

Strategy and Transactions: Restructuring

Working with clients to reimagine their ecosystems, reshape their portfolios and reinvent themselves for a better future

Strategy and Transactions (SaT)

EY SaT professionals provide leadership in difficult and complex situations in order to rapidly solve, execute and ultimately transform the outcome. Decisive leadership, data-based responsiveness and the ability to reshape quickly are key to create, preserve and improve value.

The services outlined to the right are some of the tools that allow us to reshape any business across industries with agility and build resilience. These can range from helping clients find financial, strategic and operational approaches to restructure and improve businesses, to major restructuring and insolvency processes.

We are connected to more than 3,000 turnaround and restructuring professionals covering over 150 countries to serve the needs of our clients. The EY Region of the Bahamas, Bermuda, British Virgin Islands (BVI) and Cayman Islands leverages the strength and depth of the global EY organization.

Connected to

3,000+

Restructuring
professionals

150

Countries

Across all sectors

Reshaping results

Providing trusted leadership in urgent, critical and complex situations to rapidly solve business challenges, sustainably improve results and help you reshape for a better future:

- ▶ Make better decisions about managing capital when faced with disruption
- ▶ Assist where (activist) stakeholders demand action and solutions
- ▶ Develop options for a rapid turnaround, rescue, recovery or contingency plan; then find capital to support it and negotiate with stakeholders
- ▶ Rapidly improve financial and operational performance
- ▶ Actively drive solutions where significant restructuring is required
- ▶ Address challenges faced by excessive debt or leverage
- ▶ Protect and increase stakeholder interests in large-scale insolvency situations

Service offerings

- **Provisional liquidation and light-touch restructuring**
A mechanism to confirm stabilization and protection against asset dissipation when time-critical issues arise; typically used to prepare a restructuring plan through a scheme
- **Chief restructuring officer (CRO) and directorships**
An experienced restructuring partner who is appointed to the entity's board with a view of providing trusted leadership to drive holistic transformation in urgent, critical and complex situations or to take control of an entity where an insolvency process would be inappropriate or premature
- **Managed resolution services**
A managed process whereby a single or multiple entities in a group structure are wound down by method of voluntary liquidation:
 - ▶ Simplifying corporate structures
 - ▶ Soft wind-downs (funds)
- **Receiverships**
Extensive experience dealing with distressed entities and asset recoveries; managed high-profile situations globally in order to increase recoveries for creditors and secured creditors
- **Official liquidation**
A formal court-driven process that is employed when an entity is insolvent or a significant dispute has arisen whereby a statutory process is applied to protect assets and increase value
- **Valuations, Modeling and Economics (VME)**
Our valuations team, based in Bermuda and the Cayman Islands, offers a range of services, including but not limited to:
 - ▶ Transaction valuation services and decision analytics
 - ▶ Financial reporting valuations (alternative funds, (re)insurance portfolios, business combinations)
 - ▶ Litigation, arbitration and other disputes, including Section 238 of the Cayman Companies Law
 - ▶ Fairness opinions
 - ▶ Strategic alternative analysis
- **Other agreed-upon procedures**
Extremely flexible roles that are designed and implemented to address the needs and concerns of the stakeholder, which include, among others:
 - ▶ Fraud investigation and dispute services
 - ▶ Asset tracing services
 - ▶ Business and strategic reviews
 - ▶ Working capital and short-term cash flow advisory services
 - ▶ Advice to governments and regulators
 - ▶ Distressed corporate advisory services
 - ▶ Creditor advisory services
 - ▶ Contingency planning and insolvency services
 - ▶ Private equity value creation

Chief restructuring officer (CRO) and directorships

- **A major PE group Cayman:** following the appointment as receivers to certain special purpose vehicles (SPVs), we were appointed to the board of directors of a company that holds a multibillion-dollar infrastructure asset. The appointment enabled the firm to provide visibility and real-time information and updates to the client (one of the largest private sector banks in the Middle East) regarding the business sale process. We were able to advocate the position of the client and liaise with other stakeholders to progress a major asset sale.

Managed resolution services

- **Global fund manager:** multiyear project involving the voluntary liquidations of more than 300 Cayman Islands and Bermuda domiciled hedge funds for one of the largest global fund managers by assets under management. This project involved extensive client liaison, formulating processes and procedures that allow the liquidations to be conducted in the most-cost-effective manner. The liquidations have been a mixture of “clean shell” and residual issue entities dealing with matters such as missing investors, FIN 48 liabilities, and contingent and windfall assets.
- **Cayman hedge fund wind-down:** liquidation of a hedge fund with material holdbacks for liquidation and service provider costs, as well as a provision for contingent legal costs. The liquidators resolved the contingent legal matter, settled fees and terminated remaining service providers, cut a final net asset value and made a final distribution to a large shareholder group.

Receiverships

- **Major resort and RE group Bermuda:** appointed as receivers of the company and certain of its subsidiaries, which traded under a global management brand. We undertook an operational improvement strategy and traded, marketed and sold the resort including sporting and land development assets.
- **Oil and gas group:** with significant activities in the Middle East: appointed as receivers over companies that operated in oil, gas and asphalt distribution in the Middle East. The companies owned several subsidiaries in the US, Dominican Republic and Panama and were Bahamas based.

- **A major PE Group Cayman:** appointed as receivers over the issued share capital of various SPVs. The SPVs hold an indirect financial interest in a billion-dollar infrastructure asset and a limited partner interest in an investment fund holding total assets under management in excess of US\$700m.

Official liquidation

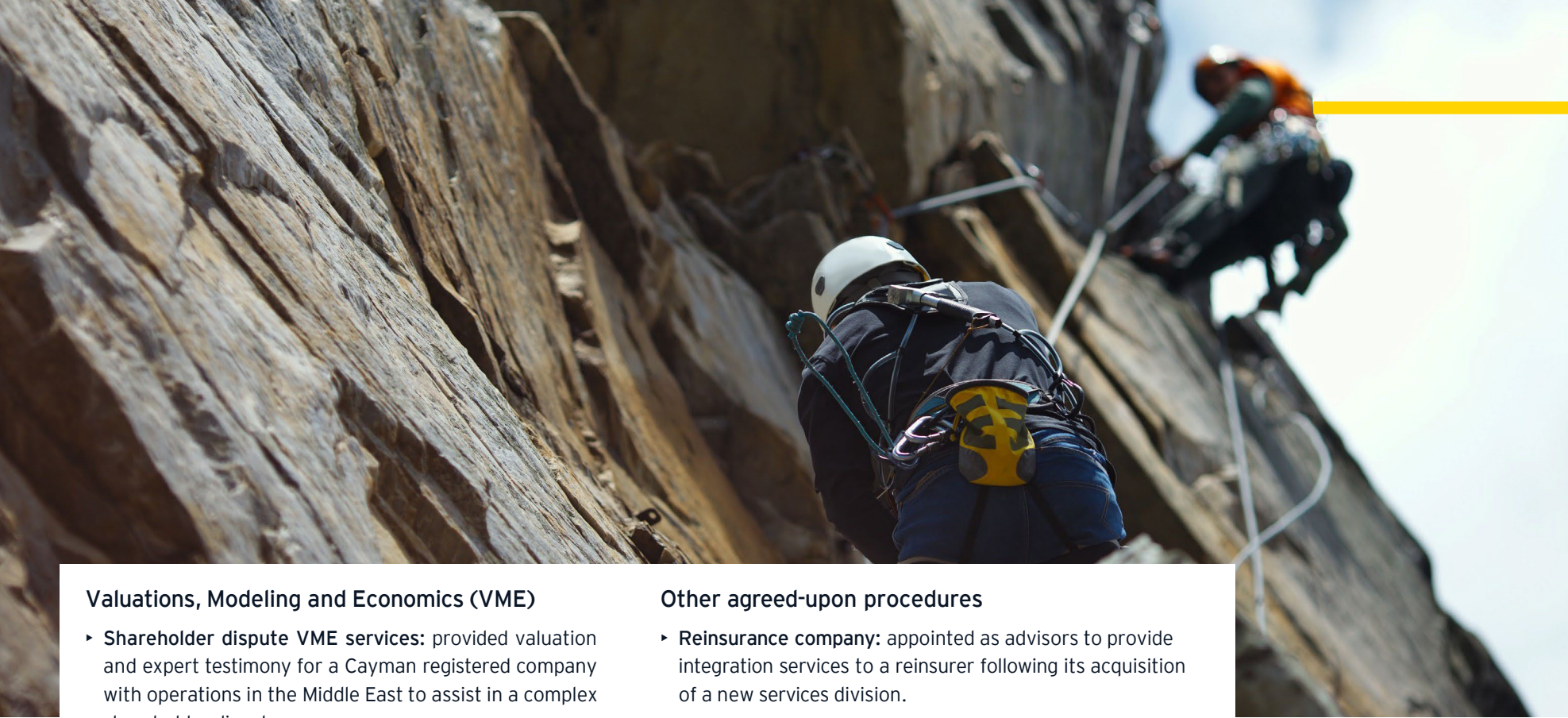
- **Insurer and reinsurance – BVI and Nevis:** appointed as liquidators of a Nevis-based insurance company writing aviation, marine, surety and deposit guarantee business. We were approached as a result of director concerns regarding solvency and after the regulator indicated its intention to suspend the company’s license.
- **Hotel and luxury accommodation development:** appointed as joint provisional liquidators of a Bermuda-based real estate venture redeveloping a former US Naval base site into a residential and hotel offering. We supported the secured creditor in stabilizing the existing construction and identifying options to take the project forward.
- **Class A retail bank and securities broker Cayman:** appointed as joint official liquidators of this Class A Cayman Islands licensed bank and securities company.

Provisional liquidation and light touch restructuring

- **China-based conglomerate – BVI, Cayman and Bermuda:** appointed as provisional liquidators “light touch” by the court over six entities across three jurisdictions in the restructuring of the group. This restructuring is known to be the first offshore restructuring to adopt an all-encompassing court-to-court protocol across the BVI, Cayman Islands and Bermuda (and two other jurisdictions) and to pursue coordinated and interlocking court orders. This restructuring will likely use two schemes of arrangement: one stand-alone and one interlocking, spanning across the BVI, Cayman Islands, Bermuda, Hong Kong and Singapore.
- **Major oil and gas group:** appointed as “light touch” joint provisional liquidators of a global deepwater drilling contractor for the petroleum industry as part of the company’s global restructuring efforts. We supported the company in resizing its existing debt structure of US\$7.3b.

*We have the depth and breadth to assist in any situation and further credentials are available on request.

OUR EXPER IENCE



SaT team contacts

Valuations, Modeling and Economics (VME)

- **Shareholder dispute VME services:** provided valuation and expert testimony for a Cayman registered company with operations in the Middle East to assist in a complex shareholder dispute.
- **Financial reporting valuations for a fund startup:** assisted a newly formed alternative investment manager with a portfolio of complex privately held and illiquid investments. Our role included limited scope valuations of selected investments on a quarterly basis. We also assisted in drafting the fund's valuation policy and procedures statement, developing the selection criteria for the rotation of investments subject to a third-party valuation.
- **Independent valuation for a shareholder dispute:** appointed by the court to act as an independent valuation specialist in a shareholder dispute. Our independent opinion and supporting report were intended to be used in the context of our expert testimony. Following each party's review of our report, an out of court settlement was reached.
- **Corporate finance strategy and analytics for a large regional business:** assisted the majority shareholder of several interrelated businesses in understanding the underlying value drivers of each respective business. This analysis was used to explore various options to simplify the organizational structure while protecting the overall value of the businesses, as well as the value to the minority shareholders.

Other agreed-upon procedures

- **Reinsurance company:** appointed as advisors to provide integration services to a reinsurer following its acquisition of a new services division.
- **Hotel independent business review:** engaged by a local resort to perform a financial assessment and provide recommendations on the resort's behalf to its lenders as to potential recovery and restructuring options.
- **A family trust:** assisted the judicial trustee of a family trust, owning significant assets related to a seaport facility to review the historical financial records of the trust.
- **Flight services company:** engaged by a flight services company to perform a financial assessment and recommend a plan to improve the company's financial position.
- **Utility company:** engaged to perform a forensic investigation of the company's procurement and accounts payable process; currently acting as its financial advisor with respect to a substantial debt raising via a rate reduction bond.
- **Private investment M&A:** performed a benchmarking analysis of several secondary market transactions involving illiquid instruments. Our analysis was used by a liquidator to gain comfort that its negotiated sales price of similar instruments approximated their fair market value. In this way, providing support for the liquidator's asset realization strategy.
- **Global energy and infrastructure group:** acting as a court appointed litigation support expert to gather and protect evidence in a multibillion-dollar dispute case.



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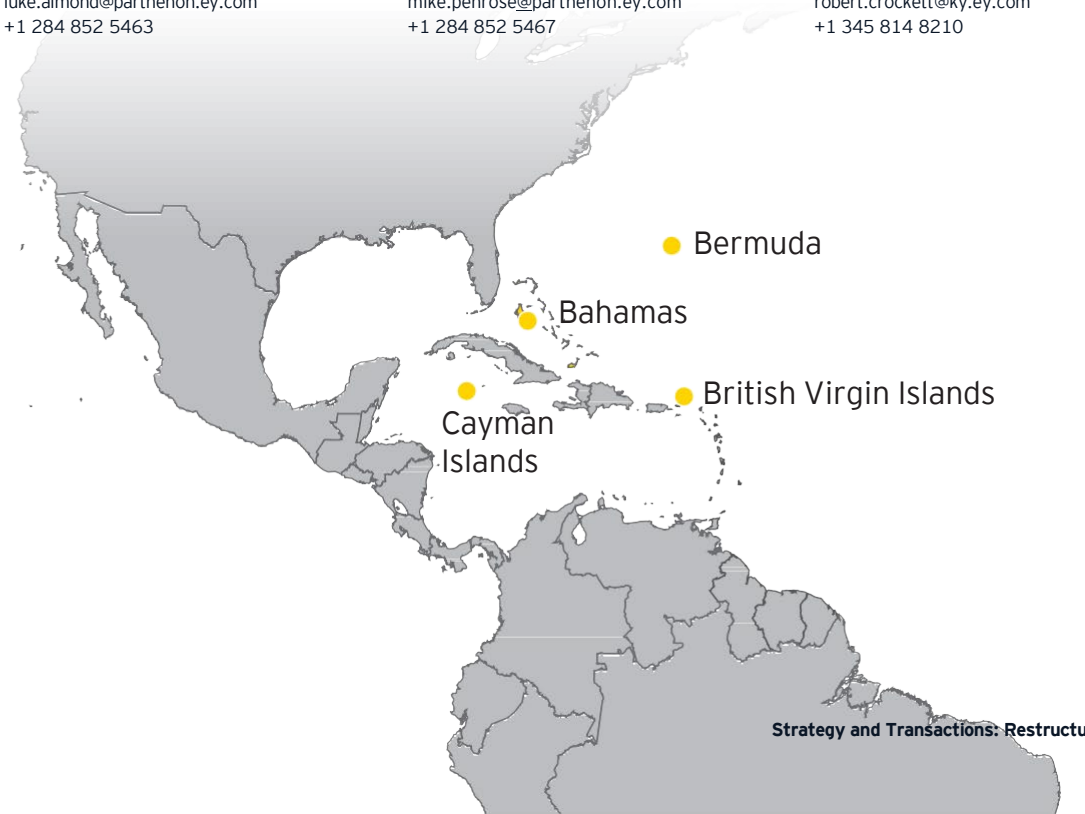
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