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## Beny Steinmetz reaches agreement with banks on restructuring \$100 million in debts

By Michael Rochvarger | Dec. 13, 2010 | 2:09 AM

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Beny Steinmetz is closing in on completing arrangements for restructuring the various debts of his energy and real estate businesses to Israeli banks and bondholders. TheMarker has learned that Beny Steinmetz Group Resources, the holding company for his natural resource enterprises, has reached an agreement in principle with the banks in the last few days for restructuring debt totaling about \$100 million.

Negotiations between BSG Resources and the banks, which extended over many long months, were conducted by Steinmetz and his chief business manager David Granot, along with company officials from London.

The breakthrough came when Israel Discount Bank, owed about \$10 million by the subsidiary Bateman group, relented on its objections to some of the new arrangements, joining the other banks financing his activities in approving the settlement: Bank Hapoalim, which holds most of the debt, Bank Leumi, Mizrahi Tefahot Bank and the First International Bank of Israel.

Sources involved in the negotiations expect that the agreement will pave the way for Bank Hapoalim approving a debt arrangement for Scorpio Real Estate, controlled by Steinmetz. Scorpio, which owes the bank \$93 million in addition to bond debts totaling \$150 million, petitioned the courts to hold a bondholders meeting within the next few weeks to approve the debt arrangement, on which Bank Hapoalim will also need to sign off.

The company will need to garner 75% of its bondholders to support the plan and relinquish their rights to participate in a class action initiated against Scorpio totaling hundreds of millions of shekels.

According to the plan Steinmetz will inject \$100 million into Scorpio, with an immediate \$75 million payback to bondholders. In addition Steinmetz will inject \$20 million into the company for financing two projects in the Ukraine, which can be expected to improve the company's financial ratios and reduce equity deficit, which amounted to NIS 318 million at the end of March 2010. Bank Hapoalim would receive an immediate \$5 million and Steinmetz's personal guarantee to cover the balance.

The remaining debt to bondholders will be subordinated to that owed to the bank until 2013-2014, at which point half the money owed the bank will have been repaid, and from 2014 the bank and bond debts will be on an equal footing.