

## Time to pay the piper now that lockdown is lifting?

### Considerations for landlords and tenants facing a mounting pile of rent bills

	CVA	Restructuring plan
Process	<ul style="list-style-type: none"> <li>A debtor company circulates a proposal for a CVA to its creditor.</li> <li>A report on the CVA proposal by an insolvency practitioner (the “nominee”) will also be circulated to creditors.</li> <li>Creditors vote on whether to approve the CVA at a creditors’ meeting or by a qualifying decision procedure. Shareholders also vote, but the creditors’ vote is overriding.</li> <li>If approved by the creditors the CVA takes effect and the nominee becomes the supervisor of the CVA.</li> </ul>	<ul style="list-style-type: none"> <li>A court hearing is held to consider if meetings of the creditors should be convened and to approve the proposed composition of the classes of creditors.</li> <li>Meetings of each class of creditor are held at which the restructuring plan is voted on.</li> <li>A court hearing is held at which the court considers whether it should sanction the restructuring plan.</li> </ul>
Voting by class	No	Yes
Approval threshold	75% by value of creditors’ votes provided also that no more than 50% of unconnected creditors oppose the CVA.	75% by value of creditors’ votes in each class of creditor.
Cross-class cram down	Not applicable, single class of creditors.	Yes, a dissenting class of creditors’ lack of approval may be overridden (i) the dissenting class will be no worse off under the restructuring plan compared to the relevant alternative and (ii) at least one class of creditors with a genuine economic interest in the company approves the restructuring plan.
Court involvement	None, unless a challenge is brought by a creditor.	Two court hearings: <ul style="list-style-type: none"> <li>convening hearing to order meetings of creditors; and</li> <li>sanctions hearing to approve the restructuring plan.</li> </ul>

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