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Luther advises ESPRIT Holding on the reorganisation and restructuring of its German group companies by way of an insolvency plan

Hamburg - The international fashion group ESPRIT has succeeded in restructuring its business in Germany. Luther Rechtsanwaltsgesellschaft, led by Frank Tschentscher, advised ESPRIT's Hong Kong listed parent company ESPRIT Holdings Limited on all the insolvency and restructuring issues relating to its six German subsidiaries.

Triggered by the consequences of the global Covid-19 pandemic and the associated shop closures in Europe and Asia, six German subsidiaries of the ESPRIT group had initiated protective shielding procedures at the end of March 2020 with the aim of implementing a cross-company restructuring concept. The German ESPRIT group was advised by Prof. Georg Streit and Dr Marc Scheunemann from the law firm Heuking Kühn, who were also responsible for the development of a restructuring concept based on insolvency plans. Debtor-in-possession proceedings were opened on 1 July.

The restructuring concept provided for the restructuring of the German subsidiaries through shareholder contributions on the one hand, and debt waivers on the other. The prerequisite for the shareholder contribution was that the shareholder structure would remain unchanged by the insolvency plans and that ESPRIT Holding Limited would remain the sole (indirect) shareholder of the six subsidiaries.

Luther Rechtsanwaltsgesellschaft provided ESPRIT Holding Limited with comprehensive insolvency law advice and also decisively influenced the specific form of the insolvency plans during the

negotiations on their financing. Together with the parent company's financial advisor, the consultancy firm EY led by Dr Rainer Bizenberger, the proposed operative restructuring concept was thoroughly examined and questioned and the entire communication with the German management, their advisors Heuking Kühn and the administrator Dr Biner Bähr from the law firm White & Case was newly set up and coordinated; not least also with regard to the reporting obligations under stock exchange law in Hong Kong.

At the end of October, after a total of six meetings, the creditors approved the insolvency plans and the reorganisation concept with a large majority. No objections to the insolvency plans have been lodged that would justify an appeal, therefore the planning confirmation resolutions issued will become legally binding after the deadline has expired. It is anticipated that the Insolvency Court in Dusseldorf will order at the end of November 2020 that the insolvency proceedings be stopped so the ESPRIT subsidiaries can resume their normal business operations.

Christin Chiu, Member of the Management Board of ESPRIT Holding: "With the support of our excellent advisors Luther and EY and their professional management of the overall process we have succeeded in implementing a tailor-made restructuring concept that will see the ESPRIT-brand continue prominently in Europe and Asia". ESPRIT Group CEO Anders Kristiansen added: "It is also thanks to the always constructive cooperation with the representatives of our parent company, Luther and EY, and the tireless efforts of all those involved that we were able to achieve this outstanding success and can now start off strong again at ESPRIT".

About ESPRIT:

ESPRIT is an internationally active fashion group that was founded in San Francisco/USA in 1968. ESPRIT is active in more than 30 countries worldwide and its headquarters are located in Ratingen, Germany.

On behalf of ESPRIT:

Luther Restructuring & Insolvency: Frank Tschentscher, LL.M.
(Partner, Lead), Anastasia Shelestova (Associate)

Luther Employment Law: Dr Volker Schneider (Partner), Dr Anna Mayr (Senior Associate)

EY: Dr Rainer Bizenberger (Head of Turnaround and Restructuring Strategy EMEIA, Lead), Dr Jörg Sandow (Partner), Brenda Mäder (Director)

Brief Profile Luther Rechtsanwaltsgesellschaft mbH

Luther is a leading German commercial law firm that offers comprehensive legal and tax advice. The full-service law firm, which was named “Law Firm of the Year 2019” by the German legal published JUVE, employs over 420 lawyers and tax advisors and is represented in ten German economic hubs as well as with ten of its own international offices in key investment locations and financial centres in Europe and Asia. Its clients include 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. 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 Rechtsanwaltsgesellschaft 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. All of Luther’s lawyers and tax advisers 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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