

Republic of Suriname Reaches Agreement in Principle with Euronote Creditor Committee on Debt Restructuring Terms

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May 03, 2023, 15:31 ET

PARAMARIBO, Suriname, May 3, 2023 /PRNewswire/ -- The Ministry of Finance and Planning of the Republic of Suriname (the "**Republic**"), advised by Lazard Frères and White & Case, acting respectively as financial and legal advisors, is pleased to announce that following private discussions with the members of the Eurobond Creditor Committee (the "**Committee**") between April 11 and May 2, 2023, it has reached agreement in principle with the Committee on the key commercial terms of a proposed restructuring transaction (the "**Restructuring**") relating to the Republic's aggregate USD 675 million of 9.875% Notes due 2023 and 9.25% Notes due 2026 (the "**Bonds**", and the holders thereof, the "**Bondholders**"). The five members of the Committee currently own or control approximately 75% of the outstanding Bonds.

Pursuant to the agreement-in-principle, Bondholders will be invited to exchange, and/or vote in favor of an exchange of, their Bonds for (i) a new fixed income instrument representing an unsecured obligation of the Republic (the "**New Bond**") and (ii) a new "value recovery instrument" ("**VRI**") (together, the "**New Instruments**"), each of which will be issued on the commercial terms outlined in Annex A and Annex B, respectively.

The agreement in principle provides significant debt relief to the Republic, as the New Bond will be issued with (i) a 25% reduction of contractual claims, (ii) an interest rate of 7.95%, reflecting a significant reduction from the 12.875% and 9.25% interest rates under

the existing Bonds due 2023 and 2026 respectively, and (iii) only 4.95% interest to be paid in cash in 2024 and 2025.

Under the terms of the VRI, in the event that the Republic benefits in the future from oil revenues through the commercial development of offshore Block 58, the Republic undertakes to allocate a certain portion of its royalty revenues from Block 58 to compensate Bondholders for the losses incurred through the debt restructuring. The VRI will only pay out in the event such royalty revenues in fact materialize for the Republic.

The agreement-in-principle further provides the Republic the ability to redeem each of the New Bond and VRI before their respective maturity, if the Republic deems such redemption to be in its economic interest in the coming years.

The Restructuring will be implemented through an exchange offer and consent solicitation. Implementation of the Restructuring remains subject to agreement between the Republic and the Committee on the definitive legal documentation for the New Bond, the VRI and exchange offer and consent solicitation.

It is a further condition of implementation of the Restructuring that the Republic and IMF staff shall have reached a Staff Level Agreement (SLA) by June 15, 2023, relating to the next review by the IMF executive board under the existing Extended Fund Facility financing arrangement.

This press release does not constitute an offer of the New Instruments for sale in the United States, and the New Instruments (if issued) will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and they may not be offered or sold within the United States or to U.S. persons unless so registered, or an exemption from the registration requirements of the Securities Act is available. This Document does not constitute an offer of the New Instruments for sale, or the solicitation of an offer to buy any securities, in any state or other jurisdiction in which any offer, solicitation or sale (if made) would be unlawful. Any person considering making an investment decision relating to any securities must inform itself independently based solely on an offering memorandum to be provided to eligible investors in the future in connection with any such securities before taking any such investment decision.

This announcement is directed only to beneficial owners of the Republic's Bonds who are (A) "qualified institutional buyers" as defined in Rule 144A under the Securities Act or (B) if outside the United States, non-US persons as defined in Regulation S under the Securities Act, that may lawfully participate in the Restructuring in compliance with applicable laws of applicable jurisdictions.

No offer of any kind is being made to any beneficial owner of Bonds who does not meet the above criteria or any other beneficial owner located in a jurisdiction where the offer is not permitted by law.

Forward-Looking Statements

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

Notice to Investors in the European Economic Area and the United Kingdom

Notice to EEA retail investors. The announcement is not being directed to any retail investors in the European Economic Area ("EEA"). As a result, no "offer" of new securities is being made to retail investors in the EEA.

This announcement is only directed to beneficial owners of Bonds who are within a Member State of the European Economic Area or the United Kingdom (each, a "Relevant State") if they are "qualified investors" as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation").

The New Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in a Relevant State. 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"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), 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 the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRiIPs Regulation") for offering or selling the New Instruments or otherwise making them available to retail investors in a Relevant State has been prepared and therefore offering or selling the New Instruments or otherwise making them available to any retail investor in a Relevant State may be unlawful under the PRiIPs Regulation. References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

United Kingdom

For the purposes of section 21 of the Financial Services and Markets Act 2000, to the extent that this announcement constitutes an invitation or inducement to engage in investment activity, such communication falls within Article 34 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), being a non-real time communication communicated by and relating only to controlled investments issued, or to be issued, by the Republic of Suriname.

Other than with respect to distributions by the Republic of Suriname, this announcement is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, 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 and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This announcement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the announcement relates is available only to relevant persons and will be engaged in only with relevant persons.

ANNEX A

Fixed Income Instrument (the "New Bond")

Nominal Amount	<ul style="list-style-type: none">• The New Bond will be issued in an amount of USD 650,000,000• Amount reflects a (i) 25% haircut on the total recognized claims (incl. principal and past due interest accruing at contractual rates up to the closing date) and (ii) a transfer of a residual amount onto the Value Recovery Instrument
Final Maturity	<ul style="list-style-type: none">• July 15, 2033
Principal Repayment	<ul style="list-style-type: none">• Principal to be repaid in 14 equal semi-annual installments• First payment date: January 15, 2027
Optional Redemption (Call option)	<ul style="list-style-type: none">• Long-dated call option (no year specified), giving the Republic the ability to redeem the New Bond• Pricing of option under review
Coupon rate	<ul style="list-style-type: none">• Coupon rate of 7.95% from issuance to maturity, payable as described below
Coupon payment structure	<ul style="list-style-type: none">• Coupon payable semi-annually in arrears on January 15 and July 15 in each year, commencing January 15, 2024• Until January 15, 2026, 4.95% shall be payable in cash and 3% shall be capitalized on each payment date• From January 15, 2026 until maturity: full coupon rate of 7.95% payable in cash

ANNEX B

Value Recovery Instrument (the "VRI")

Source of government revenues	<ul style="list-style-type: none"> Government oil royalties from Block 58
Payment mechanism	<ul style="list-style-type: none"> After the "one off" floor (described below) is reached, the Republic will allocate 30% of its annual royalty income from Block 58 to make payments under the VRI, subject to the Maximum Amount of VRI payments (described below)
Applicable revenue "one-off" floor	<ul style="list-style-type: none"> The first USD 100 million of oil royalties will be exclusively allocated to the Republic
Allocation ratio	<ul style="list-style-type: none"> 30% of government royalty revenues from Block 58
Initial VRI Amount	<ul style="list-style-type: none"> Initial VRI Amount = (Total value of recognized claims) minus (fixed income instrument amount) multiplied by an exchange ratio Exchange ratio = 1.2 Initial VRI Amount = USD 275.6 million¹
Interest accrual rate on VRI	<ul style="list-style-type: none"> 9% capitalized
VRI end date	<ul style="list-style-type: none"> December 31, 2050
Maximum Amount of VRI payments	<p>At any calculation time, the maximum aggregate amount of payments under the VRI shall be:</p> <ul style="list-style-type: none"> The Initial VRI Amount PLUS any amount of capitalized interest prior to such calculation time, PLUS the sum of interest accrued at 9% (and not capitalized once payments commence under the VRI) up to such calculation time, MINUS the sum of VRI payments already made. <p>Under no circumstances shall the aggregate amounts paid under the VRI exceed 2.5 times the Initial VRI Amount (the "VRI Hard Cap").</p>
Optional redemption / over-allocation	<ul style="list-style-type: none"> The Republic will have the ability, at any time and at its discretion, to prepay the VRI in full or in part without penalty or premium, using any resources.
Springing Security	<ul style="list-style-type: none"> Holders of the VRI will benefit from a springing security over an offshore payment account where the full amount of Suriname's royalty payments from Block 58 shall be deposited. The security will spring into effect upon the exercise by holders of their right to Put their VRI to Suriname following the occurrence of certain enumerated Put Events, and will automatically cease upon payment in full of the Put Amount and expenses.

¹ On the basis of calculation on May 15, 2023 and subject to recalculation if bond exchange takes place at a later date

SOURCE White & Case LLP