



SCHIRP NEUSEL & PARTNER
Rechtsanwälte mbB

to the bondholders
of Scholz Holding GmbH
(ISIN AT0000A0U9J2, WKN A1MLSS))

Berlin, Juni 27th, 2016

**our file-nr.: 00049-16/rawos
(please refer to)**

**Are you a Scholz bondholder?
Do you want to join in our fight for recovery of the money
invested?**

Here is a short summary of what we are planning to do:

Dear Madam, dear Sir,

being a Scholz bondholder, you have lost almost 100 % of your capital invested. The Vienna-based "Kuratelverfahren" has ended with a complete and utter expropriation of the investors. Just 7,67 % of the capital will be paid back; the rest is lost.

We are leading a group of investors who will fight for recovery of their money. With this letter, we want to give our clients who do not speak German a short summary of our plans.

1.) Against whom are we bringing action?

- Berndt-Ulrich Scholz, Parkstraße 6, 73430 Aalen
- Oliver Scholz, Ziegelstraße 15, 73430 Aalen
- Scholz Holding GmbH, Berndt-Ulrich-Scholz-Straße 1,
D - 73457 Essingen

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2.) Why have we chosen these three opponents?

Berndt-Ulrich Scholz (the father) and Oliver Scholz (the son) were 100 % owners of Scholz AG when this company's bond was brought to market in 2012/2013. They were also managing directors of this company. In the emission prospectus as well as in the 8-page flyer used to market the bond, both men are referred to. They bear responsibility if we can prove that false claims were made in these documents or that substantial facts were left out. Both men still have considerable personal wealth so that we can reasonably assume that they will be able to pay up if we get legal leverage over them.

The third opponent - Scholz Holding GmbH – is the legal successor of Scholz AG. Therefore, it bears responsibility if we can show that false claims were made in the emission prospectus. Now that the company has regained financial stability (by shedding its obligations under the bond), it should also be in a position to pay up.

3.) How to get legal leverage over our opponents

Two steps have to be successfully taken::

- We have to prove that false claims were made or that important information was being withheld in the years 2012 and 2013 in the emission prospectus or in the 8-page flyer used to attract investors.
- Once we have identified such false claims or missing information, we must show that this happened not just out of negligence, but that it was intentional.

We feel that we can prove such intentional misinformation in four areas:

- How the proceeds of the bond emission were being used: As per page 95 of the emissions prospectus, the proceeds of the bond emission were to be used for „*general refinancing needs*“ of Scholz AG. This description was not true. Quite to the contrary, more than half of the proceeds were used to mitigate the consequences of a privately held failed investment by Oliver Scholz in Australia. Oliver Scholz was heavily invested in Australia's CMA Corporation Limited, a company which was bleeding cash. In Scholz AG's annual report for the year 2012, the CMA investment was treated as a 100 %-investment by Oliver Scholz. One year later, in



Scholz AG's annual report for the year 2013, CMA suddenly figures as a 100 %-subsidiary of Scholz AG. The same annual report shows that *"it cost 109 Mio. EURO to end Scholz AG's business relation with CMA"*. So the proceeds of the bond emission were used to solve a private problem of Oliver Scholz. What is worse, the money could not be used to help Scholz AG, which was the official reason for emitting the bond in the first place

- Misrepresentation of the real state of the company: When the bond was issued in 2012, Scholz AG was in a much worse shape than the emission prospectus suggested. We can prove signs of a serious crisis dating back to 2009, three years before the bond was brought to market. Since 2009, the financing banks were prodding Scholz to sell its „non-core“-units (aluminium, premium steel). These sales were not completed since it became clear that there was a huge discrepancy between the book values and the real market values and Scholz' balance sheet could not bear the necessary value adjustments. Also in the year 2009, Scholz started an extremely ill-fated investment in a forge plant in the Czech Republic (Investment Poldi 2009) which over the years brought losses of 120 Mio. EURO. Scholz' banks had already pooled their interests in 2009 – maybe even as early as 2008 – and were buying Scholz' claims under an „asset backed securities“-scheme – a sure sign that the banks knew about Scholz' problems and wanted better control. The restructuring company Roland Berger, which has a reputation for rigorous cost cutting, was active within Scholz since 2009. None of these facts is obvious from the emission prospectus.
- No information about serious environmental risks: The emission prospectus fails to inform about two environmental risks that were dramatic even by a scrap metal company's standards. For once, this is the aluminium hut in Stockach, not far from lake Bodensee, where huge quantities of salt slag were discharged into the river Aach and where generally the quantity of salt slag was 10 times higher than the quantity approved by authorities (effective quantity of salt slag > 200.000 mt, approved quantity 20.000 mt). The same holds true for the metal hut in Neustadt which was a dumping ground after World War II (US Army und private enterprises), with severe soil pollution as a result. The prospectus fails to inform about these problems.
- No information about the failure to adjust balance sheet values: In the years before the emission of the bond, Scholz AG failed to show necessary value adjustments on its balance sheets. In the years 2011 and 2012, that is directly before and during



the emission of the bond, only very moderate value adjustments were made (8 Mio. EURO and 12 Mio. EURO). But in the year 2013 – directly after emitting the bond and recapitalizing the company – value adjustments were made in excess of 300 Mio. EURO. Pure chance? We do not believe this.

4.) How we will proceed, and what the costs are

We will make contact with as many Scholz bondholders as we can and invite them to join us. Once we have forged a strong team of bondholders, we will make contact with the Scholz family and confront them with our claims and the evidence we have gathered. Since the Scholz family is still very well established in their home region and has a reputation to lose (they are regional benefactors, even the local soccer club plays in a stadium called “*Scholz arena*”), and since we will direct claims against them personally, we consider it plausible that they will offer reasonable compensation for bondholders in exchange for peace. If they fail to do so, we have a wide range of civil law and of penal law remedies to confront them with.

To make the decision to join us easy for you, we have agreed to represent all bondholders free of lawyers’ fees if they become members of one of the investors’ unions who are active in the Scholz theme, i.e.:

- in Austria:
 - o Interessenverband für Anleger, Feldmühlgasse 22, 1130 Wien, www.iva.or.at
 - o Kreditschutzverband von 1870, Wagenseilgasse 7, 1120 Wien, www.ksv.at

- in Germany:
 - o Aktionsbund Aktiver Anlegerschutz e.V., Heerstraße 2, 14052 Berlin, www.aktionsbund.de
 - o DIU e.V. – Deutsche Investoren Union, Platzl 1a, 80331 München, www.diuev.de

If you choose membership in one of these investors’ unions, the only costs that you have to agree to are the membership fees demanded by these organizations.



We enclose membership materials for one of these investors' unions which our law firm co-founded in the year 2002 (Aktionsbund Aktiver Anlegerschutz e.V.) and with which we intensively co-operate on a daily basis. But you are free to choose any one of the other organizations mentioned above.

If you do not want to enter into an investors' union, you are also free to engage our law firm directly. In this case we would charge the legal fees provided for by the German "Rechtsanwaltsvergütungsgesetz", which we will be happy to calculate for you before you make your decision.

5.) What to do now

Please sign the attached „Vollmacht“ (power of attorney) and return it to us.

Please sign the attached „Aufnahmeantrag“ (application for membership) of Aktionsbund Aktiver Anlegerschutz e.V. and return it to us or show us that you are member of one of the other a.m. investors' unions.

Please send us a copy of your account statement showing your Scholz investment.

Yours truly

Dr. Wolfgang Schirp
Rechtsanwalt
(FA f. Bank- u. Kapitalmarktrecht)