

Brookland gets approval for Tahiti Finance loan maturity extension

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Brookland Partners, the real estate investment banking firm, has secured approval for the proposed loan maturity extension of Tahiti Finance.

Noteholders representing more than 75 per cent of each class of the notes voted in favour of the proposal at the extraordinary general meetings held on 18 June.

Brookland acted as financial advisers to the servicer, Capita Asset Services, and as consent solicitation agent on the Tahiti Finance restructuring.

The original transaction involved the securitisation of a GBP535m facility A1 loan secured by a portfolio of 61 hotels operated by Intercontinental Hotels Group. The portfolio was valued at GBP890m as at 31 December 2009.

The completion of the negotiations, following a standstill agreement between the issuer and other lenders on 18 May, will see an extension of the senior facility agreement from its original maturity of 24 May 2010 to 24 May 2012 with the option to extend for a further year to 24 May 2013, subject to certain LTV and debt yield covenants being met.

In exchange, noteholders will receive an equity contribution of GBP85m from the sponsors, to be used for an upfront principal prepayment of GBP77m, and payment of 143 bps extension fee and transaction costs.

Noteholders will also benefit from amortisation due to a full cash sweep of all amounts after the payment of senior facility interest.

Brookland also secured the sacrifice of deferred consideration and ensured that all principal prepayments for the remainder of the transaction are paid to noteholders. Noteholders will receive increased margin of 37.5 bps in the two years to May 2012. If the borrower extends the loan for a further year, noteholders will receive further extension fees and increased margin.

Nassar Hussain, managing partner of Brookland Partners, says: "The successful restructuring of Tahiti Finance plc involved securing the agreement of noteholders across three different asset classes, often with competing priorities, and negotiating the key issues with the sponsors and a range of junior investors. The economic benefits that were secured for noteholders compare favourably with other transactions we have seen in the market. We are delighted to have reached consensus among such a high percentage of noteholders and the other counterparties."

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