

New advisers brought in to help end standoff with lenders

# Plantation owners will try to restructure debt – again

**Mike Phillips**

The owners of the 550,000 sq ft Plantation Place office building, EC3, are attempting to restructure the debt secured against the building for the third time in two years.

The fund that owns the building, in which Invista Foundation Property Trust and transport firm Stobart own stakes, has brought in specialist debt advisory firm Brookland Partners to propose a strategy to end the standoff with lenders.

The situation with Plantation Place took an interesting turn this week when it was reported that its value had gone up from £400m at the end of 2009 to £425m at the end of March.

This meant that the value of the building was only slightly less than the £435m of bonds secured against it, although there was an interest rate swap liability outstanding as well.

City analysts suggested that this rise in value could prompt action from the building's owners or bondholders, as they look to profit from rising prices in the City.

Michael Cox, analyst at Chalkhill Securities, said: "If we see further price appreciation over the coming quarter, the value of the property may approach the point at which loan enforcement and acceleration could result in full recovery of principal on all loans.

"Until now, it has been clear that the preferred strategy of the servicer has been to ignore the breach given the strength of the income. However, we would expect that the potential for equity to return could prompt discussions to recommence between the sponsors and the servicer about the potential for new investment to cure the breach, or for the sponsors to

investigate a sale of the property to take advantage of a strong City office investment market."

Other City sources suggested that refinancing could be an option, given the appetite for banks to lend against prime City office assets, but that the interest rate swap might work against this option.

Invista had previously brought in debt specialist Houlihan Lokey to try to restructure the debt, and then approached bondholders itself. Activist bondholders had also been pushing for a sale, but both sides have been deadlocked for almost two years.

The Invista trust, which owns a 28% stake in the asset, said this week that its net asset value had risen by 6% to 52p a share in the first quarter of 2010, but it still carried its stake in Plantation Place at nil.

Invista was unavailable for comment.