

RIDING ON VOLATILE MARKET CYCLE THRU'

Distressed Investing & Financial Restructuring

...EXPANDING YOUR INVESTMENT OPPORTUNITIES



KUALA LUMPUR

19 - 20 MAY 2009
JW MARRIOTT

**First Public Workshop
on Distressed Investing
and Financial Restructuring**

"Asia may attract \$10 billion of new funds in the next 12 to 18 months to invest in distressed assets as returns are likely to rise..."

- Paul Jurie, Global Head of Alternative Investments, Standard Chartered Bank, May 2008 -

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RESEARCHED & DEVELOPED BY:



IN ASSOCIATION WITH:



“Two-thirds of investors interviewed said that they plan to raise more money and increase their investments in distressed debt this year, while one-third say now, or the first quarter, is the right time to buy... A good number in the distressed investing community view the downturn as an opportunity and expect to take advantage in 2009, through an increase in distressed investing, including increased distressed M&A activity and DIP financing.”

- Michael Reilly, Co-Chair, Global Financial Restructuring Group, Bingham McCutchen LLP, 27 January 2009, USA

THE FACTS...

The ramifications for the global financial crisis were many, but high on the list was the creation of unprecedented volume of bad debt. It has been estimated that nonperforming loans in Asia has reached a staggering USD 2 trillion - equivalent to almost a third of the region's GDP. Global economic downturn, tightening credit and scarce liquidity are pushing many firms and country's leading banks to the wall. Even established companies will be forced to restructure their businesses.

THE CONSEQUENCES...

Increasing numbers of property and business owners are failing to satisfy financial covenants or are defaulting on further obligations to creditors.

LEADING TO...

Banking and other financial institutions are considering options to restructure, reorganise, or refinance their loan portfolios, whether through out-of-court workouts and settlements, or in-court reorganisations, liquidations and receiverships.

As always, adversity promotes opportunity

DISTRESSED DEBTS INVESTMENTS

Now, as the turmoil in the US subprime mortgage industry has rippled through financial markets and severely restricted access to credit, the next wave of corporate failures could be around the corner. Standard & Poor's estimates that the US corporate defaults could rise to more than USD35 billion over the next 15 months, breeding multiple opportunities for investors that specialise in seeking deals within troubled industries.

“WITH THE RE-PRICING OF RISK AND THE TIGHTENING OF THE CREDIT MARKETS, THE NUMBERS OF OPPORTUNITIES TO MAKE TIMELY AND SIGNIFICANT INVESTMENTS HAVE INCREASED DRAMATICALLY. THE HIGH AMOUNTS OF LEVERAGE, WEAKENED BALANCE SHEETS AND CREDIT MARKETS HAVE RESULTED IN INCREASED DEFAULTS AND RESTRUCTURINGS, OFFERING US THE ABILITY TO MAKE EXCEPTIONAL INVESTMENTS WITH PRUDENT RISK PROFILES.”

- Anthony Grillo, Partner, American Securities Opportunities Fund, New York, 11 September 2008 -

Today's ever-changing economic conditions and the upheaval in the credit markets are causing turmoil for companies and investors alike. This reality is good news for distressed debt investors. PricewaterhouseCoopers reported that in the first six months of 2008, distressed funds raised approximately USD37 billion globally.

» ARE YOU WARY OR READY TO TURN DISTRESS INTO GOLD? «

IBN International's 2-day highly interactive workshop will look at how companies could devise **PRACTICAL** and **ACTIONABLE** strategies that will reduce risks and avoid pitfalls. Internationally renowned investment specialist in Distressed Debts, Seth Freeman will unleash secrets of his over 26 years of hands-on expertise and real-world management experience to provide a framework to strategise your investment initiatives in venturing into distressed debts markets.

IN THIS INTENSIVE, HIGH-LEVEL PROGRAM, YOU WILL WALK AWAY HAVING POWERFUL GRASP OF THE CONCEPTS AND SKILLS TO:

- # **Identify, Anticipate and Analyse** key distressed debts investing and financial restructuring issues
- # **Develop** winning strategies and effective framework to achieve success in distressed debts investment
- # **Examine** the changing landscape of buyers and sellers in distressed debts environment
- # **Take Advantage** on the current opportunities created by the global crisis
- # **Maximise** recoveries on troubled investments, under or non-performing portfolios and other assets
- # **Review** the characteristics, pitfalls and challenges in investing in distressed debts
- # **Gain** in-depth understanding on techniques required to conduct an effective analysis of the investment environment
- # **Gather** specialist's view of the changing face of the distressed debts market
- # **Engage** innovative strategies, techniques and business models in distressed debts investment
- # **Asses** the risk/reward ratio of distressed debts investments
- # **Explore and Mitigate** the visible, inherent and unknown risks in distressed debts markets risk assessment
- # **Explore** new trends and search for yield and superior returns in distressed debts investment
- # **Increase** investor's confidence in the long-term viability of distressed debts investments
- # **Solve** complex issues in your organisation's investment portfolios and stand-alone assets successfully

“Even robust companies saw their foreign debt burden explode as their currency devalued sharply against dollar. This widespread distress brought numerous opportunities to businesses that had the patience, local knowledge, experience and information to understand the special complexities of investing in Asian distressed debts.”

**- Michael Lowy, Head of Asia Pacific Strategic Investment Group,
Deutsche Bank**



THE AGENDA...

DISTRESSED INVESTING

- » Understanding the Global Boom & Bust Cycle
- » Conditions Unique to emerging markets
- » Distressed investing as recycler of capital
- » Politics and distressed assets
- » The Public and Social Policy of distressed asset investing
- » Regulations and implementation
- » Ethics and integrity
- » Domestic funds
- » Single-asset investments (real estate, stand-alone companies)
- » Types of distressed assets
- » Corporate investing in distressed assets
- » International funds and what are they thinking?
- » Establishing and negotiating a JV fund with a foreign partner
- » Staffing the origination team
- » Staffing the underwriting team
- » Inside versus outside legal teams
- » Structuring compensation
- » The role of outside professionals: lawyers, accountants, appraisers, etc.
- » How to choose outside professionals
- » Managing and controlling the cost of outside professionals
- » The role of leverage and liquidity
- » Identifying opportunities
- » Review of asset types
- » Sourcing opportunities
- » Choosing which asset class to specialise
- » The High Initial Return Trap and the need for continuous product
- » Seller expectations and the Bid-Ask Spread Dilemma
- » Organising Seller Due Diligence
- » Conducting Buyer Due Diligence
- » Valuation and methodologies
- » Segmenting and stratifying the portfolio
- » Pricing and stress-testing assumptions
- » IRR and setting time-horizons
- » Exit strategies
- » Negotiated versus Open-Bidding process
- » Types of bidding processes
- » Terms and Conditions including Representations & Warranties
- » Closing the transaction
- » Post-closing public relations
- » Evaluating systems and reporting
- » Questions and answer

FINANCIAL RESTRUCTURING

- » The difference between **under**-performing and **non**-performing assets
- » Managing asset and portfolio information and data
- » Managing investor and partner expectations
- » Monitoring and reporting protocols and best practices
- » Time is not your friend: The importance of urgency
- » Understanding the capital structure in restructuring
- » Collateral, What Collateral?
- » Discovering and dealing with Fraud
- » Restructuring versus Repackaging strategies
- » Asset Roll-up strategies
- » Liquidation as a restructuring strategy
- » Setting achievable goals
- » Staffing and compensating implementation teams
- » Dealing with syndication or Lead agents
- » Negotiating with Loan Participants
- » Negotiating with Hold-Outs
- » Understanding Lender expectations
- » Negotiating with lenders
- » Borrow expectations
- » Negotiating with borrowers
- » Political and regulatory considerations in resolution negotiations
- » Negotiation styles and style-shifting
- » Defining the fine-line between unreasonable and reasonable
- » Creating solutions to avoid a second restructuring
- » Bankruptcy and insolvency
- » Receivers and trustees
- » Litigation as a strategy
- » Dealing with foreign participants and partners

BONUS MODULE

AN IN-DEPTH COVERAGE ON TURNAROUND MANAGEMENT

- » Understanding differences between financial restructuring and turnaround management
- » Integrating financial restructuring and turnaround management
- » The role of the Turnaround Manager or Chief Restructuring Officer (CRO)
- » Turnaround Manager compensation structures
- » The importance of stakeholder communication in a turnaround
- » Leader or Grave-Dancer
- » Fiduciary duties and resolving conflicts of interest
- » When the government is your partner
- » When the government is your lender
- » Dealing with investors and employee anger
- » The Five Phases of decline and turnaround
- » The importance of the First 100 Days
- » Identifying key success-factors
- » Why cash-flow is more important than profits
- » Uncovering hidden sources of cash
- » Expenses are controllable, Revenue is not
- » Techniques to getting to break-even cash-flow
- » Lender and creditor workouts
- » The More You Sell the More you Lose - Identifying common margin errors
- » Resolving complex litigation
- » Addressing fraud and corruption
- » Asset-based financing
- » Raising fresh equity
- » Creative financing structures
- » Approaching and negotiating with distressed and private equity investors
- » Working with foreign investors and institutions
- » Engaging and managing professionals
- » Staff reductions and labor rationalizations
- » Evaluating subsidiaries, divisions, units and JV's
- » The close, sell or buy decision-making process
- » When the best turnaround options is a controlled liquidation
- » Resources for turnaround managers
- » Questions and Answers

FREE!

- # Each participant will receive the *EM Capital Manual of Distressed Investing, Financial Restructuring and Turnaround Management* for future reference
- # One-hour of free telephone consulting from Seth R. Freeman or a Managing Director at EM Capital Global Advisors

THE AGENDA (Continued)

SPECIAL SESSION

INTERNATIONAL OPPORTUNITIES FOR MALAYSIAN AND ASIAN INVESTORS

This special session will focus on the huge opportunities to invest in distressed assets in the United States, Europe and Australia, with emphasis on the world's biggest distressed investing market - the United States (U.S). This session is of interest to Malaysian and Asian corporate companies, family groups, high-net worth investors, foundations and trusts seeking to take advantage of global opportunities.

- » A landscape analysis of the range of assets types and scale in the U.S. and other major economies
- » The risks and rewards of geographically diversifying your distressed investing portfolio
- » How to assess the U.S. market

- » Strategies and structures for entering the U.S. market
- » What are the market-entry rules and regulations for foreign investors
- » Partnering with U.S. investors and institutions
- » Selecting and hiring professionals and consultants in the U.S.
- » Who are the sellers and what are they selling
- » Real estate (single assets and portfolios)
- » Mortgage Debt portfolios
- » Commercial loans and portfolios
- » Distressed companies (listed and private)
- » CDO's, MBS's
- » Derivatives, Credit Default Swaps
- » How to buy a distressed bank
- » Capital Structure issues and Creditor Rights in the U.S.
- » Understanding the U.S. bankruptcy system
- » Shari'a opportunities in the U.S.



THE MAESTRO...



Seth R. Freeman is an internationally recognised speaker, consultant, and adviser in the area of distressed debts and emerging market investments. He has 26 years of investment experience as a manager, investor and advisor of private equity projects and funds, high-growth and troubled real estate companies, developers, fund managers, banks and Central Banks in the United States, India, China and Latin America. He began his career in real estate and gained valuable experience during the U.S. Savings and Loan Crisis and the RTC. He also has participated as a member of the team that sold a United States \$1 Billion portfolio of Mexican distressed assets at the highest recovery price for the unit of the Mexican Central Bank. He is an expert in cross-border due diligence, restructuring, cross-cultural business negotiations and distressed asset recovery.

Seth is the CEO and Managing Director of EM Capital Management (EMCM), an independent San Francisco and New Delhi based fund sponsor specialising in emerging markets-focused alternative investment funds for institutional investors, funds of funds and high net worth investors. Apart from that, Seth is the Co-Portfolio Manager of the EM Capital India Gateway Fund, the EM Capital-Khadija Green Real Estate Fund I, EM Capital India Discovery Fund, EM Capital S&P ESG India Index Fund and feeder funds registered in Cayman and managed accounts. The firm's tax-efficient India-focused funds trade through Mauritius resident master-funds registered with the Securities & Exchange Board of India.

He is a member of the International Working Group of the Emerging Markets Disclosure Project co-chaired by the IFC and Social Investment Forum. The firm is the Lead Investor-India coordinating the EMDP initiative to encourage Indian companies to report environmental, social and environmental policies and practices. Prior to founding EM Capital Management, LLC, Mr. Freeman served as emerging markets consultant to Barr Rosenberg Investment Management and was a senior manager of firms engaged in real estate investment, development, advisory and management of distressed assets and under-performing companies.

Seth is one of fewer than 600 Certified Insolvency and Restructuring Advisors in the United States. He is a Director and Vice President of the Turnaround Management Association (TMA) Northern California Chapter and a member of the American Bankruptcy Institute (ABI) and TMA International Committees and Associate Member of the Association of Certified Fraud Examiners and a Certified Fraud Examiner candidate. He is a member of the Bay Area Bankruptcy Forum and Bay Area Receivers Association.

He holds an MBA in International Management from Thunderbird. He served as the 2001 Chairman of the Editorial Board of the Turnaround Management Association monthly "Journal of Corporate Renewal". He was the 2002 Chairman of the TMA web site (www.turnaround.org). Seth is frequently quoted in various business publications, such as TheStreet.com, Daily Deal, Bloomberg, INC., Red Herring, El Financiero (Mexico), Business Mexico and Latin Finance. Seth presents papers frequently in major conferences pertaining to private equity, international asset-based lending and workouts, troubled companies, insolvency and emerging markets fund management and direct investment. He is a regular contributor on Bloomberg TV, CNBC India and NDTV India.

Dear Delegate (s),

I am excited about bringing our Distressed Investing and Financial Restructuring Workshop to Kuala Lumpur. Based on my extensive hands-on experience in distressed debts investment, the critical knowledge conveyed in this workshop will provide you with solid, practical and actionable ideas that will reduce risk and avoid pitfalls. In light to the complexities of analysing your future distressed debts investments, this master class will enable you to take advantage of the current opportunities created by the global economic crisis and to maximise recoveries on troubled investments, under or non-performing portfolios and other assets.

Please be sure to bring questions and challenges in your Distressed Debts Investments strategies and techniques. If you implement what you learn in this workshop, you would ensure profitable and stable growth of your business investments in a globalised market.

See you in Kuala Lumpur!

Seth Freeman



“Buying distressed is not for the faint of heart. Experienced distressed investors conduct due diligence that is as much focused on identifying opportunities as it is on risks.”

- *TS Insights: Investing in Distressed*, PricewaterhouseCoopers, October 2008