

£680m hotel debt to be restructured

26 June 2010

Bondholders this week voted to approve the restructuring of £680m of debt secured against a portfolio of 61 UK hotels.

The 57 Holiday Inns and four Crowne Plazas were bought by a consortium of GIC, Lehman Brothers Real Estate Funds and Starwood for £1bn in 2005.

The loan matured in March.

The consortium has been working with bondholders on a proposal that will see £77m of new equity injected into the deal and higher interest rate margins paid in return for a three-year extension.

Any excess cash generated from the hotels would be used to pay back debt rather than paying the consortium a dividend.

PricewaterhouseCoopers and Berwin Leighton Paisner advised the consortium on the restructuring. Brookland Partners advised Capita, the servicer of the loan.