

ECM: Another creditors´ meeting

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The creditors´ meeting will decide again today [ie. 22 Nov.] on the fate of ECM Real Estate Investments (ECM). The insolvency trustee proposes re-declaration of bankruptcy, ECM´s management want to assert its reorganization. The company was in bankruptcy from July, however, Prague´s High Court quashed the decision on declaring bankruptcy in October due to procedural errors.

Chairman and CEO of ECM Milan Janků originally advocated reorganizing the company, but he failed in July. Now creditors are proposing a new “roadmap” to help save the company through reorganization. This proposal envisages creation of ECM´s new management structure. The current board executives Milan Janků and Antonín Jakubše would be moved to the newly created Supervisory Board and a new, hired real estate manager would become Board Chairman. This could be either Anton Hopfgartner from Property Solutions, or the head of property developer Crestyl Omar Koleilat. While overall yield for unsecured creditors from selling assets and projects would be EUR 54.5 million in a reorganization, they claim it would be only EUR 39.3 million in the event of bankruptcy.

However, insolvency trustee Ivo Hala still insists on the best solution being bankruptcy. “The bankruptcy solution seems to be preferable since it offers higher satisfaction of creditors in a shorter timeframe,” PwC cites the insolvency trustee. According to Mr Hala, reorganization would require bringing new funding into the company which is said to be almost impossible at the moment. Mr Hala, in the enforcement of the new bankruptcy, also relies on a decision made by the court in Hong Kong last week. ECM holds a stake in the shopping centre ECMall in Beijing through a Hong Kong-based firm. Hong Kong court has now sent ECM into bankruptcy.

In case Tuesday´s creditors´ meeting re-declares bankruptcy on ECM, Mr Janků is ready for a new appeal.

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