

Press Release

High recovery rate for creditors of Bayerisch Gmain Pflege- und Therapiezentrum GmbH

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Creditors of the insolvent care and therapy centre in Bayerisch Gmain last week unanimously approved the insolvency plan presented by the company. The Local Court of Traunstein then confirmed this plan. The company has been involved in debtor-in-possession insolvency proceedings since late 2017. Mr Mirko Möllen from PLUTA Rechtsanwalts GmbH, as insolvency monitor, has been monitoring the proceedings and representing the interests of creditors.

The creditors' positive vote is an important step in what has been a two-year process of restructuring the company within the framework of court-ordered debtor-in-possession proceedings. Insolvency monitor Mr Mirko Möllen said, "As things currently stand, creditors are set to receive a fixed cash dividend of approximately 30%. This is an initial positive step." The insolvency plan also envisages the creditors participating in the anticipated sale of the company, which could result in a much higher recovery rate if successful.

A special feature of the insolvency plan is that this sale is only due to take place after the insolvency proceedings have been concluded. For this, the equity interests 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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Bayerisch Gmain Pflege- und Therapiezentrum GmbH will be transferred to a trustee who will be tasked with working with an M&A advisor to find an investor for the company. This will allow an overall solution to be found for all group companies, i.e. for the other institutions within the group as well, as part of a combined sales process.

The care and therapy business has been operating stably and without restrictions since debtor-in-possession proceedings began in December 2017. All some 300 residents are receiving professional care. Once various statutory periods expire, the Local Court is expected to terminate the proceedings in a few weeks' time. The company restructuring has included the reorganisation of administration functions and service companies and the renegotiation of rental agreements for the institutions.

Bayerisch Gmain Pflege- und Therapiezentrum GmbH applied for debtor-in-possession insolvency proceedings with the competent Local Court of Traunstein in December 2017 with the aim of ensuring the company's long-term survival in the interests of patients, employees, suppliers and creditors. The court opened proceedings on 1 March 2018 and ordered debtor-in-possession management. Experienced attorneys from LECON Restrukturierung Rechtsanwalts-gesellschaft mbH and TRICON - FREUNDL WOLLSTADT & PARTNER have been assisting in the restructuring.

Bayerisch Gmain Pflege- und Therapiezentrum GmbH operates care and therapy facilities at two locations: Bayerisch Gmain (main facility) and Hallthurm Untersberg. Some 220 employees provide care for residents across all

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facilities, with a combined total of approximately 300 beds.

The company is part of the MERKEL Group, which comprises 17 companies. In addition to Bayerisch Gmain, three other companies in the group are currently involved in insolvency proceedings. Fischbachau Pflege- und Therapiezentrum GmbH was sold to an investor shortly after proceedings were opened in March 2018.

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