

Holders of Africa-Israel bonds enlarge their delegation

Representative of DK Partners in Israel, Yoav Kfir, last Wednesday joined representatives of Klirmark Capital, Psagot Investment House and Menora Insurance in a move aimed at accelerating negotiations for the sale of Africa-Israel.

The delegation representing holders of Africa-Israel bonds last Wednesday brought in Yoav Kfir, representing DK Partners in Israel, in order to try and advance frozen negotiations for introducing a new investor to the company. DK Partners is the investment fund with the largest holding of Africa-Israel bonds. Other members of creditor committees include representatives of the Klirmark hedge fund, Psagot Investment House, and Menora Insurance.

Kfir is fairly experienced in the local financial arrangement market. He was involved in the IDB arrangement and helped Motti Ben-Moshe and current IDB controlling shareholder Eduardo Elsztain take over the company from Nochi Dankner. He was also involved in the Elbit Imaging arrangement, appointed as official receiver of the collapsed Alvarion company, and was a court-appointed expert for examining the proposed bonds arrangement with Suny, which was under the control of Ilan Ben-Dov.

After the controlling shareholder of Africa-Israel, Lev Leviev, agreed to acquire the AFI Development subsidiary, negotiations reached an impasse for the acquisition of Africa-Israel, which is expected to record a loss of NIS 2.4 billion in its third quarter reports. Africa-Israel owes an overall sum of NIS 2.7 to bondholders and is dealing with an auditor's going concern comment in its financial statements while it continues to burn cash.

The company's creditors, who are managing negotiations with the offering parties, are seeking an outside investor who would agree to infuse cash into the company's coffers, which would help it discharge its liabilities towards them. Now, the new delegation will be required to decide on the extent of the 'haircut' that creditors will accept and whether they will agree to receive payment in the form of either shares or cash.

The offers received by the company up to now from businessman Motti Ben-Moshe and the Dayan family haven't succeeded in materializing into a binding offer. Ben-Moshe demanded a NIS 700 million debt write-off and was ready to infuse hundreds of millions of shekels into the company; however he demanded the performance of due diligence as well as Lev Leviev's blessing on such a move. The Dayan family offered to infuse approximately NIS 700 million while demanding to reschedule payments such that they would not be executed immediately. Certain members of the delegation believe that Lev Leviev is the ideal person to continue controlling the company and they are trying to pressure him to propose an offer via external investors.