

DR. JUR. MICHAEL JAFFÉ
Rechtsanwalt
Fachanwalt für Steuerrecht
Fachanwalt für Insolvenzrecht
Insolvenzverwalter

Franz-Joseph-Straße 8
D-80801 München
Telefon +49(0)89 / 25 54 87-00
Telefax +49(0)89 / 25 54 87-10
E-Mail: muenchen@jaffe-rae.de

Press Release

Dr Michael Jaffé, Lawyer

Insolvency Administrator for Phoenix Solar AG, Sulzemoos

Insolvency proceedings opened concerning Phoenix Solar AG - Dr Michael Jaffé confirmed as insolvency administrator

Negotiations with investors for individual subsidiaries continue

Munich/Sulzemoos, 27 February 2018.

The Munich District Court today opened insolvency proceedings concerning the assets of Phoenix Solar AG and appointed Dr Michael Jaffé of the law firm JAFFÉ Rechtsanwälte Insolvenzverwalter as the insolvency administrator. In his report, which forms the basis of the opening of proceedings, Dr Jaffé concludes that Phoenix Solar AG, which acted as a financial holding company for its global project companies and subsidiaries, is in a position of both insolvency and over-indebtedness. Negotiations are currently being held with potential investors for the individual operational holdings.

“The remaining assets of Phoenix Solar AG essentially comprise the holdings in the non-insolvent subsidiaries in the Asia Pacific region, in Italy, Greece and the Middle East. Negotiations regarding these assets are being held with potential investors. However, the outcome is still uncertain. In all probability, the proceeds of sale will not come close to meeting the outstanding liabilities of Phoenix Solar AG”, stated Dr Michael Jaffé in his report on the opening of the insolvency proceedings.



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Subsidiaries of interest to strategic investors

The value of the holdings essentially consists in the fact that there are functioning organisational units for the implementation of projects and that there is at least one portfolio of projects which have started and which, with the support of an investor, could potentially be resumed. "The subsidiaries are therefore of interest to strategic investors looking for such an established unit in combination with their own projects in order to leverage the resulting synergies", said insolvency administrator Dr Michael Jaffé.

Against this background, there were intensive efforts during the preliminary insolvency proceedings to test and promote the possibilities of liquidating individual holdings. As a result, interested parties from around the world were contacted within a very short period and discussions were held about the investment objects and how to proceed.

The most promising of these is the sale of the Italian holding, which owns a solar park in Sicily. Numerous meetings with several potential buyers have been held, and initial indicative offers have already been received for the purchase of the solar park. This also applies to shares in a photovoltaic facility in Waltenhofen in Germany.

Extensive trademark rights

We are also working to conclude a contract for the purchase of the subsidiaries of Phoenix Solar AG in the Asia-Pacific region as soon as possible with one of the interested potential investors. "It is not yet possible to forecast whether or not this will be successful", says the insolvency administrator Dr Michael Jaffé in this report. Negotiations are also still proceeding for the subsidiaries in Turkey and Oman, although the overall conditions here are considerably more difficult. In addition, we are looking for a way to enable the subsidiary in Greece (Phoenix Solar M.E.P.E., Athens) to continue.

There is no solution for the largest subsidiary of Phoenix Solar AG, the US subsidiary Phoenix Solar Inc., most recently with a share of turnover of 78 percent, to continue trading. Before the insolvency, the clients of Phoenix Solar Inc. had already terminated significant contracts leading the US company to apply for insolvency under Chapter 7 of the US Bankruptcy Code on 29 December 2017.

On 13 December 2017, Phoenix Solar AG applied to open insolvency proceedings following the withdrawal of project-specific letters of credit amounting to approximately USD 8 million by a large client of Phoenix Solar Inc. As a result of this, the parent company, Phoenix Solar AG, received claims from the issuing banks for repayment of the same amount. This exceeded its financial capacity. Attempts by the company management to reach a solution with the US client and the banking consortium in Germany were unsuccessful.

Potential investors have registered their interest in the extensive trademark rights of Phoenix Solar AG. Negotiations for their sale are also being conducted, and the opening of insolvency proceedings now makes it possible to bring them to a conclusion.

Additional information

Phoenix Solar AG, with its head office in Sulzemoos near Munich, has been one of the pioneers in the field of planning, construction and operation of large photovoltaic power plants since it was established in 1999. Most recently, the group, with its own subsidiaries in 10 countries on three continents and a total of around 120 permanent employees, achieved a sales volume of EUR 139.3 million (financial year 2016). At its height (2010), Phoenix Solar had an annual turnover of EUR 635.7 million, with the major share at that time being generated from German trading. This ended completely in 2012 due to the European solar crisis. Since then, the group has been in a restructuring phase.

Dr Michael Jaffé's most prominent insolvency proceedings include the media group KirchMedia, the memory chip manufacturer Qimonda and the German subsidiaries of the Petroplus Group, formerly the largest independent refinery operator in Europe. In addition, he has successfully concluded the restructuring of the caravan producer Knaus Tabbers, Grob Aerospace and Cinterion Wireless Modules Holding GmbH. As insolvency administrator of Stadtwerke Gera Aktiengesellschaft, a holding company for the investments of the city of Gera, which was concerned with providing public services for approximately 200,000 people, he was able to quickly stabilize the operations after the insolvency application and subsequently maintain them without restrictions. In the meantime, a permanent solution to continue operations was implemented for all holdings. As the insolvency administrator for the insolvent fund company NARAT GmbH & Co. KG, in the summer of 2016 Dr Michael Jaffé also sold one of the largest commercial real estate portfolios in North Rhine-Westphalia. He was recently also appointed by the Munich District Court as the insolvency administrator for the Rinecker Proton Therapy Center (RPTC), the first fully clinical proton radiation centre in Europe to treat cancer patients.

The law firm **JAFFÉ Rechtsanwälte Insolvenzverwalter** has been one of the leading law firms in the areas of insolvency administration, insolvency law and litigation for more than two decades, in particular for complex and cross-border proceedings. The firm's lawyers do not view company crisis and insolvency as an expression of business failure, instead they make every effort to ensure success for the company in insolvency through restructuring, maintaining jobs and at the same time ensuring that creditors needs are met in the best possible way. This applies in traditional insolvency proceedings as well as in self administration and umbrella proceedings. Dr Jaffé and the firm's lawyers are regularly appointed as insolvency administrators

and trustees; their experience and independence guarantee fair and successful proceedings.

For further information, please contact:

Media contact the insolvency administrator: Sebastian Brunner
Tel.: +49175/5604673

Email: sebastian.brunner@brunner-communications.de