

# Republic of Suriname Announces Exchange Offer and Consent Solicitation in relation to Eligible Bonds

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**The Republic of Suriname** →

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PARAMARIBO, Suriname, Oct. 23, 2023 /PRNewswire/ -- The Republic of Suriname (the "**Republic**") announced today that it invites Eligible Holders (as defined below) of its 9.875% Notes due 2023 (CUSIP Numbers 86886P AB8 and P68788 AB7; ISIN Numbers US86886PAB85 and USP68788AB70) (the "**2023 Bonds**") and 9.25% Notes due 2026 (CUSIP Numbers 86886P AA0 and P68788 AA9; ISIN Numbers US86886PAA03 and USP68788AA97) (the "**2026 Bonds**", and together with the 2023 Bonds, the "**Eligible Bonds**") to exchange such Eligible Bonds for New Securities (as defined below) and to simultaneously consent to certain amendments to the Eligible Bonds (the "**Invitation**"), on the terms and subject to the conditions set forth in the invitation memorandum.

## **Background**

On May 3, 2023, the Republic announced it reached an agreement-in-principle on the restructuring terms of the Eligible Bonds with the members of the representative bondholder committee (the "**bondholder committee**"), consistent with the parameters of the IMF Program for Suriname that was approved by the IMF Executive Board on December 22, 2021.

The terms of the agreement-in-principle with the bondholder committee are incorporated in, and are to be implemented pursuant to, the Invitation.

## Exchange Offers

Holders of Eligible Bonds are invited to exchange their Eligible Bonds (including accrued and unpaid interest thereon up to (but excluding) the Effective Date (as defined below)) for:

- A. a new fixed income instrument representing an unsecured obligation of the Republic (the "**New Bonds**"), and
- B. a value recovery instrument in the form of an oil-linked security, which represents a payment obligation of the Republic which is contingent on the generation of royalty revenues from Block 58 offshore Suriname (the "**Oil-linked Securities**", and together with the New Bond, the "**New Securities**"), as further described below.

The New Bonds will be issued in an aggregate principal amount of U.S.\$650,000,000, with an additional U.S.\$10,000,000 of New Bonds issued as "Expense Reimbursement Bonds" that will be liquidated to cover a portion of the \$5,925,000 of fees and expenses of the bondholder committee. The Oil-linked Securities will be issued in an aggregate notional amount of U.S.\$314,675,761.46 (assuming an Effective Date of November 10, 2023). The financial terms of the New Bonds and the Oil-linked Securities are incorporated in Annex I and Annex II, respectively.

Specifically:

1. Holders of 2026 Bonds are invited to exchange their bonds for the 2026 New Bond Consideration and the 2026 Value Recovery Consideration, as defined below:

- The "**2026 New Bond Consideration**" means, for each \$1,000 principal amount of 2026 Bonds (including any and all associated Accrued Interest), a principal amount of New Bonds equal to \$948.90.
- The "**2026 Value Recovery Consideration**" means, for each \$1,000 principal amount of 2026 Bonds (including any and all associated Accrued Interest), a notional amount of Oil-linked Securities equal to \$459.38 assuming the Effective Date is November 10, 2023; *provided that* if the Effective Date shall occur after November 10, 2023, for each calendar day delay after such date, the amount of 2026 Value Recovery Consideration shall be increased by \$0.31.
- "**Accrued Interest**" means, in relation to each series of Eligible Bonds, interest accrued and unpaid thereon in accordance with the terms of such series from (and including) the last date on which interest was paid under such series up to (but excluding) the Effective Date (as defined below).

2. Holders of the 2023 Bonds are invited to exchange their bonds for the 2023 New Bond Consideration and the 2023 Value Recovery Consideration, as defined below:

- The "**2023 New Bond Consideration**" means, for each \$1,000 principal amount of 2023 Bonds (including any and all associated Accrued Interest), a principal amount of New Bonds equal to \$1024.82.
- The "**2023 Value Recovery Consideration**" means, for each \$1,000 principal amount of 2023 Bonds (including any and all associated Accrued Interest), a notional amount of Oil-linked Securities equal to \$ 496.13 assuming the Effective Date is November 10, 2023; *provided that* if the Effective Date shall occur after November 10, 2023, for each calendar day delay after such date, the amount of 2023 Value Recovery Consideration shall be increased by \$0.43.

The Exchange Offers are being made on the terms and subject to the conditions set out in the Invitation and invitation memorandum.

### **Consent Solicitation and Proposed Modifications**

By delivering an order to exchange their Eligible Bonds, each Eligible Holder will also consent to the actions related to such Eligible Bonds proposed in the Invitation, including to authorize and direct the Trustee under each series of Eligible Bonds to modify any Eligible Bonds of the relevant series that would remain outstanding after giving effect to the Exchange Offers by exchanging them for the relevant amounts of New Bonds and Oil-linked Securities described herein (the "**Proposed Modifications**").

The Proposed Modifications with respect to each of the 2026 Bonds and 2023 Bonds will, if approved, give effect to the following modifications, respectively:

1. Each U.S.\$1,000 principal amount of 2026 Bonds (including any and all Accrued Interest thereon), will be exchanged for the 2026 New Bond Consideration and the 2026 Value Recovery Consideration.
2. Each U.S.\$1,000 principal amount of 2023 Bonds (including any and all Accrued Interest thereon), will be exchanged for the 2023 New Bond Consideration and the 2023 Value Recovery Consideration.

It is a condition to the effectiveness of the relevant Proposed Modifications with respect to the 2026 Bonds and 2023 Bonds that we receive and accept valid Consents (which are part of the Instructions) from Holders of not less than 75% of the aggregate principal amount of each series of Eligible Bonds then Outstanding (the "**Requisite Consents**").

If we receive and accept the Requisite Consents with respect to the Proposed Modifications to one or more series of Eligible Bonds, the other conditions to the effectiveness of the Proposed Modifications described in the Invitation are met or waived (where applicable) and the Proposed Modifications become effective with respect to those series, then those Proposed Modifications will be conclusive and binding on all Holders of those series of Eligible Bonds, whether or not they have consented to the Proposed Modifications, including Ineligible Holders of those series of Eligible Bonds and Eligible Holders whose Instructions are not accepted.

The 2023 Bonds were originally issued on December 20, 2019 in an aggregate principal amount of US\$125,000,000, and the 2026 Bonds were originally issued on October 19, 2016 in an aggregate principal amount of US\$550,000,000.

As of the date of the Invitation, US\$125,000,000 and US\$550,000,000 in aggregate principal amount of the 2023 Bonds and the 2026 Bonds, respectively, remain outstanding (including Eligible Bonds held by the Republic or a Public Sector Instrumentality).

### **Expiration and Amendments**

The Invitation expires at 5:00 p.m., New York City time, on November 3, 2023 (as such time may be extended by the Republic of Suriname in its sole discretion, the "**Expiration**"), and the Results Announcement Date shall occur as soon as practicable thereafter. On the Effective Date, which the Republic expects to be on or around November 10, 2023, the Republic and the relevant trustee shall execute the supplemental indentures (provided the Requisite Consents have been obtained) and the New Indentures. Upon satisfaction of the Legal Opinion Condition on the Settlement Date, which the Republic expects to be on or around November 27, 2023, the Proposed Modifications, the New Indentures and the terms of the New Securities will be given effect as of the Effective Date, and the New Securities will be delivered to Eligible Holders.

At any time before the Results Announcement Date, the Republic reserves the right, in its sole discretion, to: (i) terminate the Invitation (including with respect to Instructions submitted prior to the time of the termination), (ii) extend the Invitation past the originally scheduled Expiration, (iii) withdraw the Invitation from any one or more jurisdictions; (iv) amend the Invitation in any one or more jurisdictions. Notwithstanding the foregoing, the Republic may not amend the Invitation in any manner that is materially adverse to the Holders after the date which is seven calendar days prior to the Expiration. Any extension, amendment or termination of the Invitation by the Republic will be followed as promptly as practicable by press release or other public announcement of such extension, amendment or termination. Instructions may be revoked at any time prior to the Expiration.

Capitalized terms used but not defined in this announcement have the meanings specified in the Invitation.

This announcement is for informational purposes only and is not an invitation to exchange or a solicitation of consents of any holders of the 2023 Bonds or the 2026 Bonds. The exchange offer and consent solicitation is only being made pursuant to the Invitation. Eligible Holders should read the Invitation Memorandum carefully prior to making any decision with respect to their Eligible Bonds as it contains important information.

This announcement 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.

No offer of any kind is being made to any beneficial owner of Eligible 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.

The Invitation and this announcement is being directed only to beneficial owners of Eligible Bonds that are: (i) "qualified institutional buyers" as defined in Rule 144A under the Securities Act or (ii) (x) outside the United States as defined in Regulation S under the Securities Act, (y) if located within a member state of the European Economic Area (the "EEA") or the United Kingdom (the "UK"), a "qualified investor" as defined in Regulation (EU) 1129/2017 (as amended, the "Prospectus Regulation") or the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA") (the "UK Prospectus Regulation"), respectively, and (z) if outside the EEA or the UK, is eligible to receive this offer under the laws of its jurisdiction (each, an "**Eligible Holder**").

White & Case LLP and Lazard Frères are respectively acting as the Republic's legal and financial advisors.

**NONE OF THE REPUBLIC, THE TRUSTEE, THE INFORMATION, TABULATION AND EXCHANGE AGENT NOR ANY OF THEIR RESPECTIVE DIRECTORS, EMPLOYEES, AFFILIATES, AGENTS OR REPRESENTATIVES MAKES ANY RECOMMENDATION IN RELATION TO THE INVITATION, AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION. EACH HOLDER MUST MAKE ITS OWN DECISION AS TO WHETHER TO PARTICIPATE IN THE INVITATION.**

The Invitation will be available from the Information, Tabulation and Exchange Agent. The Information, Tabulation and Exchange Agent for the Invitation is:

Morrow Sodali Ltd.

**Invitation Website:** <https://projects.morrowsodali.com/Suriname>

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Requests for assistance in relation to the Invitation should be directed to the Information, Tabulation and Exchange Agent at its email address and telephone numbers above, or requests for additional copies of the Invitation and other related documents may be obtained through the Invitation Website.

**Republic of Suriname**

acting through the Minister of Finance of the Republic

S.M. Jamaludinstraat 26

Paramaribo

Suriname

## Annex I: Financial Terms of New Bonds

The New Bonds that are offered in the Invitation:

- mature on July 15, 2033;
- accrue interest at 7.950% per annum, payable semi-annually in arrears on January 15 and July 15 of each year (each a "**Payment Date**"), commencing on January 15, 2024, as follows:
  - on each Payment Date falling on or prior to January 15, 2026, by paying 4.95% in cash and by increasing the principal amount of the outstanding New Bonds by an amount equal to the remaining amount of interest then due and owing for the applicable interest period ending on but not including such Payment Date (rounded up to the nearest U.S.\$1) ("**PIK Interest**"), and
  - on each Payment Date falling after January 15, 2026 until final maturity, by paying in cash at a rate of 7.95% for the applicable interest period ending on such Payment Date.

A portion of the cash payment to be made under the New Bonds on the first interest payment date on January 15, 2024, in an amount equal to \$395,000, will be deducted by the Republic from the amount otherwise payable on the New Bonds. This amount will instead be allocated and remitted by the Republic directly to the bondholder committee's legal counsel, Orrick, Herrington & Sutcliffe LLP, to pay certain of its costs and expenses associated with the Invitation, reducing pro rata the cash payment that each Holder would otherwise be entitled to receive from the first interest payment under the New Bonds.

Interest shall be computed on the basis of a 360 day year comprised of twelve 30-day months;

- pay amortizing principal in U.S. dollars in 14 semi-annual installments starting on January 15, 2027 through maturity to persons in whose names the New Bonds are registered at the close of business on the calendar day immediately prior to such principal payment date. On each Payment Date from and after January 15, 2027, the Republic will make a principal repayment equal to 1/14<sup>th</sup> of the outstanding principal amount as of such Payment Date, after taking into account accumulation of PIK Interest and/or any optional redemption of the New Bonds in accordance with their terms;
- will be issued in one series and in minimum denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof;
- will be issued under the New Bond Indenture, and
- may be redeemed, in whole (and not in part), at the Republic's option, on not less than 30 nor more than 60 days' notice to the Holders with a copy to the Trustee, at any time during the calendar year 2025 (and provided that settlement of such redemption is completed no later than December 31, 2025), at a redemption price equal to 100% of the outstanding principal amount of the New Bonds, including interest that has been capitalized, plus accrued but unpaid interest accrued to the date of redemption.

## **Annex II: Financial Terms of the Oil-linked Securities**

<b>Applicable revenue base</b>	Republic of Suriname government oil royalties from Block 58 offshore Suriname, from the date of first production through the Oil-linked Securities expiration date (described below)
<b>Payment mechanism</b>	After the applicable revenue "one-off" floor (described below) is reached, the Republic will allocate 30 per cent. of its annual royalty income from Block 58 to make payments under the Oil-linked Securities on a quarterly basis, subject to the Outstanding Balance on each quarterly payment date and the Cumulative Payment Cap on Oil-linked Security payments
<b>Applicable revenue "one-off" floor</b>	The first U.S.\$100 million of oil royalties will be allocated exclusively to the Republic
<b>Allocation Percentage</b>	30 per cent of government royalty revenues from Block 58 in excess of the applicable revenue "one-off" floor shall be allocated to the holders of the Oil-linked Securities
<b>Initial Notional Amount</b>	An amount equal to \$314,675,761.46 assuming the Effective Date is November 10, 2023; provided that if the Effective Date shall occur later than November 10, 2023, for each calendar day delay after such date the Initial Notional Amount shall be increased by \$224,250.00
<b>Accrual Rate</b>	9 per cent. per annum; provided that the Accrual Rate shall increase to 13 per cent. in the event the Stabilization Fund Law Amendment Obligation is not satisfied prior to December 31, 2024
<b>Optional Payment</b>	The Republic may elect to prepay the Oil-linked Securities in full at any time and using any resources, without penalty or premium
<b>Oil-linked Securities expiration date</b>	31-Dec-50
<b>Maximum amount payable on each payment date</b>	<p>As at each payment date, the maximum amount payable at such payment date shall be the outstanding balance as of such date (the "Outstanding Balance"), calculated as:</p> <p>(A) for each payment date up to and including the payment date when payment is first made to Holders under the Oil-linked Securities, an amount calculated as (i) the Initial Notional Amount, plus (ii) an amount equal to accruals on the Initial Notional Amount calculated at the Accrual Rate (compounded quarterly on each payment date) from and including the Effective Date to but excluding such payment date, and</p> <p>(B) for each payment date thereafter, an amount calculated as (i) the Outstanding Balance at the immediately preceding payment date less any Allocation Percentage or Optional Payment credited to the Oil-linked Securities Account during the quarterly period ending on the Business Day preceding the immediately preceding Payment Date (the "Net Balance"), plus (ii) an amount equal to accruals on the Net Balance calculated at the Accrual Rate from and including the immediately preceding Payment Date to but excluding such Payment Date.</p>
<b>Cumulative Payment Cap</b>	The aggregate amount paid under the Oil-linked Securities shall in no circumstances exceed 2.5 times the Initial Notional Amount.

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