

Press Release

Paderborn Lippstadt Airport successfully restructured

1 May 2021 · Paderborn · Business Area: Insolvency Administration

Now that Paderborn Lippstadt Airport has been successfully restructured on a sustained basis, the Local Court of Paderborn has terminated debtor-in-possession proceedings after just seven months, thus allowing the airport to return to regular business operations on 1 May.

Effective 1 May, the Local Court of Paderborn has terminated debtor-in-possession insolvency proceedings conducted for Flughafen Paderborn/Lippstadt GmbH. As a result, Paderborn Lippstadt Airport will resume independent management of its business now that the company has been fully relieved of its debt and put on a stable financial footing.

Dr Marc Cezanne, airport managing director since 2013, will remain at the helm of the company. General agent Dr Yorck T. Streitbörgner from the Bielefeld office of Streitbörgner, a business law firm with locations in several regions, and insolvency monitor Mr Stefan Meyer, a restructuring expert from the Lübbeck office of PLUTA Rechtsanwalts GmbH, successfully completed their mission to restructure the company as demonstrated by the termination of the insolvency proceedings.

The owners of the repositioned Flughafen Paderborn/Lippstadt GmbH are the districts of Paderborn (77.94%), Soest (12.26%), Hochsauerland and Höxter (each 3.92%) and the Chambers of Commerce of East Westphalia

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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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in 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 councils of the districts of Gütersloh and Lippe have decided to withdraw as members with retroactive effect from 1 January, i.e. the time the insolvency proceedings are concluded. The above ownership structure corresponds to the equity interests held by the members subject to the related resolutions being implemented.

Creditors made their contribution to the restructuring mainly by agreeing to an insolvency dividend of 25%. Staff also bore a large part of the burden through a downsizing from formerly 165 to only 64 people. With the strong support of the owners, those employees who left the company were offered either a new job or a transfer to an attractively funded interim employment company. The staff cuts have therefore been mitigated to the greatest extent possible.

For Mr Christoph Rüter, Paderborn district administrator and chairman of Flughafen Paderborn/Lippstadt GmbH's supervisory board, the focus is now on the future: "The prospects are good! We still have a lot of work to do, but we are well prepared to shape the future of our domestic airport. I would like to express my thanks to everybody involved for the excellent job they have done for Paderborn Lippstadt Airport and thus for the Paderborn district and the region."

"We are delighted that we managed to successfully complete the reorganisation in just seven months," said Dr Streitböcker, who is pleased that it has been possible to restructure a previously loss-making airport for the first



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time in Germany. "Paderborn Lippstadt Airport is the first regional airport in Germany to reposition itself on a sustainable footing under its own steam." Mr Meyer added: "All of those involved have worked together superbly in this trailblazing process to ensure that the region retains its fully-fledged airport, which is of great infrastructural importance."

Managing director Mr Cezanne hopes that Paderborn Lippstadt Airport will be used by several airlines in the summer. "The airport is in a solid financial position, even if the coronavirus crisis still continues for a while," he said.

"Thanks to our very careful planning, the financial resources will be sufficient even if air traffic restrictions last some time longer than expected." Paderborn Lippstadt Airport is back on track and will stay there, he said. "What matters now is that the business community and holiday travellers continue to remain loyal to their home airport."

BACKGROUND - DETAILS AND DEVELOPMENT OF DEBTOR-IN-POSSESSION INSOLVENCY PROCEEDINGS

The proceedings

Flughafen Paderborn/Lippstadt GmbH was insolvent when the debtor-in-possession insolvency proceedings began.

The company took advantage of restructuring opportunities while there was still sufficient time and the necessary financial resources.

After filing for a debtor-in-possession case on 22 September 2020, the company was engaged in provisional insolvency proceedings from this date before the local court eventually opened proceedings on 1 December 2020. The court reviewed the insolvency plan, which it approved on 21 December 2020. The largest creditors were bank

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Sparkasse Paderborn and pension fund Kommunale Zusatzversorgungskasse (KVV) from Münster as well as the Federal Employment Agency.

Thanks to the restructuring plan having been unanimously approved by the creditors' assembly (on 29 January 2021), the company has been largely relieved of its debt. The Local Court of Paderborn then confirmed the restructuring plan by a formal decision, which has become final and binding in law. The 25% insolvency dividend provided for in this plan is relatively high and has already been distributed to the creditors.

Dr Yorck T. Streitböcker prepared the insolvency plan in close coordination with the court-appointed insolvency monitor, Mr Stefan Meyer, while specifically involving the individual creditor groups in the process. The insolvency monitor's task was to supervise company management and, together with the general agent, protect creditors' rights in the proceedings. However, Mr Meyer and his team even went beyond their primary duty to also actively support the company's restructuring efforts. Now that the proceedings have been terminated, Mr Meyer's engagement in this matter has ended, while Dr Streitböcker still has some residual tasks to complete.

According to the calculations contained in the insolvency plan, it would not have been possible to pay any dividend to the creditors under ordinary insolvency proceedings given the significant liquidation costs and all jobs would have been lost. The sale of the business as a whole had proven unfeasible as none of the 110 investors approached subsequently tabled a workable bid. Debtor-in-possession proceedings thus proved very advantageous.

Even during the restructuring, 'PAD' remained a

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commercial airport operating 24 hours a day for aircraft up to category E, corresponding to a Boeing 777.



The repositioned airport

The fact that air travel is still significantly down and the catering businesses in the terminal are closed is due to the coronavirus pandemic alone, and not the debtor-in-possession insolvency proceedings.

Following the successful restructuring, the annual contribution from owners will fall from previously up to five million euros to a maximum of 2.5 million euros. This sum is not intended 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 fire service is ready for deployment at all times.

The airport's total workforce has been downsized from previously 170 to 64 employees, 44 of whom are assigned to the fire service. In 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 will be sufficient to handle up to 300,000 passengers a year instead of the 700,000 passengers prior to the coronavirus crisis. This approach follows the trend expected for the air travel sector. If passenger numbers increase beyond this, the airport, which is important for the region, would be in a position to make appropriate adjustments and react to this at any time.

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On the other side, the best possible support has been provided to those employees who have lost their jobs. Following successful efforts, new employment has been found for many of them. A total of 36 people moved to a well-funded interim employment company at the end of 2020 within the framework of the social plan agreed with the works council. The aim of such employment and training companies is to place workers back in the primary labour market. The interim employment company will pay their salaries, offer them further training and support them in their search for new employment for up to twelve months. 16 of them have already found new jobs, 11 are about to retire and nine are receiving job search support. Investments in equipment also show that Paderborn Lippstadt Airport is looking to the future with confidence. For example, the airport fire service has acquired three new fire-fighting vehicles, bought second-hand for cost reasons at a total price of some 500,000 euros. 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 is being converted into a fire service base with quiet rooms, another investment of some 500,000 euros, in order to facilitate the realignment of the fire service.

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