



ECHO Finance

AEROSPACE PIPELINE 4Q 2022

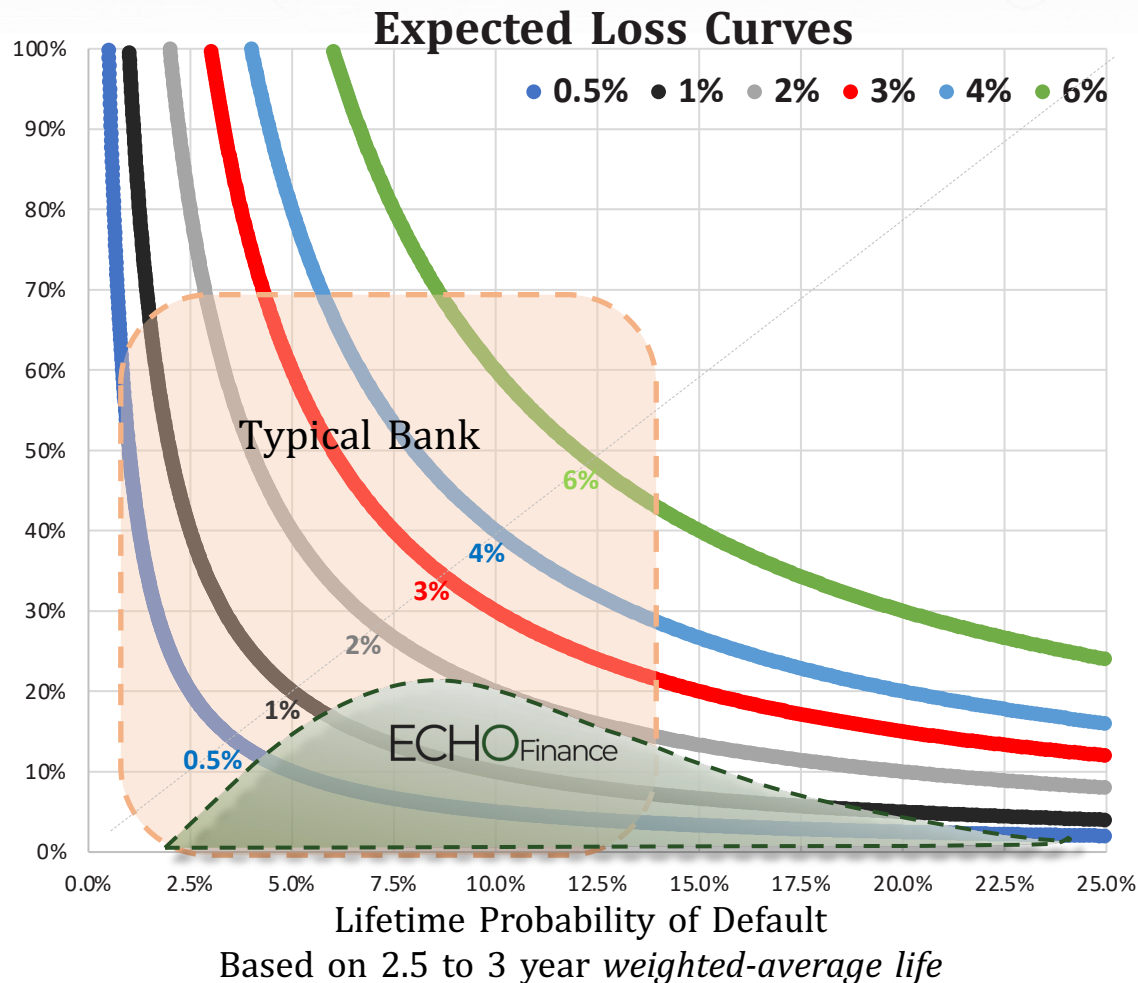
October 2022

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TARGETING VALUE

ECHO Finance LLC (“ECHO”) is a private debt originator with a focus on programmatic lending opportunities.

- ⚙ ECHO’s underwriting approach is to focus on low *expected loss* curves.
- ⚙ Under those target curves, ECHO will focus on low *loss given default* transactions with ample collateral coverage.
- ⚙ ECHO believes that this area of focus has the highest risk-adjusted return for its investors and the lowest probability of loss.



EXISTING AEROSPACE PIPELINE

(ECHO HAS EXCLUSIVITY AND ROFR ON ALL DEALS) >>>

- ⚙ Off-Wing Partners LP (“Off-Wing”) Quarterly Packages
- ⚙ [REDACTED] Package Buyouts
- ⚙ [REDACTED] Engines
- ⚙ [REDACTED] Inventory Package

\$200mm

needed to deploy
near term.

Blended IRR in
Low 20’s.



OFF-WING QUARTERLY PACKAGES

- ⚙️ ECHO manages a dedicated Fund that lends to Borrower's normal, quarterly, parts purchase business.
 - ⚙️ The 3 transactions below are transactions that we have time and information advantages on as a result of managing this Fund, but these transactions are outside the Fund's mandate.
- ⚙️ We are actively raising capital to expand this Fund, with the [REDACTED] deal likely to result in a long-term contract for Borrower with OEM/MRO.

13.5%

Our current fund has a two-year track record with a 13.5% unlevered annualized cash-on-cash return.

Targeted returns are 15-18%

Targeted raise is US\$75mm

PACKAGE BUYOUTS

- ⚙ Purchase of “residual tail” on previous financing by Borrower.
 - ⚙ This includes the 2015 transaction discussed later, which still has another 71% of the initial purchase price.
- ⚙ Current holders have profited significantly in the past, and cashflows are slowing down. The holders for reasons unique to themselves, are in financial positions where they may take a buyout offer below appraisal value.



The lifetime returns are projected at a 20-25% IRR

Investment amount US\$15-25mm

ENGINES

Funding the purchase of 5 newly manufactured [REDACTED] engines

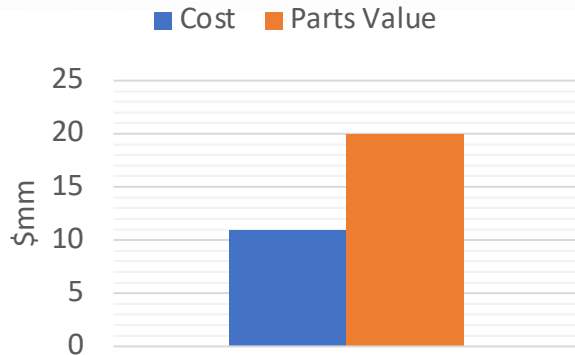
- ⚙ Engines are delivered to the Borrower directly from the factory.
- ⚙ Borrower must hold the engines in a secure warehouse for two years.
- ⚙ The OEM/MRO disassembles the engines and sell the parts to its customers in its MRO business.
 - ⚙ The OEM/MRO and Borrower have a contract agreed at the MOU level.
 - ⚙ The OEM/MRO and Borrower have a 10-year relationship doing similar deals.



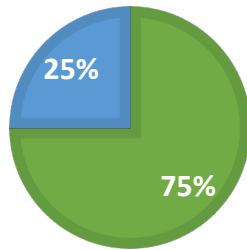
The estimates IRR on this investment is 18-20%

Investment amount US\$60mm

ENGINES



■ Cost ■ Parts Value



■ High Turnover Parts ■ Low Turnover Parts

- ⚙ Each engine has a purchase price of \$11mm.
- ⚙ The aggregate sales value for each engine is over \$20mm.

- ⚙ A substantial portion (\$15mm each engine) are parts that the OEM expects to be sold in just weeks/months after the 2-year hold period.

ECHO will be entitled to full cash sweep up to initial investment and accrued interest at [10]%, and share in a percentage of all cashflows above that level

INVENTORY PACKAGE

Funding the purchase of remnants >100 [REDACTED] engines

⚙ The engines will then be sold by OEM/MRO above.

2.5x

The Borrower made a similar acquisition of parts for another engine line in 2015, those parts have sold 2.5x initial purchase price.

The lifetime returns are projected at 2.15x MOIC (after fees) and 27% IRR

Investment amount US\$47mm



DISCLAIMER

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