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## Naviera Armas's €1 Billion Corporate Restructuring

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McDermott Will & Emery advised Citibank on the matter.

Citibank acted as trustee on one of the largest financial, debt and corporate restructuring totaling circa €1 billion, of Naviera Armas, S.A. and its subsidiaries (the Group).

The Group is a leading ferry operator for passenger and freight transportation services in the Canary Islands and across the Mediterranean. Due to the outbreak of Covid 19 and the worsening of the domestic and international market in which the Group operates the Group's financial position had deteriorated and accordingly the Group entered into negotiations with financial creditors to agree a restructuring plan which would alleviate its liquidity constraints and take advantage of market opportunities.

The restructuring, involved a number of intricate legal steps from: (i) the entry into an initial forbearance agreement; (ii) establishing an interim bridge facility; (iii) facilitating certain amendments to existing intercreditor arrangements; (iv) advising our client in connection with the sale of the Group's Balearic Islands business to Grimaldi (a Naples based shipping and ferry operator); (v) restructuring the existing senior secured notes whereby the debt would be fully canceled and exchanged by means of the implementation of a senior secured notes exchange; (v) releasing the full suite of security

under certain existing debt financings in order to grant a new common security package to cover the new restructured debt; and (vi) advising Citibank in complex escrow arrangements in relation to the proceeds of such disposals to be held in escrow until the occurrence of the restructuring effective date. In this regard the McDermott were required to work closely with local counsel in Spain, Cyprus and Luxembourg.

McDermott was actively involved in every step of the process, advising Citibank in relation to the interest payment defaults from the outset and advising all parties in relation to the various consent solicitation processes and requisite consent thresholds required in order for the Trustee and Security Agent to be able to take certain actions under the transaction documents to effect the many moving parts of the restructuring as a whole. The team also took the lead in drafting various instructions and protections for the Trustee with respect to the overarching master refinancing agreement.

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

McDermott's team was led by partner Ranajoy Basu (Picture) and included counsel Priya Taneja.

**Involved fees earner:** Ranajoy Basu – McDermott Will & Emery; Priya Taneja – McDermott Will & Emery;

**Law Firms:** McDermott Will & Emery;

**Clients:** Citibank;