

TRG Asset Management

Investment Management Services for
Pools of Underperforming Equity and Debt
Business Restructuring and Turnarounds



Introduction – TRG AM

Our most recently established practice, TRG Asset Management specializes in managing distressed and underperforming pools of equity investments and debt instruments.

TRG Scope

**Europe and CEE Regions
Business Restructuring Practice**
Active since 1991



North American Practice
Boston, New York, Charlotte
Active Since 1982
Approx. 60 companies per year

TRG Asset Management
Active in Europe
since 2000

With our demonstrated track record of 25%+ IRR, TRG AM successfully monetizes distressed, underperforming and end-of-life fund portfolios and asset pools. We work to increase net asset values and implement faster portfolio exits, resulting in substantially higher returns, along with lower expenses, for investors. TRG AM operates in Central and Eastern Europe, Western Europe and other markets.

Key Activity

TRG Asset Management specializes in managing distressed and underperforming pools of equity investments and debt instruments. (Further discussed in subsequent pages)

Other Activities

- **Turnaround & Crisis Management:**

Consulting and interim management for distressed companies

- **Performance Improvement:**

Consulting and interim management for underperforming companies

- **Financial Advisory:**

Economic analysis, valuation, and asset disposition services

- **Recapitalization:**

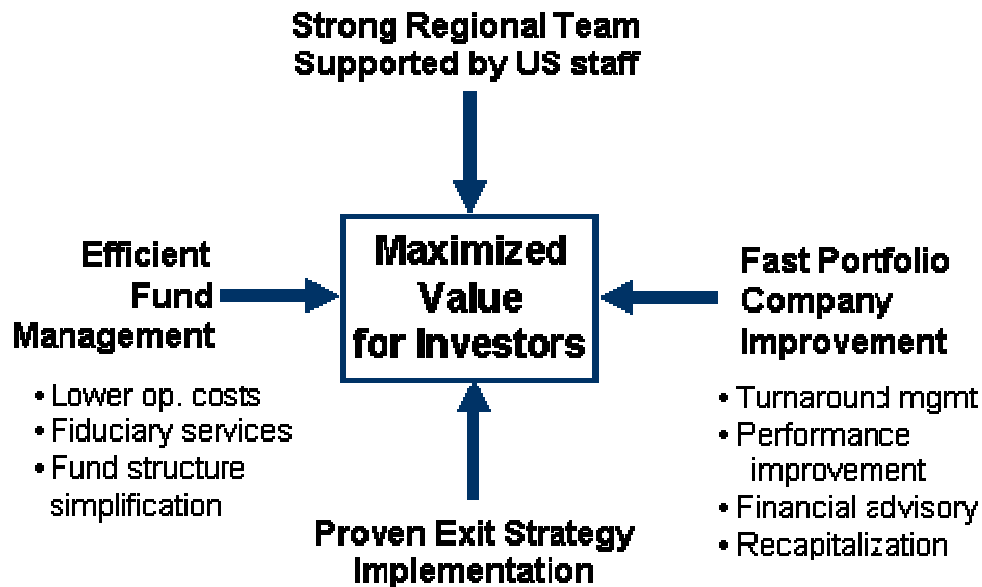
Attract new capital and owners, assistance in investor search, advocacy in investor / strategic buyer negotiations

Leveraging TRG's Turnaround Heritage

Founded in 1981, TRG is a leading provider of business restructuring, performance improvement and financial advisory services to mid-market sized companies. In 2006, TRG served more than 60 clients in the United States and Europe with combined revenues exceeding \$9 billion and maintains a major market presence in New York, Boston and Charlotte. For more information, visit www.TRGUSA.com.

Introduction - TRG AM Approach (Core Services)

TRG Asset Management seeks to capitalize on our expertise in crisis management, operational turnarounds, and financial restructuring, as well as our broad and substantial international experience. Its objective is to provide an additional, high-quality service to our private equity clients and institutional investors – in their capacity as limited partners – in order to maximize the value of their pooled investments.



- Active in Europe, including virtually all countries of Central and Eastern Europe and former Soviet Union since 1991
- 10 dedicated professionals, with substantial industry, functional and regional experience
- Cross-industry expertise including manufacturing and industrial, distribution, consumer goods, service industries, technology and real estate
- Proven track record of creating shareholder value in managing pools of assets

Experience by Industry

Industrial

- **Agricultural Equipment**
- **Aircraft Assembly**
- **Apparel Fabrics**
- **Ball Bearings**
- **Battery Manufacturer**
- Building Products
- **Carpet Manufacturer**
- Cement Company
- Ceramic Brick
- Containers (Storage and Transport)
- **Construction & Materials**
- Cotton Textile Fabric
- **Elevator Components**
- **Food Processing**
- Footwear Manufacturer
- **Glass**
- Leather Products Mfg.
- **Machine Building/Tools**
- Meat Processing
- **Metal Fabrication / Fastening**
- **Pressure Gauges**
- **Textile Manufacturer**
- **Wire and Cable Manufacturer**
- **Wood/Paper Products**

Consumer

- Auto Retailer
- **Baked Goods**
- Bicycles
- Car Parking Service
- **Confections**
- Cosmetics
- Discount Retailer
- **Food Retailer/Wholesaler**
- **Furniture**
- **Garments**
- **Household Appliances**
- Leisure and Entertainment
- **Lighting Appliances**
- **Lumber Retailer**
- Office Supplies
- Pianos
- Recreational/Sports Equipment
- Restaurants/Hotels

Energy & Chemical

- Biochemical
- Cellulose Fibers
- **Chemical**
- **Energy**
- **Environmental**
- Metallurgy
- Nitrogen and Complex Fertilizers
- Non-Ferrous Metallurgy
- **Oil Refinery**
- **Petroleum and Oil Related**

Financial Services

- **Banking**
- **Financial Services**
- Leveraged Buyout
- **Private Equity**
- **Venture Capital**

Technology

- Communications
- **Computer Manufacturer**
- **Electric Components**
- Electrical Substations and Transformers
- **Electronics**
- Electromechanical

Logistics

- Common Carrier Truck Transport
- **Distribution**
- **Freight Handling**
- Port Services
- **Transportation**
- **Warehousing**

Other

- **Business Information Service**
- Contracting
- Education
- **Healthcare Products/Services**
- **Import/Export**
- Maritime Services
- **Medical Film**
- Printing and Publishing
- Professional Services
- Social Services
- Technical Institute
- **Wholesaler**

NOTE: *Denotes industries in which TRG has worked both in the U.S. and Internationally*

Why TRG Asset Management?

As the most active hands-on asset manager focused on distressed and underperforming funds, TRG Asset Management brings together:

- **Experienced management team** with both U.S. and regional investment and turnaround expertise, backed by TRG's financial and industry specialists. The team has worked together for 10 years.
- **Proprietary workout tools** for financial and operational restructuring of distressed and underperforming assets
- **A global network and local coverage** of lenders, investors and operating companies in a wide spectrum of industries
- Expertise in providing **fiduciary services** for investors, creditors and judicial bodies
- Experience working with **distressed and underperforming asset pools** and private equity funds in Central and Eastern Europe since 1992 and in the US and Western Europe since the mid-80s

Advantages to Investors

TRG AM offers many advantages to investors and other stakeholders:

- **Value-added management:** TRG's trained and experienced professional increase the portfolio value by actively restructuring underlying assets
- **Increased efficiency:** TRG AM's comprehensive approach reduces cost and eliminates redundancies in fund / other investment vehicle structure
- **Focus on liquidity events:** TRG AM is very focused on developing and implementing alternative exit strategies very quickly to maximize and repatriate capital to stakeholders
- **Flexible fee structure:** TRG AM's fee structure can be flexibly structured and is always aligned with the economic interest of the stakeholders
- **Speed to Value:** We move and deploy resources rapidly in special situations to preserve and protect investment value

Focus Areas

A List of Activities Usually Undertaken in Portfolio Companies

- Serve in interim leadership roles, including Chief Restructuring Officer (CRO), CEO, COO, CFO
- Focus on and grow the portfolio company's core business and/or develop other promising business units / product lines
- Down – sizing and restructuring business to compete effectively
- Crisis management, including liquidity and working capital management
- Rationalize operations, product lines, facilities and customer base to enhance value for the stakeholders
- Real-estate advisory and marketing
- Post-acquisition integration management
- Re-capitalization, investment banking and exit strategies
- Due Diligence for potential strategic and financial acquirers and investors
- Liquidation management

Exit Strategies on Global Basis

- TRG has a global network of financial and strategic buyers. Post-turnaround exit strategies will include sale to strategic investors seeking domestic market positions, listings on local and regional stock exchanges, and sale to other financial buyers.
- Based on our experience, the time required to enhance and exit the portfolio is about two years.

Central and Eastern Europe PE Fund

Background

- The limited partners of this troubled Eastern European private equity fund were offered a very low percentage of NAV for their LP interests – 30% on a base that had already been written down by 40% – by another private equity fund operating in the region. After considering their options, the LPs turned to TRG for an objective and accurate assessment of the portfolio. TRG concluded that the assets were worth far more than the LPs were being offered. Believing that TRG could provide LPs with the best outcome, the LPs then appointed TRG – over several investment banks and management consultancies – as the fund manager and general partner of the fund.

TRG Solution

- TRG AM reduced the fund's operating expenses by over 50% in six months and eliminated the conflicts of interest behind those expenses. At the same time, TRG AM restructured the portfolio investments and developed and implemented business plans for each, highlighting the sources of value. The assets spanned four countries, a variety of businesses – such as a real estate project still on the drawing boards and a stalled hotel development and illiquid minority equity investments in a number of operating companies.

Results

- As a result of TRG AM's work, exits for every company in the portfolio were negotiated within two years. The limited partners recovered 75% of their principal and 150% of the portfolio's NAV.

United States Based VC Fund

Background

- The limited partners of this US-based venture capital fund were frustrated with the managers' ability to meet the fund's return horizon. Continued high expenses, conflicts of interest, and the lack of exit strategies moved the limited partners to appoint TRG AM as the investment advisor, charged with expediting portfolio exits and maximizing value for the assets.

TRG Solution

- TRG provided an initial objective and accurate valuation of fund's remaining investments. A member of the TRG team joined the board of directors of each company and took an activist role. TRG tailored value creation strategies for each portfolio company.

Results

- Within 12 months, negotiated exits at attractive prices for all of the fund's investments and wound down the fund.

Central and Eastern Europe PE Fund

Background

- The limited partners of this European-based Private Equity Fund engaged TRG Asset Management to replace a management team that was not able to meet the fund's return horizon. The management team formerly in place demonstrated a lack of appropriate skill set, maintained high operating costs and had minimal representation in the portfolio companies. The fund was shopped around on the Secondary Market but was eventually entrusted to TRG with the aim to enhance the portfolio companies' value in the shortest possible time frame.
- TRG is currently responsible for managing the fund and its expenses, developing and implementing exit strategies to increase the value of the portfolio's assets, and winding down the fund. The fund's assets are located in five countries across Central and Eastern Europe in the food, beverage, entertainment and information technology sectors.

TRG Solution

- TRG AM's focus will be to improve the value of the assets by: reducing cost and expenses of the management company and eliminate redundancies, bringing in fiduciary management and improving systems and controls, bringing closure to non-yielding assets, and exploring, developing and implementing strategies to harvest the Fund's investments
- TRG provided Limited Partners with an initial objective and accurate valuation of fund's remaining investments and tailored a value creation strategy for each portfolio company. Members of the TRG team have joined and are taking an active role in the board of directors of each company.

TRG Asset Management Contact

TRG Asset Management operates in Central and Eastern Europe, Western Europe and the United States. Parham Pouladdej, Principal, heads the practice. For more information, contact him at 617 482 4242 or ppouladdej@trgusa.com

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