

# Bayport Management Ltd

Business Registration number: C08054787

## Communiqué

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*Bayport Management Ltd is pleased to announce it has entered into a lock-up agreement with c.55% of creditors following constructive negotiations to address its capital structure challenges. The support shown by creditors in agreeing to extend current facilities to 2028 highlights the underlying support for the Group and its strategy.*

### Background and Standstill Agreement

Following the market announcement on 20-May-24 regarding the entering of Bayport Management Ltd (“**BML**”, or the “**Holding Company**”) and its creditors into a standstill agreement (the “**Standstill Agreement**”), BML is now pleased to announce that it has achieved significant progress in its discussions with BML creditors with regards to the contemplated recapitalisation transaction. As of 20-May-24, c.61% of creditors were signed up to the Standstill Agreement, with this figure now increasing to c.72%, demonstrating strong support for the contemplated transaction as well as active engagement between all relevant stakeholders.

Since early 2024, BML has actively engaged with more than 85% of its creditors by value including: (1a) holders of its US\$250m Senior Unsecured Callable Fixed Rate Social Bonds due May 2025 with ISIN NO0012496688 (the “**Senior Bonds**”) representing c.41% of the outstanding principal amount of the Senior Bonds that have formed an ad hoc group (the “**Senior Bondholder AHG**”); (1b) additional holders of its Senior Bonds together representing in excess of a further 36% of the outstanding principal amount of the Senior Bonds; (2) holders of its US\$50m Subordinated Social Bonds due November 2025 with ISIN NO0012496696 (the “**Subordinated Bonds**”) together representing approximately 75% of the outstanding principal amount of Subordinated Bonds (the Senior Bonds and Subordinated Bonds, together, the “**Bonds**”); and (3) all of its bilateral and syndicated lenders, in each case to work towards a recapitalisation transaction and corporate reorganization which is anticipated to involve an amendment and extension of its loan facilities and the Bonds (the “**Transaction**”).

### Lock-up Agreement

BML has made significant progress in the discussions with its creditors since the announcement of the Standstill Agreement, and is pleased to announce that it has entered into a lock-up agreement (the “**Lock-up Agreement**”)

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with creditors representing c.55% of the aggregate principal amount of its senior unsecured and subordinated unsecured debt obligations and certain key shareholders, together holding the majority of the issued share capital. Discussions around the Lock-up Agreement have taken place with c.65% of creditors by value, comprising all of BML's senior and subordinated bilateral lenders, as well as bondholders that have signed up to an NDA, i.e. (a) holders of c.45% of the Senior Bonds (of which c.41% relates to the Senior Bondholder AHG) and (b) holders of c.23% of the Subordinated Bonds. Under the terms of the Lock-up Agreement, the parties thereto have agreed to work to implement the Transaction. All of those bondholders who were under NDA as at the date of the Lock-up Agreement, have entered into the Lock-up Agreement. The Company is confident that all lenders will sign up to the Lock-up Agreement or otherwise support the Transaction in due course.

As previously announced on 20-May-24, the existing Standstill Agreement will expire at the end of the day today and be superseded by the Lock-up Agreement. The restrictions on creditor enforcement action under the Standstill Agreement will in effect be replaced on substantially the same terms with equivalent provisions in the Lock-up Agreement, which restrict consenting creditors from taking enforcement action (subject to very limited exceptions) during the lock-up period in respect of known and anticipated events of default.

### Transaction

The Transaction envisages the key terms set out on pages 5-9 of the presentation (available at the Company [website](#)). The benefits to the Transaction to all BML stakeholders include:

- a new money element of US\$26.6m, which is to be provided by an existing institutional senior lender to BML (open to participation by other lenders under existing senior loans). Funds are to be made available for liquidity enhancement after partial utilisation for the repayment of a portion of existing senior loans owed to senior lender(s) participating in the new money facility and for the payment of transaction costs. The Company considers the pricing of the new money instrument (detailed in the linked presentation) to be favourable;
- introduction of an intermediate holding company structure for the Bayport Group, to facilitate providing senior creditors with security;
- the resizing of BML's fixed debt service obligations in order to ease liquidity pressures;
- the extension of BML's debt maturities in order to provide BML with further maturity runway to perform value-enhancing initiatives, including to improve its refinancing prospects; and

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- harmonisation of covenants across BML's super senior and senior debt facilities.

The Group reiterates that discussions with respect to the Transaction are in relation to BML only. The impact of negative foreign exchange movements coupled with a rise in variable rates have created a temporary issue in relation to liquidity and debt service, which BML, together with its creditors, have attempted to resolve.

Prior to completion, a consent solicitation process for the Bonds will be launched to give effect to the reinstatement of the Bonds as part of the implementation phase. Completion of the Transaction is subject to certain conditions including (among other things) BML obtaining the requisite bondholder and lender consents, legal and regulatory approvals (including any necessary approvals under applicable listing rules of the Stock Exchange of Mauritius Ltd) and the agreement of long-form documentation. The Lock-up Agreement is expected to remain in place until the Transaction completes unless it terminates beforehand. The agreement has an initial long stop date of 30 November 2024 with the option to extend that date with support from a specified majority of creditors (subject to limited individual termination rights for creditors, and limited collective rights for a majority of consenting creditors to terminate it before this date, including in each case where BML does not comply with certain obligations).

BML's cash flow available for debt service (consisting of dividends and intercompany transfers from/to operating companies, as well as operating expenses) is forecasted to increase from c.US\$44m in FY23 to c.US\$57m by FY28 (*available on p3 of the presentation referenced above*). The current book equity value of operating companies is forecasted to increase from c.US\$431m as of Dec-23 to c.US\$680m in Dec-28 (*available on p4 of the presentation referenced above*). BML intends to provide timely updates to all of the Group's stakeholders on notable developments.

In relation to the Transaction, BML has engaged Houlihan Lokey as financial advisor and DNB Markets as consent solicitation agent for the Bonds, and retained White & Case LLP as legal advisors to the Holding Company. The Senior Bondholder AHG have retained Cadwalader, Wickersham & Taft LLP as legal advisor, a consortium of senior lenders have retained Webber Wentzel as legal advisor, a consortium of subordinated lenders and holders of the Subordinated Notes has retained Dentons Europe LLP as legal advisor, and the new money facility provider has retained DLA Piper Advisory Services Proprietary Limited as legal advisor.

By order of the Board

30 August 2024

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*Bayport Management Ltd is required to make public this information in accordance with EU Market Abuse Regulation. The information was released for publication, through the agency of the contact person set out below, on 30 August 2024.*

*This notice is issued pursuant to Listing Rule 11.3 and 11.5 of the Stock Exchange of Mauritius Ltd. The Board of Directors of Bayport Management Ltd accepts full responsibility for the accuracy of the information contained in this Communiqué.*

<b>SEM Authorised Representative &amp; Sponsor and Mauritian Corporate Advisor</b>	<b>Company Secretary</b>
	