

GERMAN PELLETS

THE GROUP CONTINUES UNDER NEW OWNERSHIP

- Insolvency proceedings opened on 1 May 2016
- Metropolitan Equity Partners Management acquires the Wismar plant
- J. Rettenmaier & Söhne takes over the plants in Ettenheim and Herbrechtingen
- Final negotiations with interested parties for the Torgau plant
- The existing team of experts will secure the operations of the US plants

Wismar, May 2, 2016 – Yesterday, May 1st 2016, at 10.00am, the district court in Schwerin opened the insolvency proceedings over the assets of German Pellets GmbH and other group companies and appointed Bettina Schmutde, an attorney at law and a partner at the law firm White & Case in Hamburg, as insolvency administrator.

On the same day, Bettina Schmutde closed several contracts with investors, which ensure the continuation of significant parts of the Group.

The Wismar site will be taken over by Metropolitan Equity Partners Management, LLC, New York (MEP). MEP is an active financial investor and has extensive experience in the development of companies. With a new management and together with the experienced team on site, the newly founded Wismar Pellets GmbH will provide a long-term perspective to the business.

Paul Lisiak, Managing Partner from MEP, said: “We are happy to facilitate an end to a challenging chapter of the wood pellet industry in Germany. MEP and our new management team are dedicated to lead the Wismar plant back to its original promise and capabilities.” MEP Director Doug Jacobsen, who is in charge of managing the investment for MEP, added: “We look forward to the opportunity to re-establish the organic synergies with local business partners in Wismar and the greater Mecklenburg-Vorpommern region. There is a long history for the wood industry in the local area and we expect to drive new growth and build lasting success. Our decision to rebrand the company as Wismar Pellets underlines our dedication to this goal.”

J. Rettenmaier & Söhne GmbH + Co KG from Rosenberg, Baden-Württemberg, Germany (JRS).will take over the plants in Ettenheim and Herbrechtingen and continue to operate them. JRS is a leading international pulp producer with plants in Europe, America and Asia, employing approximately 2 000 people worldwide.

Josef Otto Rettenmaier, CEO of JRS, is certain: "Of course our goal must be to preserve the jobs and get the plants up and running again despite the difficult market environment."

In all three locations, almost all manufacturing jobs are preserved. In Wismar, there will be adjustments in the administrative staff.

"With these transaction agreements we were able to ensure a long-term perspective for businesses at three locations of the German Pellets Group," commented Bettina Schumde. The closing of these contracts is subject to several conditions. Until then, the businesses will continue under the direction of the insolvency administrator on an interim basis.

Negotiations on the plant in Torgau are still ongoing. "Here we are discussing with various interested parties," explains Bettina Schumde who expects an agreement before the end of May.

Ongoing restructuring of the works in the United States

The German Pellets expert team for the US will continue to push forward the pellet projects in the US on the insolvency administrator's behalf. As is known, very large pellet production capacities have been built in Texas and Louisiana. The local companies are currently going through insolvency proceedings under Chapter 11. Together with the lawyers of the US investors who invested about USD 550 million in those companies, they are working on sustainable restructuring and continuation solutions.

The negotiations concerning the acquisition of the Belgian coal power plant Langerlo in Belgium by a new investor will continue with the involvement of the Belgian Government.

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About German Pellets

The German Pellets Group was a major participant in the wood pellet and animal hygiene industry and produced with around 650 employees in Germany, Austria and the USA wood pellets and animal bedding products based on wood from renewable resources.

Since mid-February 2016, German Pellets GmbH and eight other group companies have filed requests for opening of insolvency proceedings. In the meantime, insolvency proceedings against the assets of German Pellets GmbH and other companies have been opened (see also: <https://german-pellets.insolvenz-solution.de>). Investors are expected to take over the plants in Wismar, Ettenheim and Herbrechtingen. For the other plants, the insolvency administration is in takeover talks.

About White & Case

For more than 30 years, White & Case Insolvenz GbR has been one of the leading insolvency law practices in Germany operating nationwide (www.whitecaseinso.de). The company is part of the global White & Case practice. White & Case LLP is a leading international law firm present in the World's key economic centres at 39 locations in 26 countries. In Germany, 230 lawyers, tax consultants and notaries work for the firm in Berlin, Dusseldorf, Frankfurt, Hamburg and Munich (www.whitecase.com).

Important Notice to Creditors of German Pellets

The insolvency administrator Bettina Schmudde, attorney-at-law, requests that bondholders and holders of participation rights and participation certificates of German Pellets await further information and refrain from taking action until then. Registered and all other known creditors will be informed directly by the insolvency administration about all process steps.

Bondholders and holders of participation rights and participation certificates of German Pellets can find extensive up-to-date information including a free registration option on the Internet portal of the provisional insolvency administration (<https://german-pellets.insolvenz-solution.de>).

In the next few days, the insolvency court will convene a meeting of bondholders and holders of participatory certificates, where common representatives of the bondholders and participation certificate holders will be elected. Among other things, these will then register the claims of the bondholders and the holders of participation certificates on the insolvency table and exercise their voting right at the creditors' meeting pursuant to § 156 InsO.

Contact

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