on the Issue Date, so that, among other things, holders of any Additional Notes will have the right to vote together with holders of Notes issued on the Issue Date as one class. Unless the context otherwise requires, for all purposes under the Indenture and this "Description of the Notes," references to the Notes includes any Additional Notes actually issued.

Form, Denomination and Registration

The Global Notes (and beneficial interests therein) will be issued in registered form only, without interest coupons, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. No Notes will be issued in bearer form. Notes offered and sold in reliance upon Rule 144A under the Securities Act will be issued in the form of one or more Rule 144A Global Notes. Notes offered and sold in reliance on Regulation S under the Securities Act will be issued in the form of one or more Regulation S Global Notes. Each of the Global Notes will be initially registered in the name of The Depository Trust Company ("DTC") or its nominee and deposited with the Indenture Trustee as custodian for DTC. Beneficial interest in the Global Notes will be shown on, and transfers thereof will be affected only through, the book entry records maintained by DTC and its direct and indirect participants (including Euroclear and Clearstream).

Payments and Paying Agents

We will make all payments on the Notes exclusively in such coin or legal currency of the United States as at the time of payment will be legal tender for the payment of public and private debts.

The Co-Issuers, the Joint Obligors and, as applicable, the Guarantors will make payments of principal and interest on the Notes to the Indenture Trustee, which will pass such funds to the paying agents or to the holders of the Notes. Initially, the Indenture Trustee will act as registrar, transfer agent and paying agent for the Notes.

The Co-Issuers, the Joint Obligors and, as applicable, the Guarantors will make payments of principal upon surrender of the relevant Notes at the specified office of the Indenture Trustee or any of the paying agents. The Co-Issuers, the Joint Obligors and, as applicable, the Guarantors will pay interest on the Notes to the Persons in whose name the Notes are registered on the Regular Record Date. Payments of principal and interest in respect of each Global Note will be paid by wire transfer of immediately available funds to DTC. Payments of principal and interest in respect of any certificated notes will be made by Dollar check drawn on a bank in the United States and mailed to the holder of such Note at its registered address. Upon application by the holder of at least U.S.$1.0 million in aggregate principal amount of Notes to the specified office of the Indenture Trustee or any paying agent not less than 15 days before the due date for any payment in respect of a Note, such payment may be made by transfer to a Dollar account maintained by the payee with a bank in the United States.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "—Additional Amounts." For the purposes of the preceding sentence, the phrase "applicable tax or other laws and regulations" will include any obligation on any of the Co-Issuers, the Joint Obligors or the Guarantors to withhold or deduct from a payment pursuant to FATCA (as defined below). No commissions or expenses will be charged to the holders in respect of such payments.

Subject to any applicable abandoned property law, the Indenture Trustee and the paying agents will pay to the Co-Issuers upon their request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to the Co-Issuers for payment as its general creditors. After the return of such monies by the Indenture Trustee or the paying agents to the Co-Issuers, neither the Indenture Trustee nor the paying agents shall be liable to the holders in respect of such monies.

Collateral Arrangements

General

The obligations of the Co-Issuers, the Joint Obligors and the Guarantors with respect to the Notes and the performance of all other obligations of the Co-Issuers, the Joint Obligors and the Guarantors under or relating to the Indenture and the other Secured Debt Documents will be secured by the following (collectively, the "Collateral"):

(i) Mexican law trusts, as described below;

(ii) Mexican non-possessory pledges granted by the Co-Issuers, the Joint Obligors and the Guarantors to include any and all movable assets, permits and rights (including Mexican bank accounts) of the relevant pledgor, not otherwise transferred to a Project Level Trust, the Majority Equity Trust or the Mexican Minority Equity Trust; and

(iii) a New York law governed offshore security and depositary agreement with respect to certain bank accounts held in the United States.

Mexican Law Trusts

Mexican Project Level Trusts

Each Project Level Trust Agreement will be amended so that each Project Level Trust secures all Secured Obligations. No third-party consents are required to be obtained for purposes of entering into the amendments to the Project Level Trust Agreements and any notices to be given to relevant authorities with respect to the same will be given after such amendments have become effective. The amendments to the Project Level Trusts which hold real property of the Guarantors have not and will not be registered before the Mexican public registries of property where the original transfers of ownership of such real property in favor of each trustee under each Project Level Trust are registered. See "Risk Factors—Perfection of security interests in the Collateral may not occur immediately upon the issue date and, as a result, you may lose the benefit of such security interests to the extent a default occurs prior to such perfection or if such security interest is perfected during the period immediately preceding bankruptcy or insolvency."

The Project Level Trusts will include all assets (including all real property) and rights (including collection and contract rights and receivables) of the Joint Obligors and GDR.

COMEGO Trust

The COMEGO Trust will be amended to secure all Secured Obligations. In addition, the COMEGO Trust will receive and/or maintain all assets and rights (including collection and contract rights and receivables) of COMEGO.

Mexican Majority Equity Trust

The Majority Equity Trust Agreement will be amended and restated so that the Majority Equity Trust secures all Secured Obligations. The following assets will be transferred to the Majority Equity Trust:

- all shares representing the majority participation of the capital stock of each of the Company, BEI, EVM Tenedora, GB and BGI, so that the shares or equity interests representing the majority of the capital stock of each of the Grantors, as applicable, are held by such Majority Equity Trust;

- proceeds from the Project Level Trusts;

- certain beneficiary rights of BEI and EVM I related to non-restricted payments under the EVM I Project Trust; and

- certain beneficiary rights of EVM Tenedora related to non-restricted payments under the EVM II Project Trust.

Mexican Minority Equity Trust

The Minority Equity Trust will be amended and restated in order to secure all Secured Obligations. Pursuant to Mexican law, all companies incorporated in Mexico shall have at least two shareholders. Therefore, all shares of the capital stock of the Company, BEI, EVM Tenedora, GB and BGI not otherwise transferred to the Majority Equity Trust will be transferred to the Mexican Minority Equity Trust, so that the shares or equity interests representing the minority of the capital stock of each of the Grantors, as applicable, are held by such Minority Equity Trust.

Mexican Non-Possessory Pledge

The existing non-possessory pledge agreements entered into by each of the Co-Issuers, Joint Obligors, COMEGO, MT Falcon and BE will be amended so that each of the pledges created thereby secure all Secured Obligations. Also, new non-possessory pledge agreements will be executed by each of the Company, EVM Tenedora, BEI, BGI and GB to create a first priority security interest in favor of the Onshore Collateral Agent over (a) any and all movable assets, permits and rights of each pledgor, but excluding any assets, permits or rights (i) that have otherwise been transferred to any trust pursuant to the Security Documents, or (ii) as to which the grant of a security interest is prohibited by applicable law or requires consent from any governmental authority or other third party that has not been obtained, and (b) certain assets and rights, including any Mexican bank accounts, other than, in respect of EVM Tenedora, a certain bank account held at CIBanco, S.A., Institución de Banca Múltiple, which is not in use and will be closed no later than thirty (30) days after the Issue Date.

Mexican Mandate Agreements over market participant accounts

The Operating Companies (except GDR and COMEGO) have executed mandate agreements with respect to their existing market participant accounts (main and backup), pursuant to which payments made by the National Energy Control (*CENACE*) are required to be deposited into such accounts for their subsequent transfer into each Project Level Trust and, thereafter, to the Majority Equity Trust. Such existing mandate agreements will be amended so the amounts of the above-described payments secure all Secured Obligations.

Mexican Mandate Agreements over VAT reimbursement accounts

The Operating Companies (except GDR and COMEGO) have executed mandate agreements with respect to their existing VAT reimbursement accounts, pursuant to which payments made by the SAT are required to be deposited into such accounts for their subsequent transfer into each Project Level Trust and, thereafter, to the Majority Equity Trust. Such existing mandate agreements will be amended so the amounts of the above-described payments secure all Secured Obligations.

Mexican Perfection Requirements and Collateral Requirements

Where applicable, the security interest in the Collateral governed by Mexican law will become perfected *vis-à-vis* third parties once registration in the Mexican *Registro Único de Garantías Mobiliarias* occurs. Under the Indenture and the other Secured Debt Documents, the Grantors will cause such registration to occur no later than 5 Business Days after the Issue Date.

Registration will not constitute a condition precedent to the issuance of the Notes on the Issue Date.

On the Issue Date, BEI will deliver to the trustee under the EVM II Project Trust, a binding and irrevocable instruction directing the trustee to transfer all amounts deemed non-restricted payments arising under the EVM II Project Trust to the Majority Equity Trust on behalf of BEI. In addition, beneficiary rights (*derechos fideicomisarios*) of BEI to receive such non-restricted payments arising from EVM Energía II will be transferred to the Majority Equity Trust once the consent of the holders of the EVM II Notes has been obtained; *provided,* that BEI will use best reasonable commercial efforts to obtain such consent no later than forty (40) Business Days after the Issue Date and, if such consent is obtained, as reasonably practicable thereafter but in any event no later than twenty (20) Business Days thereafter, transfer such beneficiary rights to the Majority Equity Trust.

The Collateral will be free and clear of any liens other than Permitted Liens.

Intercreditor Arrangements

On or prior to the Issue Date, the Co-Issuers, the Joint Obligors, the Guarantors, the Administrative Agent, the Intercreditor Agent, the Collateral Agents and the Indenture Trustee will enter into the Intercreditor Agreement. The Intercreditor Agreement will govern the rights of the Secured Parties with respect to the Collateral.

Upon the entry by any Co-Issuer into any Secured Hedge Transaction, the Intercreditor Agent, the applicable Collateral Agents, the Indenture Trustee, and the designated representative of the hedge parties will enter into a joinder to the Intercreditor Agreement with the representative for such additional series or tranche of Secured Obligations. If any Co-Issuer, any of the Joint Obligors or any of the Guarantors incur any Additional Debt, then the Additional Debt Provider thereof will accede to the Intercreditor Agreement.

Under the Intercreditor Agreement, the holders of the Notes will be represented by the Indenture Trustee, the Lenders will be represented by the Administrative Agent, and any future holders of other Secured Obligations will be represented by their respective authorized representative. The Intercreditor Agreement will provide for *pari passu* treatment and voting of the Secured Parties and set forth other relative rights among the holders of the Notes and the holders of any other Secured Obligations.

Pari Passu Benefits

The Secured Obligations will at all times rank (i) at least *pari passu* in right of payment and security with any other present and future senior secured debt of the Co-Issuers, the Joint Obligors and the Guarantors (other than obligations preferred by statute or by operation of law), and (ii) senior in priority of payment to all present and future unsecured (to the extent of the value of the Collateral) or subordinated obligations of the Co-Issuers, the Joint Obligors and the Guarantors.

Priority of Payments

Following an enforcement action in connection with the sale, disposition or other realization, collection or recovery of any amounts or any Shared Collateral (or any portion thereof), all proceeds of any sale, collection or other liquidation of any Collateral and all proceeds of any such distribution (collectively, the "Proceeds") will be transferred by the applicable Collateral Agent, including all such Proceeds attributable to any Debt Service Reserve Account, to the appropriate authorized representative with respect to the Secured Obligations to which such Debt Service Reserve Account relates, to be applied, *first* for the pro rata payment of all accrued and unpaid interest (including default interest, if any) on the relevant Secured Obligations and any accrued and unpaid LC Commitment Fees, Letter of Credit Exposure Fees and Fronting Fees in respect of any Loan Obligations, and *second*, if any unpaid principal or premium (if applicable) of such Secured Obligations has become due (by acceleration or otherwise), to the payment of such unpaid principal and premium. Following the application of the amounts described in the immediately preceding sentence, the applicable Collateral Agent (acting upon the direction of the Intercreditor Agent) will apply all other Proceeds to the maximum extent permitted by applicable law toward the payment of the Secured Obligations in the following order of priority:

(i) *first*, (A) *first*, to the payment of the fees, indemnities, costs (including administrative costs owed to all agents, receiver or delegate) and expenses then due and payable to all agents (including the Indenture Trustee) in respect of any Secured Obligations and then (B) *second*, to the payment of the fees (other than fees payable pursuant to clause (ii) below), indemnities, costs and expenses then due and payable to the other Secured Parties (pursuant to the Intercreditor Agreement) in respect of any Secured Obligations;

(ii) *second*, to the payment of any (A) accrued and unpaid interest, premium and breakage costs (including post-petition interest, whether or not an allowed claim in any liquidation or Insolvency Proceeding) in respect of any Secured Obligations, (B) accrued and unpaid commitment fees (including LC Commitment Fees), Letter of Credit Exposure Fees, Fronting Fees and participation or other fees in respect of any Secured Obligations (other than (1) administrative costs owed to all agents (including the Indenture Trustee) under the Intercreditor Agreement, receiver or delegate and (2) fees payable pursuant to expense reimbursement and indemnification provisions set forth in any Secured Debt Document under clause (i) above) and (C) accrued and unpaid ordinary course settlement payments under any Secured Hedge Agreements;

(iii) *third*, to the payment of any (A) outstanding principal amount then due and payable in respect of any Secured Obligations (including cash collateralization (at 100% of the available amount thereof) of all outstanding letters of credit (if any) constituting Secured Obligations) and (B) Swap Contract Termination Payments and remaining settlement obligations then due and payable under any Secured Hedge Agreement;

(iv) *fourth*, to the payment of any other outstanding Secured Obligations under any Secured Debt Document; and

(v) *fifth*, the balance, if any, after all Secured Obligations have been paid in full in cash to the Co-Issuers, the Joint Obligors and the Guarantors or their successors or permitted assigns, as their interests may appear, or to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Shared Collateral

The Intercreditor Agreement will provide that the Secured Parties will share ratably in the Collateral in which a Collateral Agent holds, on behalf of the Secured Parties of two or more Series of Secured Obligations, a valid and perfected security interest at such time, except for the Debt Service Reserve Accounts (the "Shared Collateral"). If more than two Series of Secured Obligations are outstanding at any time and the applicable Collateral Agent holds on behalf of Secured Parties of less than all of the outstanding Series of Secured Obligations a valid and perfected security interest in any Collateral at such time, then such Collateral only constitutes Shared Collateral for those Series of Secured Obligations on whose behalf the applicable Collateral Agent is acting for such Collateral at such time and does not constitute Shared Collateral for any Series which does not (through a Collateral Agent) have a valid and perfected security interest in such Collateral at such time. Notwithstanding the foregoing, other than with respect to Debt Service Reserve Accounts, any assets of the Co-Issuers, the Joint Obligors or the Guarantors which at any time secure any Series of Secured Obligations is deemed to be "Shared Collateral" of the Secured Obligations, regardless of whether all of the Secured Parties then hold a valid and perfected security interest in such assets at such time.

Each authorized representative for a Secured Party will agree that it will not accept any Lien on any Collateral for the benefit of any Series of Secured Obligations other than pursuant to the Security Documents. In addition, each Secured Party will agree that it will not question or contest or support any other Person in contesting, in any proceeding, the perfection, priority, validity, attachment or enforceability of a lien held by or on behalf of any of the Secured Parties in all or any part of the Collateral.

Each Secured Party will agree that if it obtains possession of any Shared Collateral or realizes any proceeds or payment in respect of any such Shared Collateral for any reason, at any time prior to the discharge of each of the Secured Obligations, then it will hold such Shared Collateral, proceeds or payment in trust for the other Secured Parties and promptly transfer such Shared Collateral, proceeds or payment, as applicable, to any Collateral Agent to be distributed in accordance with the Intercreditor Agreement.

Release of Liens

Each authorized representative of holders of Secured Obligations will authorize each Collateral Agent, at the direction of the Intercreditor Agent, to execute and deliver to the Company any instrument (including a modification to any Security Document) and to perform all acts and provide all instructions and notices reasonably required for such purposes as the Company shall reasonably request to evidence (i) the release of any Lien on any Shared Collateral granted to or held by such Collateral Agent under any Security Document or (ii) the release of any of the Co-Issuers, any of the Joint Obligors or any of the Guarantors from its obligations under any Secured Debt Document. In each such case, (A) the release of such Lien of any of the Co-Issuers, any of the Joint Obligors or any of the Guarantors should be permitted by the terms of each then extant Secured Debt Document and (B) such Collateral Agent and the Intercreditor Agent should have received an officer's certificate from the Company, at least five (5) Business Days prior to the proposed date of the release, certifying to clause (A) above and specifying the relevant provision(s) in each such Secured Debt Document permitting such release, and attaching the proposed instrument for execution.

Waivers and Amendments

No Collateral Agent may enter into any consent, waiver, amendment, modification or supplement to any Security Document other than pursuant to a direction of the Intercreditor Agent (as directed by the Required Secured Debtholders) and otherwise in accordance with such Security Documents and the Intercreditor Agreement.

The Intercreditor Agreement may only be terminated, waived, amended or modified in writing by each authorized representative and each Collateral Agent (acting pursuant to a decision of the Required Secured Debtholders). The Co-Issuers, the Joint Obligors and the Guarantors do not have any right to consent to or approve any termination, amendment, waiver or other modification to or of the Intercreditor Agreement except to the extent that such termination, amendment, waiver or other modification (i) expressly requires any of the Co-Issuers', any of the Joint Obligors' or any of the Guarantors' consent under the Intercreditor Agreement, (ii) directly affects any obligation or right of any of the Co-Issuers, any of the Joint Obligors or any of Guarantors or that would impose any additional obligations on any Co-Issuer, any Joint Obligor or any Guarantor or (iii) reduces the rights of any Co-Issuer, any Joint Obligor or any Guarantor to refinance the Secured Obligations or which increases the obligations or reduces the rights of any Co-Issuer, any Joint Obligor or any Guarantor.

Voting

Except as otherwise expressly provided in the Intercreditor Agreement, each Secured Debtholder shall be entitled to vote (through its authorized representative) in each Intercreditor Vote conducted under the Intercreditor Agreement. Each decision of the Required Secured Debtholders made in accordance with the terms of the Intercreditor Agreement shall be binding upon each of the Secured Parties.

Each Secured Party that is a party to the Intercreditor Agreement (for itself, each Secured Party on whose behalf it executes the Intercreditor Agreement and any other Person claiming through it) will agree under the Intercreditor Agreement that no Secured Party shall, except in accordance with the provisions of the Intercreditor Agreement, take any enforcement action except in accordance with the provisions of the Intercreditor Agreement (it being agreed that no acceleration in respect of a Secured Obligation event of default or termination or suspension of a commitment under a Secured Debt Documents shall be deemed to be an enforcement action for any purposes of the Intercreditor Agreement).

Each Secured Debtholder (through its authorized representative) will have a number of votes in any Intercreditor Vote equal to the portion (in Dollar amounts in relation to the aggregate Dollar amount of the Combined Exposure) of the Combined Exposure represented by the Secured Obligations owed to it under its respective Secured Debt Documents.

In calculating the Voting Party Percentage consenting to, approving, waiving or otherwise providing direction with respect to any decision, the total number of votes cast by all Secured Debtholders in favor of the proposed Decision (the "Numerator") shall be divided by the total number of votes entitled to be cast with respect to such matter (the "Denominator"). The Voting Party Percentage shall not include any votes excluded.

Except as specified in the Intercreditor Agreement, a Secured Hedge Bank shall not have (A) any voting rights with respect to any Secured Obligations arising under any Secured Hedge Agreement to which it is a party or (B) any rights to participate in any Intercreditor Vote in its capacity as Secured Hedge Bank, except for certain exceptions expressly provided in the Intercreditor Agreement. The Intercreditor Agent, in determining the percentage of votes cast (and instructions of the Required Secured Debtholders), shall disregard the principal amount of Secured Obligations held by non-voting Secured Debtholders in both the Numerator and Denominator of the calculation in determining the outcome of such vote.

If, within forty-five (45) Business Days or a longer period prescribed by the Intercreditor Agent (not to exceed one hundred and twenty (120) days) (the "Decision Period"), the required Voting Party Percentage is reached then such proposed decision is approved and no Secured Party may object to any of the terms or provisions contained in the Intercreditor Vote. If, within the Decision Period, a Secured Debtholder does not respond approving or disapproving the relevant Intercreditor Vote, then the number of votes of such Secured Debtholder in such Intercreditor Vote is deemed to be cast against the proposed consent, approval, direction or other action for the purpose of calculating the Voting Party Percentage. Except in cases where DTC's Automated Tender Offer Program ("ATOP") procedures are utilized, any outstanding Indebtedness under any Secured Debt Documents constituting a bond or similar security (including the holders in respect of the Notes) that does not vote affirmatively or negatively in connection with any decision within the prescribed period for such Intercreditor Vote shall be excluded from both the Numerator and Denominator of the calculation. In all cases in which the Indenture authorized representative is required to notify holders of the Notes of any Intercreditor Vote (including any solicitation to such holders to approve or disapprove a relevant Intercreditor Vote) the Indenture authorized representative may structure the notice to holders of the Notes so that such notice or solicitation is eligible in accordance with the applicable procedures at DTC that the Indenture authorized representative determines to facilitate such vote, including causing such notice to be processed through DTC's ATOP, which among other things may only allow holders of the Notes to provide an affirmative vote.

The Indenture will address the manner in which holders of Notes may instruct the Indenture Trustee to vote on their behalf in connection with Intercreditor Votes, including in respect of the provision of instructions or votes to the Indenture Trustee through the systems of DTC (including the ATOP procedures described above). The Indenture Trustee will have no responsibility or liability for the terms or requirements of any such systems or procedures offered by DTC, or any unavailability thereof.

Defaults and Remedies

If an Event of Default (as defined in the Intercreditor Agreement) occurs and is continuing, the Required Secured Debtholders may instruct the Intercreditor Agent to direct, with respect to Collateral located in the United States only, the Offshore Collateral Agent, and, with respect to the Collateral located in Mexico only, the Onshore Collateral Agent, to take any or all of the actions listed below (irrespective of their order, each a "Remedies Direction"):

(i) instituting judicial or extra-judicial proceedings to protect and enforce the rights vested in any of the Secured Parties by the Secured Debt Documents (including bringing appropriate judicial proceedings or taking any of the actions as shall be provided for in the Security Documents), either at law, in equity, in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or in aid of the exercise of any power granted thereby, including:

(A) selling or causing to be sold any assets which may at any time form part of the Shared Collateral either in whole or, if permitted by Applicable Law, in part, as provided in the relevant Security Document;

(B) foreclosing on receivables and other rights as provided pursuant to the Security Documents; and

(C) taking any other action required to protect or enforce any Secured Party's rights under any Security Document or any other Secured Debt Document and to collect the proceeds of enforcement of all or part of the Shared Collateral, including instructing any Collateral Agent or the Intercreditor Agent to take any such action;

(ii) instituting judicial or extra-judicial proceedings to protect and enforce any other legal or equitable right vested in any of the Secured Parties pursuant to the Security Documents or Applicable Law; and

(iii) exercising all rights and remedies of a secured creditor permitted under the UCC or any similar law of Mexico or any other applicable jurisdiction with respect to the security interest in the Shared Collateral and all rights and remedies authorized under the Security Documents and Applicable Law, including to the extent permitted by Applicable Law, the right to take possession of the Shared Collateral.

Unless otherwise consented to in writing by any Collateral Agent (pursuant to the written instructions of the Intercreditor Agent acting at the direction of the Required Secured Debtholders), no Secured Party, individually or together with any other Secured Party, has the right, nor will it (x) exercise or enforce any of the rights, powers or remedies which any Collateral Agent is authorized to exercise or enforce or any other Security Document with respect to the Shared Collateral or (y) take any step for the winding-up, administration of or dissolution of, or any Insolvency Proceeding in relation to, any Co-Issuer, any of the Joint Obligors or any of the Guarantors, or for a voluntary arrangement, scheme of arrangement or other analogous step in relation to any Co-Issuer, any of the Joint Obligors or any of the Guarantors. However, any Secured Party may:

(i) file a claim or statement of interest with respect to the Secured Obligations owed to such Person so long as a liquidation or Insolvency Proceeding has been commenced by or against any of the Co-Issuers, any of the Joint Obligors or any of the Guarantors;

(ii) file any necessary or appropriate responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding, or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims or Liens of any Collateral Agent or any other Secured Party, including any claims secured by the Shared Collateral; and

(iii) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of any of the Co-Issuers, any of the Joint Obligors or any of the Guarantors arising under any liquidation or Insolvency Proceeding of any of the Co-Issuers, any of the Joint Obligors or any of the Guarantors or applicable non-bankruptcy law, or exercise any other rights and remedies that could be exercised by an unsecured creditor against any of the Co-Issuers, any of the Joint Obligors or any of the Guarantors.

Collateral Accounts

Notes Debt Service Reserve Account

On and from the Issue Date, the Company will maintain the Notes Debt Service Reserve Account denominated in Dollars in New York, New York held with U.S. Bank National Association, as depositary. On the Issue Date, the Co-Issuers will fund the Notes Debt Service Reserve Account in an amount at least equal to six (6) months of Notes Debt Service, in accordance with the Notes Debt Service Reserve Requirement, and will subsequently maintain in the Notes Debt Service Reserve Account an amount at least equal to 100% of six (6) months of Notes Debt Service; *provided* that funds held in the Notes Debt Service Reserve Account may be withdrawn to make payments of any amounts (including interest expense, principal, fees, premiums or other amounts) due on the Notes if and to the extent that the amounts held in the Debt Service Accrual Account are insufficient to make such payments.

The Notes Debt Service Reserve Account may be funded in cash in Dollars or, in lieu of such funding in cash, any of the Co-Issuers may obtain one or more irrevocable, standby letters of credit from a bank or other financial institution with a credit rating of at least "BBB+" by S&P or Fitch or "Baa1" by Moody's in favor of the Offshore Collateral Agent (for the benefit of the Indenture Trustee). The Co-Issuers expect to obtain such a letter of credit on the Issue Date in lieu of funding the Notes Debt Service Reserve Account on the Issue Date in cash.

Majority Equity Trust Accounts Structure

Pursuant to the Majority Equity Trust Agreement, the Master Trustee has established the following segregated non-interest bearing onshore accounts in the name of the Master Trustee pursuant to written instructions of the Onshore Collateral Agent (the "Majority Equity Trust Account(s)"):

(i) *Dollar Collection Account*: The Master Trustee will deposit into the Dollar Collection Account (the "Dollar Collection Account"):

(1) all funds from the Operating Companies' Cash Sweep Accounts and from the Future Operating Companies' Cash Sweep Accounts, as applicable, at such times and in such amounts as provided in the Project Level Trust Agreements;

(2) all EVM I Remaining Amounts, EVM II Remaining Amounts and Future Operating Company Remaining Amounts, as the case may be, (except for (A) any amounts that have been offset by EVM Tenedora or received by EVM Tenedora as a refund in respect of Tenedora Recoverable VAT, which shall be deposited in the Tenedora Recoverable Account, and (B) the reimbursement of the Development Fee Equity Contribution, which shall be deposited in the Development Fee Account, in each case pursuant to the Financing Documents)

(3) (A) prior to August 16, 2024, all amounts on deposit in the Tenedora Recoverable VAT Account in excess of three million Dollars ($3,000,000) required to be deposited in such account pursuant to the Secured Debt Documents, and (B) on or after August 16, 2024, all amounts on deposit in the Tenedora Recoverable VAT Account;

(4) all Dollar-denominated Project revenues and all other Dollar-denominated amounts received by the Master Trustee directly under the Majority Equity Trust Agreement or from any settlor or any other person making Dollar-denominated payments;

(5) amounts from the proceeds of borrowings of the Working Capital Loans, if so requested by the Company under the Credit Agreement;

(6) all amounts converted to Dollars and transferred from the Peso Collection Account at such times and in such amounts as provided in the Accounts Waterfall established under the Majority Equity Trust Agreement;

(7) all amounts transferred from any Debt Service Reserve Account at such times and in such amounts as provided in the Security and Depositary Agreement; and

(8) all amounts transferred from the Dollar Loss Proceeds Account at such times and in such amounts as provided in the Accounts Waterfall.

(ii) *Peso Collection Account*: The Master Trustee will deposit into the Peso Collection Account (the "Peso Collection Account"):

(1) all Peso-denominated Project revenues and all other Peso-denominated amounts received by the Trustee directly or from any settlor or any other Person making Peso-denominated payments; and

(2) amounts from the proceeds of borrowings of the Working Capital Loans, if so requested by the Company under the Credit Agreement;

(3) all amounts transferred from the Peso Loss Proceeds Account at such times and in such amounts as provided in the Accounts Waterfall.

(iii) *Dollar Operation Account*: The Master Trustee will deposit into the Dollar Operation Account (the "Dollar Operation Account")

(1) amounts from Dollar Collection Account, at such times and in such amounts as provided in the Accounts Waterfall; and

(2) amounts from the proceeds of borrowings of the Working Capital Loans, if so requested by the Company under the Credit Agreement

(iv) *Dollar Permitted Capital Expenditures Account*: The following amounts shall be deposited into the Dollar Permitted Capital Expenditures Account (the "Dollar Permitted Capital Expenditures Account"):

(1) amounts from the Dollar Collection Account, at such times and in such amounts as provided in the Accounts Waterfall; and

(2) amounts from the proceeds of borrowings of the Working Capital Loans, if so requested by the Company under the Credit Agreement.

(v) *Debt Service Accrual Account*: The Debt Service Accrual Account will be funded from the Dollar Collection Account and from the Debt Service Reserve Account at such times and in such amounts as provided in the Accounts Waterfall (the "Debt Service Accrual Account").

(vi) *Prepayment Account*: The Master Trustee will deposit into the Prepayment Account (the "Prepayment Account"):

(1) to the extent required to prepay amounts due under the Credit Agreement or make mandatory redemptions under the Notes, as applicable, one hundred percent (100%) of net cash proceeds received from the disposition of assets held by the Master Trustee pursuant to the Majority Equity Trust Agreement;

(2) to the extent required to prepay amounts due under the Credit Agreement or make mandatory redemptions under the Notes, as applicable, amounts transferred from the Dollar Loss Proceeds Account and the Peso Loss Proceeds Account at such times and in such amounts as provided in the Accounts Waterfall;

(3) amounts transferred from the Lock-up Account at such times and in such amounts as provided in the Accounts Waterfall;

(4) all amounts transferred from the Dollar Loss Proceeds Account and the Peso Loss Proceeds Account at such times and in such amounts as provided in the Accounts Waterfall;

(5) amounts transferred from the Dollar Collection Account at such times and in such amounts as provided in the Accounts Waterfall;

(6) amounts transferred from the Dollar Collection Account at such times and in such amounts as provided in the Accounts Waterfall and contributed by the Co-Issuers, the Joint Obligors and the Guarantors (or their Affiliates) for application in the voluntary prepayment pursuant to the Credit Agreement and in the voluntary redemption pursuant to the Indenture, as applicable; and

(7) any other amounts required to be prepaid under the Credit Agreement or by which Notes are required to be redeemed under the Indenture.

(vii) *Lock-up Account*: The Lock-up Account will be funded from the Dollar Collection Account at such times and in such amounts as provided in the Accounts Waterfall (the "Lock-up Account").

(viii) *Dollar Loss Proceeds Account*: The Dollar Loss Proceeds Account will be funded from (1) the Project Level Trust Dollar Loss Proceeds Account and (2) the Project Level Trust Dollar Collection Account with the funds deposited therein as a result of a condemnation event; in each case, at such times and in such amounts as provided in the Project Level Trust Agreements (the "Dollar Loss Proceeds Account").

(ix) *Peso Loss Proceeds Account*: The Peso Loss Proceeds Account will be funded from (1) the Project Level Trust Peso Loss Proceeds Accounts and (2) the Project Level Trust Peso Collection Account with the funds deposited therein as a result of a condemnation event; in each case, at such times and in such amounts as provided in the Project Level Trust Agreements (the "Peso Loss Proceeds Account" and, together with the Dollar Loss Proceeds Account, the "Loss Proceeds Accounts").

(x) *Distribution Account*: The Distribution Account will be funded (1) from the Lock-up Account at such times and in such amounts as provided in the Accounts Waterfall, and (2) at the discretion of the Company, from any account with amounts available to each Grantor up to an amount equal to the dividends or distributable cash flows available to BGI or any of its Subsidiaries in respect of fiscal year 2023 (the "Distribution Account").

(xi) *Development Fee Account*: The Development Fee Account will be funded with equity contributions in an amount not to exceed the Development Fee Equity Contribution at such times and in such amounts as provided in the Accounts Waterfall (the "Development Fee Account").

Accounts Waterfall

The following is a general summary of the Majority Equity Trust Accounts Waterfall (the "Accounts Waterfall") and is not intended to be comprehensive. Reference is made to the Majority Equity Trust Agreement for a more comprehensive description of the Accounts Waterfall.

Dollar Collection Account and Dollar Operation Account

Pursuant to the Majority Equity Trust Agreement, the Master Trustee will transfer available funds on deposit in, or credited to, the Dollar Collection Account in accordance with the order of priority set forth therein, which, in general terms, can be summarized as follows:

First, to pay on a pro rata basis, any and all fees, costs, indemnities and expenses (including attorneys' fees and expenses) due and payable under the Secured Debt Documents, including, amounts payable to the Master Trustee;

Second, to transfer to, in the order indicated by the Company:

(i) the Dollar Operation Account, an aggregate amount equal to: (A) the amount needed to pay the aggregate amount of Operating and Maintenance Expenses due and payable during the Transfer Period starting on the Monthly Transfer Date, less (B) the amount on deposit in the Dollar Operation Account, excluding amounts on deposit that have been previously designated for payment of Operating and Maintenance Expenses that have not yet been paid;

(ii) to the extent there is an immediate need to pay Operating and Maintenance Expenses for the then-current Transfer Period in excess of amounts projected and transferred in accordance with the previous paragraph, to the Dollar Operation Account, an aggregate amount equal to: (A) the amount needed to pay the aggregate amount of Operating and Maintenance Expenses due and payable on an interim funding date, less (B) the amount on deposit in the Dollar Operation Account, excluding any such amounts on deposit that have been previously designated for payment of Operating and Maintenance Expenses that have not yet been paid; in each case in an aggregate amount for any Financial Year consistent with the amount for Operating and Maintenance Expenses set forth in the Annual Budget Report for such Financial Year; and

(iii) without duplication of any amounts transferred to the Dollar O&M and Taxes Accounts pursuant to the Project Level Trust Agreements and to the extent of any deficiency of funds in any of the Dollar O&M and Taxes Account for the payment of Operating and Maintenance Expenses of any Operating Companies projected to be due and payable during the Transfer Period starting on the Monthly Transfer Date, the Company shall instruct the Master Trustee to withdraw funds in an amount equal to the aggregate deficiency amount from the Dollar Collection Account (a) if in the case of Dollar-denominated Operating and Maintenance Expenses projected to be due and payable during the Transfer Period starting on such Monthly Transfer Date, for the payment of such Operating and Maintenance Expenses either directly or by transfer into the Dollar O&M and Taxes Account of the relevant Operating Companies or (b) if in the case of Peso-denominated Operating and Maintenance Expenses projected to be due and payable during the Transfer Period starting on such Monthly Transfer Date, after conversion to Pesos, for the payment of such Operating and Maintenance Expenses either directly or by transfer into the Peso O&M and Taxes Account of the relevant Operating Companies; in each case in an aggregate amount for any Financial Year in accordance with the Credit Agreement.

Third, to transfer, in the order indicated by the Company's instruction:

to the Dollar Permitted Capital Expenditures Account, an aggregate amount equal to: (A) without duplication of any amounts transferred to the Dollar O&M and Taxes Accounts and the Peso O&M and Taxes Accounts for the payment of Permitted Capital Expenditures (as defined in the Majority Equity Trust Agreement) pursuant to the Project Level Trust Agreements and to the extent of any deficiency of funds in any of the Dollar O&M and Taxes Accounts and the Peso O&M and Taxes Accounts for the payment of Permitted Capital Expenditures of any of the Co-Issuers, Joint Obligors or Guarantors projected to be due and payable during the Transfer Period starting on such Monthly Transfer Date, the amount equal to the aggregate deficiency amount, less (B) the aggregate amount then on deposit in the Dollar Permitted Capital Expenditures Account, excluding any such amounts on deposit that have been previously designated for payment of Permitted Capital Expenditures that have not yet been paid;

Fourth, to fund the Debt Service Accrual Account in an amount equal to:

(i) ratably, one sixth of any amounts due on the next succeeding Payment Date in respect of interest expense under the Secured Debt Documents (including Ordinary Course Settlement Payments) and letter of credit exposure fees and fronting fees under the Credit Agreement;

(ii) plus, ratably, one sixth of any amounts due on the next succeeding Payment Date in respect of the amortization of principal under the Indenture and any Additional Debt Agreements (including Termination Payments);

(iii) plus, ratably, one sixth of any amounts due on the next succeeding Payment Date in respect of fees under the Indenture, commitment fees under the Credit Agreement and any Additional Debt Agreements;

(iv) plus, without duplication of clause (i) above, such additional amount as necessary (to the extent of available funds) such that the total amount transferred to the Debt Service Accrual Account shall equal the total amount that would have been transferred to the Debt Service Accrual Account pursuant to the foregoing clause (i) if sufficient funds had been available as of each such prior Monthly Transfer Date;

Fifth, to fund any Debt Service Reserve Account to the extent necessary to cause the balance therein to equal the applicable Debt Service Reserve Requirement (taking into consideration the amounts available to be drawn under any applicable letter of credit credited thereto);

Sixth, to fund the Prepayment Account in an amount equal to the amount, if any, by which the then outstanding principal amount of any letter of credit loan exceeds zero;

Seventh, at the discretion of the Company, to fund the Prepayment Account, in an amount equal to all or part of the voluntary prepayments of the loans and the optional redemption of the Notes; and

Eighth, all remaining amounts on deposit in the Dollar Collection Account to the Lock-up Account.

Pursuant to the Majority Equity Trust Agreement, the Master Trustee will transfer available funds on deposit in, or credited to, the Dollar Operation Account, pursuant to the Company's instructions, (a) to pay Dollar-denominated Operating and Maintenance Expenses then due and payable by paying such Operating and Maintenance Expenses either directly or by transfer into the Payroll Accounts or any other Dollar-denominated account designated by the Company (which account shall be pledged under a Non-Possessory Pledge Agreement and subject to an account control agreement), and (b) after conversion to Pesos, to pay Peso-denominated Operating and Maintenance Expenses then due and payable by paying such Operating and Maintenance Expenses either directly or by transfer into a Peso-denominated account designated by the Company (which account shall be pledged under a Non-Possessory Pledge Agreement and subject to an account control agreement).

Peso Collection Account

Pursuant to the Majority Equity Trust Agreement, the Master Trustee will transfer available funds on deposit in, or credited to, the Peso Collection Account as set forth therein, which, in general terms, can be summarized as follows:

after conversion to Dollars, to transfer all amounts on deposit in the Peso Collection Account to the Dollar Collection Account for application as provided above.

Dollar Permitted Capital Expenditures Account

Pursuant to the Majority Equity Trust Agreement, the Master Trustee will transfer available funds on deposit in, or credited to, the Dollar Permitted Capital Expenditures Account pursuant to the Company's instruction:

(a) to pay Dollar-denominated Permitted Capital Expenditures (as defined in the Majority Equity Trust Agreement) then due and payable by paying such Permitted Capital Expenditures either directly or by transfer into a Dollar-denominated account designated by the Company (which account shall be pledged under a Project Non-Possessory Pledge Agreement); and

(b) after conversion to Pesos, to pay Peso-denominated Permitted Capital Expenditures then due and payable by paying such Permitted Capital Expenditures either directly or by transfer into a Peso-denominated account designated by the Company (which account shall be pledged under a Non-Possessory Pledge Agreement).

Debt Service Accrual Account

Pursuant to the Majority Equity Trust Agreement, the Master Trustee will transfer available funds on deposit in, or credited to, the Debt Service Accrual Account in accordance with the order of priority set forth therein, which, in general terms, can be summarized as follows:

First, (on a pro rata basis to the extent of insufficient funds, as instructed by the Company or the Onshore Collateral Agent, as applicable) (1) for application to the payment of letter of credit commitment fees then due and payable under the Credit Agreement, and (2) for application to the payment of any fees then due and payable under the Indenture;

Second, (on a pro rata basis to the extent of insufficient funds, as instructed by the Company or the Onshore Collateral Agent, as applicable) (1) for application to the payment of any interest and letter of credit exposure fees and fronting fees then due and payable under the Financing Documents and (2) for application to the payment of any interest then due and payable under the Indenture; and

Third, (on a pro rata basis to the extent of insufficient funds, as instructed by the Company or the Onshore Collateral Agent, as applicable) (1) for application to the payment of any principal then due and payable under the Credit Agreement and (2) for application to the payment of any principal then due and payable under the Indenture.

Prepayment Account

Pursuant to the Majority Equity Trust Agreement, as instructed by the Company and the Onshore Collateral Agent, as applicable, the Master Trustee will transfer available funds on deposit in, or credited to, the Prepayment Account to (1) the mandatory and voluntary prepayment of the Loans and all related amounts and (2) the mandatory and optional redemption of the Notes (including in connection with the Target Note Balance Mandatory Redemption) pursuant to the Indenture, as applicable.

Lock-up Account

Pursuant to the Majority Equity Trust Agreement, the Master Trustee will transfer available funds on deposit in, or credited to, the Lock-up Account in accordance with the order of priority set forth therein, which, in general terms, can be summarized as follows:

First, to the Prepayment Account as and to the extent required to make any prepayments under any instruction received by the Master Trustee from the Company (which shall be accompanied with a copy of the relevant mandatory prepayment notice or mandatory redemption notice, as applicable) or from the Onshore Collateral Agent;

Second, after giving effect to all other transfers and withdrawals permitted or required, as instructed by the Company and the Onshore Collateral Agent, as applicable, to the Distribution Account, any of the Offshore Distribution Accounts or any of the Petty Cash Accounts (in each case, as defined in the Majority Equity Trust Agreement) to the extent of funds available on the Lock-up Account and provided that the applicable restricted payment conditions have been satisfied; and

Third, as instructed by the Company, to the Prepayment Account to make voluntary prepayments of principal of the Loans pursuant to the Financing Documents or optional redemptions pursuant to the Indenture, provided that the applicable restricted payment conditions have been satisfied.

Loss Proceeds Accounts

The Company will instruct in writing the Master Trustee to make withdrawals and transfers from the Dollar Loss Proceeds Account (a) to transfer funds for use in the Restoration of the Projects or of the Collateral, (b) after conversion into Pesos, to transfer funds into the Peso Loss Proceeds Account for use in the Restoration of the Projects or of the Collateral, (c) to transfer 100% of the net cash proceeds of all Loss Proceeds denominated in Dollars and all other insurance proceeds (excluding proceeds of business interruption, delayed start up and third-party liability insurance) not applied to the Restoration of the Projects or of the Collateral to the Prepayment Account, in order to make mandatory prepayments or redemptions, as applicable, in accordance with the Secured Debt Documents, or (d) to transfer 100% of the net cash proceeds of all loss proceeds of business interruption, delayed start up and third-party liability insurance denominated in Dollars to the Dollar Collection Account and, after conversion into Dollars, the Peso Loss Proceeds Account to transfer to the Dollar Collection Account 100% of the net cash proceeds of all loss proceeds and other insurance proceeds corresponding to business interruption coverage.

The Company will instruct in writing the Master Trustee to make withdrawals and transfers from the Peso Loss Proceeds Account (a) to transfer funds for use in the Restoration of the Projects or of the Collateral (b) after conversion into Dollars, to transfer funds into the Dollar Loss Proceeds Account for use in the Restoration of the Projects or of the Collateral, (c) to transfer 100% of the net cash proceeds of all Loss Proceeds denominated in Pesos and all other insurance proceeds (excluding proceeds of business interruption, delayed start up and third-party liability insurance) not applied to the Restoration of the Projects or of the Collateral to the Prepayment Account, in order to make mandatory prepayments or redemptions, as applicable, in accordance with the Secured Debt Documents, or (iv) to transfer 100% of the net cash proceeds of all loss proceeds of business interruption, delayed start up and third-party liability insurance denominated in Pesos to the Peso Collection Account.

Distribution Account

Pursuant to the Majority Equity Trust Agreement, the Company will instruct in writing the Master Trustee to make withdrawals and transfers of amounts deposited in, or credited to, from the Distribution Account with the order of priority and at the times set forth therein, which, in general terms, can be summarized as follows:

First, At any time during the 30-day period following the Issue Date, to the extent the Company elects at its discretion to make the Permitted Dividend Distribution to fund any Offshore Distribution Account, Petty Cash Account or any other account instructed by the Company in an amount equal to the Permitted Dividend Distribution for application thereof on the payment date of such Permitted Dividend Distribution;

Second, On each Scheduled Payment Date commencing on August 15, 2025, to fund the Prepayment Account in an amount equal to (1) the lesser of (a) 100% of the cash standing to the balance of the Distribution Account, and (b) the Target Sweep Amount, to make a Target Note Balance Mandatory Redemption; or (2) to the extent there is cash available in the Distribution Account in excess of the Target Sweep Amount and the Master Trustee receives a written instruction from the Company, such greater amount as instructed by the Company not to exceed the amount necessary to cause the outstanding principal amount of the Notes to equal the Target Note Balance applicable to such Scheduled Payment Date; provided that if the cash standing to the balance of the Distribution Account is less than U.S.$1,000,000, the Company will not be required to, but may at its sole discretion, instruct the Master Trustee to so fund the Prepayment Account; and

Third, to make investments and any other withdrawals and transfers from the Distribution Account at the Company's direction and sole discretion.

Development Fee Account

At any time prior to February 15, 2024, the Company may instruct the Master Trustee to withdraw funds in an amount not to exceed the amount of the Development Fee Equity Contribution. The withdrawal of the Development Fee Equity Contribution will not be subject to the satisfaction of the restricted payment conditions.

If, by February 15, 2024, the Company has not delivered an instruction to withdraw funds in an amount not to exceed the Development Fee Equity Contribution, the Master Trustee shall (without any prior instruction from the Company or the Onshore Collateral Agent) transfer all amounts on deposit in the Development Fee Account to the

Lock-up Account for application as described above.

Project Level Trust Accounts Structure

In this Section "*Project Level Trust Accounts Structure*" and the following Section "*Project Level Trust Accounts Waterfall*" any and all references to "trustee" refers to the trustee for the applicable Project Level Trust (as defined below). "Project Dollar Collection Account" and "Project Peso Collection Account" refer to the Dollar collection account or Peso collection account (as applicable) for each Project Level Trust. Pursuant to each Project Level Trust Agreement, the applicable trustee for the relevant trust has established or will establish the following segregated non-interest bearing offshore accounts and onshore accounts in the name of such trustee (except as otherwise provided below) pursuant to written instructions of the Onshore Collateral Agent (the "Project Level Trust Account(s)"):

(i) *Project Dollar Collection Account*: The following amounts will be deposited into the Project Dollar Collection Account:

(1) on a monthly basis, all funds received in any New York Dollar Revenue Account;

(2) all Dollar-denominated Project revenues and all other Dollar-denominated amounts received by the trustee from any settlor paid in Mexico (as instructed in writing by the Company or the relevant settlor to the trustee and the Onshore Collateral Agent) or from each other person making Dollar-denominated payments in Mexico to or for the benefit of the Project Level Trust or the relevant settlor, including, without limitation, all Dollar-denominated payments received by the trustee or such settlor in Mexico from counterparties to Mexican Revenue Generating Contracts in accounts other than the Project Level Trust Accounts, as instructed by such settlor or by the Onshore Collateral Agent, and Dollar-denominated funds delivered to the trustee in Mexico as a consequence of an existing payment instruction. In addition, any amount mentioned in this item (2) that is directly received by the relevant settlor, shall be deposited by the settlor in the Project Dollar Collection Account within the immediately following Business Day after received, pursuant to the Project Level Trust Agreement; and

(3) all amounts in Dollars received under any Business Interruption Insurance Policy.

(ii) *Project Peso Collection Account*: The following amounts will be deposited into the Project Peso Collection Account:

(1) all amounts received from the VAT Peso Account;

(2) on a weekly basis, all funds received in the market participant accounts, in excess of the Market Participant Account Minimum Balance (as defined in each Project Level Trust);

(3) all Peso denominated Project revenues and all other Peso-denominated amounts received by the trustee from any settlor (as notified in writing by the Company or the relevant settlor to the trustee and the Onshore Collateral Agent) or each other person making Peso-denominated payments to or for the benefit of the Project Level Trust or the relevant settlor including, without limitation, all Peso-denominated payments received by the trustee or such settlor from counterparties to Mexican Revenue Generating Contracts in accounts other than the Project Level Trust Accounts, as instructed by such settlor or by the Onshore Collateral Agent, and Peso-denominated funds delivered to the trustee as a consequence of an existing payment instruction. In addition, any amount mentioned in this item (3) that is directly received by the relevant settlor, shall be deposited by the settlor in the Project Peso Collection Account within the immediately following Business Day after received, pursuant to the Project Level Trust Agreement; and

(4) all amounts in Pesos from any Business Interruption Insurance Policy.

(iii) *Dollar O&M and Taxes Account*: The Dollar O&M and Taxes Account will be funded from (1) the amounts received from the Project Dollar Collection Account pursuant to the Accounts Waterfall, (2) the other Project Dollar Collection Accounts with the purpose of covering Operating and Maintenance Expenses, when due and payable or projected to be due and payable by the relevant Operating Company, and (3) the Dollar Collection Account, pursuant to the Majority Equity Trust Agreement Accounts Waterfall (the "Dollar O&M and Taxes Account").

(iv) *Peso O&M and Taxes Account*: The Peso O&M and Taxes Account will be funded from (1) the amounts received from the Project Peso Collection Account pursuant to the Accounts Waterfall; (2) the Project Dollar Collection Account, after conversion to Pesos from such account, pursuant to the Accounts Waterfall; and (3) the other Project Dollar Collection Accounts with the purpose of covering Operating and Maintenance Expenses, when due and payable or projected to be due and payable by the relevant operating company (the "Peso O&M and Taxes Account").

(v) *Dollar Loss Proceeds Account*: The Dollar Loss Proceeds Account will be funded from Insurance Proceeds denominated in Dollars (other than with respect to Business Interruption Insurance Policies).

(vi) *Peso Loss Proceeds Account*: The Peso Loss Proceeds Account will be funded from Insurance Proceeds denominated in Pesos (other than with respect to Business Interruption Insurance Policies).

(vii) *Cash Sweep Account*: The Cash Sweep Accounts will be funded from each of the Project Level Trust Accounts pursuant to the Accounts Waterfall (the "Cash Sweep Accounts").

In addition, each applicable trustee, as per instructions of the Company and the Onshore Collateral Agent, may establish additional segregated non-interest bearing offshore accounts and onshore accounts in the name of such trustee to cover specific project requirements or conditions.

Project Level Trust Accounts Waterfall

The following is a general summary of the Project Level Trust Accounts Waterfall and is not intended to be comprehensive. Reference is made to the Project Level Trust Agreements for a more comprehensive description of the Project Level Trust Accounts Waterfall.

Project Dollar Collection Account and Dollar O&M and Taxes Account

Pursuant to each Project Level Trust Agreement, the applicable trustee will transfer available funds on deposit in, or credited to, the Project Dollar Collection Account on each Monthly Transfer Date in accordance with the order of priority set forth therein, which, in general terms, can be summarized as follows:

First, to pay fees payable to the trustee;

Second, to transfer to, in the order indicated by the Company:

(i) the Dollar O&M and Taxes Account, an aggregate amount equal to the excess, if any, of: (A) the amount needed to pay the aggregate amount of Dollar-denominated Operating and Maintenance Expenses then due and payable or projected to be due and payable during the Transfer Period starting on such Monthly Transfer Date, less (B) without duplication, (1) the aggregate amount then on deposit in the Dollar O&M and Taxes Account, minus (2) any such amounts on deposit that have been previously designated for payment of Dollar-denominated Operating and Maintenance Expenses that have not yet been paid; and

(ii) after conversion to Pesos, to the Peso O&M and Taxes Account, to the extent of any deficiency of funds available for transfer from the Project Peso Collection Account to the Peso O&M and Taxes Account (or then on deposit in the Peso O&M and Taxes Account) to pay Peso-denominated Operating and Maintenance Expenses.

Third, to any other Dollar O&M and Taxes Account corresponding to another Project Level Trust, an amount equal to (A) the amount needed to pay the aggregate amount of Dollar-denominated Operating and Maintenance Expenses then due and payable or projected to be due and payable by the relevant operating company during the Transfer Period starting on such Monthly Transfer Date, less (B) without duplication, the aggregate amount then on deposit in the Dollar O&M and Taxes Account of such Project Level Trust.

Fourth, all remaining amounts on deposit in the Project Dollar Collection Account to the Cash Sweep Account.

Pursuant to each Project Level Trust Agreement, the trustee will transfer available funds on deposit in, or credited to, the Dollar O&M and Taxes Account, pursuant to the operating company's instructions, (a) to pay Dollar-denominated Operating and Maintenance Expenses then due and payable by paying such Operating and Maintenance Expenses either directly or by transfer into a Dollar-denominated account designated by the relevant Guarantor (which account shall be pledged under a Non-Possessory Pledge Agreement), and (b) after conversion to Pesos, to fund the Peso O&M and Taxes Account to fund Peso-denominated Operating and Maintenance Expenses then due and payable.

Project Peso Collection Account and Peso O&M and Taxes Account

Pursuant to each Project Level Trust Agreement, the trustee will transfer available funds on deposit in, or credited to, the Project Peso Collection Account on each Monthly Transfer Date as set forth therein, which, in general terms, can be summarized as follows:

First, to transfer to the Peso O&M and Taxes Account, pursuant to the Company's instruction, an aggregate amount equal to the excess, if any, of: (A) the aggregate amount of Peso-denominated Operating and Maintenance Expenses then due and payable or projected to be due and payable during the Transfer Period starting on such Monthly Transfer Date, less (B) without duplication, (i) the aggregate amount then on deposit in the Peso O&M and Taxes Account, minus (ii) any such amounts on deposit that have been previously designated for payment of Peso-denominated Operating and Maintenance Expenses that have not yet been paid;

Second, after conversion to Dollars, to the Dollar O&M and Taxes Account, to the extent of any deficiency of funds available for transfer from the Project Dollar Collection Account to the Peso O&M and Taxes Account (or then on deposit in the Peso O&M and Taxes Account) to pay Dollar-denominated Operating and Maintenance Expenses.

Third, any amount that is necessary to cover any payments due and payable to CENACE, as a result of the transactions carried out by the operating company in the Mexican wholesale market

Fourth, to any other Peso O&M and Taxes Account corresponding to another Project Level Trust, an amount equal to (A) the amount needed to pay the aggregate amount of Peso -denominated Operating and Maintenance Expenses then due and payable or projected to be due and payable by the relevant operating company during the Transfer Period starting on such Monthly Transfer Date, less (B) without duplication, the aggregate amount then on deposit in the Peso O&M and Taxes Account of such Project Level Trust.

Fifth, after conversion to Dollars, to transfer all remaining amounts on deposit in the Project Peso Collection Account to the Cash Sweep Account.

Pursuant to each Project Level Trust Agreement, the trustee will transfer available funds on deposit in, or credited to, the Peso O&M and Taxes Account, pursuant to the Company's instructions, (a) to pay Peso-denominated Operating and Maintenance Expenses then due and payable by either paying such Operating and Maintenance Expenses directly or by transfer into a Peso-denominated account designated by the relevant Guarantor (which account shall be pledged under a Non-Possessory Pledge Agreement), and (b) after conversion to Dollars, to fund the Dollar O&M and Taxes Account to pay Dollar-denominated Operating and Maintenance Expenses then due and payable.

Dollar Loss Proceeds Account

Pursuant to each Project Level Trust Agreement, the trustee will transfer available funds on deposit in, or credited to, the Dollar Loss Proceeds Account, pursuant to the operating company's instructions, (a) into a Dollar-denominated account designated by the relevant Guarantor (which account shall be pledged under a Non-Possessory Pledge Agreement), for the Restoration of the Project, and (b) any Insurance Net Proceeds after the Restoration of the Project, to the Cash Sweep Account.

Peso Loss Proceeds Account

Pursuant to each Project Level Trust Agreement, the trustee will transfer available funds on deposit in, or credited to, the Dollar Loss Proceeds Account, pursuant to the operating company's instructions, (a) into a Peso-denominated account designated by the relevant Guarantor (which account shall be pledged under a Non-Possessory Pledge Agreement), for the Restoration of the Project, and (b) after conversion to Dollars, any Insurance Net Proceeds after the Restoration of the Project, to the Cash Sweep Account.

Cash Sweep Account

Pursuant to each Project Level Trust Agreement, the trustee will transfer available funds on deposit in, or credited to, the Cash Sweep Account, as instructed in writing by the Onshore Collateral Agent, to the Dollar Collection Account held by the Majority Equity Trust for the benefit of the Master Trustee.

New York Dollar Revenue Accounts

All Dollar-denominated Project revenues received in the United States will be deposited into one or more New York Dollar Revenue Accounts that may be held by any settlor of the relevant Project Level Trust or by the applicable trustee (each a "New York Dollar Revenue Account"). Such deposits shall include, without limitation, all Dollar-denominated payments received by the trustee or such settlor from counterparties to Mexican Revenue Generating Contracts in accounts in the United States (other than the Project Level Trust Accounts) or from each other person making Dollar-denominated payments to or for the benefit of the trust or the relevant settlor in the United States, including, without limitation, all Dollar-denominated payments received by the trustee or such settlor from counterparties to Mexican Revenue Generating Contracts in accounts in the United States other than the Project Level Trust Accounts, as instructed by such settlor or by the Onshore Collateral Agent, and Dollar-denominated funds delivered to the trustee in the United States as a consequence of an existing payment instruction. All New York Dollar Revenue Accounts that are in the name of a settlor rather than a trustee shall be subject to a securities account control agreement governed by New York law.

Pursuant to each applicable Project Level Trust Agreement, available funds on deposit in, or credited to, any New York Dollar Revenue Accounts shall be transferred by the applicable trustee of the relevant Project Level Trust, as instructed in writing by the Company or the Onshore Collateral Agent, to the Project Dollar Collection Account.

Open Market Purchases

To the extent permitted under applicable law, any Co-Issuer and its affiliates may at any time and from time to time purchase any Notes or a beneficial interest therein in the open market or otherwise at any price.

Optional Redemption with Make-Whole Premium

Prior to November 15, 2038 (three (3) months prior to their maturity date) (the "Par Call Date"), the Co-Issuers may redeem the notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus fifty (50) basis points less (b) interest accrued to the date of redemption (the "Make-Whole Premium"), and

(2) 100% of the principal amount of the notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

"Treasury Rate" means, with respect to any redemption date, the yield determined by the Co-Issuers in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Co-Issuers after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Co-Issuers shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 TCM is no longer published, the Co-Issuers shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Co-Issuers shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Co-Issuers shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Co-Issuers' actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with the depositary's procedures) at least 10 days but not more than 60 days before the redemption date to each holder of notes to be redeemed.

In the case of a partial redemption, selection of the notes for redemption will be made pro rata pursuant to DTC's procedures. No notes of a principal amount of $2,000 or less will be redeemed in part. If any note is to be redeemed in part only, the notice of redemption that relates to the note will state the portion of the principal amount of the note to be redeemed. A new note in a principal amount equal to the unredeemed portion of the note will be issued in the name of the holder of the note upon surrender for cancellation of the original note. For so long as the notes are held by DTC, Euroclear, Clearstream (or another depositary), the redemption of the notes shall be done in accordance with the policies and procedures of the depositary.

Unless the Co-Issuers defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

Optional Redemption without Make-Whole Premium

On or after the Par Call Date, the Co-Issuers may redeem the notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest and Additional Amounts, if any, thereon to, but not including, the redemption date.

Optional Redemption upon Tax Event

The Co-Issuers may at any time redeem the Notes at its option, in whole, but not in part, at a redemption price equal to 100% of the then-outstanding principal amount of the Notes, plus accrued and unpaid interest thereon to, but excluding, the date of redemption and any Additional Amounts payable with respect thereto, if the Co-Issuers certifies to the Indenture Trustee (in the manner prescribed below) that:

(a) the Co-Issuers have, or but for the redemption of the Notes would, become obligated on the next Scheduled Payment Date to pay Additional Amounts in connection with payments of interest, or amounts deemed interest, on the Notes in respect of Mexican withholding taxes in excess of a 4.9% rate (the "Excess Additional Amounts") as a result of any generally applicable change in or amendment to the laws or regulations (including a change in the rate of such withholding Tax) of a Relevant Jurisdiction or any political subdivision or governmental authority thereof or therein having power to tax, or any generally applicable change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the later of the date of issuance of the Notes and the date that a Relevant Jurisdiction becomes a Relevant Jurisdiction; and

(b) such obligation cannot be avoided by taking reasonable measures available to the Co-Issuers; *provided* that reasonable measures will not include any change in the Co-Issuers' jurisdiction of tax residency;

provided, *further*, *however*, that the notice of redemption, which will specify the date of redemption and redemption price, will not be given earlier than 60 days before the earliest date on which the Co-Issuers would be obligated to pay such Excess Additional Amounts if a payment in respect of the Notes were then due.

No later than 15 days (unless a shorter period is acceptable to the Indenture Trustee) before giving any notice of redemption as described in the preceding clauses, the Co-Issuers will deliver an Officer's Certificate to the Indenture Trustee stating that the Co-Issuers is entitled to effect such redemption in accordance with the terms of the Indenture and setting forth in reasonable detail a statement of facts relating thereto. The Officer's Certificate will be accompanied by a written opinion of recognized independent counsel experienced in tax and other related matters in the Relevant Jurisdiction to the effect that the Co-Issuers has or will become obligated to pay the Excess Additional Amounts as a result of such change or amendment.

Optional Redemption Procedures

The procedures in this "Optional Redemption Procedures" section will apply to any redemption pursuant to "—Optional Redemption with Make-Whole Premium," "—Optional Redemption without Make-Whole Premium" and "—Optional Redemption upon Tax Event" above. In the event that less than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Indenture Trustee pro rata in compliance with DTC's procedures (or such other basis as required by the applicable depositary for the Notes). No Notes of a principal amount of U.S.$200,000 or less may be redeemed in part and Notes of a principal amount in excess of U.S.$200,000 may be redeemed in multiples of U.S.$1,000 only.

Notice of any redemption will be given at least 10 but not more than 60 days before the redemption date to the Indenture Trustee and each holder of the Notes in accordance with the provisions described under "—Notices."

If Notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. At least U.S.$200.0 million in aggregate principal amount of the Notes issued under the Indenture (not including any Notes held by the Co-Issuers or any of their respective Affiliates) must remain outstanding after any redemption of the Notes in part but not in whole. A new Note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the holder thereof upon cancellation of the original Note (or adjustments to the amount and beneficial interests in a global note will be made, as appropriate). For so long as the Notes are admitted to listing on the SGX-ST, the Co-Issuers will cause notices of redemption also to be published as provided under "—Notices."

The Co-Issuers will pay the redemption price for any Note together with accrued and unpaid interest and Additional Amounts, if any, thereon up to, but not including, the date of redemption. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Co-Issuers have deposited with the paying agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any Notes, such redeemed Notes will be cancelled.

The Indenture Trustee will give notice to the applicable depositary for the Notes pursuant to the provisions described under "—Notices" of any optional redemption the Co-Issuers propose to make at least 10 days (but not more than 60 days) before the redemption date.

The Indenture will provide that the Co-Issuers may not revoke any redemption notice once such notice has been delivered by the Indenture Trustee. Notwithstanding the foregoing provisions of this "Optional Redemption Procedures" section, the Co-Issuers are not prohibited from acquiring the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise.

Mandatory Redemption Provisions

The Notes will be subject to mandatory redemption prior to their Stated Maturity at a redemption price equal to 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest to the redemption date, plus Additional Amounts, if any (but without payment of any premium), payable in respect of the Notes, as set forth below in "—Redemption in Connection with Events of Loss," and "—Target Note Balance Cash Sweep Mandatory Redemption". For the avoidance of doubt, the proceeds being applied to a mandatory redemption of the Notes will also be applied pro rata to the repayment and/or redemption of principal, accrued and unpaid interest, and Additional Amounts, if any, payable in respect of any Additional Debt that is permitted to be secured by the Collateral and, by its terms, requires such redemption.

Redemption in Connection with Events of Loss

If:

- there occurs an Event of Loss or series of Events of Loss, including any Condemnation Event,
- the Co-Issuers or any of the Restricted Subsidiaries receive Loss Proceeds constituting Net Available Proceeds in excess of U.S.$15.0 million (or the equivalent in any other currency) as a result of such Event of Loss or series of Events of Loss, and

- the Co-Issuers make a good faith determination that such Net Available Proceeds from Loss Proceeds, together with any other amounts that are available to the Co-Issuers, are insufficient to permit the Co-Issuers to deliver a Feasible Repair Certificate in respect of such Event of Loss or series of Events of Loss without any exceptions or qualifications that are reasonably likely to have a Material Adverse Effect,

the Co-Issuers will be required to effect a mandatory redemption of the Notes; *provided* that notwithstanding any other provision of this "Redemption in Connection with Events of Loss" section, any redemption of the Notes pursuant to this "Redemption in Connection with Events of Loss" section shall be conducted in accordance with the Intercreditor Agreement, including any required sharing of proceeds of any Event of Loss with other Secured Obligations.

The Co-Issuers' determination as to whether it is required to effect a mandatory redemption of the Notes following receipt of Net Available Proceeds from an Event of Loss or series of Events of Loss shall be evidenced by an Officer's Certificate delivered to the Indenture Trustee not more than 90 days after it or any of the Restricted Subsidiaries receives such Net Available Proceeds. If, with respect to an Event of Loss or series of Events of Loss, the Co-Issuers have determined that it is not required to effect such mandatory redemption of the Notes, it shall deliver to the Indenture Trustee, within 30 days after the time it delivers the Officer's Certificate referred to above, a Feasible Repair Certificate in respect of such Event of Loss or series of Events of Loss.

If the Co-Issuers are required to effect the mandatory redemption of Notes in accordance with the foregoing provisions, the Net Available Proceeds from any such Event of Loss or series of Events of Loss shall be applied to redeem all or a portion of the Notes, as applicable, at a redemption price equal to 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes being redeemed to the date of redemption as described below on a pro rata basis (or such other basis as required by the applicable depositary for the Notes).

Following a determination that the Net Available Proceeds from any Event of Loss or series of Events of Loss are to be applied pursuant to the immediately preceding paragraph, the Co-Issuers shall (i) set a date for the redemption of Notes and deliver notice of such date to the Indenture Trustee and the Master Trustee, (ii) deliver (or cause to be delivered by the Indenture Trustee at the expense of the Co-Issuers) notice of redemption in the manner described under "—Optional Redemption Procedures" above to the holders of the Notes (with a copy to the Indenture Trustee, if applicable) and (iii) once the Net Available Proceeds are received, if received by the Co-Issuers or any Restricted Subsidiary, transfer the Net Available Proceeds to the Project Dollar Collection Account or Project Peso Collection Account of the applicable Project Level Trust, or if received by Master Trustee, to the Dollar Loss Proceeds Account or the Peso Loss Proceeds Account, as applicable. On the date set for redemption, the Co-Issuers and the Indenture Trustee shall take all actions as are necessary to effect the redemption of the Notes in accordance with the procedures set forth above in "—Optional Redemption Procedures" above and the Intercreditor Agreement, including application of the amounts in the Prepayment Account, to the payment of the principal of the Notes being redeemed, interest accrued but unpaid thereon to the date of redemption and Additional Amounts required to be paid, if any, but excluding, for the avoidance of doubt, application of any such amounts to the payment of any premium.

In the event that the Co-Issuers are not required to apply the Net Available Proceeds from an Event of Loss to a mandatory redemption and any Net Available Proceeds are left over after payment in full of the cost of Restoring the relevant Project or other asset or property, as contemplated by the applicable Feasible Repair Certificate, such Net Available Proceeds shall be deposited in the Project Dollar Collection Account or the Project Peso Collection Account, as applicable, for application in accordance with the Security Documents.

Target Note Balance Cash Sweep Mandatory Redemption

On each Scheduled Payment Date commencing on August 15, 2025, the Co-Issuers shall apply an amount equal to the lesser of (a) 100% of the cash standing to the balance of the Distribution Account (including, for the avoidance of doubt, amounts available therein consisting of Investments funded exclusively by any, direct or indirect, shareholder of the Company or an Affiliate of a shareholder of the Company (other than any Co-Issuer, any Joint Obligor or any Restricted Subsidiary)), and (b) the Target Sweep Amount, to mandatorily redeem the Notes without a Make-Whole Premium, in whole or in part, at a price equal to (i) 100% of the outstanding principal amount of the Notes being redeemed, plus (ii) accrued and unpaid interest on such Notes to (but excluding) the Scheduled Payment Date (without prejudice to the right of the holders of record on the relevant Record Date to receive interest and Additional Amounts, if any) plus (iii) Additional Amounts, if any, payable in respect of such Notes (each such mandatory redemption, a "Target Note Balance Mandatory Redemption"); *provided* that (x) at the Co-Issuers' sole and absolute discretion, to the extent there is cash available in the Distribution Account in excess of the Target Sweep Amount, the Co-Issuers' may apply such cash available to redeem the Notes pursuant to this "Target Note Balance Cash Sweep Mandatory Redemption" section, in an amount not to exceed the amount necessary to cause the outstanding principal amount of the Notes to equal the Target Note Balance applicable to such Scheduled Payment Date, to the extent any Target Note Balance Mandatory Redemption made on any prior Scheduled Payment Date was made in an amount lower than the Target Sweep Amount for any such prior date or was not made at all; and (y) if the cash standing to the balance of the Distribution Account is less than U.S.$1,000,000, the Company will not be required to, but may at its sole discretion, make a Target Note Balance Mandatory Redemption. If on any such Scheduled Payment Date the outstanding principal amount of the Notes would be or is equal to or less than the Target Note Balance applicable to such Scheduled Payment Date, then the Co-Issuers shall not be required to make a Target Note Balance Mandatory Redemption on such Scheduled Payment Date. No Default or Event of default will occur in the event that the balance of the Distribution Account as of any Scheduled Payment Date being so applied is less than the amount needed to cause the outstanding principal amount of the Notes to equal the Target Note Balance as of such Scheduled Payment Date.

The Co-Issuers shall deliver to the Indenture Trustee on the next Business Day following the Monthly Transfer Date that occurs immediately prior to such Scheduled Payment Date an Officer's Certificate setting forth in reasonable detail and certifying as accurate (i) the principal amount of the Notes the Co-Issuers are required to redeem on such Scheduled Payment Date pursuant to a Target Note Balance Mandatory Redemption as described above and (ii) the current outstanding principal amount of the Notes. Unless and until the Indenture Trustee receives such Officer's Certificate, the Indenture Trustee may assume without inquiry that no such Target Note Balance Mandatory Redemption shall occur on a Scheduled Payment Date. The Indenture Trustee shall not at any time be under any duty or responsibility to any holder to determine whether any Target Note Balance Mandatory Redemption is payable, or with respect to the nature, extent or calculation of the amount of any such Target Note Balance Mandatory Redemption is owed, or with respect to the method employed in such calculation of any Target Note Balance Mandatory Redemption. No more than five (5) Business Days after the Indenture Trustee's receipt of the Officer's Certificate delivered by the Co-Issuers to the Indenture Trustee pursuant to the Indenture, the Indenture Trustee, at the expense of the Co-Issuers, shall provide to the holders a copy of such Officer's Certificate at the address of each such holder appearing in the security register or otherwise in accordance with the procedures of DTC and the provisions of the Indenture.

Repurchase Upon Change of Control Repurchase Event

Except as otherwise described below, by no later than 30 days after the occurrence of a Change of Control Repurchase Event, the Co-Issuers must give notice thereof to the Indenture Trustee and the holders of the Notes (which notice may be delivered by the Indenture Trustee, upon the written request and at the expense of the Co-Issuers) a notice (a "Change of Control Notice") offering to purchase all of the Notes then outstanding on a selected date that is no earlier than 30 days and no later than 60 days (or such additional time as may be required by Applicable Laws) after the date of such notice, which selected date must be a Business Day (such offer, a "Change of Control Offer"). In connection with any Change of Control Offer, the Co-Issuers will hold such offer open for at least 20 (but not more than 30) Business Days (or such additional time as may be required by Applicable Laws). The Change of Control Notice must advise each holder of the Notes in sufficient detail as to how to tender its Notes should it elect to accept such offer, which tender shall be completed in accordance with DTC procedures.

The Co-Issuers will: (a) subject to the next paragraph, accept (except to the extent such would violate Applicable Laws) for purchase all or any part (equal to U.S.$200,000 and multiples of $1,000 in excess thereof) of the Notes that have been tendered in (but not withdrawn from) such Change of Control Offer, and (b) pay (such payment to be made in Dollars) each applicable holder for its Notes a purchase price equal to 101% of the portion of the outstanding principal balance represented by such Notes plus all accrued and unpaid interest (if any) thereon to but excluding the purchase date plus Additional Amounts, if any, payable in respect of such Notes.

In any such Change of Control Offer, a holder may elect to condition its tender of its Notes subject to the condition that a minimum percentage (selected by such holder) of the outstanding principal balance of the Notes has been tendered in (but not withdrawn from) the offer; *it being understood* that, in determining whether such percentage has been achieved, the Notes of such holder and other holders that have so conditioned their tenders with the same or a higher percentage will not be considered to have been tendered.

If the Co-Issuers purchase only a portion of an outstanding Note in connection with a Change of Control Offer, the Co-Issuers will, promptly upon cancellation of the original Note, issue in the name of the holder thereof a new Note in a principal amount equal to the portion thereof not purchased. The unpurchased portion of any Note will not be less than the minimum denomination of a Note specified in "Book-Entry; Settlement and Clearance."

The Co-Issuers will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other Applicable Laws in connection with a Change of Control Offer. To the extent that the provisions of any Applicable Laws conflict with provisions of this covenant, the Co-Issuers will comply with such Applicable Laws and will not be deemed to have breached their obligations under this covenant by virtue of its compliance with such Applicable Laws.

Each registered holder of the Notes (except as otherwise required by law) will be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive Note issued in respect of it) and no Person will be liable for so treating the holder.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Co-Issuers, or any third party making a Change of Control Offer in lieu of the Co-Issuers as described below, purchase all of the Notes validly tendered and not withdrawn by such holders, the Co-Issuers will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable payment in the Change of Control Offer plus, to the extent not included in such payment, accrued and unpaid interest, if any, thereon, to, but not including, the date of redemption, plus Additional Amounts, if any, payable in respect of such Notes.

The Co-Issuers will not be required to make a Change of Control Offer upon a Change of Control Repurchase Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Co-Issuers and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption with respect to 100% of the Notes outstanding has been given pursuant to the Indenture as described above under the caption "—Optional Redemption with Make-Whole Premium," "—Optional Redemption without Make-Whole Premium," "—Optional Redemption upon Tax Event" or "—Mandatory Redemption Provisions" unless and until there is a default in payment of the applicable redemption price. A Change of Control Offer may be made in advance of a Change of Control Repurchase Event, with the obligation to pay and the timing of payment conditioned upon the occurrence of a Change of Control Repurchase Event, if a definitive agreement to effect a Change of Control is in place at the time the Change of Control Offer is made.

Priority of Payments upon Foreclosure on the Collateral

If the maturity of the Notes has been accelerated and if the Collateral Agents foreclose on or sell substantially all of the Collateral at any time pursuant to the terms of the Security Documents, all proceeds realized in connection therewith must be applied to pay to redeem the Notes and other required amounts in accordance with the priority set forth in the Indenture, irrespective of whether such proceeds are sufficient to pay all amounts then due under the Notes but excluding, for the avoidance of doubt, application of any such proceeds to the payment of any premium.

Additional Amounts

The Co-Issuers and the Joint Obligors will make payments of, or in respect of, principal, premium (if any) and interest on the Notes free and clear of, and without withholding or deduction for or on account of any present or future tax, levy, impost, duty, assessment or other governmental charge whatsoever and wherever imposed, assessed, levied or collected, including any interest, additions to tax or penalties applicable thereto ("Taxes"), unless such withholding or deduction is required by law.

If any Co-Issuer, any of the Joint Obligors or any paying agent is required to deduct or withhold any amount in respect of Taxes for the account of Mexico (or any political subdivision thereof or any authority therein or thereof having the power to tax) or any other jurisdiction (or any political subdivision or any authority thereof or therein) from or through which such payments are made (each, a "Relevant Jurisdiction"), any of the Co-Issuers or any of the Joint Obligors will pay to a holder of a Note such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by such holder will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted, it being understood that for Mexican tax purposes the payment of such Additional Amounts will be deemed and construed as additional interest.

The foregoing obligation to pay Additional Amounts to any holder of Notes, however, will not apply to or in respect of:

(a) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that the holder or beneficial owner of the Note (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) having some present or former connection with a Relevant Jurisdiction, including such holder of the Note (i) being or having been a domiciliary, national or resident of the Relevant Jurisdiction, (ii) engaging or having been engaged in a trade or business in the Relevant Jurisdiction, (iii) maintaining or having maintained an office, a permanent establishment or branch in the Relevant Jurisdiction or (iv) being or having been physically present in the Relevant Jurisdiction, except for a connection solely arising from mere ownership of the Note, receiving payments of any nature on the Note, or enforcing rights under the Note;

(b) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required in order to receive payment, the Note was presented more than 30 days after the date on which such payment became due and payable or was provided for, whichever is later, except to the extent that the holder or beneficial owner thereof would have been entitled to Additional Amounts had the Note been presented for payment on the last day of such 30-day period;

(c) any estate, inheritance, gift, sales, use, stamp, transfer, excise, or personal property or similar Taxes;

(d) any Taxes that are not payable by way of deduction or withholding from payments on or in respect of the applicable Note;

(e) any Taxes that would not have been so imposed, assessed, levied or collected but for the failure by the holder or the beneficial owner of the Note to provide any certification, identification, information, documentation or other evidence or information concerning the nationality, residence or identity of the holder or the beneficial owner or its connection with a Relevant Jurisdiction, if (i) compliance is required by statute, rule, regulation or administrative practice of a Relevant Jurisdiction as a condition to relief, reduction or exemption from all or part of such Taxes and (ii) the Co-Issuers have given the holders or beneficial owners, as applicable, at least 30 days' written notice prior to the first payment date with respect to which such certification, identification, information, documentation or other evidence is required to the effect that holders will be required to provide such information and identification;

(f) any payment on the Note to a holder that is a fiduciary, a partnership or any person other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a partner of such partnership or the beneficial owner of the payment would not have been entitled to the Additional Amounts had the beneficiary, settlor, partner or beneficial owner been the holder of the Note; or

(g) any combination of the Taxes and/or withholdings or deductions described in (a) through (f) above.

The limitations on our obligations to pay Additional Amounts set forth in clause (e) above shall not apply (i) in all cases, if the provision of information, documentation or other evidence described in such clause (e) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a Note, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States-Mexico income tax treaty), regulations (including temporary or proposed regulations) and administrative practice, or (ii) with respect to taxes imposed by Mexico or any political subdivision or taxing authority thereof, Article 166, Section II, subsection (a), of the Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*) (or a substitute or equivalent provision, or a substantially similar successor of such Article, whether included in any law or regulation) is in effect, unless (a) the provision of the information, documentation or other evidence described in (e) above is expressly required by statute, regulation, the applicable Mexican laws or official administrative practice in order to apply Article 166, Section II, subsection (a), of the Mexican Income Tax Law (or a substantially similar successor, substitute or equivalent provision), (b) the Co-Issuers cannot obtain the information, documentation or other evidence necessary to comply with the applicable Mexican laws and regulations on its own through reasonable diligence, and (c) the Co-Issuers, as applicable, otherwise would meet the requirements for application of the applicable Mexican laws and regulations.

In addition, clause (e) above does not require, and shall not be construed to require, that any holder or beneficial owner of a Note, including any non-Mexican pension fund, retirement fund, tax-exempt organization or financial institution, register, to the extent applicable, with the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) or the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) to establish eligibility for an exemption from, or a reduction of, Mexican withholding taxes.

As provided in "—Payments and Paying Agents," all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to Section 1471(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto (collectively, "FATCA"), and we will not be required to pay any Additional Amounts on account of any such deduction or withholding required pursuant to FATCA.

Unless otherwise stated, references in any context to the payment of principal of, and premium, if any, or interest on, any Note, will be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Co-Issuers and the Joint Obligors will also pay any present or future stamp, court or documentary taxes or other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery or registration in respect of the Notes, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of Mexico other than those resulting from, or required to be paid in connection with, the enforcement of the Notes in the case of a default by any of the Co-Issuers or any of the Joint Obligors in their payment obligations under the Notes and the Co-Issuers and each Joint Obligor agrees to indemnify each of the Indenture Trustee, the paying agents, the Collateral Agents and the holders of the Notes for any such amounts paid or incurred by any such party.

If any of the Co-Issuers or any of the Joint Obligors will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, the Co-Issuers will deliver to the Indenture Trustee, at least three Business Days prior to the relevant payment date, an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Indenture Trustee to pay such Additional Amounts to holders of Notes on the payment date. Each such Officer's Certificate shall be relied upon by the Indenture Trustee without further enquiry until receipt of a further Officer's Certificate addressing such matters.

Affirmative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries

Set forth below are summaries of certain affirmative covenants contained in the Indenture.

Compliance with Laws, Etc.

Each Co-Issuer and each Joint Obligor will, and will cause each Restricted Subsidiary to, comply with all Applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property (including any Environmental Law), except where any failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; *provided* that any Co-Issuer, any Joint Obligor or any of the Restricted Subsidiaries may, at its expense, contest by appropriate proceedings conducted in good faith the validity or application of any such requirement of Applicable Law, so long as (1) none of the Secured Parties would be subject to any liability for failure to comply therewith and (2) the institution of such proceedings would not reasonably be expected to result in a Material Adverse Effect.

Payment of Obligations

Each of the Co-Issuers, the Joint Obligors and the Guarantors will pay, discharge or otherwise satisfy in full, at or before maturity or before they become delinquent, all of its respective obligations and liabilities arising pursuant to the Notes or the Note Guarantees, as applicable, including all payments of principal, interest, any premium and any Additional Amounts.

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, pay and discharge as the same become due and payable all of its obligations and liabilities, including (i) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are subject to contest in good faith and for which reasonable reserves have been provided for; (ii) all premiums owed under any insurance policies and (iii) all lawful claims that, if unpaid, would by law become a Lien upon its properties, except in the case of clauses (i), (ii) and (iii) where the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Preservation of Existence, Etc.

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, (i) preserve and maintain its corporate existence under the laws of Mexico and (ii) take all reasonable action to obtain and maintain in full force and effect all Governmental Authorizations and all other rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except where the failure to maintain such Governmental Authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Notwithstanding the foregoing, nothing in this "Preservation of Existence, Etc." covenant shall prevent the Company from taking all actions necessary to consummate the Permitted Reorganization.

Books and Records

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, (i) maintain books of record and accounts in conformity with Applicable Accounting Principles consistently applied and in material conformity with applicable requirements of any Governmental Authority having regulatory jurisdiction over any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries, as applicable, and (ii) maintain internal accounting, management information and cost control systems adequate to ensure compliance with Applicable Laws in Mexico.

Inspection Rights

Each of the Co-Issuers and each of the Joint Obligors will permit representatives of the holders of the Notes, the Indenture Trustee, and any Collateral Agent under guidance of officers of any of the Co-Issuers or any of the Joint Obligors, as applicable, to visit and inspect any of the properties of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries and to examine the Co-Issuers', such Joint Obligor's or such

Restricted Subsidiary's corporate, financial, operating and other records, no more than one time per year at the expense of the holders of the Notes and at such reasonable times during normal business hours, upon reasonable advance written notice to the Co-Issuers and with the Co-Issuers' consent (such consent not to be unreasonably withheld); *provided* that when an Event of Default exists, representatives of the holders of the Notes, the Indenture Trustee and any Collateral Agent may do any of the foregoing as often as may be reasonably desired at the expense of the Co-Issuers, at any time during normal business hours and without advance notice. The Co-Issuers, the Joint Obligors and the Restricted Subsidiaries will not be required to disclose information to the holders of the Notes, the Indenture Trustee or any Collateral Agent that is prohibited by Applicable Law or contract (provided that such prohibition is not entered into in contemplation of this covenant) or is subject to attorney-client or similar privilege or constitutes attorney work product.

Further Assurances

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, promptly upon the written request of the Indenture Trustee or any Collateral Agent (none of which will be under an obligation to make such request), and at the cost and expense of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries, as applicable, (i) correct any material defect or error that may be discovered in the Indenture and any Security Document or in the execution, acknowledgment, filing or recordation thereof; and (ii) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments necessary (or as the Indenture Trustee or any Collateral Agent may reasonably request from time to time) in order to (A) enable each of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries lawfully to perform and comply with its obligations under the Indenture and the Notes, (B) to the fullest extent permitted by Applicable Law, subject the Co-Issuers', the Joint Obligors' and the Restricted Subsidiaries' properties, assets, rights or interests to the Liens intended to be covered by any of the Security Documents, (C) perfect and maintain the validity, effectiveness and priority of any of the Security Documents and any of the Liens intended to be created thereunder and (D) assure, convey, grant, assign, transfer, preserve and protect and confirm more effectively to the Collateral Agents for the benefit of the Secured Parties the rights granted or purported to be granted in accordance with the terms of the Security Documents.

Material Project Documents, Etc.

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, (i) perform and observe all terms and provisions of the Material Project Documents to be performed or observed by it, (ii) maintain the Material Project Documents to which it is a party in full force and effect, and (iii) exercise all its rights, discretion and remedies, if any, under the Material Project Documents to which it is a party in accordance with their terms and in a manner consistent with (and subject to) the Co-Issuers', the Joint Obligors' and the Restricted Subsidiaries' obligations under the Indenture and the Security Documents, in each case of clauses (i) through (iii) above, except to the extent that failure to do any of the foregoing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

The Co-Issuers will notify the Indenture Trustee and the Administrative Agent in writing of any proposed amendment, termination, modification or waiver of which it is aware to any Material Project Document. If any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries enters into an agreement which could reasonably be expected to have a material effect on the assets, property, business or operations of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries, considered individually, the Co-Issuers will designate such agreement as a Material Project Document, and in each case, the Co-Issuers will promptly (and in any event within seven (7) Business Days of entrance into any such agreement) notify the Indenture Trustee and the Administrative Agent in writing if it or any of the Restricted Subsidiaries has entered into any such agreement.

EVM Project Facilities

Each of the Co-Issuers and each of the Joint Obligors will cause each of the EVM Companies to perform and observe all payment obligations, covenants and other terms and provisions applicable to each EVM Project Facility to be performed or observed by each EVM Company, except to the extent that (i) failure to do any of the foregoing (x) could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (y) has been cured before the expiration of any applicable grace period set forth in respect of the applicable EVM Project Facility, or (ii) the financing parties under the applicable EVM Project Facility have waived any such failure to do so, which waiver shall constitute a waiver of a Default or Event of Default of the Notes under this covenant, unless any such waived default or event of default under such EVM Project Facility is both material and adverse to the holders of the Notes.

Use of Proceeds

Each of the Co-Issuers shall use the net proceeds from the offering of the Notes in the manner set forth in this Offering Memorandum under "Use of Proceeds."

Ranking

Each of the Co-Issuers and each of the Joint Obligors will ensure that the Notes and all amounts due under the Indenture will constitute its direct, unconditional and general senior secured obligations and shall at all times rank, in right of payment, upon the bankruptcy or insolvency of any of the Co-Issuers or any of the Joint Obligors, as applicable, *pari passu* in right of payment with, and share equally and ratably in the Collateral with, all of such Co-Issuer's or such Joint Obligor's other present and future Indebtedness secured by the Collateral, other than those obligations or Indebtedness mandatorily preferred by operation of Applicable Law or secured by a Permitted Lien.

Each Guarantor will ensure that its Note Guarantee will constitute its direct, unconditional and general senior secured obligation and shall at all times rank, in right of payment, upon the bankruptcy or insolvency of such Guarantor, *pari passu* in right of payment with, and share equally and ratably in the Collateral with, all of the Guarantor's other present and future Indebtedness secured by the Collateral, other than those obligations or Indebtedness mandatorily preferred by operation of Applicable Law or secured by a Permitted Lien.

Covenant to Give Security

In connection with any property of any of the Co-Issuers, any of the Joint Obligors or any Restricted Subsidiary (including, without limitation, any assets, rights, real estate, contracts, permits, credit instruments, shares and/or equity interests) (i) which is not already subject to a perfected first priority security interest in favor of the Offshore Collateral Agent, the Master Trustee, any trustee pursuant to any Project Level Trust or the Onshore Collateral Agent for the benefit of the Secured Parties, (ii) as to which no governmental authority or other third-party consent is required for a first priority Lien to be created upon such property or has been obtained, and (iii) which is not subject to any third party Lien, each of the Co-Issuers and each of the Joint Obligors will, and will cause the Restricted Subsidiaries to, at its own expense, within the terms of the relevant Security Document, (A) duly execute and deliver, in form and substance reasonably satisfactory to the Collateral Agents, a contribution to the Majority Equity Trust or a grant of security interest or pledge to the Offshore Collateral Agent or Onshore Collateral Agent, as applicable, of such property and take whatever action (including the registration with the corresponding public registry of Mexico and any other recording, filing of UCC financing statements, the giving of notices and the endorsement of notices on title documents) necessary to vest in the Master Trustee, any trustee pursuant to any Project Level Trust, Onshore Collateral Agent or the Offshore Collateral Agent, as applicable, a valid and subsisting first priority Lien on such property enforceable against all third parties in accordance with its terms; or (B) duly execute and deliver a mortgage, pledge, assignment or other security agreement, in form and substance reasonably satisfactory to the applicable Collateral Agent, securing payment of all of the Secured Obligations and constituting a Lien on such property and take whatever action (including the registration with the corresponding public registry of Mexico or any other recording, the filing of UCC financing statements, the giving of notices and the endorsement of notices on title documents) necessary to vest in the Master Trustee, any trustee pursuant to any Project Level Trust, the Offshore Collateral Agent or the Onshore Collateral Agent, as the case may be, a valid and subsisting first priority Lien on such property purported to be subject to such mortgage, pledge, assignment or other security agreement, enforceable against all third parties in accordance with its terms.

Preservation of Collateral

Subject to the last sentence of the paragraph under "—Perfection and Maintenance of Security Interests" below, each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, undertake all actions that are necessary to enable the Collateral Agents, on behalf of the Secured Parties, to exercise and enforce their respective rights, powers, remedies and privileges under the Security Documents, including the making or delivery of all filings and recordations, the payments of fees and other charges, the issuance of supplemental documentation, the discharge of all claims or other Liens (other than Permitted Liens) adversely affecting the rights of the Collateral Agents, on behalf of the Secured Parties, to and under the Collateral and the publication or other delivery of notice to third parties.

Perfection and Maintenance of Security Interests

Subject to the last sentence of this paragraph, each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, at its expense, prepare, give, execute, deliver, file and/or record any notice, financing statement, continuation statement, public deed, instrument or agreement necessary under Applicable Law to maintain, preserve or perfect any Lien granted under the Security Documents. The Co-Issuers shall deliver to the Indenture Trustee (a) promptly after receipt thereof, and in no event later than five (5) Business Days after the Issue Date, evidence that the Majority Equity Trust and the Mexican pledges have been registered with the *Registro Único de Garantías Mobiliarias* of Mexico, (b) no later than one hundred and eighty (180) Business Days after the date of each filing at the relevant public registry of property (*Registro Público de la Propiedad*), evidence that the Majority Equity Trust (whereby real estate property is transferred to the trust estate) has been registered with such public registry, provided that each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, carry out the corresponding filing within the terms of the relevant Security Document, and (c) on the Issue Date, evidence of filings of UCC-1 financing statements in respect of certain assets of the Restricted Subsidiaries in the United States.

Maintenance of Ratings

Each of the Co-Issuers will at all times use commercially reasonable efforts to maintain a rating of the Notes by at least two Rating Agencies, *provided, however,* that, in the event that one or more Rating Agency (i) ceases to exist, (ii) ceases to issue ratings of the type issued in respect of the Notes as of the Issue Date or (iii) refuses or otherwise declines to provide a rating for the Notes (other than due to any of the Co-Issuers' failure to (A) provide such Rating Agency with such reports and other information or documents, as such Rating Agency shall reasonably request to monitor and continue to assign ratings to the Notes, (B) pay customary fees to such Rating Agency in connection therewith or (C) take any other action reasonably requested by such Rating Agency in connection therewith) (and, in each of cases (i) through (iii) above, any of the Co-Issuers is unable to substitute another Rating Agency in place of such Rating Agency), the failure by any of the Co-Issuers to obtain or maintain such rating shall not constitute a Default or Event of Default; *it being understood* that no Co-Issuer shall request any Rating Agency to cease rating the Notes and/or the Company. For the avoidance of doubt, the Co-Issuers shall not have any obligation to maintain any particular minimum rating or level of rating in respect of the Company or the Notes.

Maintenance of Permits

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, obtain and maintain in full force and effect all consents, approvals or permits of any Governmental Authority required under Applicable Law to be obtained or maintained by it in connection with the construction, operation and maintenance of its respective business and the performance of its obligations under the Material Project Documents and under the Notes, the Indenture and the other Financing Documents to which it is a party, in each case, to the extent failure to so maintain would not reasonably be expected to have a Material Adverse Effect.

Maintenance of Properties

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, directly or through its subcontractors, cause all properties used or useful in the Projects and the conduct of its respective business to be maintained and kept in good condition, repair and working order as in its judgment may be necessary so that its respective property and assets may be constructed, acquired, maintained and developed in conformity with the Material Project Documents and the Annual Budget consistent with Prudent Industry Practices and so that its respective business may be properly and advantageously conducted at all times, in each case, except to the extent failure to so comply would not reasonably be expected to have a Material Adverse Effect; *provided* that this paragraph shall not prevent it from discontinuing the use, operation or maintenance of any of such properties or assets or disposing of any of them, if such discontinuance or disposal is, in the Co-Issuers' good faith judgment, desirable in the conduct of the Co-Issuers', the Joint Obligors' and the Restricted Subsidiaries business taken as a whole.

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, obtain, and maintain in force, good and valid title and/or rights to the Collateral and such other properties as are necessary for (a) the maintenance and operation of its property and assets and (b) the use of its property, assets and revenues, in each case, except to the extent failure to so obtain or maintain would not reasonably be expected to have a Material Adverse Effect.

Maintenance of Insurance

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, obtain and maintain insurance coverage in such amounts and covering such risks consistent with Prudent Industry Practices, subject to any Applicable Laws. Each of the Co-Issuers and each of the Joint Obligors will appoint the trustee under the Majority Equity Trust Agreement as an additional beneficiary and sole loss payee, and will, therefore cause that all casualty insurance proceeds received under such insurance policies not applied to Restore the Collateral or to continue operations during such Restoration of the Collateral, to be delivered to the trustee under the Majority Equity Trust Agreement and applied in accordance with the Majority Equity Trust Agreement.

Dividends

Each of the Co-Issuers and each of the Joint Obligors will, and will cause each Restricted Subsidiary to, pay any dividends received from any Joint Venture Company or any Unrestricted Subsidiary to the Dollar Collection Account, the Project Dollar Collection Account, the Peso Collection Account or the Project Peso Collection Account, as applicable, no later than two Business Days after receipt of any such dividend; *provided that* in respect of each of the Excluded Subsidiaries, (a) such obligation will be subject to the terms of the EVM Project Facilities; and (b) the Master Trustee shall notify the trustee of each applicable EVM Trust, and such trustee shall acknowledge and agree in writing, that such dividends shall be paid into the Dollar Collection Account.

Restricted Payments

(a) BEI and EVM Tenedora shall, on and after the Issue Date (A) cause EVM Energía I and EVM Energía II to declare and make Restricted Payments (directly or through BEI and EVM Tenedora, if applicable), as applicable, as often and as promptly as possible subject to and in accordance with the EVM Project Facilities and (B) promptly after receipt thereof by BEI and EVM Tenedora, to the extent not transferred automatically as per the provisions of the Financing Documents, transfer, or cause to be transferred, 100% of the proceeds of each Restricted Payment received from EVM Energía I or EVM Energía II (without any deduction or withholding other than as required by law, and without set-off against BEI or EVM Tenedora) into the Collection Account; provided that BEI and EVM Tenedora will be entitled to, (x) at any time before August 15, 2024, cause EVM I and EVM II to transfer to the Tenedora Recoverable VAT Account amounts that have been offset by EVM Tenedora or received by EVM Tenedora as a refund in respect of Tenedora Recoverable VAT in an aggregate amount not to exceed three million Dollars ($3,000,000), and (y) at any time before February 15, 2024, cause EVM I and EVM II to transfer an amount not to exceed the amount of the Development Fee Equity Contribution to the Development Fee Account.

(b) As soon as reasonably practicable after the Issue Date but in any event no later than five (5) Business Days following the Issue Date the Co-Issuers and each of the Joint Obligors shall cause the trustee under the Majority Equity Trust to deliver to each of the trustees under the EVM I Project Trust and EVM II Project Trust, an irrevocable mandate or instruction, instructing such trustees to transfer as soon as reasonably practicable any and all amounts declared as Restricted Payments under said EVM I Project Trust and EVM II Project Trust, respectively, into the Collection Account, (each such instruction given to a trustee of the EVM I Project Trust or the EVM II Project Trust, a "Restricted Payments Account Instruction"), except for the amounts declared as "Restricted Payments" under the EVM I Project Trust in favor of BEI, which shall be governed by the provisions described under clause (c) below;

(c) (i) The Co-Issuers and each of the Joint Obligors shall use best reasonable commercial efforts to, no later than forty (40) Business Days following the Issue Date, obtain a consent, in accordance with the provisions of the EVM Project Facilities to transfer BEI's beneficiary rights (*derechos fideicomisarios*) in the EVM II Project Trust to the trustee under the Majority Equity Trust;

(ii) If the consent referred to in paragraph (i) above is obtained, BEI shall, as soon as reasonably practicable thereafter but in any event no later than twenty (20) Business Days, transfer to the trustee under the Majority Equity Trust, its beneficiary rights (*derechos fideicomisarios*) in the EVM II Project Trust. No later than five (5) Business Days following the date of such transfer, BEI shall cause the trustee under the Majority Equity Trust deliver to the trustee under the EVM I Project Trust a Restricted Payments Account Instruction to transfer as soon as reasonably practicable any and all amounts declared as Restricted Payments in favor of BEI under the EVM II Project Trust, into the Collection Account.

(d) The Co-Issuers and the Joint Obligors shall maintain or cause to be maintained in full force and effect each Restricted Payments Account Instruction.

Permits

Each of the Joint Obligors shall file with CRE no later than one year prior to the expiration date of their respective IPP Power Generation Permits, an application or amendment request complying with any requirement under Applicable Law, aiming to obtain CRE's approval to transfer the capacity and power outage currently authorized under such IPP Power Generation Permits to the LIE regime, and shall deliver a copy of such request to the Indenture Trustee. Thereafter, each such Grantor shall deliver to the Indenture Trustee a quarterly report describing the status of the approval process, including any comments received from the relevant authorities.

Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries

Set forth below are summaries of certain negative covenants contained in the Indenture.

Limitation on Indebtedness

(1) Each of the Co-Issuers and each of the Joint Obligors will not, and will not permit any of the Restricted Subsidiaries to, create, Incur, assume or suffer to exist any Indebtedness except that any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries may Incur Indebtedness if:

(i) immediately after giving effect to the Incurrence of such Indebtedness, no Default or Event of Default has occurred and shall be continuing or will result from such Incurrence;

(ii) after giving *pro forma* effect to the Incurrence thereof and the application of the proceeds therefrom (excluding the aggregate amount of any Debt Service Reserve Requirement), the Co-Issuers deliver an Officer's Certificate to the Indenture Trustee certifying that (a) the Debt Service Coverage Ratio for the Calculation Period is greater than 1.35:1.00 and (b) the Co-Issuers reasonably project that the Debt Service Coverage Ratio for each Calculation Period ending as of the last day of each Fiscal Year during the remaining term of the Notes will be greater than 1.35:1.00;

(iii) the Co-Issuers obtain a Ratings Affirmation in connection with such Incurrence;

provided that, for purposes of calculating the Debt Service Coverage Ratio with respect to the Incurrence of

Indebtedness:

(a) the aggregate amount of commitments under the Credit Agreement shall be deemed fully drawn;

(b) the interest rate applicable to any outstanding Indebtedness is equal to the interest rates applicable to such Indebtedness for each of the two (2) Quarterly Periods immediately preceding the date of determination;

(c) the interest rate applicable to any Indebtedness to be Incurred is equal to the fixed interest rate of such Indebtedness under the relevant Additional Debt Agreement or under the relevant Swap Contract in effect on the date of determination;

(d) a hypothetical fixed interest rate equal to the Reference Rate shall be applied to (x) all Indebtedness to be Incurred that does not bear interest at a fixed interest rate under the relevant Additional Debt Agreement or under the relevant Swap Contract in effect on the date of determination and (y) all amounts of undrawn commitments under the Credit Agreement assumed to be fully drawn.

(2) Notwithstanding clause (1) above, any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries may incur the following Indebtedness:

(a) Indebtedness in respect of the Notes, excluding Additional Notes;

(b) Indebtedness under the Loan Documents outstanding from time to time in an aggregate amount at any one time outstanding not to exceed U.S.$280 million;

(c) Indebtedness in existence on the Issue Date (other than the MT Falcon Acquisition Debt Facility and the EVM Acquisition Debt Facility), provided that no such Indebtedness may be refinanced pursuant to clause (f) hereof;

(d) solely prior to the repayment thereof within ten (10) Business Days of the Issue Date, the MT Falcon Acquisition Debt Facility and the EVM Acquisition Debt Facility, provided that no such Indebtedness may be refinanced pursuant to clause (f) hereof;

(e) Permitted Swap Debt outstanding from time to time;

(f) Refinancing Debt with respect to which each of the following conditions has been satisfied:

(i) the Average Life of such Refinancing Debt shall not be shorter than the Average Life of the Indebtedness being refinanced;

(ii) the aggregate principal amount (or initial accreted value, if applicable) of such Refinancing Debt as of the date of such proposed refinancing does not exceed the aggregate principal amount (or accreted value as of such date, if applicable) of the Indebtedness being refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the applicable Co-Issuer, Joint Obligor or Restricted Subsidiary in connection with such refinancing);

(iii) the interest payment dates for such Refinancing Debt shall not fall on dates other than Quarterly Dates and the principal payments for such Refinancing Debt shall not fall on dates other than Quarterly Dates; and

(iv) the Additional Debt Providers in respect of such Refinancing Debt or any agent appointed by them, shall have entered into or acceded to the Intercreditor Agreement on or prior to the Incurrence of such Refinancing Debt;

(g) unsecured Indebtedness of any of the Co-Issuers in an aggregate principal amount at any time outstanding not to exceed U.S.$15.0 million (or the equivalent in any other currency);

(h) Swap Contracts for bona fide hedging purposes and not for speculative purposes, including, without limitation, in respect of financing transactions permitted under the Indenture;

(i) any capital lease of equipment or Indebtedness for the deferred purchase price of equipment, in each case incurred in the ordinary course of business and related to the Projects; *provided*, that such Indebtedness does not at any time exceed U.S.$15.0 million (or the equivalent in any other currency) in the aggregate;

(j) current trade liabilities incurred in the ordinary course of business which are payable in accordance with customary practices that are not overdue by more than 90 days (unless disputed in good faith by the applicable Co-Issuer, Joint Obligor or Restricted Subsidiary;

(k) Subordinated Debt provided that the conditions included in the definition thereof are satisfied;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five (5) Business Days of receipt of notice of insufficient funds;

(m) Indebtedness of any of the Co-Issuers, any of the Joint Obligors, any of the Guarantors or any Restricted Subsidiary owing to any Restricted Subsidiary or of any Restricted Subsidiary owing to any of the Co-Issuers, any of the Joint Obligors, any of the Guarantors or any other Restricted Subsidiary; *provided* that such Indebtedness is not subordinated to the Notes;

(n) Indebtedness of a Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by, or merged into, any of the Co-Issuers or any of the Joint Obligors; provided that

(A) such Indebtedness is refinanced with Indebtedness incurred by such Co-Issuer or such Joint Obligor, as applicable, within 30 days of such acquisition or merger;

(B) no Default or Event of Default shall have occurred and be continuing;

(C) the lenders or creditors holding such Indebtedness that is the subject of the refinancing described in subclause (A) above shall have acceded to the Intercreditor Agreement (and, to the extent required, all applicable Financing Documents);

(D) the Co-Issuers shall have delivered to the Indenture Trustee an Officer's Certificate certifying that the Debt Service Coverage Ratio for the Calculation Period is greater than 1.35:1.00 (in each case taken as one accounting period and pro forma for the Incurrence of such Indebtedness and revenues generated by such Restricted Subsidiary in such period); and

(E) the Co-Issuers shall have obtained a Ratings Affirmation in connection with such Incurrence;

(o) Indebtedness, in respect of severance payments, workers' compensation claims, payment obligations in connection with health or other social security benefits, unemployment insurance or other self-insurance obligations for employees, letters of credit (other than pursuant to the

Facility), bankers' acceptances, payment obligations in connection with insurance premiums or similar obligations, deferred payments to contractors under engineering, procurement or construction contracts as agreed by such applicable contractor, security deposits, completion, surety, appeal, bid, performance, customs or other bonds (including any PPA performance bond) and reimbursement obligations in respect of the foregoing (or letters of credit or performance bonds in connection with, in lieu of or in respect of each of the foregoing), in each case, Incurred in the ordinary course of business or in order to comply with any requirements of Applicable Law;

(p) Indebtedness in respect of letters of credit (other than pursuant to the Facility) or performance, bid or other bonds or reimbursement obligations in respect of such letters of credit or bonds, in each case, entered into in the ordinary course of business (which are not Incurred in connection with the borrowing of money) in order to comply with any requirements under Applicable Law; *provided* that, upon the drawing of such letters of credit or the Incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or Incurrence;

(q) Indebtedness of any of the Co-Issuers, any of the Joint Obligors or any other Restricted Subsidiary in an aggregate principal amount at any time outstanding not to exceed U.S.$15.0 million (or the equivalent in any other currency) on account of value-added tax receivables, credits or reimbursements owing or payable by the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*).

Any Indebtedness permitted by clause (1) or clause (2) above will be "Permitted Debt" under the Indenture. In addition, Permitted Debt, to the extent secured in accordance with the limitations on Liens set forth in the Indenture as described below in "—Limitations on Liens," will share in the Collateral with all other Secured Obligations.

For purposes of determining compliance with this "Limitation on Indebtedness" covenant, in the event that an item of proposed Indebtedness (or any portion thereof) meets the criteria of more than one of the categories described in clauses (a) through (p) above, or is entitled to be incurred pursuant to clause (1) of this covenant, the Co-Issuers, in their sole discretion, will be permitted to classify such item of Indebtedness (or any portion thereof) on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness in one of the above clauses.

The accrual of interest, the accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of Additional Debt with the same terms will not be deemed to be an incurrence of Indebtedness for purposes of this covenant. For purposes of determining compliance with any Dollar-denominated restriction on the incurrence of Indebtedness, the Dollar amount of Indebtedness denominated in a currency other than the Dollar shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided* that, the principal amount of any Refinancing Debt shall be calculated based on the currency exchange rate that is in effect on the date of such refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Limitation on Restricted Payments

(a) The Co-Issuers and the Co-Issuers will not, and will not permit any Restricted Subsidiary to, nor will any Co-Issuer, any Joint Obligor or any Restricted Subsidiary instruct the Master Trustee to, make, any Restricted Payment unless, each of the following conditions is satisfied both immediately prior to and after the payment of such Restricted Payment (the conditions set forth in clauses (i) through (v) below, collectively, the "Indenture Restricted Payment Conditions"):

(i) any such Restricted Payment is made only with funds available in the Distribution Account;

(ii) the Co-Issuers deliver a Debt Service Coverage Statement to the Indenture Trustee certifying that (x) the Debt Service Coverage Ratio for the Calculation Period ending with the quarter most recently ended is greater than 1.20:1.00 (excluding the aggregate amount of any Debt Service Reserve Requirement) and (y) the projected Debt Service Coverage Ratio for the Calculation Period immediately after the quarter most recently ended is greater than 1.20:1.00 (excluding the aggregate amount of any Debt Service Reserve Requirement);

(iii) the first Scheduled Payment Date in respect of the Notes has occurred;

(iv) at the time of the making of such Restricted Payment, and immediately after giving effect to such Restricted Payment, no Default or Event of Default has occurred and is continuing;

(v) at the time of the making of such Restricted Payment, and immediately after giving effect to such Restricted Payment, there are no Secured Facility Obligations outstanding under the Loan Documents;

(vi) (x) the balance in the Notes Debt Service Reserve Account equals or exceeds the Notes Debt Service Reserve Requirement, (y) the balance in each Additional Debt Service Reserve Account equals or exceeds the applicable Additional Debt Service Reserve Requirement, and (z) the balance in the Loan Debt Service Account equals or exceeds the Loan Debt Service Reserve Requirement;

(vii) the Restricted Payment is made on a Restricted Payment Date; and

(viii) the Target Note Balance as of the most recent Scheduled Payment Date has been satisfied.

(b) The provisions of clauses (a) and (b) will not prohibit:

(i) on the Issue Date, any Restricted Payment to (x) repay in full and cancel the Shareholder Loans, including related interest, breakage costs, premia, fees, costs and other expenses, and (y) make a distribution and/or investment to certain direct or indirect shareholders of the Company; in each case with a portion of the proceeds of the Notes;

(ii) at any time before August 15, 2024, any transfer by any EVM Company to the EVM Tenedora Recoverable VAT Account of amounts that have been offset by EVM Tenedora or received by EVM Tenedora as a refund in respect of Tenedora Recoverable VAT in an aggregate amount not to exceed U.S.$3 million;

(iii) at any time before February 15, 2024, any transfer by any EVM Company to the Development Fee Account of amounts not to exceed the amount of the Development Fee Equity Contribution; and

(iv) at any time during the 30-day period following the Issue Date, a Permitted Dividend Distribution.

(c) If any Co-Issuer, any Joint Obligor or any Restricted Subsidiary is intending to make a Restricted Payment it will, not less than five Business Days prior to the date on which the Restricted Payment is intended to be made, give the Indenture Trustee and the Master Trustee notice thereof.

Limitation on Liens

The Company and each of the Joint Obligors will not, and will cause each Restricted Subsidiary not to, directly or indirectly, grant, create, incur, assume or suffer to exist any Lien (other than Permitted Liens) upon any of their respective properties, assets or revenues, whether owned at the Issue Date or thereafter acquired.

Change in Nature of Business

The Company and each of the Joint Obligors will not, and will cause each Restricted Subsidiary not to, engage in any business other than a Permitted Business.

Merger, Consolidation, Liquidation, Dissolution

Each of the Co-Issuers and each of the Joint Obligors will not, and will cause each Restricted Subsidiary not to, consolidate with or merge into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety to any Person, in one or more related transactions, unless (i) the successor Person (if other than such Co-Issuer, such Joint Obligor or such Restricted Subsidiary) will be a Person existing under the laws of (a) the United States (or any State thereof or the District of Columbia) or Mexico or (b) any country that is a member of the European Union or any political subdivision thereof or that belongs to the Organization for Economic Cooperation and Development, in each case of (a) and (b) whose debt securities are rated investment grade; and will assume, by a supplemental indenture, the due and punctual payment of the principal, premium, if any, and interest (and Additional Amounts, if any) in respect of all the outstanding Notes and the performance of every covenant in the Indenture on the part of such Co-Issuer, such Joint Obligor or such Restricted Subsidiary (including its Note Guarantee, if any), as applicable, to be performed or observed and shall have assumed by appropriate joinder, supplement and/or other documents all duties and obligations of the Co-Issuers and the Joint Obligors under the Security Documents; (ii) immediately after giving effect to such transaction, no Default or Event of Default will have happened and be continuing; (iii) immediately after giving effect to such transaction on a *pro forma* basis, the Co-Issuers or the Person formed by or surviving any such consolidation or merger (if other than any Co-Issuer), or to which such sale, assignment, conveyance, transfer, lease or other disposition will have been made, will be permitted to Incur at least U.S.$1.00 of additional Indebtedness pursuant to the Debt Service Coverage Ratio tests set forth in clause (1)(ii) of the covenant described above under the caption "—Limitation on Indebtedness" (including delivery of the Officer's Certificate specified in such clause (1)(ii), which may be combined with the Officer's Certificate in clause (iv) below) and (iv) such Co-Issuer, such Joint Obligor or such Restricted Subsidiary, as applicable, will have delivered to the Indenture Trustee an Officer's Certificate and opinion of counsel stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition and such supplemental indenture, joinder, supplement and/or other documents comply with the foregoing provisions relating to such transaction, and such opinion of counsel shall further contain, but need not be limited to, favorable opinions to the effect that any such supplemental indenture, joinder, supplement and/or other documents (a) constitute the legal, valid and binding obligation of such person, enforceable in accordance with their respective terms and (b) create enforceable and perfected security interests with respect to such person as required under the Indenture and the Security Documents. In case of any such consolidation, merger, sale, assignment, conveyance, transfer or other disposition (other than a lease), such successor entity will succeed to and be substituted for applicable Co-Issuer or Joint Obligor as obligor on the Notes or the applicable Restricted Subsidiary, if a Guarantor, under its Note Guarantee, as the case may be, with the same effect as if it had been named in the Indenture as such obligor; *provided* that nothing in this "—Merger, Consolidation, Liquidation, Dissolution" covenant shall prevent the consummation from time to time of the Permitted Reorganization.

Asset Sales

Each of the Co-Issuers and each of the Joint Obligors will not, and will cause each Restricted Subsidiary not to, consummate an Asset Sale unless:

(1) such Co-Issuer, such Joint Obligor or the Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) the Co-Issuers obtains a Ratings Affirmation in connection with such Asset Sale; and

(3) at least 75% of the consideration therefor received by such Co-Issuer, Joint Obligor or Restricted Subsidiary is in the form of:

(a) Cash or Cash Equivalents (including any Cash Equivalents received from the conversion within 60 days of such Asset Sale of any securities, notes or other obligations received in consideration of such Asset Sale);

(b) Replacement Assets;

(c) any liabilities of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary as shown on such Co-Issuer's, Joint Obligor's or Restricted Subsidiary's most recent balance sheet (other than contingent liabilities, Indebtedness that is by its terms subordinated in right of payment to the Notes or any Note Guarantee and liabilities to the extent owed to any Co-Issuer, any Joint Obligor or any Affiliate of the Company) that are assumed by the transferee of any such assets or Equity Interests and for which all of the Co-Issuers, all of the Joint Obligors and all of the Restricted Subsidiaries have been validly released by all creditors in writing;

(d) capital stock in a Person engaged in a Permitted Business that will become a Restricted Subsidiary as a result of such Asset Sale; or

(e) any combination of the consideration specified in clauses (a) to (d).

Within 365 days after the receipt of any Net Available Cash from an Asset Sale, a Co-Issuer, a Joint Obligor or a Restricted Subsidiary, as the case may be, may apply an amount equal to such Net Available Cash at its option:

(1) to permanently repay Secured Obligations (other than Indebtedness owed to any Co-Issuer, any Joint Obligor or another Restricted Subsidiary) and, if such Secured Obligation is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto (including, through optional or mandatory prepayments, redemptions, buy backs and market purchases); or

(2) to purchase Replacement Assets (or enter into a binding agreement to purchase such Replacement Assets; provided that (x) such purchase is consummated no later than the later of (i) the 360th day after such Asset Sale or (ii) 180 days after the date of such binding agreement and (y) if such purchase is not consummated within the period set forth in subclause (x), the Net Available Cash not so applied will be deemed to be Excess Proceeds (as defined below)); or

(3) make an Asset Sale Offer as described below.

The amount of such Net Available Cash required to be applied (or to be committed to be applied) during such 365-day period as set forth in the preceding paragraph and not applied (or committed to be applied) as so required by the end of such period shall constitute "Excess Proceeds." If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds totals at least U.S.$20 million, the Co-Issuers must commence, not later than the fifteenth Business Day of such month, and consummate an offer to purchase (an "Asset Sale Offer"), from the holders of the Notes and all holders of other Secured Obligations containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets, the maximum principal amount of Notes and such other Secured Obligations that may be purchased out of the Excess Proceeds. The offer price in any such Asset Sale Offer will be equal to 100% of the principal amount (or accredited value, if applicable) of the Notes and such other Secured Obligations plus accrued and unpaid interest, to the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date and will be payable in cash. To the extent that any Excess Proceeds remain after consummation of an Asset Sale Offer pursuant to this "Asset Sales" covenant, the Co-Issuers may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture, and those Excess Proceeds shall no longer constitute "Excess Proceeds." The Co-Issuers may satisfy their obligations under this covenant with respect to the Excess Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period. The procedures set forth in the first through the fifth paragraph of "—Repurchase Upon Change of Control Repurchase Event" above shall apply to any Asset Sale Offer, except to the extent otherwise specified in this "Asset Sales" covenant.

Asset Sales by Joint Venture Companies

Each of the Co-Issuers and each of the Joint Obligors will not, and will cause each Restricted Subsidiary not to, and each of the Co-Issuers will exercise its commercially reasonable efforts to cause that no Joint Venture Company will sell, transfer or otherwise dispose of any material portion of any assets or property of any Joint Venture Company, except that a Joint Venture Company may sell, transfer or otherwise dispose of a material portion of its assets or property if all the Net Available Proceeds received or receivable by such Co-Issuer, such Joint Obligor or such Restricted Subsidiary from any such sale, transfer or other disposition are applied no later than 60 days after such sale, transfer or other disposition to permanently repay Secured Obligations (other than Indebtedness owed to a Co-Issuer, a Joint Obligor or another Restricted Subsidiary) and, if such Secured Obligation is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto (including, through optional or mandatory prepayments, redemptions, buy backs and market purchases).

Limitation on Investments

Each of the Co-Issuers and each of the Joint Obligors will not, and will cause each Restricted Subsidiary not to, make or hold any Investments in any Person (other than any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries) except for (i) Cash Equivalents; (ii) Permitted Swap Contracts; (iii) Investments in Joint Venture Companies, provided that Investments in Joint Venture Companies pursuant to this clause (iii) may only be made if each of the conditions specified in clauses (a)(i)-(viii) of the covenant described under the caption "—Limitation on Restricted Payments" is satisfied both immediately prior to and after the making of any such Investment, substituting the defined term "Investment" for the defined term "Restricted Payment" in such clauses (a)(i)-(viii); (iv) any Investment acquired from a Person which is merged with or into any Co-Issuer, any Joint Obligor or any Restricted Subsidiary or any Investment of any Person existing at the time such Person becomes a Restricted Subsidiary, and, in each case, that is not created as a result of or in connection with or in anticipation of any such transaction; (v) any Investment existing on, or made pursuant to written agreements existing on, the Issue Date and any extension, modification or renewal of such Investments (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof (unless a binding commitment therefor has been entered into on or prior to the Issue Date), other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date); (vi) Investments in an Unrestricted Subsidiary, solely to the extent that such Investment is funded exclusively by any shareholder of the Company or an Affiliate of a shareholder of the Company (other than any Co-Issuer, any Joint Obligor or any Restricted Subsidiary) directly or through an Equity Contribution in a Restricted Subsidiary; (vii) Investments constituting pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations; (viii) Investments constituting deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, and other obligations of a like nature, in each case in the ordinary course of business, (ix) on the Issue Date, any Investments to make a distribution and/or investment to certain direct or indirect shareholders of the Company with a portion of the proceeds of the Notes and (x) any Investment in connection with the Permitted Reorganization.

Limitation on Transactions with Affiliates

Each of the Co-Issuers and each of the Joint Obligors will not, and will cause each Restricted Subsidiary not to, enter into or become a party to any material agreement or arrangement with an Affiliate, unless such agreement or arrangement shall be on terms no more favorable to the Affiliate than those that could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate; *provided* that if any such transaction or series of related transactions involves an aggregate consideration in excess of U.S.$15.0 million (or the equivalent in any other currency), any such Co-Issuer, any such Joint Obligor or any such Restricted Subsidiary must deliver to the Indenture Trustee a resolution of its board of directors together with an Officer's Certificate of the Co-Issuers stating that such Affiliate transaction complies with the Indenture and that such Affiliate transaction has been approved by not less than a majority of the members of the relevant board of directors.

The foregoing restriction shall not apply to (I) any transaction solely between or among any of the Co-Issuers, any of the Joint Obligors and one or more of the Restricted Subsidiaries or solely between or among two or more of the Co-Issuers, the Joint Obligors or the Restricted Subsidiaries, including, for the avoidance of doubt, a

Permitted Reorganization; (ii) reasonable and customary payments to or on behalf of the any of the Co-Issuers', any of the Joint Obligors' or any of the Restricted Subsidiaries' directors, officers or employees (including any payments in connection with any secondment arrangements), or in reimbursement of reasonable and customary payments or reasonable and customary expenditures made or incurred by such Persons as directors, officers or employees; (iii) any transfer to (or, for avoidance of doubt, from) the Distribution Account permitted under "—Limitation on Restricted Payments"; (iv) (iv) any loan or advance by any of the Co-Issuers, any of the Joint Obligors or any of Restricted Subsidiaries to its employees in the ordinary course of business; and (v) contributions to the common equity capital of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries.

Material Project Documents

Except as would not reasonably be expected to materially impair the value of the interest or rights of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries thereunder or otherwise reasonably be expected to have a Material Adverse Effect, each of the Co-Issuers and each of the Joint Obligors will not, and will not permit any Restricted Subsidiaries to, (i) cancel or terminate any Material Project Document or consent to or accept any cancellation or termination thereof, (ii) amend, modify or change in any manner any term or condition of any Material Project Document, (iii) give any consent, waiver or approval under any Material Project Document, or (iv) consent to any assignment or transfer of rights under any Material Project Document (other than as required by the Security Documents), in each case unless permitted by the Indenture Trustee, acting on the instructions of at least a majority of the holders of the Notes.

EVM Project Facilities

Each of the Co-Issuers will not, and will not permit any of the EVM Companies to, (i) amend, modify or change in any manner any term or condition of any EVM Project Facility, (ii) give any consent, waiver or approval under any of the EVM Project Facilities, or (iii) consent to any assignment or transfer of rights under any EVM Project Facility, in each case, as would reasonably be expected to prevent or restrict in any manner the right of any of the EVM Companies to declare, approve and pay distributions to its shareholders, other than as contemplated under the EVM Project Facilities as of the Issue Date.

Hedging Transactions

Each of the Co-Issuers and each of the Joint Obligors will not, and will not permit any Restricted Subsidiaries to, enter into any swaps or other Swap Contract other than in respect of permitted hedging entered into in the ordinary course of business for bona fide business reasons and not for speculative purposes.

Reporting Requirements

The Co-Issuers will provide the Indenture Trustee and, upon request, the holders of the Notes, with the following reports and notices:

(a) as soon as available, and in any event within sixty (60) days after the end of each of the first three (3) Fiscal Quarters and ninety (90) days after the end of the fourth Fiscal Quarter, an unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of such Fiscal Quarter period, and the related consolidated statements of income or operations and cash flows for such Fiscal Quarter, prepared in accordance with Applicable Accounting Principles;

(b) as soon as available, and in any event within one hundred fifty (150) days after the end of the Fiscal Year in which the Issue Date occurs and one hundred twenty (120) days after the end of each Fiscal Year thereafter, an audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such Fiscal Year, and the related consolidated statements of income or operations and cash flows for such Fiscal Year, in accordance with Applicable Accounting Principles, audited and accompanied by (i) an opinion of the Independent Accountants, which opinion shall state that such financial statements present fairly, in all material respects, our financial position at the end of, and for, such fiscal year, prepared in accordance with Applicable

Accounting Principles and (ii) an operating and financial review of the financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies;

(c) not later than thirty (30) days following each Scheduled Payment Date, a Debt Service Coverage Statement in respect of the Debt Service Coverage Ratio for the Calculation Period ended on such Scheduled Payment Date, and a Debt Service Coverage Statement in respect of the projected Debt Service Coverage Ratio for the Calculation Period, *provided*, *for the avoidance of doubt*, that the Co-Issuers shall have no obligation to maintain any particular minimum Debt Service Coverage Ratio or projected Debt Service Coverage Ratio or any particular level of Debt Service Coverage Ratio or projected Debt Service Coverage Ratio pursuant to this covenant;

(d) without duplication, upon request, English language versions or summaries in electronic format of such other reports or notices as may be filed or submitted by (and within ten (10) days after filing or submission by) the Co-Issuers with the SGX-ST, or any other stock exchange on which the Notes may be listed, in each case, to the extent that any such report or notice is generally available to the Co-Issuers' debt holders, *provided, however*, that the Co-Issuers shall not be required to furnish such information to the extent such information is available on the Company's website or to the extent that the information contained therein is not materially different than the information provided pursuant to clause (a) and (b) above;

(e) so long as the Co-Issuers are not subject to Section 13 or Section 15(d) of the Exchange Act and exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, upon request, to any holder and any prospective purchaser of the Notes, the information required pursuant to Rule 144A(d)(4) under the Securities Act; and

(f) promptly (but in any event within ten (10) Business Days after a Responsible Officer of any Co-Issuer obtains Knowledge or is aware thereof), a notice of: (i) the occurrence of any Default or Event of Default under the Notes, (ii) the occurrence of any material default under, or any amendment, waiver, modification, supplement, cancellation, suspension or termination of, under or in respect of any Material Project Document (except for any amendments, modifications, waivers or supplements of a clerical, technical or administrative matter) and any request therefor and (iii) a Change of Control.

Simultaneously with the delivery of each set of financial statements referred to in clause (a) above, the Co-Issuers will provide the Indenture Trustee with an Officer's Certificate stating (1) that such financial statements fairly and accurately present the consolidated financial condition and results of operations of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries on the dates and for the periods indicated in accordance with the Applicable Accounting Principles, subject to the absence of footnotes and normally recurring year-end adjustments and (2) whether a Default or Event of Default exists on the date of such Officer's Certificate and, if a Default or Event of Default exists, setting forth the details thereof and the action which the Co-Issuers and the Joint Obligors are taking or propose to take with respect thereto. Except where otherwise indicated, all reports, notices, certificates and other documents delivered pursuant to this "Reporting Requirements" covenant shall be in the English language.

Delivery of reports, information and documents to the Indenture Trustee is for informational purposes only and its respective receipt of such reports shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Restricted Subsidiaries' or any other Person's compliance with any of its covenants under the Indenture or the Notes (as to which the Indenture Trustee is entitled to rely conclusively on Officer's Certificates).

Annual Budget

The Co-Issuers will deliver to the Indenture Trustee an annual budget (the "Annual Budget") not later than 15 days prior to the commencement of each Fiscal Year for the forthcoming fiscal year accompanied by an Officer's Certificate of the Co-Issuers certifying that such Annual Budget constitutes the Co-Issuers' good faith estimate for the period covered and substantially similar to any corresponding budget delivered pursuant to the Credit Agreement.

Each Annual Budget will (A) contain estimates of the consolidated revenues and Operating and Maintenance Expenses of the Co-Issuers and individual line items for each Restricted Subsidiary based on the Co-Issuers' fair and reasonable projections at such time based on facts and circumstances then existing and known to the Co-Issuers, (B) reflect the Co-Issuers' commercially reasonable estimate of future results and (C) be prepared by the Co-Issuers in good faith on the basis of written assumptions stated therein that the Co-Issuers believe to be reasonable as to all factual and legal matters then known to the Co-Issuers that are material to such estimates.

Events of Default

Pursuant to the Indenture each of the following events, acts, occurrences or conditions, will constitute an event of default under the Notes (each an "Event of Default"). "Default" means any condition or event that with the lapse of time or the giving of notice, or both, would (unless cured or waived) become an Event of Default.

(a) (i) The Co-Issuers and the Joint Obligors fail to pay any amount of principal on any Note when the same becomes due and payable, *provided* that solely with respect to any such failure to pay which resulted from a cause or causes that are technical or administrative in nature and not from a failure by the Co-Issuers and the Joint Obligors to make a good faith effort to make such payment, such failure to pay shall not constitute an Event of Default unless such failure to pay continues for a period of three (3) Business Days immediately following the date on which such payment was due and payable, or (ii) the Co-Issuers and the Joint Obligors fail to pay interest or any other amounts on any Note within thirty (30) days after the same becomes due and payable;

(b) Any representation, warranty or certification made or deemed made in any (or pursuant to any) Financing Document (including the Indenture) or Material Project Document (other than with respect to non-material provisions that are of a *de minimis* administrative nature) by the Co-Issuers, the Joint Obligors or any of the Restricted Subsidiaries (or any of their respective officers), or any certificate, document or financial or other statement furnished to the Indenture Trustee pursuant to the provisions thereof, proves to have been untrue or incorrect in any material respect when made or deemed made by any such Co-Issuer, any such Joint Obligor or any such Restricted Subsidiary and the underlying facts or circumstances causing the same to be untrue or incorrect in any material respect have had or would reasonably be expected to have a Material Adverse Effect which any such Co-Issuer, any such Joint Obligor or any such Restricted Subsidiary was not able to eliminate within 30 days after the time of any such Co-Issuer or any such Joint Obligor obtaining Knowledge thereof; *provided* that if the applicable Co-Issuer, the applicable Joint Obligor or the applicable Restricted Subsidiary is taking action reasonably likely to address the underlying facts or circumstances causing such inaccuracies, an Event of Default pursuant to this clause (b) will occur only if the applicable Co-Issuer, the applicable Joint Obligor or the applicable Restricted Subsidiary fails to cure within 60 days of the earlier of (A) the applicable Co-Issuer or the applicable Joint Obligor obtaining Knowledge thereof and (B) notice from the Indenture Trustee thereof or notice thereof to the Indenture Trustee and the Co-Issuers by the holders of at least 25% in aggregate principal amount of the Notes then outstanding;

(c) The Co-Issuers, the Joint Obligors or any of the Restricted Subsidiaries fails to comply with any of the covenants or agreements in the Notes or the Indenture (other than those referred to in clause (a) above), and such failure continues for sixty (60) days after notice from the Indenture Trustee thereof or notice thereof to the Indenture Trustee and the Co-Issuers by the holders of at least 25% in aggregate principal amount of the Notes then outstanding;

(d) Any Insolvency Proceeding occurs with respect to any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries;

(e) (i) Any of the Co-Issuers, any of the Joint Obligors or any Restricted Subsidiary defaults in the payment of any principal of or interest on any of its Indebtedness for borrowed money other than the Notes and the Note Guarantees (whether at Stated Maturity or otherwise) in an amount in excess of U.S.$15.0 million (or the equivalent in any other currency) and such default continues beyond any applicable grace period set forth in the agreements or instruments evidencing or relating to such Indebtedness, or (ii) any of the Co-Issuer's, any Joint Obligor's or any Restricted Subsidiary's Indebtedness for borrowed money other than the Notes and the Note Guarantees in an outstanding principal amount in excess of U.S.$15.0 million (or the equivalent in any other currency) becomes due (or required to be prepaid, repurchased, redeemed or defeased) and payable prior to the scheduled maturity thereof;

(f) There is entered against any of the Co-Issuer's, any of the Joint Obligors or any of the Restricted Subsidiaries (i) final non-appealable judgments or orders for the payment of money in an aggregate amount exceeding U.S.$15.0 million (or the equivalent in any other currency) (considering the Co-Issuers, the Joint Obligors and all of the Restricted Subsidiaries together) that such person fails (or such persons fail) to make payment thereof within the period of time mandated by such judgment or order or (ii) any one or more non-monetary judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of sixty (60) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(g) (i) Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, any provision of any Material Project Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder, ceases to be in full force and effect unless the same is being contested by any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries that is party thereto; (ii) any of the Co-Issuers, any of the Joint Obligors, any of the Restricted Subsidiaries or any other Person contests in any manner the validity or enforceability of any provision of any Material Project Document; or (iii) any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries denies that it has any or further liability or obligation under any Material Project Document, or purports to revoke, terminate, suspend or rescind any Material Project Document;

(h) Any Security Document (once executed and delivered and, where appropriate, noticed to counterparties, registered or where other action has been taken in accordance with all Applicable Law and the Indenture) shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority lien on and security interest in the Collateral purported to be covered thereby, except when due to clerical error; *provided* that any applicable Co-Issuer or any applicable Joint Obligor, shall be diligently pursuing the perfection of such lien and such clerical error shall be corrected no later than thirty (30) Business Days after the earlier of (i) a Responsible Officer of any of the Co-Issuers or any of the Joint Obligors has Knowledge of such clerical error and (ii) written notice thereof has been given to the Co-Issuers by the Indenture Trustee, the Offshore Collateral Agent or the Onshore Collateral Agent or to the Indenture Trustee, the applicable Collateral Agent and the Co-Issuers by the holders of at least 25% in aggregate principal amount of the Notes then outstanding;

(i) (i) Any Material Project Document is terminated, rescinded, cancelled or suspended in advance of its expiration unless such termination, rescission, cancellation or suspension is being contested by any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries or (ii) except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries breaches in any respect, or causes the termination, rescission, cancellation or suspension of, any Material Project Document, and such termination described in clauses (i) or (ii) shall remain unremedied for sixty (60) Business Days after the earlier of (A) a Responsible Officer of such Person having knowledge of such termination, termination, rescission, cancellation or suspension and (B) written notice thereof has been given to the Co-Issuers by the Indenture Trustee, the Offshore Collateral Agent or the Onshore Collateral Agent or to the Indenture Trustee, the applicable Collateral Agent and the Co-Issuers by the holders of at least 25% in aggregate principal amount of the Notes then outstanding;

(j) Any Governmental Authority asserting *de jure or de facto* governmental or police powers in Mexico shall, by moratorium laws or otherwise, cancel, suspend or defer the obligation of any Co-Issuer, any Joint Obligor or any Guarantor to pay any amount required to be paid under the Indenture or its Note Guarantee, respectively, when the same becomes due and payable thereunder and such cancellation, suspension or deferral shall continue for ten (10) or more consecutive Business Days; and

(k) Except as permitted by the Financing Documents, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor denies or disaffirms in writing its obligations under its Note Guarantee or, except as permitted by the Financing Documents, any of the Co-Issuers or any of the Joint Obligors denies or disaffirms in writing any obligation of any of the Co-Issuers or of any of the Joint Obligors arising under the Indenture or any other Financing Document.

Upon the occurrence and during the continuation of any Event of Default, the Indenture Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by notice then given in writing to the Co-Issuers (and to the Indenture Trustee if given by the holders of the Notes), may declare the aggregate principal balance of all Notes immediately due and payable; *provided* that any Event of Default under clause (d) above will automatically result in the aggregate principal balance of all Notes becoming immediately due and payable.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

- if the rescission would not conflict with any judgment or decree;
- if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;
- to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and
- if any of the Co-Issuers or any of the Joint Obligors has paid the Indenture Trustee its reasonable compensation and reimbursed the Indenture Trustee for its reasonable expenses, disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default under clause (d) above.

The Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of the Notes, unless such holders will have offered to the Indenture Trustee indemnity and/or security satisfactory to the Indenture Trustee. Subject to such provision for the indemnification of and security to the Indenture Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee in respect of the Notes or exercising any trust or power conferred on the Indenture Trustee in respect of the Notes.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes and the rights of the Indenture Trustee and agents under the Indenture, as expressly provided for in the Indenture) as to all outstanding Notes when:

(a) either:

(i) all of the Notes previously authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has previously been deposited in trust and thereafter repaid to the Co-Issuers or discharged from such trust) have been delivered to the Indenture Trustee for cancellation; or

(ii) all Notes not previously delivered to the Indenture Trustee for cancellation (i) have become due and payable or will become due and payable at Stated Maturity within one year or (ii) are to be called for redemption within one year under irrevocable arrangements satisfactory to the Indenture Trustee for the giving of notice of redemption by the Indenture Trustee in the name, and at the expense, of the Co-Issuers or any of the Joint Obligors and, in each case, any of the Co-Issuers or any of the Joint Obligors have irrevocably deposited or caused to be deposited with the Indenture Trustee cash in Dollars, US Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the Indenture Trustee, without reinvestment to pay and discharge the entire indebtedness on the Notes not previously delivered to the Indenture Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit (in the case of Notes that have become due and payable) or to the maturity or redemption date, as the case may be, and any Additional Amounts payable with respect thereto, together with irrevocable instructions from the Co-Issuers directing the Indenture Trustee to apply such funds to the payment;

(b) no Default or Event of Default will have occurred and be continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which any of the Co-Issuers, any of the Joint Obligors or any Restricted Subsidiary is a party or by which any of the Co-Issuers, any of the Joint Obligors or any Restricted Subsidiary is bound;

(c) the Co-Issuers and the Joint Obligors have paid all other sums payable by it under the Indenture and the Notes; and

(d) the Co-Issuers has delivered to the Indenture Trustee an Officer's Certificate and Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Upon satisfaction of the conditions set forth in this "Satisfaction and Discharge" section, the Indenture Trustee, upon the Co-Issuers' written request and at the Co-Issuers' expense, shall acknowledge in writing the satisfaction and discharge of the Indenture. Upon satisfaction and discharge of the Indenture, the Liens of the Security Documents shall terminate with respect to the Indenture and the Notes.

Defeasance

The Co-Issuers may at any time terminate all of their obligations with respect to the Notes and all obligations of the Guarantors with respect to their Note Guarantees ("defeasance"), except for certain obligations, including those to the Indenture Trustee and the agents appointed under the Indenture, those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes, to maintain agencies in respect of Notes and those expressly stated to survive any termination or defeasance. The Co-Issuers may at any time terminate their obligations and any obligations of the Guarantors under certain covenants set forth in the Indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the Notes ("covenant defeasance"). In order to exercise either defeasance or covenant defeasance, the Co-Issuers must irrevocably deposit in trust, for the benefit of the holders of Notes, with the Indenture Trustee cash in Dollars, US Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the Indenture Trustee, without consideration of any reinvestment, to pay the principal of, premium, if any, on and interest on the Notes to redemption or maturity and comply with certain other conditions, including the delivery of an opinion of legal counsel of nationally recognized standing in the United States to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would otherwise have been the case (and in the case of a defeasance that is not a covenant defeasance, such opinion shall be based on a change in applicable U.S. federal income tax law or a published ruling of the U.S. Internal Revenue Service that can be relied upon by the Co-Issuers).

Amendment, Supplement, Waiver

Subject to certain exceptions, the Indenture, the Notes and, subject to the terms thereof, the Security Documents, may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Notes then outstanding, and any past Default or compliance with any provision in the Indenture, the Notes and, subject to the terms of the Security Documents, the Security Documents may be waived with the consent of the holders of at least a majority in principal amount of the Notes then outstanding. However, without the consent of each holder of an outstanding Note affected thereby, no amendment may:

(a) reduce the rate of or extend the time for payment of interest on the Notes;

(b) reduce the principal, or change the Stated Maturity, of the Notes;

(c) reduce the amount payable upon redemption or repurchase of the Notes or change the time at which the Notes may or must be redeemed or repurchased;

(d) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any holder of Notes;

(e) change the currency for, or place of payment of, principal, premium or interest on the Notes;

(f) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes or the Note Guarantees;

(g) waive certain Defaults or Events of Default with respect to the Notes;

(h) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(i) amend, change or modify the obligation of the Co-Issuers to make and consummate a Change of Control Offer in the event of a Change of Control Repurchase Event in accordance with the covenant described under the caption "—Repurchase Upon Change of Control Repurchase Event" after such Change of Control Repurchase Event has occurred, including, in each case, amending, changing or modifying any definition relating thereto;

(j) except as otherwise permitted under the covenants described under the captions "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Merger, Consolidation, Liquidation, Dissolution" and "—Note Guarantees—Future Guarantors," consent to the assignment or transfer by any Co-Issuer, any Joint Obligor or any Guarantor of any of their rights or obligations under the Indenture;

(k) modify the grant of security interests in the Collateral for the benefit of the Secured Parties in a manner that would adversely impact the Secured Parties or release all or substantially all of the interest in the Collateral, in each case other than pursuant to the terms of the Indenture, the Security Documents and the documents contemplated therein;

(l) make any change in the provisions in the Indenture or the Security Documents dealing with the application of proceeds of Collateral that would adversely affect the holders of the Notes in any material respect;

(m) reduce the principal amount of Notes whose holders must consent to any amendment or waiver; or

(n) make any change in the amendment or waiver provisions which require each holder's consent.

The holders of the Notes will receive prior notice as described under "—Notices" of any proposed amendment to such Notes, the Indenture or the Security Documents described in the immediately preceding paragraph. After an amendment described in the immediately preceding paragraph becomes effective, the Co-Issuers are required to deliver to the holders of the Notes a notice briefly describing such amendment. However, the failure to give such notice to all holders of the Notes, or any defect therein, will not impair or affect, with respect to such Notes, the validity of the amendment.

The consent of the holders of the Notes is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

The Co-Issuers, the Joint Obligors, the Guarantors, the Indenture Trustee, the applicable Collateral Agents and any other applicable agent under the Indenture or the Security Documents may, without the consent or vote of any holder of the Notes, amend or supplement the Indenture, the Notes and, subject to the terms of the Security Documents, the Security Documents (or, if the Indenture Trustee is not a party to any such Security Document, the Indenture Trustee may consent to the Master Trustee, any Collateral Agent or other relevant agent, as applicable, amending or supplementing such Security Document) for the following purposes:

(a) to cure any ambiguity, omission, defect or inconsistency; provided that such amendment or supplement does not materially adversely affect the rights of any holder

(b) evidence the succession of another Person to the any Co-Issuer or any Joint Obligor and the assumption by such successor of the covenants contained in the Indenture or otherwise established with respect to the Notes, in each case in accordance with the Indenture;

(c) to add guarantees or collateral with respect to the Notes;

(d) to add to the covenants of the Co-Issuers, the Joint Obligors and/or their respective Subsidiaries for the benefit of holders of the Notes;

(e) to surrender any right conferred upon the Co-Issuers, the Joint Obligors or any of their respective Subsidiaries;

(f) to evidence and provide for the acceptance of an appointment by a successor trustee;

(g) to provide for the issuance of Additional Notes;

(h) to conform the text of the Indenture, the Notes or the Security Documents to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Security Documents and the Indenture Trustee has received an Officer's Certificate from the Co-Issuers to that effect;

(i) to comply with the regulations of any securities exchange on which the Notes may be listed;

(j) to release any Collateral from Liens securing the Notes when permitted or required under the Indenture or the Security Documents or to convey, transfer, assign, mortgage or pledge to any Collateral Agent as security for the Notes any property;

(k) to release any Note Guarantee in accordance with the Notes and the Indenture;

(l) to make any other change that does not materially adversely affect the rights of any holder of the Notes;

(m) evidence and provide for the acceptance and appointment under the Indenture or any other Financing Document of a successor Indenture Trustee, successor Collateral Agent or other successor agent thereunder pursuant to the requirements thereof; or

(n) permit or facilitate the issuance of Notes in definitive form.

In executing any amendment, waiver or supplemental indenture to the Indenture, the Notes or the Security Documents, the Indenture Trustee and, if applicable, any Collateral Agent and any other agent under the Indenture or the Security Documents, will be entitled to receive an Officer's Certificate and an Opinion of Counsel, each stating that such amendment, waiver or supplemental indenture is authorized or permitted by the Indenture and/or the Security Documents, as the case may be, that all covenants and conditions precedent to such amendment, supplement or waiver under the Indenture and the Security Documents have been complied with, and that it shall be valid and binding upon the Co-Issuers, the Joint Obligors and the Guarantors, as applicable, in accordance with its terms.

Pursuant to the Indenture, each holder, by its acceptance of a Note, will authorize and direct the Indenture Trustee and each agent under the Indenture to execute and deliver from time to time, if so requested in writing by the Co-Issuers, and without the consent of the holders of the Notes, one or more documents or agreements as are expressly contemplated to be executed by the Indenture Trustee or any such agent in accordance with the terms of the Financing Documents (collectively, "Permitted Supplemental Agreements"); *provided* that the entry by any such party into any such Permitted Supplemental Agreement will be subject to the prior receipt of (i) an Officer's Certificate from the Co-Issuers certifying that (A) each of the conditions precedent specified in the Financing Documents to the entry by the Indenture Trustee or the applicable agent, as the case may be, into such Permitted Supplemental Agreement, and the requirements set forth in the Financing Documents in respect of the relevant transactions contemplated by such Permitted Supplemental Agreement, have been satisfied; and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, the execution, delivery and performance by (A) the Co-Issuers, the Indenture Trustee, and/or the applicable agent, as applicable, and any other relevant other counterparty(ies) to the Permitted Supplemental Agreement, will not result in any conflict with or breach of any Financing Document.

Listing

Application will be made for the listing and quotation of the Notes on the Official List of the SGX-ST. Each of the Co-Issuers, the Joint Obligors, any Guarantor, the Indenture Trustee and each Collateral Agent are (without the need for any approvals, consents or instructions from any holders of the Notes, but in accordance with all other provisions applicable thereto) authorized to join in the execution of any amendment (including amendment and restatement) of any Financing Document(s) to the extent required to provide such a listing. Promptly after such a listing, the Co-Issuers will so notify the Indenture Trustee, which will provide notice thereof to each of the holders of the Notes.

In the event that the Notes are admitted to listing on the SGX-ST, the Co-Issuers will use its commercially reasonable efforts to maintain such listing, *provided* that if, as a result of any legislation the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the Applicable Accounting Principles which it would otherwise use to prepare its published financial information, or if the Co-Issuers determines that it is unduly burdensome, in its good faith determination, to maintain a listing on the SGX-ST, the Co-Issuers may delist the Notes from the SGX-ST and, in the event of such delisting, the Co-Issuers will use their commercially reasonable efforts to seek an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, stock exchange and/or quotation system as it may decide; *provided* that such listing authority, stock exchange or quotation system is used for listing and trading in the international debt capital markets. Although the Co-Issuers cannot assure you as to the liquidity that may result from a listing on the SGX-ST, delisting the Notes from the SGX-ST may have a material effect on the ability of holders of the Notes to resell the Notes in the secondary market.

Notices

For so long as Notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If Notes are issued in individual definitive form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the Notes at their registered addresses as they appear in the registrar's records. Neither the failure to give any notice to a particular holder of the Notes, nor any defect in a notice given to a particular holder of the Notes, will affect the sufficiency of any notice given to another holder of the Notes.

For so long as the Notes are listed on the SGX-ST and in accordance with the rules and regulations of such exchange, the Co-Issuers will publish notices in a newspaper with general circulation in Singapore, which is expected to be the *Business Times, Singapore Edition*. Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Governing Law and Submission to Jurisdiction

The Notes, the Indenture, and the Security Documents will be governed by, and construed in accordance with, the laws of the State of New York, except that certain Security Documents will be governed by Mexican law.

Each of the parties to the Indenture will irrevocably submit to the jurisdiction of the U.S. federal and New York State courts located in the Borough of Manhattan, City and State of New York and to the courts of its own corporate domicile in respect of actions brought against it as a defendant for purposes of all legal actions and proceedings instituted in connection with the Notes, the Indenture, and any Security Document stated to be governed by the laws of the State of New York. Each of the parties to the Indenture will irrevocably waive (and each holder of Notes (by acquiring a Note or a beneficial interest therein or otherwise accepting the benefits of the Indenture and the other applicable Financing Documents) will be deemed to irrevocably waive), to the fullest extent permitted by Applicable Law, any right to any other jurisdiction by virtue of any party's domicile, the location of its assets or otherwise and any objection that it may now or thereafter have to the laying of the venue of any such proceeding brought in such a court, any claim that any such proceeding brought in such a court has been brought in an inconvenient forum and any objection based on place of residence or domicile.

Each Co-Issuer, each Joint Obligor and each Guarantor will appoint on or prior to the Issue Date, Cogency Global Inc., with an office on the date hereof at 122 E 42nd Street, 18th floor, New York, New York, 10168, United States of America, as its authorized agent upon which process may be served in any such action. Each Co-Issuer, each Joint Obligor and each Guarantor will have granted on or prior to the Issue Date, an irrevocable power of attorney for lawsuits and collections under the laws of Mexico in favor of Cogency Global Inc..

Currency Indemnity

Dollars are the sole currency of account and payment for all sums payable by each Co-Issuer, each Joint Obligor and each Guarantor under or in connection with the Notes, the Indenture and the Note Guarantees, including damages. To the greatest extent permitted under applicable law, any amount received or recovered in a currency other than Dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of any Co-Issuer, any Joint Obligor or any Guarantor or otherwise) by any holder of a Note in respect of any sum expressed to be due to it from any Co-Issuer, any Joint Obligor or any Guarantor will only constitute a discharge to such Co-Issuer, such Joint Obligor or such Guarantor to the extent of the Dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Dollar amount is less than the Dollar amount expressed to be due to the recipient under any Note, the Indenture or any Note Guarantee, each Co-Issuer, each Joint Obligor and each Guarantor will indemnify such holder against any loss sustained by it as a result; and if the amount of Dollars so purchased is greater than the sum originally due to such holder, such holder will, by accepting a Note, be deemed to have agreed to repay such excess. In any event, each Co-Issuer, each Joint Obligor and each Guarantor will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the holder of a Note to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of Dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities will constitute a separate and independent obligation from the other obligations of the Co-Issuers, the Joint Obligors and the Guarantors, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a Note and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note.

Waiver of Immunity

To the extent that any of the Co-Issuers, any of the Joint Obligors, any of the Restricted Subsidiaries or any of their respective properties, assets or revenues may have or may hereafter become entitled to any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Mexican, New York State or U.S. federal or other applicable court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries, or any other matter under or arising out of or in connection with, the Notes or the Indenture, each Co-Issuer, each Joint Obligor and each Guarantor irrevocably and unconditionally waives or will waive, and will cause each other Restricted Subsidiary to waive, such right, and agrees not to plead or claim any such immunity and consents to such relief and enforcement. To the extent that any of the Co-Issuers, any of the Joint Obligors, any of the Restricted Subsidiaries or any of their respective properties, assets or revenues may hereafter become entitled to any such right of immunity, such waiver may not be effective if it affects the interests of any third parties as they relate to any of the Co-Issuers, any of the Joint Obligors or any such Restricted Subsidiary or if such waiver is expressly forbidden under Mexican law.

Indenture Trustee

U.S. Bank Trust Company, National Association will act as the Indenture Trustee under the Indenture and its corporate office for transfers, exchanges or surrender of the Notes is 111 Fillmore Avenue, Second Floor, Saint Paul, MN, 55107.

The Indenture contains provisions for the immunities and the protections and rights of the Indenture Trustee under the Indenture, for which reference is made to the Indenture. The obligations of the Indenture Trustee to the holders of the Notes are subject to such immunities and rights as set forth therein. In addition, the Indenture will contain provision permitting the holders of specified percentages in principal amount of the Notes at the time then outstanding, on behalf of the holders of all Notes, to direct the Indenture Trustee in connection with actions to be taken, or rights to be exercised, under the Indenture and the other Financing Documents, including without limitation in connection with the exercise of rights and remedies following the occurrence and during the continuation of an Event of Default, in each case on and subject to the terms and conditions set forth in the Indenture.

The Indenture Trustee will be responsible for (among other things): (a) maintaining a record of the aggregate holdings of Notes and accepting Notes for exchange and registration of transfer, (b) making payments in respect of the Notes to the holders of the Notes to the extent funds are available therefor and (c) transmitting notices to the holders and from such holders to the Co-Issuers (in each case, as contemplated by the Indenture). In the event of a transfer of a Note, new Notes will be obtainable at the office of the Indenture Trustee in connection with such transfer.

Offshore Collateral Agent and Onshore Collateral Agent

U.S Bank National Association will be appointed to act as Offshore Collateral Agent on behalf of the holders of the Notes and the other Secured Parties pursuant to the Security Documents. The Offshore Collateral Agent will: (a) accept delivery of the Offshore Security Documents and execute and deliver such agreement on behalf of and for the benefit of the Secured Parties and (b) hold, for the benefit of the Secured Parties, the Liens intended to be created by the Offshore Security Documents as valid, perfected, first priority Liens over the Collateral located outside of Mexico.

Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver will be appointed to act as Onshore Collateral Agent on behalf of the holders of the Notes and the other Secured Parties pursuant to the Security Documents. The Onshore Collateral Agent will: (a) accept delivery of the Onshore Security Documents and execute and deliver each of such Onshore Security Documents on behalf of the Secured Parties and (b) hold, for the benefit of the Secured Parties, the Liens intended to be created by such Onshore Security Documents over the Collateral located in Mexico.

Intercreditor Agent

U.S. Bank Trust Company, National Association will act as the Intercreditor Agent under the Intercreditor Agreement. The rights, duties, protections and obligations of the Intercreditor Agent will be set forth in the Intercreditor Agreement.

Certain Definitions

"Acceptable FX Bank" means any of BNP Paribas Securities Corp., Citigroup Global Markets Inc., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, any Affiliate of any of the foregoing and any other financial institution with similar ratings for long-term unsecured and non-credit enhanced debt obligations.

"Additional Debt" means any Refinancing Debt and any Incremental Debt.

"Additional Debt Agreements" means each agreement, contract, indenture, instrument or document evidencing, guaranteeing or securing any Additional Debt or securing any Obligations under a Permitted Swap Contract entered into in respect of such Additional Debt.

"Additional Debt Obligations" means all advances to, and debts, liabilities, Obligations, covenants and duties of, any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries under the Additional Debt Agreements or otherwise with respect to any Additional Debt or each Permitted Swap Contract by and between any of the Co-Issuers, any of the Joint Obligors or any such Restricted Subsidiary and any Swap Counterparty related to such Additional Debt (if any), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any of the Co-Issuers, any of the Joint Obligors or any such Restricted Subsidiary of any Insolvency Proceeding naming any of the Co-Issuers, any of the Joint Obligors or any such Restricted Subsidiary as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Additional Debt Obligations of any of the Co-Issuers, any of the Joint Obligors or any of its Restricted Subsidiaries under the Additional Debt Agreements include the obligation to pay principal, interest, expenses, fees, attorney costs, consultants costs, indemnities and other amounts payable by any of the Co-Issuers, any of the Joint Obligors or any such Restricted Subsidiary under any Additional Debt Agreements.

"Additional Debt Providers" means the holders or providers of Additional Debt.

"Additional Debt Service" means, for any period or date, an amount equal to (a) the sum of all payments due during such period or on such date, as applicable, in respect of principal, fees, Primary Swap Obligations (if any) due and payable by any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries under such Permitted Swap Contracts, and Swap Contract Termination Payments (if any) payable by any of the Co-Issuers, any of the Joint Obligors or any such Restricted Subsidiary or otherwise under such Permitted Swap Contracts, in each case in respect of Additional Debt, *plus* (b) the sum of all interest accrued during such period (taking into account Permitted Swap Contracts related to such Additional Debt (if any) in effect as of the date of determination) in respect of Additional Debt, *minus* (c) all payments, if any, due from the Swap Counterparties to any of the Co-Issuers, any of the Joint Obligors or any such Restricted Subsidiary pursuant to such Permitted Swap Contracts related to such Additional Debt (if any) during such period or date in respect thereof.

"Additional Debt Service Reserve Account" means each segregated non-interest bearing Dollar or Peso-denominated offshore debt service reserve account, if any, notified from time to time by the Co-Issuers (and confirmed by the holders of Additional Debt or any agent on their behalf) or any Additional Debt Provider or any agent on their behalf in respect of such Additional Debt to the Master Trustee as the reserve account for such Additional Debt.

"Additional Debt Service Reserve Requirement" means the amount notified from time to time (but in any event, no later than ten (10) days prior to each Funds Transfer Date) by the Co-Issuers or the Additional Debt Providers or any agent on their behalf in respect of Additional Debt to the Master Trustee as the amount required to be on deposit in, or credited to, the Additional Debt Service Reserve Account in respect of such Additional Debt on each Funds Transfer Date; *provided* that in no event shall such amount exceed, on any Funds Transfer Date, an aggregate amount equal to the aggregate Additional Debt Service due in respect of such Additional Debt and all related Permitted Swap Contracts during the period of six (6) months thereafter; *provided*, *further*, that the amount under this definition shall never exceed the actual amount required to be held in a reserve account under the terms of the related Indebtedness.

"Additional Material Project Document" shall mean, any contract or agreement entered into by any Grantor after the Issue Date (a) pursuant to which such Grantor is required to make or receive payments in excess of ten million Dollars (US$10,000,000) per annum or (b) the termination of which could reasonably be expected to have a Material Adverse Effect.

"Additional Notes" has the meaning set forth in "—Further Issuances."

"Administrative Agent" means Citibank, N.A. in its capacity as administrative agent under the Loan Documents, or any successor administrative agent.

"Affected Guarantor" means any Mexican Guarantor whose rights to collect any amounts due under any Mexican Revenue Generating Contract are, at any time, subject to consent from one or more counterparties of such Mexican Guarantor for their transfer into a Mexican trust agreement or for inclusion as pledged assets under any Non-Possessory Pledge Agreement.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person; and for purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person will mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Annual Budget" means an annual budget and operating plan (including a statement of cash flows) prepared substantially in the form specified in the Credit Agreement.

"Applicable Accounting Principles" means, (a) IFRS for the Company and MT Falcon, (b) Mexican GAAP for any Joint Obligor, COMEGO and GDR, as applicable, or (c) with respect to any other Person, IFRS or GAAP in effect from time to time in the jurisdiction in which such Person is incorporated.

"Applicable Laws" means, with respect to any Person and any Project, all applicable international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

"Asset Sale" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by any Co-Issuer, any Joint Obligor or any Restricted Subsidiary, including any disposition by means of a merger, consolidation, or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of capital stock (other than or directors' qualifying shares or shares required by applicable law to be held by a Person other than a Co-Issuer, a Joint Obligor or a Restricted Subsidiary);

(2) all or substantially all the assets of any division or line of business of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary; or

(3) any other assets of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary outside of the ordinary course of business of such Co-Issuer, such Joint Obligor or such Restricted Subsidiary;

provided, *however*, that Asset Sale will not include any of (a) through (o) below; *provided*, *further*, that the Net Available Proceeds from any of (a) through (o) must be deposited in the Dollar Collection Account, the Project Dollar Collection Account, the Peso Collection Account or the Project Peso Collection Account, as applicable:

(a) a disposition between or among the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries;

(b) for purposes of the provisions described under "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Restricted Payments" only, a Restricted Payment that is permitted by such "Limitation on Restricted Payments" covenant;

(c) a disposition of assets with a Fair Market Value of less than U.S.$15.0 million (or the equivalent in any other currency), *provided* that written notice is provided to the Indenture Trustee of any such disposition;

(d) (i) an expenditure of cash or liquidation of Cash Equivalents or other marketable securities disposed of in the open market or (ii) goods held for sale and assets sold in the ordinary course of business;

(e) a disposition of obsolete, worn out, uneconomic, damaged or surplus property, equipment or other assets or property, equipment or other assets that are no longer economically practical to maintain or used or useful in the business of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Co-Issuers, the Joint Obligors or the Restricted Subsidiaries, as applicable, is no longer used or useful, or economically practicable to maintain);

(f) a disposition of assets that are exchanged for or are otherwise replaced by Replacement Assets;

(g) the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(h) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(i) foreclosure, condemnation or any similar action with respect to any property or other assets;

(j) the unwinding of any Swap Contract;

(k) the Incurrence or disposition of any Lien permitted by the covenant described under "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Liens";

(l) any disposition governed by the provisions of "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Merger, Consolidation, Liquidation, Dissolution";

(m) the sale of equity interests in any Unrestricted Subsidiary;

(n) any disposition that would constitute an Investment permitted by the covenant described under the caption ""—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Investments;" and

(n) any Permitted Reorganization.

"Authorized Officer" means: (a) with respect to any Co-Issuer or any Joint Obligor's directors, managers, chief financial officer, secretary, alternate secretary or attorney-in-fact with sufficient authority of such Co-Issuer or such Joint Obligor, as applicable, from time to time and (b) with respect to any other Person (other than an agent), the general director, the president, any vice president, secretary, chief accountant, treasurer, attorney-in-fact with sufficient authority or any other officer of such Person: (i) to whom a matter is referred because of such officer's responsibility for overseeing the administration of, and reviewing compliance with, the Material Project Documents or (ii) and with respect to any financial matters, the chief financial officer or treasurer of such Person, as the context may require.

"authorized representative" has the meaning given to the term "Authorized Representative" in the Intercreditor Agreement.

"Average Life" means, as of any date of determination, with respect to any Indebtedness, the quotient obtained by dividing: (a) the sum of the products of the number of years (rounding to the nearest one twelfth of one year) from the date of determination to the dates of each remaining scheduled principal payment (including the payment at final maturity) of such Indebtedness multiplied by the amount of such payment, by (b) the sum of all such payments.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required to close under the laws of New York, New York, United States of America or Mexico City, Mexico.

"Business Interruption Insurance Policies" means all insurance policies contracted by an operating company that secure the delivery of an indemnity as a result of the benefits that the operating company stops receiving as a result of the interruption of its business caused by an accident provided in such policies.

"CAC" means, Central Anáhuac, S.A. de C.V.

"Calculation Period" means, with respect to any payment or determination date, (i) for the purposes of the determination of the projected Debt Service Coverage Ratio, a period of four consecutive Quarterly Periods beginning on such determination date for which financial statements are available, and (ii) for all other purposes, a period of four consecutive Quarterly Periods immediately preceding such payment or determination date (or as the context otherwise requires) for which financial statements are available; *provided* that with respect to any payment or determination date occurring prior to the end of the fourth full Quarterly Period after the Issue Date, the Calculation Period shall be the period commencing on the Issue Date to, and ending on, such payment or determination date.

"Capitalized Leases" means all leases that have been or should be, in accordance with Applicable Accounting Principles, recorded as capitalized leases, *provided*, for the avoidance of doubt, that any obligations of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries either existing on the date of the Indenture or created prior to the recharacterization described below (i) that were not included on the consolidated balance sheet of the Company as capitalized lease obligations and (ii) that are subsequently recharacterized as capitalized lease obligations due to a change in accounting treatment or otherwise, shall for all purposes of the Indenture not be treated as Capitalized Leases or Indebtedness.

"Cash Equivalents" means Dollar Permitted Investments and Peso Permitted Investments or, for the period of one hundred twenty (120) days following the Issue Date, any other similar Investments that are used for similar purposes held by any Co-Issuer, any Joint Obligor or any Restricted Subsidiary on the Issue Date.

"Cash Flow Available for Debt Service" means, for any Calculation Period and solely to the extent deposited into the Dollar Collection Account or the Peso Collection Account or available for distribution into the Dollar Collection Account or the Peso Collection Account, the sum (without duplication) of (a) EVM CFADS, plus (b) MT Falcon CFADS plus (c) all other cash deposited into the Dollar Collection Account or the Peso Collection Account (or available for distribution into the Dollar Collection Account or the Peso Collection Account) (including amounts received from any Unrestricted Subsidiary or any Joint Venture Company, solely to the extent that neither any Co-Issuer, any Joint Obligor nor any Restricted Subsidiary has any obligation to refund or repay any such amounts, except with regard to any advance distribution or dividend, *provided* that, to the extent that any such advance distribution or dividend is subsequently refunded or repaid in whole or in part, the amount of such advance distribution or dividend that is refunded or repaid will be subtracted from Cash Flow Available for Debt Service in the period in which such repayment or refund occurs) during such Calculation Period; less (d) administrative expenses of BEMH, BGI, GB, BEI and BE paid during such Calculation Period, less (e) Taxes paid during such Calculation Period by BEMH, BGI, GB, BEI and BE, as adjusted for changes in working capital requirements of BEMH, BGI, GB, BEI and BE, less (f) any other administrative expenses and working capital requirements and Taxes paid during such Calculation Period pursuant to the Accounts Waterfall; *provided* that the gross margin, less operating and administrative expenses, less income tax, less capital expenditures, plus interest income (adjusted for changes in working capital requirements and foreign exchange gain (loss)) of any Person acquired, merged or consolidated with any Co-Issuer, any Joint Obligor and/or any Restricted Subsidiary during such Calculation Period shall be included on a *pro forma* basis for such Calculation Period (assuming the consummation of such acquisition, merger or consolidation occurred as of the first day of such Calculation Period).

"Cash Sweep Accounts" has the meaning set forth in "—Collateral Accounts—Project Level Trust Accounts Structure."

"Change of Control" means the occurrence of one or more of the following events:

(a) prior to a first public offering of capital stock of the Company, the Permitted Holders collectively ceasing to own, directly or indirectly, more than 50% of the shares (*acciones*) of the Company entitled to vote at meetings of shareholders;

(b) on the date of or after the first public offering of capital stock referred to in clause (a), the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than one or more Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase, of direct or indirect ownership of 35% or more of the total Voting Interests of the Company and the Permitted Holders shall own, directly or indirectly, less than such Person or group of the total Voting Interests of the Company;

(c) the Permitted Holders (including through an Affiliate thereof) at any time ceasing to have the power to direct the management and/or the policies of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries;

(d) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than one or more Permitted Holders; or

(e) the adoption of a plan relating to the liquidation or dissolution of the Company.

"Change of Control Repurchase Event" means the occurrence of both a Change of Control and a Ratings Decline.

"CLR" means, Central Lomas de Real, S.A. de C.V.

"Collateral" has the meaning set forth in "—Collateral Arrangements—General."

"Collateral Agent" or "Collateral Agents" means the Onshore Collateral Agent and the Offshore Collateral Agent, as applicable or as the context may require.

"Collection Account" means each Project Account (as defined in the Credit Agreement) which is described as a "collection account" in Schedule XIV to the Credit Agreement.

"Collection Expenses" means, with respect to any proceeds, all reasonable and documented out-of-pocket costs or expenses (if any), taxes and, if applicable, reasonable and documented transaction costs, including indemnities of the Indenture Trustee or the applicable agents, incurred by any Co-Issuer, any Joint Obligor, any of the Restricted Subsidiaries, the Master Trustee, the Indenture Trustee or any agent in connection with the collection, enforcement, negotiation, consummation, settlement, proceedings, administration or other activity related to the receipt or collection of such proceeds.

"Combined Exposure" has the meaning given to it in the Intercreditor Agreement.

"COMEGO" means, Compañia Mexicana de Gerencia y Operación, S.A. de C.V.

"COMEGO Gross Margin" with respect to COMEGO, means its total revenues and other income, less its administrative costs.

"COMEGO Trust" means the trust created by that certain Mexican irrevocable security, management and source of payment trust agreement (*contrato de fideicomiso irrevocable de garantía, administración y fuente de pago*) dated as of November 9, 2022, entered into by and among COMEGO as settlor (*fideicomitente*) and second priority beneficiary (*fideicomisario en segundo lugar*), the Onshore Collateral Agent, as first priority beneficiary (*fideicomisario en primer lugar*), and CIBanco S.A., Institución de Banca Múltiple, as trustee (*fiduciario*).

"Commodity Derivative Agreements" means any and all agreements in respect of swap, cap, collar, put, call, floor, spot, option, forward, purchase, sale or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), in each case, physically settled or financially settled by reference to one or more commodities or commodity prices and entered into by any Grantor in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in fuel for the

Projects, and not for speculative purposes.

"Condemnation Event" means any taking, seizure, confiscation, requisition, exercise of rights of eminent domain, public improvement, inverse condemnation, condemnation, *expropriación*, *ocupación temporal* or similar action or threat of any such action of or proceeding by any Governmental Authority or other Person relating to all or any part of any of the Projects.

"Control" means, with respect to any Person, the possession, by contract or otherwise, of the ability to direct or cause the direction of the business, management policies and affairs of such Person or to elect a majority of such Person's directors, management or supervisory board members or governing body, in each case, through the ownership of voting securities, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"CRE" means the Mexican energy regulator (*Comisión Reguladora de Energía*).

"Credit Agreement" means the second amended and restated credit agreement, to be entered into on or prior to the Issue Date, among the Co-Issuers, the Joint Obligors and the Guarantors, as borrowers, Citibank, N.A., acting as Administrative Agent, the lenders party thereto and the issuing banks signatory thereto or who subsequently become party thereto pursuant to the terms thereof; and each other Person that may become party thereto from time to time.

"CSO" means, Central Saltillo, S.A. de C.V.

"Current Assets" means, with respect to any Person, all assets of such Person that, in accordance with Applicable Accounting Principles, would be classified as current assets on the balance sheet of a company conducting a business the same as or similar to that of such Person, after deducting appropriate and adequate reserves therefrom in each case in which a reserve is proper in accordance with Applicable Accounting Principles.

"CVH" means, Central Valle Hermoso, S.A. de C.V.

"Decision" has the meaning given to it in the Intercreditor Agreement.

"Debt Service Accrual Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Debt Service Coverage Ratio" means, for any Calculation Period, Cash Flow Available for Debt Service for such Calculation Period divided by the sum of all of the Co-Issuers', the Joint Obligor's and the Restricted Subsidiaries' payment obligations in relation to Indebtedness (other than any Indebtedness under the EVM Project Facilities) payable in such period (excluding any mandatory prepayment or mandatory redemption thereof and the aggregate amount of any Debt Service Reserve Requirement).

"Debt Service Coverage Statement" means a calculation of (a) the Debt Service Coverage Ratio for the relevant Calculation Period and (b) a good faith calculation of the projected Debt Service Coverage Ratio for the twelve (12)-month period beginning on the relevant Scheduled Payment Date performed by the Co-Issuers (excluding the aggregate amount of any Debt Service Reserve Requirement), in each case accompanied by an Officer's Certificate of the Co-Issuers, together with supporting data in reasonable detail.

"Debt Service Reserve Account" means the Notes Debt Service Reserve Account, the Loan Debt Service Reserve Account, any Additional Debt Service Reserve Account and/or any other debt service reserve account required in accordance with the Secured Debt Documents and/or Security Documents, as applicable.

"Debt Service Reserve Requirement" means, as applicable, the Notes Debt Service Reserve Requirement, the Loan Debt Service Reserve Requirement, any Additional Debt Service Reserve Requirement and/or any other minimum balance required to be maintained in any Debt Service Reserve Account in accordance with the Secured Debt Documents and/or Security Documents.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, the *Ley de Concursos Mercantiles* of Mexico and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Mexico or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Development Fee Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Development Fee Equity Contribution" means, an Equity Contribution to be made by the Company or any Affiliate thereof to BEI to pay a development fee to the EVM Administrator (as defined in the EVM II Acquisition Agreement) in an amount not to exceed U.S.$20 million plus the value added tax payable thereon by means of a subordinated shareholder loan granted by BEI, as subordinated lender and EVM Energía II, as borrower.

"Distribution Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Dollar" or "U.S.$" means the lawful currency of the United States.

"Dollar Collection Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Dollar Loss Proceeds Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Dollar O&M and Taxes Account" has the meaning set forth in "—Collateral Accounts—Project Level Trusts Accounts Structure."

"Dollar Operation Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Dollar Permitted Capital Expenditures Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Dollar Permitted Investments" means any of the following types of Investments, free and clear of all Liens (other than Liens created under the Security Documents):

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof having maturities of not more than 360 days from the date of acquisition thereof; *provided* that the full faith and credit of the United States is pledged in support thereof;

(b) time deposits with, or insured certificates of deposit or bankers' acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any state thereof or the District of Columbia, and is a member of the Federal Reserve System of the United States, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (e) of this definition and (iii) has combined capital and surplus of at least U.S.$1,000,000,000, in each case with maturities of not more than ninety (90) days from the date of acquisition thereof;

(c) readily marketable Dollar-denominated obligations issued or directly and fully guaranteed or insured by Mexico or any federal agency or instrumentality thereof having maturities of not more than one hundred eighty (180) days from the date of acquisition thereof; provided that the full faith and credit of Mexico is pledged in support thereof;

(d) Dollar-denominated time deposits with, or insured certificates of deposit or bankers' acceptances of, any commercial bank that (i) is organized under the laws of Mexico or is the principal banking subsidiary of a bank holding company organized under the laws of Mexico, and is a member of Banco de México, (ii) issues (or the parent of which issues) commercial paper at least "Prime-1" (or the then equivalent grade) by Moody's or at least "A-1" (or the then equivalent grade) by S&P and (iii) has combined capital and surplus of at least U.S.$1,000,000,000, in each case with maturities of not more than ninety (90) days from the date of acquisition thereof;

(e) commercial paper issued by any Person organized under the laws of any state of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's or at least "A-1" (or the then equivalent grade) by S&P, in each case with maturities of not more than ninety (90) days from the date of acquisition thereof;

(f) Investments, classified in accordance with the Applicable Accounting Principles as Current Assets of the Company, in money market investment programs registered under the United States Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody's or S&P, and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (a), (b), (c), (d) and (e) of this definition; and

(g) money market funds having a rating in the highest investment category granted thereby by a recognized credit rating agency at the time of acquisition, including any fund for which the Offshore Collateral Agent (or an Affiliate thereof) serves as an investment advisor, administrator, shareholder, servicing agent, custodian or sub-custodian, notwithstanding that (A) the Offshore Collateral Agent (or an Affiliate thereof) charges and collects fees and expenses from such funds for services rendered (provided that such charges, fees and expenses are on terms consistent with terms negotiated at arm's length) and (B) the Offshore Collateral Agent charges and collects fees and expenses for services rendered, pursuant to the Security Documents; *provided* that if at any time the Offshore Collateral Agent or the Master Trustee has not received instructions as to the investment of funds in any offshore accounts, the Offshore Collateral Agent and the Master Trustee shall use commercially reasonable efforts to invest such funds in the JPMorgan Liquidity Funds—US Dollar Treasury Liquidity Fund—T38, or such other fund as the required lenders under the Credit Agreement (so long as the Credit Agreement is outstanding) may determine and notify the Offshore Collateral Agent and the Master Trustee in writing.

"EAA" means, Electricidad Águila de Altamira, S. de R.L. de C.V.

"Environmental Laws" means any and all Applicable Laws, in each case as now or hereafter in effect and applicable to the Co-Issuers, the Joint Obligors, the Restricted Subsidiaries and/or the Projects, relating to Environmental or Social Matters.

"Environmental or Social Matter" means any of: (a) the protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes, (b) nuisance, noise, defective premises, health and safety at work, industrial illness, industrial injury due to environmental factors, environmental health problems (including asbestosis or any other illness or injury caused by exposure to asbestos), (c) conservation, preservation or protection of the natural or man-made environment or any living organisms supported by the natural or man-made environment, (d) conservation of archaeological and historical sites, rights-of-way, resettlement, expropriation and indemnification, indigenous groups, traffic, or any other matters whatsoever affecting social conditions and (e) labor, worker rights or human rights.

"Equity Contribution" means any contribution of funds by a direct or indirect parent of the Company to an account of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary, including via an equity investment or another similar type of contribution, but not including any loan or other type of borrowing by any Co-Issuer, any Joint Obligor or any Restricted Subsidiary.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"Event of Loss" means, with respect to any Project or the property, assets, business or operations of any Co-Issuer, any Joint Obligor or any of the Restricted Subsidiaries, any of the following events:

(a) destruction, damage, impairment or loss of use of any such Project or any such property or assets in their entirety or such a material portion thereof that the then remaining portion of such Project or such property or assets cannot practically be used in accordance with Applicable Laws and Prudent Industry Practices and for its intended purpose in accordance with the Material Project Documents; and

(b) any Condemnation Event.

The date of occurrence of any Event of Loss specified above will be the date of the casualty or other occurrence specified above giving rise to such Event of Loss.

"EVM Acquisition Debt Facility" has the meaning set forth in this Offering Memorandum.

"EVM Companies" means, collectively, EVM Energía del Valle de México S.A.P.I. de C.V., EVM Energía del Valle de México Generador, S.A.P.I. de C.V. and EVM Tenedora, S.A.P.I. de C.V.

"EVM CFADS" means the Total Revenues of EVM Energía I and EVM Energía II, less (a) Cost of Revenues of EVM Energía I and EVM Energía II and Administrative Expenses of the EVM Companies, less (b) Tax Paid/Funded of the EVM Companies, less (c) Capital Expenditures, Net, of EVM Energía I and EVM Energía II plus (d) Net Proceeds from Sale of Fixed Assets of EVM Energía I and EVM Energía II, plus (e) Interest Income, Net of Other Financial Cost, of the EVM Companies adjusted for (f) changes in VAT Collection and Compensation of the EVM Companies, adjusted for (g) changes in working capital requirements and Foreign Exchange Gain (Loss), Net, of the EVM Companies, adjusted for (h) changes in Release/Fund Reserve Accounts of EVM Energía I and EVM Energía II, less (i) senior debt service payable by EVM Energía I pursuant to the terms and conditions of the EVM I Project Facility and the financing documents relating thereto, less (j) senior debt service payable by EVM Energía II pursuant to the terms and conditions of the EVM II Project Facility and the financing documents relating thereto.

"EVM I Project Trust" means that certain irrevocable management, security and source of payment trust agreement (*fideicomiso irrevocable de administración, fuente de pago y garantía*), number F/2552, dated as of July 30, 2018, as amended, amended and restated, supplemented or otherwise modified from time to time.

"EVM I Remaining Amounts" (*Ingresos por Remanentes de EVM I*) shall have the meaning ascribed to such term in the Majority Equity Trust Agreement.

"EVM II Acquisition Agreement" means that certain Purchase and Sale Agreement dated as of December 30, 2022 (together with all exhibits, annexes, schedules and disclosure letters thereto) by and between BEI and Buffalo Generation Infrastructure, S.A. de C.V., as buyers, and the sellers party thereto in respect of EVM Energía II and EVM Tenedora.

“EVM II Notes” means the 6.02% Senior Secured Notes due 2040 issued by EVM II.

“EVM II Project Trust” means that certain irrevocable management, security and source of payment trust agreement (*fideicomiso irrevocable de administración, garantía y fuente de pago*), number F/18429, dated as of September 24, 2018, as amended, amended and restated, supplemented or otherwise modified from time to time.

“EVM II Remaining Amounts” (*Ingresos por Remanentes de EVM II*) shall have the meaning ascribed to such term in the Majority Equity Trust Agreement.

“EVM Trusts” means, collectively, the EVM I Project Trust and the EVM II Project Trust.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Excluded Subsidiaries” means each of (a) Energía del Valle de México S.A.P.I. de C.V., and (b) Energía del Valle de México Generador, S.A.P.I. de C.V.

“Facility” means the U.S.$280 million senior secured letter of credit and working capital revolving facility under the Credit Agreement.

“Facility Swap Contract” means each Interest Rate Swap Contract in respect of the Facility executed in accordance with the Credit Agreement.

“Facility Swap Counterparty” means any party to a Facility Swap Contract, in its capacity as such.

“Fair Market Value” of any property, asset, share of capital stock, other security, Investment or other item means, on any date, the fair market value of such property, asset, share of capital stock, other security, Investment or other item on that date as determined in good faith by the senior management of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary, as applicable.

“Feasible Repair Certificate” means, with respect to any property or assets, or applicable portion thereof, of any Co-Issuer, any Joint Obligor or any of the Restricted Subsidiaries, an Officer’s Certificate (a) describing in reasonable detail the nature of the Restoration of such property or assets or portion thereof as a result of the Event of Loss, (b) stating the expected cost of such Restoration (including a reasonable contingency), (c) certifying that such property or assets or portion thereof is reasonably expected to be Restored to permit operation thereof on a commercially feasible basis in accordance in all material respects with all Material Project Documents and relevant Governmental Approvals, (d) certifying that the funds available to any such Co-Issuer, any such Joint Obligor or any such Restricted Subsidiary for such Restoration (other than proceeds of business interruption insurance) are reasonably expected to be sufficient to permit such Restoration and (e) certifying that any such Co-Issuer, any such Joint Obligor or any such Restricted Subsidiary shall use its commercially best efforts to cause any Restoration to be commenced and completed promptly and diligently at its own cost and expense.

“Financing Documents” means the Notes, the Indenture, the Intercreditor Agreement, the Loan Documents, each other Secured Debt Document and any other documentation providing for Additional Debt or otherwise specified as a Financing Document in the Indenture.

“Fiscal Quarters” means, with respect to any of the Co-Issuer, any of the Joint Obligor and any of the Restricted Subsidiaries, the periods commencing on (a) January 1 in any calendar year and ending on the next succeeding March 31, (b) April 1 in any calendar year and ending on the next succeeding June 30, (c) July 1 in any calendar year and ending on the next succeeding September 30, and (d) October 1 in any calendar year and ending on the next succeeding December 31; each a “Fiscal Quarter”.

“Fiscal Year” means, with respect to any of the Co-Issuer, any of the Joint Obligor and any of the Restricted Subsidiaries, the period commencing on January 1 in any Year and ending on the next succeeding December 31.

"Fitch" means Fitch Ratings, Inc. and any successor to its rating agency business.

"Funds Transfer Date" means the last day of each calendar month or, if such day is not a Business Day, the immediately preceding day that is a Business Day.

"FX Swap Contract" means a Swap Contract, entered into in compliance with the requirements of the Intercreditor Agreement, between one or more of the Co-Issuers, the Joint Obligors or the Restricted Subsidiaries, as applicable, and an Acceptable FX Bank, to protect against the risk of foreign exchange fluctuations in respect of any Additional Debt, for a period concurrent with the tenor of such Additional Debt through its maturity.

"GAAP" means with respect to any jurisdiction, generally accepted accounting principles as may be adopted or endorsed by a significant segment of the accounting profession in such jurisdiction, that are applicable to the circumstances as of any date of determination, consistently applied.

"GDR" means, Gasoducto del Río, S.A. de C.V.

"GDR Gross Margin" means, with respect to GDR, its total revenues and other income, less its total cost of revenues (including fuel expense).

"Global Note" has the meaning set forth in "Book-Entry; Settlement and Clearance" in this Offering Memorandum.

"Governmental Approvals" means any Permit, authorization, registration, consent, approval, waiver, exception, variance, claim, license, exemption, publication, filing, notice to and declaration of or with any Governmental Authority, including any approvals relating to anything that is required for: (a) the ownership, construction, finance, use, operation and maintenance of the property and assets of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries and all such other matters as may be necessary in connection with the business and operations of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries and (b)(i) the Co-Issuers', the Joint Obligors' and the Restricted Subsidiaries' respective formations and (ii) the compliance by the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries with, and the enforceability of, any of the Financing Documents and the making of any payments at the times and in the currencies contemplated under the Financing Documents.

"Governmental Authority" means the government of Mexico, the United States, or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Governmental Authorization" means any authorization, approval, consent, franchise, license, covenant, order, ruling, Permit, certification, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification or registration with, any Governmental Authority.

"Grantor" means the Co-Issuers, the Joint Obligors and the Guarantors (as the context requires).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantors" means:

(1) the Initial Guarantors; and

(2) any other Restricted Subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture;

and their respective successors and assigns until released from their obligations under their Note Guarantees and the Indenture in accordance with the terms of the Indenture.

"IFRS" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB), together with its pronouncements thereon from time to time, and as applied on a consistent basis.

"Incremental Debt" means Indebtedness of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries other than (a) Indebtedness under the Indenture (excluding any Additional Notes), (b) Indebtedness under the Loan Documents, (c) Permitted Swap Debt and (d) Refinancing Debt.

"Incur" means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise, contingently or otherwise, become liable, directly or indirectly, for or with respect to, or to extend the maturity of, or become responsible for, the payment of such Indebtedness; *provided*, *however*, that neither (a) the accrual of interest, (b) the accretion of original issue discount nor (c) an increase in the outstanding amount of Indebtedness caused solely by fluctuations in the exchange rates of currencies shall be considered an Incurrence of Indebtedness. The terms "Incurrence" and "Incurring" have corresponding meanings.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with Applicable Accounting Principles:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, indentures, loan agreements or other similar instruments;

(b) all obligations of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and not past due for more than 60 days after the date on which each such trade payable or account payable was created);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Obligations of such Person under Capitalized Leases;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of redeemable preferred interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

"Indenture Trustee" means U.S. Bank Trust Company, National Association, as trustee under the Indenture.

"Independent Accountants" means (a) in respect of the Company and the Restricted Subsidiaries (other than the EVM Companies) Galaz, Yamazaki, Ruiz Urquiza, S.C. Member of Deloitte Touche Tohmatsu Limited, (b) in respect of the EVM Companies, KPMG Cárdenas Dosal, S.C., or (c) such other independent auditor of recognized international standing having no affiliation with the Company, the Permitted Holders or any of their Affiliates.

"Initial Guarantors" means (a) Buffalo Generation Infrastructure, S.A. de C.V., (b) Generación Buffalo, S.A. de C.V., (c) MT Falcon, (d) COMEGO, (e) GDR, and (f) EVM Tenedora, S.A.P.I. de C.V.

"Insolvency Proceeding", with respect to any Person, means (a) entry by any competent Governmental Authority of any jurisdiction or a court having jurisdiction in the premises of (i) a decree or order for relief in respect of such Person in an involuntary case or proceeding under any applicable Debtor Relief Law or (ii) an involuntary or contested decree or order adjudging such Person as bankrupt or insolvent, or approving as properly filed a petition seeking suspension of payment, reorganization, arrangement, adjustment or composition of or in respect of such Person under any applicable Debtor Relief Law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Person or of any substantial part of the property of such Person, or ordering the dissolution, winding up or liquidation of the affairs of such Person and the continuance of any such decree or order referred to in clauses (i) and (ii) above remains undismissed or unstayed and in effect for a period of ninety (90) consecutive days, (b) commencement by such Person of a voluntary case or proceeding under any applicable Debtor Relief Law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by such Person to the entry of a decree or order for relief in respect of such Person in an involuntary case or proceeding under any applicable Debtor Relief Law or to the commencement of any bankruptcy or insolvency case or proceeding against such Person, or the filing by such Person of a petition or answer or consent seeking reorganization or relief under any applicable Debtor Relief Law; or consent by such Person to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Person or of any substantial part of the property of such Person, or the making by such Person of an assignment for the benefit of creditors, or (c) the admission by such Person in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Person in furtherance of any such action,.

"Intercreditor Agent" means U.S. Bank Trust Company, National Association, as the intercreditor agent appointed pursuant to the Intercreditor Agreement.

"Intercreditor Agreement" means the Collateral Agency and Intercreditor agreement, dated on or about the Issue Date (as amended, supplemented or otherwise modified from time to time), among the Co-Issuers, the Joint Obligors, the Guarantors, the Administrative Agent, the Intercreditor Agent, the Collateral Agents and the Indenture Trustee, and each other Person that may become party thereto from time to time.

"Interest Rate Swap Contract" means a Swap Contract entered into in compliance with the requirements of the Intercreditor Agreement, between one or more of the Co-Issuers, the Joint Obligors or the Restricted Subsidiaries, as applicable, and a Swap Counterparty, to protect against the risk of interest rate fluctuations in respect of the Facility or any Additional Debt, for a period concurrent with the tenor of the Facility or such Additional Debt, as applicable, through its maturity.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Incurs debt of the type referred to in clause (h) of the definition of "Indebtedness" in respect of such Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit or all or a substantial part of the business of, such Person.

"Investment Grade Rating" means a rating equal to or higher than BBB− (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB− (or the equivalent) by S&P.

"Intercreditor Vote" has the meaning given to it in the Intercreditor Agreement.

"IPP Power Generation Permit" means an independent power producer generation permit (*permiso de productor independiente*) granted by the CRE under the Mexican Electric Energy Public Service Law (*Ley del Servicio Público de Energía Eléctrica*).

"Issue Date" means the first date of issuance of Notes under the Indenture.

"Joint Venture Company" means any partnership, corporation or other entity in which up to and including, but no more than, 50.0% of the outstanding Voting Interests is owned, directly or indirectly, by one or more Co-Issuers, Joint Obligors or Restricted Subsidiaries and which engages only in Permitted Businesses. A Joint Venture Company is not treated as a Subsidiary.

"Joint Obligors" means (a) CSO, (b) CAC, (c) CLR, (d) CVH and (e) EAA.

"Knowledge" means, with respect to any of the Co-Issuers, the actual knowledge of any of its Authorized Officers and, with respect to the Indenture Trustee, the actual knowledge of any of its Responsible Officers.

"LC Commitment Fees" has the meaning assigned thereto in the Intercreditor Agreement.

"Lender" means each of the initial lenders under the Credit Agreement and each Person that becomes a Lender under the Credit Agreement for so long as such initial lender or Person, as the case may be, is a party to the Credit Agreement.

"Letter of Credit Exposure Fees" has the meaning assigned thereto in the Intercreditor Agreement.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or preference, priority, *fideicomiso* or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means the loans provided by the Lenders under the Credit Agreement.

"Loan Agents" means, collectively, the Administrative Agent, the Offshore Collateral Agent, the Onshore Collateral Agent and the Master Trustee; each, individually, a "Loan Agent".

"Loan Debt Service" means, for any period, an amount equal to (a) (a) the sum of all payments due during such period in respect of the Secured Facility Obligations, whether for principal, interest (taking into account Facility Swap Contracts in effect as of the date of determination (if any)), fees, Primary Swap Obligations due and payable by the Company in respect thereof, any Swap Contract Termination Payments payable by the Company or otherwise in respect thereof minus (b) all payments, if any, due from the Facility Swap Counterparties to the Company pursuant to each Facility Swap Contract during such period in respect thereof.

"Loan Debt Service Reserve Account" has the meaning assigned thereto in the Security and Depositary Agreement.

"Loan Debt Service Reserve Requirement" means, as of any determination date, an amount equal to the projected sum of Letter of Credit Exposure Fees and LC Commitment Fees payable in respect of the six (6) month period commencing (and including) the first day of the relevant Interest Period (as defined in the Credit Agreement).

"Loan Documents" has the meaning assigned thereto in the Intercreditor Agreement.

"Loan Obligations" has the meaning assigned thereto in the Intercreditor Agreement.

"Lock-up Account" has the meaning set forth in "—Collateral Accounts—Majority Equity Trust Accounts Structure."

"Loss Proceeds" means insurance proceeds, condemnation awards or other compensation, awards, damages and other payments or relief with respect to any Event of Loss.

"Loss Proceeds Accounts" means, collectively, the Dollar Loss Proceeds Account and the Peso Loss Proceeds Account.

"Majority Equity Trust" means the trust created pursuant to the Majority Equity Trust Agreement.

"Majority Equity Trust Agreement" has the meaning given to the term Second Amended and Restated Majority Equity Trust Agreement in the Intercreditor Agreement.

"Master Trustee" means the trustee (*fiduciario*) under the Majority Equity Trust Agreement.

"Material Adverse Effect" means a material adverse effect on:

(a) the operations, business, condition (financial or otherwise), properties or prospects of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries, taken as a whole;

(b) any Co-Issuer's, any Joint Obligor's or any Guarantor's ability to perform its payment obligations under the Financing Documents to which it is a party;

(c) any Co-Issuer's, any Joint Obligor's, or any of the Restricted Subsidiaries', ability to perform its material obligations under the Material Project Documents to which it is a party;

(d) the legality, validity, effectiveness or enforceability of any Financing Document; or

(e) the validity or priority of any security interest purported to be granted to any agent or any of the Secured Parties under any of the Financing Documents, the rights or remedies available to any agent or any of the Secured Parties under the Financing Documents or the ability of any agent or any of the Secured Parties under the Financing Documents to enforce its rights or remedies under any Financing Document.

"Material Governmental Approvals" means each of the following governmental approvals (and any document that substitutes or supersedes any of them):

(a) COMEGO's registration as specialized services provider under the new subcontracting provisions issued by the Mexican Labor Ministry (*Secretaría del Trabajo y Previsión Social*).

(b) CAC's Environmental Impact Authorization number D.O.O. DGOEIA. -003534, dated June 18, 1999, and its amendments, issued by Federal Ministry of Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*) ("SEMARNAT").

(c) CAC's Accident Prevention Program number DGMIC.710.1/00378, dated March 18, 2002, and its amendments, issued by SEMARNAT.

(d) CAC's Environmental Risk Assessment number S.G.P.A. DGIRA. - 000500, dated February 28, 2002, issued by SEMARNAT.

(e) CAC's Air Emissions License number LAU 28-40-0049 dated October 10, 2000, issued by SEMARNAT.

(f) CAC's registry as hazardous waste generator, dated February 17, 2011, issued by SEMARNAT.

(g) CAC's Concession Title number 06TAM117981/24FMDA13 for the use and exploitation of national waters, that is in process of renewal, issued by National Water Commission (*Comisión Nacional del Agua*) ("CONAGUA").

(h) CAC's Concession Title number TAM115072 for the use and exploitation of national waters, dated October 29, 2020, issued by CONAGUA.

(i) CAC's Concession Title number 06TAM116306/24FMDA16 for the wastewater discharge in a national water, November 24, 2014, issued by CONAGUA.

(j) CAC's registration of the confirmation of the documents of the Administration System of Industrial and Operation Safety and Environmental Protection for the Hydrocarbon Sector (*Registro de Conformación del Sistema de Administración de Seguridad Industrial, Seguridad Operativa y Protección al Medio Ambiente*) ("Registration of SASISOPA Documents"), dated February 14, 2022, issued by Energy and Environment Safety Agency (*Agencia de Seguridad, Energía y Ambiente*) ("ASEA").

(k) CAC's filing and obtainment of the Unique Code of Registration of Entities Regulated - CURR (*Clave Única de Registro Regulado*) ("CURR Registration"), issued by ASEA.

(l) CAC's authorization of the Administration System of Industrial and Operation Safety and Environmental Protection for the Hydrocarbon Sector (*Sistema de Administración de Seguridad Industrial, Seguridad Operativa y Protección al Medio Ambiente*) ("SASISOPA Authorization"), issued by ASEA.

(m) CAC's registry as special management waste generator, issued by the Ministry of Urban Development and the Environment of the State of Tamaulipas (*Secretaria de Desarrallo Urbano y Medio Ambiente*) ("SEDUMA").

(n) CAC's State Environmental Registry number CACAD2804011, issued by SEDUMA.

(o) CAC's submission before the authority for the authorization of the Civil Protection Internal Program dated July 23, 2023 (*Plan Interno de Protección Civil*), issued by Civil Protection Ministry of Tamaulipas State (*Coordinación General de Protección Civil del Estado de Tamaulipas*).

(p) CAC's Certification of the Ratification of the Change of Land Use No. 40/906 dated April 12, 1999 (Agricultural to Industrial), issued by the Municipality of Valle Hermoso, Tamaulipas.

(q) CAC's Construction License No. 085/2000 for the Construction of an Evaporation Pond located at

Brecha 122 66-800, Municipio Valle Hermoso, Tamaulipas, dated March 7th, 2000, issued by the Ministry of Urban Development in Valle Hermoso, Tamaulipas.

(r) CAC's Construction License No. 180/2013 for the construction of a cooling and parallel condenser tower, dated June 11, 2013, issued by the Ministry of Urban Development in Valle Hermoso, Tamaulipas.

(s) CAC's Land Use License No. 40/SDUE/085-2021 dated July 14, 2021, for the Property located at Brecha 22, Km 68-800, Col. Anahuac, Valle Hermoso with 20-00-00 has, with an authorized industrial use, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(t) CAC's Land Use License No. 40/SDUE/089-2021 dated July 14, 2021, for the Property located in the Ejido Liberación del Campesino, with an authorized industrial use, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(u) CAC's Land Use License No. 40/SDUE/092-2021 dated July 14, 2021, for the Property located at Brecha 123, Km 67-E, Col. Anahuac, Valle Hermoso with 10-45-30 has, with an authorized industrial use, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(v) CAC's Municipal Operation License No.40/SDUE/15/2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(w) CAC's Municipal Operation License No.40/SDUE/16/2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(x) CAC's Municipal Operation License No.40/SDUE/17/2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(y) CAC's Report of Inspection and Notice of Termination for the Construction of the Evaporation Pond No. 40/SDUE/003/2021, dated September 29, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(z) CAC's Report of Inspection and Notice of Termination for the Construction of the Thermoelectric Plant No. 40/SDUE/004/2021, dated September 29, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(aa) CAC's Delimitation Certificate No. 40/SDUE/018-2021 dated July 13, 2021, for the Property located in the Ejido Liberación del Campesino, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(bb) CAC's Delimitation Certificate No. 40/SDUE/020-2021 dated July 13, 2021, for the delimitation of the Property with the evaporation pond and the Property with the Thermoelectrical Plant, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(cc) CAC's Official Number Certificate No. 40/SDUE/0356-2021 dated July 14, 2021, for the Property located at Brecha 123, Km 67-E, Col. Anahuac, Valle Hermoso, with the official number E-3003, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(dd) CAC's Official Number Certificate No. 40/SDUE/089-2021 dated July 14, 2021, for the Property located in the Ejido Liberación del Campesino, with the official number N-8000, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(ee) CAC's Official Number Certificate No. 40/SDUE/092-2021 dated July 14, 2021, for the Property located at Brecha 22, Km 68-800, Col. Anahuac, Valle Hermoso, with the official number E-2000, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(ff) CAC's Self-use Natural Gas Transport Permit number G/079/TUP/2000 dated January 7, 2000, issued by the Energy Regulatory Commission (*Comisión Reguladora de Energía*) ("CRE").

(gg) CAC's Independent Electricity Production Permit number E/128/PIE/98, dated December 16, 1998, as modified, among others, through Resolution RES/808/2016 dated September 1st, 2016, for a nameplate capacity of 528.70 MW, issued by CRE.

(hh) CAC's Power Generation Permit number E/1829/GEN/2016, dated September 1, 2016, for a capacity of up to 49.4 MW, issued by CRE.

(ii) CLR's Environmental Impact Authorization number S.G.P.A. DGIRA. 003875, dated October 31, 2001, and its amendments, issued by SEMARNAT.

(jj) CLR's Accident Prevention Program number DGGIMAR.710/005043, dated November 10, 2004, issued by SEMARNAT.

(kk) CLR's Environmental Risk Assessment number PO-EN-28-488-2003, dated November 7, 2003, issued by SEMARNAT.

(ll) CLR's Air Emissions License number LAU 28-40-205 dated November 6, 2003, issued by SEMARNAT.

(mm) CLR's registry as hazardous waste generator, dated March 18, 2004, and its amendments, issued by SEMARNAT.

(nn) CLR's Concession Title number 06TAM115830/24FMDA14 for the use and exploitation of national waters, dated May 14, 2014, issued by CONAGUA.

(oo) CLR's Concession Title number 06TAM154911/24FMDA16 for the wastewater discharge in a national water, dated February 24, 2016, issued by CONAGUA.

(pp) CLR's registry as special management waste generator, issued by SEDUMA.

(qq) CLR's State Environmental Registry number CLRAD280411, issued by SEDUMA.

(rr) CLR's submission before the authority for the authorization of the Civil Protection Internal Program, dated June 21, 2021 (*Plan Interno de Protección Civil*), issued by the Municipality of Valle Hermoso Civil Protection Ministry of Tamaulipas State (*Coordinación General de Protección Civil del Estado de Tamaulipas*).

(ss) CLR's Land Use License No. 40/SDUE/091-2021 dated July 14, 2021, for the Property located at Ejido Ensenada with 20.00 m2, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(tt) CLR's Land Use License No.40/SDUE/090-2021 dated July 14, 2021, for the Property located in Arturo Flores 5, and between Street Alejandro Benavides and Dr. Sostenes Boons 7, Anahuac, Valle Hermoso, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(uu) CLR's Land Use License No. 40/SDUE/081-2021 dated July 14, 2021, located at Brecha 124 Km 66-400 Colonia Agricola Anahuac, Valle Hermoso, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(vv) CLR's Land Use License No. 40/SDUE/081-2021 dated July 14, 2021, located at Brecha 123 Km 66 Colonia Agricola Anahuac, Valle Hermoso (Cadastral- 41-14-0999), issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(ww) CLR's Municipal Operation License No.40/SDUE/20/2021 dated July 2, 2021, issued by the

Ministry of Urban Development and Ecology in Tamaulipas.

(xx) CLR's Municipal Operation License No.40/SDUE/21/2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(yy) CLR's Municipal Operation License No.40/SDUE/18/2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(zz) CLR's Municipal Operation License No.40/SDUE/19/ 2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(aaa) CLR's Delimitation Certificate No. 40/SDUE/022-2021 dated July 13, 2021, for the Evaporation Pond and the Thermoelectric Plant located in Brecha 123 and 124, Anahuac, Villa Hermosa, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(bbb) CLR's Report of Inspection and Notice of Termination for the Construction of the Evaporation Pond No. 40/SDUE/007/2021, dated September 29, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(ccc) CLR's Report of Inspection and Notice of Termination for the Construction of the Thermoelectric Plant No. 40/SDUE/008/2021, dated September 29, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(ddd) CLR's Report of Inspection and Notice of Termination for the Construction of the Control Booth No. 40/SDUE/009/2021, dated September 29, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(eee) CLR's Report of Inspection and Notice of Termination for the Construction of the Control Booth No. 40/SDUE/010/2021, dated September 29, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(fff) CLR's Independent Electricity Production Permit number E/198/PIE/2001, dated August 16, 2001, as modified, among others, through Resolution RES/810/2016 dated September 1st, 2016, for a nameplate capacity of 522 MW, issued by CRE.

(ggg) CLR's Power Generation Permit number E/1831/GEN/2016, dated September 1, 2016 for a capacity up to 49.40 MW, issued by CRE.

(hhh) CVH's Environmental Impact Authorization number S.G.P.A. DGIRA. 001267, dated May 9, 2002, and its amendments, issued by SEMARNAT.

(iii) CVH's Accident Prevention Program number DGGIMAR.710/001822, dated May 11, 2005, issued by SEMARNAT.

(jjj) CVH's Environmental Risk Assessment, issued by SEMARNAT.

(kkk) CVH's Air Emissions License number LAU 28-40-225 dated July 30, 2004, issued by SEMARNAT.

(lll) CVH's Registry as hazardous waste generator, dated January 19, 2005, and its amendments, issued by SEMARNAT.

(mmm) CVH's Concession Title number 06TAM116314/24FMOC09 for the use and exploitation of national waters, dated May 20, 2003, issued by CONAGUA.

(nnn) CVH's Concession Title number 06TAM116311/24FMDA14 for the use and exploitation of national waters, that is in process of renewal, issued by CONAGUA.

(ooo) CVH's Concession Title number 06TAM154913/24FMDA16 for the wastewater discharge in a national water, dated February 24, 2016, issued by CONAGUA.

(ppp) CVH's Registry as special management waste generator, issued by SEDUMA.

(qqq) CVH's State Environmental Registry number CVHAD2804011, issued by SEDUMA.

(rrr) CVH's Civil Protection Internal Program Authorization number 22-A1186 dated February 10, 2023 (*Plan Interno de Protección Civil*), issued by the Municipality of Valle Hermoso Civil Protection Ministry of Tamaulipas State (*Coordinación General de Protección Civil del Estado de Tamaulipas*).

(sss) CVH's Land Use License No. 40/SDUE/083-2021 dated July 14, 2021, located at Brecha 124 Km 66 Colonia Agricola Anahuac, Valle Hermoso, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(ttt) CVH's Land Use License No. 40/SDUE/084-2021 dated July 14, 2021, located at Brecha 123 123-400W Colonia Agricola Anahuac, Valle Hermoso, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(uuu) CVH's Municipal Operation License No.40/SDUE/13/2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(vvv) CVH's Municipal Operation License No.40/SDUE/14/2021 dated July 2, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(www) CVH's Report of Inspection and Notice of Termination for the Construction of the Evaporation Pond No. 40/SDUE/006/2021, dated September 29, 2021, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(xxx) CVH's Official Number Certificate No. 40/SDUE/0360-2021 dated July 14, 2021, for the Property located in Brecha 124 K, 66-800, with the official number N-3000, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(yyy) CVH's Official Number Certificate No. 40/SDUE/0360-2021 dated July 14, 2021, for the Property located in Brecha 123, 123-400W, with the official number N-3007, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(zzz) CVH's Delimitation Certificate No. 40/SDUE/021-2021 dated July 13, 2021, for the Evaporation Pond and the Thermoelectric Plant located in Brecha 123 and 124, Anahuac, Villa Hermosa, issued by the Ministry of Urban Development and Ecology in Tamaulipas.

(aaaa) CVH's Independent Electricity Production Permit number E/208/PIE/2002, dated April 22, 2002, as modified, among others, through Resolution RES/809/2016 dated September 1st, 2016, for a nameplate capacity of 518.63 MW, issued by the CRE.

(bbbb) CVH's Power Generation Permit number E/GEN/1830/2016, dated September 1, 2016, for a capacity up to 49.90 MW, issued by the CRE.

(cccc) EAA's Environmental Impact Authorization number D.O.O. DGOEIA. -001589, dated April 5, 2000, and its amendments, issued by SEMARNAT.

(dddd) EAA's Environmental Impact Authorization number D.O.O. DGOEIA. -007501, dated December

15, 2000, and its amendments, issued by SEMARNAT.

(eeee) EAA's Accident Prevention Program number DGMIC.710.1/00367, dated March 18, 2002, and its amendment, issued by SEMARNAT.

(ffff) EAA's Environmental Risk Assessment number IA-EN-28-320-2001, dated December 3, 2001, issued by SEMARNAT.

(gggg) EAA's Air Emissions License number LAU 28-03-0125 dated January 18, 2002, issued by SEMARNAT.

(hhhh) EAA's Registry as hazardous waste generator, dated July 14, 2003, and its amendment, issued by SEMARNAT.

(iiii) EAA's Registration of SASISOPA Documents, dated January 27, 2022, issued by ASEA.

(jjjj) EAA's CURR Registration, issued by ASEA.

(kkkk) EAA's SASISOPA Authorization, issued by ASEA.

(llll) EAA's concession title number 09TAM100263/26FFGC01, for the use and exploitation of national water, issued by CONAGUA.

(mmmm) EAA's concession title number 09TAM117739/25FIGR06, for the use and occupation of federal zones, issued by CONAGUA.

(nnnn) EAA's concession title number DGZF-240/18, for the use, occupation, and exploitation of federal zones, as well as the concession title No. DGZF-374/01 for the authorization of construction works in the federal zone, issued by SEMARNAT.

(oooo) EAA's Registry as special management waste generator, issued by SEDUMA.

(pppp) EAA's State Environmental Registry number EÁAD2800311, for the year 2021, issued by SEDUMA.

(qqqq) EAA's Land Use Certificate No. RPDUE 064/2000 with a indefinite validity term, dated May 16, 2000 (*Certificado de Uso de Suelo*), issued by the Ministry of Urban Development and Ecology of Tamaulipas State.

(rrrr) EAA's Municipal Operation License No. ALT/DDU/ 2787/2021 dated December 8, 2021, issued by the Municipality of Altamira.

(ssss) EAA's Construction License No. DDU/2339/2020 and a validity term of 12 months, dated November 2020, issued by the Ministry of Urban Development and Ecology of Tamaulipas State.

(tttt) EAA's Civil Protection Authorization CGPC/ 300/DCDOI dated May 21, 2023, with the approval of the Civil Protection Internal Program with the registered number 22-484 and will be valid until December 31, 2023, issued by the Civil Protection Ministry of Tamaulipas State (*Coordinación General de Protección Civil del Estado de Tamaulipas*).

(uuuu) EAA's Self-use Natural Gas Transport Permit number G/108/TUP/2001 dated July 6, 2001, issued by the CRE.

(vvvv) EAA's Independent Electricity Production Permit number E/165/PIE/2000, dated April 28, 2000, as modified, among others, through Resolution RES/1227/2016 dated October 13, 2016, for a nameplate capacity of

515.90 MW, issued by the CRE.

(wwww)EAA's Power Generation Permit number E/1854/GEN/2016, dated October 13, 2016 for a capacity up to 49.40 MW, issued by the CRE.

(xxxx) GDR's Environmental Impact and Risk Authorization number S.G.P.A.-DGIRA.-001124, dated April 26, 2002, and its amendments, issued by SEMARNAT.

(yyyy) GDR's Accident Prevention Program number DGGIMAR.710/004911, dated December 18, 2003, issued by SEMARNAT.

(zzzz) GDR's Air Emissions License No. LAU-09/00796-2008, dated January 23, 2008, issued by SEMARNAT.

(aaaaa) GDR's Registry as hazardous waste generator, dated April 19, 2006, issued by SEMARNAT.

(bbbbb) GDR's Registration of SASISOPA Documents dated October 19, 2021, issued by ASEA.

(ccccc) GDR's CURR Registration filed on January 27, 2022, issued by ASEA.

(ddddd) GDR's SASISOPA Authorization, issued by ASEA.

(ddddd) GDR's Municipal operation license, if applicable, issued by the Municipalities of Río Bravo and Valle Hermoso.

(eeeee) GDR's Open Access Natural Gas Transport Permit number G/130/TRA/2002 dated September 26, 2002, for the transportation of natural gas of up to the amount of 410,000,000 ft^3/day, issued by the CRE.

(ffffff) CSO's Environmental Impact Authorization number D.O.O. DGOEIA. -004190, dated August 02, 1999, and its amendments, issued by SEMARNAT.

(ggggg) CSO's Accident Prevention Program number DGGIMAR.710/001487, dated May 12, 2003, issued by SEMARNAT.

(hhhhh) CSO's Environmental Risk Assessment number IA-EN-5-190-2002, dated June 24, 2002, dated May 12, 2003, issued by SEMARNAT.

(iiiii) CSO's Air Emissions License number LAU-05-027-017-2001 dated November 16, 2001, issued by SEMARNAT.

(jjjjj) CSO's Registry as hazardous waste generator 05-30-PS-I-333D-2020, issued by SEMARNAT.

(kkkkk) CSO's Registration of SASISOPA Documents, dated February 8, 2022, issued by ASEA.

(lllll) CSO's CURR Registration, issued by ASEA.

(mmmmm) CSO's SASISOPA Authorization, issued by ASEA.

(nnnnn) CSO's Concession title number 06COA112601/24FMGR06, for the use and exploitation of national water, and its amendments, issued by CONAGUA.

(ooooo) CSO's registry as special management waste generator GRME-02-05-027-267-2011, dated May 26, 2011, issued by the Ministry of Environment of Coahuila.

(ppppp) CSO's Civil Protection Authorization SPC/AP/0668/2023, dated March 9, 2023 which will be valid for a year, issued by the Municipality of Ramos Arizpe.

(qqqqq) CSO's Authorization of the updated version of the Internal Civil Protection Plan No.1001/2023, dated March 17, 2023, issued by the Municipality of Ramos Arizpe.

(rrrrr) CSO's Municipal Operation License No. 126/016/22LF dated August 15, 2022, issued by the Municipality of Ramos Arizpe.

(sssss) CSO's Self-use Natural Gas Transport Permit number G/093/TUP/2000 dated October 16, 2000, issued by the CRE.

(ttttt) CSO's Independent Electricity Production Permit number E/133/PIE/99, dated March 18, 1999, as modified, among others, through Resolution RES/811/2016 dated September 1st, 2016, for a nameplate capacity of 232.47 MW, issued by the CRE.

(uuuuu) CSO's Power Generation Permit number E/1832/GEN/2016, dated September 1, 2016, for a capacity up to 50 MW, issued by the CRE.

"Material Project Documents" means each of the following documents (and any document that substitutes or supersedes any of them), and each Additional Material Project Document.

(a) Power purchase agreement entered into by CSO, as independent power producer, and CFE, as purchaser, for the sale of 247.5 MW of Guaranteed Net Capacity and all Net Power Output associated to such capacity, dated as of March 2, 1999, as amended on July 6, 2007.

(b) Fuel supply agreement entered into by CSO, as buyer, and CFE, as seller, for a daily minimum quantity of Base Fuel (9919.2/Gcal/D), dated as of March 2, 1999.

(c) Gas interconnection agreement entered into by CSO, as owner, and Pemex Gas y Petroquímica Básica (currently CENAGAS), for the interconnection of CSO's self-purposes system to the national pipeline system (currently SISTRANGAS), dated as of May 31, 2001.

(d) Interconnection agreement number CTR/GRT-NES/CI/0121/2017 entered into by CSO, as generator, with CFE Transmisión, as the transmission service provider, for the provision of transmission services in favor of the generator for a capacity up to 50 MW, dated as of February 1, 2017.

(e) Power purchase agreement entered into by CAC, as independent power producer, and CFE, as purchaser, for the sale of 495 MW of Guaranteed Net Capacity and all Net Power Output associated to such capacity, dated as of November 27, 1998, as amended on (i) July 30, 2003, (ii) June 5, 2006, and (iii) July 6, 2007.

(f) Fuel supply agreement entered into by CAC, as buyer, and CFE, as seller, for daily minimum quantity of Base Fuel (25335/Gcal/D), dated as of November 27, 1998, as amended on July 30, 2003.

(g) Interconnection agreement number CTR/GRT-NES/CI/0119/2017 entered into by CAC, as generator, with CFE Transmisión, as the transmission service provider, for the provision of transmission services in favor of the generator for a capacity up to 49.4 MW dated as of February 1, 2017.

(h) Power purchase agreement entered into by CLR, as independent power producer, and CFE, as purchaser, for the sale of 495 MW of Guaranteed Net Capacity and all Net Power Output associated to such capacity, dated as of July 5, 2001, as amended on (i) March 11, 2005, (ii) July 6, 2007, and (iii) June 18, 2018.

(i) Interconnection agreement number CTR/GRT-NES/CI/0120/2017 entered into by CLR, as generator, with CFE Transmisión, as the transmission service provider, for the provision of transmission services in favor of the generator for a capacity up to 49.4 MW dated as of February 1, 2017.

(j) Power purchase agreement entered into by CVH, as independent power producer, and CFE, as purchaser, for the sale of up to 539 MW of Guaranteed Net Capacity and all Net Power Output associated to such capacity, dated as of March 7, 2002, as amended on (i) March 11, 2005, (ii) April 25, 2005, (iii) July 6, 2007, and (iv) June 18, 2018.

(k) Interconnection agreement number CTR/GRT-NES/CI/0122/2017 entered into by CVH, as generator, with CFE Transmisión, as the transmission service provider, for the provision of transmission services in favor of the generator for a capacity up to 49.9 MW dated as of February 1, 2017.

(l) Power purchase agreement entered into by EAA, as independent power producer, and CFE, as purchaser, for the sale of 495 MW of Guaranteed Net Capacity and all Net Power Output associated to such capacity, dated as of April 7, 2000, as amended on September 5, 2012.

(m) First-hand sale agreement entered into by EAA, as buyer, and Pemex Gas y Petroquímica Básica (currently Pemex Transformación Industrial), as seller for the purchase and sale of natural gas molecule, dated as of July 24, 2001.

(n) Natural Gas Base Supply Agreement entered into by EAA, as buyer, and Pemex Gas y Petroquímica Básica (currently Pemex Transformación Industrial), as seller for the supply of natural gas, dated as of July 25, 2001.

(o) Interconnection agreement number CTR/GRT-ORI/CI/0124/2017 entered into by EAA, as generator, with CFE Transmisión, as the transmission service provider, for the provision of transmission services in favor of the generator for a capacity up to 49.4 MW dated as of February 1, 2017.

(p) Gas interconnection agreement entered into by EAA, as owner, and Pemex Gas y Petroquímica Básica (currently CENAGAS), for the interconnection of EAA's self-purposes system to the national pipeline system (currently SISTRANGAS), dated as of July 24, 2001.

(q) Natural gas transportation agreement entered into by GDR, as transporter, and with CFE (as assignee of Pemex Gas y Petroquímica Básica), as shipper, for the provision of firm and interruptible natural gas transportation services from the US-México border to Río Bravo II and the Portes Gil Power Plant, dated as of September 26, 2002, as amended and restated on March 12, 2015.

(r) Interruptible Base Transport Services Agreement entered into by GDR, as transporter, and with CFEnergía, S.A. de C.V., as shipper, for the provision of interruptible base natural gas transportation services, dated as of October 25, 2018.

(s) Market participant agreement number GEN-018-ENE-2017 entered into by CSO, as generator, with CENACE, as system operator, for the sale of up to 50 MW at the wholesale electricity market, dated as of January 30, 2017.

(t) Market participant agreement number GEN-016-ENE-2017 entered into by CAC, as generator, with CENACE, as system operator, for the sale of up to 50 MW at the wholesale electricity market dated as of January 30, 2017.

(u) Market participant agreement number GEN-017-ENE-2017 entered into by CLR, as generator, with CENACE, as system operator, for the sale of up to 49.40 MW at the wholesale electricity market dated as of January 30, 2017.

(v) Market participant agreement number GEN-019-ENE-2017 entered into by CVH, as generator, with CENACE, as system operator, for the sale of up to 49.9 MW at the wholesale electricity market dated as of January 30, 2017.

(w) Market participant agreement number GEN-020-ENE-2017 entered into by EAA, as generator, with CENACE, as system operator, for the sale of up to 49.40 MW at the wholesale electricity market dated as of January 30, 2017.

(x) Asset Management Agreement dated May 29, 2018 between Trafigura Trading LLC and CLR.

(y) Asset Management Agreement dated May 29, 2018 between Trafigura Trading LLC, and CVH.

(z) The Gas Transportation Agreement dated April 1, 2019 between Tennessee Gas Pipeline Company, L.L.C. and CLR.

(aa) The Gas Transportation Agreement dated April 1, 2020 between Tennessee Gas Pipeline Company, L.L.C. and CVH and the Amended and Restated Gas Transportation Agreement dated July 22, 2021 between Tennessee Gas Pipeline Company, L.L.C. and CVH.

(bb) The Interconnection Agreement dated November 14, 2002 between Tennessee Gas Pipeline Company and GDR, as amended in November 3, 2016.

(cc) The Amended and Restated Long Term Service Agreement dated December 13, 2018 between CAC, Mitsubishi Hitachi Power Systems Americas, Inc. and Mitsubishi Hitachi Power Systems de Mexico, S.A. de C.V.

(dd) The Second Amended and Restated Long Term Service Agreement dated December 13, 2018 between CLR, Mitsubishi Hitachi Power Systems Americas, Inc. and Mitsubishi Hitachi Power Systems de Mexico, S.A. de C.V.

(ee) The Second Amended and Restated Long Term Service Agreement dated December 13, 2018 between CVH, Mitsubishi Hitachi Power Systems Americas, Inc. and Mitsubishi Hitachi Power Systems de Mexico, S.A. de C.V.

(ff) The Second Amended and Restated Long Term Service Agreement dated December 13, 2018 between EAA, Mitsubishi Hitachi Power Systems Americas, Inc. and Mitsubishi Hitachi Power Systems de Mexico, S.A. de C.V.

(gg) The Long-Term Service Agreement dated November 25, 2019 between CSO and Power Systems MFG., LLC.

(hh) Turbophase Agreement dated January 29, 2019 (effective February 6, 2019) between CSO and PowerPHASE LLC.

(ii) Services Agreement entered into by MT Falcon, as client, and Mitsui & Co. Power Development and Management Americas, S. de R.L. de C.V. ("MPA"), as contractor, for the administration, ownership and direction of all kinds of assets of MT Falcon dated as of September 1, 2021.

(jj) Services Agreement entered into by COMEGO, as client, and MPA, as contractor, for corporate and administrative matters of COMEGO, dated as of September 1, 2021.

(kk) Services Agreement entered into by CAC, as owner, and, MPA, as contractor, for corporate and administrative matters of CAC dated as of September 1, 2021.

(ll) Services Agreement entered into by CLR, as owner, and MPA, as contractor, for corporate and administrative matters of CLR dated as of September 1, 2021.

(mm) Services Agreement entered into by CSO, as owner, and MPA, as contractor, for corporate and administrative matters of the CSO dated as of September 1, 2021.

(nn) Services Agreement entered into by CVH, as owner, and MPA, as contractor, for corporate and administrative matters of CVH dated as of September 1, 2021.

(oo) Services Agreement entered into by EAA, as owner, and MPA, as contractor, for corporate and administrative matters of EAA dated as of September 1, 2021.

(pp) Services Agreement entered into by GDR, as owner, and MPA, as contractor, for corporate and administrative matters of GDR dated as of September 1, 2021.

(qq) Services Agreement entered into by CAC, as owner, and COMEGO for the provision of specialized services, dated as of September 1, 2021.

(rr) Services Agreement entered into by CLR, as owner, and COMEGO for the provision of specialized services, dated as of September 1, 2021.

(ss) Services Agreement entered into by GDR, as owner, and COMEGO for the provision of specialized services, dated as of September 1, 2021.

(tt) Services Agreement entered into by CSO, as owner, and COMEGO for the provision of specialized services, dated as of September 1, 2021.

(uu) Services Agreement entered into by CVH, as owner, and COMEGO for the provision of specialized services, dated as of September 1, 2021.

(vv) Services Agreement entered into by EAA, as owner, and COMEGO for the provision of specialized services, dated as of September 1, 2021.

(ww) Diesel Supply Agreement dated May 12, 2004 between Distribuidora Cojumatlan, S.A. de C.V. and EAA.

(xx) Diesel Supply Agreement dated June 21, 2007 between Distribuidora Cojumatlan, S.A. de C.V. and EAA.

(yy) Park and Loan Agreement dated February 17, 2021, between Tennessee Gas Pipeline Company, L.L.C. and CVH; its first and second Exhibit C dated February 25, 2021 and March 4, 2021, respectively; and its Exhibit D dated February 25, 2021.

(zz) Park and Loan Agreement dated March 04, 2021, between Tennessee Gas Pipeline Company, L.L.C. and CVH.

(aaa) Transport services agreement entered into by GDR, as transporter, and CLR, as shipper, dated as of November 6, 2002.

(bbb) Transport services agreement entered into by GDR, as transporter, and CVH, as shipper, dated as of November 6, 2002, as amended on November 29, 2005.

(ccc) Gas interconnection agreement entered into by GDR and CLR dated August 1, 2003.

(ddd) Gas interconnection agreement entered into by GDR and CVH dated August 1, 2003.

(eee) Gas interconnection agreement entered into by GDR and CAC dated August 1, 2003, as amended on April 3, 2006.

(fff) Gas interconnection agreement entered into by GDR and CFE dated June 5, 2015.

(ggg) All Material Governmental Approvals.

"Mexican Guarantor" means any Guarantor organized under Mexican law.

"Mexican Income Tax Law" means the *Ley del Impuesto sobre la Renta*.

"Mexican Revenue Generating Contract" means any agreement, arrangement, contract, document, deed, acknowledgement, consent or other form of binding agreement of any nature (including any contracts with Governmental Authorities) subject to Mexican law to which any Co-Issuer, any Joint Obligor or any Guarantor is a party or has the right to receive any payments or amounts from any Person or Governmental Authority.

"Monthly Transfer Date" means (i) any Business Day from the twentieth (20th) through the last day of each calendar month, as per instructions by the Company or the Onshore Collateral Agent, as applicable, or (ii) if no instruction is received in writing by the Company or the Onshore Collateral Agent, then the last Business Day of each month, *provided* that there shall only be a single Monthly Transfer Date for any calendar month, and *further provided*, that if such day is not a Business Day, then the Monthly Transfer Date shall mean the next succeeding Business Day.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"MT Falcon" means MT Falcon Holdings, S.A.P.I. de C.V.

"MT Falcon Acquisition Debt Facility" has the meaning set forth in this Offering Memorandum.

"MT Falcon CFADS" means MT Falcon Generation Assets Gross Margin, plus (a) GDR Gross Margin, plus (b) COMEGO Gross Margin, less (c) Operating and Administrative Expenses (not included in the Cost of Revenues), minus (d) Income Tax Expense, less (e) Capital Expenditures - Net, plus (f) Interest Income, net of Other Financial Cost, adjusted for (i) changes in working capital requirements, adjusted for (ii) changes in Foreign Exchange Gain / (Loss) – Net.

"MT Falcon Generation Assets Gross Margin" means, with respect to MT Falcon, its total revenues and other income, less its total cost of revenues (including fuel expense).

"Minority Equity Trust" means the trust created pursuant to the Minority Equity Trust Agreement.

"Minority Equity Trust Agreement" has the meaning given to the term Second Amended and Restated Minority Equity Trust Agreement in the Intercreditor Agreement.

"Net Available Cash" means the aggregate proceeds, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not the interest component, thereof), received in Cash Equivalents by any Co-Issuer, any Joint Obligor or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting, investment banking and brokerage fees, and sales commissions, and any relocation expenses incurred as a result thereof, (2) taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (3) in the case of any Asset Sale by a Restricted Subsidiary, payments to holders of Equity Interests in such Restricted Subsidiary in such capacity (other than such Equity Interests held by any Co-Issuer, any Joint Obligor or any Restricted Subsidiary) to the extent that such payment is required to permit the distribution of such proceeds in respect of the Equity Interests in such Restricted Subsidiary held by any Co-Issuer, any Joint Obligor or any of the Restricted Subsidiaries and (4) appropriate amounts to be provided by the Co-Issuers, the Joint Obligors or the Restricted Subsidiaries as a reserve against liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in accordance with Applicable Accounting Principles; *provided* that (a) excess amounts set aside for payment of taxes pursuant to clause (2) above remaining after such taxes have been paid in full or the statute of limitations therefor has expired and (b) amounts initially held in reserve pursuant to clause (4) no longer so held, will, in the case of each of subclause (a) and (b), at that time become Net Available Cash.

"Net Available Proceeds" means, with respect to any proceeds, such proceeds net of the related Collection Expenses.

"Net Insurance Proceeds" means, as received by any operating company, all amounts paid by any insurance company in accordance with any insurance policy maintained in accordance with the Secured Debt Documents, as a result of an event of loss/casualty event that causes that all or part of the relevant Project or any other asset of the operating company that is incorporated or purported to be incorporated to the Project, is damaged, destroyed or loss of use for its normal use for any reason, minus (a) all reasonable costs and expenses incurred by the operating company, and (b) the amount of any Taxes (if any) to be paid by the operating company in connection with such event or as a result thereof.

"New York Dollar Revenue Account" has the meaning set forth in "—Collateral Accounts—New York Dollar Revenue Accounts."

"New York Security Agreements" has the meaning given to it in the Intercreditor Agreement.

"Non-Possessory Pledge Agreement" has the meaning given to it in the Intercreditor Agreement.

"Non-Recourse Debt" means Indebtedness as to which (i) neither any Co-Issuer, any Joint Obligor nor any Restricted Subsidiary provides any Guarantee and as to which the lenders will not have any recourse to the stock or assets of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary and (ii) no default thereunder would, as such, constitute a default under any other Indebtedness of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary.

"Note Guarantee" means a Guarantee of the Notes pursuant to the Indenture.

"Notes Debt Service" means, for any period or date, an amount equal to (a) the sum of all payments of principal and fees due during such period or on such date in respect of the Secured Indenture Obligations, *plus* (b) the sum of all interest accrued during such period in respect of the Secured Indenture Obligations.

"Notes Debt Service Reserve Account" has the meaning assigned thereto in the Security and Depositary Agreement.

"Notes Debt Service Reserve Requirement" means an amount equal to the next six (6) months' Notes Debt Service.

"Obligations" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any Insolvency Proceeding.

"Officer's Certificate" means a certificate signed by an Authorized Officer.

"Offshore Collateral Agent" means U.S. Bank National Association in its capacity as Offshore Collateral Agent under any of the Financing Documents, or any successor Offshore Collateral Agent.

"Offshore Security Documents" has the meaning given to it in the Intercreditor Agreement.

"Onshore Collateral Agent" means Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as onshore collateral agent under any of the Financing Documents, or any successor onshore collateral agent appointed.

"Onshore Security Documents" has the meaning given to it in the Intercreditor Agreement.

"Operating and Maintenance Expenses" has the meaning given to it in the Intercreditor Agreement.

"Operating Companies" means, collectively, COMEGO, EAA, CAC, CLR, CVH, CSO and GDR.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Indenture Trustee that meets the requirements of the Indenture. Except as otherwise specified in the Indenture, the counsel may be counsel to any Co-Issuer, any Joint Obligor and any Restricted Subsidiary.

"Payroll Accounts" has the meaning given to it in the Credit Agreement.

"Permit" means any authorization, consent, certification, determination, license, approval, permit, registrations, order, ruling, certification, identification number, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification or registration with, any Governmental Authority.

"Permitted Business" means the business of electricity generation, electricity transmission, electricity distribution, gas compression and gas transport and other businesses reasonably related or ancillary thereto.

"Permitted Dividend Distribution" means a Restricted Payment made solely with amounts available in the Distribution Account up to an amount equal to the dividends or distributable cash flows available to BGI or any of its Subsidiaries in respect of fiscal year 2023.

"Permitted Holder" means (a) the Sponsors and (b) any one or more Persons, together with such Persons' Affiliates, whose beneficial ownership constitutes or results in a Change of Control and in respect of which a Change of Control Offer is made if required in accordance with the requirements of the Indenture.

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced:

(a) Liens for taxes, not yet due or which are subject to contest;

(b) Liens securing judgments for the payment of money not constituting an Event of Default under clause (g) of "—Events of Default" or securing appeal or other surety bonds related to such judgments;

(c) Liens incurred in the ordinary course of business, including carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business or incidental to the construction, Restoration or improvement of the Projects with respect to obligations that are not due or that are being contested in good faith;

(d) pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other similar social security legislation or in connection with deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature;

(e) defects, easements, rights of way, restrictions, irregularities, encumbrances (other than for borrowed money) and clouds on title and statutory Liens that do not materially impair the value or use of the property affected and that do not individually or in the aggregate materially impair the validity, perfection or priority of the Liens granted under the Security Documents;

(f) any Liens created in favor of any of the Secured Parties under or pursuant to any Financing Document;

(g) with respect to any Restricted Subsidiary acquired by or merged into any Co-Issuer or any property acquired by any Co-Issuer or any Restricted Subsidiary or otherwise incorporated into any Project, pre-existing Liens which are extinguished within 60 days of the date of acquisition of the relevant property or incorporation of the same into the Project;

(h) pre-existing Liens in effect on the Issue Date securing Indebtedness of a Co-Issuer, a Joint Obligor or a Restricted Subsidiary that will be repaid within ten (10) Business Days of the Issue Date and for which documentation for the extinguishment of such Lien shall have been executed, solely for a period following the Issue Date of 60 days;

(i) Liens on any property of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary that does not constitute Collateral, including, for the avoidance of doubt, Liens on any property of any Excluded Subsidiaries;

(j) Liens to secure Indebtedness permitted pursuant to clause (2)(i) of the covenant described under the caption "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Indebtedness"; provided that such Lien (i) covers only the assets so acquired or subject to lease and (ii) is created within 180 days of such acquisition or lease.

(k) Liens created by or resulting from any litigation or legal proceeding as to which the execution thereof has been effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings or means;

(l) any interest or title of a lessor under any lease entered into by us in the ordinary course of business and covering only the assets so leased;

(m) Liens granted by any Co-Issuer, any Joint Obligor or any Restricted Subsidiary to the *Comisión Federal de Electricidad* ("CFE") pursuant to and in connection with any of the assets of the Affected Guarantors in accordance with any Material Project Documents entered into with CFE; and

(n) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (a) through (p) or of any Indebtedness secured thereby, *provided* that the principal amount of Indebtedness so secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement (plus reasonable expenses incurred in connection therewith), and that such extension, renewal or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed or replaced (plus improvements on or additions to such property).

"Permitted Reorganization" means any steps required to eliminate intermediate wholly-owned Subsidiaries of the Company between the Company and the Projects, including: (a) liquidation (or similar) of such Persons; (b) merger or consolidation of such Persons; (c) transfer of shares in such Persons; (d) capital increases, reductions or redemptions of such Persons; (e) dilutions of paid in equity; (f) share for share transactions; and (g) transformations into a different form of entity; *provided*, that (i) all the Projects shall remain directly or indirectly wholly owned by the Company and (ii) in no event shall any such step directly or indirectly result in the creation, incurrence, granting or assumption of (A) any Lien in favor of any Person (other than a Collateral Agent) over any property of the Company or any of the Restricted Subsidiaries that was not subject to a Lien in favor of such Person immediately prior to the taking of such step, or (B) any Lien granted by the Company or any of the Restricted Subsidiaries in favor of any Person (other than a Collateral Agent) extending to any other property of the Company or any of the Restricted Subsidiaries that was not already subject to such Lien immediately prior to the taking of any such step.

"Permitted Swap Contracts" means Interest Rate Swap Contracts, FX Swap Contracts and Commodity Derivative Agreements in each case entered into in the ordinary course of business and not for speculative purposes.

“Permitted Swap Debt” means Indebtedness incurred under the Permitted Swap Contracts.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Peso” means the lawful currency of Mexico.

“Peso Collection Account” has the meaning set forth in “—Collateral Accounts—Majority Equity Trust Accounts Structure.”

“Peso Loss Proceeds Account” has the meaning set forth in “—Collateral Accounts—Majority Equity Trust Accounts Structure.”

“Peso O&M and Taxes Account” has the meaning set forth in “—Collateral Accounts—Project Level Trust Accounts Structure.”

“Peso Permitted Investment” means any Peso-denominated obligation issued or directly and fully guaranteed or insured by Mexico or any federal agency or instrumentality thereof and maturing not more than one hundred eighty (180) days after the acquisition thereof; provided that the full faith and credit of Mexico is pledged in support thereof; (b) demand deposit accounts with Mexican banks specified in clause (c) of this definition) maintained in the ordinary course of business; and (c) certificates of deposit, bank promissory notes and bankers’ acceptances denominated in Pesos, maturing not more than one hundred eighty (180) days after the acquisition thereof and issued or guaranteed by any one of the five largest banks (based on assets as of the immediately preceding December 31) organized under the laws of Mexico and which are not under intervention or controlled by the *Instituto para la Protección al Ahorro Bancario* or any successor thereto.

“PPA” means each Agreement for Commitment of Electrical Power Generation Capacity and Purchase and Sale of Electrical Power (*Contrato de Compromiso de Capacidad de Generación de Energía Eléctrica y Compraventa de Energía Eléctrica Asociada*), entered into by CFE, as purchaser, and any Joint Obligor or any Guarantor, as generator, respectively.

“Prepayment Account” has the meaning set forth in “—Collateral Accounts—Majority Equity Trust Accounts Structure.”

“Primary Swap Obligations” means any Indebtedness payable by any Person party to any Permitted Swap Contract, including any amounts owed under Section 15 of such Permitted Swap Contract in connection with the occurrence of any “Optional Early Termination Event” or “Mandatory Early Termination Event” under such Permitted Swap Contract or any amounts payable pursuant to any “Confirmation” related to such Permitted Swap Contract (including any Swap Contract Termination Payment), but excluding any amounts owed in respect of (a) ”Indemnifiable Taxes” under such Permitted Swap Contract; (b) expenses under the terms of Section 11 of such Permitted Swap Contract; and (c) other amounts owed in respect of indemnification obligations of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries, as applicable, under any such Permitted Swap Contract (the terms “Optional Early Termination Date”, “Mandatory Early Termination Date”, “Confirmation” and “Indemnifiable Taxes” having the meanings specified in the relevant Permitted Swap Contract).

“projected” means, with respect to any amount or ratio, such amount or ratio calculated by the Company, in good faith, using assumptions that are consistent in all material respects with those used to calculate such amount or ratio on a historical basis in accordance with the Indenture. The term “project” as a verb has a corresponding meaning.

“Project Level Trust” means each Mexican law-governed trust created pursuant to a Project Level Trust Agreement.

“Project Level Trust Account” has the meaning set forth in “—Intercreditor Arrangements— Project Level Trust Accounts Structure.”

"Project Level Trust Agreements" means each of the following agreements:

(a) the irrevocable security trust agreement (*contrato de fideicomiso irrevocable de garantía*) number F/00764, dated November 3, 2010 (as amended, supplemented or otherwise modified from time to time), entered into by and among GDR, as settlor (*fideicomitente*) and second place beneficiary (*fideicomisario en segundo lugar*), Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as onshore collateral agent for the benefit of the Secured Parties, as first place beneficiary (*fideicomisario en primer lugar*), and CIBanco, S.A., Institución de Banca Múltiple, as trustee (*fiduciario*);

(b) the irrevocable security trust agreement (*contrato de fideicomiso irrevocable de garantía*) number F/00765 (as amended, supplemented or otherwise modified from time to time), dated November 3, 2010, entered into by and among EAA, as settlor (*fideicomitente*) and third place beneficiary (*fideicomisario en tercer lugar*), Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as onshore collateral agent (i) on behalf and for the benefit of the secured parties, and (ii) for the benefit of *Comisión Federal de Electricidad*, as second place beneficiary (*fideicomisario en segundo lugar*), as first place beneficiary (*fideicomisario en primer lugar*), and CIBanco, S.A., Institución de Banca Múltiple, as trustee (*fiduciario*);

(c) the irrevocable security trust agreement (*contrato de fideicomiso irrevocable de garantía*) number F/00766, dated November 3, 2010 (as amended, supplemented or otherwise modified from time to time), entered into by and among CSO, as settlor (*fideicomitente*) and third place beneficiary (*fideicomisario en tercer lugar*), Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as onshore collateral agent (i) on behalf and for the benefit of the secured parties, and (ii) for the benefit of *Comisión Federal de Electricidad*, as second place beneficiary (*fideicomisario en segundo lugar*), as first place beneficiary (*fideicomisario en primer lugar*), and CIBanco, S.A., Institución de Banca Múltiple, as trustee (*fiduciario*);

(d) the irrevocable security trust agreement (*contrato de fideicomiso irrevocable de garantía*) number F/00767, dated November 3, 2010 (as amended, supplemented or otherwise modified from time to time), entered into by and among CAC, as settlor (*fideicomitente*) and third place beneficiary (*fideicomisario en tercer lugar*), Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as onshore collateral agent (i) on behalf and for the benefit of the secured parties, and (ii) for the benefit of *Comisión Federal de Electricidad*, as second place beneficiary (*fideicomisario en segundo lugar*), as first place beneficiary (*fideicomisario en primer lugar*), and CIBanco, S.A., Institución de Banca Múltiple, as trustee (*fiduciario*);

(e) the irrevocable security trust agreement (*contrato de fideicomiso irrevocable de garantía*) number F/00768, dated November 3, 2010 (as amended, supplemented or otherwise modified from time to time), entered into by and among CLR, as settlor (*fideicomitente*) and third place beneficiary (*fideicomisario en tercer lugar*), Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as onshore collateral agent (i) on behalf and for the benefit of the secured parties, and (ii) for the benefit of *Comisión Federal de Electricidad*, as second place beneficiary (*fideicomisario en segundo lugar*), as first place beneficiary (*fideicomisario en primer lugar*), and CIBanco, S.A., Institución de Banca Múltiple, as trustee (*fiduciario*); and

(f) the irrevocable security trust agreement (*contrato de fideicomiso irrevocable de garantía*) number F/00769, dated November 3, 2010 (as amended, supplemented or otherwise modified from time to time), entered into by and among CVH, as settlor (*fideicomitente*) and third place beneficiary (*fideicomisario en tercer lugar*), Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, in its capacity as onshore collateral agent (i) on behalf and for the benefit of the secured parties, and (ii) for the benefit of *Comisión Federal de Electricidad*, as second place beneficiary (*fideicomisario en segundo lugar*), as first place beneficiary (*fideicomisario en primer lugar*), and CIBanco, S.A., Institución de Banca Múltiple, as trustee (*fiduciario*).

"Projected Operating Expenses" means 100% of the projected Operating and Maintenance Expenses for the

Co-Issuers, the Joint Obligors and the Restricted Subsidiaries included in the then-applicable Annual Budget.

"Projects" has the meaning given to it in the Intercreditor Agreement.

"Prudent Industry Practices" means those practices, methods, techniques and standards that are generally accepted, as they may change from time to time, for use in the international electric energy industry and commonly used in safe and prudent electric energy engineering and operations to design, engineer, construct, test, operate and maintain equipment similar to the Projects.

"Quarterly Date" means the first day of January, April, July and October of each year.

"Quarterly Period" means the period commencing on any Quarterly Date through (but excluding) the next succeeding Quarterly Date.

"Rating" means the then current credit rating of the Notes by a Rating Agency.

"Rating Agency" means Fitch, S&P, Moody's or any other nationally recognized United States rating agency.

"Rating Date" means in connection with a Change of Control Repurchase Event, the date that is 90 days prior to the earlier of (a) the occurrence of a Change of Control or (b) public notice of the occurrence of a Change of Control or of the intention of the Company or any other Person or Persons to effect a Change of Control.

"Ratings Affirmation" means, in the case of any event or proposed event, an affirmation by each Rating Agency then rating the Notes (unless less than all the Rating Agencies then rating the Notes is specified in the applicable condition), that its Rating of the Notes will not be lower immediately after giving effect to the event or proposed event.

"Ratings Decline" means in connection with a Change of Control Repurchase Event, the occurrence, on or within 90 days after the earlier to occur of public notice of (a) the occurrence of a Change of Control and (b) the intention by the Company or any other Person or Persons to effect a Change of Control (which period will be extended for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change as a result of a Change of Control), of any of the events listed below:

(i) in the event the Notes have an Investment Grade Rating by each Rating Agency on the Rating Date, the rating of the Notes by any Rating Agency will be changed to below an Investment Grade Rating;

(ii) in the event the Notes have an Investment Grade Rating by any, but not all, of the Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency which gave the Notes an Investment Grade Rating on the Rating Date will be changed to below an Investment Grade Rating; or

(iii) in the event the Notes are rated below an Investment Grade Rating by each Rating Agencies on the Rating Date, the rating of the Notes by any such Rating Agency will be decreased by one or more gradations (including gradations within rating categories as well as between rating categories),

provided, *however*, that any such Ratings Decline will not be considered to be attributable to a Change of Control if, before such Ratings Decline, the Company has obtained a Ratings Affirmation stating that such Change of Control will not cause a Ratings Decline.

"Reference Rate" means a fixed interest rate equal to the weighted average of the fixed interest rates applicable to any existing Indebtedness of the Co-Issuers or any Swap Contract in effect on the date of determination.

"Refinancing Debt" means Indebtedness of a Co-Issuer, a Joint Obligor or a Restricted Subsidiary, as applicable, incurred in exchange for or to refinance, in whole or in part, existing Indebtedness of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary, as applicable.

"Regulation S Global Notes" has the meaning set forth in "Book-Entry; Settlement and Clearance" in this Offering Memorandum.

"Replacement Assets" means (1) non-current assets that will be used or useful in a Permitted Business, (2) substantially all the assets of a Permitted Business, or (3) a majority of the Voting Interests of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

"Required Secured Debtholders" has the meaning given to it in the Intercreditor Agreement.

"Responsible Officer" means (a) with respect to any agent, any officer within the corporate trust or agency department of such agent including any vice president, assistant vice president, treasurer, assistant treasurer, trust officer or any other officer of such agent who (i) customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and (ii) shall have direct responsibility for the administration of the Financing Documents to which such agent is a party, and (b) with respect to any other Person, the chief executive officer, the president, chief financial officer, general counsel, treasurer or assistant treasurer of a Person. Any document delivered hereunder that is signed by a Responsible Officer of any Person shall be conclusively presumed to have been authorized by all necessary corporate, trust, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

"Restoration" means with respect to the Projects and/or the Collateral, to rebuild, repair, restore or replace, as applicable.

"Restricted Payment" means:

(a) any dividend or other payment or distribution (whether in cash, securities or other property) with respect to the Equity Interests in any Co-Issuer, the Equity Interests in any Joint Obligor or Equity Interests in any Restricted Subsidiaries of the Company other than any such dividend, payment or distribution made to any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in any Co-Issuer or any Equity Interests in any Joint Obligor held by any Person other than a Restricted Subsidiary or Equity Interests in any Restricted Subsidiaries held by any Person other than any Co-Issuer, any Joint Obligor or any other Restricted Subsidiary or any option, warrant or other right to acquire any Equity Interests in any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries;

(b) any payment in respect of or any purchase, retirement, redemption or other acquisition by any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries of any subordinated Indebtedness or any Indebtedness owed to an Affiliate of any of the Co-Issuers (other than a Joint Obligor or a Restricted Subsidiary) or any Indebtedness or deposit or similar transaction made to secure any loan or other financial obligation of any Affiliate of any of the Co-Issuers (including subordinated Indebtedness) or payment of fees or interest in respect of any of the foregoing;

(c) any loan to any Affiliate of the Co-Issuers other than to any of the Co-Issuers (other than the Company), any of the Joint Obligors or any of the Restricted Subsidiaries if from the Company and to the Company if from any of the Co-Issuers (other than the Company), any of the Joint Obligors or any of the Company's Subsidiaries; or

(d) any payment (whether in cash, securities or other property) by any of the Co-Issuers to any

Affiliate of the Co-Issuers (other than to any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries) or by any of the Company's Subsidiaries to any Affiliate of any such Co-Issuer, any such Joint Obligor or any such Restricted Subsidiary (other than to any of the Co-Issuers, any of the Joint Obligors or any of the Company's other Restricted Subsidiaries), in each case with respect to the development, management or operation of the business of the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries (other than fees, costs, expenses or other amounts required to be paid pursuant to the terms of any contract or agreement entered into by any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries with an Affiliate in accordance with the terms and conditions set forth in "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Transactions with Affiliates").

"Restricted Payment Date" means any date on which any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries declares or makes any Restricted Payment during the Restricted Payment Period.

"Restricted Payment Period" means each thirty (30) day period following each Scheduled Payment Date.

"Restricted Payments Account Instruction" has the meaning set forth in "—Affirmative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Restricted Payments."

"Restricted Subsidiary" mean any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Rule 144A Global Notes" has the meaning set forth in "Book-Entry; Settlement and Clearance" in this Offering Memorandum.

"SAT" means the Mexican Tax Administration Service (*Servicio de Administración Tributaria*).

"S&P" means S&P Global Ratings and any successor to its rating agency business.

"Scheduled Payment Date" means the 15^{th} day of each February and the 15^{th} day of each August, in each case following the Issue Date; *provided* that if any such date is not a Business Day, then such day will not be a payment date and such Scheduled Payment Date will be the next succeeding Business Day, with no additional interest accruing past such date.

"Secured Debt Documents" has the meaning given to it in the Intercreditor Agreement.

"Secured Debtholders" has the meaning given to it in the Intercreditor Agreement.

"Secured Facility Obligations" means all advances to, and debts, liabilities, Obligations, covenants and duties of, the Co-Issuers under the Loan Documents or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Co-Issuers of any Insolvency Proceeding naming the Co-Issuers as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Secured Facility Obligations of the Co-Issuers under the Loan Documents (and, with respect to the Intercreditor Agreement, insofar as they relate to the Facility) include the obligation to pay principal, interest, expenses, fees, attorney costs, consultants costs, indemnities and other amounts payable by the Co-Issuers under any Loan Document.

"Secured Hedge Agreement" has the meaning given to it in the Intercreditor Agreement.

"Secured Hedge Bank" has the meaning given to it in the Intercreditor Agreement.

"Secured Hedge Transaction" has the meaning given to it in the Intercreditor Agreement.

"Secured Indenture Obligations" means all advances to, and debts, liabilities, Obligations, covenants and duties of, the Co-Issuers under the Indenture or otherwise with respect to the Notes, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Co-Issuers thereof of any Insolvency Proceeding naming the Co-Issuers as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the generality of the foregoing, the Secured Indenture Obligations of the Co-Issuers under the Indenture (and, with respect to the Intercreditor Agreement, insofar as they relate to the Indenture) include the obligation to pay principal, interest, expenses, fees, attorney costs, consultants costs, indemnities and other amounts payable by the Co-Issuers under the Indenture.

"Secured Obligations" means (a) the Secured Facility Obligations, (b) the Secured Indenture Obligations, (c) the Additional Debt Obligations, (d) the Obligations of any of the Co-Issuers, any of the Joint Obligors or any of the Restricted Subsidiaries, as applicable, under any Permitted Swap Contracts not otherwise covered in clauses (a) and (c) above, and (e) the obligation of the Co-Issuers to reimburse any amount in respect of any of the foregoing that any Secured Party, in its sole discretion, may elect to pay or advance on behalf of the Co-Issuers as well as any costs and expenses incurred by any Secured Party necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Documents.

"Secured Parties" has the meaning given to it in the Intercreditor Agreement.

"Security and Depositary Agreement" has the meaning given to it in the Intercreditor Agreement.

"Security Documents" means, individually or collectively the Intercreditor Agreement, the Onshore Security Documents and the Offshore Security Documents.

"Series" has the meaning given to it in the Intercreditor Agreement.

"SGX-ST" means the Singapore Exchange Securities Trading Limited.

"Shareholder Loans" means, collectively, (i) the loan in an aggregate principal amount of up to U.S.$20 million under that certain loan agreement dated October 28, 2022, among the Company, as borrower, and Buffalo Holdings, S.a.R.L., as lender, and (ii) the loan in an aggregate principal amount of up to U.S.$100 million under that certain loan agreement dated July 15, 2023, among the Company, as borrower, and Buffalo Holdings, S.a.R.L., as lender.

"Sponsors" means, collectively, Actis LLP, Actis GP LLP and any of their respective Affiliates.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subordinated Debt" means unsecured Indebtedness of the Company (which may not be with any Subsidiary of the Company) on terms and conditions which make the payment of principal and interest available only from funds which are available to be distributed as Restricted Payments when the conditions for the making of Restricted Payments have been satisfied and which debt complies with the Terms of Subordination. No such Indebtedness of the Company shall constitute Subordinated Debt until such time as the relevant subordinated lender shall have executed and delivered a Subordination Agreement.

"Subordination Agreement" means a subordination agreement, entered into between each provider of Subordinated Debt, the Company, the applicable Collateral Agent and the Indenture Trustee in compliance with the Terms of Subordination.

"Subsidiary" means, with respect to any Person:

(1) a corporation a majority of whose Voting Interests is at the time owned or controlled, directly or

indirectly, by such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof; and

(2) any other Person (other than a corporation), including, without limitation, a partnership, limited liability company, business trust or joint venture, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, has at least majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Person performing similar functions).

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options, forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions, or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement, in each case entered into in compliance with the requirements of the Indenture and the Intercreditor Agreement.

"Swap Contract Termination Payment" means the amount of any swap breakage or termination payment due in respect of any Permitted Swap Contract upon termination thereof or partial termination thereof, any "Settlement Amount" in respect of any "Early Termination Date" (as those terms are defined in such Permitted Swap Contract) and any other payment in respect of any termination of such Permitted Swap Contract.

"Swap Counterparty" means (a) with respect to any Interest Rate Swap Contract, any Lender or any Affiliate thereof and (b) with respect to any FX Swap Contract, any Acceptable FX Bank.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Target Note Balance" and "Target Sweep Amount" mean, as of each Scheduled Payment Date set out in the table below, (a) a principal amount of Notes outstanding equal to the amount set forth next to such Scheduled Payment Date in the column labelled "Target Note Balance", and (b) an amount equal to the amount set forth next to such Scheduled Payment Date in the column labelled "Target Sweep Amount," respectively:

Scheduled Payment Date	**Target Sweep Amount (in U.S.$)**	**Target Note Balance (in U.S.$)**
August 15, 2024	—	530,000,000
February 15, 2025...........................	—	530,000,000
August 15, 2025	1,902,104	527,302,896
February 15, 2026...........................	1,097,896	525,410,000
August 15, 2026	3,693,777	520,656,223
February 15, 2027...........................	6,306,223	513,290,000
August 15, 2027	5,265,956	501,458,208
February 15, 2028...........................	6,734,044	484,437,934
August 15, 2028	8,308,142	470,829,792
February 15, 2029...........................	6,691,858	458,837,934

August 15, 2029	7,670,254	448,517,680
February 15, 2030............................	12,329,746	433,537,934
August 15, 2030	9,650,387	401,367,871
February 15, 2031............................	15,349,613	382,267,903
August 15, 2031	—	356,183,859
February 15, 2032............................	—	342,955,583
August 15, 2032	—	299,927,386
February 15, 2033............................	—	284,540,710
August 15, 2033	—	242,213,916
February 15, 2034............................	—	224,737,470
August 15, 2034	—	186,671,309
February 15, 2035............................	—	173,950,318
August 15, 2035	—	143,551,412
February 15, 2036............................	—	127,613,514
August 15, 2036	—	75,562,631
February 15, 2037............................	—	64,529,732
August 15, 2037	—	23,943,753
February 15, 2038............................	—	19,506,581
August 15, 2038	—	2,687,385
February 15, 2039............................	—	—

"Tenedora Recoverable VAT" shall have the meaning ascribed thereto in the EVM II Acquisition Agreement.

"Tenedora Recoverable VAT Account" means a segregated account of Tenedora to be maintained outside of the Majority Equity Trust Agreement.

"Terms of Subordination" mean those terms of subordination contained in Schedule 6.2(b) to the Credit Agreement, *mutatis mutandis*.

"Transfer Period" means any period starting on (and including) a Monthly Transfer Date and ending on (but excluding) the immediately succeeding Monthly Transfer Date.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"Unrestricted Subsidiary" means any Subsidiary of the Company that shall have been designated an Unrestricted Subsidiary by the board of directors of the Company. The board of directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), to be an Unrestricted Subsidiary only if:

(1) such Subsidiary has no Indebtedness other than Non-Recourse Debt;

(2) the aggregate Fair Market Value of all outstanding Investments owned by the Co-Issuers, the Joint Obligors and the Restricted Subsidiaries in the Subsidiary being so designated (including any Guarantee by any Co-Issuer, any Joint Obligor or any Restricted Subsidiary of any Indebtedness of such Subsidiary) will be deemed to be an Investment made as of the time of such designation and that such Investment would be permitted under the covenant described above under the caption "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Investments";

(3) such Subsidiary does not hold any capital stock or Indebtedness of, or own or hold any Lien on any property or assets of, or have any Investment in, any Co-Issuer, any Joint Obligor or any Restricted Subsidiary;

(4) the Subsidiary being so designated:

(a) is not party to any agreement, contract, arrangement or understanding with any Co-Issuer, any Joint Obligor or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement will be permitted under the covenant described above under "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Transactions with Affiliates";

(b) is a Person with respect to which neither any Co-Issuer, any Joint Obligor nor any Restricted Subsidiary has any direct or indirect obligation (i) to subscribe for additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(c) has not Guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of any Co-Issuer, any Joint Obligor or any Restricted Subsidiary, except to the extent such Guarantee or credit support would be released upon such designation; and

(5) no Default or Event of Default would be in existence following such designation.

The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that:

(1) such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if such Indebtedness is permitted under the covenant described under the caption "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Indebtedness;"

(2) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under the covenant described under the caption "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Liens";

(3) all outstanding Investments owned by such Unrestricted Subsidiary will be deemed to be made as of the time of such designation and such designation will only be permitted if such Investments would be permitted under the covenant described above under the caption "—Negative Covenants of the Co-Issuers, the Joint Obligors and Restricted Subsidiaries—Limitation on Investments"; and

(4) no Default or Event of Default would be in existence following such designation.

Any such designation by the board of directors of the Company shall be evidenced to the Indenture Trustee by promptly filing with the Indenture Trustee a copy of the resolution of the board of directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

On the Issue Date, there will be no Unrestricted Subsidiaries.

"US Government Securities" means securities that are direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged.

"Voting Interests" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"Voting Party Percentage" has the meaning given to it in the Intercreditor Agreement.

"Working Capital Loan" has the meaning given to it in the Credit Agreement.

"Year" means, as of any date of determination, the period commencing on such date and ending on the next succeeding December 31 and, thereafter, each period commencing on January 1 in any calendar year and ending on the next succeeding December 31.

BOOK-ENTRY; SETTLEMENT AND CLEARANCE

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes").

The Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "restricted period"), beneficial interests in the Regulation S Global Notes may be transferred to a person that takes delivery through a Rule 144A Global Notes in accordance with the certification requirements described below.

Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time-to-time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters. DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the "participants") and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC or through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional amounts, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Co-Issuers and the Trustee will treat the persons in whose names the notes, including the global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Co-Issuers, the Trustee, the transfer agent, registrar, the paying agent nor any agent of the Co-Issuers, nor the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest) is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC or the Trustee. Neither the Co-Issuer nor the Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the Notes, and the Co-Issuers and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream. DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Co-Issuers nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive Notes in registered certificated form (“certificated notes”) if:

(1) DTC (a) notifies the Co-Issuers that it is unwilling or unable to continue as depositary for the Global Notes and DTC fails to appoint a successor depositary or (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) The Co-Issuers, at their option, notify the Trustee in writing that they have elected to cause the issuance of the certificated notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by applicable law.

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in the Regulation S Global Notes may be exchanged for beneficial interests in the Rule 144A Global Notes only if:

(1) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:

(A) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(B) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Notes may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Notes, whether before or after the expiration of the restricted period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected in DTC by means of an instruction originated by the DTC participant and approved by the Trustee through the DTC Deposit/ Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Notes or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Note for so long as it remains such an interest. Transfers between Regulation S and Rule 144A Notes will need to be done on a delivery free of payment basis and separate arrangements will need to be made outside of DTC for payment.

TAXATION

Certain U.S. Federal Income Tax Considerations

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. The discussion addresses only persons that purchase Notes in the original offering, hold the Notes as capital assets (generally, property held for investment), and, in the case of U.S. Holders (as defined below), use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market, persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction, U.S. expatriates, and accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements) are subject to special tax regimes. Special rules also apply to individuals, certain of which may not be discussed below.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE STATE AND LOCAL LAWS OF THE UNITED STATES, MEXICO AND THE LAWS OF ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means a beneficial owner of a Note that for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- a trust (a) the administration of which is subject to the primary supervision of a U.S. court and for which one or more U.S. persons have the authority to control all of its substantial decisions, or (b) that has validly elected to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of a Note that is not a partnership or a U.S. Holder.

The U.S. federal income tax treatment of partners in a partnership (or any other entity or arrangement treated as a partnership) for U.S. federal income tax purposes that owns Notes may depend on the status of such partners and the status and activities of the partnership. Such persons should consult their own tax advisors about the consequences of an investment in the Notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Co-Issuers may be required to make payments on a Note that would change the yield of the Note. See "Description of the Notes—Repurchase Upon Change of Control Repurchase Event" and "—Optional Redemption with Make-Whole Premium." These obligations may implicate the provisions of Treasury regulations relating to contingent payment debt instruments ("CPDIs"). According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Co-Issuers intend to take the position that the Notes are not CPDIs. The Co-Issuers' positions are binding on a U.S. Holder, unless such U.S. Holder discloses its contrary position in the manner required by applicable Treasury regulations. This determination, however, is not binding on the U.S. Internal Revenue Service (the "IRS") and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on the Notes that such U.S. Holder owns in excess of stated interest, regardless of the U.S. Holder's method of accounting, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of all contingencies. If the Notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to any withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), will generally be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and Additional Amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement and requirement that the withholding tax constitutes a "covered withholding tax" under Treasury regulations), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any Mexico income taxes withheld by the Co-Issuers on interest payments on the Notes. The rules governing the foreign tax credit are complex, and Treasury regulations have imposed additional requirements that must be met for a foreign tax to be creditable, including requirements that the withholding tax constitutes a "covered withholding tax" imposed on nonresidents in lieu of a generally applicable tax that satisfies the regulatory definition of an "income tax," which may be unclear or difficult to determine (although a recent IRS notice provides temporary relief from certain of these requirements through 2023 if the notice is applied consistently to all foreign taxes paid during the relevant taxable year). Alternatively, a U.S. Holder may be able to take a deduction for Mexican income tax if it does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued during the taxable year, provided that such foreign tax is a "covered withholding tax" and the U.S. Holder has elected to deduct all foreign income taxes paid or accrued for the relevant taxable year. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition of the Notes

Upon the sale, exchange or other taxable disposition (including redemption) of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid interest, which will be taxable as interest to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the amount that the U.S. Holder paid for the Note.

Any such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Any gain or loss realized on the sale, exchange or other taxable disposition of a Note generally will be treated as U.S. source gain or loss, as the case may be. Under the Treasury regulations mentioned above, Mexican withholding tax imposed on such U.S. source gain may not constitute a creditable tax. Moreover, in the case of a gain from the disposition of a Note that is subject to Mexican income tax, even if the tax is a creditable tax, the U.S. Holder may not be able to benefit from the foreign tax credit for that Mexican income tax (i.e., because the gain from the disposition would be U.S. source), unless the U.S. Holder has sufficient other income from foreign sources in the relevant foreign tax credit basket. Alternatively, the U.S. Holder may take a deduction for the Mexican income tax if it does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued during the taxable year. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors.

Non-U.S. Holders

Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on interest and Additional Amounts on, or gain with respect to, the Notes. A Non-U.S. Holder also generally will not be subject to U.S. federal income tax on a net basis with respect to interest and Additional Amounts received in respect of the Notes or gain realized on the sale, exchange or other taxable disposition (including redemption) of the Notes, unless that interest or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or, in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, Notes (including Additional Amounts), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of Notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding (currently at a rate of 24%) may be required on reportable payments if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and backup withholding requirements. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding with respect to payments of principal of, and interest on, Notes (including Additional Amounts), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of Notes within the United States, or by a U.S. payor or U.S. middleman.

Backup withholding is not an additional tax. A beneficial owner of Notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of the Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

Certain Mexican Tax Considerations

Certain Mexican Income Tax Consequences

The following summary contains a description of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of Notes by a Non-Mexican Holder (as defined below). This summary does not purport to be a comprehensive description or an opinion of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of the Notes. In addition, it does not describe any tax consequences (1) arising under any laws other than the federal tax laws of Mexico (including the laws of any state or municipality within Mexico that are not discussed in this summary) or under any treaty for the avoidance of double taxation entered into by Mexico, or (2) that are applicable to a resident of Mexico for tax purposes. This summary is based on the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), its regulations, and the administrative general rules contained in the Administrative Tax Regulations for 2023 (*Resolución Miscelánea Fiscal para 2023*) in effect on the date of this

Offering Memorandum, which is subject to change, possibly with retroactive effect, or to new or different interpretations, which could affect the continued validity of this general summary.

Potential investors should consult with their own tax advisors regarding the particular consequences of the purchase, ownership or disposition of the Notes under the federal laws of Mexico (and the laws of any state or municipality of Mexico) or any other jurisdiction or under any applicable double taxation treaty to which Mexico is a party.

A "Non-Mexican Holder" is a holder of the Notes who is not a resident of Mexico for tax purposes and that does not hold the Notes through a permanent establishment for tax purposes in Mexico to which income in respect of the Notes is attributable. Tax residency is a highly technical definition that involves the application of a number of factors that are specified in the Federal Tax Code. Under the Federal Tax Code, an individual is a resident of Mexico for tax purposes if the individual has established his or her home in Mexico. In the event the individual also has a home in another jurisdiction different from Mexico, the individual will be deemed a resident of Mexico for tax purposes when his or her "center of vital interests" is in Mexico. A "center of vital interests" is deemed to exist in Mexico if, among other considerations: (1) more than 50% of an individual's total income, in any calendar year, qualifies as Mexican source income, or (2) when an individual's principal center of professional activities is located in Mexico. Mexican residents for tax purposes who file a change of tax residence to a country or jurisdiction that does not have a comprehensive tax information exchange agreement and a tax treaty that provides for the assistance in to facilitate cooperation in the assessment and collection of taxes with Mexico and in which his/her income is subject to a preferred tax regime pursuant to the provisions of the Mexican Income Tax Law, will be considered Mexican residents for tax purposes during the year of filing of notice of residence change and during the following five fiscal years. Mexican nationals are deemed Mexican residents for tax purposes, unless such nationals can demonstrate otherwise. A legal entity (including foreign legal arrangements treated as legal entities for Mexican tax purposes) is a resident of Mexico for tax purposes if the main administration of its business or the place of effective management is in Mexico.

If a legal entity or an individual is deemed a resident of Mexico for tax purposes or is a Non-Mexican resident with a permanent establishment in Mexico for Mexican tax purposes, any and all income earned by such Mexican resident or any income attributable to that permanent establishment of such Non-Mexican resident, as the case may be, will be subject to Mexican income taxes, in accordance with applicable tax laws.

Furthermore, according to the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), non-residents without a permanent establishment in Mexico (or whose income is not attributable to a permanent establishment) should be subject to income tax in Mexico only on their Mexican sourced income. Interest payments shall be deemed sourced in Mexico when the capital is placed or invested in Mexico, and/or when interest payments are made by a resident of Mexico for tax purposes or by a non-resident with a permanent establishment in Mexico.

Accordingly, interest paid by residents of Mexico for tax purposes to non-residents will generally be subject to an income tax withholding, at rates that vary depending on the nature of the payor, the beneficial owner of the interest and/or the characteristics of the transactions that give rise to the interest. The applicable withholding tax rates contemplated under the Mexican Income Tax Law range from 4.9% to 40% (applicable in specific cases to entities who are residents in preferential tax regimes).

Taxation of Payments of Interest

Under the Mexican Income Tax Law, payments of interest we make in respect of the Notes (including original issue discount and premiums, if any, which, under Mexican Income Tax Law, are deemed to be interest) to a Non-Mexican Holder will be generally subject to a Mexican withholding tax assessed at a rate of 4.9% if, as expected, the following requirements are met:

- the Notes are placed outside Mexico through banks or brokerage-dealers in a country with which Mexico has entered into a tax treaty for the avoidance of double taxation, which is in effect (which currently includes the United States);

- we submit notice of the offering of the Notes and its main characteristics to the CNBV in accordance with Article 7, second paragraph of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and Articles 24 Bis, 24 Bis 1 and other applicable provisions of the General Regulations Applicable to Co-Issuers and Other Market Participants (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y a Otros Participantes del Mercado de Valores*); and

- the information requirements specified from time-to-time by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) under its general rules are duly and timely satisfied including, after completion of the transaction described in this Offering Memorandum, the filing before the Mexican Tax Administration Service of certain information related to the issuance of the Notes and this Offering Memorandum.

If any of the above-mentioned requirements are not met, the applicable withholding tax rate to interest payments under the Notes made to Non-Mexican Holders will be 10% or higher.

If the beneficial owners, whether directly or indirectly, individually, severally or jointly with related parties, that receive more than 5% of the aggregate amount of each interest payment under the Notes (i) are persons who own, directly or indirectly, individually or with related parties, more than 10% of our voting stock or (ii) are corporations or other entities, of which more than 20% of the voting stock of which is owned, directly or indirectly, jointly or severally by us or by persons related to us, then the Mexican withholding tax rate applicable to payments of interest under our Notes may increase substantially to the maximum applicable rate under the Mexican Income Tax Law (which is currently 35%). For these purposes, persons will be related if:

- one person holds an interest in the business of the other person;

- both persons have common interests; or

- a third party has an interest in the business or assets of both persons.

Payments of interest we make in respect of the Notes to a non-Mexican pension or retirement fund will be generally exempt from Mexican withholding taxes, provided that:

- the fund is the beneficial owner of such interest payment;

- the fund is duly established pursuant to the laws of its country of establishment; and

- the fund is exempt from taxation in such country of residence.

Holders or beneficial owners of the Notes may be requested, subject to specified exemptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate on interest payments that we make to such holders or beneficial owners. Additionally, the Mexican Income Tax Law provides that, in order for a non-resident holder to be entitled to the benefits under the treaties for the avoidance of double taxation entered into by to which Mexico is a party, it is necessary for the non-resident holder to meet the procedural requirements established in such law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely or completely provided, we may withhold Mexican tax from that interest payment on the Notes to that holder or beneficial owner at the maximum applicable rate, and our obligation to pay Additional Amounts relating to those withholding taxes would be limited as described under "Description of the Notes—Additional Amounts."

Taxation on Principal

Under the Mexican Income Tax Law, payments of principal we make to a Non-Mexican Holder of the Notes will not be subject to any Mexican withholding (except to the extent such payments of principal are in excess of the issue price of the notes, which are deemed to be interest under the Mexican Income Tax Law).

Taxation of Dispositions and Acquisitions of the Notes

As a general rule, under the Mexican Income Tax Law, gains resulting from the sale or disposition of the notes by a Non-Mexican Holder to another Non-Mexican Holder are not subject to income or other tax in Mexico, if certain specific requirements are met. Gains resulting from the sale or other disposition of the Notes by a Non-Mexican Holder to a Mexican resident for tax purposes or to a Non-Mexican Holder deemed to have a permanent establishment in Mexico for tax purposes, will be subject to the Mexican withholding taxes or other taxes pursuant to the rules described above in respect of interest payments, unless an applicable income tax treaty provides otherwise. The acquisition of the Notes at a discount by a Non-Mexican Holder will be deemed interest income, and subject to Mexican withholding taxes if the seller is a Mexican resident or a foreign non-resident deemed to have a permanent establishment in Mexico.

Taxation of Make-Whole Amount

Under the Mexican Income Tax Law, the payment of the make-whole amounts as a result of the optional redemption of the Notes, as provided in "Description of the Notes—Open Market Redemption with Make-Whole Premium" will be subject to the Mexican taxes as described above with respect to interest payments.

Other Mexican Taxes

Under current Mexican tax laws, there are no Mexican estate, gift, inheritance, succession or similar taxes generally applicable with respect to the acquisition, ownership or disposition of the Notes by a Non-Mexican Holder, nor any Mexican stamp, issue, registration or similar taxes. Gratuitous transfers of the Notes in certain circumstances may result in the imposition of Mexican income taxes upon the recipient.

Foreign Tax Credit

Any Mexican withholding tax paid under the terms described herein may be subject to foreign tax credits or exemptions under the tax laws applicable on the country of residence of the relevant Non-Mexican Holder. Non-Mexican Holders should consult their tax advisors regarding any double taxation relief available to them under the tax laws of their countries of residence.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement among us and the Initial Purchasers, we have agreed to sell to the Initial Purchasers, and each initial purchaser has severally, and not jointly, agreed to purchase, the principal amount of Notes set forth opposite its name below.

Initial Purchaser	Principal Amount of Notes
BNP Paribas Securities Corp.	U.S.$176,820,000
Citigroup Global Markets Inc.	U.S.$77,112,000
J.P. Morgan Securities LLC	U.S.$176,820,000
Morgan Stanley & Co. LLC	U.S.$83,633,000
SG Americas Securities, LLC	U.S.$15,615,000
Total	U.S.$530,000,000

The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase Notes from us, are several and not joint. The purchase agreement provides that the Initial Purchasers will purchase all the Notes if any of them are purchased.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

We will indemnify the Initial Purchasers and their controlling persons against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

No Sales of Similar Securities

In the purchase agreement, the Co-Issuers, the Joint Obligors and the Guarantors have agreed to not offer, sell, contract to sell or otherwise dispose of any debt securities (other than the Notes) issued or guaranteed by the Co-Issuers or any of the Joint Obligors and the Guarantors and having a tenor of more than one year for a period of 60 days after the date of this Offering Memorandum without the prior consent of the Initial Purchasers.

Notes Are Not Being Registered

The Notes have not been registered under the Securities Act or the securities laws of any other place. In the purchase agreement, each initial purchaser has agreed that:

- The Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements.

- During the initial distribution of the Notes, it will offer or sell Notes only to qualified institutional buyers in compliance with Rule 144A and outside the United States in compliance with Regulation S.

In addition, until 40 days following the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

New Issue of Notes

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions." Application will be made for the listing of and quotation for the Notes on the SGX-ST, in accordance with its rules and regulations. The Initial Purchasers have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time, or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

We expect that delivery of the Notes will be made to investors on or about January 22, 2024, which will be the fourth business day following the date of this Offering Memorandum (such settlement being referred to as "T+4"). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T+4, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

Price Stabilization and Short Positions

In connection with the offering of the Notes, the Initial Purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Other Relationships

Certain of the Initial Purchasers have performed, or may in the future perform, commercial banking, investment banking and advisory services for us and our affiliates from time-to-time for which they have received, or may in the future receive, customary fees and commissions and reimbursement of expenses.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the Initial Purchasers or their affiliates has a lending relationship with us, certain of those Initial Purchasers or their affiliates routinely hedge, and certain other of those Initial Purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain Initial Purchasers and/or their affiliates are lenders under the MT Falcon Acquisition Debt Facility and the EVM Acquisition Debt Facility, and therefore may receive a portion of the net proceeds from this offering. See "Use of Proceeds." As of the date of this Offering Memorandum, the following institutions, including certain affiliates of the Initial Purchasers are parties to our Amended Restated Credit Agreement as lenders: Citibank, N.A., BNP Paribas, JPMorgan Chase Bank, N.A., Morgan Stanley Bank, N.A. and SG Americas Securities, LLC. Such lenders will receive proceeds from this offering that will be used to repay the outstanding principal amount and accrued interest of the loans thereunder. See "Description of Principal Finance Agreements."

Sales Outside the United States

Neither we nor the Initial Purchasers are making an offer to sell, or seeking offers to buy, the Notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this Offering Memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the Initial Purchasers will have any responsibility therefor.

Argentina

The Notes have not been registered with the *Comisión Nacional de Valores* and may not be offered publicly in Argentina. The Notes may not be publicly distributed in Argentina. Neither we nor the Initial Purchasers will solicit the public in Argentina in connection with this Offering Memorandum.

Brazil

The Notes have not been and will not be issued nor publicly placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the Notes has not been nor will be registered with the Securities Commission of Brazil (*Comissão de Valores Mobiliários,* or "CVM"). Any public offering or distribution, as defined under Brazilian laws and regulations, of the Notes in Brazil is not legal without prior registration under Law No. 6,385/ of December 7, 1976, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Therefore, each of the Initial Purchasers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian laws and regulations. Persons wishing to offer or acquire the Notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws in Canada.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding initial purchaser conflicts of interest in connection with this offering.

Canadian purchasers of the Notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Notes in their particular circumstances and about the eligibility of the Notes for investment by the purchaser under relevant Canadian legislation.

Chile

The Notes being offered will not be registered under the Chilean Securities Market Law (*Ley de Mercado de Valores*) in the Chilean Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by the Chilean Financial Market Commission ("CMF") and, therefore, the Notes are not subject to the oversight of the CMF. As unregistered securities in Chile, we are not required to disclose public information about the Notes in Chile. Accordingly, the Notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Chilean Securities Registry. The Notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with Rule No. 336 of the CMF. Pursuant to the Chilean Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law and, as such, subject to registration in Chile. However, pursuant to the Chilean Securities Market Law and Rule 336 of the CMF, the Notes may be privately offered in Chile to certain "qualified investors" identified as such by Rule 336 (which in turn are further described in Rule No. 216, dated June 12, 2008, issued by the CMF as amended).

Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer of the Notes in Chile: January 9, 2024.

2. The offer of the Notes is subject to Rule 336.

3. The offering of the Notes is not registered with the Securities Registry (*Registro de Valores*) of the CMF nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the CMF and as such:

    a. The Notes are not subject to the oversight of the CMF; and

    b. The Co-Issuers of the Notes are not subject to the obligation to make publicly available information about the Notes in Chile.

4. The Notes may not be subject to public offering in Chile unless and until they are registered with the relevant Securities Registry of the CMF.

Los Valores se ofrecen privadamente en Chile de conformidad con las disposiciones de la Ley N° 18.045 de Mercado de Valores, y la Norma de Carácter General N° 336 de 27 de junio de 2012 ("NCG 336") emitida por la Comisión para el Mercado Financiero ("CMF").

En cumplimiento de la NCG 336, la siguiente información se proporciona a los potenciales inversionistas residentes en Chile.

1. La oferta de estos valores en Chile comienza el día 9 de enero 2024.

2. La oferta se encuentra acogida a la NCG 336.

3. La oferta versa sobre valores que no se encuentran inscritos en el Registro de Valores ni en el Registro de Valores Extranjeros que lleva la CMF, por lo que:

    a. Los valores no están sujetos a la fiscalización de la CMF; y

    b. El emisor de los valores no está sujeto a la obligación de entregar información pública sobre los valores ofrecidos.

4. *Los valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.*

Colombia

The Notes will not be authorized by the Colombian Superintendency of Finance (*Superintendencia Financiera de Colombia*) and will not be registered under the Colombian National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*), and, accordingly, the Notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law.

Dubai

In the Dubai International Financial Center (the "DIFC"), the Notes have not been and are not being, publicly offered, sold, promoted or advertised other than in compliance with the laws of the DIFC and applicable rules of the Dubai Financial Services Authority (the "DFSA"). No offer of the Notes shall be made to any person in or from the DIFC unless such offer is

1) an "Exempt Offer" for the purposes of the Markets Rules ("MKT") module of the DFSA Rulebook; and

2) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business module of the DFSA Rulebook.

This document has not been and will not be filed with the DFSA or with any other authority in the DIFC and no such authority assumes any liability for its contents.

European Economic Area

Each person in a member state of the EEA (a "Member State") of the EEA who receives any communication in respect of, or who acquires any Notes under, the offers to the public contemplated in this Offering Memorandum will be deemed to have represented, warranted and agreed to and with the Initial Purchasers and the Co-Issuers that: (a) it is a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Regulation (Regulation (EU) 2017/1129, as amended) (the "Prospectus Regulation"); (b) it is not a "retail investor" as defined below; and (c) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Regulation, (i) the Notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Initial Purchasers has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Regulation as having been made to such persons.

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA.

For the purposes of this provision:

(i) the expression "retail investor" means a person who is one (or more) of the following:

   a. a retail client as defined in point (11) of Article 4(1) of MiFID II;

   b. a customer within the meaning of Directive (EU) 2016/97 /EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   c. not a qualified investor as defined in the Prospectus Regulation.

(ii) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each person in the United Kingdom who receives any communication in respect of, or who acquires any Notes under, the offers to the public contemplated in this Offering Memorandum will be deemed to have represented, warranted and agreed to and with the Initial Purchasers and the Co-Issuers that: (a) it is a qualified investor within the meaning of the law in the United Kingdom implementing Article 2(1)(e) of the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (b) it is not a "retail investor" as defined below; and (c) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA, (i) the Notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the United Kingdom other than qualified investors, as that term is defined in the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA, or in circumstances in which the prior consent of the Initial Purchasers has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in the United Kingdom other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA as having been made to such persons.

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom.

For the purposes of this provision:

(i) the expression "retail investor" means a person who is one (or more) of the following:

a. a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;

b. a customer within the meaning of the Financial Services and Markets Act 2000 ("FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

c. not a qualified investor as defined in the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

(ii) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

This Offering Memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Each Initial Purchaser has represented and warranted that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Hong Kong

This Offering Memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The Notes may not be offered or sold by means of any document other than (a) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, or (b) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (c) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Notes may be issued, or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Italy

As long as the relevant offering of the Notes has not been cleared by the Commissione Nazionale per le Società e la Borsa ("CONSOB") (the Italian securities exchange commission) pursuant to Italian securities legislation and will not be subject to formal review or clearance by CONSOB, no Notes may be offered, sold or delivered, nor may copies of the Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy either on the primary or on the secondary market, except:

(i) pursuant to the Prospectus Regulation, to qualified investors (*investitori qualificati*), as defined under Article 35, paragraph 1, letter d) of CONSOB regulation No. 20307 of February 15, 2018, as amended ("Regulation No. 20307"), pursuant to Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("Regulation No. 11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 paragraph 4 of the Prospectus Regulation and Article 100 of Legislative Decree of February 24, 1998, No. 58, as amended (the "Consolidated Financial Act") and their implementing CONSOB regulations including Regulation No. 11971.

In any event, any offer, sale or delivery of the Notes or distribution of copies of the Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under paragraphs (i) or (ii) above and must:

(i) be made by *soggetti abilitati* (including investment firms, banks or financial intermediaries as defined by Article 1, first paragraph, letter r, of the Consolidated Financial Act, to the extent duly authorized to engage in the placement and/ or underwriting and/or purchase of financial instruments the Republic of Italy in accordance with the Consolidated Financial Act, Regulation No. 20307 and Legislative Decree No. 385 of September 1, 1993 (the

"Italian Banking Act")) and any other applicable laws or regulations (in each case, as amended from time-to-time);

(ii) be in compliance with the reporting requirements, where applicable, pursuant to Article 129 of the Consolidated Banking Act and the implementing guidelines of the Bank of Italy, as amended from time-to-time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and

(iii) in compliance with Italian securities, tax, exchange control and any other applicable laws and regulations or requirements imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "FIEL") and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Luxembourg

The Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and, neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except for the sole purpose of the admission to trading and listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public.

Mexico

The information contained in this Offering Memorandum is exclusively our responsibility and has not been reviewed or authorized by the CNBV. This Offering Memorandum may not be publicly distributed in Mexico. The Notes have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and therefore, may not be offered or publicly sold in Mexico. However, the Notes may be offered to investors domiciled in Mexico that qualify as institutional or qualified investors under Mexican law, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and regulations thereunder. The Co-Issuers will notify the CNBV of the terms and conditions of this offering of the Notes outside of Mexico. Such notice will be submitted to the CNBV to comply with the Mexican Securities Market Law and for statistical and informational purposes only. The delivery to, and receipt by, the CNBV of such notice does not and will not constitute or imply a certification as to the investment quality of the Notes, the Co-Issuers' solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this Offering Memorandum and does not ratify or validate any actions or omissions, if any, in contravention of applicable law. The acquisition of the Notes by an investor who is a resident of Mexico will be made under such investor's own responsibility.

Peru

The Notes and the information contained in this Offering Memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the issuer or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this Offering Memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*, or "SMV") nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time-to-time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA).

Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

TRANSFER RESTRICTIONS

General

The Notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and the Notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the Notes are being offered and sold only:

- to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of Notes (other than the Initial Purchasers in connection with the initial issuance and sale of Notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;

(2) it acknowledges that the Notes have not been registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) it understands and agrees that Notes initially offered to qualified institutional buyers will be represented by a Global Note and that Notes offered outside the United States pursuant to Regulation S will also be represented by a Global Note;

(4) it will not resell or otherwise transfer any of such Notes except (a) to us or any of our subsidiaries, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act (if available) or I pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States and other jurisdictions;

(5) it agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes;

(6) it acknowledges that prior to any proposed transfer of Notes (other than pursuant to an effective registration statement) the holder of such Notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture, including with respect to Notes sold or transferred pursuant to Rule 144A or Regulation S;

(7) it acknowledges that the trustee, registrar or transfer agent for the Notes may not be required to accept for registration or transfer of any Notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with;

(8) it acknowledges that we, the Initial Purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of

the acknowledgements, representations and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify us and the Initial Purchasers; and

(9) if it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Legends

The following is the form of restrictive legend which will appear on the face of the Restricted Global Note and which will be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed with the Co-Issuers' consent. If we so consent, it will be deemed to be removed.

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE CO-ISSUERS THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A)(I) TO THE CO-ISSUERS OR ANY OF THEIR RESPECITVE SUBSIDIARIES, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE CNBV AND, THEREFORE, THE NOTES MAY NOT BE PUBLICLY OFFERED OR SOLD IN MEXICO. HOWEVER, THE NOTES EVIDENCED HEREBY MAY BE OFFERED IN MEXICO TO INVESTORS DOMICILED IN MEXICO THAT QUALIFY AS INSTITUTIONAL OR QUALIFIED INVESTORS UNDER MEXICAN LAW PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*).

THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE CO-ISSUERS.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (2)(A)(V) ABOVE, THE CO-ISSUERS RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The following is the form of restrictive legend which will appear on the face of the Regulation S Global Note and which will be used to notify transferees of the foregoing restrictions on transfer:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON, EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE. THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S.

LISTING AND GENERAL INFORMATION

Clearing Systems

An application has been made to have the Notes accepted for clearance through Euroclear and Clearstream. In addition, the Notes have been accepted for clearance through DTC. The CUSIP and ISIN numbers for the Regulation S Notes are P1915AAA0 and USP1915AAA09, respectively. The CUSIP and ISIN numbers for the Rule 144A Notes are 11952AAA0 and US11952AAA07, respectively.

Listing

Application will be made for the listing of and quotation for the Notes on the SGX-ST. The SGX-ST takes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Offering Memorandum. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require. The application to the SGX-ST is not to be taken as an indication of the merits of the Co-Issuers or the Notes. There is currently no public market for the Notes.

For so long as the Notes are listed on the SGX-ST and are admitted to trading on the SGX-ST and the rules and regulations of the SGX-ST so require, copies of the following documents may be inspected and obtained free of charge at the specified office of each of the Co-Issuers and the Listing Agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- copies of the Company's by-laws;
- the Indenture, as may be amended or supplemented from time-to-time; and
- the Company's published annual audited consolidated financial statements and any published interim unaudited consolidated financial statements.

The Company does not publish non-consolidated financial statements. To the best of the Co-Issuers' knowledge, the accountant's report included herein, respectively, have been accurately reproduced. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered Notes, the Co-Issuers will appoint and maintain a paying agent in Singapore, where the certificates in definitive form in respect of Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered Notes, an announcement of such exchange shall be made by or on behalf of the Co-Issuers through the SGX-ST and such announcement will include all material information with respect to the delivery of the certificates in definitive form, including details of the paying agent in Singapore.

The Notes have not been and will not be listed in the BMV or registered with the National Securities Registry and therefore the Notes may not be offered or sold publicly, or otherwise be the subject of brokerage activities in Mexico, except pursuant to a private placement exemption set forth under Article 8 of the Mexican Securities Market Law.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of each series of Notes.

No Material Adverse Change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in our and the Company's financial position and/or prospects since December 31, 2022 or September 30, 2023, respectively, which are the dates of their latest financial statements included in this Offering Memorandum.

Litigation

Except as disclosed in this Offering Memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration threatened. See "Business Overview—Legal, Administrative and Arbitration Proceedings."

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Milbank LLP, New York, New York, as to matters of U.S. federal and New York State law, and by Mijares, Angoitia, Cortés y Fuente, S.C., as to matters of Mexican law. Certain legal matters will be passed upon for the Initial Purchasers by Clifford Chance US LLP, as to matters of U.S. federal and New York State law, and by Creel, García-Cuéllar, Aiza and Enríquez, S.C., as to matters of Mexican law. Milbank LLP and Clifford Chance US LLP will rely, as to all matters of Mexican law, on the opinion of Mijares, Angoitia, Cortés y Fuente, S.C., our Mexican counsel, and Creel, García-Cuéllar, Aiza and Enríquez, S.C., Mexican counsel to the Initial Purchasers.

INDEPENDENT AUDITORS

The BEMH Audited Consolidated Financial Statements of Buffalo Energy Mexico Holdings, S.A. de C.V., as of, and for the years ended, December 31, 2022, included in this Offering Memorandum, have been audited by Deloitte, independent auditors, as stated in their report appearing herein.

The MT Falcon Audited Consolidated Financial Statements of MT Falcon Holdings Company, S.A. de C.V., as of, and for the years ended, December 31, 2022 and 2021, included in this Offering Memorandum, have been audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., member of Deloitte Touche Tohmatsu Limited ("Deloitte"), independent auditors, as stated in their report appearing herein.

The combined financial statements of EVM Tenedora, S. A. P. I. de C. V. and subsidiary and EVM Energía del Valle de México, S. A. P. I. de C. V. as of December 31, 2022, 2021 and January 1, 2021 and for the two years then ended December 31, 2022, included herein, have been audited by KPMG Cárdenas Dosal, S.C., independent auditors, as stated in their report appearing herein. The audit report covering the December 31, 2022, 2021 and January 1, 2022 combined financial statements contains emphasis of matter paragraphs that state: (a) on July 13, 2023, Buffalo Energy Infrastructure, S. A. de C. V. acquired all of the issued share capital of EVM Energía del Valle de México, S. A de C. V. and EVM Tenedora, S. A. P. I. de C.V. and its consolidated subsidiary, EVM Energía del Valle de Mexico Generador, S.A.P.I. de C.V. and (b) total net sales in both 2022 and 2021 were made to two main clients and total gas purchases in both 2022 and 2021 were made from one main supplier.

INDEPENDENT ENERGY MARKET EXPERT

The Independent Energy Market Expert's Report included as Annex A to this Offering Memorandum has been prepared by AFRY and is included herein based upon the experience of such firm as an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. AFRY's business address is 295 Madison Avenue, Suite 300, New York, NY 10017.

The Independent Energy Market Expert's Report summarizes AFRY's analysis, provides an overview of the Mexican energy market, describes the underlying base case market assumptions and modeling methodology and discusses the projections of the Mexican wholesale power market, retail price projections, commodity price projections and supply and demand projections for the Mexican wholesale power market from 2023 through 2050.

AFRY is an independent consultant with respect to the Company, and their respective affiliates and does not own any interest in the assets covered by the Independent Energy Market Expert's Report.

INDEPENDENT ENGINEER

The Independent Engineer's Report included as Annex B to this Offering Memorandum has been prepared by Hatch Ltd. and is included herein based upon the experience of such firm as an independent international consulting firm that provides technical consulting services to the energy industry. The Independent Engineer's business address is 3611 Queen Palm Dr. Suite 100, Tampa, Florida 33619.

The Independent Engineer's Report should be read in its entirety by all prospective investors for information contained therein with respect to us and the related matters discussed therein and any references to or summary of any such report herein is qualified by reference to such report.

The Independent Engineer is an independent consultant with respect to the Company's, and their respective affiliates and does not own any interest in the assets covered by the Independent Engineer's Report.

The prospective Financial Model included in "Annex B – Independent Engineer's Report" to this Offering Memorandum was not prepared with a view towards compliance with any published guidelines of the SEC, nor the guidelines established by the American Institute of Certified Public Accountants or the Mexican Institute of Public Accountants (*Instituto Mexicano de Contadores Públicos, A.C.*), for preparation and presentation of prospective financial information. The Independent Auditor has not examined, compiled or performed any procedures with respect to the Financial Model contained therein and, accordingly, the Independent Auditors do not express an opinion or any other form of assurance on such information or its achievability. The Independent Auditors do not assume any responsibility for, and deny any association with, the prospective financial information. The Independent Auditors' reports included in this Offering Memorandum refer exclusively to our historical financial information. The Independent Auditors' reports do not cover any other information in this Offering Memorandum and should not be read to do so. See "Risk Factors—Risks Relating to Our Business and Industry—Our future financial results may differ from the Financial Model contained in the Independent Engineer's Report prepared by the Independent Engineer and other estimates contained in this Offering Memorandum" and "Annex B – Independent Engineer's Report."

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a company organized and existing under the laws of Mexico. Most of our directors, officers, principal shareholders, certain directors and officers of certain of our subsidiaries, and certain experts named in this Offering Memorandum, reside outside the United States. A significant portion of our assets and the assets of certain of our subsidiaries are located, and a majority of our revenues and the revenues of certain of our subsidiaries are derived from, sources outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or in any other jurisdiction outside of Mexico upon such persons, or us, or to enforce against them, or us, in courts of any jurisdiction outside of Mexico judgments predicated upon the laws of any such jurisdiction, including any judgment predicated upon the civil liability provisions of United States federal and state securities laws, or other laws of the United States.

Personal service of process is considered to be a basic procedural requirement and a fundamental right under Mexican law. If for purposes of proceedings outside Mexico service of process is made by mail or other method that is not personal, such service of process does not constitute personal service under Mexican law. The courts of Mexico would not enforce a final judgment based on such a service of process.

We have been advised by our Mexican counsel, Mijares, Angoitia, Cortés y Fuente, S.C., that no treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements are met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy, provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to (i) whether a court in Mexico would accept jurisdiction and impose civil liabilities if proceedings were commenced in such court predicated solely upon U.S. federal and state securities laws and (ii) as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal and state securities laws. It may be difficult to enforce civil liabilities against us. See "Risk Factors—Risks Related to the Notes, the Collateral, Our Indebtedness and Our Corporate and Financing Structure—You may not be able to obtain judgments in civil proceedings based on U.S. securities law violations." We have appointed Cogency Global Inc., located at 122 E. 42nd Street, 18th Floor, New York, New York 10168, as our authorized agent upon which process may be served in any action which may be instituted in any United States federal or state court having subject-matter jurisdiction in the Borough of Manhattan in The City of New York arising out of or based upon the Notes or the Indenture governing the Notes.

Although our obligations to pay U.S. dollars outside Mexico are valid, under Article 8 of the Mexican Monetary Law (*Ley Monetaria de los Estados Unidos Mexicanos*), if proceedings are brought in Mexico seeking performance in Mexico of our obligations or the obligations of the Guarantors under the Notes, we would not (and the Guarantors would not) be required to discharge such obligations in Mexico in a currency other than pesos and any difference resulting from the conversion of such pesos into U.S. dollars may not be enforceable against us. Pursuant to the aforementioned Article 8 of the Mexican Monetary Law, an obligation that is payable in Mexico in a currency other than pesos may be satisfied in pesos at the rate of exchange in effect in Mexico on the date when payment is made. Such rate currently is determined by the Central Bank of Mexico every business banking day in Mexico and published the following business banking day in the Official Gazette of Mexico (*Diario Oficial de la Federación*). It is unclear, however, whether the applicable rate of exchange applied by the Mexican court to determine the Mexican judgment currency is the rate prevailing at the time when the judgement is rendered or when the judgment is paid. Provisions that purport to limit our ability to discharge our obligations or the obligations of the Guarantors, as described above, or to give any party an additional course of action seeking indemnity or compensation for possible deficiencies arising or resulting from variations in rates of exchange, may not be enforceable in Mexico.

Under the Mexican Bankruptcy Law (*Ley de Concursos Mercantiles*), if the Co-Issuers were to become subject to insolvency proceedings (*concurso mercantil*) in Mexico, (i) the Co-Issuer's unsecured obligations (or the unsecured portion of secured obligations) would (a) be converted into *Unidades de Inversión* (which are inflation-indexed units of account), and (b) cease accruing interest; (ii) the Indenture trustee, on behalf of all holders of the Notes, or each holder of the Notes independently, may file proofs of claims with the court-appointed conciliator; (iii) unsecured claims may be subject to the terms of a restructuring plan approved by a qualified majority; and (iv) in case of liquidation (*quiebra*), (a) secured claims rank below privileged employment claims, administrative claims and "debtor in possession" financing, and (b) unsecured claims, rank below secured, regular labor and employment, consumer, tax and other priority claims. Additionally, the Mexican Bankruptcy Law provides for default rules (which apply in the absence of agreement or a statutory provision governing the underlying collective claim) (a) concerning meeting and voting to approve a restructuring plan, and (b) barring individual actions (including foreclosure actions) that are contrary to resolutions of a holders' meeting. In addition, in the event of bankruptcy, Mexican law provides preferential treatment for certain claims, such as those relating to labor, taxes and secured creditors.

ANNEX A
INDEPENDENT ENERGY MARKET EXPERT'S REPORT

The Independent Energy Market Expert's Report included as Annex A to this Offering Memorandum has been prepared by AFRY Management Consulting Inc.

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SPECIAL NOTICE

Acceptance of this report, or use of any information contained in this report, by any party receiving this report (each a "Recipient") shall constitute an acknowledgement and acceptance by such Recipient of, and agreement by such Recipient to be bound by, the following:

(1) This report was prepared for Buffalo Energy Mexico Holdings, S.A. de C.V. ("Client") by AFRY Management Consulting Inc. ("Consultant") and is based on information not within the control of Consultant. In preparing this report, Consultant has assumed that the information, both verbal and written, provided by others is complete and correct. Consultant does not guarantee the accuracy of the information, data or opinions contained in this report and does not represent or warrant that the information contained in this report is sufficient or appropriate for any purpose.

(2) This report should not be construed as an invitation or inducement to any Recipient or other party to engage or otherwise participate in the proposed or any other transaction, to provide any financing, or to make any investment, and Recipient acknowledges and agrees that the Consultant is not offering it any reliance on this report or any of the information, data or opinions contained in this report in connection with any decision to engage or otherwise participate in the proposed or any other transaction, to provide any financing, or to make any investment. Recipient acknowledges and agrees that it is not reasonably feasible for Consultant to conduct a comprehensive investigation and make definitive determinations for the compensation provided and without thorough verification of the information upon which the Services were performed, and therefore Consultant can offer no guarantee or assurances that any facts, observations, analysis, projections, opinions, or other matters contained in the report will be more accurate, either at the time the report is issued or at any other time.

(3) Recipient is not entitled to make any copies of any portion of this report, use extracts therefrom or transmit any part thereof to any other party in any form, including without limitation electronic or printed media of any kind.

(4) TO THE FULLEST EXTENT PERMITTED BY LAW, CONSULTANT'S TOTAL LIABILITY, ON A CUMULATIVE AND AGGREGATE BASIS, TO CLIENT AND ALL RECIPIENTS AND OTHER PARTIES, RESULTING FROM CONSULTANT'S ACTIONS IN RELATION TO THE CREATION AND DISSEMINATION OF THIS REPORT, WILL BE LIMITED TO U.S.$[ ]. Recipient hereby waives any right to seek or collect damages in excess thereof and releases Consultant from any and all damages or losses which, if required to be paid to Recipient, would result in Consultant paying total damages to any and all parties, including Client and all Recipients, in an amount that would exceed the limit set forth in the previous sentence. Consultant specifically acknowledges that the limitation of liability contained in this paragraph 4 excludes claims, damages, deductibles, losses, costs of any nature and all claim expenses, including attorneys' fees to the extent caused by Consultant's gross negligence, willful misconduct or fraud (to the extent such actions are determined in a final judgment by a court of competent jurisdiction, not subject to further appeal).

(5) The exclusive venue for any claim, cause of action, legal proceeding, or lawsuit relating to this report shall be the United States District Court for the Southern District of New York and any New York State courts sitting in New York City. ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR PROCEEDING RELATED TO OR ARISING OUT OF THE REPORT, IS HEREBY WAIVED BY EACH PARTY HERETO. Recipient and any other

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Helios Market Due Diligence

Report to Buffalo Energy Mexico Holdings, S.A. de C.V.

5 JANUARY 2024

AFRY is an international engineering, design and advisory company.

We support our clients to progress in sustainability and digitalisation.

We are 19,000 devoted experts within the fields of infrastructure, industry and energy, operating across the word to create sustainable solution for future generations.

Making Future

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AFRY Management Consulting provides leading-edge consulting and advisory services covering the whole value chain in energy, forest and bio-based industries. Our energy practice is the leading provider of strategic, commercial, regulatory and policy advice to European energy markets. Our energy team of over 600 specialists offers unparalleled expertise in the rapidly changing energy markets across Europe, the Middle East, Asia, Africa, Australia and the Americas.

TABLE OF CONTENTS

1 Introduction

This report presents the detailed market analysis undertaken by AFRY Management Consulting ('AFRY') for Buffalo Energy Mexico Holdings, S.A. de C.V. ('Buffalo' or 'the Client' throughout the rest of the report). The report presents the analysis of a portfolio of six combined cycle gas turbines and one open cycle gas turbine (referred to as 'Helios', or 'the Portfolio') currently owned by the Client.

Buffalo is interested in understanding the future evolution of the revenues, costs, load factors and other operative variables of the seven generation assets that make up the Portfolio. A summary of the most important aspects of the Portfolio as provided by the Client can be seen in Exhibit 1.1. The analysis performed is based on different long-term scenarios under a series of market assumptions. The scenarios do not represent a forecast or indication of what might happen but instead should be seen as offering descriptions of what could transpire – plausible pathways for the future based on a series of assumptions taken for current and forward-looking variables.

The plants within the Portfolio have Power Purchase Agreements (PPAs) with the state utility *Comisión Federal de Electricidad* (CFE). However, the market analysis presented in this report focuses primarily on the merchant dispatch of the Portfolio, Even during the PPA, the plants will operate based on the market dispatch, during this period market offers are presented by CFE on behalf of the plants, in any case during the assets contracted period, their revenues will depend on the PPA agreements. As so, the analysis done for the Portfolio is based on a fully merchant operation, implying that its different outputs (i.e., energy, reserves and capacity) will be sold to the wholesale market in Mexico, without any other consideration of route-to-market.

AFRY has performed the market analysis presented in this report based on AFRY's electricity market model **BID3** and our modelling of the capacity balancing market to project the operating patterns, revenues, and costs of the Portfolio on a merchant basis. Projections included in this report are presented for two of AFRY's standard scenarios (i.e., Central and Low) which provide independent and internally consistent views of the future of the electricity market in Mexico.

The asset-specific analysis presented in this report is based on variables including location of the power plants in the Portfolio and technical aspects provided by the Client. The analysis presented in this report should not be regarded as a validation or justification of the technical information received from the Client or other advisors, but rather as an analysis exercise on what could be reasonable expected under AFRY's scenarios using the information on the Portfolio provided.

Exhibit 1.1 – Portfolio basic information

Summary of the key characteristics of the plants making up the Portfolio

	Altamira II	Rio Bravo II	Rio Bravo III	Rio Bravo IV	Saltillo	EVM I	EVM II
Transmission Region	Huasteca	Matamoros	Matamoros	Matamoros	Saltillo	Central	Central
AFRY modelled zone	North East (S)	North East (N)	North East (N)	North East (N)	North East (N)	Central	Central
Technology	CCGT	CCGT	CCGT	CCGT	CCGT	OCGT	CCGT
reference price hub	Houston Shipping Channel						
Nameplate capacity (MW)	495	495	495	500	247.5	99	850
Existing PPAs	CFE	CFE	CFE	CFE	CFE	CFE	CFE
Expiring year - PPA	2026	2026	2028	2029	2026	2037	2040

Source: information provided by the Client

1.1 Objective of the report

The objective of this report is to provide an independent assessment of the following topics:

- Provision of a detailed explanation on the projected operating patterns of the Portfolio.
- Provision of revenue projections from the sale of the various products the Portfolio can provide (i.e., electricity and reserves in the wholesale market, and capacity in the capacity balancing market).
- Provision of projections of the costs incurred in the operation of the Portfolio.

In order to fulfil this objective, AFRY has analysed the Portfolio's operation using our in-house economic dispatch model, **BID3**, which projects the operation, revenues, and costs of the Portfolio both in the wholesale and ancillary services markets (provision of reserves). Furthermore, with our fundamental modelling of the capacity balancing market, we have assessed the revenues the Portfolio could collect in the capacity balancing market.

1.2 Structure of this report

The report is structured as follows:

- **Chapter 2** presents a summary of the key messages from this analysis, focusing on projected load factors, capture prices, revenues, and costs under a fully merchant operation of the Portfolio.
- **Chapter 3** contains a detailed description of the methodology used for the valuation of the Portfolio.
- **Chapter 4** presents the projected results for the markets where the Portfolio plants are expected to participate: electricity, ancillary services, and capacity balancing.
- **Chapter 5** contains detailed projections of the operation of the Portfolio plants, as well as the projected revenues coming from the sale of energy, reserve, and capacity.

1.3 Conventions

The analysis presented in this report is based on AFRY's 2023 Q3 market assumptions and electricity market modelling results, alongside the Client's views and assumptions on the Mexican power market. The assumptions used in the basic modelling of AFRY's scenarios were finalised in October 2023.

As a result, the modelled scenarios neither take into account any regulatory and policy developments which occurred at after October 2023 nor policy changes that have been previously proposed but either not agreed or implemented in the market. This does not imply that AFRY's views are that policies changes will not occur, but simply with the current uncertainty in either their application or potential structuring it is not possible to evaluate their impact. Policy and political change impacts are generally not considered for the study performed and the Client is advised to evaluate this separately due to the potential effects on the market and assets.

Specific conventions that apply throughout the note are:

- All monetary values quoted in this report are in United States (US) Dollars (USD) in real 2022 money, unless otherwise stated.
- All of our prices are reported on baseload levels, representing a simple average of all hours across the year, unless otherwise stated.
- All our projections are based in Mexico's Central summer time (UTC-5).
- Annual data relates to calendar years running from 1 January to 31 December, unless explicitly defined otherwise.
- Plant efficiencies throughout this report are defined at the Higher Heating Value (HHV) basis. Fuel prices are similarly quoted on a gross (HHV) basis.
- All modelling and results are done in pre-tax terms.

1.3.1 Sources

Unless otherwise attributed, the source for exhibits is AFRY.

1.4 Use of AFRY's reports and analysis

This report is provided to Buffalo Energy Mexico Holdings, S.A. de C.V. its sole and internal use as established in the contract signed by the Client and AFRY. The report must be used in acceptance to the contract and the SPECIAL NOTICE provided with the report.

2 Key messages

This chapter summarises the main results shown in the analysis of the Portfolio. It provides a description of the projected operating patterns as well as the revenues and costs incurred. The chapter ends with an analysis of the different risks that could eventually impact the Portfolio.

2.1 Summary of the Portfolio

This report analyses a Portfolio of seven gas fuelled assets with a total installed capacity of 3.1GW located in the North East and Central zones of Mexico. The principal technical characteristics used in the valuation of each plant in the Portfolio are summarised in Exhibit 2.1.

All the technical information (i.e., efficiency, heat rates, capacity, availability, retiral and gas price hub reference) have been provided by the Client. When no information was provided, AFRY has used its own independent assumptions in line with the rest of the power plants in Mexico, avoiding a biasing towards the rest of the power plants in Mexico.

AFRY understands that the technical and commercial information provided for the analysis of the assets has been evaluated by other advisors from the Client. AFRY has not analysed nor validated the information provided.

2.2 Modelled scenarios

This valuation of the Portfolio has been done under the three AFRY independent market scenarios. The AFRY Central scenario represents AFRY's best view of future developments, while the AFRY High and Low scenarios are constructed from a range of internally consistent and realistic inputs associated with economic growth, demand and technology costs.

The modelled scenarios should be seen as offering descriptions of what could transpire or plausible pathways for the future and useful insights along the way and not forecasts or expectations of the performance of the market or the assets in the portfolio. There are different pathways under which the Mexican and global markets could evolve which are not all captured by the report. The report focuses on fundamental drivers and does not cover political or other potential drivers of change.

2.3 Operation pattern of the assets

The main characteristics of the assets in the Valia portfolio are shown in Exhibit 2.1 below, based on the information provided by the Client and the Technical Advisor.

Exhibit 2.1 – Main characteristics of the Project

	Altamira II	Rio Bravo II	Rio Bravo III	Rio Bravo IV	Saltillo	EVM I	EVM II
Transmission Region	Huasteca	Matamoros	Matamoros	Matamoros	Saltillo	Central	Central
AFRY modelled zone	North East (S)	North East (N)	North East (N)	North East (N)	North East (N)	Central	Central
Technology	CCGT	CCGT	CCGT	CCGT	CCGT	OCGT	CCGT
Reference gas hub	Houston Shipping Channel						
Nameplate capacity (MW)	495	495	495	500	247.5	99	850
Avg. yearly availability (%)	94.0%	94.0%	94.0%	94.0%	94.0%	97.0%	97.0%
Avg. heat-rate (Btu/kWh) - PPA	6,927	7,009	7,129	7,092	7,107	9,839	6,730
Avg. heat-rate (Btu/kWh) - merchant	7,028	7,132	7,118	7,164	7,107	9,303	6,319
Expiring year - PPA	2026	2026	2028	2029	2026	2037	2040
Retiral	2042	2042	2044	2045	2041	2056	2061

Source: information provided by the Client
Note: The availabilities and heat rate information were provided by the technical advisor. EVM Plants assumed to retire after 40 years of operation based on technical advisor report

The projected annual load factors of the Portfolio in AFRY's standard scenarios can be seen in Exhibit 2.2.

The load factor for the Portfolio is projected to have decreasing trend in all three scenarios over time, as renewable capacity and new efficient thermal plants drive most plants out of merit in the supply curve. This is the normal and expected behaviour of power markets, where the entry of renewables pushes the supply curve lowering prices and displacing thermal generation while new more efficient thermal needed to commission to keep up with demand growth, move ahead of older and more inefficient CCGTs.

The different plants in the Portfolio however have different operation patterns:

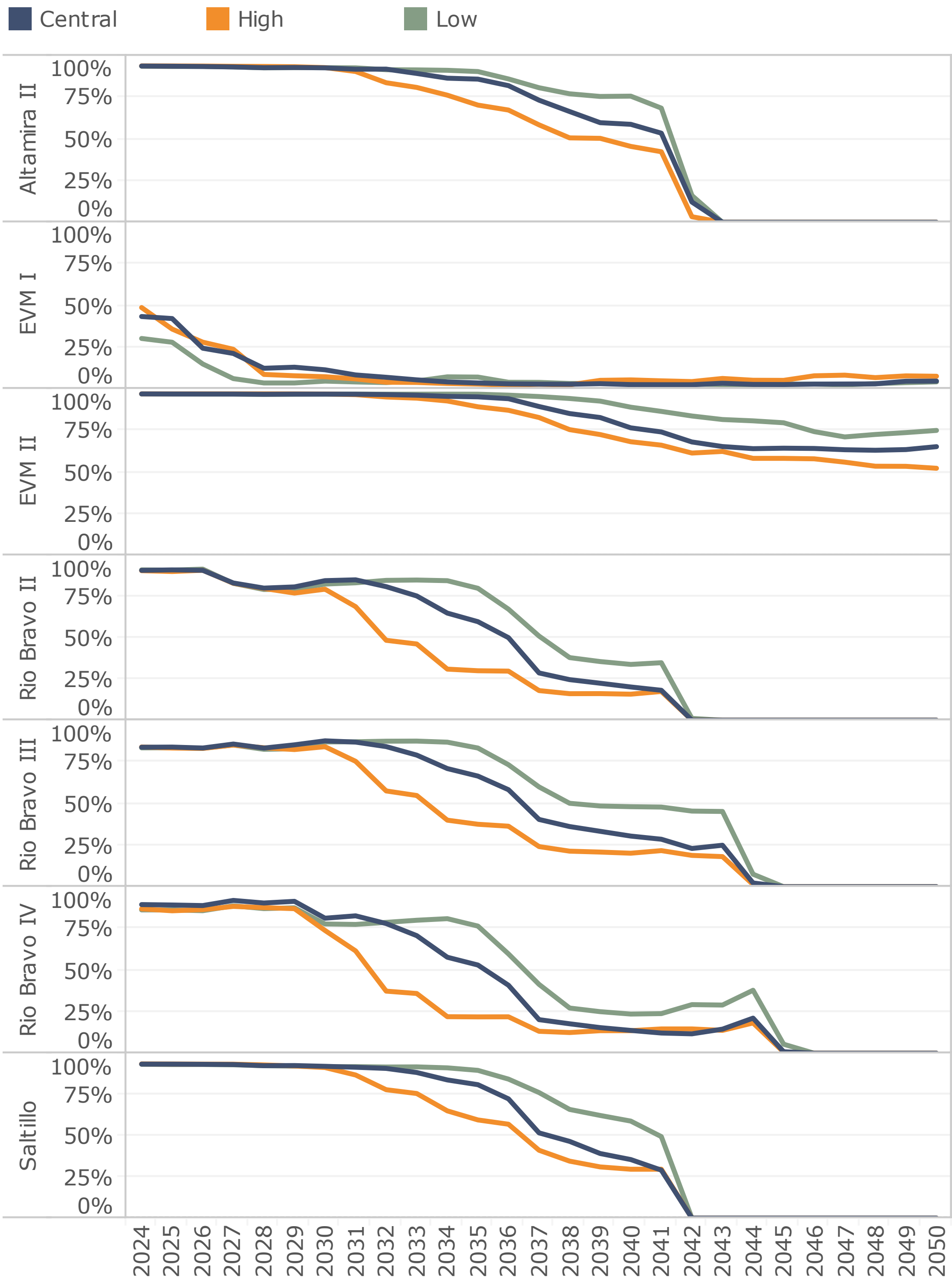
— **Altamira II** is projected to operate at its full availability until the mid-2030s, as its location in the North East (South) facilitates exports towards Occidente and Oriente, and its relatively high efficiency keeps it in a good position within the merit curve. However, as new renewable and more efficient thermal capacity enters the system, its load factor experiences a decrease.

- **EVM I** is projected to operate as a peaking plant, in the medium- to long-term, with load factors of up to 5% depending on the penetration of renewables. However, in the short-term we expect to see it reach a load factor of up to 40%, as the system has tightened faster than previously expected and the more efficient GTs are dispatched a larger amount of hours, particularly in the central region.
- **EVM II** is a highly efficient plant that also benefits from its location in the Central zone and access to Oriente. As a result, it is projected to operate at its full availability until the mid-2030s, seeing a decrease in load factor once the renewable penetration increases in the system.
- **The Rio Bravo II, III and IV** are located in Matamoros, which has limited interconnection towards the rest of the North East. This limits the flow of energy to both local demand centres (such as Monterrey), but also towards the South of the country. The tightness of the system helps keep their operation with low factor between 80 and 90% during the 2020s, though they quickly drop during the early 2030s as new capacity is commissioned.
- **Saltillo** has good access towards the demand centres in Occidente, which supports a projected high load factor until the mid-2030s. From that point in time onwards, it also sees a drop in its operation as new renewable and efficient thermal capacity displace it in the supply curve.

The load factor for the Portfolio shows a decreasing trend in both scenarios over time, as renewable capacity and new efficient thermal plants drive most plants out of merit in the supply curve. This is the normal and expected behaviour of power markets, where the entry of renewables pushes the supply curve lowering prices and displacing thermal generation while new more efficient thermal needed to commission to keep up with demand growth, move ahead of other CCGTs.

Exhibit 2.2 – Annual projected load factor for the Portfolio (%)

Assets are well positioned and are projected to see a decrease in generation on a merchant basis due to the renewable and efficient thermal deployment in the medium to long-term



Source: AFRY

In order to understand the relative competitiveness of the Portfolio in the Mexican market, we have computed supply curves for 2025, 2030 and 2050 for the months of January and July, representing summer and winter conditions (see Exhibit 2.3); these curves are shown for the Central scenario for illustration.

Supply curves are a graphical way to visualise the competitiveness of a specific generator within the Mexican market. It orders power plants by their modelled variable costs and compares the cumulative available capacity against the minimum, average, and maximum system power demand that can be expected. It must be noted that supply curves shown are monthly averages; inter-temporal constraints can result in some plants having distinct locations within the merit order during specific hours. As a result, only the average availability is shown; this is especially important for renewables, which can fluctuate from the averages shown in the figures due to their intermittent nature.

Another important characteristic that is not represented in the supply curves shown is the minimum generation that certain plants need to output. This can mean that certain plants that are needed for the highest demand periods (in the evening) need to be maintained on the system at their minimum level of output, so that they do not incur in new start-up costs. Such a solution can result in a more economic overall dispatch.

Regarding the location of the analysed plants in the supply curve, we see that the Sunset portfolio -consisting of Altamira II, Rio Bravo II, III and IV, and Saltillo- is located around or below the minimum demand level up to 2030, resulting in close to baseload operation patterns. The key driver behind this is the access to cheaper gas that the North East zone sees, and the relatively competitive efficiency the plants have comparing with the rest of the CCGT fleet. However, towards 2040, these plants have shifted significantly towards the average demand level, specially during winter, as new renewable capacity and more efficient CCGTs are deployed.

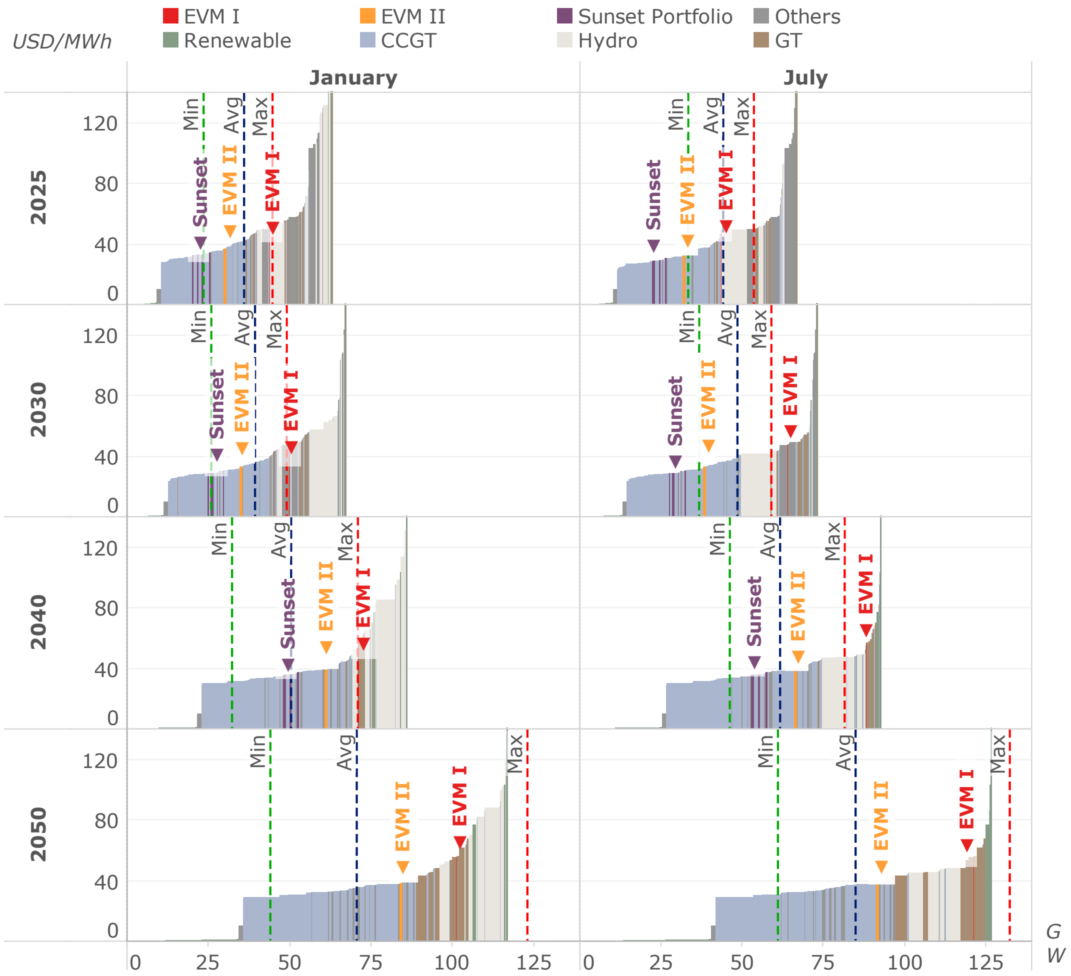
EVM II is positioned in the middle of the CCGT fleet as its high efficiency is counterbalanced by the more expensive gas it can access. Its location in the Central zone gives it a competitive advantage since this area is usually congested and in lack of generation. This allows it to capture higher market prices and provide very valuable energy when needed in this part of the country.

Finally, EVM I is the only GT in the portfolio, as a GT it is closer to the maximum demand level, being competitive with the rest of the peakers fleet. Still, as with all peaking plants, EVM I focuses on generating few periods during the year when high demand peaks occur, providing system security and reliability. However, in the short-term the plant is closer to the average demand during the summer, meaning that we can expect higher load factors. This as the system is operating on tighter levels than expected during the 2020s.

For more detailed analysis on the evolution of the generating patterns of the Portfolio, please refer to Section 5.1.

Exhibit 2.3 – Supply curves for Mexico in the Central scenario

More efficient CCGTs coming online in the future imply that the Portfolio may lose competitiveness against the newer CCGT fleet in the long-term



Source: AFRY

2.4 Cash flow of the Portfolio

2.4.1 Revenues

The Portfolio has three main streams of revenues: i) wholesale electricity; ii) capacity balancing; and iii) reserve provision. The first two are projected to concentrate the highest value for thermal assets.

2.4.1.1 Wholesale electricity

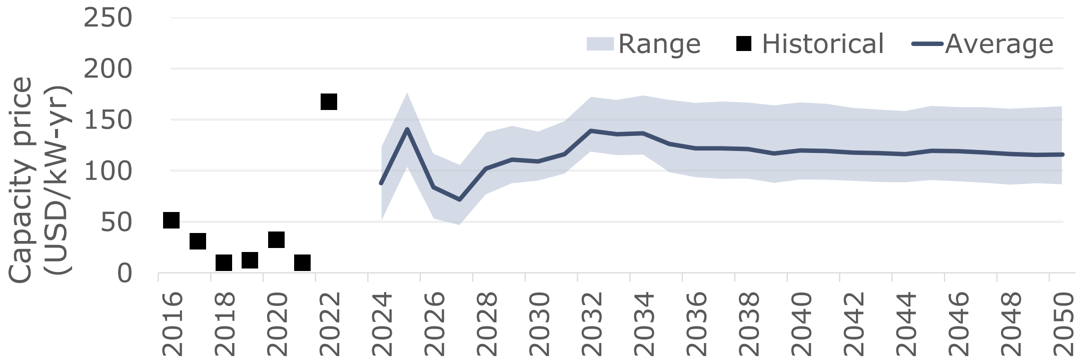
This stream constitutes the major source of income for the Portfolio although it shows a decreasing trend throughout the modelled period as the Portfolio generates less. More details on the evolution of the wholesale electricity market can be found in Section 4.1.

2.4.1.2 Capacity balancing

An important source of revenue over the modelled period. The evolution of capacity balancing prices can be found in Exhibit 2.4. Overall, as the system margin tightens with growing demand and the retiral of old plants, the capacity balancing markets sends a price signal to build new capacity, reaching a stable price from the mid-2030s onwards. More details regarding the evolution of the capacity balancing market can be found in Section 4.2.

Exhibit 2.4 – Projected capacity prices modelled with a 6% MOR for the SIN in the Central scenario (USD/kW, real 2022 money)

Capacity prices remain at a higher level as the system remains tighter during the 2020s and converges to the 6% MOR in the 2030s



Source: AFRY

2.4.1.3 Reserve provision

Constitutes a small percentage of total plant revenues. Reserve revenues decrease once batteries enter the system since the reserve requirements are relatively minor compared to the amount each battery can make available to that market.

2.4.2 Gross margins

Exhibit 2.5 shows the projected gross margins for the Portfolio across the modelled scenarios. These gross margins are calculated as the total revenues minus the operative costs incurred by the plants.

During the 2020s, margins are projected to have decreasing trend both in the Central and Low scenarios, whilst remaining more stable in the High. This is driven largely by the entrance of new CFE capacity that is expected to reach COD along the decade, which i) slightly displaces the portfolio in the supply curve; and ii) decreases the tightness of the system, which drives a reduction in capacity balancing prices.

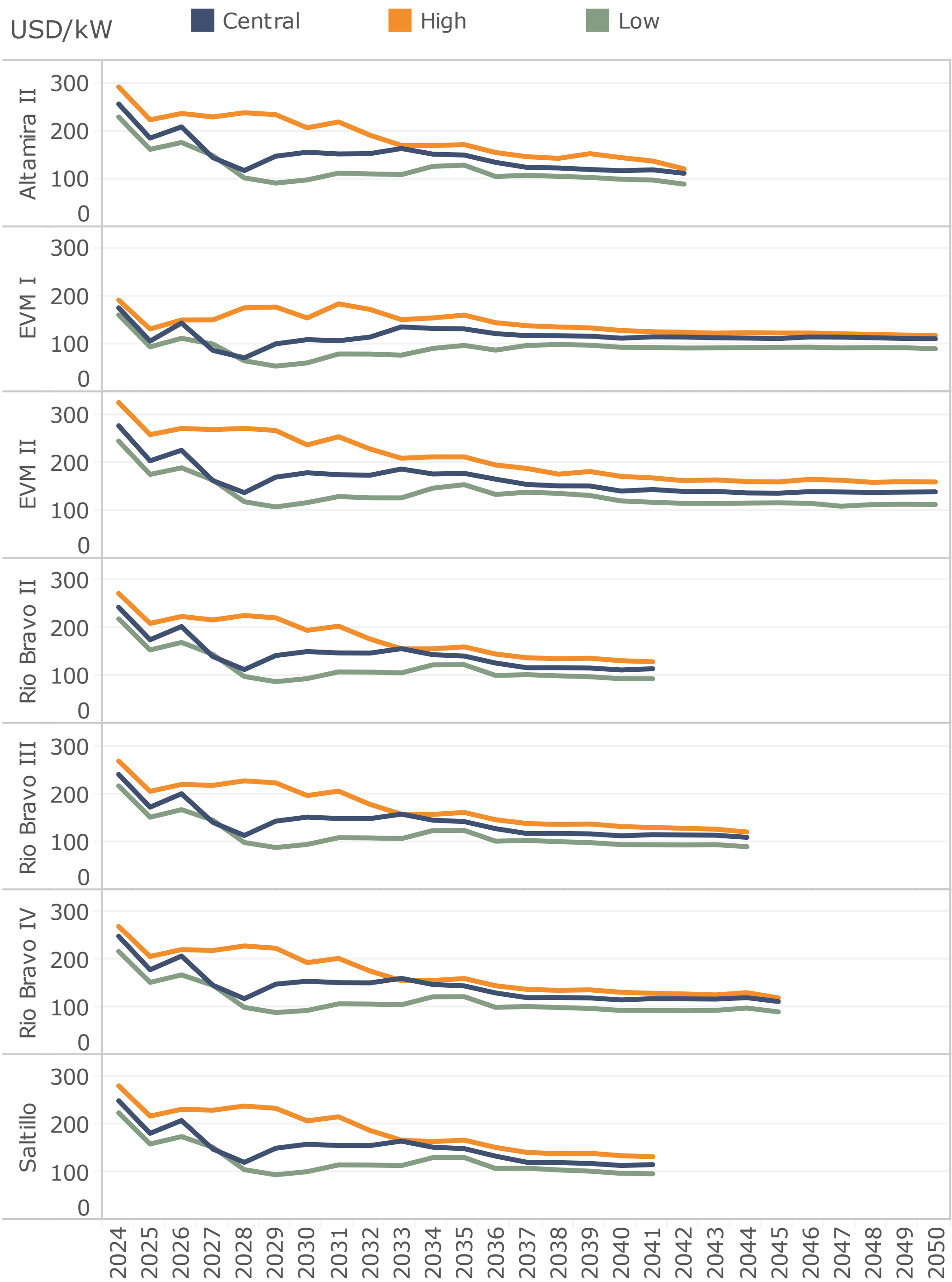
Thus, this translates into lower energy margins, as increasingly more efficient units set prices. And, to a larger extent, they see a drop in revenues from the capacity balancing market. The latter is the key driver of the decrease in total margin.

From the late 2020s and up to the mid 2030s, the system tightens again as capacity build remains limited. This effect is especially relevant during the critical hours. The main consequence is an increase in the capacity balancing price, whilst the energy margin remains relatively stable.

During the second half of the 2030s, the commissioning of new efficient CCGTs and mor renewable capacity further displaces the portfolio in the supply curve, leading to energy margins being increasingly small. From this point onwards the margin highly depends on the provision of capacity in the system during the critical hours.

Exhibit 2.5 – Projected gross margins for the Portfolio in the modelled scenarios (USD/kW, real 2022 money)

Gross margins during the 2020s see a decreasing trend as new CFE capacity is commissioned, in the medium- term we see an increase as the system tightens and finally it stabilizes at a slightly lower level in the long-term



3 Valuation methodology

This chapter describes the methodology followed in the valuation of the Portfolio. It begins with a description on how AFRY's in-house market model **BID3** simulates plant dispatch in Mexico and how revenues are derived from such a dispatch. The chapter ends with a description of two of AFRY's core scenarios (Central and Low) used for the valuation of the Portfolio.

3.1 Modelling methodology

3.1.1 Wholesale and reserve markets

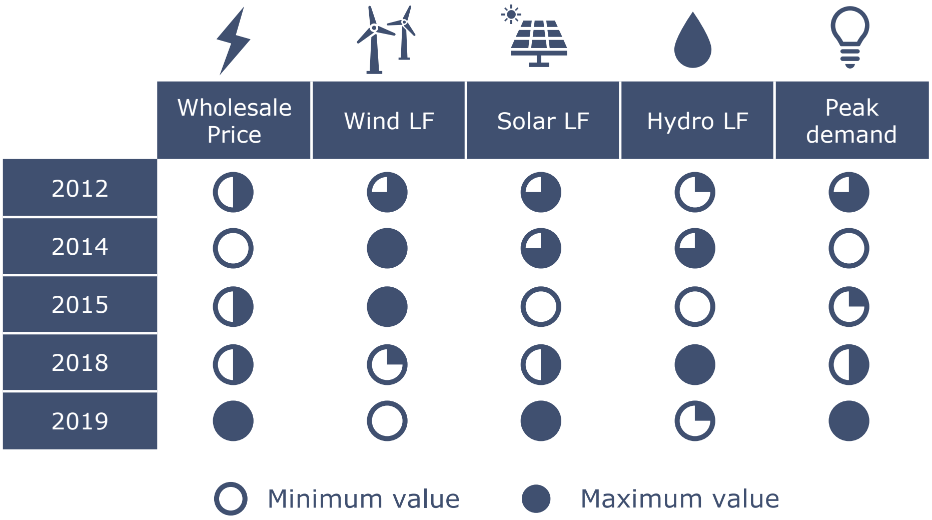
AFRY's power market model, BID3, makes sure supply meets demand every hour at the lowest cost

The Portfolio revenues analysed in this report are based on modelling results using AFRY's power market model **BID3**. **BID3** is an economic dispatch model based on linear optimisation. The model balances demand and supply on an hourly basis by minimising the total system cost while accounting for intertemporal constraints, replicating the day-ahead market. The result of this optimisation is an hourly dispatch schedule for all power plants and interconnectors in the system, as well as the marginal wholesale electricity price in each of the modelled zones (for the present study the SIN has been modelled as 11 price zones). At a high level this is equivalent to modelling the market by the intersection between a supply curve and a demand curve for each hour.

All 8760 hours of each future year are simulated, with five historical weather patterns used to account for the variability in intermittent generation and demand patterns. **BID3** generates hourly wholesale prices for each modelled zone for each future year based on weather data from 2012, 2014, 2015, 2018 and 2019.

The weather patterns assumed in the modelling are at high level characterised as it is shown in Exhibit 3.1; this table shows the comparison of the most important weather pattern-related variables. Unless otherwise specified, the projections presented in this report are the average of the four weather patterns modelled.

Exhibit 3.1 – High-level characteristics of the modelled weather patterns



Our **BID3** modelling incorporates a reserve constraint requiring a given amount of firm capacity to be held back or part loaded. This allows a determination of a price for reserve and the identification of which plants have been optimised for their reserve value as opposed to wholesale market power generation.

All thermal plants are assumed to provide cost-reflective bids to the market and plants are dispatched on a merit order basis (i.e., plants with lower short-run variable costs are dispatched ahead of plants with higher short-run variable costs). This reflects a fully competitive market and leads to a least-cost solution. Costs associated with starts and part-loading are included in the optimisation. The model also takes account of all major power plant dynamics, including minimum stable generation, start temperatures minimum on-times and minimum off-times and ramping. By entering the technical parameters for the Portfolio plants, we are able to determine the dispatch outcome of each plant as well as its costs and revenues arising from market operation.

The scenarios assume a functioning market and power system, including a status-quo of the currently enabled sector policies. Whilst the scenarios consider the effects of the slow down on permitting and new greenfield projects. However, the scenarios do not model or consider the impact of any of the political attempts to modify the market rules nor any other policy change. Instead, the scenarios consider a reopening of the power sector towards the end of the current decade, this is not assumed to happen due to political reasons, but more as a requirement for generation to be able to meet the demand growth.

The market model for Mexico has been run using **BID3** for the analysis shown in this report and projections have been created for the timeframe 2024 to 2050 using our Mexican 2023 Q3 wholesale market update input assumptions.

3.1.2 Capacity balancing market

January 2017 saw the introduction and execution of the first capacity balancing market (*mercado de balanceo de potencia*) in Mexico. This is an ex-post market that is executed by CENACE at the end of the year, under which the availability of capacity on an hourly basis is reviewed. The market settles bids for selling and buying capacity based on the average demand and the average availability of capacity from generators during the 100 critical hours, defined as the 100 hours with the lowest capacity margins lying within ±2 weeks of the 100 tightest hours of the preceding calendar year.

AFRY has developed a modelling methodology for this market and provides indicative prices under a series of Montecarlo runs constructed to simulate imbalances in the market. This is the approach we elaborate for the short-term capacity balancing market and more than a price projection, it is a valuable view into the possible evolution of the capacity balancing market, helping towards managing risks for specific projects. This market is by design, highly volatile and small variations in hydro, wind or thermal availabilities and demand can result in large price variations.

3.2 Modelled scenarios

Our three AFRY Independent Market Report scenarios cover a reasonable and internally consistent set of outcomes in wholesale prices and capacity balancing prices. An overview of these scenarios, including key drivers are shown in Exhibit 3.2.

Our projections are for sustainable long term price levels and the range of outcomes do not cover spikes caused by random, unpredictable, or short-term events. All scenarios are market scenarios that do not allow for market failure. Scenarios should be seen as offering descriptions of what could transpire – plausible pathways for the future and useful insights along the way. Results from the Low scenario do not represent an absolute lower bound of possible wholesale prices.

There are inherent risks when projecting market behaviours and economic growth. These risks are exacerbated when the market is not yet fully competitive or is subject to regulatory intervention and even more in cases such as Mexico when all the markets have not yet begun full operations and many regulatory and design changes are being discussed whilst the market operates with particularly high political intervention in the market.

Exhibit 3.2 – AFRY's scenario matrix

AFRY's scenarios cover a range of plausible electricity price outcome

Scenario	High	Central	Low
Price Outcome			
Price outcome $/MWh	Electricity prices towards the **upper** limit of plausible expectations	Our **best view** of future electricity prices	Electricity prices towards the **lower** limit of plausible expectations
Scenario Drivers			
Economic growth	Strong	Moderate	Weak
Technology costs	High end of current estimates, with a less rapid decline	Central starting point, with a moderate rate of decline	Low end of current estimates, with a more rapid decline
Decarbonisation	Higher ambition	Central ambition	Lower ambition
Electrification of transport	High uptake of electric vehicles, with more rapid deployment	Central uptake, with moderate deployment rates	Lower uptake, with less rapid deployment

3.2.1 Electricity demand projections

Our projections for electricity demand in Mexico are based on AFRY's internal demand model. It is an econometric model that assumes a long-term relationship between electricity demand, Gross Domestic Product (GDP) and population. For each future year, the base demand in Mexico is calculated by using annual GDP growth assumptions based on the International Monetary Fund (IMF) projections and population projections by the Mexican Governmental body CONAPO. The model also applies temperature correction to historical demand values to mitigate the impact of extreme (cold or warm) weather years on future demand projections. Our demand projections include the demand met by embedded (distribution connected) generation, while we also consider the generation by such sources.

In addition to the demand development due to economic growth or recession, the demand model also captures the impact of energy efficiency and the shift of energy demand from the transport into the electricity sector as well as the expected evolution of transmission and distribution losses. Our underlying key assumptions in modelling demand are provided in Exhibit 3.3. The different elements that can be seen in this exhibit and how they are measured are:

- **GDP:** average growth in the period
- **Population:** average growth in the period
- **Efficiency:** measured as a target of efficiency over the projected electricity consumption (i.e., without taking into account electric vehicles, distribution, and transmission losses).
- **Electric vehicles (EVs):** measured as a percentage of the total electricity demand (i.e., taking into account efficiency measures, distribution, and transmission losses).
- **Distribution losses:** measured as a target of losses over the projected electricity consumption (i.e., without taking into account EVs, distribution and transmission losses).
- **Transmission losses:** measured as a percentage of the total electricity demand (i.e., taking into account efficiency measures, distribution, and transmission losses).

Exhibit 3.3 – Key metrics from our electricity demand model

		High	Central	Low
GDP Growth (annual rate)	Up to 2030	2.9 %	1.9%	1.0%
	Post 2030	2.9%	2.1%	1.3%
Population Growth (annual rate)	Up to 2030	0.7%	0.7%	0.7%
	Post 2030	0.4%	0.4%	0.4%
Efficiency	Up to 2030	1.6%	1.1%	0.4%
	Up to 2040	4.0%	2.8%	1.6%
	Up to 2050	6.5%	4.3%	2.2%
Electric Vehicles	By 2030	4.5%	3.4%	2.3%
	By 2040	24.1%	16.5%	10.0%
	By 2050	66.3%	57.3%	43.4%
Distribution Losses	Up to 2030	9.4%	9.4%	9.4%
	Post 2030	8.0%	8.0%	8.0%
Transmission Losses	Up to 2030	3.7%	3.7%	3.7%
	Post 2030	3.4%	3.4%	3.4%

Sources: GDP – IMF; population – CONAPO ; energy efficiency – SENER; EVs – International Energy Agency (IEA), PRODESEN 2022-2037 and AFRY projections; and distribution losses – CFE

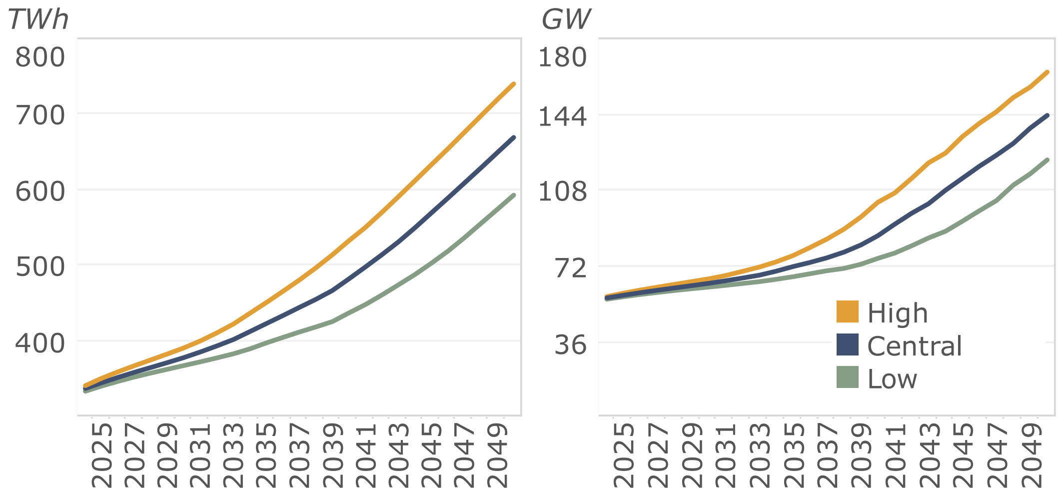
Exhibit 3.4 presents our total and peak coincidental demand projections for Mexico for the modelled period. Peak coincidental electricity demand represents the highest demand that would be expected given the modelled weather patterns (i.e. 2012, 2014, 2015, 2018 and 2019) for Mexico and taking account our modelling of future demand flexibility[1].

Electricity demand is projected to increase at a Compound Annual Growth Rate (CAGR) of 2.7% in the Central scenario, 3.0% in the High and 2.2% in the Low scenario. This increase in demand is the result of the projected increase in GDP, population and EVs, despite the modelled impact of efficiency savings and decrease of distribution and transmission losses.

[1] For example, we model demand from EVs as partially flexible and price responsive, this has the effect of re-shaping the power demand.

Exhibit 3.4 – Total and peak demand projections in Mexico (TWh and GW)

Total and peak demand is expected to grow in line with GDP and population growth and greater electrification of transport



3.2.2 Reserve requirements

In the Mexican wholesale market, there are five different ancillary services that are co-optimised alongside the provision of energy. These ancillary services are defined by the time-response and the characteristics that are required to provide them:

- **Secondary reserve:** reserve (in MW) that can be provided by agents to increase or decrease their generation/consumption following the signals sent by the Automatic Generation Control (AGC); this reserve is used to assure that at all times demand is equal to generation. It is a reserve that must be provided very quickly, with normal response times of a few seconds.
- **10-minutes spinning reserve:** reserve (in MW) that is synchronised to the electricity system and can be mobilised within 10 minutes when CENACE requires it.
- **10-minutes non-spinning reserve:** reserve (in MW) that is not synchronised to the electric system and can be mobilised within 10 minutes when CENACE requires it.
- **Supplementary spinning reserve:** reserve (in MW) that is synchronised to the electric system and can be mobilised within an established time scope, higher than the 10 minutes reserves.
- **Supplementary non-spinning reserve:** reserve (in MW) that is not synchronised to the electric system and can be mobilised within an established time scope, higher than the 10 minutes reserves.

AFRY has modelled reserves at a higher-level, dividing between spinning and non-spinning reserves. The requirements for these reserves have been projected using as a starting point the reserves required by CENACE historically to operate the system, being affected in the long term with the increasing electricity demand and renewable penetration; the long-term requirements projections have been done according to AFRY's market intelligence and experience in other markets worldwide.

Our modelling considers:

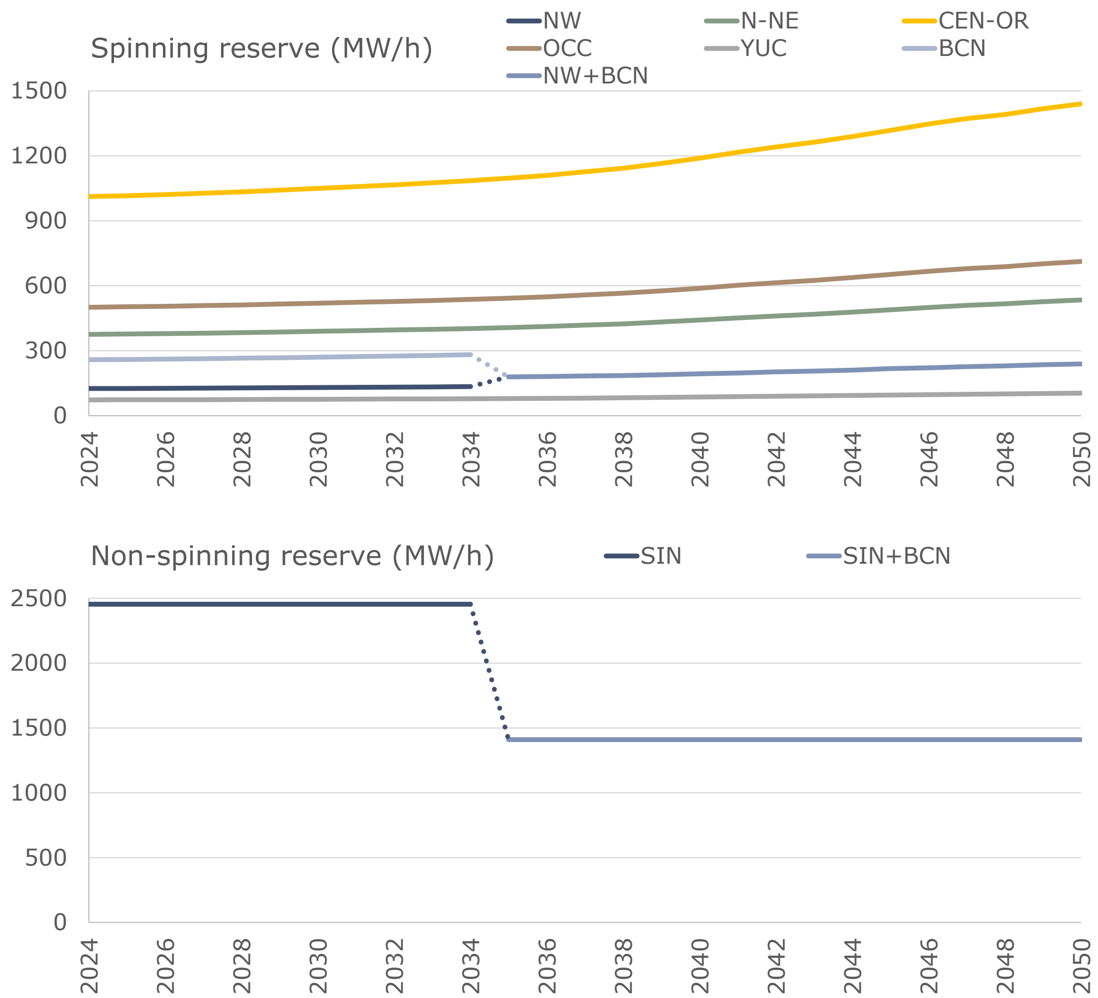
- For the spinning reserve, we split the system into multiple regions, which include i) the North West zone, ii) the North and North East Zones, iii) the Central and Oriente zones, iv) the Occidente zone, v) the Yucatan zone and vi) Baja California Norte. Once BCN is interconnected with the rest of the SIN, it joins the North West reserve zone.
- The non-spinning reserve is split into the SIN and BCN, until their interconnection.

The average hourly reserve requirements projections are shown in Exhibit 3.5; these requirements these requirements are profiled depending on the time of the year, being higher during the summer months, according to the historical observations of the market. The following can be observed:

- The spinning reserve requirements are projected to increase throughout the modelled period as a result of the increasing electricity demand and the increasing renewable penetration. The combination of these two factors increase the intermittency and volatility in the system, resulting in an increasing requirement for spinning reserves.
- The non-spinning reserve requirements are calculated as the reserve required in a situation in which the largest power plant in the system suffers an outage. At the beginning of the modelled period, this corresponds to the Petacalco coal power unit. From then onwards, it decreases down to c. 1.5GW, correspondent to the outage of the Laguna Verde nuclear power plant.
- For Baja California, the spinning reserve requirements are projected to account for 250MW until 2035 in the Central scenario. From 2035 onwards, once the interconnection with the SIN is finalised, the reserve requirements of the region are merged with the ones in the SIN.

Exhibit 3.5 – Projected reserve requirements in AFRY's Central scenario (MW/hour)

Reserve requirements for Baja California merge with the ones of the SIN in 2035



3.2.3 Gas price projections

We base our gas price projections on the US EIA Henry Hub (HH) gas projections as part of their AEO 2023[2].

AFRY's projections of gas prices are based on the scenarios developed by the EIA

The AEO is a highly detailed and inclusive modelling exercise of world energy markets with a strong focus on the US and the impact of other markets and developments worldwide in the US energy sector. We also inform our short-term gas price projections with future indexes from EIA and forwards for Henry Hub gas.

The AEO 2023 examines the effect of a number of key drivers on commodities, mainly: the effect of regulation and policy (e.g., US Inflation Reduction Act, US Clean Power Plan), demand growth in different sectors and for different fuels, future energy and electricity mixes, linkage between oil and gas markets and technology improvements in upstream and midstream sectors.

US gas markets are mostly dominated by the interaction of supply and demand. The small import and export capacities in the country results in large price variations with even minor changes in supply or demand. Out of these two factors, supply is more often the main driver of gas prices.

The scenarios defined in the AEO examine a wide range of supply and demand cases and the interaction these variables have with other fuels, industries, and demographics. The AEO 2023 maintains the view of an increasing production of natural gas due to the rising demand for US natural gas exports, especially for Liquefied Natural Gas (LNG). The annual US natural gas production is expected to grow by 15% through 2050.

In the short term, this growth will be driven by increases in LNG capacity at facilities currently under construction. After 2025, US natural gas production is projected to continue increasing to meet growing LNG export demand, which is project to increase 2.5 times versus its current levels, strengthening the US as a net gas exporter.

It is important to note that the AEO is not fully reflecting all impacts of the IRA. The modelling focuses on the extension of tax credits affecting carbon and renewables, and support mechanism for oil and gas development focusing on the reduction of energy prices, which maintain the costs for production at low levels.

As a key takeaway, the AEO projects that the Henry Hub price will remain below $3/MMBtu for the remainder of the decade and under 4 USD/MMBtu in the long-term.

Exhibit 3.6 shows our projections for natural gas in the Henry, Waha and Houston Shipping Channel hubs. There is a discount for Waha Hub compared to Henry Hub throughout the modelled period. This is mostly due to the

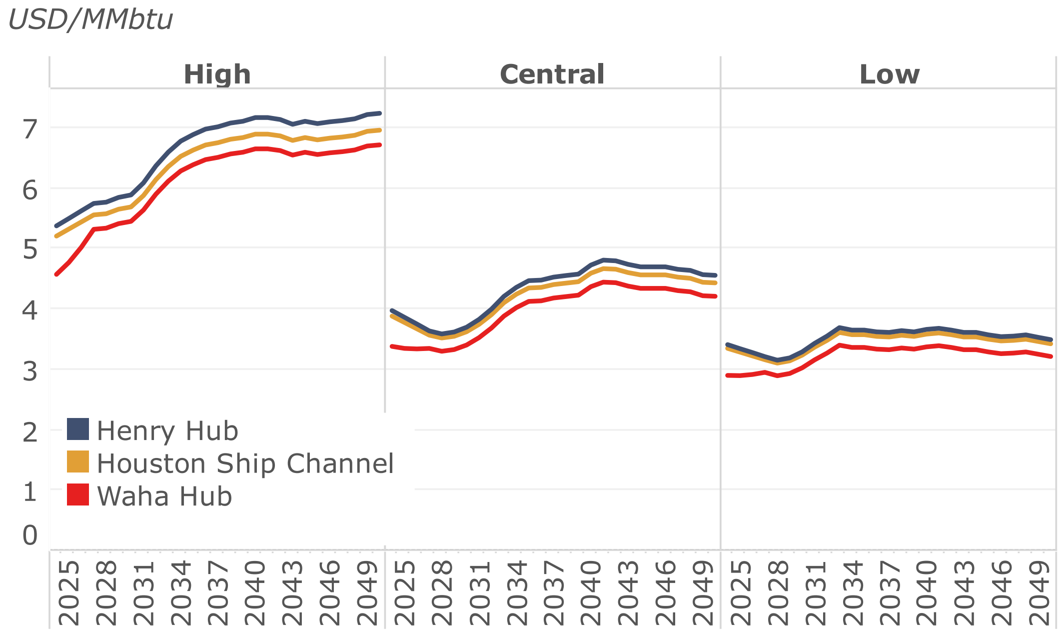
2. EIA AEO 2023 – www.eia.gov/forecasts/aeo/

higher gas availability in the Permian basin. However, the discount between these two hubs is expected to decrease going forwards with the commissioning of new gas pipeline systems that will allow gas from Waha to reach liquefaction stations in the shores of the US, as well as reaching other areas where the gas can be exported towards Mexico. One of these pipelines, Gulf Coast Express, began operations in September of 2019, while the other, Permian Highway, has been reported to begin commercial operations in January of 2021.

Another factor in the reduction of the discount currently seen between Waha and Henry hub gas prices is the expansion of the Waha-Guadalajara pipeline being developed by Fermaca. This pipeline will allow gas from the west of Texas to be transported (via pipeline) to the northern states of Mexico and then flow towards the western states of Aguascalientes and Jalisco.

Exhibit 3.6 – Gas price projections for the different hubs impacting Mexican plants (USD/MMBtu, real 2022 money)

Houston Shipping Channel and Henry Hub gas prices are projected to remain in line in the long-term, while Waha gas prices are expected to lose their recent discount



The gas prices paid by industrial consumers and power generators in Mexico are based on different hub prices plus transportation and distribution costs. Our methodology considers the most recent gas tariffs and zones of the SISTRANGAS.

The gas transportation costs between the different hubs and each zone in Mexico is the result of adding the following costs:

- Gas transportation costs from the hub in the US to the Mexican border.
- Gas transportation costs within Mexico; these costs are the lowest in the north of the country, increasing towards the centre and south.

- An adder to reflect the extra cost to build the storage needed in the Mexican gas network.
- An imbalance adder to reflect the cost of balancing the gas system and assure the supply.
- The costs of importing LNG to both balance the system and cover the gas demand.
- The majority of the gas in Mexico has been assumed to be imported from the US throughout the pipelines connecting both countries. Nevertheless, some indigenous production has been assumed in the Gulf, and thus some gas is sourced from the south of the country as well. The cost differential has been estimated according to historical price difference between Reynosa and Ciudad Pemex.
- It has been assumed that a proportion of the gas is lost during the transportation, compression, liquefaction, or regasification in the SISTRANGAS, according to information published by the gas system operator CENAGAS.
- Finally, a utilisation factor of the gas system in line with historical observations has been assumed. This value is used to convert the SISTRANGAS tariffs into variable costs.

The final gas transport costs for the different regions in Mexico are shown in Exhibit 3.7.

Exhibit 3.7 – Projections of gas transport costs (USD/MMBtu, real 2022 money)

Transportation costs increase as regions are further away from the US-Mexico border

Region	2023 Q3		Region	2023 Q3
Northwest (north)	0.78		Occidental	1.36
Northwest (south)	1.06		Oriental	1.53
North (north)	0.57		Yucatan (Campeche)	1.88
North (south)	0.57		Yucatan (Merida)	2.40
Northeast (north)	0.60		Yucatan (Cancun)	2.94
Northeast (south)	0.87		Baja California	0.39
Central	1.62		Baja California Sur	6.0

Sources: CENAGAS and AFRY

Overall delivered gas is a major variable towards the power prices in Mexico as well as effecting the gross margins of the portfolio. The North American gas market is subject to local and global drivers than can affect its prices with potentially large variations as seen between 2020 and 2023 driven by binary aspects such as covid and the conflict in Ukraine.

3.2.4 Power transmission

In the short term, the transmission capacity between the different modelled zones reflects the information published in the planning document PRODESEN. In the long term, the expansion of the transmission system is projected according to the following criteria:

- **Economic criteria:** viability due to congestion rent, as the result of price differentials between the interconnected zones.
- **Security criteria:** expansion that might be required to allow transit flows from high generation areas towards high demand areas such as the Isthmus wind region towards the centre of Mexico.

Exhibit 3.8 shows the existent and projected transmission capacity for the years 2024 to 2050 in the Central and Low scenarios.

Transmission capacity increases after 2028 throughout the modelled period in order to accommodate the increase in demand and the commissioning of renewable and thermal generation. The most important capacity increase can be seen in the Northwest zone, to evacuate cheap thermal generation and in the Occidental and Oriental zones, to assure the high electricity demand is covered.

Some important transmission lines are hardcoded in our modelling. These lines, shown in

Exhibit 3.9 are the following ones:

- **Northwest-Baja California**: a tender for this High Voltage Direct Current (HVDC) transmission line, planned between Hermosillo in the northwest zone and Baja California, was cancelled by the current Government. The current plan considers the interconnection through the Puerto Peñasco solar farm, though we consider this is unlikely. However, AFRY believes that eventually it would be commissioned as it benefits: (1) Baja California, improving the security of supply and reducing its isolated situation; and (2) the rest of Mexico, allowing cheaper generation from Baja California to be used to cover the electricity demand.
- **Oaxaca-Central**: a tender for this HVDC line, planned between Ixtepec (Oaxaca) to Yautepec (Morelos), was also cancelled by the Government. AFRY believes this project would be eventually commissioned as it allows to increase the onshore wind capacity in the Isthmus, injecting its generation directly at the centre of the country, where there is a high electricity demand.
- **Northwest-Baja California Sur**: this project has previously been considered by the PRODESEN. However, it seems to have been abandoned and other alternatives such as tenders for bringing gas into the Baja California Sur system are currently being considered. As a result, this electrical interconnection is not considered in our modelling.
- **Oriente-Yucatán**: this planned interconnector by CENACE, accounting for more than 1GW, would reduce the isolated situation of the Yucatán Peninsula. The current Government has stressed the importance of this interconnector in order to assure the supply in the Peninsula and to reduce prices. We assume it will be commissioned in the late-2020s with added pressure from other development programs for the peninsula but with some delay from the original dates planned by CENACE.

Exhibit 3.8 – Projected transmission capacity between zones for AFRY's standard scenarios (GW)

Transmission capacity increases in order to assure the coverage of the electricity demand and accommodate the deployment of renewable capacity

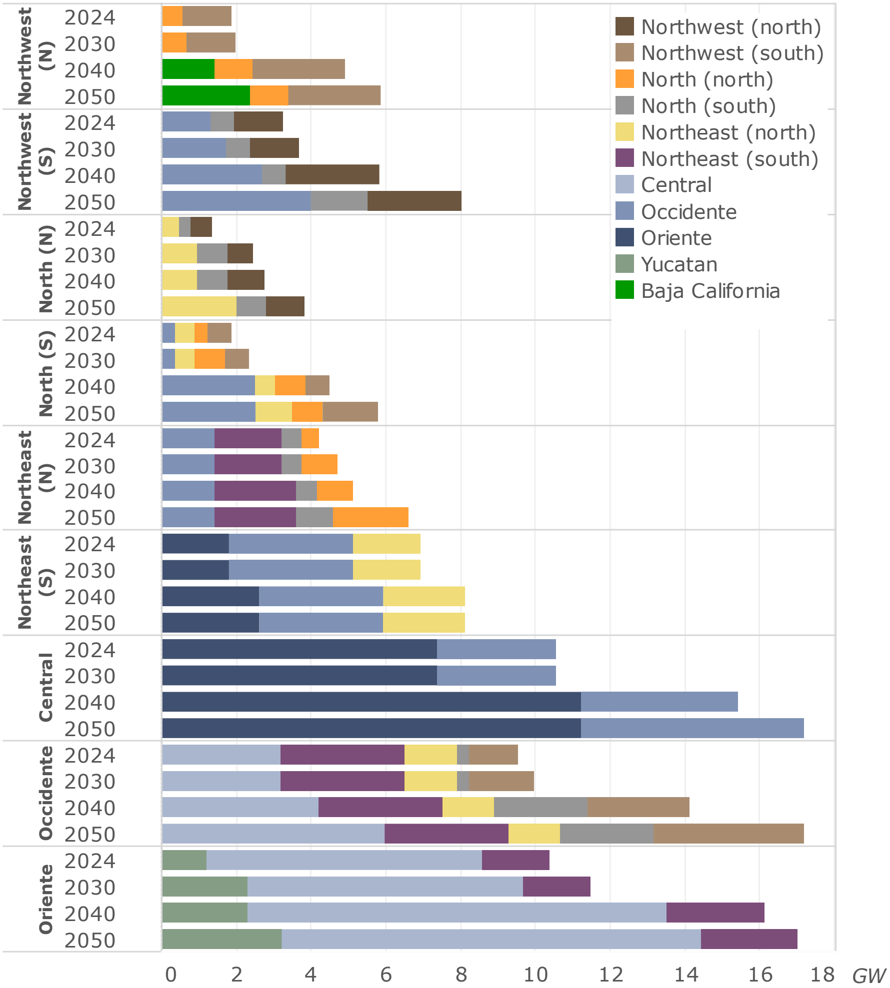


Exhibit 3.9 – Specific transmission commissioning years

Hardcoded commissioning of some specific interconnectors

	Northwest-Baja California	Oaxaca-Central	Northwest - BCS	Oriente – Yucatan
High	2033	2032	Not considered	2029
Central	2035	2036	Not considered	2029
Low	Does not occur	2038	Not considered	2030

3.2.5 Installed capacity and generation volumes

Our projections for installed capacity in our scenarios up to 2050 comprise a combination of existing capacity already on the system, plants under construction, plant closures and build out of new generic capacity.

Changes to the capacity mix are determined by a combination of:

- **Technical constraints:** for example, closure of older thermal plants that reach the end of their technical lifetimes, and limits on space available in each region for renewable.
- **Policy drivers**: for example, mandated nuclear commissioning, not-decommissioning of old power plants due to policy mandates or policy driven build of renewables and other low carbon technologies.
- **Clean energy targets**: the enforcing of the clean energy targets set in the long term in Mexico will directly affect the renewable deployment in the country.
- **Economic drivers:** new build merchant capacity across all key technologies (thermal, renewables, grid-scale battery storage and interconnectors) only proceeds if new units receive an adequate return on investment in our judgement.

Exhibit 3.10 shows the projected installed capacities in Mexico for the AFRY standard scenarios: Central and Low.

The Central scenario presents a higher renewable penetration while the Low scenario sees the lowest; this is triggered by the projected wholesale prices and the projected evolution of the electricity demand.

Thermal technologies (i.e. CCGTs and GTs[3]) and batteries are needed to maintain grid security in the system and provide firm capacity; as a result of the projected higher electricity demand, the Central scenario experiences a

[3] Open Cycle Gas Turbines.

higher deployment of firm capacity. Furthermore, the higher renewable penetration of the Central scenario results in:

- a slightly higher need for GTs because of their ability to ramp up their output quickly, a useful characteristic in a scenario with higher penetration of intermittent generation; and
- a higher deployment of batteries, as the higher renewable penetration increases the price arbitrage opportunities.

Exhibit 3.10 – Projected installed capacities per scenario (GW)

Overall capacities increase in all scenarios as a result of the deployment of renewables and the increase of firm capacity to assure the coverage of demand

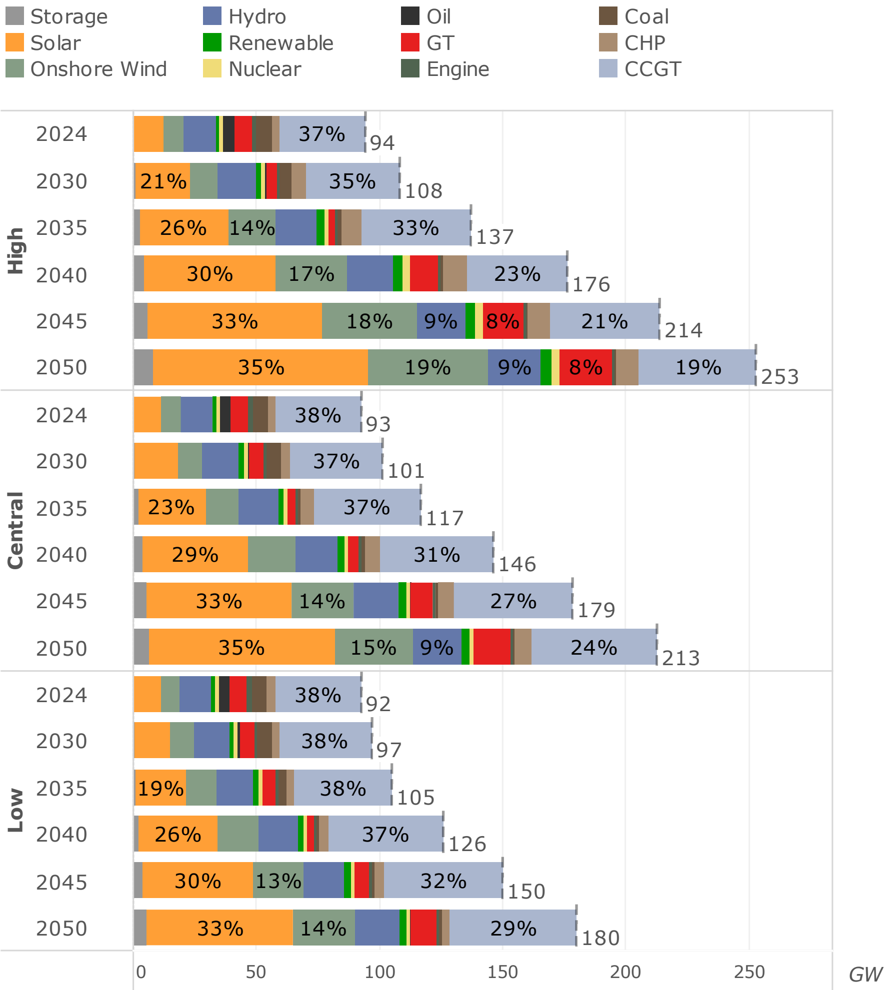
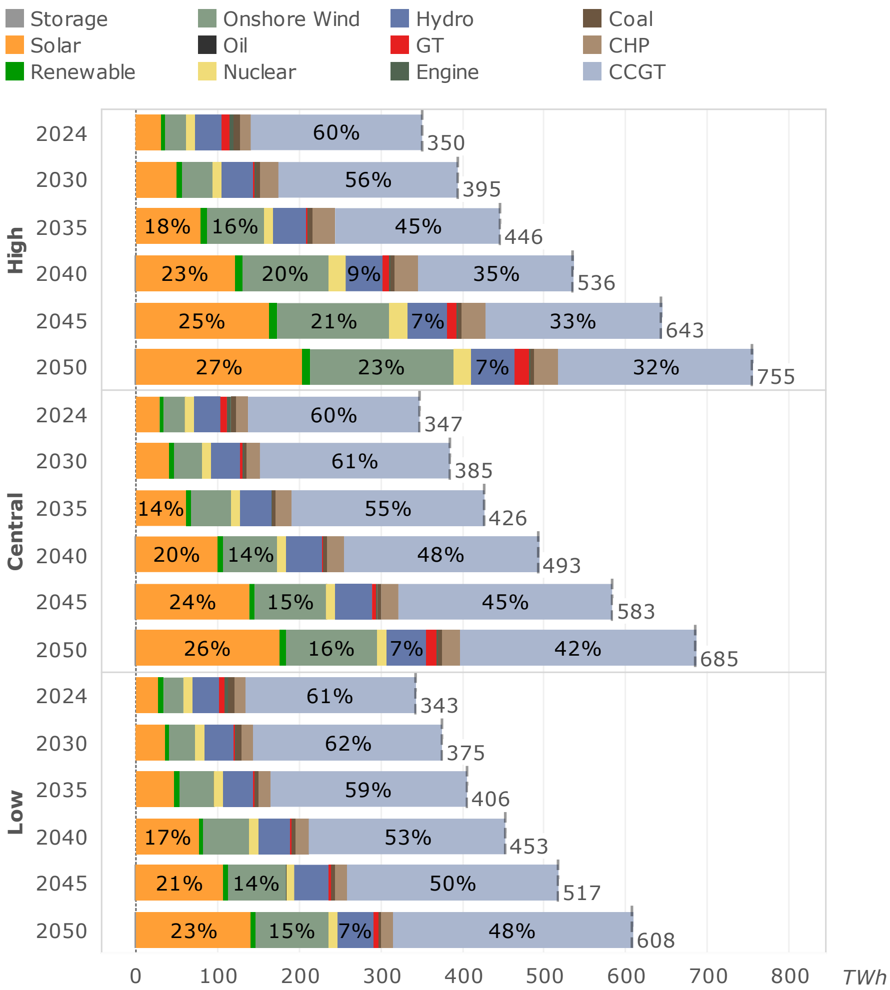


Exhibit 3.11 shows the projected generation volumes across our standard scenarios.

CCGTs are expected to remain the single largest technology generator across the scenarios, while renewables increase in line with its increased capacity. GTs gain share in the generation mix in the later years as their ramping capability is useful in with larger renewable penetration.

Exhibit 3.11 – Generation by technology type (TWh)

Increasing generation in order to cover the increasing electricity demand. CCGTs remain the most important generation technology



3.2.5.1 Short-term thermal outlook

Exhibit 3.12 shows the additions of thermal capacity based on known projects under planning or construction phase (i.e. not a result of the optimisation implemented in our modelling); these additions are hardcoded in our model. The commissioning of this thermal capacity reflects the view and the announcements recently made by the current government, CFE and the planning document PRODESEN.

Exhibit 3.12 – Short term thermal addition assumptions

More than 4.5GW of thermal capacity is expected to come online in the coming seven to eight years

	Capacity (MW)	Zone	Low
Parque Industrial	200	BCN	2023
Mexicali Oriente	400	BCN	2024
Topolobampo III	779	NW (S)	2024
Gonzalez Ortega	Up to 641	BCN	2025
Merida IV	499	Yucatan	2026
El Sauz II	306	Occidental	2027
Salamanca	932	Occidental	2027
San Luis Rio Colorado	Up to 647	BCN	2028
Tuxpan	Up to 1,056	Oriental	2031
Valladolid	493	Yucatan	2032

3.2.6 Clean energy assumptions

This section explains in detail the different mechanisms in place in Mexico to support the development of clean energy sources and how the projected renewable capacity is derived in the three core scenarios.

3.2.6.1 Clean energy targets

Our projections for clean energy sources take account of a number of factors:

- Mexico's clean energy targets from the Energy Transition Law;
- renewable capacity development to date;
- national renewable support schemes from the long-term auctions and clean energy certificates (*Certificados de Energías Limpias*, CELs);
- the potential development of distributed solar (i.e. behind the meter); and
- the potential for economic build of renewables without subsidies for utility-scale solar photovoltaic (PV) and onshore wind.

The Energy Transition Law was approved in December 2015. This is a large step towards Mexico's decarbonisation and a semi-binding agreement that will push for the development of clean energy capacity in the power sector. The Clean Energy Law stipulates that the following percentages from total electricity generation must be provided from clean energy sources[4]:

- 25% by 2018;
- 30% by 2021;
- 35% by 2024;
- 45% by 2036 (non-binding); and
- 50% by 2050 (non-binding).

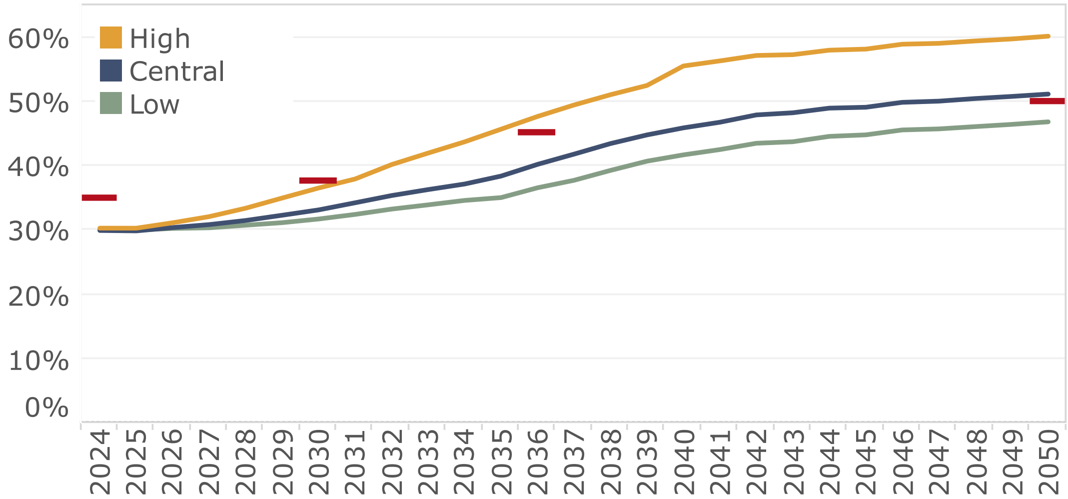
The Central and Low scenarios assume distinct levels of clean energy penetration, as it is presented in Exhibit 3.13. The Central scenario is modelled such that the long-term clean energy targets are met (i.e. sufficient renewable capacity is built to reach the goals). The Low scenario, however, does not reach the targets as a result of the lower wholesale prices and the less ambitious renewable agenda assumed in a scenario with a decelerated economy.

The short- and medium- term goals (i.e. 35% by 2024 and 45% by 2036) are not met in any of the scenarios as a result of the cancellation of the long-term renewable auctions and recent political intentions.

[4] This law considers as clean energy sources: all renewables, efficient cogeneration (Combined Heat and Power, CHP) and nuclear energy.

Exhibit 3.13 – Projections of clean energy penetration (%)

Long-term targets are met in the Central scenario



3.2.6.2 Renewable capacity

The renewable capacity resulting from the 2023 Q3 modelling for both onshore wind and solar (including both distributed and utility-scale) is shown in Exhibit 3.14.

The long-term deployment of utility-scale solar and onshore wind is projected according to the assessment of economic returns. These returns are calculated considering:

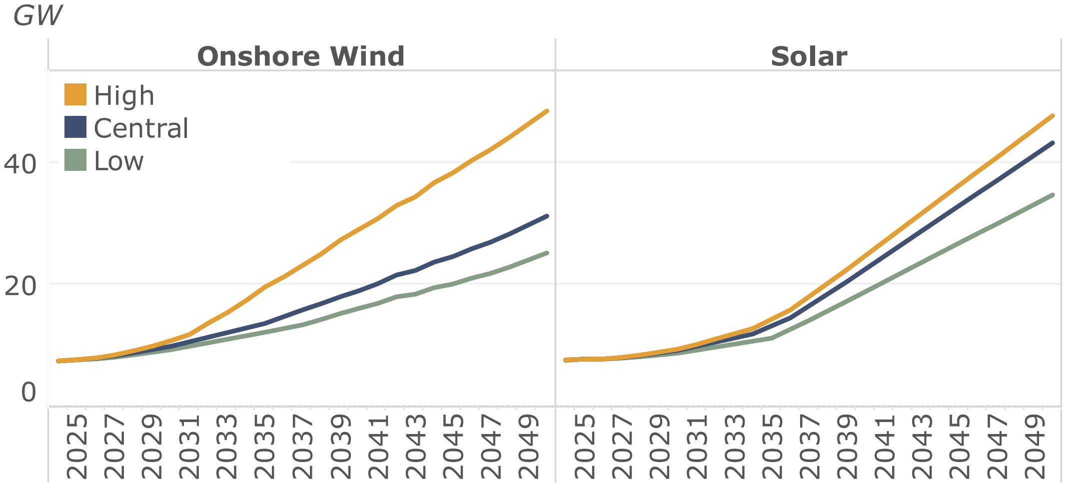
- **Costs:** CAPEX, OPEX and regulated variable costs (i.e. CENACE costs and transmission third-party access costs); and
- **Revenues:** collected from selling electricity, CELs and capacity

Onshore wind capacity increases steadily throughout the modelled period as it meets the targeted economic returns assumed for this technology in the different scenarios. Onshore wind deployment is lower in the Low scenario as a result of the lower projected wholesale prices even though the technology costs are lower in this scenario.

Solar potential in Mexico is important, benefitting from less hurdles for its deployment, such as more optimal locations, being closer to demand centres, less requirement for large transmission developments (due to not being in pockets of high resource), and lower development times. This all drive higher deployment rates across all scenarios. In the Low scenario, lower deployment corresponds to the lower wholesale prices and demand.

Exhibit 3.14 – Onshore wind and solar capacity (GW) in the standard scenarios

Solar PV capacity is deployed more rapidly in the long term



Our solar capacity projections have been split between distributed (assuming fixed axis installation) and utility-scale solar (assuming mostly single-axis trackers). The final capacity of distributed solar PV is a hardcoded input to the model, being a result of an analysis on:

— population and electricity demand evolution;

— investment costs;

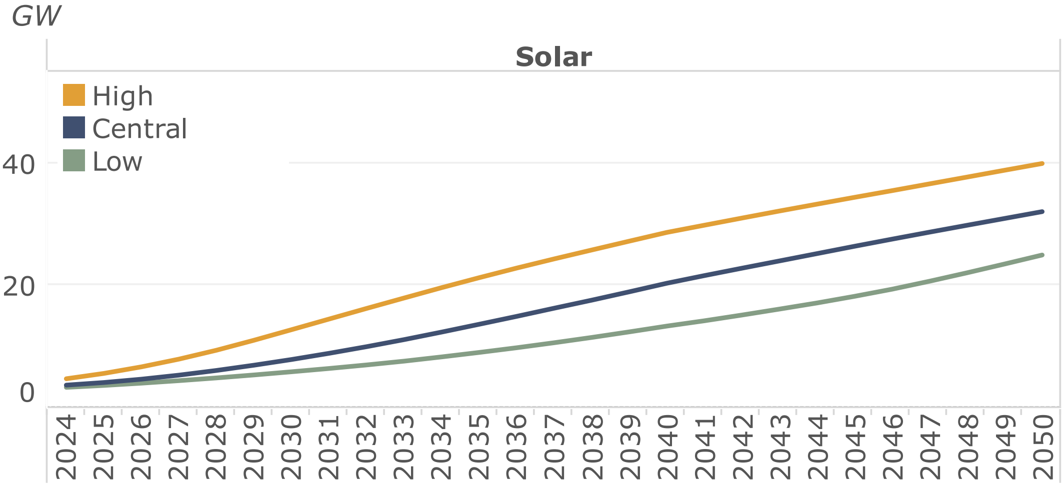
— basic supply tariff projections; and

— Purchasing Power Parity (PPP) for each of the modelled regions.

Exhibit 3.15 shows the projections of solar distributed capacity in AFRY standard scenarios.

Exhibit 3.15 – Distributed solar capacity projections (GW) in the standard scenarios

Distributed solar capacity assume fixed axis installations



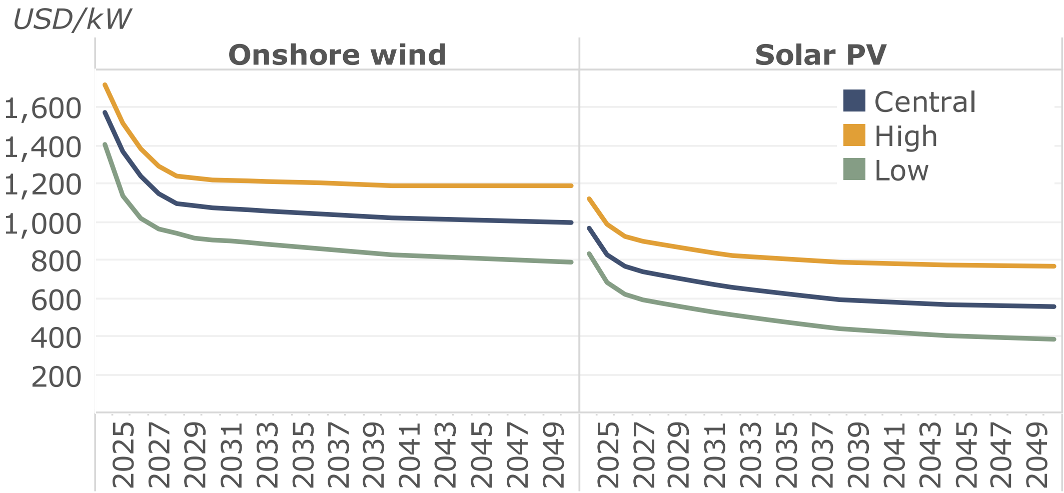
3.2.7 Investment costs

The long-term development of thermal, renewable and storage capacity is projected according to the assessment of economic returns. To calculate these returns, the capital costs for each of the technologies considered is inputted into the model. Exhibit 3.16 to Exhibit 3.18 shows CAPEX assumptions for renewable, thermal and storage technologies.

Exhibit 3.16 shows the assumptions on CAPEX for onshore wind and solar PV for Mexico. With a limited number of exceptions, capital costs for onshore wind and solar PV are uniform across Mexico. The projected cost of new entrants drops in the Central and Low scenarios over time.

Exhibit 3.16 – CAPEX assumptions for renewable technologies (USD/kW, real 2022 money)

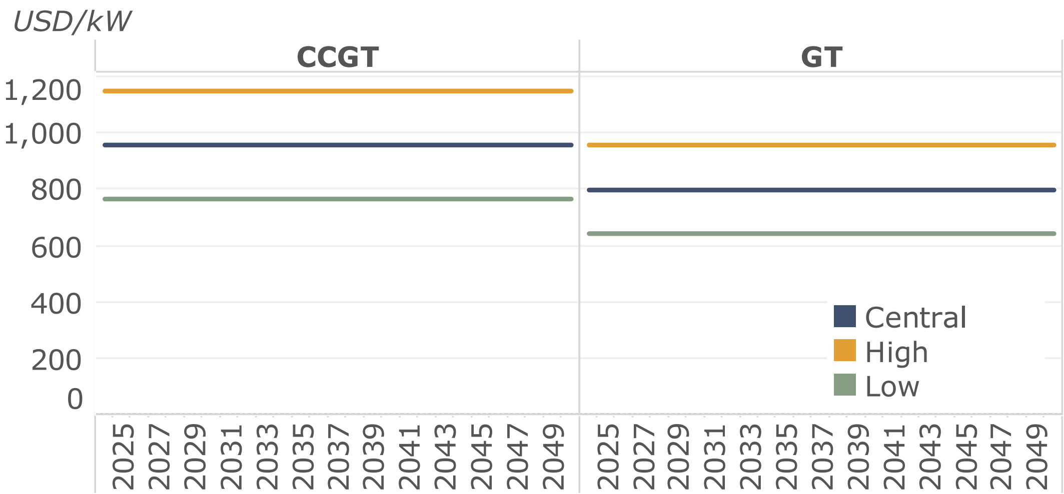
Onshore wind and solar PV capex is expected to decrease through the modelled period



CAPEX values for new thermal capacity in Mexico is expected to remain stable in our modelled scenarios, as it is presented in Exhibit 3.17. The increasing competitiveness of fossil fuel plants over time is mainly derived from increases in plant efficiencies.

Exhibit 3.17 – CAPEX assumptions for thermal technologies (USD/kW, real 2022 money)

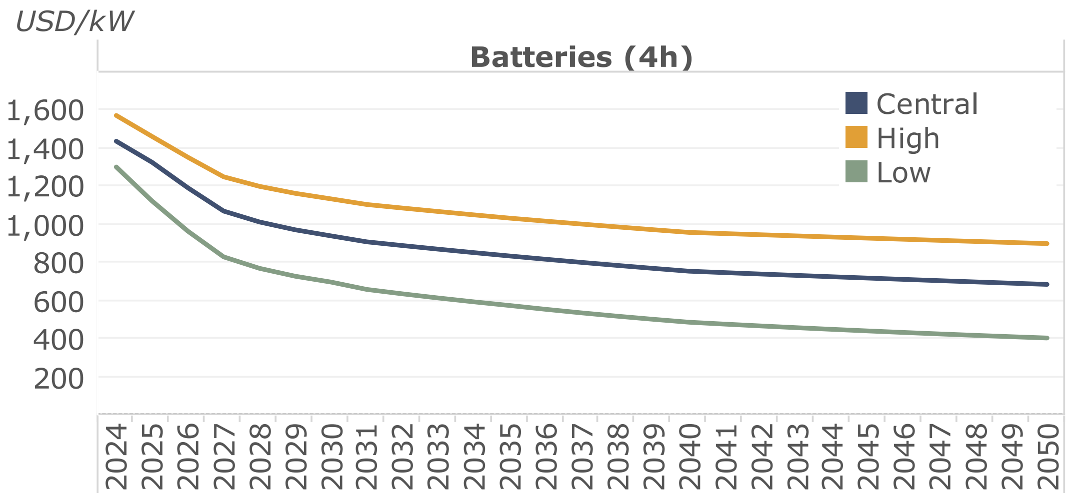
CCGT and GT capex remains constant in real terms until 2050



Capital costs for the 4-hour batteries included in the modelling are projected to decrease sharply in the short and medium term, driven by a rapidly expanding global battery market, which creates significant room for economies of scale, raising competition among suppliers and increasing investment in Research and Development (R&D). Prices flatten out at the end of the curve due to leaning rates gradually reducing over time.

Exhibit 3.18 – CAPEX assumptions for storage technologies (USD/kW, real 2022 money)

Batteries capex is expected to decrease through the modelled period



3.2.8 Uncertainties

3.2.8.1 Energy policy uncertainty

The political and regulatory uncertainty continues in the Mexican market, with various actions, rejections and announcements happening regularly, but without clearing out doubts surrounding the future of the market. The government's position against private investors remains and they continue to gain control over the market and private participants in unofficial ways, the most notable being the complete pause and even outright rejection of permits in the sector.

This is affecting new projects seeking generation permits, and also fully built projects waiting for their COD certification to be able to finalise testing phase and start full operations. Currently, as much as 2GW fully built are awaiting COD, and over 6GW of projects are stuck in other development stages.

The most recent move by the government was the acquisition of thirteen power plants from Iberdrola in what is widely regarded as a forced sale -close to an expropriation-, albeit the legal definition is unclear. Likewise, the structure of the transaction remains unclear, with Mexico Infrastructure Partners (MIP) -a private investment fund-, closing the acquisition with funds from Fonadin and other public sources. However, the government claims this will not affect CFEs debt position and that the acquisition will not create government debt, and that it will be paid via the electricity market/bills.

Other changes to the market that the government had proposed appear to move forward. However, this asset acquisition could be used by the president as a victory, and reduce their need to push other changes, such as the LIE. But as the power sector remains a key political issue, especially with elections approaching, the Government could still aim to implement further changes.

The other main initiative from the Government is the change of the Energy Industry Law (LIE) which was proposed in January 2021. The proposal passed through Congress easily, but is currently frozen - though not fully discarded. The change also highlights the government's intentions and ambitions, including the following topics:

- **Change of the dispatch merit** order to the following non-economic order:
  - Hydro: based on the planned dispatch under the multi-agency technical committees;
  - Generation from CFE plants: no indication on how that assignation from CFE would be done;
  - Generation from IPP plants;
  - Wind and solar generation from private players; and
  - CCGTs from private generators and the rest of private plants.
- The proposal to change the system to work under **fixed physical delivery PPAs** under which CFE plants would be able to sign PPAs with CFE Basic Supply and generate those volumes regardless of their price and system impact;
- Ensure that generation permits are aligned with the system planning created by the ministry of energy: basically, **giving control of permitting** to CFE and SENER directly.
- **Modify the CEL rules** to give CFE CELs for all their legacy generation: this is in line with the previous market changes they attempted.
- Remove the requirement of CFE basic supply to purchase energy via auctions and allow them to **purchase directly** in non-competitive ways.
- **Revoke the legacy** permits for self-supply.
- Review the legality and economic benefit of the IPP contracts signed during the LSPEE.

However, the request was suspended by legal protections shortly after and did not reach market implementation pending a review from the Supreme Court.

Later in the year, in October 2021, the President followed it with a proposed constitutional reform which covered some of the ideas that were included in the previous proposal to change the Law of the Electric Industry and some others.

Under the constitutional reform, the aim was to return the power and control to the state via CFE and SENER, returning to a worst position than before the

2013 reform, since it also involves dissolving the independent regulators. The main changes proposed in the document are:

- **Bundling of CFE** subsidiaries in one company with CFE being in charge of the planning, development, operation, control, and regulation of the electricity sector.
- **Cancellation of all existing contracts** with private parties, including those contracts pending a resolution. Allowing private generators to sign new contracts directly with CFE under their new terms, as long as the government deems this project to have been "legal". The documentation however provided little clarity on this point.
- **CFE to determine dispatch** of generation units (including private generators), with a minimum of 54% of the country's demand to be met with CFE units and the remaining 46% open to private generators selling to CFE.
- **CFE to be the only electricity supplier** as the private participation is limited to the generation side. Acting as a single buyer and capable of negotiating their own contracts with CFE plants and any third party.
- **Cancellation of the Clean Energy Certificate (CEL) market**, with CFE assuming responsibility for the energy transition, though with no clear ambitions.
- CFE would **determine transmission and distribution tariffs**, albeit with no vertical split, the determination of these would be less transparent.
- The **removal of the independent regulators** with the ministry of energy assuming their attributions and responsibilities. Leading to CFE being judge and jury.
- CFE gaining **full power over planning and control** of the system, including granting permits to private generators.
- CFE as a single buyer, having **total control of pricing of bilateral contracts** with private generators

After the June 2021 elections, the governing party (MORENA) and its allies lost various seats both chambers, having less than they require to pass the reforms. In April 2022, the government pushed the discussion of the reform forward in the chamber of deputies. However, the opposition parties acted aligned and rejected the counter-reform, giving a set-back for the president.

This rebuttal to the government was compensated later in April 2022, when the Supreme Court of Justice reviewed the proposed changes to the LIE. The split ruling meant that it was not possible to declare some of the key changes as unconstitutional, but they were also not determined to be constitutional either.

This status means that all parties need to continue with their legal processes and protections since there is no blanket ruling from the Supreme Court. Moving forward this will mean lengthy legal processes and is most likely to slow down (if not stop) the implementation of parts of the change in the LIE. There is still potential for blanket resolutions but also risk of getting into international arbitrations.

The supreme court ruling does not really reduce the uncertainty in the market. More positive news have started to arrive in July 2022 with the first general protection (amparo) against the LIE being granted, and with this protection rebutting the previous rulings used for the rejection of previous amparos.

Regardless of the outcome of the LIE and reform, the government has been increasing their control of the market via the regulator and ISO. The permitting processes appear to be mostly stuck for greenfield project, and there is an ever increasing number of projects awaiting their COD confirmation from CENACE.

At the moment, it remains unclear how these proposed changed would be implement into the market rules and procedures. Additionally, AFRY’s view is that CFE would struggle to force all its generation ahead all private players and would only try to achieve a 54% of all annual generation from its own power plants. This number has been repeatedly mentioned by the Mexican president as an objective for the state-owned utility. The effects of this change will be seen in multiple areas of the market (and the country) but some of the key areas to expect are curtailment for renewables, less generation for private thermal, higher costs for CFE operations, and volatile market prices.

3.2.8.2 Other uncertainties

The deployment of new capacity, both renewables and thermal in the modelled scenarios is done under an economic basis, this follows the Market logic where investments are done with an expected return (Hurdle Rate). There are however other drivers that can affect this deployment, such as incentives for specific technologies or regions, introduction of new schemes like CO2 markets/taxes, political intervention or entry of new technologies.

Mexico started the trial period for the introduction of a potential CO2 Emissions-Trading-Scheme (ETS) in 2020, the trial was indented to last for three years but there is no clear plans for its actual introduction. The ETS would require CO2 emitters to purchase certificates for each tonne of CO2 emitted with certain level of free allocation and new limits per industry. Given the uncertainty on the governments implementation, the ETS market is not considered in the modelling. This would have an impact on increasing power prices, incentivising clean energy deployments and increasing the costs of thermal plants as the Helios assets, though the impact would depend on the number of free allowances, the limits for each plant/industry and the structure of the market.

The development of the transmission network in Mexico has become a major issue for the system and the efficient operation of the Market. The current government has not invested in transmission developments, and it is nor possible to know when new investments will be made. The scenarios assume a more sustainable level of investments start occurring after 2030 however this is an area of political uncertainty, something not covered by this study.

3.3 Assumptions on the Projects

The market assessment presented in this report includes the analysis of seven assets: Altamira II, EVM I, EVM II, Rio Bravo II, III y IV and Saltillo. The basic details on the Projects are shown in Exhibit 3.19, including their specific location, their consideration in AFRY's modelled zone and their installed capacity.

Exhibit 3.19 – Basic information of the Projects

Projects are located in different regions of Mexico

	Altamira II	Rio Bravo II	Rio Bravo III	Rio Bravo IV	Saltillo	EVM I	EVM II
Transmission Region	Huasteca	Matamoros	Matamoros	Matamoros	Saltillo	Central	Central
AFRY modelled zone	North East (S)	North East (N)	North East (N)	North East (N)	North East (N)	Central	Central
Technology	CCGT	CCGT	CCGT	CCGT	CCGT	OCGT	CCGT
Gas price hub	Houston Shipping Channel						
Nameplate capacity (MW)	495	495	495	500	247.5	99	850
Existing PPAs	CFE	CFE	CFE	CFE	CFE	CFE	CFE
Expiring year - PPA	2026	2026	2028	2029	2026	2037	2040

Source: Client

Our modelling of Mexico includes the split of the country in 11 regions. For each of them, wholesale electricity price projections are produced. The division of the modelled zones per State in Mexico is shown in Exhibit 3.20 and corresponds to the Projects as follows:

- Saltillo is located in the North East (north) of the country.
- Rio Bravo II, III and IV are also in the same zone. However, for this particular modelling excercise we have separated the transmission regions of Huasteca and Reynosa into a new zone, North East Frontera, given the restricticted export capacity towards the rest of the zone.
- The Altamira II plan is located in the North East (south) of the country.
- EVM I and II are located in the Central zone.

The the capacity balancing prices are modelled on a per system basis; reserves are divided as detailed in Section 3.2.2. All power plants in the SIN are subject to the same spot capacity prices, whilst reserves can see some variations.

Exhibit 3.20 – States per modelled region

Mexico is divided in 11 prices areas in our modelling

Exhibit 3.21 presents the main technical assumptions used in our model for the Portfolio; this information is key to determine the dispatchability of the Projects in the day-ahead and ancillary services markets. Inputs and technical assumptions are a combination of AFRY's best knowledge of the Projects and information provided by the Client. Capacity in the table below refers to the net export capacity while efficiency is the full-load HHV lifetime average efficiency.

Exhibit 3.21 – Technical information on the Portfolio

	Altamira II	Rio Bravo II	Rio Bravo III	Rio Bravo IV	Saltillo	EVM I	EVM II
Transmission Region	Huasteca	Matamoros	Matamoros	Matamoros	Saltillo	Central	Central
AFRY modelled zone	North East (S)	North East (N)	North East (N)	North East (N)	North East (N)	Central	Central
Technology	CCGT	CCGT	CCGT	CCGT	CCGT	OCGT	CCGT
Reference gas hub	Houston Shipping Channel						
Nameplate capacity (MW)	495	495	495	500	247.5	99	850
Avg. yearly availability (%)	94.0%	94.0%	94.0%	94.0%	94.0%	97.0%	97.0%
Avg. heat-rate (Btu/kWh) - PPA	6,927	7,009	7,129	7,092	7,107	9,839	6,730
Avg. heat-rate (Btu/kWh) - merchant	7,028	7,132	7,118	7,164	7,107	9,303	6,319
Expiring year - PPA	2026	2026	2028	2029	2026	2037	2040
Retiral	2042	2042	2044	2045	2041		

It is important to mention that the Sunset Projects have been built under Independent Power Producer (IPP) agreements with CFE which govern the operation and revenues during the contracted period. The EVM assets have been built under the LIE and have private PPAs with CFE Calificados with different terms, the evaluation of the PPAs and their terms is not part of the scope of this market analsyis.

However not all the capacity of the plants is under their IPP contracts, some plants have additional capacity which is mostly merchant, this capacity is known as Shared Ownership capacity. The modelled operation of that capacity has been assumed to be affected by its current arrangements under the LSPEE. According to the information shared by the Client, the arrangements under the LSPEE work as an option: the shared ownership capacity can be dispatched as a must-run, as long as the IPP capacity is dispatched to at least its Minimum Stable Generation (MSG). otherwise the self-supply capacity cannot be dispatched by itself. This is modelled through

an MSG constraint, increasing the MSG of the plant by the Shared Ownership (under self-supply) during its PPA period.

4 Market-wide projections in the standard scenarios

This chapter presents our modelling results for the different markets in which the Portfolio plants are expected to operate, namely the wholesale electricity and the capacity balancing market. These projections serve as the basis for the revenue analysis.

4.1 Wholesale electricity price projections

Exhibit 4.1 presents the baseload[5] wholesale prices for the regions of interest for the Portfolio up to 2050 for the Central, High and Low scenarios.

Wholesale prices for 2022 were the highest since 2019 as a result of the increase in gas prices following the war in Ukraine. Up to November 2023, we have seen prices easing to 43 USD/MWh, as the as pressure over gas markets has eased.

Prices remain below levels seen before the pandemic, due to:

— The commissioning of CCGTs, primarily in the north and centre of the country. The generation from these power plants has displaced oil-based generation from the merit order, that has the effect of decreasing the wholesale electricity prices.

— The deployment of renewable projects, especially the ones awarded in the long-term auctions, which displace more expensive sources of generation from the merit order.

— The commissioning of new gas pipelines that have accommodated a higher power gas demand in Mexico. The commissioning of these pipelines has already helped to alleviate some of the congestion currently existing in the Mexican gas system, especially in the centre and south of

5 The simple average (mean) of all the hourly prices in a calendar year.

the country. However, certain limitations remain (mainly in Yucatan) that are expected to be alleviated soon.

In the long-term, wholesale prices are projected to follow the trajectory of gas prices throughout the modelled period, as natural gas is projected to become the main price setter the majority of the time. Across the scenarios, the projected increase in renewable capacity partially contains the increase in electricity prices that would result from this increase in gas prices.

The Northeast zone (where the Altamira II, Rio Bravo II, III and IV, and Saltillo plants are located), together with the North and Norwest zones, is projected to have lower power prices when comparing with the south of the country, as a result of:

- Its relative proximity to the border with the USA decreases the transportation costs for gas, lowering the generation costs. On top of that, the availability of discounted Waha Hub gas in the region put additional downward pressure on prices.
- A high renewable deployment is projected due to the high renewable potential, both for solar and onshore wind.
- The relatively low level of interconnection with the rest of the SIN does not allow power plants in the north zones to export all their generation towards the rest of the country.

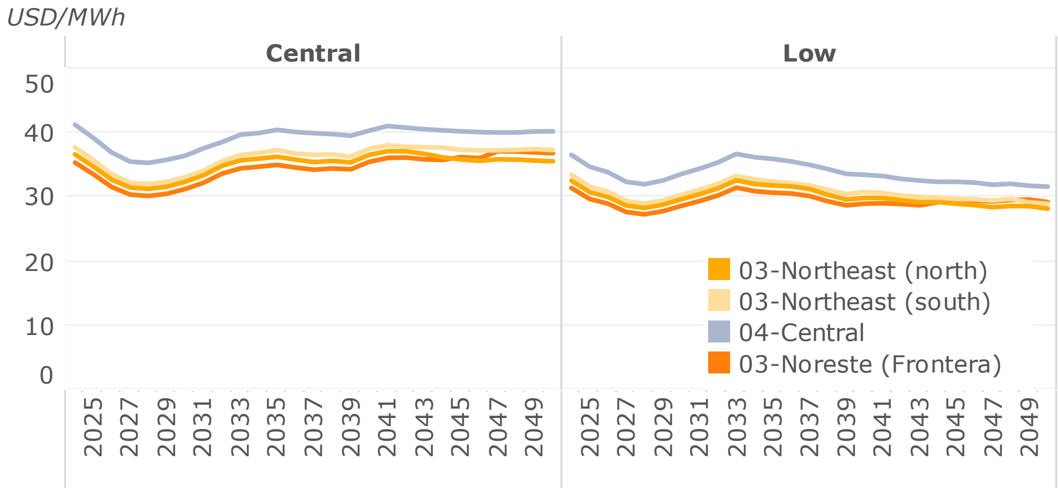
Prices in the northern zones are projected to approach prices in the rest of the SIN by the early-2030s when the interconnection with the rest of the country is projected to be reinforced, with cheaper gas from the US flowing to the rest of the country as the congestion of the gas system decreases and the new CCGTs announced by CFE are commissioned.

The Central zone (where EVM I and II are located), and the south of Mexico in general, is projected to have slightly higher prices than the national average values due to:

- Its higher electricity demand, both from domestic and commercial & industrial consumers;
- The lower level of interconnection that constraints the imports from the north of the country; and
- A higher assumed gas transmission cost.

Exhibit 4.1 – 2023 Q3 wholesale electricity price projections for the Northeast and Central zones (USD/MWh, real 2022 money)

Wholesale price are projected to remain stable in the Central scenario as slight upward pressure from increasing gas prices is balanced by increased renewable generation



4.1.1 Technology setting marginal prices

CCGTs are the main price setter, but more flexible GTs increase their share in the long-term

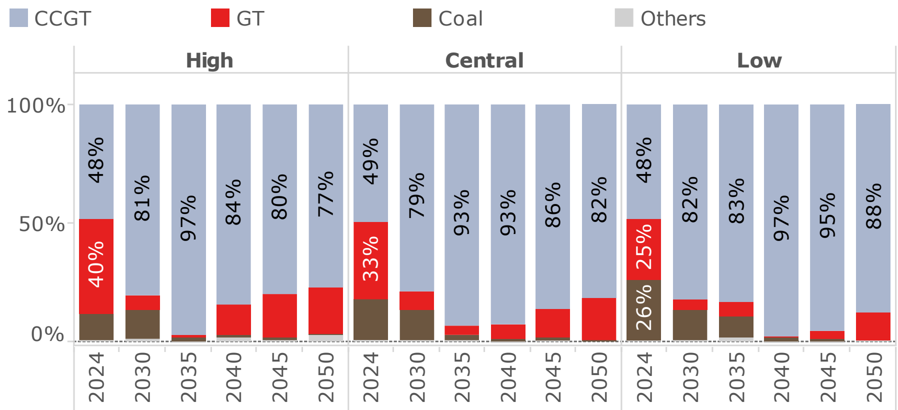
Exhibit 4.2 provides a summary of the fraction of the time that different generation technologies are the marginal technology within Mexico in the modelled scenarios. Within a price period, the marginal setting power plant is the plant that would be required to supply an additional unit of generation. In a competitive wholesale market, the short-run costs of this plant will determine the wholesale electricity price within that price period (i.e. the plant will ‘set the price’).

CCGTs are projected to set the marginal prices the majority of the time throughout the modelled period. In the long term we project an increasing proportion being set by GTs as a result of the increasing renewable penetration, which favours the cyclical operation from more flexible sources.

Despite the high clean energy penetration levels in the scenarios, renewable technologies set the marginal price a negligible proportion of the time. These hours when renewables set the marginal prices are subject to suffer from potential renewable curtailment due to operational restrictions of the system.

Exhibit 4.2 – Proportion of the year that wholesale prices are set by different generation technologies within Mexico (%)

CCGTs set the price the majority of the time, whilst GTs increase their share as renewable penetration grows



4.2 Capacity balancing price projections

The Mexican capacity balancing market is designed to ensure that there is enough capacity available in the system to operate it safely. The mechanism designed sets a capacity balancing price depending on the average operative margin reserve (MOR) in the top 100 critical hours of the year. This design of the market is volatile by nature, as prices will depend on hydrology, wind production, etc.

This market is an ex-post market and, as such, cannot guarantee a constant stream of revenues. It is designed so that market participants can balance their capacity positions, as market participants are forced (by the regulation) to cover almost 100% of their expected capacity needs via bilateral contracts. This market incentivises, more than anything, thermal capacity to remain in the system instead of being decommissioned. The market design, which forces participants to cover their capacity needs with longer-term contracts, makes the balancing market a tool for balancing positions, so excess capacity or any shortfalls can be sold and purchased for all participants. This makes the balancing market a rather volatile market, with large swings in prices for relatively small deviations in available capacity and/or demand.

The following sections describe in detail the main results from our modelling of the capacity balancing market for AFRY's standard scenarios.

4.2.1 Evolution of the 100 critical hours

The capacity balancing market is centred on the system tightness during the 100 critical hours of the system. These are defined as the periods with the lowest MOR falling within two weeks of the 100 hours with the lowest operating reserve of the previous calendar year. We update our projections for these hours based on the ones defined by CENACE for the capacity market for the previous year.

The heat map in Exhibit 4.3 shows the projected evolution of the 100 critical hours in the Central scenario for the SIN. The x axis covers the years from 2024 to 2050 while the y axis covers hours of the day from 1 to 24. The shading intensity reflects the number of critical hours that occur in that year and in that hour block.

It can be seen that the critical hours in the Central scenario are displaced towards the night from the sunlight hours as the penetration of solar increases, especially with the commissioning of the projects awarded in the long-term auctions. The long-term evolution of the critical hours imply that some hours move towards the first hours of the day. This is a consequence of the increase penetration of wind generation in the Northeast of the country. As the wind in this region is greatest during the night, additional available generation forces some hours to move to periods with lower wind output, which are the first hours of the day.

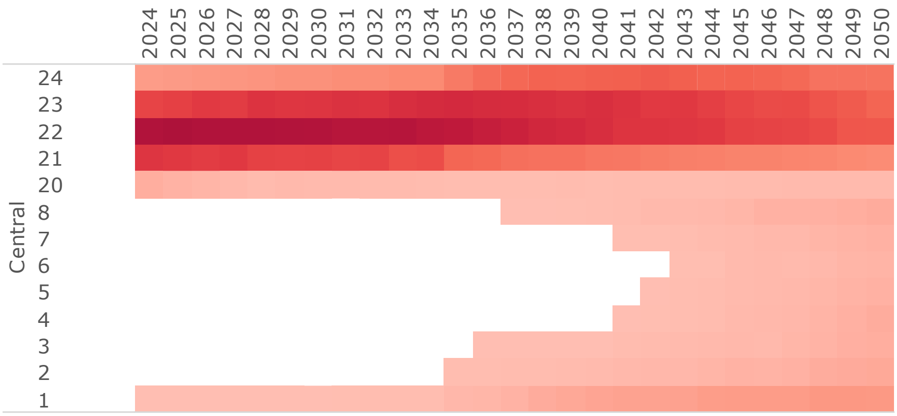
CENACE's historic data show a shift of critical hours towards the night hours

CENACE's historic data, used as an input for the calculation of the ex-post capacity balancing market, already confirms a shift of the critical hours towards evening periods. While in 2016, only 16 out of the 100 critical hours happened after 19:00, by 2020 the number had already reached 91. In 2022 95 of the critical hours fell after 19:00.

Exhibit 4.3 is only presented for the Central scenario; however, the Low scenario will show the same behaviour.

Exhibit 4.3 – Evolution of the critical hours in the SIN

Increased solar penetration causes the critical hours to shift towards evening and night periods



4.2.2 Capacity balancing market price projections

Exhibit 4.4 show the projected capacity balancing price projections for the SIN in the Central, High and Low scenarios. These charts show the historical prices resultant for the capacity balancing market from 2016 to 2022 in black squares. The solid line indicates the average price under the different modelled weather patterns while the shaded area shows the range of prices corresponding to the modelled weather patterns. This range represents the inherent volatility of the balancing market under different weather conditions that can potentially impact the system.

Capacity price for production year 2022 increased to levels never seen in the market before, raising questions on the government's strategy and CENACE's planning as well as breaking the trend of low balancing capacity prices. The main reasons for the increase are:

- Increase in the cost of new entry from 121 USD/kW to 175 USD/kW. The increase was "supported" by higher fixed transport costs assumed for the technology of reference. For this item, CENACE assumed a cost equivalent to the full capacity of the plant. However, the considered load factor for the revenue calculation was only 1.4%. A higher gas transport cost at time where the gas network is finally seeing less utilisation given the new private pipelines is questionable.
- Very tight system during May 2022 due to hot temperatures that led to an increase in demand. May concentrated almost 70% of the critical hours of the year.
- Reduction in thermal and hydro offers in May in comparison to historical values. This appears to have been caused by CENACE requesting plants to be available during Jan/Feb in case of more freeze issues in Texas and pushing maintenances to April/May, so the result of planning decisions.

Following the events that lead to a high capacity balancing price in 2022 in Mexico, AFRY has reviewed its methodology to calculate capacity prices, especially in the short-term were plant maintenances and climate events have special relevance.

We focused particularly on reviewing thermal availabilities in the short-term, as offers in the day-ahead market show a lower level of offered capacities during the critical hours. Given this, we are now considering a more challenging scenario of availability for the critical hours in the short-term, with improvements towards the late-2020s as newer plants are commissioned and maintenances see more robust plannings.

This update also sees increased demand levels during the 2020s, adding further pressure over the critical hours of the system, thus supporting the capacity market. This is compensated by the postponed retail of older thermal plants we assume in this update

In our Central scenario, prices remain above 70 USD/kW-yr in the short-term, with pressure over the market declining as the new thermal firm capacity recently announced by CFE is commissioned in the centre of the country and Yucatan. Our view already considers that these plants will see minor delays in commissioning versus what CFE has announced; further delays could lead to even higher capacity balancing prices during this decade.

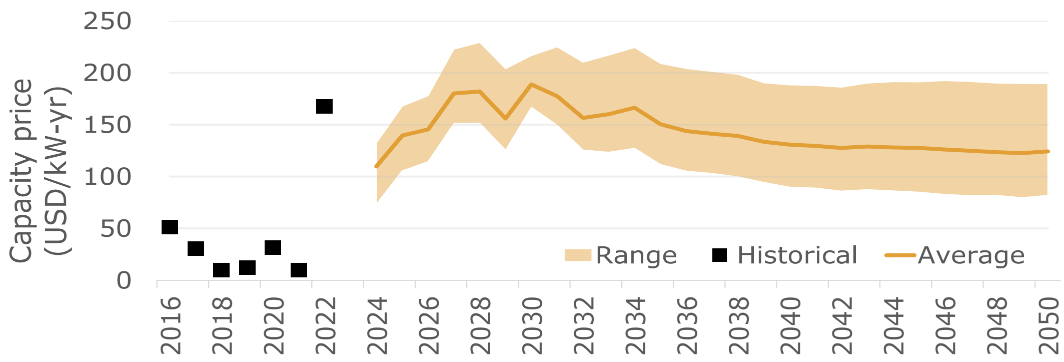
By the early-2030s, we expect the system to have tightened, as older power plants are decommissioned and new generic thermal capacity begins to be necessary. In the long-term, prices stabilize around the 115-120 USD/kW-yr level in the Central scenario.

Equivalently, the High and Low scenario follow a similar patterns, settling at different price levels in the long-term depending on the CONE specified in each scenario.

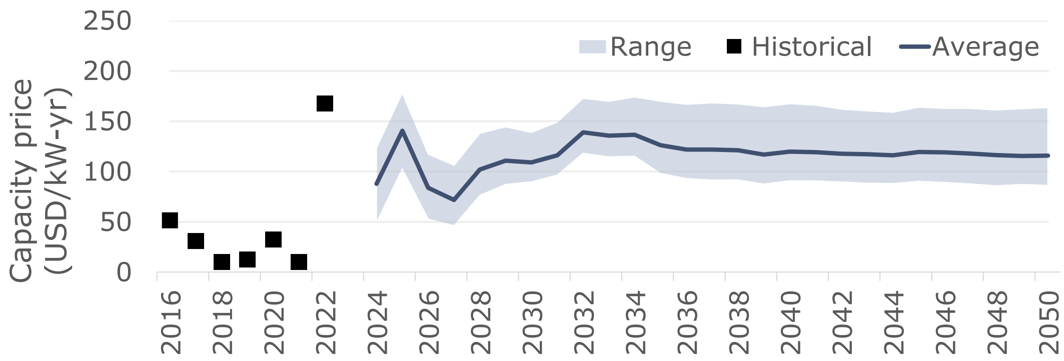
Exhibit 4.4 – Projected capacity prices modelled with a 6% MOR for the SIN (USD/kW, real 2022 money)

Capacity prices remain high most of the modelled period as the system tightens

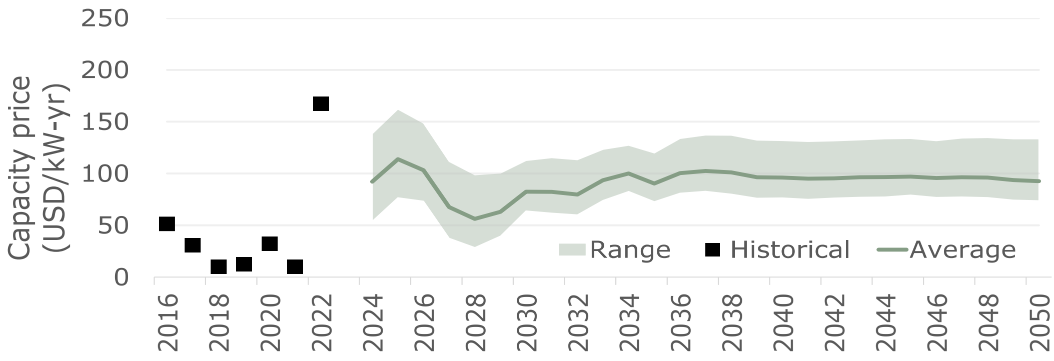
High Scenario



Central Scenario



Low scenario



4.2.3 Additional comments

The scenarios modelled should be seen as offering descriptions of what could transpire or plausible pathways for the future and useful insights along the way and not forecasts or expectations of the performance of the market or the assets in the portfolio. There are different pathways under which the Mexican and global markets could evolve which are not all captured by the report. The report focuses on fundamental drivers and does not cover political or other potential drivers of change. The three scenarios modelled assume the power systems in Mexico operate correctly with enough generation and transmission capacity being built in the future to guarantee safe operations. The scenarios also assume cost competitive bidding of all generators and consumers into the market which is a basic premise on liberalised markets.

The capacity balancing market in Mexico is highly volatile by design, with prices jumping from 0 to over 150 USD/kW from one year to another with relatively small variations in demand or supply. The projections done under the Scenarios modelled evaluate four different weather conditions, however based on recent years, climate volatility might increase going forward thus potentially resulting in more price volatility.

5 Asset specific projections in the standard scenarios

This chapter presents the main results and market projections relevant to the Portfolio. We provide a detailed explanation on the evolution of the operating patterns of each plant and projected revenues, costs and margins obtained from their market operation.

The projections presented in this chapter are based on the modelling methodology described in Chapter 3 and the market results outlined in Chapter 4. The modelled results provided in this chapter for the different scenarios should be seen as offering descriptions of what could transpire or plausible pathways for the future and useful insights along the way and not forecasts or expectations of the performance of the market or the assets in the portfolio.

5.1 Evolution of the Portfolio's operating patterns

5.1.1 Annual/monthly load factors

The Portfolio is affected by the commissioning of more efficient CCGTs in Mexico

Exhibit 5.1 shows the projected annual load factors for each plant in the Portfolio for AFRY's Central and Low scenarios.

Overall plant dispatch is dependent on both plant characteristics and regional conditions:

— **Altamira II** operates close to availability until the mid-2030s, as its location in the North East (South) facilitates exports towards Occidente and Oriente, and its relatively high efficiency keeps it in a good position within the merit curve. However, as new renewable and more efficient thermal capacity enters the system, we see a decrease in its operational load factor.

— **EVM I** sees high dispatch level in the short-term as the system remains tight during high demand months, taking advantage of its high efficiency. From the 2030s, it operates as a peaker, with load factors generally below 5% depending on the commissioning of renewables (2030s and 2040s).

— **EVM II** is a highly efficient plant that also benefits from its location in the Central zone and access to Oriente and Occidente. Given this, it operates at availability until the mid-2030s, seeing a decrease in load factor once the system reaches a larger penetration of renewable capacity.

— **The Rio Bravo II, III and IV** plants see similar efficiency levels. One of the key issues they face its their location in Matamoros, which has limited interconnection towards the rest of the Northeast. This limits the flow of energy to both local demand centres (such as Monterrey), but also towards the South of the country, so even as the system remains tighter in the 2020s their load factor remains below 90%, and quickly drops during the first half of the 2030s.

— **Saltillo** is another plant with good access towards the demand centres in Occidente, which supports a high load factor until the mid-2030s. From that point onwards it also sees a drop in its operation as new renewable and efficient thermal capacity displace it in the supply curve.

The load factor for the Portfolio shows a decreasing trend in both scenarios over time, as renewable capacity and new efficient thermal plants drive most plants out of merit in the supply curve.

Generally, the Low scenarios sees a slightly higher generation for all assets as a result of lower renewable penetration, thus smaller displacement in the merit order and lower build of new thermal plants, both aligned with the lower demand growth in the Low scenario; the High on the other hand faces more renewable but also the commissioning of larger amounts of CCGTs at an earlier date, leading to a faster drop in load factors.

Exhibit 5.1 – Annual projected load factors for the assets (%)

We see a decreasing competitiveness on a merchant basis due to the renewable and efficient thermal deployment in the medium- to long-term.

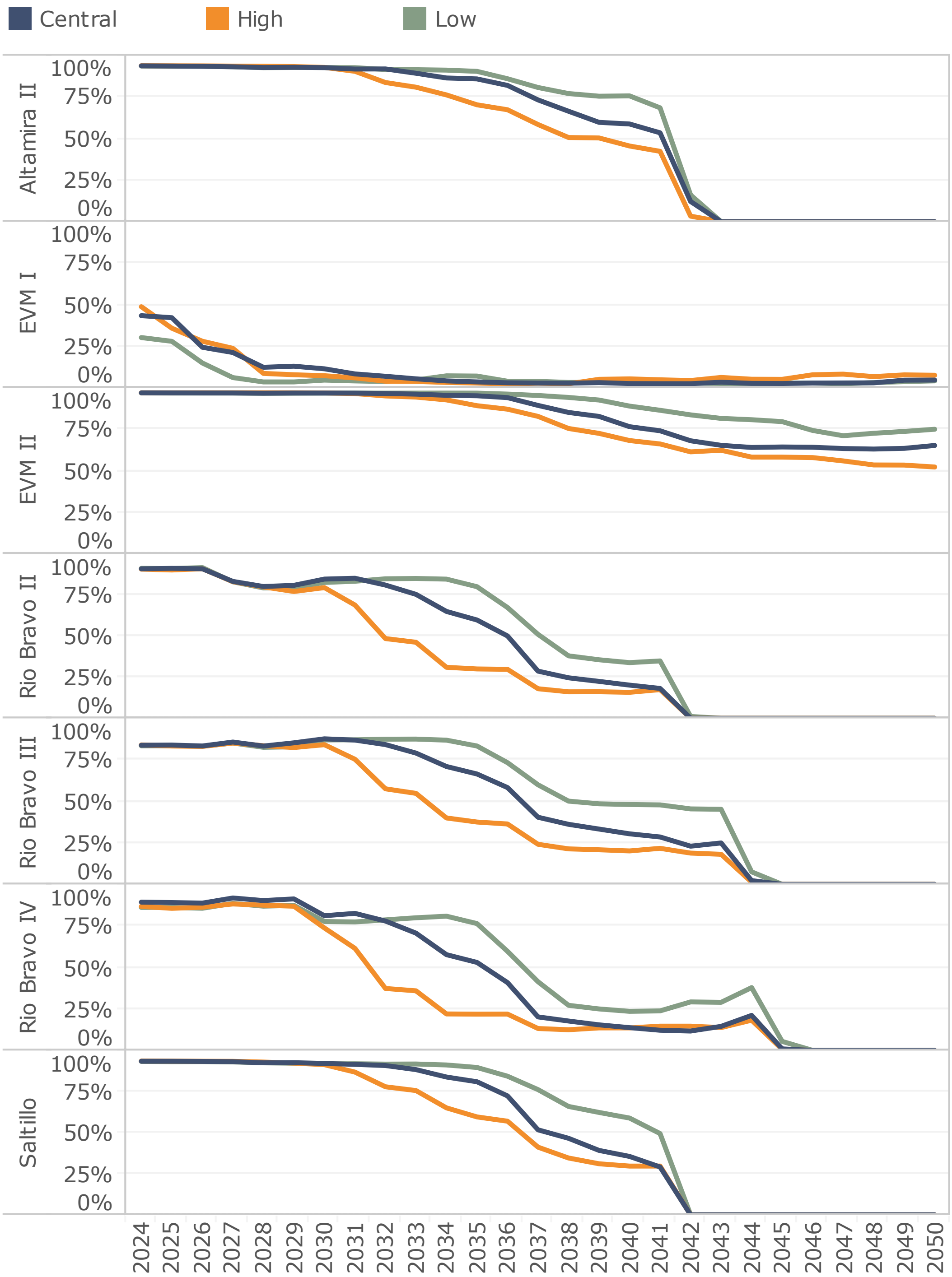


Exhibit 5.2 shows the projected monthly load factors for selected years for the Central and Low scenarios. Monthly shapes are similar for the different power plants in both scenarios.

The portfolio has an overall seasonal operation pattern that becomes more evident as we advance throughout the modelled period. As general behaviours we see:

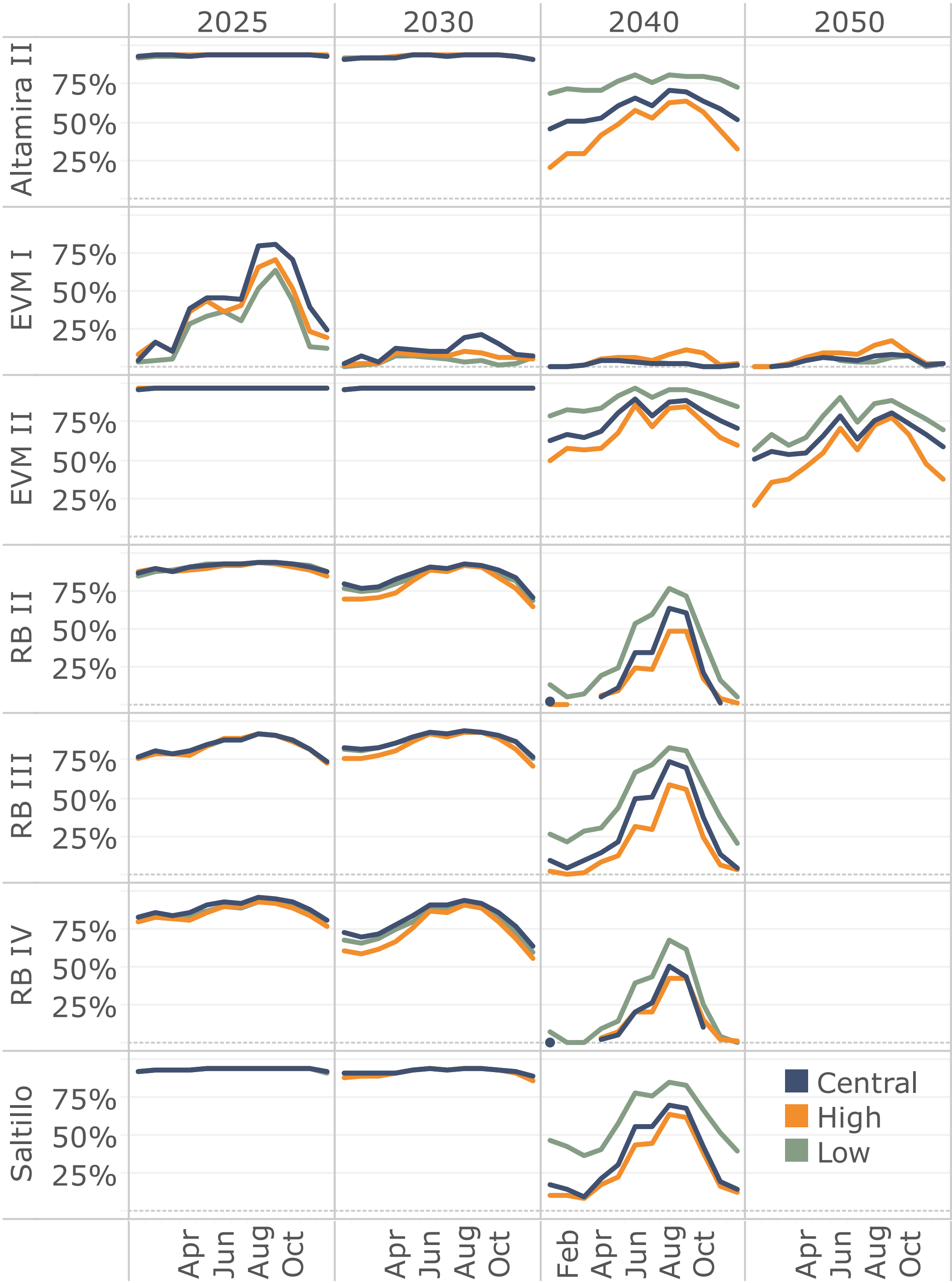
— **Altamira II**, **EVM II and Saltillo** operating at capacity in 2025 and 2030, given the specific advantages they see -efficiency, location relative to demand centres, access to cheap gas and limited congestion, all to different degrees-. By 2040, the larger penetration of renewables and deployment of efficient thermal capacity pushes them towards a more seasonal generation, with higher load factors seen in the summer months and relevant decreases the remainder of the year.

— **Rio Bravo II, III and IV** all see operation almost at availability, though start seen a more seasonal behaviour earlier than the rest of the portfolio, as they are more affected by congestion. The effect increases over time, as they see a displacement in the supply curve.

— **EVM I** sees high levels of dispatch during summer and spring early in the modelled period, though this tends to decrease as new CCGTs starts entering the system. In the long-term, load factors remain overall low, operating only in the hours of more system-tightness.

Exhibit 5.2 – Evolution of monthly load factor projection for the Portfolio (%)

The portfolio's generation becomes increasingly seasonal over the modelled period.



5.1.2 Number of starts

Exhibit 5.3 shows the evolution of projected starts for each plant in the Portfolio for the Central and Low scenarios.

In line with the evolution of load factors, we see that the number of starts sees an increasing trend for the CCGTs plants that comprise the portfolio:

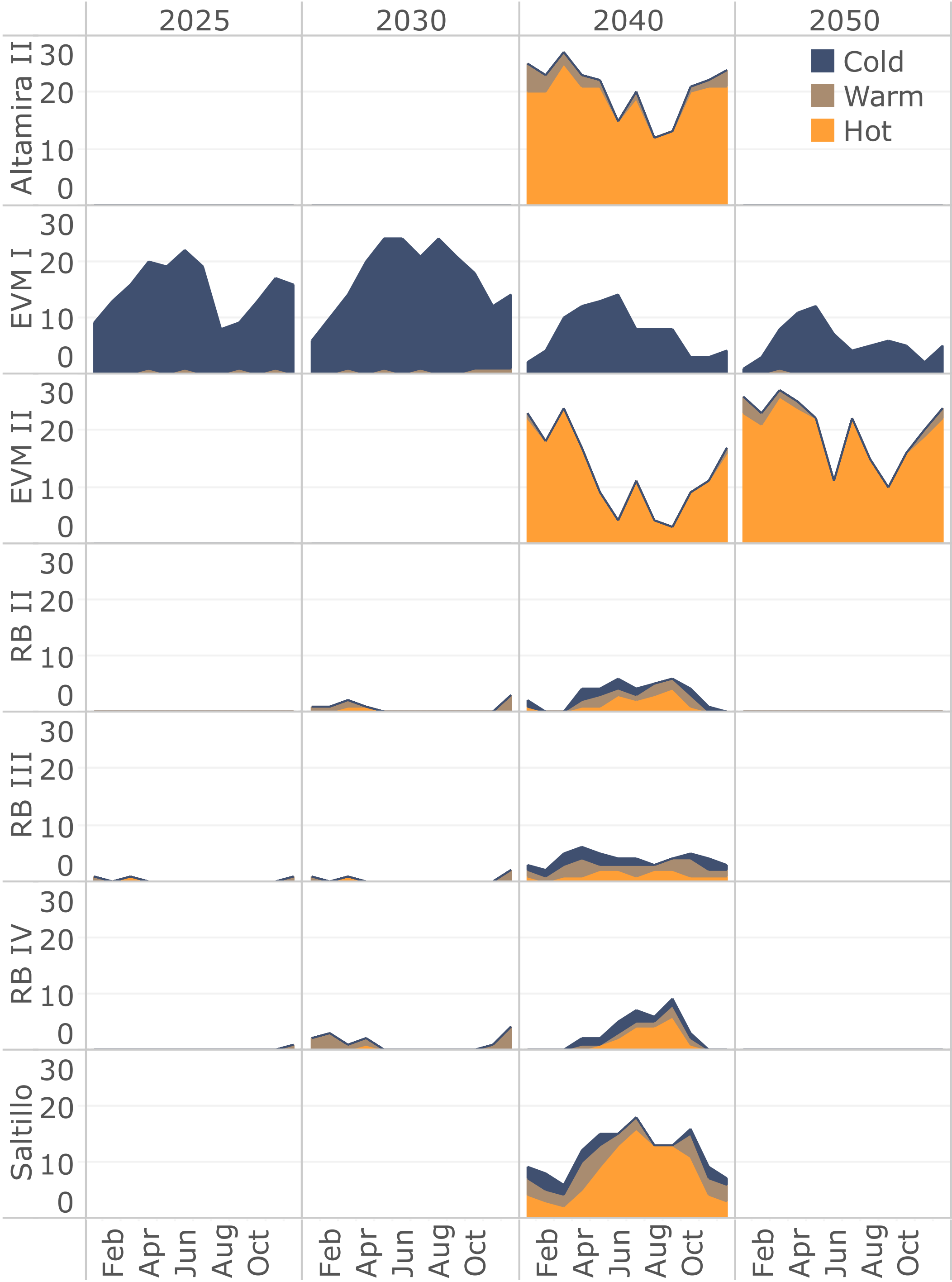
— **Altamira II**, **EVM II and Saltillo** operate at capacity in 2025 and 2030, with almost not starts. By 2040 this has changed, with starts concentrated in the winter months; as EVM II has a larger lifespan, we see this effect deepen by 2050.

— **Rio Bravo II, III and IV** initially see more starts in the winter months, as their capacities are still necessary during winter. However, this changes by 2040, with the summer seeing more starts. This reflects that during the peak months their capacity is still needed in periods, whilst during colder months they are not turned on as often.

— **EVM I** sees a high seasonality of starts reflecting the need to operate it more often during summer month, to contribute during demand peaks, this is standard for Gas Turbines.

Exhibit 5.3 – Temperature dependent start projections for the Projects (number of starts)

As the operation of plants decreases over the modelled period, we see more starts happening, specially during the winter months for CCGTs.



5.2 Supply curves

Supply curves help to understand the relative competitiveness of the assets of the Portfolio within the Mexican market. Exhibit 5.4, Exhibit 5.5 and Exhibit 5.6 present supply curves for the Central, High and Low scenarios, respectively, in the modelled years 2025, 2030 and 2050 for the months of January and July, representing summer and winter conditions.

Supply curves are a graphical way to visualise the competitiveness of a specific generator within the Mexican market. It orders power plants by their modelled variable costs and compares the cumulative available capacity against the minimum, average, and maximum system power demand that can be expected. It must be noted that supply curves shown are monthly averages; inter-temporal constraints can result in some plants having distinct locations within the merit order during specific hours. As a result, only the average availability is shown; this is especially important for renewables, which can fluctuate from the averages shown in the figures due to their intermittent nature.

Another important characteristic that is not represented in the supply curves shown is the minimum generation that certain plants need to output. This can mean that certain plants that are needed for the highest demand periods (in the evening) need to be maintained on the system at their minimum level of output, so that they do not incur in new start-up costs. Such a solution can result in a more economic overall dispatch.

Regarding the location of the analysed plants in the supply curve, we see that the Sunset portfolio -consisting of Altamira II, Rio Bravo II, III and IV, and Saltillo- is located around or below the minimum demand level up to 2030, resulting in close to baseload operation patterns. The key driver behind this is the access to cheaper gas that the North East zone sees, and the relatively competitive efficiency the plants have comparing with the rest of the CCGT fleet. However, towards 2040, these plants have shifted significantly towards the average demand level, specially during winter, as new renewable capacity and more efficient CCGTs are deployed.

EVM II is positioned in the middle of the CCGT fleet as its high efficiency is counterbalanced by the more expensive gas it can access. Its location in the Central zone gives it a competitive advantage since this area is usually congested and in lack of generation. This allows it to capture higher market prices and provide very valuable energy when needed in this part of the country.

Finally, EVM I is the only GT in the portfolio, as a GT it is closer to the maximum demand level, being competitive with the rest of the peakers fleet. Still, as with all peaking plants, EVM I focuses on generating few periods during the year when high demand peaks occur, providing system security and reliability. However, in the short-term the plant is closer to the average demand during the summer, meaning that we can expect higher load factors. This as the system is operating on tighter levels than expected during the 2020s.

The High and Low scenario sees an overall similar behaviour comparing with the Central, though it is necessary to keep in mind the difference in demand levels but also the commissioning of generic capacity, so some differences are to be expected.

Exhibit 5.4 – Supply curves for Mexico in the Central scenario

More efficient CCGTs coming online in the future imply that the Portfolio may lose competitiveness against the entire CCGT fleet in the long-term

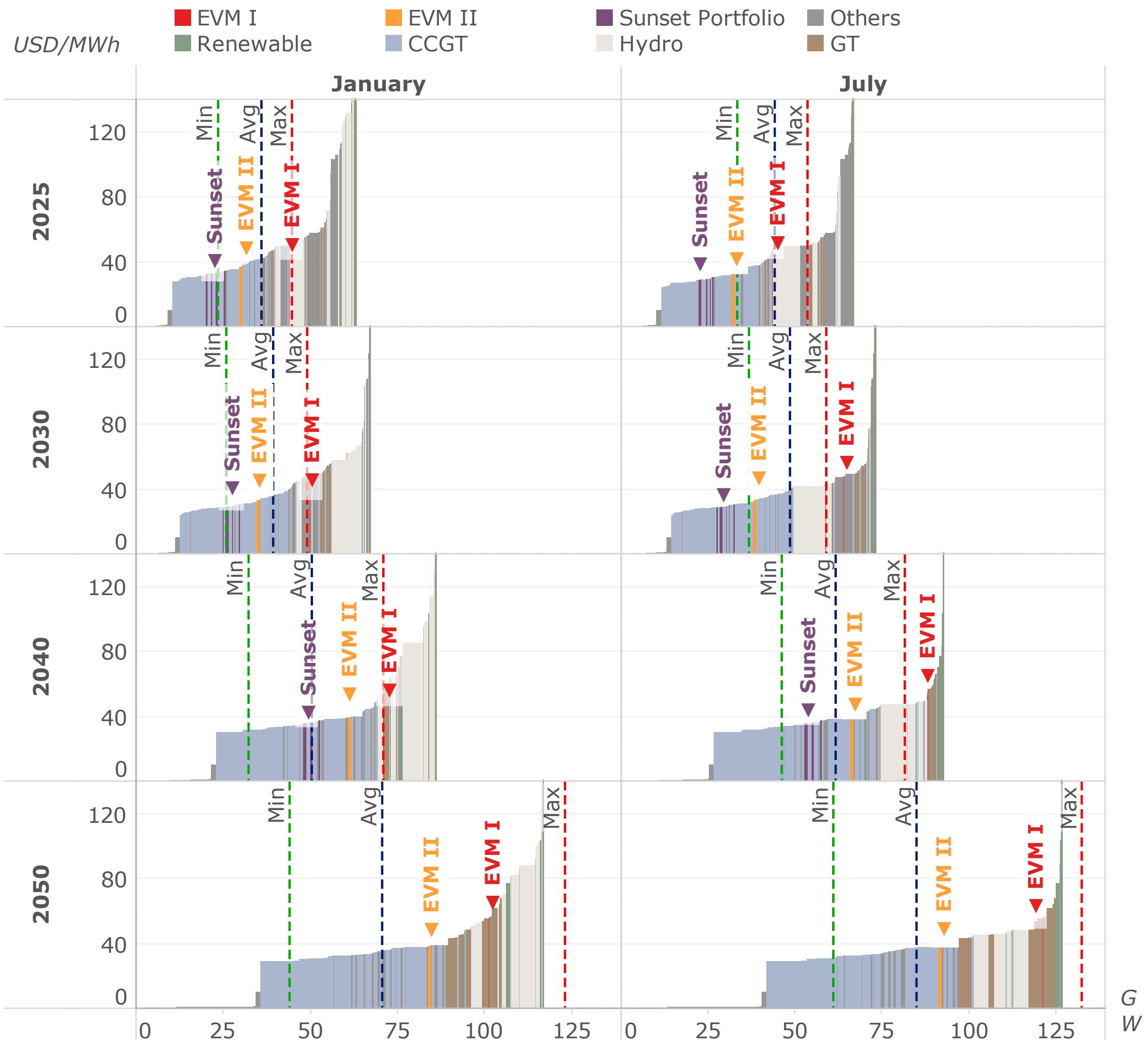


Exhibit 5.5 – Supply curves for Mexico in the High scenario

More efficient CCGTs coming online in the future imply that the Portfolio may lose competitiveness against the entire CCGT fleet in the long-term

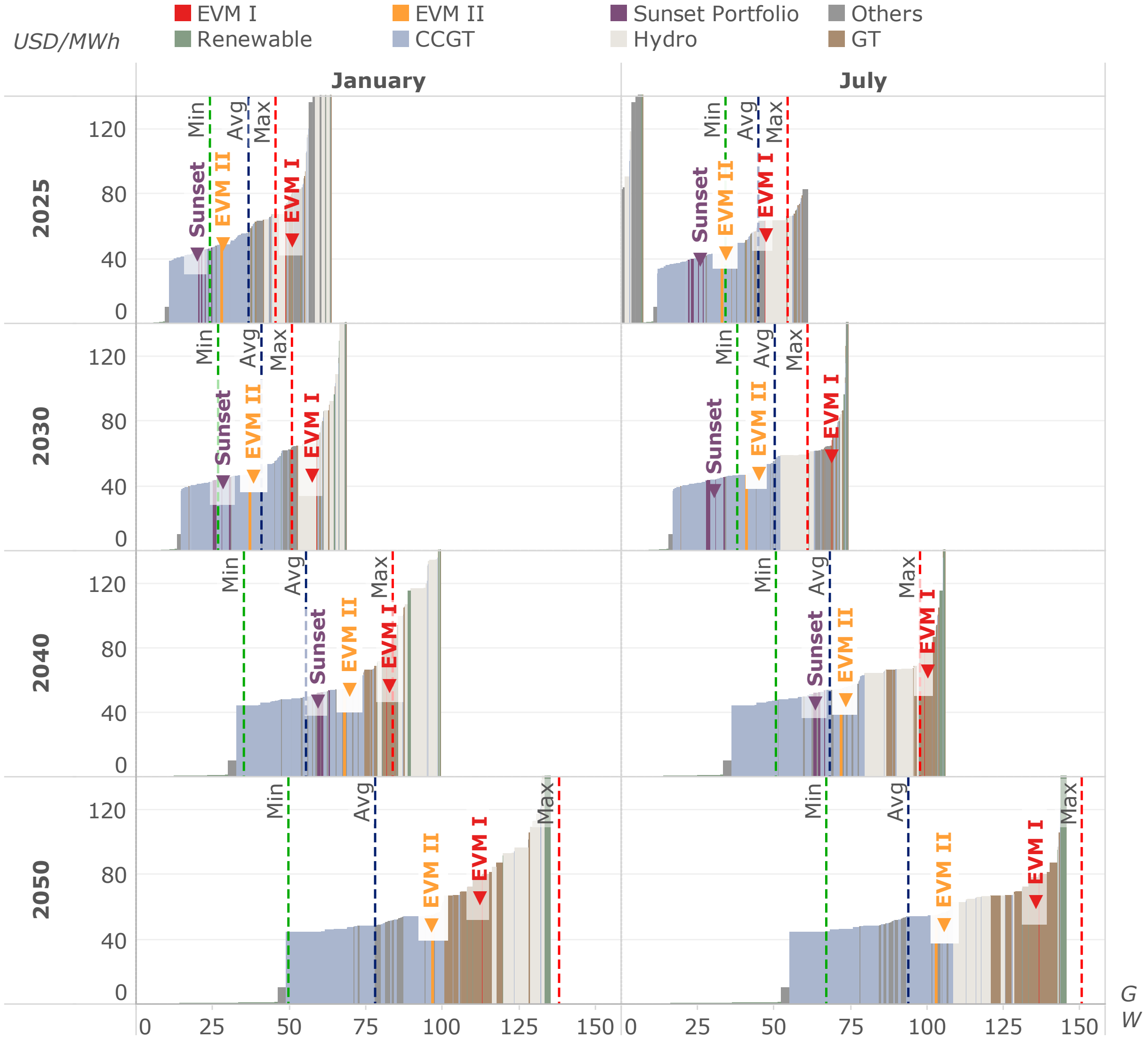
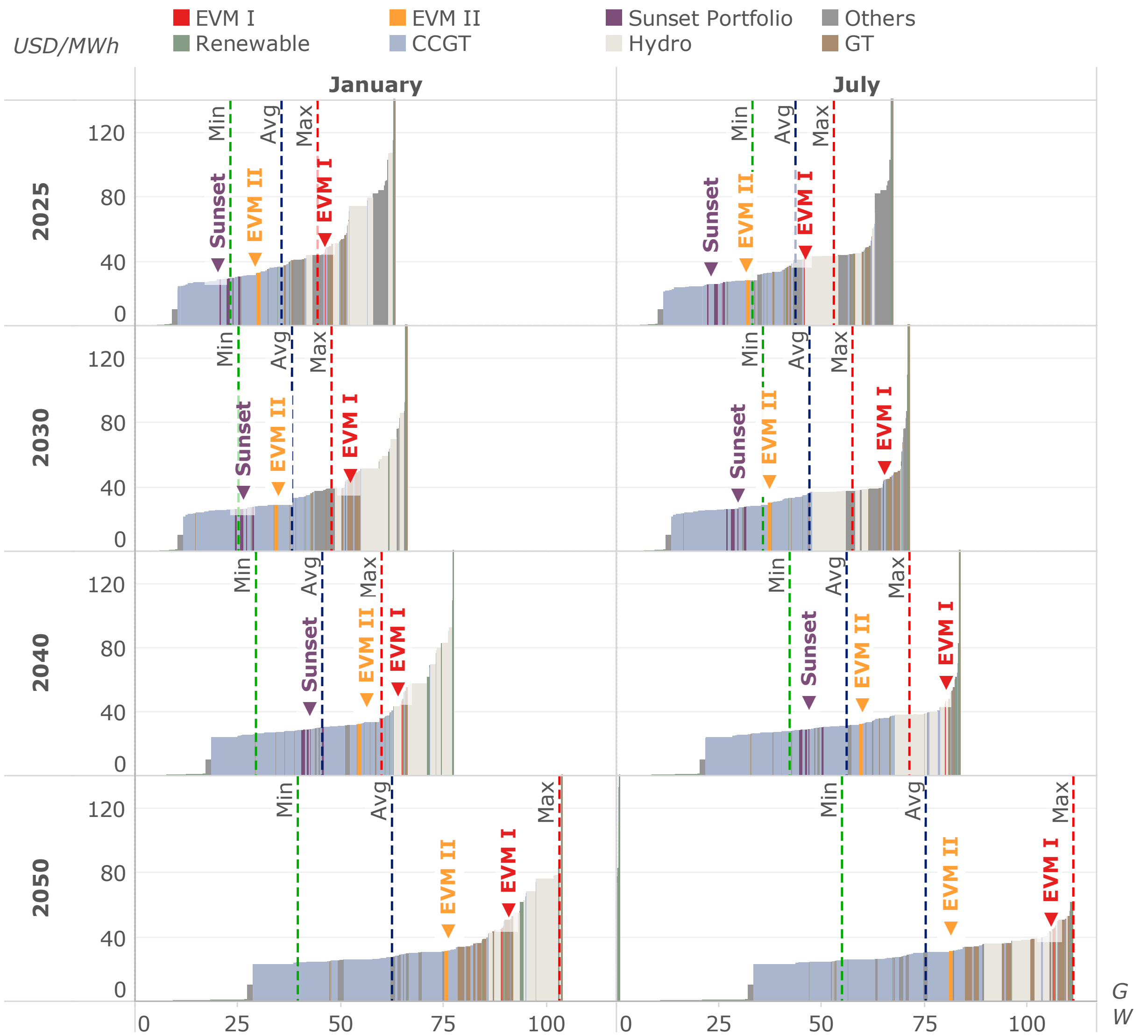


Exhibit 5.6 – Supply curves for Mexico in the Low scenario

More efficient CCGTs coming online in the future imply that the Portfolio may lose competitiveness against the entire CCGT fleet in the long-term



5.3 Market performance

This section includes market revenues and costs breakdown for the five assets of the Portfolio for the modelled scenarios. Revenues the Projects receive come from:

- **Wholesale electricity:** it generally constitutes the major source of income for the Portfolio although they show a decreasing trend throughout the modelled period as plants start generating less.
- **Capacity balancing:** it provides an important source of revenue over the modelled period. As the system margin tightens with growing demand and the retiral of old plants, the capacity balancing markets sends a price signal to build new capacity. AFRY understands that most of the capacity provision of the plants is already contracted during the duration of the PPAs.
- **Reserve provision:** it only constitutes a small percentage of total plant revenues. Reserve revenues decrease once batteries enter the system since the reserve requirements are relatively minor compared to the amount each battery can make available to that market.

To generate electricity, the power plants incur in the following costs:

- **Fuel costs:** it encompasses the largest proportion of plant operational costs. Fuel costs include molecule and transportation costs.
- **Transmission costs:** they are assumed to remain constant in real terms on a per MWh basis. Changes in these costs are proportional to plant generation.
- **Operation and Maintenance (O&M) costs:** it includes cost derived from the operation of the power plant. They are also directly correlated with the plant generation volumes.

Gross margins are also illustrated for the different Projects in a white line. They are calculated as the difference between revenues and costs and they heavily depend on capacity revenues, since the gross margin generated by wholesale electricity and reserve provision is extremely limited for most of the Projects. Generally, gross margins are higher in the Central scenario.

5.3.1 Altamira II

The revenues and costs breakdown for the Altamira II power plant in the Central scenario is shown in Exhibit 5.7. Total revenues are on average 142mUSD during the modelled period. Revenues decline during the 2020s due to a mix of changing capacity prices and decreasing energy revenues. They the remain roughly stable in the early 2030s, an decline in the second half of said decade as dispatch levels drop over time.

Exhibit 5.7 – Revenues and costs (mUSD, real 2022 money) breakdown for Altamira II in the Central scenario

Gross margin remains over 60mUSD during most of the 2030s

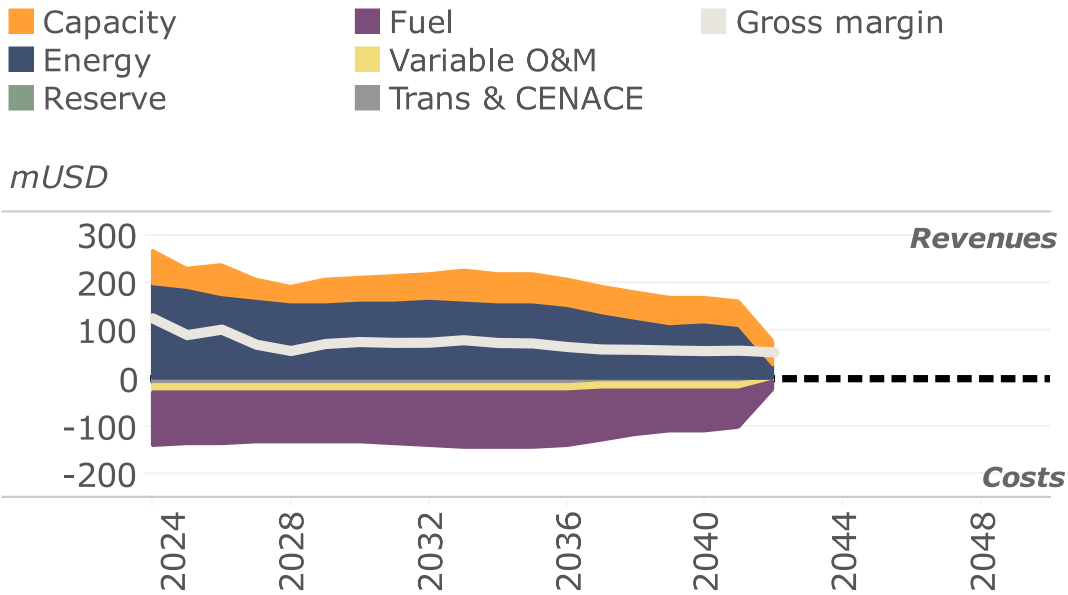


Exhibit 5.8 presents the revenues and costs for Altamira II in the Low scenario. Overall, we see a similar behaviour versus the Central scenario, though the average margin reaches 42mUSD.

Equivalently, Exhibit 5.9 presents the revenues and costs for Altamira II in the High scenario, which follows a similar behaviour. The average margin is 65mUSD.

Exhibit 5.8 – Revenues and costs (mUSD, real 2022 money) breakdown for Altamira II in the Low scenario

The Low follows a roughly similar trend compared with the Central scenario

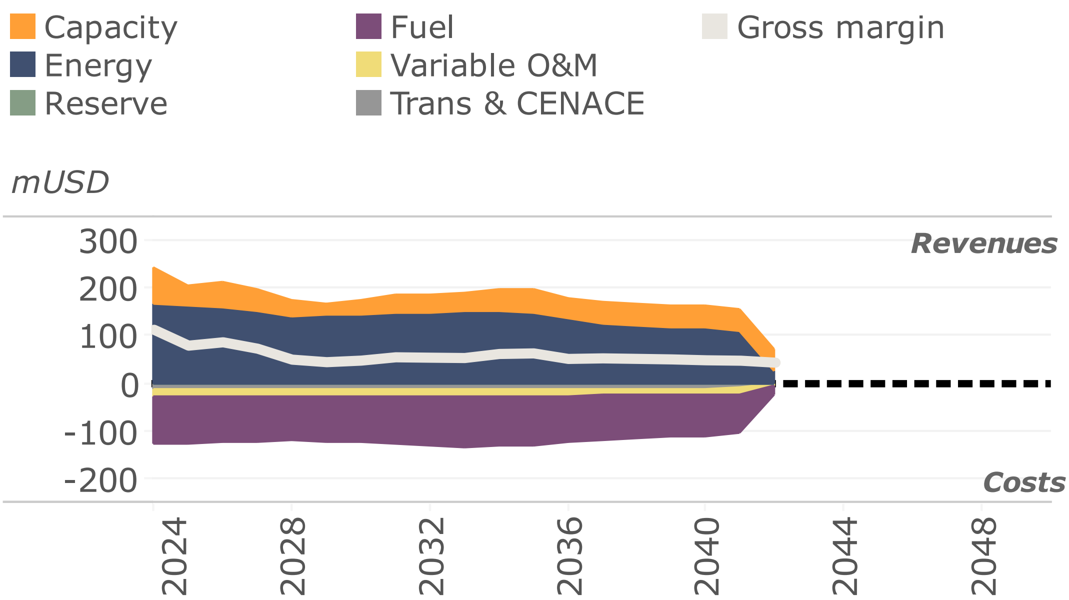
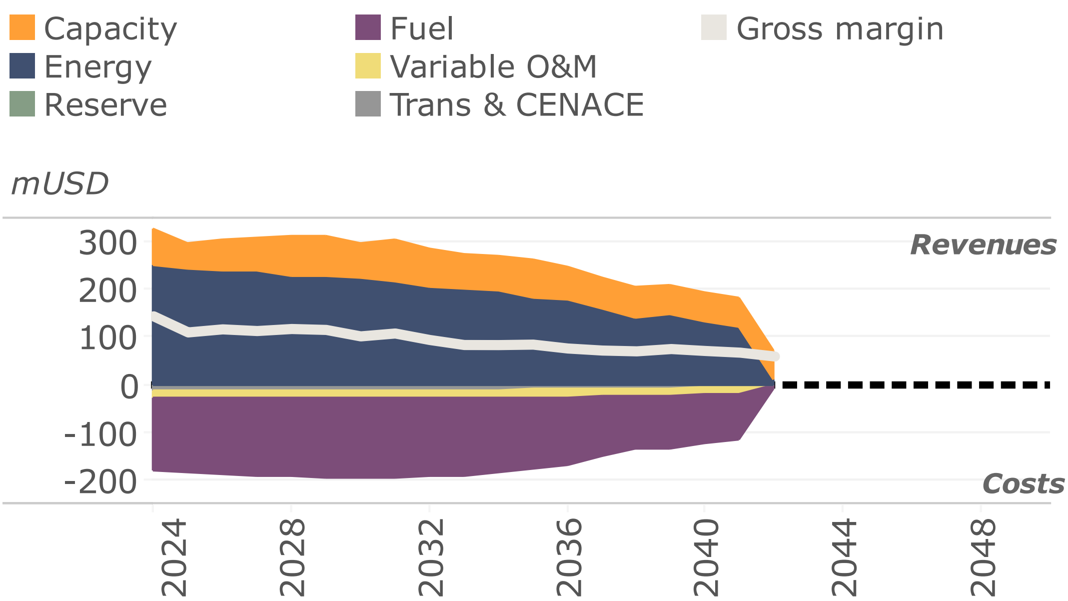


Exhibit 5.9 – Revenues and costs (mUSD, real 2022 money) breakdown for Altamira II in the High scenario

The High follows a roughly similar trend compared with the Central scenario



5.3.2 EVM I

EVM I sees decreasing energy revenues in the Central scenario, as can be Exhibit 5.10. This is an effect the initially tight system which leads to large levels of dispatch, specially during the spring and summer months. As new the new CFE capacity is commissioned over the decade, EVM I is displaced from the supply curve, leading to decreasing energy revenues.

On average, total revenues are 16 mUSD over the modelled period, largely driven by the capacity revenue we expect to see over the whole modelled period. Due to this, from the mid-2030s onwards gross margins remain above 11 mUSD per year.

Peaking plants are characterised by lower generation during the year, thus depending on the remarkably high market prices when they generate as well as in their capacity payments. This balances out with its lower capex compared to more efficient CCGTs.

Exhibit 5.10 – Revenues and costs (mUSD, real 2022 money) breakdown for EVM I in the Central scenario

Energy revenues are highly dependant on the tightness of the system and commissioning of renewables

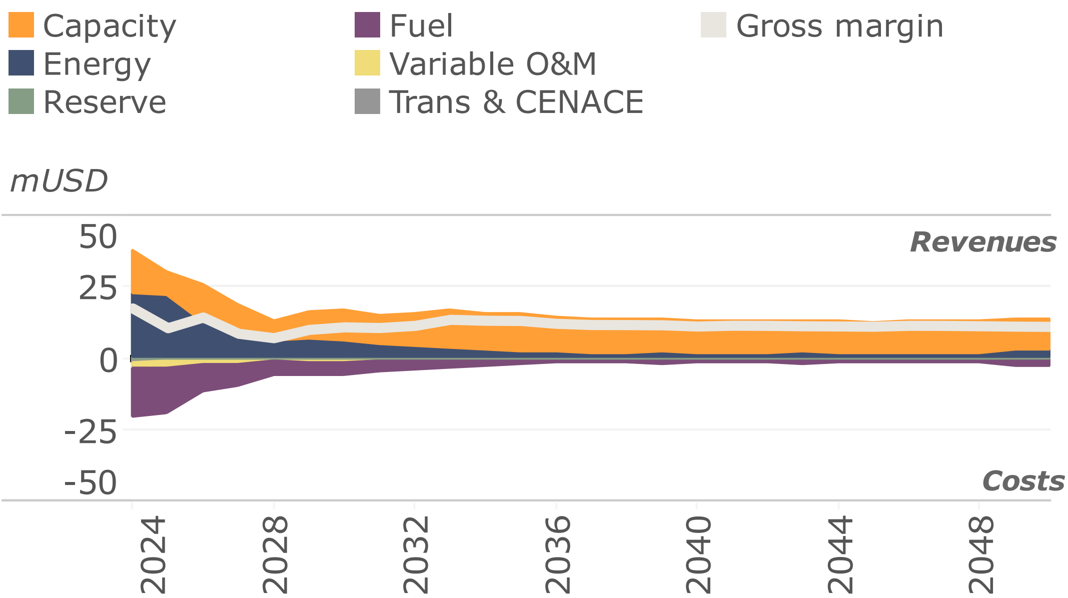


Exhibit 5.11 shows the revenues and costs for EVM I in the Low scenario. Lower demand levels in the medium- to long-term, and smaller renewable penetration, mean that GTs are less relevant for the system, keeping energy revenues at lower levels. Margins remain stable at 9mUSD per year from the mid-2030s until the end of the modelled period.

The results for the high scenario can be seen on Exhibit 5.11, following similar trend as the Central. However, the larger deployment of renewables in this scenarios means that more hours of dispatch -and energy revenues-are expected in the long-term. Margins see a decreasing trend though remain generally above 12mUSD in average.

Exhibit 5.11 – Revenues and costs (mUSD, real 2022 money) breakdown for EVM I in the Low scenario

Energy revenues remain generally low over the operation of EVM I

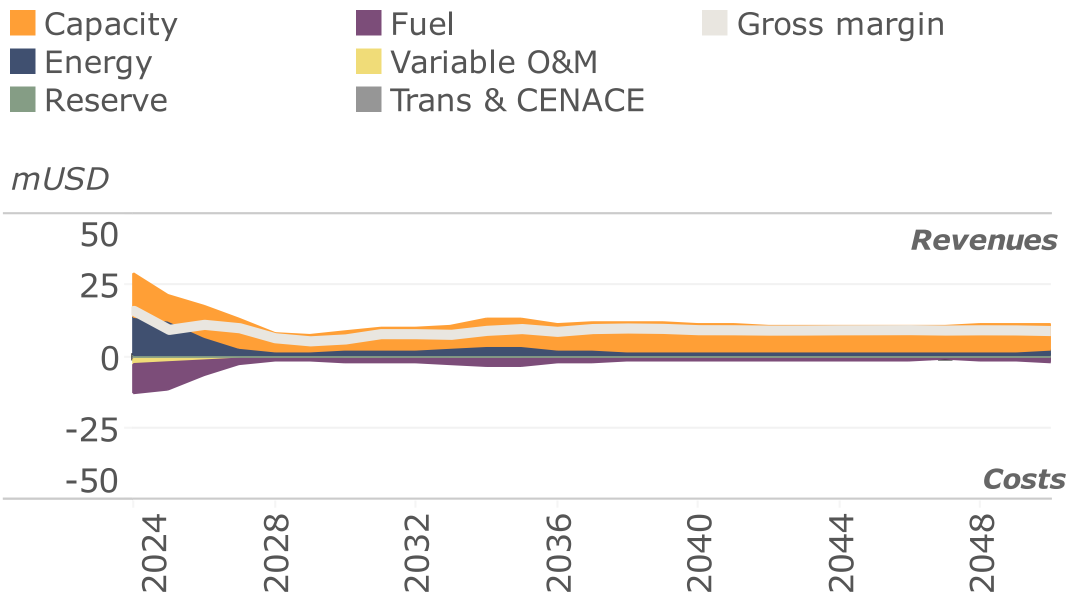
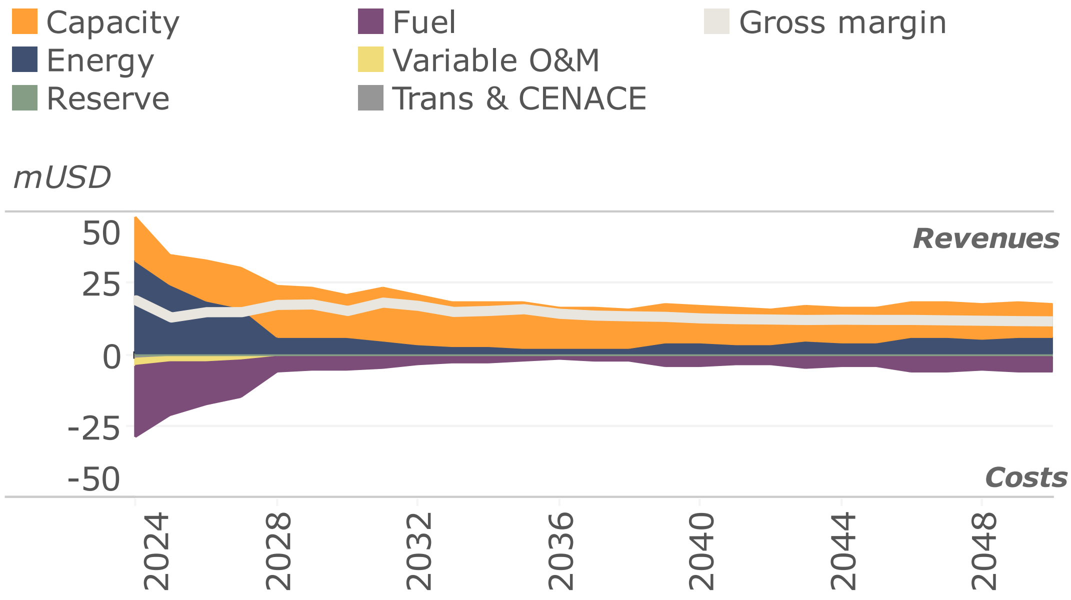


Exhibit 5.12 – Revenues and costs (mUSD, real 2022 money) breakdown for EVM I in the High scenario

Energy revenues decline as new capacity is commissioned



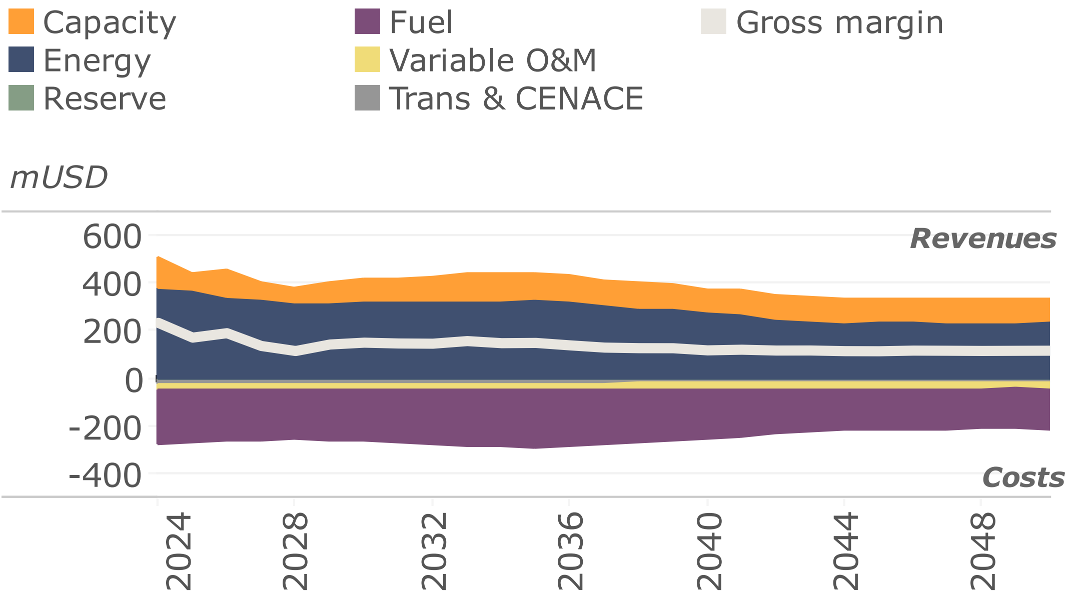
5.3.3 EVM II

EVM II sees average revenues of 397mUSD per year, though some variability can be found over the modelled period, as can be seen in Exhibit 5.13. This is largely driven by variation in gas prices and evolving capacity balancing market. From the mid-2030s we start seeing a decrease in revenues explained by lower level of dispatch of the plant, as it is displaced in the supply curve, thus impacting energy revenues.

Regarding gross margins, we se an average of 139mUSD per year; as with other plants, margins see more variation during the 2020s and early 2030s.

Exhibit 5.13 – Revenues and costs (mUSD, real 2022 money) breakdown for EVM II in the Central scenario

EVM II sees important levels of energy revenues even by the end of the modelled period



Drivers behind revenues and costs for EVM II in the Low scenario, as presented in Exhibit 5.14, and the High scenario, as seen on Exhibit 5.15, are similar to those of the Central scenario.

Exhibit 5.14 – Revenues and costs (mUSD, real 2022 money) breakdown for EVM II in the Low scenario

Revenues and costs shape is similar to the Central scenario

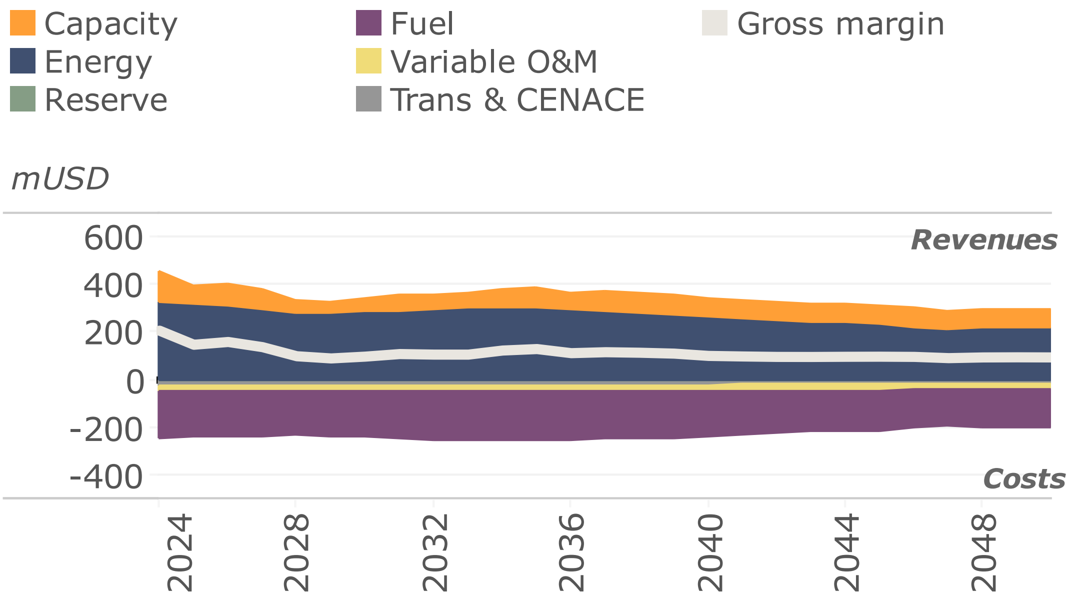
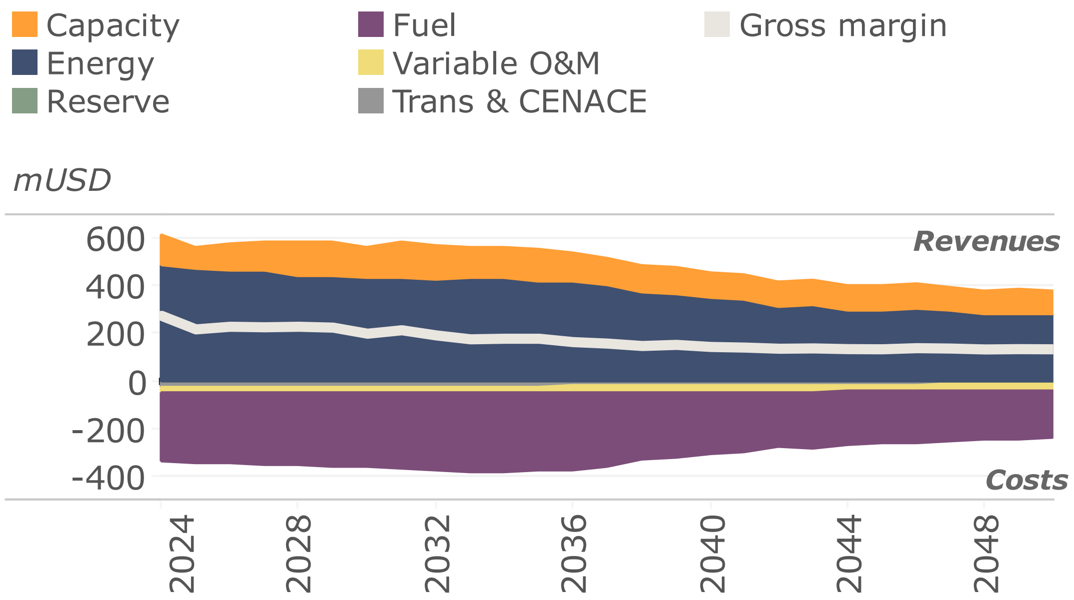


Exhibit 5.15 – Revenues and costs (mUSD, real 2022 money) breakdown for EVM II in the High scenario

Revenues and costs shape is similar to the Central scenario



5.3.4 Rio Bravo II, III and IV

Revenues and costs breakdown for Rio Bravo II, III and IV in the Central scenario are shown in Exhibit 5.16, Exhibit 5.17, Exhibit 5.18, respectively. All three plants see similar up to the early 2030s, with an average of 200mUSD. From that point onwards, we see an overall declining trend marked by the reduction in energy revenues as their see lower dispatch levels; capacity revenues on the other hand remain stable gaining more relevance.

Over the modelled period, margins are on average 48mUSD for Rio Bravo II, 54mUSD for Rio Bravo III and 58mUSD for Rio Bravo IV.

Exhibit 5.16 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo II in the Central scenario

Capacity revenues become increasingly relevant as dispatch levels decline

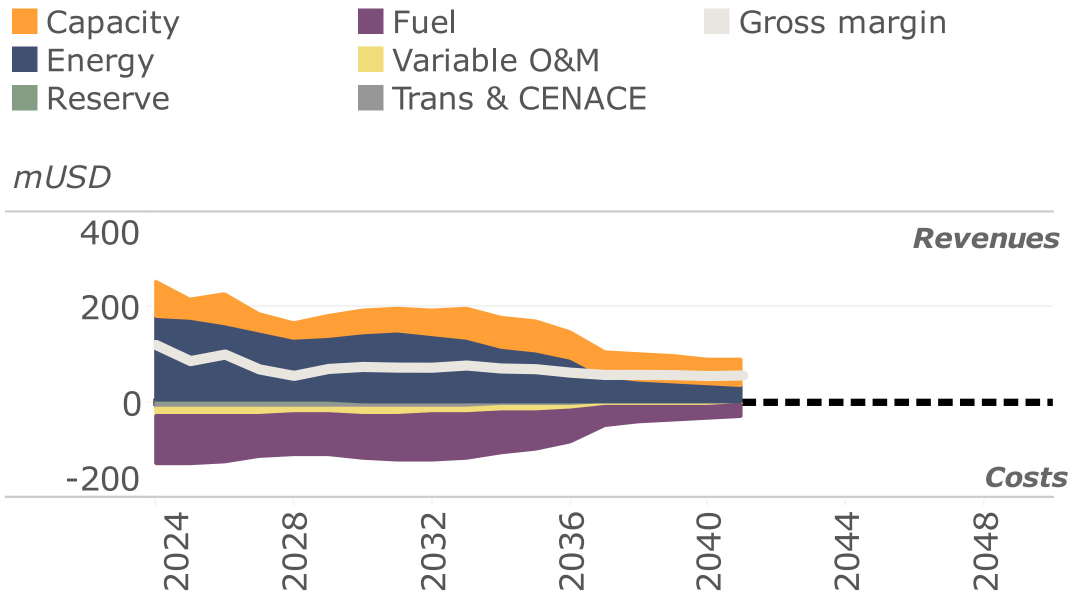


Exhibit 5.17 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo III in the Central scenario

Capacity revenues become increasingly relevant as dispatch levels decline

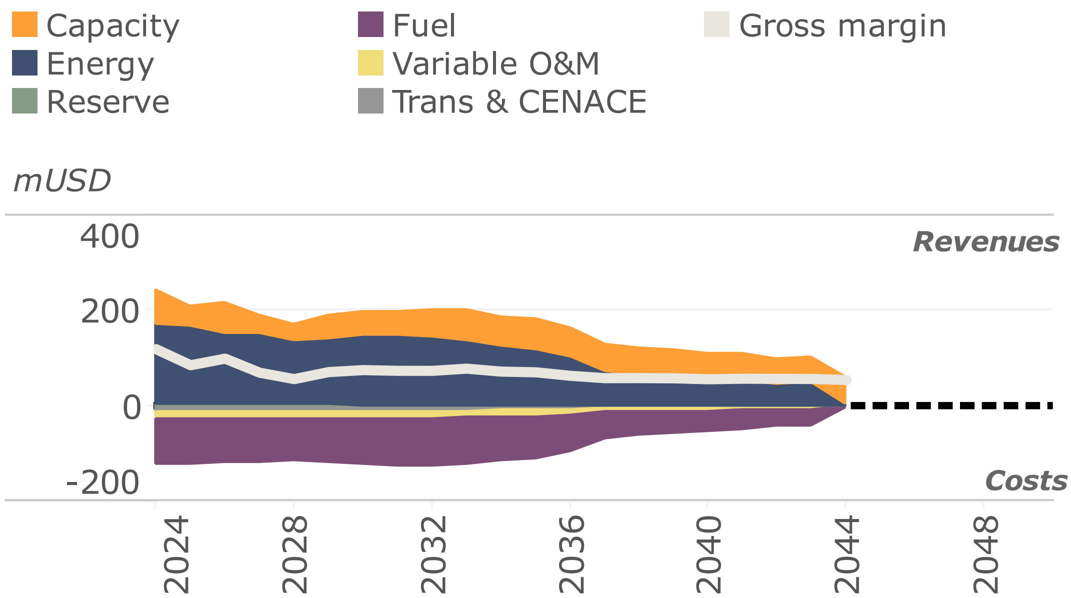


Exhibit 5.18 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo IV in the Central scenario

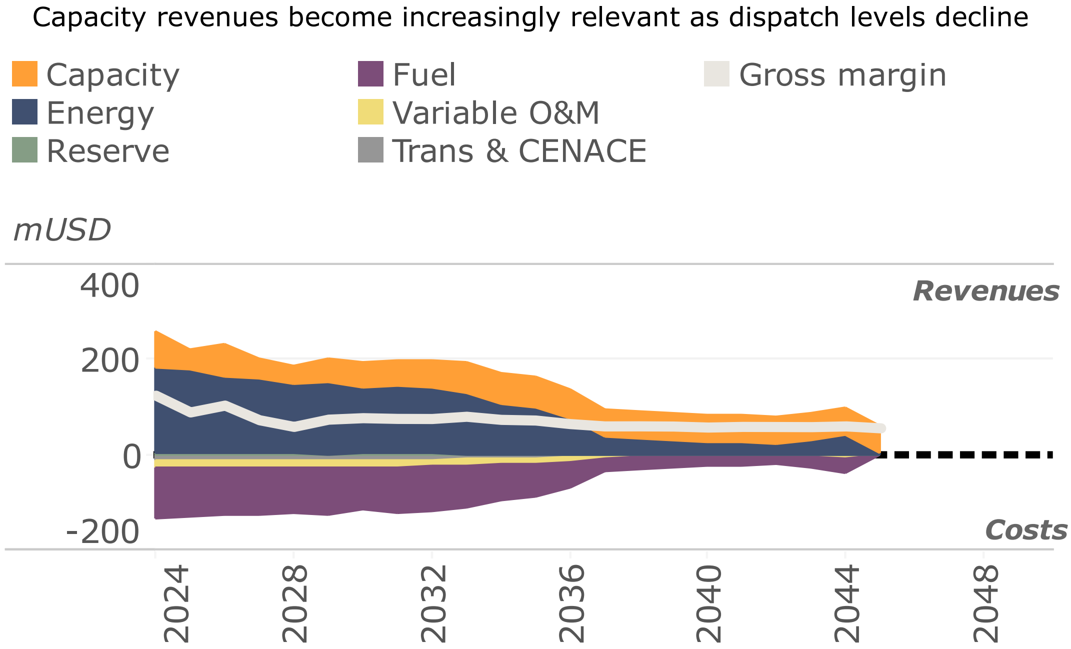


Exhibit 5.19, Exhibit 5.20 and Exhibit 5.21 present revenues and costs for the Rio Bravo II, III and IV plants respectively, in the Low scenario. Similarly, to the Central scenario, we see a declining trend in energy revenues with capacity revenues gaining importance.

Exhibit 5.19 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo II in the Low scenario

Energy revenues see a decreasing trend towards the end of the modelled period

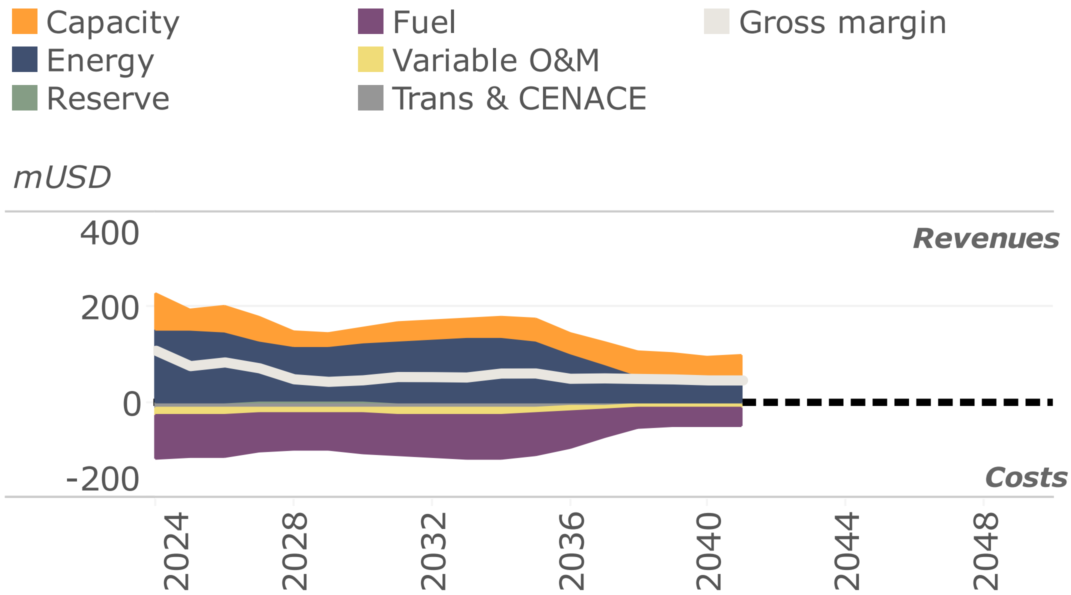


Exhibit 5.20 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo III in the Low scenario

Energy revenues see a decreasing trend towards the end of the modelled period

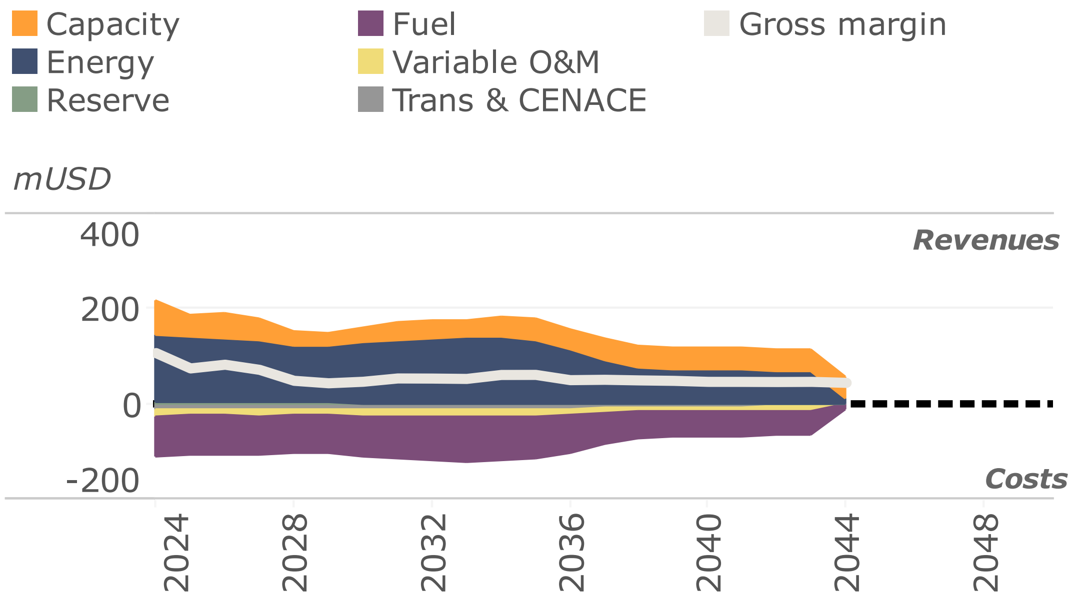
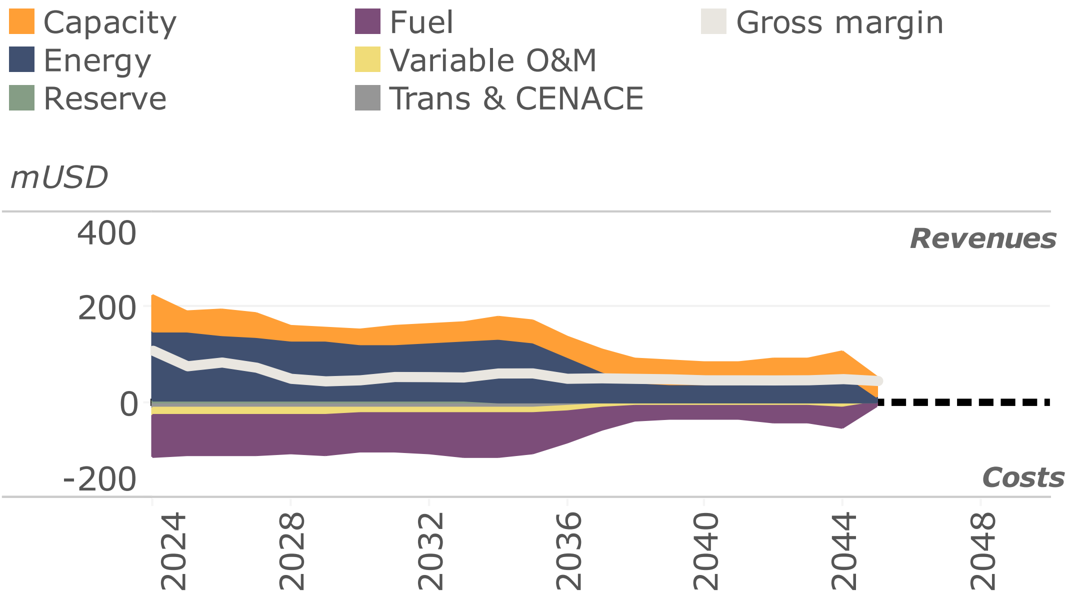


Exhibit 5.21 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo IV in the Low scenario

Energy revenues see a decreasing trend towards the end of the modelled period



Equivalently, Exhibit 5.22, Exhibit 5.23 and Exhibit 5.24 present revenues and costs for the Rio Bravo II, III and IV plants respectively, in the High scenario. Again we see a declining trend in energy revenues with capacity revenues gaining importance. Though the decrease in energy revenues starts earlier in the 2030s for this scenario.

Exhibit 5.22 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo II in the High scenario

Energy revenues see a decreasing trend towards the end of the modelled period

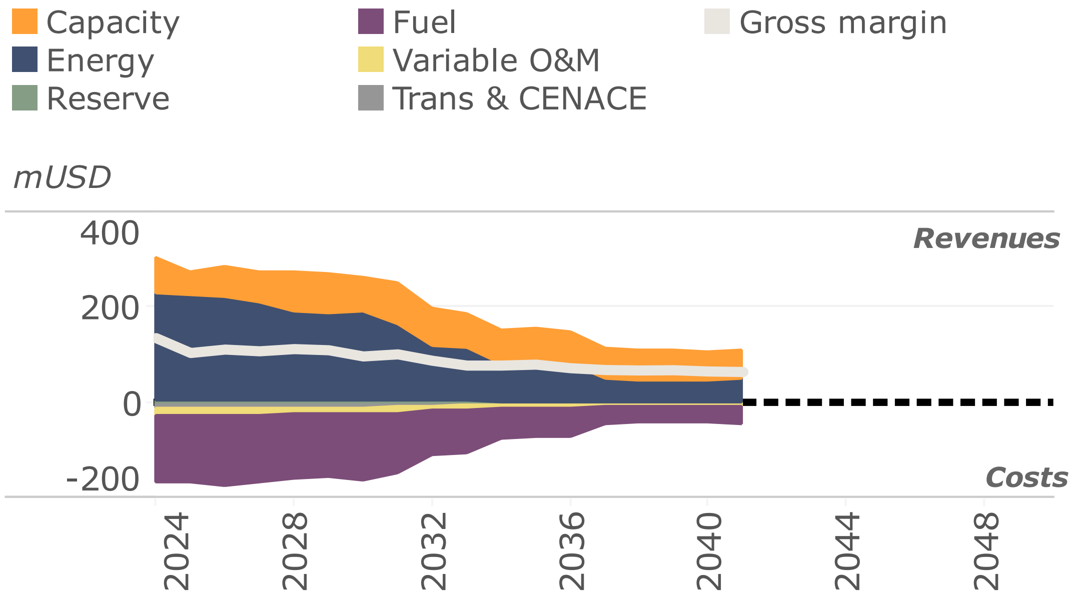


Exhibit 5.23 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo III in the High scenario

Energy revenues see a decreasing trend towards the end of the modelled period

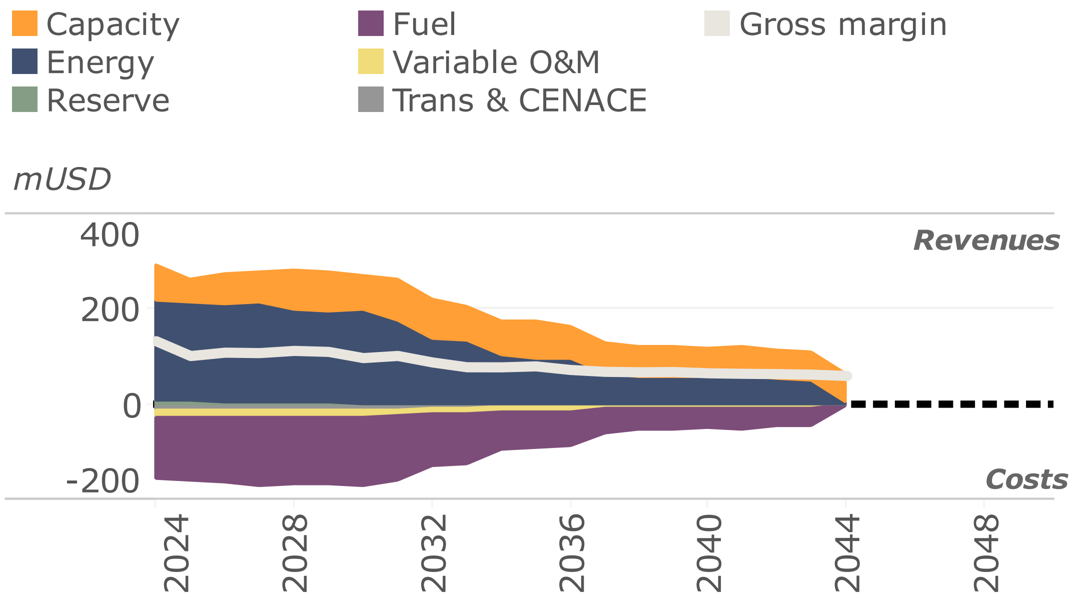
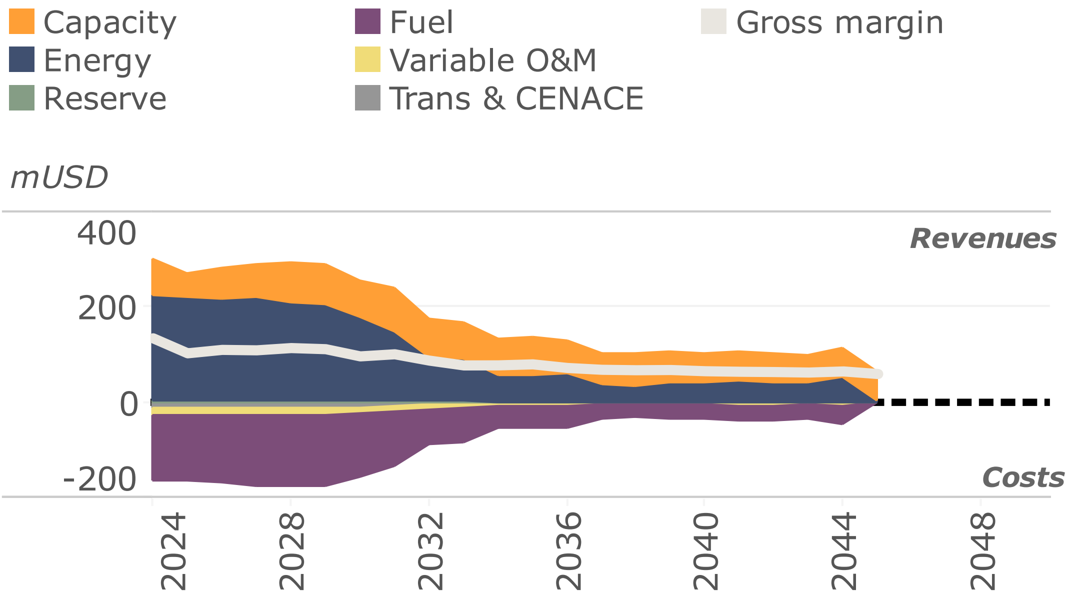


Exhibit 5.24 – Revenues and costs (mUSD, real 2022 money) breakdown for Rio Bravo IV in the High scenario

Energy revenues see a decreasing trend towards the end of the modelled period



5.3.5 Saltillo

Energy revenues see a slow decline up to the mid-2030s, as can be seen on Exhibit 5.25. This is driven by the commissioning of new capacity and during the 2020s and early 2030s. By the late 2030s, the displacement becomes more aggressive with a stronger drop in revenues, given the lower load factor. However, capacity payments remain at a high level, thus becoming more relevant and driving the margin.

On average, gross margins are 25mUSD per year over the modelled period in the Central scenario. The Low and High scenarios follow very similar trends, and can be found on Exhibit 5.26 and Exhibit 5.27, respectively.

Exhibit 5.25 – Revenues and costs (mUSD, real 2022 money) breakdown for Saltillo in the Central scenario

Declining energy revenues mean capacity payments become more relevant

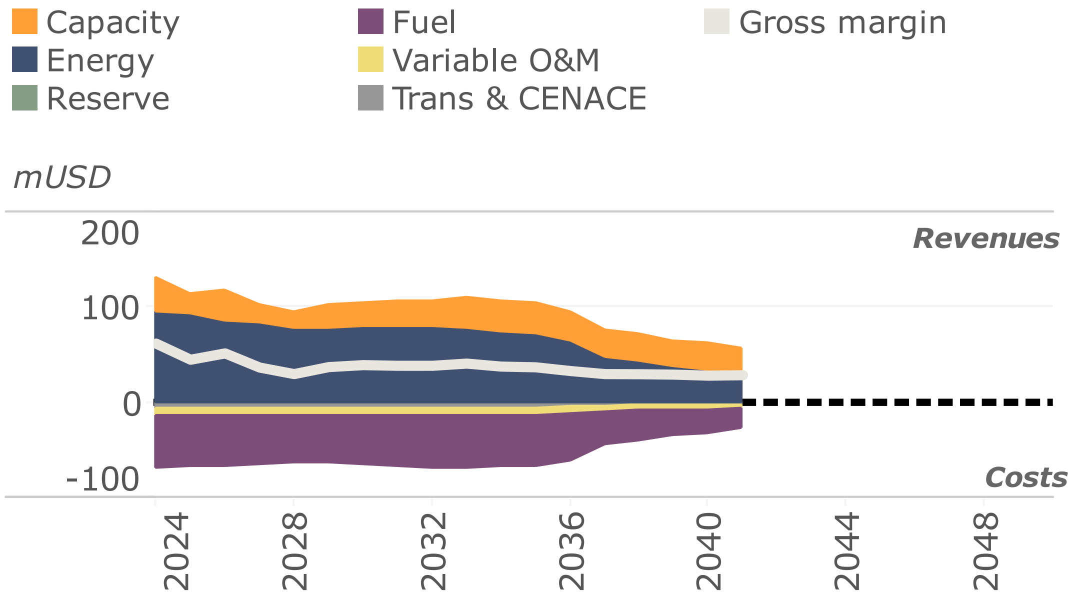


Exhibit 5.26 – Revenues and costs (mUSD, real 2022 money) breakdown for Saltillo in the Low scenario

Declining energy revenues mean capacity payments become more relevant

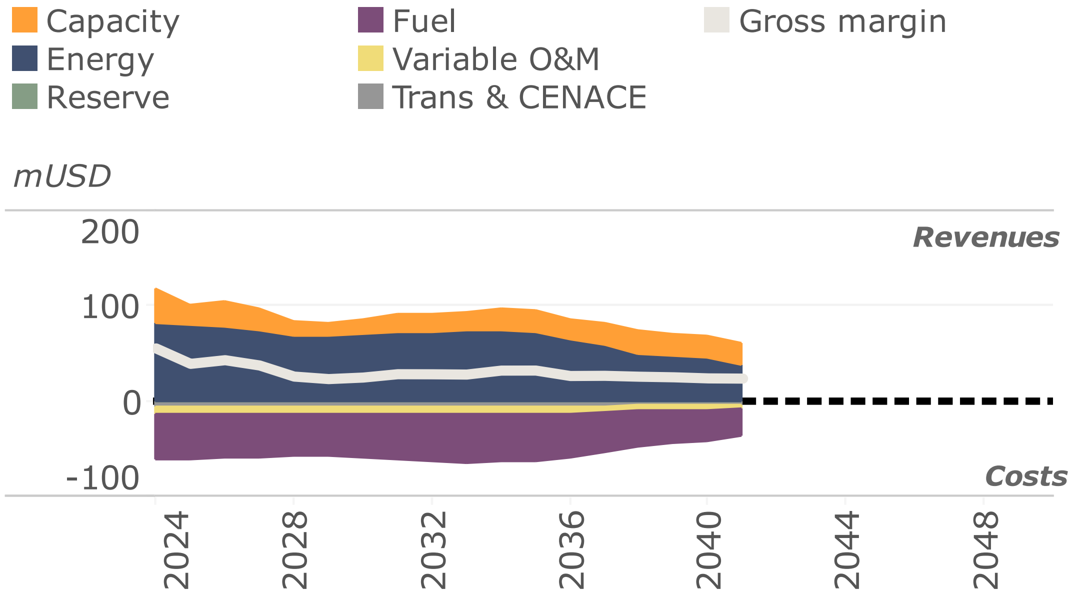


Exhibit 5.27 – Revenues and costs (mUSD, real 2022 money) breakdown for Saltillo in the High scenario

Declining energy revenues mean capacity payments become more relevant

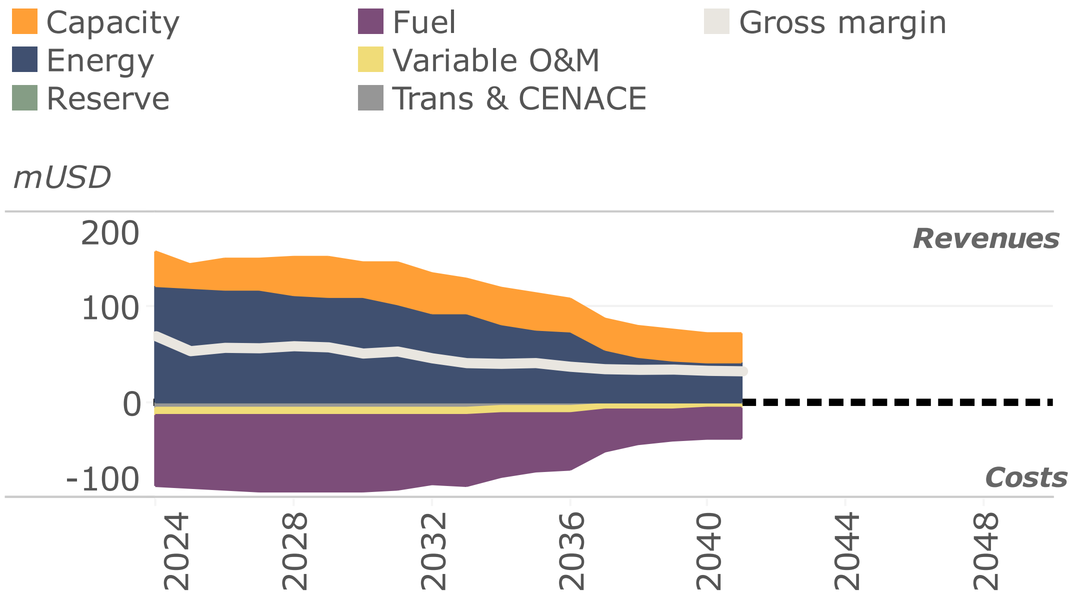


TABLE OF EXHIBITS

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Approver	Carlos Gómez-Mont	5 Jan 2024

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ÅF and Pöyry have come together as AFRY. We don’t care much about making history.

We care about making future.

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