

SAirGroup AG
in debt restructuring liquidation

Circular No. 35

www.liquidator-swissair.ch

**Hotline SAirGroup AG
in debt restructuring liquidation**

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**Unofficial Translation
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To the creditors of SAirGroup AG
in debt restructuring liquidation

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In the Attorneys Register

Küsnacht, May 2021

SAirGroup AG in debt restructuring liquidation; circular no. 35

Dear Sir or Madam,

This circular provides information on the current status of the SAirGroup AG debt restructuring liquidation proceedings and the planned further course of the proceedings in the coming months.

I. REPORT ON ACTIVITIES AS AT 31 DECEMBER 2020

After having been acknowledged and approved by the Creditors' Committee, the 18th Liquidator's report on activities in 2020 has been submitted to the debt restructuring judge at the District Court of Zurich on 1 March 2020. The report on activities is available for inspection by creditors at the offices of the Liquidator located at Seestrasse 39, Goldbach Center, 8700 Küsnacht, until 17 May 2021. If you wish to inspect the report, please call our hotline at +41 43 222 38 50.

The following pages summarise the report on activities insofar as the creditors have not already been informed with circular no. 34 of December 2020.

II. OVERVIEW OF THE LIQUIDATION PROCEEDINGS

1. ACTIVITIES OF THE LIQUIDATOR

In 2020, the Liquidator's activities focused on the collection of claims (see item III.2. and item IV.2. below), the distribution of proceeds from the realisation of properties and stakes abroad by concluding settlements with Swissair Schweizerische Luftverkehr-Aktiengesellschaft in debt restructuring liquidation (hereinafter "Swissair") and SAirLines AG in debt restructuring liquidation (hereinafter "SAirLines"; see item III.2. below), the settlement of the responsibility claims with the conclusion of an overall settlement agreement (see circular no. 34, item II.) and a further settlement of the schedule of claims with the conclusion of a settlement with Georges Schorderet (see circular no. 34, item I.).

2. ACTIVITIES OF THE CREDITORS' COMMITTEE

The Creditors' Committee held two meetings in 2020. It passed resolutions by way of circulation on three proposals submitted by the Liquidator.

III. ASSET STATUS OF SAAIR GROUP AS AT 31 DECEMBER 2020

1. PRELIMINARY REMARKS

Enclosed is a report on the liquidation status of SAirGroup as of 31 December 2020 ([Annex 1](#)). It contains a statement of the assets of SAirGroup as of 31 December 2020 in accordance with the information currently available.

2. ASSETS

Liquid funds: The liquid funds are mainly held at Zürcher Kantonalbank ("ZKB"). Negative interest of CHF 542,974 was charged in 2020. The average negative interest rate charged was slightly below 0.6 %.

Claims against third parties: The position "Claims against third parties" contains claims against various former Swissair Group companies (see item IV.2. below) This position has been assessed conservatively in accordance with the information currently available.

Pending distribution of proceeds from the sale or liquidation of foreign investments: An agreement was reached with SAirLines and Swissair on the distribution of the proceeds from the sale of Airline Financial Support Services (India)

Private Ltd. An agreement was also reached with SAirLines regarding the distribution of the proceeds from the liquidation of Swissair International Finance II Limited, Guernsey. Only the approval of the Creditors' Committee of SAirLines is still outstanding for both agreements.

An agreement was reached with the Deputy Liquidator of Swissair for the distribution of the proceeds from the sale of Egyptian Aviation Services. Swissair's Creditors' Committee has already approved this settlement. The SAirGroup Creditors' Committee will pass a resolution on this transaction at its next meeting.

In the liquidation status, the value of the position has been adjusted to the new situation.

Real estate: After lengthy negotiations between SAirGroup and Swissair, an agreement on the distribution of the proceeds from the sale of properties in Singapore, Mumbai, Tel Aviv, Istanbul, Madrid, Sao Paolo and Rio de Janeiro was reached with Swissair. This agreement is still subject to approval by the Creditors' Committees. In the liquidation status, the value of the position was adjusted to the agreement.

3. DEBTS INCURRED IN THE COURSE OF THE LIQUIDATION PROCEEDINGS

Accounts payable: The accounts payable reported as of 31 December 2013 relate to costs incurred during debt restructuring liquidation.

Provisions for interim payments: SAirGroup's liquidation status as at 31 December 2020 includes the following provisions for the six interim payments made to date:

Interim payment / type of provision	Missing payment instructions etc. in CHF 1,000	Contingent claims in CHF 1,000	Suspended claims in CHF 1,000	Total provisions in CHF 1,000
First interim payment	696	917	10,411	12,024
Second interim payment	1,287	363	4,116	5,766

Interim payment / type of provision	Missing payment instructions etc. in CHF 1,000	Contingent claims in CHF 1,000	Suspended claims in CHF 1,000	Total provisions in CHF 1,000
Third interim payment	1,653	450	5,095	7,199
Fourth interim payment	1,619	346	3,920	5,885
Fifth interim payment	8,695	1,125	12,739	22,559
Sixth interim payment	6,328	675	7,644	14,647
Total provisions				68,080

These provisions ensure that the maximum amounts for the six interim payments with respect to all unsettled claims in the schedule of claims are secured.

4. CREDITORS' CLAIMS

The current status of the schedule of claims proceedings is shown in item V. below. The overview of the schedule of claims proceedings (Annex 2) states the current total of claims according to their classes and specifies those claim amounts that have been registered, recognised, definitively rejected, and those that are in dispute (actions to contest the schedule of claims) or still suspended. In connection with the decisions on suspended claims, the total of claims may yet change.

5. ESTIMATED DIVIDEND

Most of the assets of the SAirGroup have been liquidated (see item III.2 above). Based on the information currently available, the dividend is estimated to be slightly above 23 %. With the first six interim payments to date, 22.4 % have already been paid out. The remaining dividend is therefore expected to be in the order of 1 %.

IV. REALISATION OF ASSETS

1. GENERAL

In the reporting period, the Liquidator was able to realise assets amounting to approx. CHF 22,368.05.

2. CLAIMS AGAINST FORMER SWISSAIR GROUP COMPANIES; DISSOLUTION OF CIRCULAR FLOW OF DIVIDENDS

The agreement on the dissolution of the circular dividend flow between various former Swissair Group companies (see circular no. 33 dated May 2020, item IV.2.) has come into force. It is now being wound up. The debt restructuring liquidation assets of Balair/CTA Leisure AG have in the meantime paid out the final dividend to its creditors. The other companies will follow in the next few months. As a result, the outstanding claims against intra-group companies will be collected to the extent possible.

The two former Dutch Swissair companies, SAirGroup Finance (NL) B.V. (hereinafter "FinBV") and SAirLines Europe B.V. (hereinafter "EuropeBV") are not parties to the agreement on the dissolution of the circular dividend flow. However, these two companies have circular dividend flow with SAirGroup, SAirLines, Swissair and Flightlease AG in debt restructuring liquidation. These circular dividend flows would prevent the completion of the bankruptcy and liquidation proceedings of the companies concerned. To break the circular dividend flows, SAirGroup purchased from FinBV and EuropeBV their claims of CHF 2,540,416.60 and CHF 356,962,000 respectively, which were recognised in the schedule of claims proceedings of SAirLines in the 3rd class, for a purchase price of CHF 25,910 and CHF 3,641,010 respectively (1.02 % of the nominal value of the claims). The purchase price was determined on the basis of the updated Excel model used for the agreement regarding the dissolution of circular dividend flows. The Creditors' Committee has approved the purchase agreement. The agreement has in the meantime become effective and has been settled.

V. SETTLEMENT OF LIABILITIES

1. PUBLICATION OF ADDENDUM NO. 6 TO THE SCHEDULE OF CLAIMS

Since the schedule of claims and addendum nos. 1 - 5 were published, further claims that had previously been suspended could be assessed. Addendum No. 6 to the schedule of claims is therefore published.

Addendum no. 6 to the schedule of claims is available to creditors from 5 until 25 May 2021 at the Liquidator's office, Attorney at Law Karl Wüthrich, Wenger Plattner Attorneys at Law, Seestrasse 39, Goldbach-Center, 8700 Küsnacht (advance notification by telephone at the hotline at +41 (0)43 222 38 30 is requested).

Actions to contest Addendum no. 6 to the schedule of claims must be filed within 20 days of the public announcement of its publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) on 5 May 2021, i.e. by 25 May 2021 (date of the postmark of a Swiss post office), at the single-judge court of the District Court of Zurich, Wengistrasse 30, P.O. Box, 8026 Zürich. Unless challenged, Addendum no. 6 to the schedule of claims shall become legally binding.

2. SCHEDULE OF CLAIMS PROCEEDINGS

In the course of 2020, the liquidation bodies concluded a settlement regarding the partial admission of claims of Georges Schorderet in the 1st class (see circular no. 34, item I.). In connection with this settlement, they admitted three small, privileged claims of the Canton of Zürich and the Swiss Confederation totalling approximately CHF 25,000. These claims are included in Addendum no. 6 (see item V.1.above).

The schedule of claims of SAirGroup has been largely settled. At the moment, the assessment and decision on only two claims are still pending. Worth mentioning in this context is the claim filed by Swissair and currently suspended for approximately CHF 196 million arising from liability under stock corporation law (participation in group cash pooling; see circular no. 33, item V.1.).

3. CIVIL PROCEEDINGS IN BELGIUM

The civil proceedings in Belgium have been suspended for some time because the criminal investigation conducted in Belgium could not yet be concluded. In

autumn 2019, the Belgian state and the companies controlled by it filed a motion with the court to reopen the proceedings. The court has still not ruled on this petition.

VI. PLANNED NEXT STEPS IN THE PROCEEDINGS

Over the next few months, we expect to receive the debt restructuring liquidation dividends on the claims against group companies of the former Swissair Group. Finally, the schedule of claims is to be settled.

Depending on the course of the proceedings, the creditors will be informed of important events in further circulars. A report on the course of the liquidation in the current year will be issued in spring 2022 at the latest.

Kind regards,

SAirGroup AG in debt restructuring liquidation
The Liquidator:

Karl Wüthrich

- Annexes:
1. Liquidation status of SAirGroup AG as at 31 December 2020
 2. Overview of the schedule of claims proceedings of SAir-Group

LIQUIDATION STATUS as at 31 December 2020

	31.12.2020	31.12.2019	Change
	CHF	CHF	CHF
ASSETS			
Liquid funds			
UBS AG CHF	58'774	58'924	-151
ZKB CHF	3'731'016	18'873'653	-15'142'637
ZKB USD	21'145	25'997	-4'852
ZKB EUR	22'776	28'617	-5'841
ZKB Fixed term deposit	115'000'000	110'000'000	5'000'000
Total liquid funds	118'833'710	128'987'192	-10'153'481
Liquidation positions:			
Accounts receivable	62'109	79'497	-17'388
Prepaid court expenses	0	0	0
Receivables from third parties	8'937'600	6'410'000	2'527'600
Open apportionment of proceeds on sale/liquidation of foreign assets	8'500'000	6'500'000	2'000'000
Real estate (part of revenues)	9'000'000	9'500'000	-500'000
IT-Equipment	0	2	-2
Shareholdings, securities	p.m.	p.m.	
Responsibility claims	1'600'000	p.m.	1'600'000
Total liquidation positions	28'099'709	22'489'499	5'610'210
TOTAL ASSETS	146'933'419	151'476'690	-4'543'271
LIABILITIES			
Debts of the estate			
Accounts payable	35'026	39'306	-4'280
Provision, 1st interim payment	12'024'482	17'277'702	-5'253'220
Provision, 2nd interim payment	5'766'570	6'907'425	-1'140'856
Provision, 3rd interim payment	7'198'633	8'654'336	-1'455'702
Provision, 4th interim payment	5'884'915	6'722'087	-837'172
Provision, 5th interim payment	22'558'676	22'851'626	-292'951
Provision, 6th interim payment	14'646'703	15'171'738	-525'036
Prepayment for final payment	-1'162'400	0	-1'162'400
Provisions for liquidation costs	5'000'000	10'000'000	-5'000'000
Total debts of the estate	71'952'604	87'624'221	-15'671'617
TOTAL DISPOSABLE ASSETS	74'980'815	63'852'469	11'128'346

Overview of the schedule of claims proceedings of SAirGroup

Category	Registered		Schedule of claims					Dividend					
	Amount in CHF		Recognized	Admitted subject to conditions	Schedule of claims appeal pending	Suspended / New registration	Rejected	Interim payments		Future dividend		Total	
			Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	Amount in CHF	minimal	maximal	minimal	maximal	minimal	maximal
Secured by right of lien	-	-	-	-	-	-	-	-	-	-	-	-	-
First class	368'483'558.54	77'598'328.29	-	-	2'368'072.68	288'517'157.57	100%	-	-	100%	100%	100%	100%
Second class	862'982.92	705'878.35	-	-	235.55	156'869.02	100%	-	-	100%	100%	100%	100%
Third class ^{1) 2) 3)}	48'366'215'769.09	11'166'302'157.31	17'308'811.14	-	195'700'846.78	36'986'903'953.86	22.4%	0.6%	0.7%	23.0%	23.1%	23.1%	23.1%
Total creditors' claims	48'735'562'310.55	11'244'606'363.95	17'308'811.14	-	198'069'155.01	37'275'577'980.45							

1) The minimal dividend calculation factors in 100% of conditional claims.

2) The maximum dividend calculation factors in 20% of suspended third-class claims and 0% of conditional claims.

3) From the total of the recognized claims the following registered claims which have in the meantime received full payment through dividend and third party payments have been deducted:

- Bank of America 81'064'375.50
 - USD-Bond 539'953'749.75

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