

Aviation restructuring and insolvency

Our expertise

- Domestic and international corporate restructurings
- Refinancings
- Debt for equity swaps
- Distressed M&A and investing
- Schemes of arrangement
- Cross-border restructuring and insolvencies
- CVAs
- Administrations (including pre-packs)
- Receiverships, provisional liquidations, judicial management and liquidations
- Insolvency litigation, investigations, fraud and asset tracing actions
- Aircraft recovery (including repossessions)
- Enforcement of security

Restructurings and distressed situations in the aviation industry more often than not involve multiple stakeholders, moveable assets, regulatory regimes which need navigating, and multiple jurisdictions, so in order to advise, formulate the right strategy and achieve the best possible outcomes, we put together an international multi-disciplinary bespoke team made up of specialists from our restructuring and insolvency team, our aviation finance team and our aviation disputes team.

Our restructuring and insolvency team have advised debtors, creditors and insolvency practitioners on a large number of major restructurings and insolvency processes across the globe. Our aviation sector specialists have in-depth knowledge on, and experience with, aviation finance documents and leases, aircraft repossession strategies, remedies available under the Cape Town Convention, tail and fleet liens, airport detention notices, MRO repairer's liens, and airport slots.

The COVID-19 pandemic has resulted in the most severe and widespread financial difficulties seen by the aviation industry in a generation. Even those airlines with strong financial performance up until the end of 2019 are facing an uncertain future. At the same time aircraft lessors and financiers who are entitled to take action may not be willing to do so given the limited options for redeploying aircraft when international and domestic travel has been so drastically reduced. Many other stakeholders in the sector are also considerably affected. The extent of the difficulties that will be faced by the industry are difficult to fathom.

Our aviation restructuring and insolvency team will work with you to guide you through a restructuring or insolvency and are experts in formulating strategies to deal with financial distress. If you are a stakeholder brought into a formal insolvency or Court process our internationally experienced team will add value and use the processes to your advantage to best protect your interests.

"The aviation practice at Stephenson Harwood is 'knowledgeable, practical and dynamic'; it has 'exceptional knowledge and understanding of the aviation sector and this, combined with great strategic thinking, makes for a ruthlessly effective and efficient service.'"

Our recent experience

Our restructuring specialists have been involved in major restructurings and insolvencies including:

Monarch Airlines restructuring

Played a pivotal role in the major financial restructuring in 2014, advised in connection with the restructuring of the very substantial pension deficit which was a key part to the overall restructuring. Also, a separate role advising a major lessor on the restructuring of various lease agreements.

Monarch Airlines insolvency

Advised the Pension Protection Fund prior to and during its administration of the airline, and advised a leading European airline in relation to the action brought by Monarch's administrators to retain slots.

Thomas Cook insolvency

Advised a major operating lessor in relation to the release of various aircraft from liens imposed by various airport authorities.

TES Aviation Group

Advised on its restructuring and then sold its services business through a pre-packaged administration.

Noble Group Limited

Advising Bermudian provisional liquidator on the liquidation process used to implement this \$3.5bn restructuring.

AI Scheme Limited

Advising a company in the financial services sector on consumer liabilities; devising, negotiating and implementing ground breaking scheme of arrangement involving 11 banks, around 2 million creditors and various regulatory bodies.

Pan Ocean Co Limited

Advising syndicates of lenders in connection with the Korean rehabilitation proceedings in connection with this huge shipping group, including litigation in the English court arising out of the Korean process.

E-Commodities Holdings (f/k/a Winsway)

Advising one of China's largest coal importing companies on its award winning US\$350m bond restructuring using parallel Hong Kong and BVI schemes of arrangement and recognition under Chapter 15 of the US Bankruptcy Code.

Toys R Us

Advising the administrators of the English entities on a range of matters in the administration including issues arising from aspects of the US Chapter 11 proceedings, and certain pension related matters.

Hanjin

Advising various bank syndicates on restructuring and then the Korean rehabilitation proceedings; dealing with various arrest proceedings in multiple jurisdictions.

Our aviation specialists have broad experience across finance, regulatory and litigation:

Major Operating lessor

Advised on the restructuring of the leasing of various aircraft operated by a South East Asian airline.

Major airport

Advised a large UK airport on strategic options to recover major debts due to it.

Niki

Advised a leading European airline on potential acquisition of Niki slots. Advised in relation to claims brought by the liquidator of Swissair.

Alitalia

Advised a lessor on the effect of the administration on extant leases. Acted for many lessors and banks on the repossession of single and multiple aircraft across several jurisdictions.

Estonian Air

Advised the trustee in bankruptcy of Estonian Air regarding the return of security deposits and maintenance reserves.

TransAsia Airways

Advised the airline on regulatory issues.

Global lessors and transportation banks

Acted for global lessors and transportation banks on enforcement of security and repossession of single and multiple aircraft across many jurisdictions.

Cape Town Convention

Advised banks, lessors and airlines on Cape Town Convention insolvency remedies.

Assisting creditors realise value in airline restructurings (and insolvencies): Monarch airlines

In 2014 the UK-based low cost carrier Monarch successfully restructured. Multiple teams at Stephenson Harwood had key roles in the restructuring advising (i) one of the aircraft lessors and (ii) separately advising the board of the Pension Protection Fund (**PPF**) (the UK pensions lifeboat) in relation to the restructuring of the very large pension deficit. The restructuring resulted in private equity firm Greybull Capital LPP injecting capital for 90% of the equity, and the pension scheme liabilities being restructured which paved the way for that investment and new ownership structure

The restructuring was multi-faceted, requiring solutions to be negotiated and implemented with very many key stakeholders, and the arrangements with the PPF to resolve the substantial pension deficit were crucial. The negotiations were undertaken against a back drop of very significant time pressure and were affected by the often moving arrangements with numerous other stakeholders.

Stephenson Harwood advised in connection with the agreement of commercial terms and then in the negotiation of detailed terms and the equity and debt documentation. This included the shareholders agreement and articles of association for the restructured group, loan notes with a supporting cross guarantee and security structure, and difficult negotiation of complex inter creditor arrangements.

In 2017 Monarch entered administration. We again advised the PPF prior to and during its administration, and advised a leading European airline in relation to the legal action brought by Monarch's administrators to retain valuable airport slots at Luton and Gatwick airports.

Our clients include:

Ryanair
China Development Bank
Credit Suisse
Sukhoi Civil Aircraft Company
DVB Bank SE
Royal Jordanian Airlines
CMA CGM
Vitol SA
AirAsia
Lion Air
Macquarie Aircraft Leasing
Aviation
Jackson Square Aviation
Kuwait Airways
Vueling Airlines, S.A.
ICBC Financial Leasing
China Development Bank Financial Leasing
The Export-Import Bank of China

Recent awards and recognition:

- Legal 500 UK Awards 2020 – Transport Law Firm of the Year
- Legal 500 Asia Pacific 2020 – Tier 1 in Asset Finance: Aviation Finance
- Chinese Business Awards 2020 – winners in categories for aviation and restructuring and insolvency
- Ranked **Top 35** firms in Global Restructuring Review (2022)
- Shipping and Aviation Firm of the Year (International) at China Law & Practice Awards 2018
- Aviation Firm of the Year at ALB Hong Kong Law Awards 2018
- British Legal Awards – Finalists for Restructuring Team of the Year (2017)

In the recent Airfinance Journal Guide to Aviation Lawyers, we were ranked:

- in the top 8 law firms by score (Global)
- in the top 9 law firms in total number of eligible deals (Global)

Get in touch



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“The main distinguishing factors for these lawyers are their keenness and ability to understand the client’s concerns and objectives and their passion in serving the client’s interests.”

LEGAL 500 UK, Aviation