



EROP GROUP®

Complex Non-Performing Loan Purchase and Restructuring

Client:

Retail Chain “FashionTrend” and Majority Shareholders

Field of Expertise:

Non-Performing Loan Purchase and Management

The financial experts of EROP Advisory have been lead advisors and participated in a few hundred mandates and in order to provide an overview over the industries, we are giving insight and presenting a case studie below.

Due to GDPR and privacy reasons of our clients, the names of our clients and their companies have been altered but the scope of work and the industry focus have remained unchanged.

Overview:

The information provided in this case study reflects real-life scenarios, but for confidentiality purposes, the names have been changed. FashionTrend, a prominent retail chain with multiple outlets, and its majority shareholders faced a daunting challenge with a complex Non-Performing Loan (NPL) exposure spread across multiple banks and secured by various collaterals. Seeking to streamline their debt and navigate complex legal and economic challenges, FashionTrend and the Majority shareholders engaged EROP Advisory for their expertise in NPL purchase and restructuring.

Background:

When FashionTrend and its majority shareholders encountered a complex NPL exposure across multiple banks, they turned to EROP Advisory, a consulting group with deep expertise in banking, legal, and economic matters. EROP's specialization in operational, strategy, and advisory services tailored to private corporations, investors, public companies, and family offices, made them uniquely equipped to handle the intricate challenge at hand.

Problem & Task at Hand:

- **Complexity:** FashionTrend's NPL exposure consisted of numerous loans with diverse collateral structures, affecting both the company and its majority shareholders.
- **Objective:** EROP Advisory was tasked with unifying the disparate NPLs from various banks into a cohesive debt structure, navigating bankruptcy procedures, litigation, and enforcement complexities along the way.

Initial Assessment:

EROP's NPL specialists conducted an exhaustive review of FashionTrend's NPL exposure, assessing each loan, collateral, and legal standing. They identified the need to unify the loans under a single debt structure to streamline operations and improve financial stability for both FashionTrend and its majority shareholders.

Applied Steps:

- 1. Loan Consolidation Strategy:** EROP devised a comprehensive strategy to consolidate FashionTrend's NPL exposure from multiple banks into a unified debt portfolio.
- 2. Legal Expertise:** Engaged legal experts navigated bankruptcy procedures, litigation, and enforcement actions, ensuring compliance and optimal outcomes.
- 3. Negotiation and Alignment:** EROP negotiated with various debt holders and banks to align on the unified debt structure and restructuring terms, considering the interests of both FashionTrend and its majority shareholders.

Complexity and Challenges:

- **Legal Hurdles:** Bankruptcy proceedings and litigation complexities added layers of difficulty to the process.
- **Collateral Evaluation:** Assessing the value and legal status of multiple collaterals required meticulous evaluation.
- **Shareholder Alignment:** Coordinating with majority shareholders to align on restructuring terms and financial implications was crucial for success.

Results:

Unified NPL Structure: EROP successfully unified FashionTrend's NPL exposure from multiple banks into a single, streamlined debt portfolio, benefiting both the company and its majority shareholders.

Legal Compliance: Expert legal navigation ensured compliance with bankruptcy procedures and legal requirements, protecting the interests of all parties involved.

Debt Restructuring: Negotiated favorable restructuring terms with debt holders, improving FashionTrend's financial position and sustainability, while also safeguarding the interests of its majority shareholders.