COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Finance / Loan Schemes		
Kreditanstalt für Wiederaufbau (“KfW”), a German state-owned development bank, will make loans available to businesses through a local bank or other credit institution – existing regime adapted for COVID-19: Risk will be assumed by KfW (up to 90% for SMEs, and up to 80% for bigger companies) for loans up to €100m per group and will usually have the following terms: ► Term: (i) up to ten years for a credit volume up to €800,000 and (ii) up to six years for a credit volume exceeding €800,000 (for working capital) ► Credit support/covenants: Customary (to be negotiated with local bank) ► Interest rate: Between 1.0 – 2.12% ► Commitment fee: 0.15% /month on undrawn amounts ► Excluded are refinancing measures and loan repayments (except for Refinancing of KfW Instant Loan) ► Max. volume is €100 million per group and further limited to (i) 25% of 2019 turnover or (ii) 2x 2019 payroll or (iii) liquidity need of next 12 months (18 months for SMEs). If the loan amount is higher than €25 million, volume is limited to 50% of the group's total debt or 30% of balance sheet total	► At least five years in the market, majority privately owned, with corporate seat in Germany or abroad; undertaking must be in Germany ► No eligibility thresholds, but preferred conditions for **SMEs** (less than 250 employees and annual turnover up to €50 million or balance sheet sum of a maximum of €43 million) ► No profit and dividend payments can be made during the term of the loan (unless required by law) ► **On 31 December 2019:** Undertaking “not in difficulty” (within the meaning of the General Blocking Exemption Regulation) ► **At time of application:** Reasonable prospect of company’s liquidity status returning to a “normal” status as prior to COVID-19 crisis ► PE portfolio companies eligible subject to the condition that investors receive no distributions during the term of the loan	From 23 March 2020 to 31 December 2020

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Finance / Loan Schemes		
New temporary syndicated KfW loan program (approved by European Commission on 22 March 2020 until 31 December 2020) covering up to 80% per loan (but not more than 50% of total debt of a company) ► Term: max. six years ► Volume of the financing not to exceed the greater of (i) 2x 2019 payroll, (ii) 25% of 2019 revenues, or (iii) liquidity need of next 12 months ► Risk participation: KfW will assume risk (min. €25 million, max. 80% of the financing and 50% of the group's total debt or 30% of balance sheet total) either by way of sub-participation or as syndicate partner (on same terms as other syndicate partners) ► Interest, repayment terms, costs and credit support: as per existing syndicate loan documentation (if KfW considers conditions to be customary) ► Purpose: working capital, investments; excluded are refinancing measures and loan repayments	► Majority privately owned, with corporate seat in Germany or abroad; undertaking must be in Germany ► No profit and dividend payments can be made during the term of the loan (unless required by law) ► **On 31 December 2019:** Undertaking "not in difficulty" (within the meaning of the General Blocking Exemption Regulation) and no known payment delays over 30 days, standstill agreements or material covenant breaches ► **At time of application:** The applicant must be in a position to (i) bear the loan, (ii) be viable after the crisis and beyond 31 December 2020, assuming that the overall economic situation returns to normal after three months at the latest, and (iii) raise appropriate refinancing ► PE portfolio companies eligible subject to the condition that investors receive no distributions during the term of the loan	From 23 March 2020 to 31 December 2020

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Finance / Loan Schemes		
New KfW Instant Loan Program (*Schnellkredit*) provides quickly granted loans without additional credit risk assessment by the bank or KfW for eligible businesses ► Purpose: investments and working capital; excluded are refinancing measures, loan repayments ► Risk participation: KfW will assume 100%; the credit approval process does not involve additional credit risk assessment by the bank or KfW ► Volume: per group up to 25% of 2019 turnover, limited to (i) €500.000 for groups with up to 50 employees and (ii) €800.000 for groups with more than 50 employees ► Security: No collateral required ► Term: Up to 10 years; no dividend payments can be made during the term of the loan ► Combination with other loans: if an instant loan is granted, the applicant cannot apply for other KfW loans prior to 1 January 2021	► Majority privately owned, with corporate seat in Germany ► Company has been active on the market since at least 1 January 2019 ► Company generated profit in 2019 or on average in the last three years ► **On 31 December 2019:** Company "not in difficulty" (within the meaning of the General Blocking Exemption Regulation) ► PE portfolio companies eligible subject to the condition that investors receive no distributions during the term of the loan ► No dividend payments can be made during the term of the loan (unless required by law)	From 15 March 2020 to 31 December 2020

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Finance / Loan Schemes		
New federal state-owned economic stability fund (*Wirtschaftsstabilisierungsfonds* – "WSF") provides guarantees until 31 December 2021 to certain systemic companies (excluding banks): ► Term: up to 60 months ► Volume: guarantee amount limited to (i) 2x 2019 payroll; or (ii) 25% of 2019 turnover; or (iii) financing need of next 12 months ► Risk participation: max. 90% of credit risk ► Security: borrower to post all reasonable and economically viable securities ► Additional terms apply for guarantees from €100m, in particular limiting distributions to shareholders and management remuneration, requiring a shareholder contribution, and concerning debt governance (mo debt restructuring, no scheduled loan repayments until end of 2021, available credit lines to be maintained until at least end of 2022)	**"Hard requirements":** ► Business fulfills at least two of the following three criteria (based on last two annual financial statements prior to 1 January 2020): (i) balance sheet total exceeds €43m; (ii) annual turnover exceeds €50m; and (iii) more than 249 employees; or ► Company within meaning of Section 55 German Foreign Trade and Payments Regulation, or companies of comparable importance to German economy or security ► No "undertaking in difficulty" as at 31 December 2019 (within the meaning of the General Blocking Exemption Regulation) **"Soft requirements"** ► Measure of last resort/ company has no other means for financing available ► Going concern perspective after COVID-19 crisis, and sound and prudent business policy	From 28 March 2020 to 31 December 2021

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Finance / Loan Schemes		
New federal state-owned economic stability fund (*Wirtschaftsstabilisierungsfonds* – "WSF") provides equity participations until 31 December 2021 to certain systemic companies (excluding banks): ► Equity contributions of up to €100m are given in the form of silent participations at standard terms: ► Volume: max. the amount necessary to lift equity back to 31 December 2019 levels ► Ranking: junior to all other creditors, but senior to other equity instruments ► Repayments: over a six to ten years period ► Profit participation: fixed annual coupon, gradually increasing fom 4% to 9.5% ► Additional terms limit distributions to shareholders and management remuneration, require a shareholder contribution, and concern debt governance (mo debt restructuring, no scheduled loan repayments until end of 2021, available credit lines to be maintained until at least end of 2022) ► Equity contributions from €100m are subject to individually negotiated terms	**"Hard requirements":** ► Business fulfills at least two of the following three criteria (based on last two annual financial statements prior to 1 January 2020): (i) balance sheet total exceeds €43m; (ii) annual turnover exceeds €50m; and (iii) more than 249 employees; or ► Company within meaning of Section 55 German Foreign Trade and Payments Regulation, or companies of comparable importance to German economy or security ► No "undertaking in difficulty" as at 31 December 2019 (within the meaning of the General Blocking Exemption Regulation) **"Soft requirements"** ► Measure of last resort/ company has no other means for financing available ► Going concern perspective after COVID-19 crisis, and sound and prudent business policy	From 28 March 2020 to 31 December 2021
Guarantee banks (*Bürgschaftsbanken*) are private development banks supported by the state that offer guarantees to businesses to be used as collateral in order to secure KfW loans or the third party loans / investments — existing regime adapted for COVID-19: ► Individual guarantee limit for each guarantee increased to €2.5m (from €1.25m) ► Most of default risk ultimately lies with state through back-to-back guarantee	All SMEs that have no other means of securing financing — i.e., last resort Other eligibility criteria dependent on issuing guarantee bank (e.g., might require company or project to be in a particular sector, industry and region in Germany)	Live

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Finance / Loan Schemes		
Large guarantee program - existing regime adapted for COVID-19: ► Lenders can apply for government guarantees in respect of certain loans ► Scheme for guarantees in excess of €50m (€20m in structurally weak regions) ► Federal and respective state government will assume up to 90% of the default risk	Company that has no other means of securing financing — i.e., last resort	Live

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Tax		
Tax easements — new rules: ► Tax deferrals if collection would place significant hardship on company until 31 March 2021 and no enforcement measures or late payment penalties for companies directly affected by COVID-19 until 31 December 2020 ► Adjustment of tax prepayments	All taxpayers exposed to COVID-19	19 March 2020
► Decrease of VAT rate from 19% to 16% (and from 7% to 5%) in 2020 ► Increased threshold for tax loss carrybacks and application of increased tax loss carrybacks towards pre-payments assessment period 2019 ► Availability of the declining-balance method of depreciation for certain assets ► Extension for periods to make tax privileged re-investments ► Increased allowance for trade tax add-backs		1 July 2020

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Employment		
Reduced working hours compensation (*Kurzarbeitergeld*) - existing legal regime adapted for COVID-19: ► Certain employers may reduce the working hours of their employees and, simultaneously, their salaries ► Employees will receive a certain percentage of their net income for hours not worked and not paid for by the employer from the German Federal Labour Office (for each employee with a gross salary higher than €6,700 a month, the compensation is capped to the amount he would receive with a gross salary of €6,700) and the Federal Labour Office will reimburse 100% social security contributions in relation to hours not worked until 31 December 2020 with an expected extension until 30 June 2021. From 1 July 2021 until 31 December 2021 the reimbursement percentage is anticipated to drop to 50%. The percentage of net income equals (i) 60% (67% if they have one or more children) in the first three months, (ii) 70% (77%) in the next three months, and (iii) 80% (87%) from the seventh month, with (ii) and (iii) expected to apply until 31 December 2021 for all companies having introduced the measure until 31 March 2021. For all others (ii) and (iii) apply until 31 December 2020	Employers can only avail themselves of the regime if: ► certain agreements expressly enable the employer to cut working hours in times of crisis ► 10% or more of its employees are/will be affected Temporary/agency workers are included within the scheme	18 March 2020 (applies retrospectively from 1 March 2020 onwards) – 31 December 2020 Expected extension until 31 December 2021 (subject to bill being passed in parliament)

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Other		
Export guarantees ► Can be increased quickly, should additional export cover	German export companies	Live
► **Suspension of duty to file for insolvency due to overindebtedness** — until 31 December 2020 ("**Suspension Period**") (applies retrospectively from 1 March 2020 onwards) ► **Partial suspension of directors' duties** — for payments made during the Suspension Period in the ordinary course of business or in connection with implementing a restructuring plan	All companies – unless (i) insolvency is not caused by effects of COVID-19; or (ii) no prospects of recovering from cash flow insolvency (rebuttable presumption that conditions are satisfied if debtor not cash flow insolvent on 31 December 2019)	28 March 2020

COVID-19 Response: Germany

GOVERNMENT MEASURES FOR BUSINESSES	ELIGIBILITY	WHEN?
Other		
Preventive restructuring process where restructuring framework is already available upon imminent illiquidity ▸ Selective restructuring process using restructuring plan aimed at primarily the restructuring of financial debt ▸ Key features: – **Moratorium** – up to 3 months, extendable up to a maximum of 18 months – **Restructuring Plan** – proposed by debtor; can compromise secured and unsecured creditors, and upstream credit support; certain excluded creditors (e.g., employees) – **Classes** – determined by parties' economic interests – **Voting** – 75% majority (by value of those voting), no majority by heads required – **Cross Class cram-down** – if (i) majority of classes have voted for the plan, (ii) class members not be expected to be worse off under plan than without the plan and (iii) class members receive adequate share in value created by plan – **Timing** – fast track or comprehensive (court-led voting) track available – **Court involvement** – limited court involvement unless court-led voting track chosen	All Debtors (with the exception of financial institutions) with their COMI in Germany that are not yet insolvent but will more likely than not become cash-flow insolvent within the next 24 months (impending illiquidity)	Expected to come into force on 1 January 2021

Notes:

- This document only outlines the key federal measures proposed or in place on **28 October 2020**. For further detail on the new German preventive restructuring process, see this deck.