

**Unofficial Translation  
of German Original**

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To the creditors of Flightlease AG  
in debt restructuring liquidation

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Entered in the register of attorneys

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## **Flightlease AG in debt restructuring liquidation; Circular no. 24**

Dear Sir or Madam,

This Circular provides information on the progress of the debt restructuring liquidation of Flightlease AG as well as on the next steps planned in these proceedings.

### **I. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2019**

After having been acknowledged and approved by the Creditors' Committee, the 17th liquidator's report on activities for 2019 was submitted to the debt restructuring judge at the district court of Bülach on 28 February 2020. The report on activities is available for inspection by the creditors at the offices of the liquidator at Seestrasse 39, Goldbach Center, 8700 Kuesnacht, Switzerland until 27 May 2020. If you wish to inspect the report, please call the hotline on +41 43 222 38 50.

The following pages summarise the content of the report on activities.

## II. OVERVIEW OF THE LIQUIDATION PROCESS

### 1. ACTIVITIES OF THE LIQUIDATOR

In the past year, the activities of the Liquidator focused mainly on the collection of claims against former Swissair Group companies involved in insolvency proceedings at home and abroad (see section III.2 and IV.2 below).

### 2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held one meeting in 2019. The Creditors' Committee decided on one proposal submitted by the Liquidator by circular.

## III. ASSET STATUS OF FLIGHTLEASE AG AS AT 31 DECEMBER 2019

### 1. INTRODUCTORY REMARKS

Attached is a report on the liquidation status of Flightlease as at 31 December 2019 (Annex 1). This contains a statement of the assets of Flightlease as at 31 December 2019 in accordance with the information currently available.

### 2. ASSETS

Assets that have not yet been realised consist of claims against former Swissair Group companies at home and abroad that are subject to insolvency or liquidation proceedings. These claims have been assessed conservatively based on our current knowledge. Any responsibility claims are carried pro memoria.

### 3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCESS

The accounts payable reported as at 31 December 2019 relate to costs incurred during debt restructuring liquidation.

Provisions for the interim payments made: Flightlease's liquidation status as at 31 December 2019 includes the following provisions for the interim payment made:

Nature of provision	1 <sup>st</sup> interim payment in CHF	2 <sup>nd</sup> interim payment in CHF	3 <sup>rd</sup> interim payment in CHF
No payment instructions		52	28,196
Contingent claims where conditions have not yet been met	1,065,544	1,491,762	1,747,492
<b>Total provisions</b>	<b>1,065,544</b>	<b>1,491,814</b>	<b>1,775,688</b>

These provisions ensure that the maximum amounts for the three interim payments with respect to all unsettled claims are secured.

#### 4. CREDITORS' CLAIMS

The overview of the schedule of claims proceedings (Annex 2) shows that the Flightlease schedule of claims is settled. Third class claims include conditional third-class claims in the amount of approximately CHF 42.6 million for which it is not clear whether the conditions will still be met. It is therefore still possible that the total for the third-class claims may reduce.

#### 5. ESTIMATED LIQUIDATING DIVIDEND

The realisation of assets is largely completed. The liquidation status of Flightlease as at 31 December 2019 provides information on current disposable assets.

The disposable assets reported in the liquidation status still result in a liquidating dividend of 11.6%. Of this, 10.1% has already been paid out in the previous three interim payments. The future dividend still to be expected will therefore probably be in the region of 1.5%.

### IV. LIQUIDATION OF ASSETS

#### 1. GENERAL INFORMATION

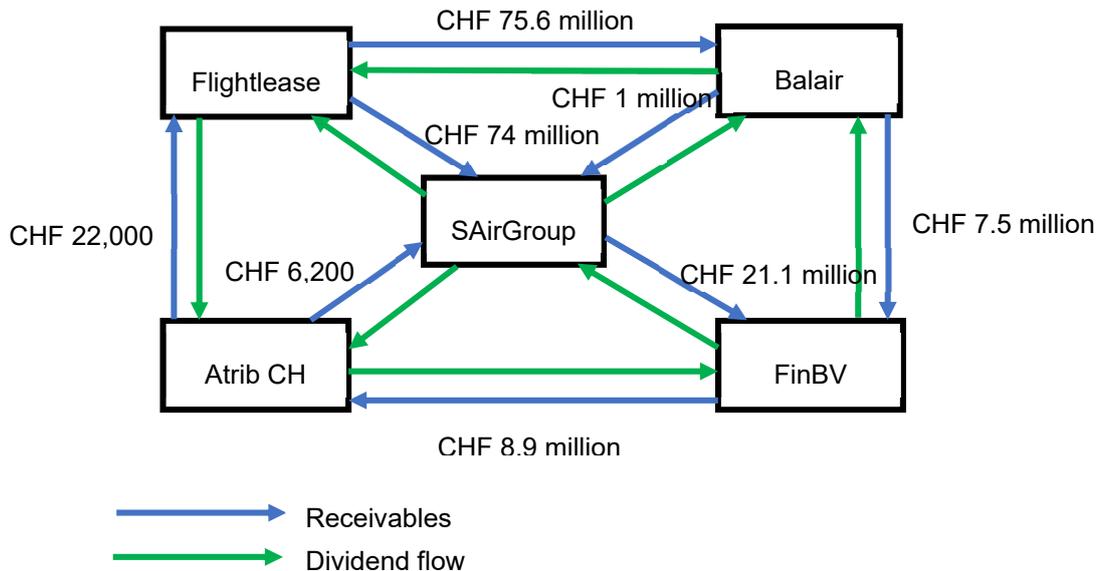
In 2019, the Liquidator was able to realise assets amounting to CHF 2,566,753. In the same year, Flightlease received interim payments from SAirGroup Finance (NL) B.V. and Swissair Schweizerische Luftverkehrs-AG in debt

restructuring liquidation (hereinafter referred to as “Swissair”) as well as the final payment from Flightlease Ireland Ltd.

**2. INTERCOMPANY RECEIVABLES; DISSOLUTION OF CIRCULAR FLOW OF DIVIDENDS**

A significant portion of the assets belonging to Flightlease that has not yet been realised consists of claims against former Swissair Group companies at home and abroad that are subject to insolvency or liquidation proceedings.

Reciprocal claims exist between these different companies. This partially results in circular flows of dividends. For example, it results in the following situation:



Each interim payment by one of the companies results in a small proportion finding its way back to the paying company via this circular flow of dividends. If it is not possible to interrupt the cash flows in these circular flows of dividends, this would ultimately mean it will not be possible to conclude the Flightlease proceedings.

In the debt restructuring liquidation proceedings of SAirGroup AG (hereafter referred to as “SAirGroup”), SAirLines AG (hereafter referred to as "SAirLines"), Swissair and Flightlease, various assets have not yet been liquidated and the liquidation proceeds are not yet known. The revenues from the realisation of properties and participations abroad between SAirGroup and Swissair and between SAirGroup and SAirLines have yet to be distributed. There are different

opinions regarding how the revenues should be divided. The parties are currently negotiating about the liquidation assets. It is not yet clear when an agreement on settling these matters can be reached. Furthermore, the assertion of responsibility claims against former directors and officers of the SAirGroup, SAirLines, Swissair and Flightlease has not yet been completed. This means that the result from the realisation of responsibility claims is not yet known. Finally, an action to contest the schedule of claims of Swissair lodged by the Swiss ancillary insolvency estate of Sabena SA is still pending. Swissair's schedule of claims is therefore not yet legally binding.

The liquidators and administrators of the participating companies of the former Swissair Group have spent the past few months in negotiations about ways of breaking the existing flows of dividends. Based on an average scenario for the liquidation proceeds of SAirGroup, SAirLines, Swissair and Flightlease, they have agreed to carry out sales of receivables with which the circular flows can be broken. In this context, Flightlease is purchasing a small claim for CHF 22,013.85 against itself from Atrib Switzerland AG in liquidation for a price of CHF 350.

The agreement on breaking the circular flows of dividends has been signed by the involved parties. The approval of the relevant bankruptcy or liquidation bodies is still outstanding. The Creditors' Committee of Flightlease approved this agreement. If an agreement can be reached, it will be then possible to conclude the liquidation proceedings of most former companies of the Swissair Group. In this context, it will then be possible to collect a major part of Flightlease's claims against third parties. The only outstanding point would then be the collection of the receivables from Swissair and the SAirGroup.

### **3. PURSUIT OF RESPONSIBILITY CLAIMS**

With regard to further responsibility issues, Flightlease reserves the right to submit claims against the responsible parties. Last autumn, the Federal Supreme Court made an important ruling regarding the responsibility claims being pursued by Swissair. The Liquidator will make a proposal to the Creditors' Committee in the next few weeks on how to proceed with this issue, taking the ruling of the Federal Supreme Court into account.

## V. PLANNED NEXT STEPS IN THE PROCESS

The debt restructuring liquidation of Flightlease still mainly involves the claims against former Swissair Group companies (see section III.2. above) and collection from these as far as possible. In this connection, the conclusion of the pending insolvency and/or liquidation proceedings must be awaited. If the agreement regarding the dissolution of circular flows of dividends (see section IV.2. above) is reached, there is a good chance that this collection can be completed this year. Finally, a decision will be taken on the steps that should be taken next with regard to responsibility claims (see section IV.3. above).

It is envisaged that, depending on how the proceedings progress, creditors will continue to receive information about important developments through further circulars. A report on the progress of the liquidation process this year will be issued by early 2021 at the latest.

Kind regards

Flightlease AG in debt restructuring liquidation  
The Liquidator:

Karl Wüthrich

- Annexes:
1. Liquidation status of Flightlease AG in debt restructuring liquidation as at 31 December 2019
  2. Overview of the schedule of claims proceedings for Flightlease AG in debt restructuring liquidation

## LIQUIDATION STATUS AS OF 31 DECEMBER 2019

	31.12.2019 CHF	31.12.2018 CHF	Change CHF
<b>ASSETS</b>			
<b>Liquid funds</b>			
ZKB CHF	12'058'619	9'475'907	2'582'713
ZKB CHF fixed term deposit	9'000'000	9'000'000	0
<b>Total liquid funds</b>	<b>21'058'619</b>	<b>18'475'907</b>	<b>2'582'713</b>
<b>Liquidation positions:</b>			
Accounts receivable	0	183'867	-183'867
Receivables from third parties	13'161'000	15'228'000	-2'067'000
Shareholdings	0	p.m.	
Liability claims	p.m.	p.m.	
<b>Total liquidation positions</b>	<b>13'161'000</b>	<b>15'411'867</b>	<b>-2'250'867</b>
<b>TOTAL ASSETS</b>	<b>34'219'619</b>	<b>33'887'774</b>	<b>331'846</b>
<b>LIABILITIES</b>			
<b>Debts of the estate</b>			
Accounts payable	18'383	83'912	-65'529
Provision, 1st interim payment	1'065'544	1'065'544	0
Provision, 2nd interim payment	1'491'814	1'491'814	0
Provision, 3rd interim payment	1'775'688	1'775'688	0
Provisions for liquidation costs	1'000'000	1'000'000	0
<b>Total debts of the estate</b>	<b>5'351'429</b>	<b>5'416'957</b>	<b>-65'529</b>
<b>TOTAL DISPOSABLE ASSETS</b>	<b>28'868'191</b>	<b>28'470'816</b>	<b>397'374</b>

## Overview of the schedule of claims proceedings of Flightlease AG

Category	Registered	Schedule of claims				Dividend		
		Recognised	Appeal lodged	Decision suspended	Rejected finally	interim payments	Future dividend	Total
Secured by right of lien	-	-	-	-	-	-	-	-
First class	97'919'713.91	-	-	-	97'919'713.91	100%	-	100%
Second class	45'381.79	45'867.80	-	-	-486.01	100%	-	100%
Third class	18'776'586'367.25	1'931'665'598.89	-	-	16'844'920'768.36	10.1%	1.5%	11.6%
<b>Total creditors' claim</b>	<b>18'874'551'462.95</b>	<b>1'931'711'466.69</b>	<b>-</b>	<b>-</b>	<b>16'942'839'996.26</b>			