



**AVIATION WORKOUT EXPERTISE**  
**360 AIRCRAFT FINANCE GMBH**

FRANKFURT/MAIN, GERMANY  
MARCH 30, 2020

# RELEVANT QUESTIONS IN A DISTRESSED SCENARIO



1. How can I best secure the cashflow from the investment?
2. What is the value of my asset and related collateral?
3. What legal rights do I have in a default under the transaction documents?
4. To what extent am I exposed as equity holder to lender actions or remedies?
5. What kind of restructuring steps will have to be taken to make the airline/lessee perform again and what is the impact on my lease/financing?
6. What are the relevant actions to best protect the value of the asset?
7. How can I get an overview of the technical status of the aircraft?
8. Are the aircraft records and certificates up to date and fully available?
9. What is the maintenance status of the aircraft (incl. the current CAMO-arrangement)?
10. What obligations do I have vis-à-vis aviation authorities?
11. How is the insurance status? Are there any outstanding payments? Is there full insurance coverage for the lender/lessor?

# HOLISTIC SUPPORT UNDER ALL WORKOUT ASPECTS



1. Commercial and legal analysis of status quo
2. Technical assessment of aircraft
3. Review of aircraft records and certificates
4. Development of a holistic workout concept
5. Negotiation and drafting of deal terms
6. Protection of the asset value through relevant maintenance or storage actions (incl. evaluation of MX-reserves)
7. Evaluation of insurance status
8. Arrangement of CAMO-solution if lessee is in default
9. Repossession of aircraft
10. Valuation of aircraft, engines and spare parts
11. Support with remarketing efforts

# 360 AIRCRAFT FINANCE AND M2P CONSULTING



## 360 Aircraft Finance GmbH

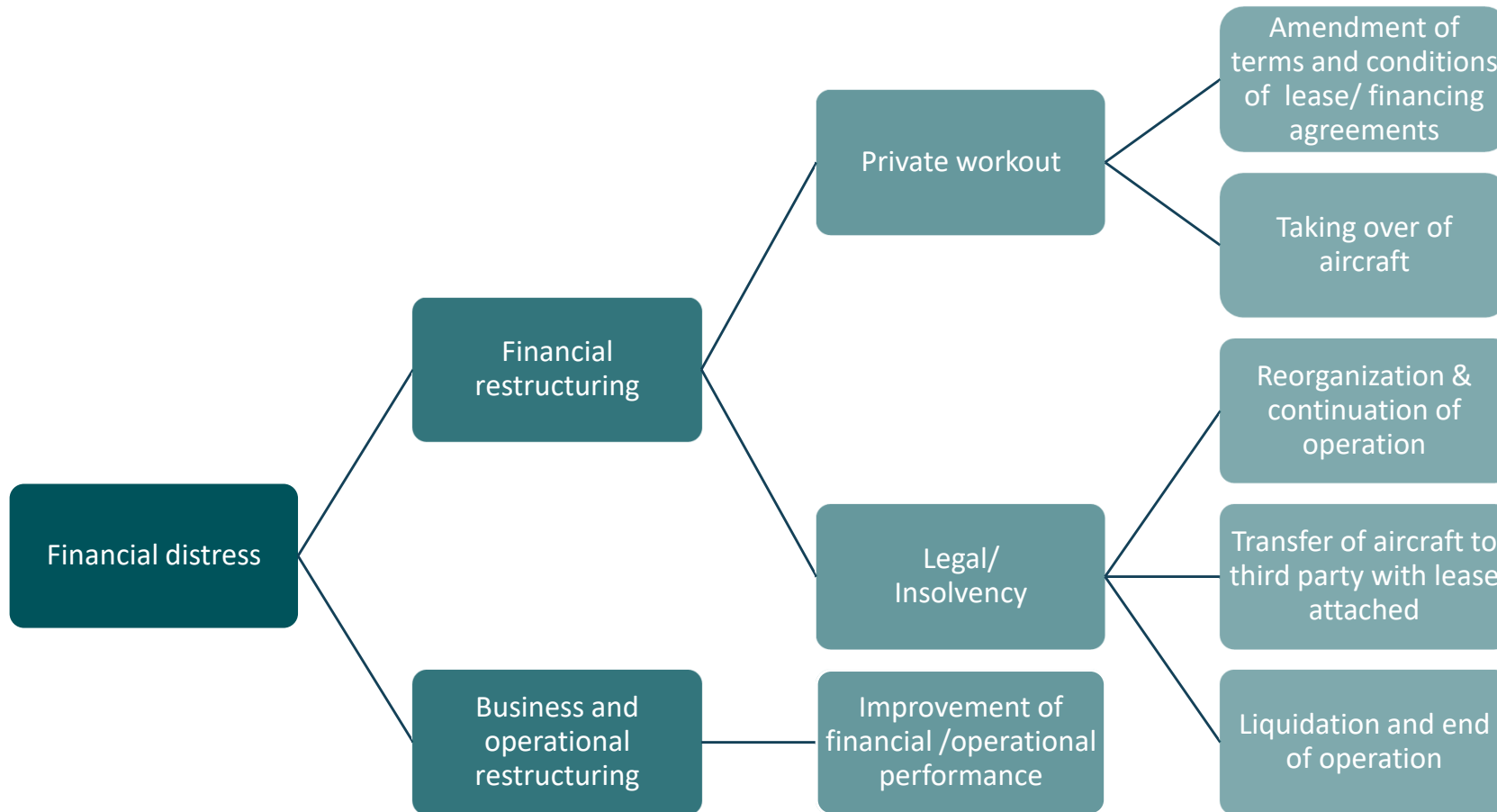
- Aviation industry experts with profound airline experience
- 5 FTE covering industry, market access and technology
- 3 FTE covering all kind of aviation legal matters and financial workout aspects
- A large network within all segments of the aircraft industry as well as the combined professional experience of 100+ years of aviation and aircraft business

## M2P Consulting

- One of the leading aviation and transportation strategy consulting firms in Europe
- More than 100 professionals working for the TTL industry
- In-depth knowledge in development of design concepts, implementation of processes and technologies
- 6 offices in Frankfurt/Main, London, Dubai, New York, Los Angeles and Hong Kong

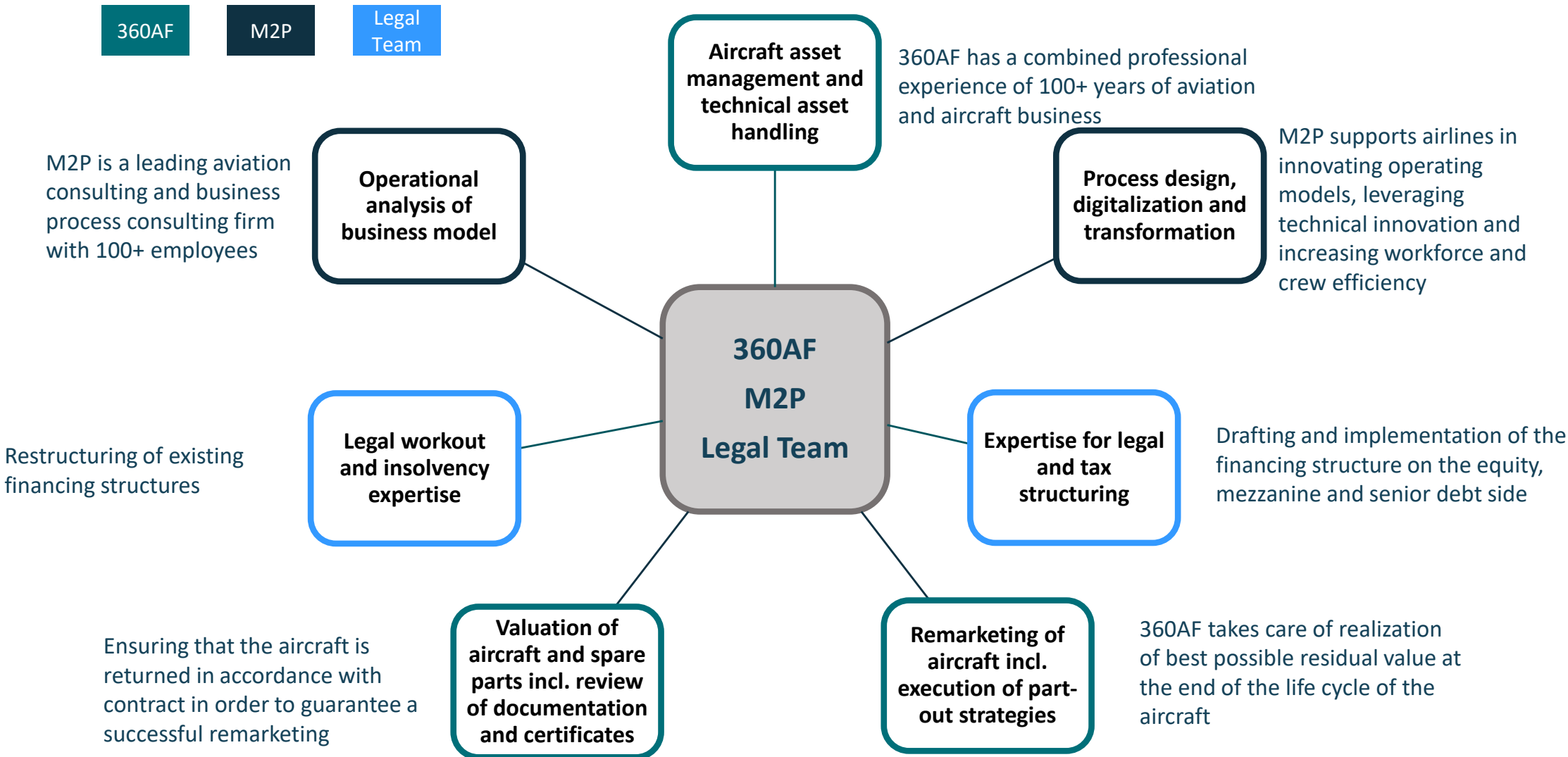
- Leading aviation, airline and transportation expert team offering a unique and holistic advisory approach
- Deep understanding of aviation industry and its participants
- Combined 200+ years of experience in the aviation industry
- Track record of more than 250 aircraft transactions
- Deep industry-, technical- and legal expertise
- Specific aviation workout expertise
- Familiar with all kinds of restructuring and insolvency proceedings

# AVIATION ASSET WORKOUT IN CONTEXT



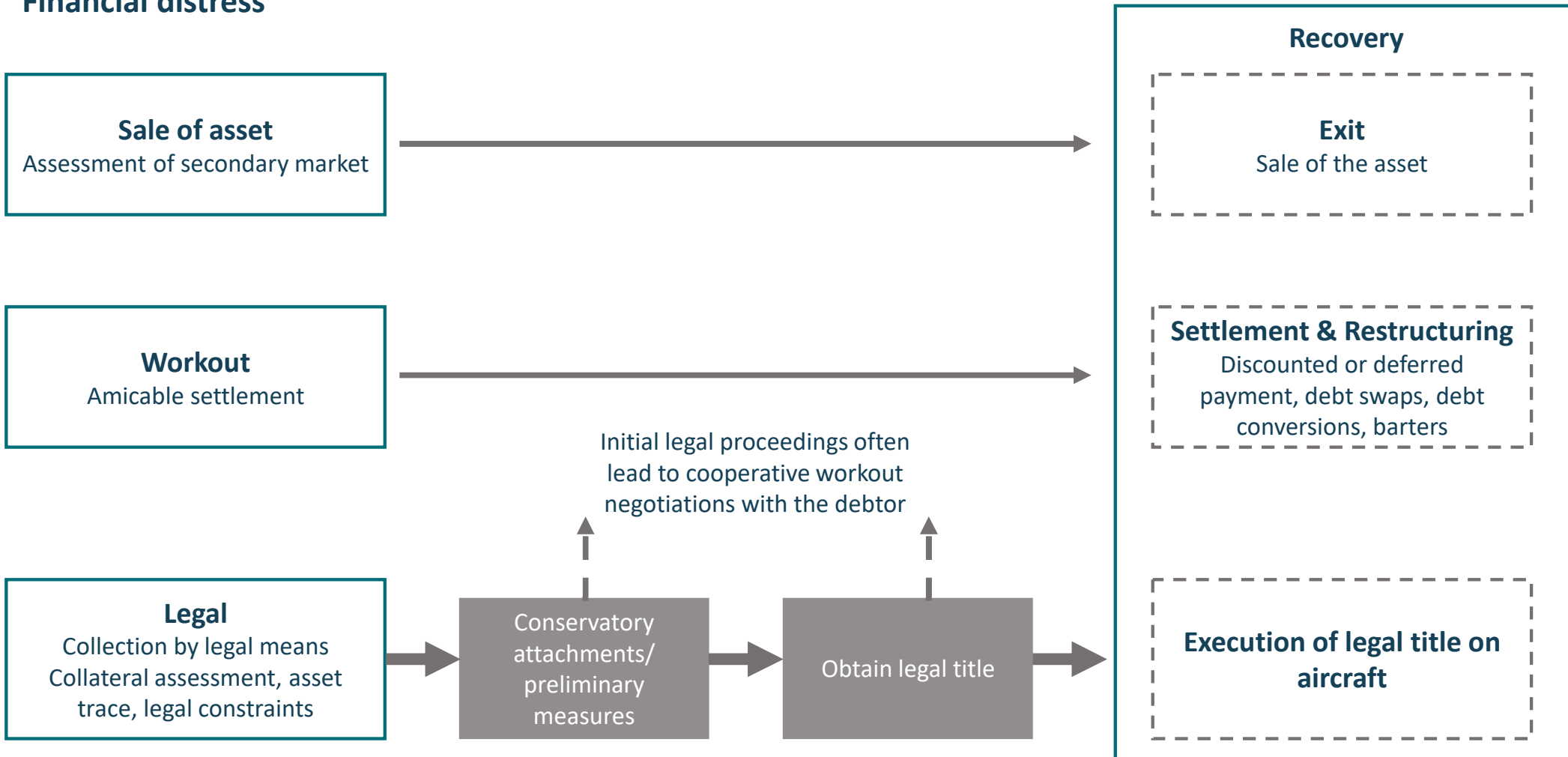
**360AF and M2P are offering holistic workout support consisting of operational, legal and technical expertise**

# OUR COMMON COMPETENCIES



# ASSET REPOSSESSION PROCESS

## Financial distress



# POTENTIAL RESTRUCTURING OBJECTIVES (1/2)

- To give the airline time to attempt to solve the problem or pay the lease. Is time needed to attempt to: (i) continue operation, (ii) stabilize cash flows, (iii) sell the collateral, (iv) refinance the debt, (v) fix management problems, (vi) allow the market/property values to recover, (vii) allow guarantors to sell assets to raise cash to pay the debt, or (viii) other circumstances?
- To ensure the continuation of operation to increase the value and/or likelihood of selling the collateral?
- To expedite repossession and remarketing of collateral?
- To improve the lender's/lessor's economic upside to compensate for continued/added risk?
- To fix lease/loan documentation or collateral deficiencies (amendment of terms, revision of return conditions, incorrect cross-collateralization or cross-default language, unperfected liens, missing collateral, etc.)?



# POTENTIAL RESTRUCTURING OBJECTIVES (2/2)

- To improve the lender's/lessor's position in preparation of enforcement actions or borrower's bankruptcy (more collateral, additional guaranties, principal paydown, etc.)?
- Requiring a principal paydown to reinstate the lender's contractually owned equity cushion (re-establish lender's desired loan to value ratio)?
- To obtain additional collateral (from shareholders, affiliates, guarantors)?
- Modifying lease terms to give the lessee the time to attempt to solve the problem or pay the lease (reduced lease rate, rent holiday, suspension of MX payments, amendment of return conditions, extend lease term, etc.)?
- To improve the lessor's economic upside to compensate for continued/added risk?

# SPECIFIC DANGERS OF EVENT OF DEFAULT

- No proper storage program initiated by the lessee (in case of grounding of the aircraft), possibly damaging the airframe and engines and negatively affect the value of the asset
- The aircraft and/or its engines are in a maintenance facility, in the middle of a check. It is difficult to remarket an asset in maintenance.
- No complete maintenance paperwork and certification. This will affect the market value of your asset and will also hamper to extract your asset in case of an event of default.
- No ferry flight agreements in place, in an event of default the aircraft needs to be flown to a safe location ASAP so e.g. no airport, catering company, line maintenance company etc. can take the aircraft “hostage” for unpaid bills.
- No CAMO and/or engineering services contract in case of above-mentioned repossession.
- Waiting too long to extract your asset after an event of default, could potentially be very costly.

# PREPARE FOR CONTINGENCIES

- Audit for certificates and maintenance documentation:
  - Check and prioritize what needs to be scanned and documented.
  - Check and prioritize what maintenance needs to be performed.
- Check for ferry flight agreements and flight permits in place.
- Check for contracts with CAMO+ and/or engineering companies to have the aircraft in a controlled maintenance environment at all times.
- Check for aircraft storage facilities to safely store the aircraft.
- Check where the physical paperwork is stored and where it could be stored in case of distress.
- If the aircraft is currently in maintenance, handle the oversight, oversee payment status and make sure the maintenance is finished.
- If the engine is currently in shop, handle the oversight, manage the contract and minimize maintenance reserves pay out.



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