



# Steinmetz to inject \$100m into Scorpio

17 Feb, 2011 10:57 Avi Shauly

Scorpio Real Estate's bondholders agreed to a debt settlement yesterday.

16 months since discussions on a debt settlement for Beny Steinmetz's Scorpio Real Estate Ltd. (TASE: **SCR.P.B1**) began, the company's bondholders approved it. Financially troubled Scorpio, which operates in Eastern Europe, had notified its creditors that it could not repay its debts on time. Steinmetz will inject \$100 million into the company in exchange for rescheduling the debt payments until 2018.

Scorpio mainly operates in Romania, Ukraine, and Russia, and the real estate crisis hit the company hard. It lost NIS 209 million in January-September 2010, after losing NIS 313 million in 2009 as a whole. It has a shareholders' equity deficit of NIS 486 million, and a going concern warning was attached to the latest quarterly financial reports. Scorpio chairman David Granot was previously the CEO of First International Bank.

In January 2007, Scorpio issued bonds with a present value of NIS 580 million. The principal was due to be repaid in five equal annual installments between January 2010 and 2014. The new repayment schedule postpones the start of repayment of the principal by four years, and spreads them through October 2018. The interest rate on the bond was also cut from 6.25% to 4%.

In exchange, Scorpio's bondholders will receive a cash payment of \$75 million (NIS 274 million - almost half the debt owned them) from Steinmetz's capital injection as part of the settlement. \$20 million will be injected into Scorpio itself to finance current projects. It is important to note that Steinmetz gave Scorpio an owner's loan of almost NIS 500 million for its operations, even before talks began on a debt settlement.

The remaining \$5 million of Steinmetz's cash injection will go to Scorpio's second largest creditor, **Bank Hapoalim** (TASE: **POLI**), which is owed \$100 million. Guarantees will be given

Nasdaq	May	S&P 500	May	TA Bluet	May	TA35	May	USD/EUR	May	NIS/EUR	May	NIS/USD	May							
21	23:44	21	23:20	21	17:24	21	17:24	22	14:22	22	14:22	22	14:23							
▼	-0.97%	0784.88	▼	-0.78%	2948.51	▲	+0.17%	431.36	▼	-0.9%	1.474.64	▼	-0.35%	1.0911	▲	+0.08%	3.8401	▼	-0.03%	3.5779

for the balance of the debt, and the bank agreed to defer repayment of the principal by 36 months.

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