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Luther advises MEP in its acquisition of the main German Pellets plant

Frankfurt am Main – On 1 May 2016, Metropolitan Equity Partners Management, LLC., acquired the main plant of the bankrupt Wismar firm German Pellets GmbH. The US financial investor chose law firm Luther to guide it through the process. Once again, Luther was able to provide its expertise in the field of restructuring/distressed M&A to successfully fulfil this mandate.

This means that production in Wismar will be taken over by Metropolitan Equity Partners Management, LLC., New York (MEP) and in the future will trade under the name of Wismar Pellets GmbH. MEP is an active financial investor with extensive experience in company development. MEP has appointed new management which, in cooperation with the experienced works team, will give the newly-founded Wismar Pellets GmbH long-term prospects.

Luther advised MEP ahead of the impending insolvency of German Pellets when the wood pellet manufacturer was no longer able to meet its obligations towards MEP. Its priorities were to safeguard the existing furnishings and real estate securities, and the strategic approach in the event of insolvency and questions of insolvency law. In this context, Luther also analysed alternatives to liquidation for the securities.

After the firm filed for insolvency, Luther advised MEP on DIP financing in order to keep production going at German Pellets, thereby maintaining the value of the securities as part of an ongoing business. This DIP financing was granted by Commerzbank AG,

meaning that MEP provided security for a significant proportion of the risk with respect to Commerzbank AG.

Once MEP had decided to submit a bid for the German Pellets plant in Wismar, Luther advised it on the acquisition of the production plant and the transfer of employees. The major law firm provided support and advice throughout negotiations with the insolvency administrators at German Pellets and with other secured creditors and lender banks. Luther also developed the legal plans for the acquisition, financing and tax planning for the takeover.

The takeover by MEP of production at the Wismar plant has ensured its continued operation and the survival of the majority of jobs at the production plant. MEP is confident that in the future, Wismar Pellets will play a positive role in the wood industry in Wismar and the economic region of Mecklenburg-Vorpommern.

About MEP

Metropolitan Equity Partners Management LLC ("MEP") is an alternative investment manager that provides transition and expansion capital to growing private companies in the lower middle market. MEP focuses on complex transactions in capital intensive businesses where it can add value via its network of experienced managers to catalyze a company's transition to its next stage of development.

For MEP

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Brief Profile Luther

Luther is a leading German commercial law firm that offers comprehensive legal and tax services. The full-service law firm employs over 350 lawyers and tax advisors and is represented at 10 German economic centres and at important investment locations and financial centres in Europe and Asia with international offices in Brussels, London, Luxembourg, Shanghai, Singapore and Yangon. Our clients are medium-sized enterprises and large corporations, as well as the public sector.

Luther works closely with other commercial law firms in all the prevailing jurisdictions worldwide. On the Continent, Luther is part of a group of independent leading law firms who have worked together for many years on joint cross-border projects.

Luther Rechtsanwalts-gesellschaft mbH is a law firm with a business approach: our innovative awareness aspires us to provide our clients with customised legal advice that addresses individual needs and delivers the greatest possible economic benefit. Our lawyers and tax advisors have a solid understanding of interdisciplinary matters and a wealth of experience in collaborating on complex tasks. Further information is available at: www.luther-lawfirm.com

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