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GERRY WEBER International AG: court lays out insolvency plan for inspection and appoints date for discussion and voting meeting

23 August 2019 · Halle, Westfalen · Business Area: Insolvency Administration

- Creditors to vote on financial restructuring of the fashion company on 18 September 2019
- Innovative concept for satisfying creditors' claims provides for well-above-average recovery rates of more than 50% in some cases
- Stefan Meyer from PLUTA acting as insolvency monitor

The insolvency plans submitted by GERRY WEBER International AG (GWI) and GERRY WEBER Retail GmbH & Co. KG (GWR) in the debtor-in-possession insolvency proceedings have been laid out by the Local Court of Bielefeld in accordance with section 234 of the German Insolvency Code (InsO). This means that the plans can now be inspected by the parties to the proceedings, as the court has completed its preliminary examination. Creditors will be provided with the insolvency plans and all of their appendices in digital form.

Pursuant to section 235 of the InsO, the court has scheduled a meeting (discussion and voting meeting) to be held by the creditors' assembly in Bielefeld on 18 September 2019 at 13:30 to decide on the acceptance of

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About PLUTA

PLUTA helps companies in legally and economically difficult situations. Since the company was founded in 1982, PLUTA has constantly grown. Today PLUTA has a staff of about 500 employees in Germany, Spain and Italy including more than 290 graduates in business economics and business management, attorneys, business lawyers, tax consultants, public auditors, certified accountants, economists, bankers, bookkeepers, engineers and insolvency administration specialists. Many of them own multiple qualifications what ensures practicable and economically sensible solutions. In particular, PLUTA provides support in restructuring companies affected by a crisis or insolvency and in continuing business operations, if necessary by involving restructuring experts in a responsible role. PLUTA is one of the top enterprises specialising in restructuring and turning around companies, as demonstrated by rankings and awards from INDat, JUVE, The Legal 500, Who's Who Legal, brandeins, and Focus. Further information at www.pluta.net

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the plan submitted by GWI. The discussion and voting meeting concerning the insolvency plan for the subsidiary GWR, which is also to be restructured under an insolvency plan, will be held that same day at 10:00.

The GWI insolvency plan forms the basis for the financial restructuring of the GERRY WEBER Group. It is based on the investment agreement concluded on 15 July 2019 between GWI and the funds managed by Robus Capital Management Ltd. and Whitebox Advisors LLP, with the consent of the insolvency monitor, attorney Mr Stefan Meyer.

The GWI insolvency plan provides for GWI's creditors to be divided into six groups in order to best meet their individual needs. GWI's shareholders will form a group of their own and participate in the voting on the insolvency plan. Further details will be published in the electronic Federal Gazette.

Individual offers are to be prepared to meet the diverse creditor interests. Depending on the group, the respective insolvency dividend will be made up of various components, for example, a fixed cash dividend of 12%, additional funds from future disinvestments of the company (Ravenna Park Logistics Centre, remaining stake in HALLHUBER) or the allocation of financial instruments such as (convertible) bonds, which would allow impairment losses to be reversed.

Minor creditors with claims of up to 2,500 euros and the company's employees will receive an increased fixed cash dividend of 27% as well as additional dividends (but no

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financial instruments), which could result in an overall recovery rate of nearly 50% for this group of creditors.

For reasons attributable to insolvency law, no dividend can be paid to GWI's existing shareholders.

In total, based on calculations, it is expected that the recovery rates will range from around 32% to more than 50% of the claims concerned, although this cannot be guaranteed.

Creditors who opt to receive a dividend at an early stage will have to content themselves with a lower recovery rate than those who are prepared to wait and leave the corresponding funds in the company for a longer period. However, regardless of the option selected, it is expected that a well-above-average recovery rate will be achieved. In addition to the cash dividend, creditors with claims of more than 2,500 euros will be offered options to receive capital market instruments in the form of fixed-interest bonds (straight bonds) and, for major creditors, convertible bonds. By exercising their options on convertible bonds, which will subsequently be converted into shares, these creditors even have the chance of being fully satisfied if the restructuring process is successful and the share price develops favourably.

Robus and Whitebox have agreed to provide an amount of up to 49.2 million euros to finance the insolvency dividends to be paid under both insolvency plans and also the GERRY WEBER Group's business operations. In order to re-establish a solid capital base, there are plans to reduce the GWI AG share capital from currently 45,895,960 to 8,733

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euros (as a restructuring measure) and subsequently re-increase the capital to 1,025,000 euros. The new shares are to be fully subscribed by the funds managed by Robus and Whitebox. Moreover, the old shares that remain after the capital reduction will also be transferred to the funds, which means that the funds will thus become the sole owner of GWI AG in a first step. With specific measures to increase conditional capital, as provided for in the insolvency plan, it is planned that GWI creditors that opt for convertible bonds can take a share of up to 70%, and GERRY WEBER Group management a share of up to 10%, in the company's capital at a later date.

The process to reorient GERRY WEBER and restructure its business operations, initiated in 2018, will continue to be pursued with great urgency.

Confirmation of the GWI insolvency plan is subject to customary conditions, such as antitrust and tax approvals being obtained, and acceptance of the separate insolvency plan for the subsidiary GWR by its creditors. The goal is to conclude both insolvency proceedings by the end of 2019 at the latest.

Dr Christian Gerloff, general agent of GWI: "The insolvency plan for GERRY WEBER International AG is an innovative approach for insolvency proceedings of this size in Germany. It takes into account the fact that creditors have different needs depending on the amount and nature of their claims, especially with regard to the reliability and timeliness of the dividend payment."

Mr Stefan Meyer (PLUTA Rechtsanwalts GmbH), insolvency

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monitor: “I am convinced that this creative and tailor-made insolvency plan will optimally meet the concrete, specific interests of GERRY WEBER’s creditors. Moreover, it will be possible in both proceedings to offer creditors a very high recovery rate. The management team and the consultants involved have done an excellent job in terms of time and content, so that this complex concept can now be presented to the creditors for approval on the basis of the insolvency plans submitted. Should the insolvency plans be approved, this would be a breakthrough in the process of restructuring GERRY WEBER on a sustained basis.”