

PUBLIC REPORT
PURSUANT TO SECTION 73A DUTCH BANKRUPTCY ACT
ALSO REPORT PURSUANT TO SECTION 137(1) DUTCH BANKRUPTCY ACT

IN THE BANKRUPTCY OF

PORTUGAL TELECOM INTERNATIONAL FINANCE B.V. *EM RECUPERACAO JUDICIAL*

NO. 5

Name company:	Portugal Telecom International Finance B.V. <i>em recuperação judicial</i> (PTIF)
Suspension of payments proceedings number:	S.13/16/43
Bankruptcy number:	F.13/17/164
Date appointment silent administrator:	13 September 2016
Date of (provisional) suspension of payments:	3 October 2016
Date of bankruptcy:	19 April 2017
Bankruptcy Trustee:	<i>mr. drs. J.L.M. Groenewegen</i>
Supervisory Judge :	<i>mr. A.E. de Vos</i> (with effect from 1 January 2018)
Report number:	5 (pursuant to Sections 227 and 73a and Section 137(1) Dutch Bankruptcy Act, respectively)
Reporting period:	15 January to 30 May 2018
Hours spent during reporting period:	961 hours
Hours spent during bankruptcy: (19 April 2017 – 30 May 2018):	2.535 hours
Reporting date:	1 June 2018

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1. INTRODUCTION

1.1 General

This is the fifth public report pursuant to Section 227-73a of the Dutch Bankruptcy Act (*Faillissementswet*, hereinafter **DBA**) of PTIF's bankruptcy trustee (*curator*, hereinafter the **Bankruptcy Trustee**). The report covers the period from 15 January 2017 to 30 May 2018. This public report follows the previous two public reports of the administrator in PTIF's provisional suspension of payments pursuant to Section 227 DBA and the first and second public report of the Bankruptcy Trustee pursuant to Section 73 DBA in PTIF's bankruptcy and is therefore the fifth public report in the consecutive suspension of payment proceedings and bankruptcy proceedings.

1.2 Report pursuant to Section 137 DBA

This public report is also the report pursuant to Section 137 DBA that is issued in connection with the creditors' meeting that will be held in the bankruptcy of PTIF on Friday 1 June 2018 at 10.00 hours in the Amsterdam District Court.

This report presents the status of PTIF's estate, as it will be reported on at the creditors' meeting after the validation of the debt claims by the Bankruptcy Trustee.

1.3 Conjunction with previous reports

This public report must be read in conjunction with the previous public reports.

To the extent this public report makes no reference to matters that were referred to in the previous public reports, these matters have either been settled or no developments worthy of mention have taken place in comparison to the state of affairs mentioned in the previous reports. This report will continue to use the definitions used in the previous reports.

In this report, the Bankruptcy Trustee describes the current status in accordance with the reporting guidelines as applicable in the Netherlands in a simplified manner.

The Bankruptcy Trustee stresses that the information contained in this report is the subject of further study and is (to a large degree) based on information and statements provided by the board of PTIF, advisers of PTIF and other third parties. It may later become apparent that this information is incorrect. Consequently, no statements can be made about the completeness and accuracy of the information contained in this report.

No rights can be derived from this and/or subsequent public reports. Nothing in this public report can be interpreted as an acknowledgement of liability or as a waiver of any right.

In the performance of his activities in this reporting period, the Bankruptcy Trustee made use of the (advisory) services of CMS Nederland, E. Munhoz Advogados (Sao Paulo, Brazil), KPMG Meijburg & Co belastingadviseurs and Citco Nederland B.V.

1.4 Information for creditors

For further information on this bankruptcy, the Bankruptcy Trustee refers to other public reports and other communications already published or to be published on <http://www.cms-dsb.com/ptif> (the **Website**). The Bankruptcy Trustee will inform creditors by means of the public reports as much as possible.

In addition to public reports, the Bankruptcy Trustee will also send so called ‘Notices’ to creditors, when, for example, the information to be communicated relates to only one subject or the urgent character of the information requires disclosure before publication of the first following public report.

Interested parties can register for the free CMS Electronic Alert Service via the Website so that they automatically receive an email message as soon as new information (such as a report or Notice) is published on the Website. 385 interested parties already use this service.

This public report will also be published on the Website and in the central bankruptcy register (accessible via <http://www.rechtspraak.nl>) after the creditors’ meeting. An English translation of this public report will be made available via the Website as soon as possible as well. The Dutch version will prevail in case of any differences (in interpretation) between the Dutch and English version of this public report.

1.5 Trustee is not an adviser to creditors

The Bankruptcy Trustee emphasises that the bankruptcy of PTIF could have far-reaching consequences for the recourse position of individual or collective creditors of PTIF. The Bankruptcy Trustee does not advise creditors regarding their positions, rights and obligations. This report cannot be interpreted as legal advice (of whatever nature) to PTIF's creditors in any way.

In particular, it holds that creditors themselves must assess their financial and/or legal position and, in the event of any doubt regarding their position and the decisions to be taken, should themselves seek financial and/or legal advice from their own stockbroker, bank, lawyer, accountant or another independent adviser.

The holders of the bonds issued by PTIF can furthermore contact the bankruptcy trustee that represents them, Citicorp Company Trustee Limited (**Citicorp**) (see also section 10.2 of the first public report) via the customary communication channels (including the e-mail address PTIFRestructuring@allenoverly.com).

1.6 Information on RJ Proceedings and the developments therein

More information on the RJ Proceedings and the developments therein can be found on the websites of the Oi Group and the Brazilian administrator (Wald) (www.recjud.com.br and www.recuperacaojudicialoi.com.br).

2. DEVELOPMENTS IN THE RJ PROCEEDINGS

- 2.1 The Bankruptcy Trustee refers to the previous public reports for the background to the Brazilian RJ Plan (**RJ Plan**). The RJ Plan was adopted in a general creditors' meeting held in Rio de Janeiro (Brazil) on 19 and 20 December 2017 – after it was amended during the meeting – and subsequently approved by the Brazilian bankruptcy court on 8 January 2018. The RJ Plan then entered effect on 5 February 2018 after the required publication of the aforementioned judgment had taken place.
- 2.2 As regards this confirmation decision, the Bankruptcy Trustee remarks that it emerges from several press releases that a number of parties in Brazil have used their right to file an appeal or request clarification in respect of this confirmation decision. The Bankruptcy Trustee is not familiar with the outcome or the exact state of affairs in these (appeal) proceedings.
- 2.3 Insofar as the Bankruptcy Trustee is aware, the Oi Group commenced, or continued, the (further) implementation of the RJ Plan after 8 January 2018, which in the Netherlands resulted in PTIF (and Oi Brasil Holdings Coöperatief U.A (**Oi Coop**)) actually offering a composition to creditors.

3. PTIF'S ASSETS

3.1 General

In this bankruptcy, PTIF's assets have never been actually liquidated, such in anticipation of the approval of a composition to be offered by PTIF to its creditors. The assets present at the time the bankruptcy was declared are still PTIF's assets, with the proviso that the available liquid assets have decreased in connection with the costs related to the settlement of the bankruptcy and that consultations with the Tax Department have resulted in a corporate tax refund yet to be received by PTIF.

3.2 Interim financial report

Enclosed with this report as **Annex 1** is an interim financial report (balance as at 25 May 2018) of PTIF's estate.

3.3 Available liquid assets

The balance of the bankruptcy account held by the bankruptcy trustee amounts to €8,468,821.95 as at 25 May 2018. It is noted in this respect that in the interim financial report no account has been taken of the yet to be established salary of the bankruptcy trustee and his colleagues for 2018 and other estate debts that have arisen since 1 January 2018 that have not been paid yet.

3.4 PTIF's Intercompany Claim against Oi Coop

The Bankruptcy Trustee refers to section 8.1 of the first public report, to section 8.1 of the second public report and to section 9.1 of the third public report.

PTIF's claim against Oi Coop by virtue of intercompany loans amounts to **€4,001,410,516.47** (including interest owed up to the date of Oi Coop's bankruptcy (19 April 2017)). This claim has been submitted by the Bankruptcy Trustee in Oi Coop's bankruptcy and has been recognised by Oi Coop's bankruptcy trustee and admitted to the list of provisionally admitted unsecured creditors' claims.

In relation to the composition that Oi Coop has offered its creditors, the Bankruptcy Trustee will – on condition of an authorisation to that effect by the creditors of PTIF (to be issued at the creditors’ meeting pursuant to Section 84 DBA of 1 June 2018 (11.30 hours)) – cast one vote in favour of the composition of Oi Coop.

Like the composition PTIF offered to its creditors, the composition offered by Oi Coop is a “mirror plan” that relates to the RJ Plan. This entails – in summary – that no payment will be made on PTIF’s intercompany claim against Oi Coop (at this time), but that the exigibility of this claim will be postponed for many years. In the context of the composition offered by PTIF, the intercompany claim therefore does not currently constitute a concrete available asset that can be distributed to creditors.

3.5 The claims against Timor Telecom

The Bankruptcy Trustee refers to section 8.2 of the second public report and section 9.2 of the third public report. Insofar as the Bankruptcy Trustee is currently aware, the sale of Timor Telecom has still not been completed yet. It emerges from the RJ Plan that the Oi Group still intends to effectuate this sale.

3.6 Shares in Oi held by PTIF

According to a statement of PTIF’s executive board to the Bankruptcy Trustee at the time the suspension of payments was (provisionally) granted, PTIF holds approximately € 137 million worth of ADR (*American Depositary Receipt*) shares in Oi (the **ADRs**).

It emerges from the RJ Plan that the ADRs will be made available to certain groups of creditors as a distribution other than in cash.

3.7 Corporate Income Tax refunds

The Bankruptcy Trustee refers to the fourth public report for the background to the consultation with the Tax Department on the implementation of the corporate income tax refund application submitted by PTIF.

The consultation with the Tax Department ultimately resulted in a tax settlement agreement signed on 14 May 2018 with the approval of the supervisory judge, whereby a final settlement was reached for the claims/debts of PTIF in regard to corporate income tax over the years 2014, 2015 and 2016.

By virtue of this arrangement, PTIF is entitled to receive a corporate income tax refund over the year 2016 in the amount of €2,714,509 on balance (and after deduction of a minor debt in respect of payroll tax and turnover tax). The intention is that this amount will be transferred to the liquidation account by the Tax Department in the course of June 2018, after which it can be taken into account in the final settlement with PTIF, which can of course only take place after the composition has been adopted with the required majorities and the decision of the Amsterdam Court of First Instance approving the composition has become final and binding.

4. PTIF'S LIABILITIES

4.1 Unsecured debts

Attached to this report as **Annex 2** are the lists of provisionally admitted and disputed non privileged claims, as filed with the registry of the Amsterdam Court of First Instance by the Bankruptcy Trustee. The claims of the holders of notes issued by PTIF have been filed by bond trustee Citicorp Trustee Company Limited as creditor, as the so-called Extraordinary Resolutions have been adopted at the noteholders' meeting of 17 May 2018 in all series of notes issued by PTIF. The bankruptcy trustee refers in this context to the Notice to Creditors dated 18 May 2018, accessible via the Website.

Both PTIF and the bankruptcy trustee have provisionally disputed the claims of Capricorn Capital, Ltd and other funds affiliated to it against the background of the Amsterdam District Court judgment of 21 March 2018 accessible via: [www.rechtspraak.nl; ECLI:NL:RBAM:2018:2799](http://www.rechtspraak.nl;ECLI:NL:RBAM:2018:2799)), whereby the claims against defendants other than PTIF and Oi Coop have been rejected (for these proceedings, see also below under 6.1). It is as of yet not fully clear whether Capricorn Capital, Ltd. et al. will uphold the claims at the creditors' meeting.

4.2 Preferential debts

There are no preferential debts. In respect of the VAT component included in the non privileged claims (an amount of €72,725.84), there may still be a claim of the Tax Department by virtue of Section 29(7) of the Dutch Turnover Tax Act. It has been agreed with the Tax Department and PTIF that this amount will, for the time being, be kept on deposit in the liquidation account in anticipation of the settlement of the final turnover tax returns for the period of the bankruptcy. In the context of this agreement, the Tax Department has not submitted a formal claim pursuant to Section 29(7) of the Dutch Turnover Tax Act for validation.

4.3 No other claims submitted

Up to and including 29 May 2018 (being the last day on which, pursuant to Section 127(1) DBA, "late" claims could still be submitted with the Bankruptcy Trustee), no other claims have been submitted with the Bankruptcy Trustee.

5. PTIF'S DRAFT COMPOSITION AND ADVICE PURSUANT TO SECTION 140 DBA

5.1 PTIF's draft composition

The Bankruptcy Trustee refers to the previous public reports. The draft composition can be consulted via the Website. No changes have been made to the draft composition since its filing date, so that the creditors will also vote on this draft composition at the creditors' meeting of 1 June 2018 (subject to changes to be made thereto by PTIF at the creditors' meeting, which, however, the Bankruptcy Trustee does not expect to happen).

5.2 Advice pursuant to Section 140 DBA

On 25 April 2018, the Bankruptcy Trustee issued his advice pursuant to Section 140 DBA, which can be consulted via the Website. The Bankruptcy Trustee confines himself to a reference to this advice and the statement that the developments since 25 April 2018 have not given him cause to reconsider this advice.

6. PENDING PROCEEDINGS AGAINST PTIF

6.1 Proceedings Capricorn Capital, Ltd and others

The Bankruptcy Trustee refers to the first public reports for the background. In these proceedings, which have been suspended in respect of PTIF pursuant to Section 29 DBA, the Amsterdam District Court rendered judgment on 21 March 2018 (accessible via www.rechtspraak.nl; ECLI:NL:RBAM:2018:2799), whereby the claims of the claimants against all defendants (except for PTIF and Oi Coop, in respect of which parties the proceedings had already been suspended pursuant to Section 29 DBA) have been rejected.

6.2 Proceedings in Portugal

Prior to the bankruptcy, a noteholder instituted proceedings against PTIF in Portugal. The proceedings in Portugal have not been suspended by operation of law as a consequence of PTIF's bankruptcy in the Netherlands. The Bankruptcy Trustee, together with CMS's lawyers in Portugal and PTIF's lawyers in the Netherlands, agreed that a defence will also be put forward on behalf of PTIF in the Portuguese proceedings. The Bankruptcy Trustee is not involved in these proceedings in any other way.

7. MEETING PURSUANT TO SECTION 84 DBA OF 1 JUNE 2018, 11.30 HOURS

- 7.1 After the creditors' meeting and presuming that the composition offered by PTIF will have been adopted by the creditors entitled to vote, the meeting pursuant to Section 84 DBA will take place in order to authorise the Bankruptcy Trustee to vote on behalf of PTIF as creditor of Oi Coop on the composition offered by Oi Coop, which vote will take place during the creditors' meeting in the Oi Coop bankruptcy of 1 June 2018, 13.30 hours.

8. HOURS SPENT

- 8.1 In the period covered by this report, the Bankruptcy Trustee and his team have spent approximately 961 hours in total on this bankruptcy.

Amsterdam, 1 June 2018

J.L.M. Groenewegen,
Bankruptcy Trustee

ANNEX 1

Interim financial report as at 25 May 2018

TUSSENTIJD'S FINANCIEEL VERSLAG 25 mei 2018

in het faillissement van:

Portugal Telecom International Finance B.V.

Faillissementsnummer

F13/17/164

Datum uitspraak

19 april 2017 (Hof Amsterdam)

Rechter-commissaris

mr. A.E. de Vos

Curator

mr. drs. J.L.M. Groenewegen

A.	BATEN	subtot. incl. BTW	mutaties	totaal
1.	aangetroffen middelen			
	kas	€ -	€ -	€ -
	bank	€ 10.029.475,10	€ 7.400,81	€ 10.036.875,91
	restant kostenvoorschot PTIF	€ 467.618,30	€ -	€ 467.618,30
	correctie facturen De Brauw	€ 20.286,00	€ -	€ 20.286,00
2.	opbrengsten verkopen			
	opbrengsten verkopen	€ -	€ -	€ -
	kosten ivm verkoop	€ -	€ -	€ -
3.	debiteuren			
	prae-faillissement debiteuren	€ -	€ -	€ -
	boedeldebiteuren	€ -	€ -	€ -
4.	overige baten			
	boedelbijdrage	€ -	€ -	€ -
	restitutie belastingdienst	€ -	€ -	€ -
	retour betalingen ivm foutieve overboeking Kas Bank N.V.	€ 33.041,48	€ -	€ 33.041,48
	rente	€ -	€ -	€ -
5.	totaal	€ 10.550.420,88	€ 7.400,81	€ 10.557.821,69
B.	REEDS BETAALDE VERSCHOTTEN / BOEDELSCHULDEN	subtot. incl. BTW	mutaties	totaal
	salaris curator	€ 855.893,03	€ 432.428,63	€ 1.288.321,66
	verschotten curator	€ 34.235,73	€ -	€ 34.235,73
	vertaalkosten voor Q3 2017	€ 7.651,09	€ -	€ 7.651,09
	vertaalkosten Q3 en verder 2017	€ 16.415,11	€ 6.027,42	€ 22.442,53
	factuur CMS Portugal	€ 10.102,67	€ -	€ 10.102,67
	factuur CMS London		€ 28.831,52	€ 28.831,52
	factuur Citco Nederland	€ 6.678,51	€ 11.723,77	€ 18.402,28
	factuur De Brauw Blackstone Westbroek	€ 83.574,88	€ -	€ 83.574,88
	factuur Wijn en Stael Advocaten	€ 85.472,86	€ -	€ 85.472,86
	factuur E. Munhoz Advogados	€ 290.491,90	€ 142.773,04	€ 433.264,94
	factuur Soares Bumachar Sociedade	€ 11.268,30	€ -	€ 11.268,30

	kosten Kas Bank N.V.	€ 409,68	€ 101,67	€ 511,35
	Belastingdienst	€ 8.202,00	€ -	€ 8.202,00
	factuur Interbolsa	€ 320,62	€ -	€ 320,62
	factuur KPMG	€ -	€ 56.040,36	€ 56.040,36
	kosten Kamer van Koophandel		€ 78,65	€ 78,65
	factuur ADP Nederland B.V.		€ 278,30	€ 278,30
6.	totaal	€ 1.410.716,38	€ 678.283,36	€ 2.088.999,74
C.	THANS NOG BESCHIKBAAR			
	totaal A	€ -	€ -	€ 10.557.821,69
	totaal B	€ -	€ -	€ 2.088.999,74
7.	saldo boedelrekening	€ -	€ -	€ 8.468.821,95

ANNEX 2

Lists of provisionally admitted and disputed non privileged claims

List of provisionally disputed non privileged claims for the verification meeting and the creditors' meeting pursuant to art. 84 DBA in the bankruptcy of PTIF
 Lijst van voorlopig betwiste concurrente vorderingen t.b.v. de verificatievergadering en de vergadering van schuldeisers ex art. 84 Fw in het faillissement van PTIF

Company name: Portugal Telecom International Finance B.V. *em recuperação judicial*
 Bankruptcy number: F.13/17/164
 Date of bankruptcy: 19 april 2017
 Supervisory Judge: A.E. de Vos
 Bankruptcy trustee: J.L.M. Groenewegen

	Nr.	Name	Claim (EUR)	Reasons for disputing of claims
Tort claims	1	Capricorn Capital, Ltd	173.000.000,00	Disputed by PTIF and the bankruptcy trustee due to insufficient substantiation of the claims
	2	Lex Claims, LLC	11.000.000,00	
	3	Syzygy Capital Management, Ltd.	66.000.000,00	
	4	CVI EMCVF LUX SECURITIES TRADING S.A.R.L.	10.000.000,00	
	5	EOC LUX SECURITIES S.A.R.L.	10.000.000,00	
		TOTAL	270.000.000,00	

List of provisionally admitted non privileged claims for the verification meeting and the creditors' meeting pursuant to art. 84 DBA in the bankruptcy of PTIF
 Lijst van voorlopig erkende concurrente vorderingen t.b.v. de verificatievergadering en de vergadering van schuldeisers ex art. 84 Fw in het faillissement van PTIF

Company name: Portugal Telecom International Finance B.V. *em recuperação judicial*
 Bankruptcy number: F.13/17/164
 Date of bankruptcy: 19 april 2017
 Supervisory Judge: A.E. de Vos
 Bankruptcy trustee: J.L.M. Groenewegen

Verification Meeting: 1 June 2018, 10:00 am (CET)

Article 84-Meeting: 1 June 2018, 11:30 am (CET)

				GBP*	EUR			
	Nr.	Name			Claim excl. VAT	VAT	Claim incl. VAT	
Notes	1A	Citicorp Trustee Company Limited			3.920.190.075,07		3.920.190.075,07	
					3.920.190.075,07		3.920.190.075,07	
Costs	1B	Cititcorp Trustee Company Limited		831.147,68	991.974,76		991.974,76	
				831.147,68	991.974,76		991.974,76	
				SUBTOTAL 1A AND 1B			3.921.182.049,83	
Services	2	Barclays Bank PLC			18,75	0,75	19,50	
	3	BDO Audit & Assurance B.V.			87.973,00	18.474,33	106.447,33	
	4	Citco Nederland B.V.			47.781,94	10.034,21	57.816,15	
	5	KPMG (Meijburg & Co Belastingadviseurs)			209.854,99	44.069,55	253.924,54	
	6	PricewaterhouseCoopers Belastingadviseurs N.V.			700,00	147,00	847,00	
				SUBTOTAL		346.328,68	72.725,84	419.054,52
				TOTAL		3.921.528.378,51	72.725,84	3.921.601.104,35

* exchange rate per 19 April 2017:
 1 GBP = 1,1935 EUR