



Aircraft leasing – contractual response to COVID-19

COVID-19 has presented an unprecedented challenge for the aviation industry. With demand collapsing, airline fleets grounded worldwide and airspace and airports partially closed, the road to recovery may be a long one. It is therefore critical to update your contracts swiftly to ensure that risks are mitigated and agreed positions are secured.



How can we support you?

The aviation sector has experienced considerable change over recent months. Airlines have actively sought to reduce their operating costs via changes to lease and maintenance payments. Fleet sizes and portfolios have also been reviewed and amended, with certain aircraft being returned early, having their delivery delayed, or in some circumstances their lease period extended. Deloitte's subject matter experts have decades of aggregate aviation industry experience having worked within, with, and for airlines, OEMs, lessors and aviation financial institutions. Supported by a blend of experienced people, process and technology, Deloitte can provide a fast, scalable and effective solution to update and amend contractual lease terms, aircraft purchase agreements and loan documents to reflect revised positions.

Renegotiation

Your existing contracts will need to be amended to reflect agreements made relating to duration, payment terms, service coverage and rate adjustments etc.



Existing Contracts

Your contracts pre-COVID-19 will be based on certain assumptions and a business case that has now been challenged.



Contract Amendments

When you have agreed your revised terms, potentially 100s of contracts will require amending to reflect new terms. Deloitte's experts can deliver this in an effective and cost-efficient manner.



Amended Contracts

Utilising Deloitte's subject matter experts will allow you to update your contracts quickly and efficiently allowing you to focus on managing and moving your business forward.

Deloitte can produce tailored:

- amendment templates (if required)
- toolkits to support completion of amendment templates
- structure and processes for efficient contract amendments
- Tax and accounting advice on revised structures

Next Steps

If you are interested in discussing how Deloitte Legal can assist you with updating your lease agreements and aircraft purchase agreements to reflect all changes which have arisen due to the impact of COVID-19, then please contact Mike Rhead or Pieter Burger.



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