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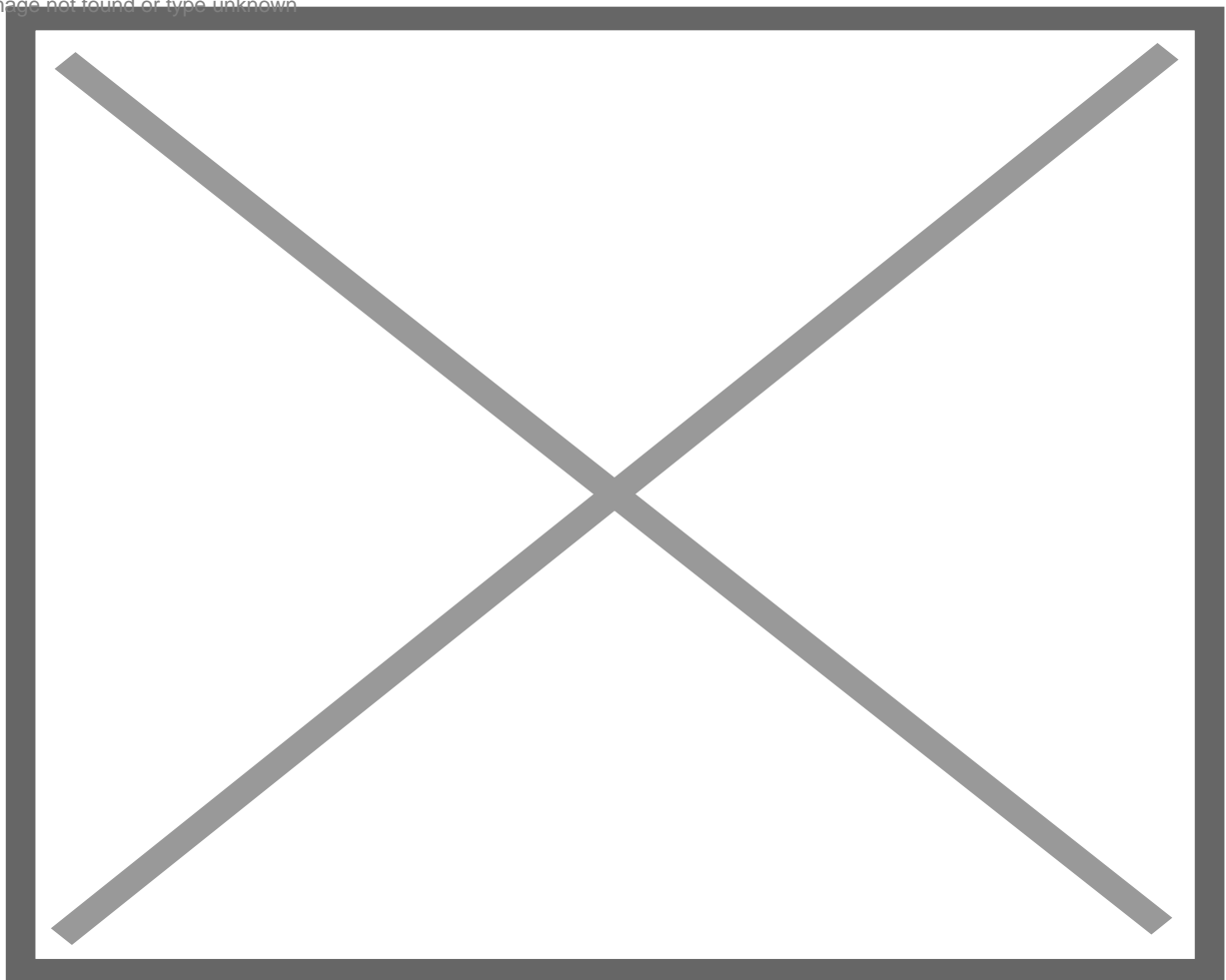
Ocean Point Faces Credit Rating Drop With "Likely" Default on Nearly \$500 Million in Outstanding Debt, S&P Global Says

Low probability of recovery for Ocean Point Terminals, warns S&P Global Ratings

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Ocean Point Terminals, formerly Limetree Bay Terminals.

Earlier this month, S&P Global Ratings lowered its debt rating for Limetree Bay Terminals LLC (LBT), which now does business in the USVI as Ocean Point Terminals.

On November 17, the agency announced LBT's debt rating had fallen to CCC- from CCC, with a negative outlook. The decision comes ahead of a February 15, 2024 maturation date for the

company's \$476 million in outstanding loans.

"We believe the issuer will likely default" on the almost half a billion dollar debt, said S&P Global Ratings, "or arrange some form of distressed exchange in the next three months." This outcome could be averted, said the ratings agency, in the event of a "material reversal in the level of contractedness or an equity injection."

However, that likelihood is low, says S&P Global Ratings. New contracts in recent months notwithstanding, LBT is unlikely to be able to repay the loan from operating cash flow alone. In addition, the credit ratings agency argues, current market conditions are not conducive to recovery.

"Given the current high rates, we believe the capital structure remains unsustainable in the near term," S&P Global Ratings stated, adding that the company did not have sufficient current and near-future contracts for its unleashed storage capacity to change its trajectory.

The credit rating agency argued that as the February 15 maturity date draws closer, a distressed exchange becomes more and more probable. That probability was the driving factor behind the negative outlook, explained S&P Global Ratings.

A distressed exchange, which refers to a situation where a company, facing financial difficulties and potential default on debts, negotiates with its creditors to restructure the debt. This could include several factors, among them gaining equity in the company, with the stake being based upon the value of the debt, and exchanging existing debt for new debt on terms typically more favorable for the company than the original obligations.

LBT's lowered debt rating would be further lowered in the eventuality of such a distressed exchange, or if the company misses an interest or amortization payment.

Should Ocean Point Terminals be able to secure enough longer-term contracts that can generate enough cash flow that "provide a sufficient buffer to meet debt service payments," S&P Global Ratings says the company's outlook could be revised to "stable."