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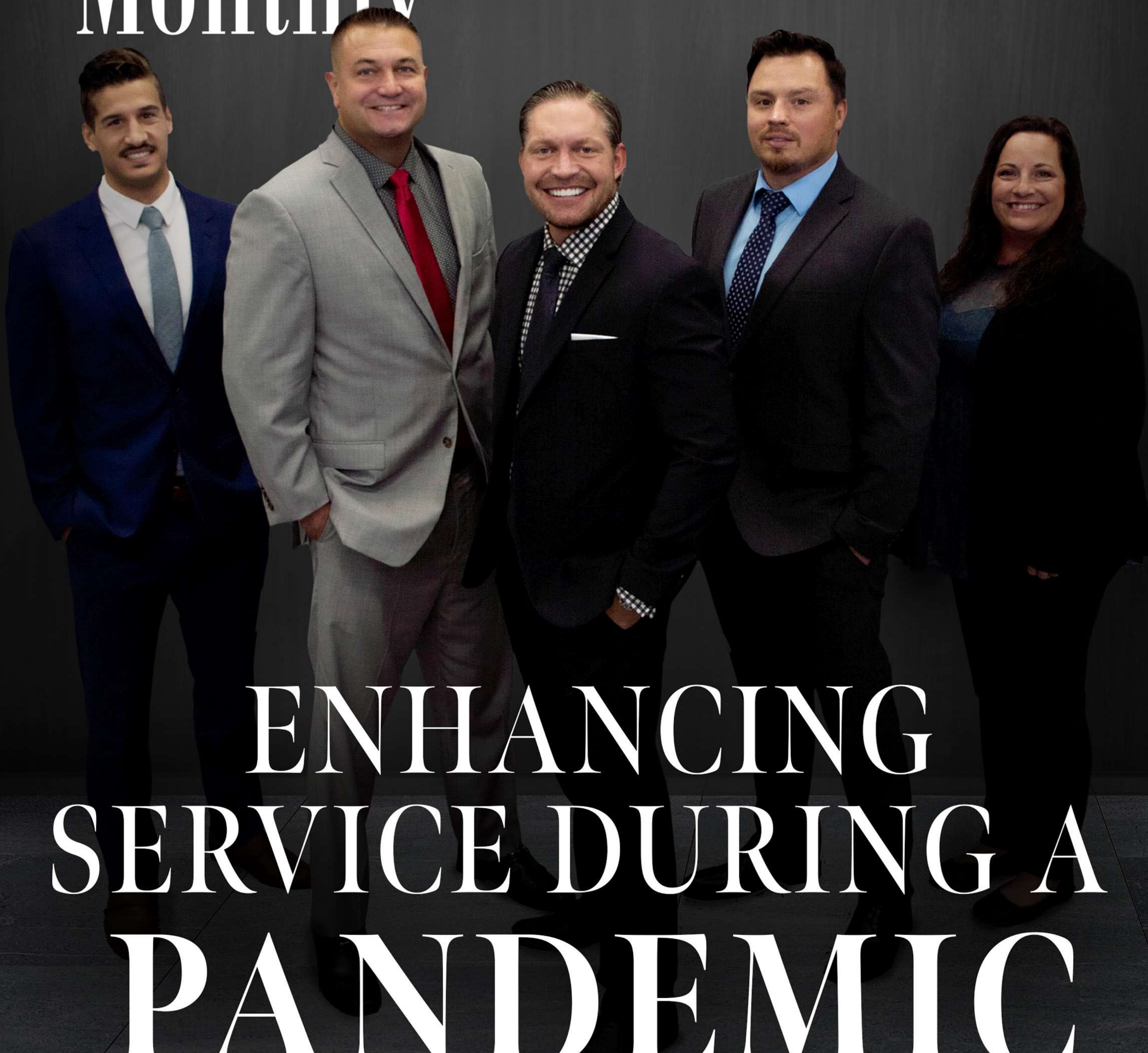
CAN **EVERGRANDE** BECOME THE NEXT **LEHMAN BROTHERS?**



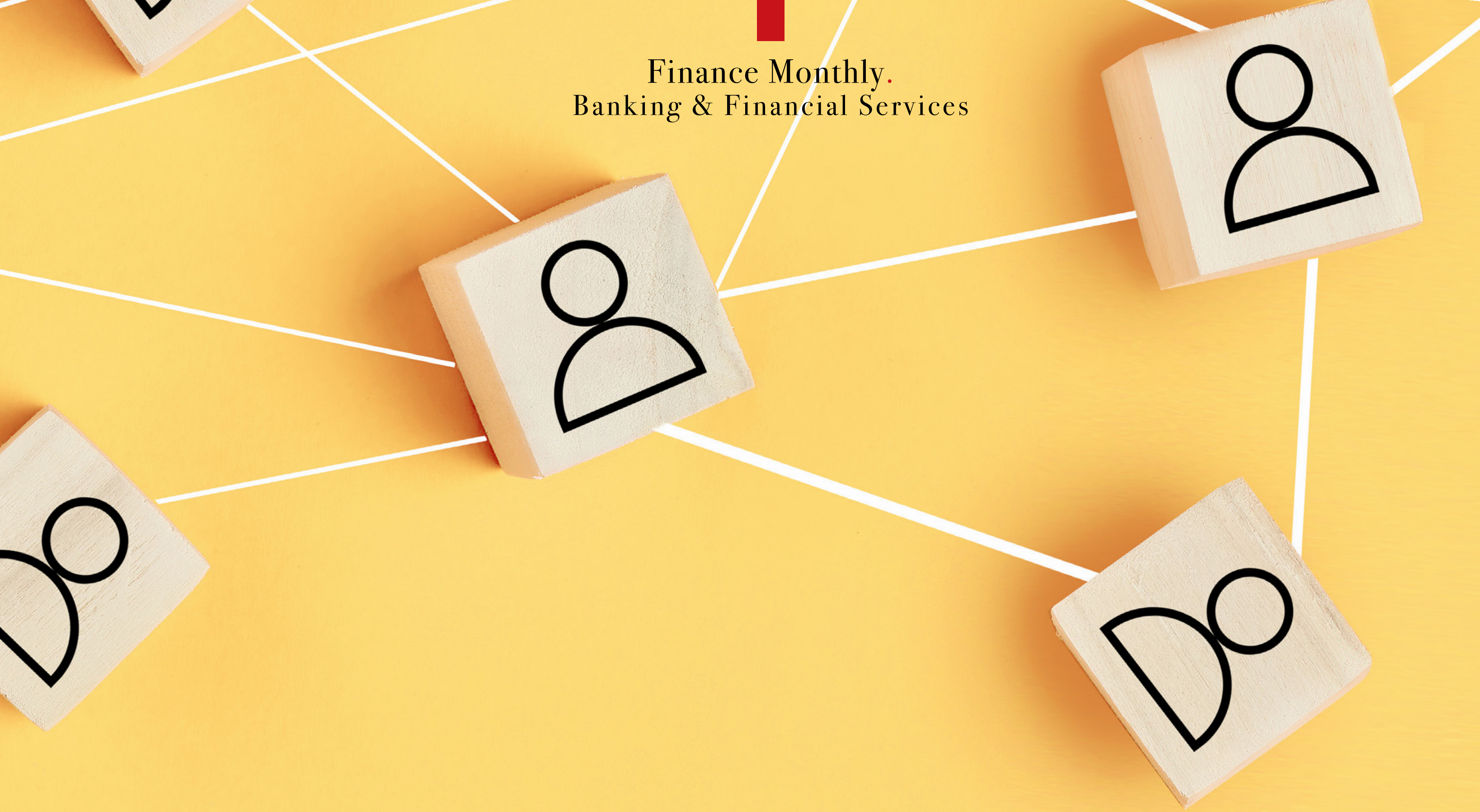
ENHANCING SERVICE DURING A PANDEMIC

Postema Capital Lending

Restructurings *During* Pandemic Times

Joseph Wabick is the managing partner and founding member of Chicago based consulting and advisory firm Kreshmore Group. His background consists of extensive work in both restructure/corporate renewal as well as capital markets transactional advisory. In the restructure realm, Joseph specialises in liquidity management, crisis management, balance sheet restructure, and organisational change. In this capacity, Joseph has served as both an interim and fractional CFO and COO. Through Kreshmore Group, he has served in these roles for private equity sponsored companies and other privately held middle-market companies. Over the course of his career, Joseph has closed a multitude of transactions in virtually every industry with a special emphasis on transportation, multi-unit retail chains, clinical medicine, and distribution/wholesale. Joseph has been successful in pushing the fold of capital stack creativity by leveraging equity, complex subordinated structures, traditional financial offerings, and federal, state, and local government incentives.

Kreshmore Group serves privately held middle-market companies. It works on behalf of both management teams and creditors to resolve clients' core problems. Kreshmore's senior advisory staff is comprised of industry-leading strategists with strong finance and accounting backgrounds and a history of owning and managing their own companies which gives them a distinct advantage over traditional consulting firms.



Q The COVID-19 economy continues to challenge many businesses across the globe. What has that meant for restructurings and turnarounds in the US?

The predominant buzzword thrown around the business community in 2020 used to describe the fallout from the COVID-19 pandemic was "unprecedented". Despite how overused the term is 18 months later, it still remains a rather accurate description of the challenges companies faced throughout the pandemic and continue to face as the pandemic looms. To that end, COVID-19 has forced business leaders, their management teams, and their financial advisers to make extremely challenging decisions and to push the bounds of innovation. A key fact pattern in restructures consists of the following: assess the current situation and determine knowns from unknowns, gather data and determine quality of said data, craft plans and strategies to enact key initiatives, make assumptions and forecast the various scenarios that could arise as a result of the decisions made. The COVID pandemic has not fundamentally changed that process. What it did change, perhaps, is the extent to which the "equation" is filled with unknowns. In the heat of the pandemic, it took sound judgment and deep experience to swiftly close offices, shutter stores, lay off certain personnel, etc. Today, with the immediate emergency at bay, there is a return to a systematically slower approach that affects change and revives enterprises.

Q How has the pandemic affected Kreshmore Group's restructuring and turnaround department and how have you navigated this?

When it became evident that the attempted containment of the COVID-19 pandemic would grind the world economy to a halt, our team was highly focused on existing restructure clients. We were headlong in numerous files that were inching towards resolution when COVID stopped everything in its tracks. It in many ways it felt like COVID would be the straw that broke the camel's back. Our approach was to reallocate resources internally from M&A activities to Restructure initiatives, understanding that M&A transactions were going to cease or slow down until the pandemic restrictions eased. This enabled the Kreshmore team to enact the key initiatives we had outlined across a wide base of clients (both ongoing restructures and pre-emptive restructure planning). This further allowed us to dedicate analyst resources towards reading the dense local and federal aid legislation in order to be at the forefront of economic aid programs. We prioritised our focus on debtor and creditor relationships as we had to build trust with the creditors and garner their buy-in to our process and ultimate plan to survive the pandemic. We additionally focused on forging relationships with the SBA and related parties to better understand the various grant and relief programs. These programs would ultimately serve as a crutch for our entire client base who would go on to qualify to varying degrees.

The 2020 pandemic has been a roller coaster for our company and our clients both professionally and personally. There were many 14-hour days in early March 2020 when clients were reeling and there was little help in sight with regard to government intervention. Overall, Kreshmore's restructure business became very busy in the early innings of the pandemic and continued to stay busy throughout the pandemic.

Our goal at the outset of the pandemic was to rapidly institute cash preservation plans and to proactively open discussions with our clients' various stakeholders. This entailed significant planning and execution of loan and lease deferrals, landlord deferrals and abatement, furloughs and staffing restructures. The COVID crisis was a predicament of catastrophic consequence and we knew that in order for our clients to have a fighting chance we needed to be realistic with the help we would require from our creditors. We also had to base our requests on actual facts supported by meaningful analysis. This analysis would prove to be some of the most challenging work we have undergone in that it was nearly impossible (and in some ways still is) to see what the world would look like in 4 weeks, 8 weeks, 12 weeks, etc.

Today we see many companies who have had their balance sheets shored up with government aid. The clients who were able to negotiate with key stakeholders have further strengthened cash reserves. We are seeing a much more sober management approach than perhaps 24 months ago, with many companies still waiting for a clearer line of sight on the mid-to-long term impacts of the economic recession brought on by the COVID-19 pandemic.

Q What are the main lessons the pandemic has taught you?

In many ways, the same tools, strategies, and best practices deployed pre-pandemic are just

as important in the environment we've found ourselves in today. One particularly interesting insight the pandemic has offered is the fragility of the supply chain and the benefit of US-based manufacturing (for US-based companies). Most companies, especially in (or above) the middle market, have experienced supply and vendor related issues; be it through natural disasters, rising prices, or any number of other complications that may happen in the ordinary course of business. Typically, management can inexpensively manoeuvre and replace the key vendor/supplier so as not to severely impact operations. The supply chain disruption we have experienced as a result of the pandemic has been economy-wide and has opened eyes as to the importance of manufacturing "close to home". It has also become very evident that in addition to simply keeping a wide base of potential suppliers it is critical to have strong lines of communication open at all times with suppliers to help forecast potential disruptions and course correct at an earlier juncture.

Another very practical reminder from the COVID pandemic is the human consequences that happen as a result of management initiatives. Oftentimes management teams are so focused on revenue targets, growth, profitability metrics, etc. that they forget about their impact (as an organisation) on their employees' and customers' lives. The sweeping changes that were enacted by companies across the United States were bold, costly, and commendable. These changes were done with no known government aid and no idea of when restrictions would ease. The restrictions were put in place for the common human goal of ending the pandemic. This human reminder was a rare time that borrowers, creditors, competitors, employees, employers, etc. put everything aside and were completely aligned on a non-financial goal.

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