

SEPTEMBER, 2018

DIGICEL EXCHANGE OFFER - DEADLINE EXTENDED

PLEASE SEE IMPORTANT DISCLOSURES & COPYRIGHT INFRINGEMENT IN THE APPENDIX

Further to our communication of September 17, 2018, Digicel Group Limited has announced that it will be extending the deadline for its tender offer from September 28 to October 19, 2018. The entity has also announced that all other terms and conditions of the Exchange offer remain the same. If you have already stated your intent to accept or deny the offer then no further action is required on your part. However, if you have not yet stated your intention to us, please do so before 3 pm on **Friday, October 12, 2018**. To do this you may contact your investment advisor, visit any JMMB location or contact us through our client care centre. We will continue to monitor the situation and provide updates along the way.

As a reminder, please see below the terms of the offer and JMMB's recommendation.

EXCHANGE OFFER

On August 31, 2018, Digicel announced an offer to exchange the outstanding \$2.0 billion in 8.25% Notes due 2020 and the \$1.0 billion in 7.125% Notes due 2022 for new Notes maturing two years later, 2022 and 2024, respectively. The new 2022 Notes will have the same 8.25% coupon as the existing 2020 Notes. The new 2024 Notes will have a total coupon of 8.25% - cash interest accruing at a rate of 7.125% with a payment-in-kind coupon of a 1.125%. Both bonds will swapped at a 1:1 ratio meaning

that each \$1000 face value of the old bond will be swapped for \$1000 face value of the new bond. The offer is contingent on the fulfilment of certain conditions (which may be waived), including at least 90% of the principal amount of each series being tendered, receipt of requisite consent from holders for the proposed amendments of each series and the consummation of the other Exchange Offer. Digicel is concurrently soliciting consent from holders of the existing Notes of each series to amend the existing Indentures to remove the covenants, restrictive provisions and events of default. As such, in the event of a successful exchange, non-participating bondholders will be left holding Notes that have no protective clauses embedded. The secondary market for such Notes is also likely to be limited as such hold-outs may experience difficulty exiting their position.

Interest would accrue on the new notes from the last date of payment on the existing notes. Also, no partial tenders of Notes will be accepted.

OUTLOOK & RECOMMENDATION

Our recommendation is for bondholders to **ACCEPT** this offer. At this time, the captioned bonds are trading at a yield in excess of 20%, which indicates the level of coupon Digicel would have to pay if it were to refinance in the market. Such high coupon payments could not be sustained by the company and as such they have moved to extend the maturities of the 2020 and 2022 Notes. Hold-outs would also be in a precarious position if the Offer is successful as the existing bonds would have no protections and a very illiquid market. The company retains a market leading position in several markets and recently announced that it won the bid to rebuild Dominica's telecommunications infrastructure following hurricane damage in 2017.

APPENDIX

IMPORTANT DISCLOSURES

ABSTRACT—As a part of our new Portfolio Strategy we are recommending strict adherence to the following Portfolio Allocation DEFINITIONS/ RECOMMENDATIONS.

PLEASE NOTE THAT NO INDIVIDUAL ASSET IN YOUR PORTFOLIO SHOULD HAVE A WEIGHTING GREATER THAN 5% UNLESS OTHERWISE RECOMMENDED BY YOUR PORTFOLIO MANAGER OR A SPECIFIC JMMB RESEARCH REPORT. CONSEQUENTLY THE FOLLOWING **DEFINITIONS** ARE PROVIDED FOR CLARITY.

UNDERWEIGHT -

REDUCE EXPOSURE IN YOUR PORTFOLIO TO LESS THAN 5% FOR THIS PARTICULAR ASSET

SELL -

REDUCE EXPOSURE IN YOUR PORTFOLIO TO ZERO.

HOLD/MARKETWEIGHT -

EXPOSURE TO THE ASSET SHOULD BE EQUAL TO 5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB.

OVERWEIGHT/BUY -

EXPOSURE TO THIS ASSET SHOULD BE BETWEEN 5% AND 10% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

COPYRIGHT INFRINGEMENT

"Unless otherwise expressly stated, copyright or similar rights in all material in this research report (including graphical images) is owned, controlled or licensed by Jamaica Money Market Brokers Limited (JMMB) or its affiliates and is protected or covered by copyright, trade mark, intellectual property law and other proprietary rights. No part of this research report or the report in its entirety may be published, used, reproduced, distributed, displayed or copied for public or private use in any form including by any mechanical, photographic or electronic process (electronically, digitally on the Internet or World Wide Web, or over any network, or local area network or otherwise) without written permission from JMMB.

No part of this research report may be modified or changed or exploited or used in any way for derivative works, or offered for sale, or used to construct any kind of database or mirrored at any other location without the express written permission of JMMB.

Thank you for respecting our intellectual property rights."

The investments referred to in this report may not be suitable for you. You should consult your licensed investment advisor. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable to your individual circumstances or otherwise constitutes a personal recommendation to you.

DISCLOSURE UNDER THE SECURITIES ACT

This disclosure is being provided pursuant to section 39 of the Securities Act. This research report is prepared by Jamaica Money Market Brokers Limited (JMMB) and the information and views expressed are those of JMMB. JMMB is a subsidiary of the JMMB Group Limited (JMMBGL). Associated persons of JMMB include JMMBGL and its subsidiaries and affiliated companies, including JMMB Fund Managers Limited, a licensed securities dealer and manager of collective investment schemes, JMMB and its affiliates, directors, officers, employees and other associated persons may from time to time buy or sell, or act as principal or agent in, the securities mentioned in this research report. JMMB or its affiliates, directors, officers and employees have no interest in or interest in the acquisition or disposal of the securities, other than expressed above. No part of their compensation is or will be related to the recommendations or opinions in this report.

As at the date of this report, JMMB and its affiliates, directors, officers, employees and other associated persons may from time to time buy or sell, or act as principal or agent in, the securities mentioned in this research report. JMMB or its affiliates, directors, officers and employees have no interest in or interest in the acquisition or disposal of the securities, other than expressed above. No part of their compensation is or will be related to the recommendations or opinions in this report.

CUSTOMIZED SOLUTIONS • BANKING • INVESTMENTS • CAMBIO • INSURANCE BROKERS • MONEY TRANSFER

Tel: **998-JMMB**
5 6 6 2

www.jmmb.com

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.