

Press Release

Lothar Kannenberg Academy to be restructured as a Debtor in Possession

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- Operations of the youth welfare and educational institution are being continued
- Dr Christian Kaufmann from PLUTA and Mr Tobias Kersten from FIDES advising the management team as restructuring experts during debtor-in-possession proceedings
- More than 230 people working in the institution

Akademie Lothar Kannenberg GmbH has filed an application for debtor-in-possession proceedings with the Local Court of Walsrode. The youth welfare and educational institution is being assisted in this process by Dr Christian Kaufmann from the restructuring firm PLUTA and Mr Tobias Kersten from the business consultancy and auditing firm FIDES.

The company based in Bothel near Bremen intends to undergo a restructuring process as a debtor in possession. The local court has assented to this application and ordered preliminary debtor-in-possession proceedings. The court appointed the attorney Mr Stefan Denkhäus from the law firm BRL Boege Rohde LuebbeHuesen as the provisional insolvency monitor. His role will be to support and oversee the debtor-in-possession proceedings.

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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Filing the application became inevitable for the company due to a liquidity shortage. Business operations are being continued without any restrictions. A total of more than 230 employees work for the northern German company, which runs six establishments in Bremen and three establishments in the federal states of Saxony and Saxony-Anhalt. The managing director Lothar Kannenberg has already informed the staff of the situation. The employees' salaries are secure for a period of three months thanks to the so-called insolvency substitute benefits.

Lothar Kannenberg, a former amateur boxer in the heavyweight class, founded the fully residential youth welfare and educational institution with various group homes in 2014. The academy aims at improving the living conditions of the 12 to 18 year old children and adolescents entrusted to them. It was also the first home of Bakery Jatta after his flight – now he is a professional player at the football club Hamburger SV.

The proceedings will be supported by the Free Hanseatic City of Bremen, which cooperated very well with the academy in the past.

“The debtor-in-possession proceedings will give us a good chance to restructure the company in such a way that it has a viable future. The academy has to become leaner,” explained the managing director Mr Kannenberg. Due to the strong influx of refugees starting in 2015, at peak times, the academy cared for more than 1,000 adolescents, especially unaccompanied minor persons from abroad. However, in the meantime, much less use is being made of the academy's capacity. Its costs, above all labour and

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rental costs for the establishments, exceed revenues, which meant that filing for insolvency was inevitable.

With debtor-in-possession proceedings it should be possible to restructure the company so as to ensure successful business on a sustained basis. The restructuring experts will thus focus primarily on checking the profitability of the six establishments in Bremen. The capacity of the eastern German establishments in Leipzig (Saxony) as well as Aken and Glinde (Saxony-Anhalt) continues to be used at a high level. The objective is to ensure that, following successful restructuring, the academy will come out of the proceedings based on an insolvency plan, i.e. a settlement with its creditors.

Information on the proceedings

Debtor-in-possession proceedings are in-court restructuring proceedings to rescue and rehabilitate financially distressed companies. These are insolvency proceedings without an insolvency administrator. The company is allowed to manage the restructuring process itself, supervised by an insolvency monitor and generally supported by restructuring experts with relevant experience in this field. The preliminary proceedings, that last between 2 and 3 months, are followed by the main proceedings, in the course of which the creditors can file their claims.

About the company

Akademie Lothar Kannenberg GmbH is a youth welfare and educational institution that provides full residential care and pursues an approach based on group social work. The academy aims at improving the living conditions of the 12

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to 18 year old children and adolescents entrusted to them. In exceptional cases, the academy also helps young adults up to the age of 21 to develop their personality and lead an independent life.

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