

## NEWS ON RESTRUCTURING AND INSOLVENCY

### **1. Latam Airlines filed for Chapter 11 protection in the United States.**

On May 26, 2020, LATAM Airlines Group S.A. (“LATAM” or the “Company”), filed for Chapter 11 protection before the U.S Bankruptcy Court for the Southern District of New York (Manhattan). The Company reported to the Chilean Securities regulator (Comisión para el Mercado Financiero) and the SEC that the COVID-19 pandemic had resulted in the reduction of more than 95% of its passenger operations, which led LATAM board of directors (the “Board”) to analyze the alternatives that may exist to strengthen the Company’s liquidity in order to mitigate the impact to the continuity of its ongoing business.

In the opinion of the Board, the timing for a conventional bilateral process, the possibility that during the same the creditors decide to exercise forced collection actions, the impossibility of curing defaults and the need to implement a comprehensive restructuring of LATAM Airlines to which all its creditors and other interested parties must join, lead to consider a regulated restructuring as the best alternative.

In this regard, and considering the Company’s current situation, LATAM deemed necessary to obtain an automatic stay which protects it from the claims of its creditors and other interested parties; and, at the same time, allows it to continue operating with its main assets, suppliers, financial parties, regulators and employees, while structuring a binding reorganization to be financially viable in a post-pandemic scenario. To this end, the Board resolved unanimously that LATAM Airlines would begin a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the “Chapter 11 Procedure”).

The Chapter 11 Procedure grants an automatic stay for at least 180 days. Under Chapter 11 proceedings LATAM Airlines will have the opportunity to restructure its financial balance and adjust the size of its operation to the new reality.

This restructuring regulated under Chapter 11 involves the parent company in Chile and its subsidiaries in Chile, Colombia, Peru, Ecuador, the United States of America, the Cayman Islands and the Netherlands. The subsidiaries of Argentina, Brazil and Paraguay are not included in the Chapter 11 Procedure.

LATAM's financial obligations equal US\$7.1 billion, and could rise up to US\$10 billion if trade receivables are considered. Current cash-in-hand equals US\$1.3 billion. At the same time, LATAM Airlines has negotiated and obtained financing commitments of the shareholders related to the Cueto and Amaro families and Qatar Airways for US\$900 million, which availability will be subject to the negotiation of the definitive agreements and for them to be approved as debtor-in-possession financing under the Chapter 11 proceeding.

The next hearing will take place on June 23, 2020, at which LATAM's request to terminate a lease agreement of 19 planes will be discussed.

## **2. ABCDIN's restructuring plan was approved.**

In December 2019, AD Retail, ABCDIN's parent company, informed the Commission for the Financial Market ("CMF") of its decision to submit ABCDIN to a bankruptcy reorganization procedure in order to restructure its assets and liabilities to avoid bankruptcy. Within the Bankruptcy Reorganization Procedure of the Debtor Company regulated by the Insolvency and Restructuring Act, on April 9, 2020, the Board of Creditors of ABCDIN, with a majority of more than two thirds of the company's liabilities, approved the reorganization agreement proposed to continue its operations. The agreement was later approved by the civil courts on April 23, 2020.

The aforementioned agreement established that creditors not related to the company will be paid within 7 years from the effective date of the agreement.

On a parallel basis, AD Retail itself is going through a simplified reorganization procedure which was executed by 76.7% of the company's creditors and approved by the courts on April 22, 2020. One creditor challenged the procedure, but the first degree court rejected such challenge. An appeal could be filed in order for the challenge to be reviewed in the Courts of Appeals.

## **3. Enjoy submits a reorganization agreement.**

On April 24, 2020, Enjoy S.A., the largest casino operator in Chile, began the process of approval of a reorganization agreement in order to avoid bankruptcy. The company has been seriously damaged by the "social outbreak" and by the health and economic crisis derived from COVID-19.

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During 2019, the company's sales decreased by 4% to Ch\$264,086 million and registered Ch\$27,707 million in losses. The company informed its investors on March 27 that the negative effect of the social outbreak was calculated in Ch\$7,556 million in EBITDA in the last quarter of 2019.

According to the information provided by Enjoy, its debt is mainly concentrated in the holders of a bond issued in the U.S.A. under rule 144A / Reg. S for the amount equivalent in pesos to \$ 172,711,806,188 (which is equivalent to 47.8% of the unrelated liability) and in the holders of two local bonds for the amount of approx. US\$180 million (which is equivalent to 40.3% of the unrelated liability).

Enjoy currently operates 8 casinos in Chile, one in Argentina and one in Uruguay and has more than 6,000 workers. By instructions of the Superintendency of Casinos and Games, all casinos in the country were closed on March 18 and will remain closed until epidemiological conditions allow their reopening, according to health authorities.

The court determined that the next creditors' meeting shall take place on July 20, 2020. At such meeting creditors will have the opportunity to analyze and approve the terms of the reorganization agreement.

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