



Reyal Urbis Seeks Protection From Creditors Owed \$4.8 Bln

By Sharon Smyth - Feb 19, 2013

[Reyal Urbis SA](#), a Spanish developer struggling to cope with 3.6 billion euros (\$4.8 billion) of debt, sought protection from creditors in the second-largest such filing ever in Spain.

“Reyal Urbis informed the regulator that it requested protection from creditors after failing to reach a refinancing agreement with lenders,” the company said today in an e-mailed statement. The Madrid-based company said it will continue operating and it’s confident of reaching a restructuring accord based on the “goodwill” of its creditors.

Spanish real estate companies borrowed to buy competitors during a decade-long property boom and then struggled to meet sales targets when the market collapsed. [Martinsa-Fadesa SA](#) sought protection from creditors in 2009 with 7.3 billion euros in liabilities in Spain’s biggest filing. Reyal Urbis renegotiated 4.6 billion euros of loans in 2010 and has been trying to complete a second round of refinancing.

The company’s lenders include [Banco Santander SA](#), Banco Popular SA, Royal Bank of Scotland Group Plc, Banco Bilbao Vizcaya Argentaria SA and Sareb, Spain’s so-called bad bank.

“After various debt restructurings the company has lost the support of its banks,” said [Juan Jose Fernandez Figares](#), chief analyst at Link Securities in Madrid. “Weak residential real estate demand, the fact that banks are now the main home sellers in Spain and the creation of the bad bank are all factors working against traditional real estate companies.”

Third-Quarter Loss

The company’s third-quarter net loss widened to 257 million euros from 136.6 million euros a year earlier, according to a regulatory filing in September. Net debt was 3.6 billion euros and total assets were valued at 4.19 billion euros at the end of June, the company said today in the e-mailed statement.

More than half of Spain’s 67,000 developers can be considered “zombies” that are kept propped up by creditors unwilling to realize losses, real estate consulting firm R.R. de Acuna & Asociados said in May. They have combined debt of 180 billion euros that will lead to 104 billion euros of losses that hasn’t been fully provisioned for, Acuna estimates.

Reyal Urbis was suspended by Spain’s stock-market regulator today before the market opened. The shares, which traded as high as 10.99 euros in 2007, closed yesterday at 12 cents, giving the company a market value of 36.2 million euros.

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