

CMBI Credit Commentary - MOLAND

MOLAND - Estimated recovery rate at 57-83%

Last Fri night, Modern Land announced the debt restructuring plan for the 5 existing USD bonds with a total outstanding amount of cUSD1.3bn. According to the restructuring plan, holders of every USD100 of its existing bonds will get USD1.7 upfront cash repayment and remaining USD98.3 in 5 tranches of new notes/bonds with maturities of 1-5 year(s). In addition, holders get RSA fee of USD0.2 they consent to the restructuring plan on or before 21 Mar'22. The RSA of the plan has already been signed by 37.4% of holders in principal amount and approval threshold for the restructuring will be 75%. This restructuring plan only deals with offshore bonds.

Summary for the debt restructuring plan:

- Upfront cash: 1.7
- New notes/bonds: 98.3, see below for more details
- RSA fee: 0.2
- Approval threshold: 75%
- RSA deadline: 21 Mar'22
- Expected effective date: 31 May'22
- Long stop date: 31 Jul'22

FVs of new notes/bonds to be mid-50 to low 80.

We estimate the FVs of new notes/bonds to be mid-50 to low 80, assuming discount rates of 15-25%, and no cash coupon in 1st year, and only 2% in cash in 2nd year.

FV	15%	20%	25%
Tranche 1	74.52	61.15	50.64
Tranche 2	78.08	64.20	53.18
Tranche 3	81.75	67.23	55.80
Tranche 4	81.75	67.23	55.80
Tranche 5	81.75	67.23	55.80

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Summary for new notes/bonds:

	Size (USD mn)	Maturity	Cash coupon	PIK	1st yr	2nd yr	3rd yr on	% of total o/s new bonds
Tranche 1	\$80.00	1yr	7%	9%	cash or PIK	2% cash, rest cash or PIK	all cash	5.5%
Tranche 2	\$180.00	2yr	8%	10%	cash or PIK	2% cash, rest cash or PIK	all cash	12.4%
Tranche 3	\$300.00	3yr	9%	11%	cash or PIK	2% cash, rest cash or PIK	all cash	20.6%
Tranche 4	\$400.00	4yr	9%	11%	cash or PIK	2% cash, rest cash or PIK	all cash	27.5%
Tranche 5	\$494.34	5yr	9%	11%	cash or PIK	2% cash, rest cash or PIK	all cash	34.0%
Total	\$1,454.34							100.0%

Estimated recovery rates for existing bonds are 57-83

We estimate that the recovery rates for its existing bonds to be 57-83%, assuming discount rates of 15-25%. The recovery rate estimates include RSA fee but excluding the unpaid and accrual interests up to the expected restructuring effective date on 31 May'22.

	Upfront cash	RSA fee	15%	Discount rate 20%	25%
NPV	1.7	0.2	82.80	68.43	57.10

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