

Press Release

Creditors approve plan for Paderborn Lippstadt Airport

29 January 2021 · Paderborn · Business Area: Insolvency Administration

The most important milestone has been reached in the restructuring of Paderborn Lippstadt Airport, a one-of-its-kind undertaking in Germany under debtor-in-possession insolvency proceedings. The creditors' assembly has approved the insolvency plan, under which the airport will continue operating as a fully-fledged airport, albeit with much less staff. The proceedings are being supported by attorney Mr Stefan Meyer from PLUTA Rechtsanwalts GmbH as insolvency monitor.

The Local Court of Paderborn invited the creditors of Flughafen Paderborn/Lippstadt GmbH to discuss and vote on the insolvency plan on 29 January. All of the creditors who took part in the creditors' assembly voted unanimously to ratify the proposal. The Local Court then confirmed the plan that same day.

The insolvency dividend will now be distributed and the debtor-in-possession insolvency proceedings will then be terminated as quickly as possible. According to general agent Dr Yorck T. Streitbürger from the Bielefeld office of Streitbürger, a business law firm with locations in several regions, it will be possible to conclude the restructuring "within the coming weeks". In the current crisis, Paderborn Lippstadt Airport would then be "the first regional airport in Germany to reposition itself on a sustainable footing under its

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PLUTA helps companies in legally and economically difficult situations. Since the company was founded in 1982, PLUTA has constantly grown. Today PLUTA has a staff of about 500 employees in Germany, Spain and Italy including more than 290 graduates in business economics and business management, attorneys, business lawyers, tax consultants, public auditors, certified accountants, economists, bankers, bookkeepers, engineers and insolvency administration specialists. Many of them own multiple qualifications what ensures practicable and economically sensible solutions. In particular, PLUTA provides support in restructuring companies affected by a crisis or insolvency and in continuing business operations, if necessary by involving restructuring experts in a responsible role. PLUTA is one of the top enterprises specialising in restructuring and turning around companies, as demonstrated by rankings and awards from INDat, JUVE, The Legal 500, Who's Who Legal, brandeins, and Focus. Further information at www.pluta.net

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own steam, within just six months of the start of insolvency proceedings, and return to regular business operations”.

Insolvency monitor Mr Stefan Meyer said about the result of the vote: “This is a good outcome for the 65 employees who can keep their jobs, for the creditors who will receive a much higher-than-average dividend and for businesses and people in the region who will retain their popular local airport.”

History:

Flughafen Paderborn/Lippstadt GmbH filed for debtor-in-possession proceedings on 22 September 2020 and was engaged in provisional proceedings from this date. The competent insolvency court opened the debtor-in-possession insolvency proceedings on 1 December and appointed attorney Mr Stefan Meyer from PLUTA Rechtsanwalts GmbH as insolvency monitor. The Local Court of Paderborn reviewed the insolvency plan on 21 December and deemed it acceptable. The largest creditors are bank Sparkasse Paderborn and pension fund Kommunale Zusatzversorgungskasse (KVW) from Münster as well as the Federal Employment Agency.

According to the planned restructuring, the annual contribution from owners will fall from previously up to five million euros to a maximum of 2.5 million euros. This contribution is not to cover losses, but to fund the statutory tasks of a fully-fledged airport, which is obliged to operate around the clock on 365 days of the year. Much of these funds will ensure that the airport has its own fire service ready for deployment at all times.

The workforce will have to be downsized from previously 170 to some 65 employees, 45 of whom will be assigned to the



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fire service. In the future, fire service staff will take over ground handling duties in addition to providing a standby service. The restructuring would not have been possible without serious personnel reductions, and ordinary insolvency proceedings with the threat of closure would have been inevitable. The remaining staff numbers will be sufficient to handle up to 300,000 passengers a year instead of the 700,000 passengers prior to the crisis. This approach follows the expected trend in the air travel sector in management's planning. If passenger numbers at the regional airport, which is important for the region, increase beyond this, the airport will be able to adjust its plans accordingly.

Dr Marc Cezanne, managing director of the company since 2013, has continued to manage the airport during the debtor-in-possession proceedings and is set to remain in this role under the terms of the insolvency plan. He is being supported during the debtor-in-possession insolvency proceedings by general agent Dr Yorck T. Streitböcker in his capacity as chief restructuring officer. There is no insolvency administrator in debtor-in-possession proceedings; such a role only applies to ordinary insolvencies. Law firm Streitböcker drew up the insolvency plan and has consulted with the individual creditor groups over recent months to ensure that they were on board and would approve the plan. Mr Stefan Meyer from PLUTA Rechtsanwalts GmbH, who was appointed insolvency monitor by the court, is overseeing management and ensuring creditors' rights in accordance with insolvency law. In addition to this primary duty, he and his team have also been diligently and actively supporting the efforts aimed at restructuring and preserving Paderborn Lippstadt Airport.

The plan provides for a fixed, uniform recovery rate of 25%

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for creditors. If Flughafen Paderborn/Lippstadt GmbH had been dismantled under ordinary insolvency proceedings instead, a fate that has now been averted, the calculations in the insolvency plan show that it would not have been possible to pay any dividend to the creditors given the significant liquidation costs, and all jobs would have been lost. The sale of the business as a whole also proved unfeasible. None of the 110 possible investors approached subsequently tabled a workable bid. Chief restructuring officer Dr Yorck T. Streitböhrer considers the insolvency plan presented by him as "by far the best solution for creditors, workers and the region".

"Taking our fate into our own hands has paid off," said the pleased airport managing director, Dr Marc Cezanne. "We are delighted that many employees have already found new jobs, also with the support of the districts and municipalities."

Background:

Flughafen Paderborn/Lippstadt GmbH was not insolvent when the debtor-in-possession insolvency proceedings began. Rather, by acting early to reorganise, it was able to take advantage of restructuring opportunities while there was still sufficient time, as well as the financial resources needed to do so. With the proceedings, the airport company's management has used the options afforded by the German Insolvency Code (InsO) to preserve the airport infrastructure in the region and some 65 jobs. The best possible support is being provided to those employees who have lost their jobs. Following intensive efforts, new employment has been found for many of them. Moreover, the employees were given the option of switching to a well-funded transfer company. The aim of such employment and training companies is to place

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workers back in the primary labour market.

Even during the restructuring, 'PAD' remained a commercial airport operating 24 hours a day for aircraft up to category E, corresponding to a Boeing 777. Passengers and other customers of the airport did not experience any restrictions as a result of the reorganisation. The drastic reduction in air travel and closed catering businesses in the terminal at this time are the result of the coronavirus pandemic, and not the debtor-in-possession insolvency proceedings.

The owners of Flughafen Paderborn/Lippstadt GmbH are the districts of Paderborn (62.26%), Soest (12.26%), Gütersloh and Lippe (each 7.84%), Hochsauerland and Höxter (each 3.92%) and the Chambers of Commerce of East Westphalia, Bielefeld (1.57%) and Lippe in Detmold (0.39%). The city of Bielefeld disposed of its holding on 1 January to the district of Paderborn and made a one-off payment of 2.5 million euros to it. The districts of Gütersloh and Lippe are negotiating with the district of Paderborn on disposing of their holding and the related conditions. The owners have secured the funding needed for the restructuring.

The works council and komba union, which represents the fire service staff at the airport, already agreed the details with management, the general agent and the insolvency monitor on 6 November 2020. The remaining employees have continued working without wage cuts. They are currently undergoing various training that will give them the flexibility needed to carry out the reassigned tasks. Some 40 of the former employees have accepted management's offer to switch to the transfer company within the framework of the social plan already agreed with the works council. This will support them for up to twelve months in their search for new

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employment and offer them further training.

Even during the debtor-in-possession insolvency proceedings, all employees have been fully remunerated. The Federal Employment Agency paid in full the specific substitute benefits provided under German insolvency law from September to November 2020. Since December, Flughafen Paderborn/Lippstadt GmbH has fully covered the employees' salaries.

Investments in equipment also show that Paderborn Lippstadt Airport is by no means being 'unwound' through the debtor-in-possession proceedings, but is instead putting itself on a stable financial footing for the future. For example, the airport fire service took delivery of three new fire-fighting vehicles, bought second-hand for cost reasons at a price of some 500,000 euros, during the ongoing debtor-in-possession insolvency proceedings. This is intended to ensure that its staff can still be ready for action within 180 seconds anywhere on the expansive airport site 24 hours a day in spite of the cuts in staff numbers and assumption of other duties. Moreover, a hangar has been converted into a fire service base with quiet rooms, another investment in the future of some 500,000 euros, in order to facilitate the realignment of the fire service.

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engineers and insolvency administration specialists, many with multiple qualifications, ensure practicable and economically sound solutions. In particular, PLUTA provides support in restructuring companies affected by a crisis or insolvency and in continuing business operations, if necessary by involving restructuring experts in a responsible role. PLUTA is one of the top enterprises specialising in restructuring and turning around companies, as demonstrated by rankings and awards from INDat, JUVE, The Legal 500, Who's Who Legal, brand eins and Focus. Further information at www.pluta.net.

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