



MANDALA

ASSET SOLUTIONS

DISTRESSED DEBT MANAGEMENT

Mandala is a boutique firm specialising in the asset management of distressed debt portfolios.

We are a multidisciplined team of bankers, advisors, lawyers and accountants who specialise in managing all aspects relating to distressed debts and non-performing loans. We advise on all aspects of valuing, acquiring, setting up, managing and disposing of problem loans:

- Identifying good and bad loans
- Assistance in debt acquisition
- Portfolio analysis and advice on strategy
- Debt Management
- Outsourcing
- Run-off and/or Disposal

The Mandala team have extensive experience in insolvency and reconstruction and rebuilding value in businesses. We have worked with many financial institutions including most of the banks in Australia and others in the UK, USA and around the World.

Our team have also provided advice to holders of more than US\$15 billion of distressed debt including many global banks, government agencies and investors in more than a dozen countries. Our team have more than fifty years combined experience in managing non-performing loans, especially in non-first world environments.

Mandala - "An integrated structure organized around a unifying center"
- Longchen-pa

The symbol of the Mandala illustrates our approach to distressed debt management.

We recognise that adding value to portfolios can only be achieved through an integrated approach which focuses on:

- Information
- Strategy
- Implementation
- Reporting

Our unique *MandalaNet* software helps unify our approach in all these areas.

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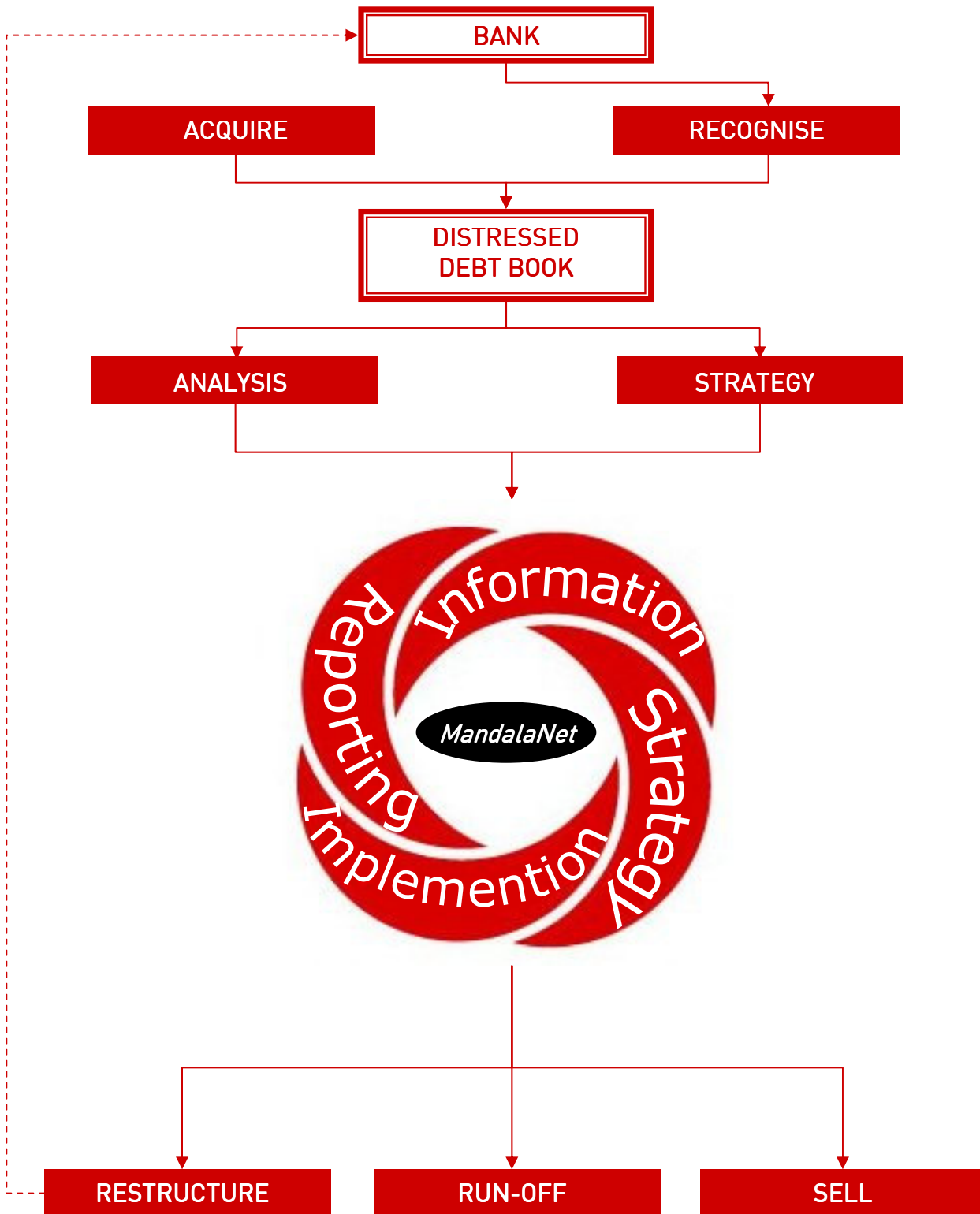
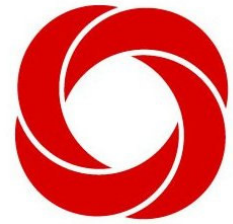
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What does Mandala do?

Mandala is a boutique consultancy business that specialise in consulting to and implementing all areas of Distressed Debt Management.



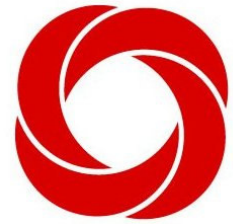
Debt acquisition or recognition

Debt management

Run-off and disposal

What Mandala Does

Mandala manage Distressed Debt Portfolios. We also assist with specialist services at all stages in the process.



Debt acquisition or recognition

Acquisition & Recognition

Lenders or financial institutions may hold distressed debt portfolios for a variety of reasons. These may include past lending operations, debt trading, acquisitions or regulatory actions. Mandala can help with:

- Due diligence
- Valuation
- Credit policy and management
- Risk asset reviews
- Stress testing

Analysis & Strategy

The next step is to perform a detailed evaluation of the portfolio and provide a macro or portfolio strategy based on the attributes of the portfolio together with the client's over-riding strategic requirements:

- Stratification
- Risk management
- Recovery policies
- Legal structure (AMCO, SPV)
- Team structure and training needs analysis
- Macro strategy formulation

Debt management

Debt management is the core focus of our business and where the most value can be added. The Mandala approach focuses on our *MandalaNet* software and involves the following processes:

Information

- **Systems** - Reviewing and redesigning information systems so that focused and relevant information is available.
- **Filtering** - Avoiding the problem of too much data of the wrong quality.
- **Analysis** - Implementing new techniques for analyzing problem loans and setting new credit policies and procedures.

Strategy

- **Skills** - Assessing expertise available within the debt holder's organisation to determine what skill sets need to be filled.
- **Options** - Determining whether the portfolio should be managed 'in house' or whether the debt holder's strategic priorities are better served by outsourcing.
- **Macro/Micro Strategy** - Forming a correct strategy for the portfolio as a whole and for each individual account - direct effort at those areas likely to bring the most actual success.

Implementation

- **Management** - Working with existing client teams to enhance performance; provision of key Mandala staff to assist / or full outsourcing.
- **Processes** - Improving actual loan management processes to ensure proper implementation of the strategy.
- **MandalaNet** - Using existing systems or tailoring *MandalaNet* platform to client requirements.

Reporting

- **Focus** - Ensuring that reporting information is timely and useful, avoiding information overload in favour of well developed and thought out reporting packages.
- **Efficiency** - Reporting should always flow naturally from proper implementation.
- **Risk** - Designing reporting to allow reassessment of risks, performance and the refinement of strategy. This is a continuous process.

Run-off and disposal

Restructure, Sell or Hold

The Debt Management process (above) includes an ongoing evaluation as to the appropriate exit strategy for each individual debt. Based on the client's objectives and the attributes of the portfolio, this policy will be re-evaluated and implemented. Mandala can help with:

- Running off the distressed debt portfolio
- Providing outsourcing of the management of the portfolio
- Developing turnaround policies and managing their implementation
- Packaging for sale or securitisation
- Finding buyers and negotiating sale of debt
- Returning debtor to normal banking relationship

How Mandala Adds Value



The Mandala approach brings better recoveries, faster, with less risk and more efficiently by using our considerable experience, powerful software and driven approach.

Managing a distressed debt portfolio differs from typical banking and requires a different approach, new skill sets and a specialised information system. Without all of these elements, the direct and hidden costs of managing the portfolio are magnified. Mandala enhances the run-off value of distressed debt portfolios by offering:

Better recovery rates

Mandala's approach produces a better recovery rate by:

- Moving quickly and pro-actively – the right solution, well implemented avoids further decay in value
- Dealing with distressed debts in a structured and efficient manner via our *MandalaNet* software
- Ensuring that all strategies are considered on both a portfolio and individual debtor basis
- Prioritising those distressed debts with the largest potential value swings
- Training staff to use “best practice” methodologies and procedures and to think “outside the box”
- Creating portfolio synergies and solving multiple problems simultaneously
- Focussing on commercial solutions that remain effective where there is a weak legal environment

Faster recovery

The same (or a better) recovery made in less time releases cash and reduces the capital employed in the debt which reduces the holder's costs. Mandala can add value by:

- Actively managing the trade-off between receiving a smaller amount now or a larger amount later
- Avoiding implementation slippage by using our *MandalaNet* software to drive collection activities
- Using procedures to make faster and more efficient decisions while maintaining control
- Running multiple strategies concurrently

Reduced risk

As with most risk management, there is a process of identifying and understanding the risks and their drivers, taking a position and monitoring performance. Our *MandalaNet* software drives active portfolio risk management to ensure that risks are identified and managed early in the debt management cycle.

Reduced management costs

There are significant costs associated with managing a distressed debt portfolio. These include internal staff costs, external advisers and agents. Mandala adds significant value by:

- Extracting the same value from external professionals while reducing the overall fees. In our experience, this can save as much as 75% of professional fees
- Using IT to perform activities that are repetitious
- Building an appropriate team with the right skill sets and working in the right structure
- Allocating files to reduce learning curves and speed analysis
- Capturing and leveraging off best practices, precedents and experience

Improved structure (or disposal)

The structure of a portfolio determines its ability to seek external investment (eg via sale), create a more efficient capital structure, maximise tax benefits or outsource management. The right structure can add value by freeing up capital, introducing cash, improving financial ratios, reducing downside risk and fund raising costs.

Mandala add value to this process through the analysis of the different loan strata within the portfolio (using *MandalaNet* software) and by recommending and introducing more efficient structures including our core business, managing the run-off of distressed debt portfolios. We can also facilitate a sale or other disposal of portfolios and employ a variety of analytical tools to determine the best run-off strategy and structure.