

The Pier of Scheveningen

Rik Buitenhuis looks back on the bankruptcy and sale of a Dutch landmark



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**A NEW CHAPTER
IN THE EVOLVING
STORY AROUND
ONE OF THE
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MOST FAMOUS
BUILDINGS
BEGINS**



On 30 October the 'Pier of Scheveningen' was sold to DE PIER B.V., a consortium made of the building company Kondor Wessels and the easyHotel franchise holder for the Benelux Danzep.

The sale took place almost two years after the former owner of the iconic Dutch sea-side landmark was declared bankrupt. The buyer aims to re-open the 'Pier of Scheveningen' for the public early 2015. With the sale of the Pier a new chapter in the evolving story around one of The Netherlands' most famous landmarks begins. Time to look back on the past chapter: from bankruptcy to sale, careful to find the right buyer, while keeping in mind the creditors' interest and the expectations of the public.

Former owners of the Pier, the limited liability companies 'De Scheveningsche Pier Vastgoed B.V.' and 'De Scheveningsche Pier Exploitatie B.V.', were declared bankrupt by the District Courts of The Hague and Amsterdam in January 2013. Marc Udink (*Udink & De Jong Advocaten*) was appointed by the Courts as receiver in bankruptcy. The two bankrupt companies respectively owned and operated the landmark 'Pier of Scheveningen'. An enormous concrete structure covering about 25,000 m² and stretching 380 metres into the sea (recently voted one of ten most beautiful piers in the world due to its scale and unusual concrete structure).

History

When declared bankrupt in 2013 the Pier already had a (financially)

troubled history. The ancient Pier, a hundred metres to the south from the current one, was destroyed in a fire during WWII. After being rebuilt in the 1950s (at the current location), it had changed hands a few times before the Van der Valk family (shareholders and directors of the two bankrupt companies), well known in The Netherlands for their hotels and restaurants, bought the Pier in 1991 (in disrepair) supposedly for one Dutch guilder.

In the late 1990's the Van der Valk family made considerable investments and doubled the square metres by adding a second floor onto the Pier. Unfortunately, it turned out that the Van der Valk family was not able to make a return on the investment and eventually filed for bankruptcy of the companies 'De Scheveningsche Pier Vastgoed B.V.' and 'De Scheveningsche Pier Exploitatie B.V.' in December 2012.

Bankruptcy of an iconic 'public building'

The bankruptcy of the Pier was covered extensively by the Dutch national media and resulted in much speculation about the future of the landmark, both in the media and within the understandably worried Hague and Scheveningen communities. Although privately owed, the Pier has always been a public space loved by many. Besides the media attention and concern about the future of the Pier, many parties interested in buying it contacted the receiver, the municipality and/or the media. These were local, national and international parties, joint ventures and also

crowd funding projects and (other) citizens' initiatives.

A cancelled auction and further negotiations

Soon after bankruptcy it was decided the Pier would be auctioned off publicly. With an auction Udink tried to force a quick sale of the Pier, as a quick sale would best serve the interest of all stakeholders. The process would be transparent to the public, the municipality and the many interested parties. Most important with an auction, the largest possible sum could be generated for the joined creditors within the shortest possible period of time. While the auction generated a lot of interest, the market proved not ready for it yet. None of the interested parties made a reasonable initial bid beforehand and as a result the auction had to be cancelled.

The cancellation of the auction signalled a second phase in the sale process. After the cancellation the receiver could, in relative calm, talk with several of the more serious interested parties. Among those parties were both Kondor Wessels and Danzep. Kondor Wessels and Danzep first learned of each other's interest in re-developing the Pier due to the publicity the auction generated and later on decided to join forces. After the cancellation of the auction, the municipality also became an active third party in the negotiations, whereas earlier the municipality had acted only as an opinion maker, venting ideas about the future of the Pier with limited regards to the interest of the joined creditors and other



stakeholders, and showing little comprehension of the characteristics of the bankruptcy proceedings. Later on the approach of some politicians within the municipality changed back to that of opinion maker and put the deal in jeopardy when it was almost reaching a concluding stage.

Third party interests

At the moment of bankruptcy the Van der Valk family operated three businesses on the Pier. A casino, a restaurant and a theme park, operated in part in the limited liability company 'De Scheveningsche Pier Exploitatie B.V.'. Besides the Van der Valk businesses operated on the Pier a considerable amount of square metres was let to commercial third parties. That part of operating the Pier was handled by the limited liability company 'De Scheveningsche Pier Vastgoed B.V.'. The lessees operated a wide variety of businesses on the Pier from a bungee jump centre to a pancake restaurant, to souvenir shops.

The receiver closed the Van der Valk businesses soon after bankruptcy. Due to the bankruptcy the revenues of the Van der Valk businesses (further) declined and it was clear operating them would not be cost-effective and not in the interest of the joint creditors. With regards to the contracts with lessees a decision had to be made. While the contracts did generate funds in

the short term, the effects of the lease contracts on the sale value of the Pier were debatable and depended heavily on the development plans of the future buyer. Given the history of the Pier and the condition of the building, the future buyer most likely would prefer to re-develop the Pier. To accommodate the future buyer the receiver therefore decided to give notice of termination to the lessees. Some of the lessees accepted the termination, others did not. The receiver brought legal action against the lessees that did not.

During the legal proceeding the bankrupt estate had the fulfill the contracts. While the bankrupt estate did so, it could not provide the lessees with normal cleaning, security and maintenance services. Also the receiver did not have the funds to comply with City and/or fire department regulations. This eventually led to the municipality closing the Pier for the public end of 2013 due to safety concerns (the Pier no longer complied with fire department regulations). That meant, besides the public being denied access to 'their' Pier, also that the lessees, at that moment still operating their businesses on the Pier, had to close their businesses.

The closing of the Pier and the termination of the contracts with the lessees was the direct and insurmountable consequence of the (private ownership/public space) nature of the Pier and the characteristics of bankruptcy

proceedings in which the interest of the joint creditors are paramount.

Sale and the interest of the joint creditors while managing expectations of the public

On 30 November the Pier was sold to DE PIER B.V. With the sale of the Pier speculation with regards to the future of the iconic Pier (or lack thereof) have ended. The future of the Pier will be further defined by the buyer (and the municipality). The buyer aims to re-open the 'Pier of Scheveningen' for the public early 2015. With the re-opening of the Pier the The Hague and Scheveningen communities will regain their beloved landmark once again.

During the last two years Udink had to manage the expectations of the public while acting in the interest of the joint creditors. Fortunately, in the end, the receiver found a buyer. And, more important in bankruptcy, the interest of the joint creditors have been served well with the sale. The buyer will, in time, pay a total sum of €3 million for the Pier, which covers all preferential and ordinary creditors. A great result overall. ■

Further information on the re-opening of the Pier can be found on pierscheveningen.com



BESIDES THE PUBLIC BEING DENIED ACCESS TO 'THEIR' PIER, THE LESSEES HAD TO CLOSE THEIR BUSINESSES



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