

ECM in insolvency on proposal of Česká spořitelna

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Česká spořitelna (CS) filed bankruptcy petition against ECM Real Estate Investments (ECM) on Monday [11th April] as well as a proposal to allow ECM reorganization. The court upheld the requirement of the bank, opened bankruptcy proceedings and limited ECM's disposal of their assets. The company is mainly known for the construction of high-rise buildings in Prague's Pankrác. It is facing high debt now. According to the documentation, ECM owes the bank over seven million in interest on overdue bonds. Česká spořitelna records ECM's debts of over 179 million as principal of the bonds before maturity and other receivables worth CZK 7.5 million. CEO and majority shareholder of ECM Milan Janků said that he would not comment on the bankruptcy proceedings until Wednesday, Patria.cz server cited. On Wednesday, 13 April ECM is to publish financial results for 2010.

CS warns that at least five other entities have matured claims with ECM, a minimum of CZK 16.3 million. According to CS, this concerns UNIQA, Volksbank, Asset Management Slovenskej sporitelne, Conseq Investment Management and Glancus Investments. Česká spořitelna stated in its materials that the insolvency petition was filed to protect the integrity of the debtor's business and to ensure the highest possible satisfaction to its lenders. The reason for the insolvency petition was the fact that one of ECM's major creditors exercised its receivable and another creditor is also threatening to file significant receivables at the court. Last week ECM announced that Glancus Investments want the developer to repay early the Czech crown bonds worth CZK 137 million.

ECM already faced insolvency proceedings last autumn. This was eventually stopped by the court because the petitioner had withdrawn the insolvency petition. Approximately since then ECM has been working on a restructuring plan that would solve the company's debts.

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