

25 August 2009

## STATEMENT BY THE HAYWARD CHARITABLE BELIZE TRUST ("Hayward")

Hayward has noted with great interest the Government's intention to nationalise 94% of Telemedia. The good news is the situation is being crystallised. The bad news is that there will probably now be even more litigation in the future than there has been in the past. This litigation, in both Belize and before an International Arbitration Tribunal, may last for several years but ultimately Hayward is entitled to protection of its interests under international law and it will invoke the Investment Treaty between the United Kingdom and Belize to ensure that it is afforded such protection.

A few facts first: Hayward indirectly owns approximately 70% of Telemedia. Hayward is a charitable trust set up to acquire Telemedia shares formerly held by Mr. Jeffrey Prosser. The beneficiaries of this trust are social and charitable causes. In other words, any profits made by Hayward on a sale of Telemedia after repaying debts would be given to support the charitable works of many hard working but underfunded charities.

The employees of Telemedia own around 23% of their company. The Government intends to nationalise these shares as well. The trust formed to acquire these shares borrowed US\$10m from private sector lenders and BZ\$20m from the Social Security Board and the Government. It is imperative that the employees receive full value for their shares in order to pay-off these debts and to make the rewards they deserve for all their efforts in keeping Telemedia one of the best run companies in Belize while enduring continued hostile actions by the Government. The employees must not be caught in the middle of the crossfire and must be treated fairly.

The balance of the shares are still held by about 800 small shareholders who have unfairly been excluded from the nationalisation. They should be given the opportunity to sell their shares at the full compensation valuation and should they wish to, participate in any future flotation, at what will be, more likely than not, a lower share purchase price.

Now to the history of Hayward: if you listen to the Government you would believe that Lord Ashcroft has personally something to gain here. He does not. He has no economic interest at all in Telemedia as the above analysis of shareholdings indicates. So most of what was said in the House by the Government was simply untrue. No doubt he will express his views on this in due course.

When Mr. Prosser, as the then majority shareholder in Telemedia, led the Government a merry dance they turned to Lord Ashcroft to find a solution to put an end to the complex litigation that they had got themselves into. Lord Ashcroft did not want to own Telemedia again and felt that there was an opportunity to make Telemedia an entity in which charities and employees could benefit. He used his skills over a long period of both time and attrition to achieve this objective. The principle terms of the Accommodation Agreement (which the London Court of International Arbitration has already ruled is both legal and binding on the Government) were substantially those that the Government had already granted to Mr. Prosser. The difference was that the fruits of the Agreement rested with charities and employees and not Mr. Prosser.

In 2008 when a respected international telecoms operator completed full due diligence on Telemedia and made a written offer which valued the entire share capital of Telemedia in excess of US\$300m. This will form the starting point in the valuation of the shares being seized by the Government in a manner which will not impress those that do business with Belize.

Telemedia has been advised that the nationalisation is both illegal and unconstitutional. This assertion will be tested through the Courts. Hayward is now only interested in ensuring that the charities it was set up to help, the 450 employees of Telemedia and the 800 or so small shareholders receive full and lawful compensation.