**Today's environment**
As the financial services industry reacts to the financial impacts resulting from the pandemic, there is no precedent on how the current environment will impact the real estate, investment management, insurance, and the banking & capital market sectors. It will be critically important to be prepared for volatility in the marketplace. Deloitte has an integrated, multi-disciplinary team of professionals with significant downturn experience who are dedicated to advising investors, lenders, and borrowers across the full spectrum of analyzing decisions and executing on strategies related to distressed debt and assets.

**Potential challenges and opportunities**
Pursuing strategies around distressed debt and assets may create new opportunities as well as unique challenges. A properly constructed roadmap can help mitigate risk and maximize the value of the assets.

*Some of the following situations may require careful attention:*

- Creating an **acquisition strategy** that considers individual loans or properties, portfolios of loans or assets, or entire institutions.
- Assessing **operational efficiency and managing loans** and assets to stabilize and enhance value effectively.
- Estimating and recovering value in an **illiquid marketplace**.
- Planning for a **loan workout, restructuring, or reorganization**.
- Keeping pace with the many changing rules for **financial accounting requirements**, including current expected credit losses, lease accounting, revenue recognition, etc.
- Ensuring tax compliance while identifying **tax planning** to mitigate risk and enhance after tax ROI.
- Addressing **regulatory changes** and business impact.
- Deploying **financial technology solutions** to address challenges around the administration, accounting, and tax demands of today's market. See more at www.deloitte.com/ft

**Focused on your objectives**
Deloitte’s Distressed Debt and Asset Services professionals focus on our client’s specific objectives to help them design (third request) strategies and deliver solutions to enable clients to address their complex needs. When analyzing and planning distressed debt and asset related activity, we identify **four areas of focus to maximize value**. We can customize our services for one or all phases described below, based on clients’ needs.

- **Due Diligence**
  - Identify and assess
  - Access, collect, and analyze data
  - Analyze financial and operational strategies based on selected value and risk drivers
  - Identify potential opportunities and challenges, and report findings to key stakeholders

- **Strategy Action Plan**
  - Plan and communicate
  - Devises a strategy and plan to manage/operate the asset or instrument
  - Perform scenario modeling
  - Assess funding and returns

- **Strategic Implementation**
  - Mobilize and execute
  - Create a process to implement the plan with actions, timelines, etc.
  - Consider roles, responsibilities and embedded capabilities
  - Access capital

- **Maximize Value**
  - Respond and thrive
  - Consider steps to maximize value
  - Devise exit plan/strategy
  - Find strategic buyer/partner
  - Recapitalize/refinance
**Due Diligence**
- Portfolio analytics and analyses
- Loan agreement and file reviews
- Lease agreement and reimbursable reviews
- Cash flow projections
- Valuations and pricing analyses
- Financial & data analytics
- Quality of earnings analysis
- Market research and analysis
- Organization and process analyses
- Tax, accounting and operational due diligence
- Tax attributes and planning analysis
- Balance sheet and cash management reviews

**Strategy Action Plan**
- Strategic planning & analyses
- Business process improvement
- Cost enhancement
- Organization and process design
- Policies and procedures
- Technology provider selection services
- Synergy/cost savings analysis
- Tax efficient structuring
- Tax accounting method planning
- Accounting standards and implementation
- Risk management and controls analyses

**Strategic Implementation**
- Tax yield determinations
- Taxable income and basis calculations
- Financial audits
- Financial and investor reporting review
- Budget and forecasting reviews
- Capital cost allocation
- Purchase price allocation
- Asset management
- Waterfall modeling
- Synergy capture
- Regulatory capital modeling
- Business plan creation
- Operations monitoring
- Data analytics

**Maximize Value**
- Debt restructuring/ modification
- Exit strategy development and disposition support
- Debt and capital raising
- Transaction support for divestitures, mergers, and acquisitions
- Reorganization and bankruptcy consultation
- Tenant revenue/expense enhancement
- Modification and reorganization tax planning and analysis
- Tax disposition planning
- Litigation and dispute resolution
- Forensic and investigative services
- Net Operating Loss enhancement and tax carryback support

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