

Administration		Liquidation		Company Voluntary Arrangement ('CVA')		Restructuring Plan ("Plan")		CIGA / Part 1A Moratorium	
<b>Description</b>	<ul style="list-style-type: none"> <li><b>Overview:</b> Restructuring procedure under which company is given moratorium protection from creditor action enabling continued trading during restructuring process</li> <li><b>Purpose (in order of priority):</b> <ul style="list-style-type: none"> <li>(a) to rescue company as a going concern;</li> <li>(b) achieve a better result for all creditors than in liquidation; or</li> <li>(c) realise property for benefit of secured and preferential creditors</li> </ul> </li> <li>Only licensed insolvency practitioner can act as Administrator</li> <li>Administrators can be appointed on application to court or more often out of court by the company or holders of security containing floating charges created after 15 September 2003</li> </ul>	<ul style="list-style-type: none"> <li><b>Overview:</b> Liquidation of the company's assets leading to dissolution</li> <li><b>Purpose:</b> To realise the company's property for the benefit of its creditors</li> <li>Only licensed insolvency practitioner and/or Official Receiver as Liquidator</li> </ul>	<ul style="list-style-type: none"> <li><b>Overview:</b> Compromise or arrangement between creditors and company</li> <li><b>Purpose:</b> To compromise debt/liabilities and/or agree to an arrangement with creditors to vary existing contractual terms in the future</li> <li>Only licensed insolvency practitioner as Nominee/Supervisor</li> <li>CVA may bind landlord creditor who did not receive notice of and/or vote at meeting where 75% by value voting supported the CVA</li> </ul>	<ul style="list-style-type: none"> <li><b>Overview:</b> Court-led compromise and/or arrangement between creditors and company which requires Court sanction</li> <li><b>Purpose:</b> to agree a compromise or arrangement with creditors to eliminate, reduce or prevent, or mitigate the effect of any financial difficulties</li> <li>Company must have encountered or be likely to encounter financial difficulties that are affecting, or will or may affect, the company's ability to carry on its business as a going concern</li> <li>Classes of creditors who dissent can be bound under a "cross-class-cram-down" provided that: a) dissenting creditors would be no worse off than under the "<i>relevant alternative</i>" (the most likely outcome for the company if the Plan is not approved); and b) at least <b>one class</b> who would receive a payment or have a <b>genuine economic interest</b> in the company in the event of the relevant alternative has <b>voted in favour</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Overview:</b> Short moratorium on creditor enforcement</li> <li><b>Purpose:</b> to give financially distressed companies breathing space from enforcement action by creditors during the restructuring process</li> <li>Only licensed Insolvency Practitioner appointed as "<b>Monitor</b>" – must believe that company can be rescued as a going concern. The company's management retains control of the company</li> <li>Available to most companies, save for: a) Financial institutions; b) companies already in a formal insolvency process; or c) companies which have been subject to a moratorium of any kind in the past 12 months</li> <li><b>Duration:</b> Initial Period of 20 business days; Directors may extend for a further 20 business days; Subsequent extensions (up to 364 days) with creditor consent or Court permission</li> <li>Company must continue to pay the on-going costs of running business ("<b>moratorium debts</b>") and pre-moratorium debts not benefitting from payment holiday (including rent in respect of a period during the moratorium)</li> </ul>				
<b>EFFECT ON LANDLORD REMEDIES</b>									
<b>CRAR</b>	<ul style="list-style-type: none"> <li>Not without permission of the court or consent of the Administrator</li> </ul>	<ul style="list-style-type: none"> <li>Unaffected, but Liquidator may apply to stay/restrain</li> </ul>	<ul style="list-style-type: none"> <li>No, unless commenced before presentation of petition</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>After CVA approved depends on terms of CVA</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>After CVA approved depends on terms of CVA</li> </ul>	<ul style="list-style-type: none"> <li>Not permitted without the permission of the court</li> </ul>			
<b>Forfeiture – by proceedings</b>	<ul style="list-style-type: none"> <li>Not without permission of the court or consent of the Administrator</li> </ul>	<ul style="list-style-type: none"> <li>Yes, but Liquidator may apply to stay/restrain</li> </ul>	<ul style="list-style-type: none"> <li>No, permission of court or consent of Liquidator necessary to commence/continue.</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>If terms of CVA are not complied with, landlord can forfeit</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>If terms of Plan are not complied with, landlord can forfeit</li> </ul>	<ul style="list-style-type: none"> <li>Not permitted without the permission of the court</li> </ul>			
<b>Forfeiture – by peaceable-re- entry</b>	<ul style="list-style-type: none"> <li>Not without permission of the Court or consent of the Administrator</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Yes, but may be subject to challenge</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>If terms of CVA are not complied with, landlord can forfeit</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>If terms of CVA are not complied with, landlord can forfeit</li> </ul>	<ul style="list-style-type: none"> <li>Not permitted without the permission of the court</li> </ul>			
<b>Proceedings</b>	<ul style="list-style-type: none"> <li>Not without permission of the court or consent of the Administrator</li> </ul>	<ul style="list-style-type: none"> <li>Yes, but Liquidator may apply to stay/restrain</li> </ul>	<ul style="list-style-type: none"> <li>No, permission of court or consent of Liquidator necessary to commence / continue.</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>Yes, if terms of CVA are not complied with</li> </ul>	<ul style="list-style-type: none"> <li>Yes, unless Administration Order or CIGA Moratorium</li> <li>Yes, if terms of Plan are not complied with</li> </ul>	<ul style="list-style-type: none"> <li>Not permitted without the permission of the court</li> </ul>			
<b>Disclaimer</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Landlord can serve notice to elect giving Liquidator 28 days to disclaim, otherwise power lost</li> <li>Landlord and former tenants/guarantors can apply for Vesting Order (within 3 months)</li> <li>Landlord can claim for loss arising from disclaimer in liquidation</li> <li>Rights and liabilities of tenant determine</li> <li>Existing guarantors remain liable</li> <li>Former tenants/guarantors remain liable</li> <li>Former tenants/guarantors can prove in liquidation for loss suffered</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>			
<b>Diversion of subtenant's rent to landlord</b>	<ul style="list-style-type: none"> <li>Yes – but may be challenged</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Yes, before CVA approved</li> <li>After CVA is approved, depends on the terms of the CVA</li> </ul>	<ul style="list-style-type: none"> <li>Yes, before Plan approved</li> <li>After Plan approved, depends on terms of the Plan</li> </ul>	<ul style="list-style-type: none"> <li>Yes – but may be challenged</li> </ul>				
<b>Drawdown from rent deposit</b>	<ul style="list-style-type: none"> <li>Yes, subject to the terms of the rent deposit and may be challenged</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Depends on the terms of the rent deposit and CVA</li> </ul>	<ul style="list-style-type: none"> <li>Depends on the terms of the rent deposit and Plan</li> </ul>	<ul style="list-style-type: none"> <li>Yes, subject to the terms of the rent deposit</li> </ul>				
<b>Pursue guarantor/ former tenant/guarantor</b>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Yes, subject to terms of the CVA</li> </ul>	<ul style="list-style-type: none"> <li>Yes, subject to terms of the Plan</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>				

