

The German Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG) and What It Means for Lease Relationships when a Tenant is Facing a Crisis

On 1 January 2021 the Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG) came into force. The stabilisation and restructuring framework provides a statutory framework for restructuring companies before material insolvency arises. It comprises a large number of individual measures and instruments which companies can use for thorough restructuring. The German Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG) is not designed as a purely judicial procedure like insolvency proceedings. Instead, it is basically a non-public procedure in which only the affected creditors can be involved.

The effects of the COVID-19 pandemic, the energy and raw materials crisis and the general economic downturn has hit commercial lease relationships particularly hard meaning that, from a landlord's point of view, the question is what consequences these instruments will have on lease relationships.

With the aid of the German Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG), a waiver of claims can also be enforced against the will of the creditors, for example, even without having to initiate insolvency proceedings.

We will clarify what needs to be taken into account from the landlord's perspective in this respect and what rights and courses of action exist from the creditor's perspective.

We would be happy to discuss the following topics, in particular, with you in detail:

- General overview of the instruments of the stabilisation and restructuring framework: prerequisites, procedure
- Effects of the restructuring procedure on existing lease relationships
- Dealing with lease security within the framework of the German Act on the Stabilisation and Restructuring Framework for Businesses (StaRUG)
- Possibilities for creditors to intervene in the framework of the stabilisation and restructuring framework
- Legal protection options against the instruments