

Lessors object to Norwegian's bid to wriggle free of deals

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Lessors have told the High Court of Ireland, currently overseeing the examinership process currently underway to protect Norwegian (DY, Oslo Gardermoen) from its creditors, that they may oppose the airline's bid to exit its lease agreements, the Irish Times has reported. Lawyers representing the carrier told Justice Michael Quinn last week that it wanted to cancel its aircraft leases as part of its efforts to cut the size of its fleet. Norwegian and its Irish subsidiaries Arctic Aviation Assets, Norwegian Air International (D8, Dublin Int'l), Drammensfjorden Leasing, and Lysakerfjorden Leasing had asked the court to repudiate, or disclaim, leases for 36 aircraft, which would allow them to hand the aircraft back to the lessors. Another subsidiary, Torskefjorden Leasing, is now in liquidation and is no longer part of the High Court proceedings. As previously reported, Norwegian wants to cut its fleet from 140 to 68. It and the four subsidiaries are currently leasing 48 aircraft, including the 36 involved in the application to end those agreements, according to the Irish Times. At a court session on February 4, lawyers representing several lessors said that talks with the airline on the termination of the agreements were still continuing and that the lessors were dissatisfied with certain details, specifically how Norwegian plans to return the aircraft and what condition they will be in. The lawyers also complained that they had not had enough time to deal with concerns raised by Norwegian's repudiation applications to the court, partly due to potential complications that may arise from some of the agreements being governed by English law. One of the lessors, BOC Aviation, argued that the applications lacked the detail necessary for the court to assess how the leases have been onerous for the carrier. These issues may result in some of the lessors formally opposing Norwegian's application to repudiate the leases, the court was told. A lawyer for Norwegian, Brian Kennedy, assured that his client was working to address the lessors' concerns and that it was continuing to maintain the leased aircraft. But Norwegian would like the repudiation issue to be dealt with as soon as possible, he added. Kieran Wallace of KPMG, the examiner overseeing the process, warned that the examinership process was already on day 79 of the 100-day maximum. Justice Quinn ordered the exchange of legal documents on the matter and adjourned the applications to a date later this month.

