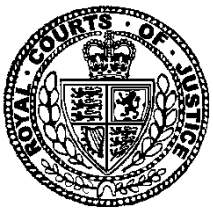

Claim No. CR-2025-005158
Neutral citation number: [2025] EWHC 2313 (Ch)

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)

9 September2025

BEFORE:
The Honourable Mr Justice Meade

IN THE MATTER OF STANDARD PROFIL AUTOMOTIVE GMBH
AND IN THE MATTER OF THE COMPANIES ACT 2006

JUDGMENT

Adam Al-Attar KC and Charlotte Cooke instructed by Linklaters LLP for the Scheme Company

MR JUSTICE MEADE:

1. This is the sanction hearing in a Part 26 scheme. The scheme company is Standard Profile Automotive GmbH. I have had the benefit of a very careful and detailed skeleton, on behalf of the company, from Mr Al-Attar KC and Ms Cooke, which I have had a good opportunity to read.

2. I have been invited to read, and have read: the convening judgment of Mr Justice Richard Smith (29 July 2025, [2025] EWHC 2133 (Ch)), which I found especially helpful and which covers many of the issues, including, perhaps most importantly, class composition; three witness statements of Mr Kranz; a second witness statement of Mr Mudholkar, which is of peripheral importance to the matters that have taken the time today; the Chair's report; a revised expert report of Kellie Gread and one of Peter Dickens; two expert reports of Daniel Glosband and Professor Christoph Thole on foreign law; and a supplemental expert report of Prof Thole in relation to an issue to which I will come shortly.

3. Details of the company, the various categories of debt, the general nature of the restructuring, and the creditors are all given in the judgment of Mr Justice Richard Smith, and I will not repeat that. He made an order, also 29 July 2025, consequent on his judgment, permitting the company to convene a single meeting of the creditors. In other words, just one class.

4. Although all of these schemes are complex by their nature, as I have said in some other judgments, most of the points arising for consideration today are either matters that have been considered already by Mr Justice Richard Smith in his convening judgment (in particular, class composition) or are points that come up repeatedly in these kinds of schemes and do not require specific comment in these reasons.

5. There are, however, a few points on which I will go into in more detail. The first of them is that after the making of the convening order, it was identified that some of the proposed terms of the scheme would, or at least could, have resulted in the scheme company exceeding its maximum debt capacity. That would have meant that

PricewaterhouseCoopers (PwC) could not have provided a positive ongoing prognosis. That would have been a problem for the scheme, and required its modification.

6. The necessary modification was worked out and the comparative scenarios recalculated. Mr Justice Richard Smith made a further order on 13 August of this year which confirmed that the company was permitted to convene the scheme meeting, and gave directions for the provision of a supplementary explanatory document.

7. I will clear this point away by saying that I am satisfied that although the technicalities are somewhat complex and I was taken through them in outline, at least, by Mr Al-Attar, it is right to say that the scheme in the medium case is still very significantly better than the relevant alternative. The modification of the scheme in this respect is appropriate and has been implemented in accordance with the scheme itself and with the authorities on modifying schemes in this sort of scenario.

8. The scheme meeting was then held on 4 September of this year, rather than 1 September as was originally envisaged. The meeting is described in the Chair's report and the scheme was approved by 100 per cent in value, and 100 per cent by number of those present and voting. There were a small number of abstentions, the reasons for which are not clear, but they were small in magnitude and I am satisfied they do not represent any opposition to the scheme, and indeed, there is no opposition to the scheme today.

9. Mr Al-Attar also stresses (rightly so, in my view) that there was broad support, indeed overwhelming support, for the scheme among a number of those attending who were not participants in the ad hoc committee. I think the number was 32 out of 40 of those voting by number who were not in the ad hoc committee, and they represented an aggregate debt of €69 million.

10. Jumping ahead slightly, I accept the submission that the support outside the ad hoc committee is a relevant factor, indeed, a decisive factor, in concluding that there is no issue arising from the 1.5 per cent work fee.

11. Mr Al-Attar has invited me to consider matters in the usual way – i.e. by considering compliance with the statute, which I am satisfied about -- by considering whether the conduct of the scheme has been fair, which I conclude that it has, there being no reason to think that anybody involved in voting had any collateral interest, other than supporting the scheme because it was a sensible one.

12. As to rationality, the next factor, I accept the submission by Mr Al-Attar that the broadly very high level of support raises the presumption that the scheme is rational. But in any event, that is still further supported, so that one can understand the logic of the support for the scheme, by the fact that it is so much better than the comparator.

13. Under that heading, I was also addressed on the difference between part 26A plans and part 26 schemes. I agree that the recent learning on part 26A does not dent the general approach to part 26 schemes in this way. I was referred to the decision of Mr Justice Robert Hildyard in *Re Waldorf* [2025] EWHC 2181 (Ch) on that point, and I agree and adopt what he said there.

14. I was also addressed on the point that the scheme includes a provision similar to the one that I considered in *ED&F Man* [2020] EWHC 2505 (Comm [sic]) , which is that, so there is an incentive to lend new money, the scheme has an elevation mechanism for the existing debt held by creditors who agreed to provide new money. I dealt with that in paragraph 27 of *ED&F Man*. The key point is that all the creditors in the class are able to subscribe to the new money pro rata the debt they hold, so everybody gets an equal treatment, albeit that those who take up the option might be worse off than those who do not.

15. I was also addressed briefly on advisor costs and the consent fee, and accept Mr Al-Attar's submissions on those, that they do not present any problem under the heading of whether the scheme is rational or fair.

16. I turn to international effectiveness. I have identified the evidence already and I was directed by Mr Al-Attar to the case of *Re DTEK Energy* [2022] 1 BCLC, 260, a decision of Sir Alistair Norris which, in a variety of ways, phrases the principle that the

court does not have to have complete certainty about effectiveness, only a likelihood or real prospect.

17. A complication arises here, although ultimately, I think, not an important one, because there has been a decision of a Frankfurt court refusing recognition of a part 26A restructuring plan. Professor Thole has dealt with this in great detail in his supplemental report, seeking to explain why the Frankfurt court's decision is either merely preliminary and subject to revision in the light of further materials, and/or actively wrong.

18. One point that Mr Al-Attar stresses in particular is that a part 26 scheme is not an insolvency, by contrast with part 26A plan, and that that went to the reasoning of the Frankfurt court. But the much more important point, to my mind, is that whatever the Frankfurt court may have said about recognition of the plan there (which I think is probably possibly better for me not to go into) whatever the case may be there, it simply does not bear on the other two routes to recognition identified by the Professor, which are under the Hague Convention or the Hague Judgments Convention. Professor Thole explains, and Mr Al-Attar has made submissions on this, that those routes stand and are unaffected by the Frankfurt court's decision. I agree.

19. So, I decline to go into detail of considering whether the German court was wrong. Perhaps on another occasion, or in another venue, that will have to be argued out. But it is not necessary for me to scrutinise matters in that way because there are two entirely robust routes to recognition, covered by the evidence before me, and certainly, to the standard explained by Sir Alistair in *DTEK*.

20. I have dealt with the main points that were raised before me today. I have not gone through each of the detailed points carefully explained in Mr Al-Attar's skeleton because, as I explained at the start of these reasons, complex those schemes are, the points that arise are often very much the same as in earlier schemes, and follow well-trodden ground. That is the case here.

21. I have dealt with the main points that take the scheme out of the usual run, and I will make the Order sanctioning the Scheme.