



Formation Capital enters binding agreement to buy £478m former Southern Cross nursing homes

By James Wallace - Monday, November 03, 2014 14:33

Formation Capital has entered into a binding agreement to acquire shares in the company, and all subsidiaries, which own almost 300 former Southern Cross UK care homes for an all-cash price of £477.67m.

The sale is estimated to return £457.58m to noteholders in the Titan Europe 2007-1 (NHP) Limited which crystallises just under a 10% loss on the outstanding senior loan balance of £507m.

Capita Asset Services is the special service provider, which appointed Deutsche Bank to manage the sale process.

Class A noteholders – including Och-Ziff – have already passed a resolution consenting to the disposal which, earlier this year, Anchorage Capital and Credit Suisse International tried to block.

The completion of the sale is expected to occur on 12 November.

In a notice to noteholders published on the Stock Exchange, Capita stated: “The special servicer wishes to inform noteholders that a binding sale and purchase agreement (the SPA) has been executed in respect of the sale of all of the subsidiaries of the borrower, through the sale of all of the shares of NHP Holdco 1 Limited.”

Receivers have been appointed in respect of certain assets of the borrower shortly before entry into the SPA, to facilitate the property disposal.

An announcement said: "The appointment of receivers does not affect the care of residents or the jobs of staff within the Borrower Group; HC-One Limited's business will continue to operate as usual."

One of the major hurdles to the sale of the property portfolio was negotiations with the swap provider which was Credit Suisse International.

Back in April, a High Court ruling rejected Anchorage Capital's attempts to block the property portfolio disposal, which already secured class A noteholder approval.

Then in May, a subsequent 11th hour second attempt to stop the property sale consensually also failed.

Brookland was appointed by Capita Asset Services, in its capacity as Special Servicer, to assist in unlocking a number of issues that led to a suspension of the sales process in August and negotiated with a number of stakeholders including the Swap Provider, Class A Noteholders, bidders, NHP and HC-One which allowed a sale to proceed to signing.

Jeremy Jensen, CRO at NHP, said: "This was one of the most difficult Turnarounds that Aaronite has led in this sector. I would like to thank Nassar Hussain, Gareck Wilson and their team for their hard work and leadership of the process through the lender negotiations. Brookland has done an absolutely outstanding job and was pivotal in the successful outcome of creditor and bidder negotiations which led to the consummation of this deal and I look forward to working with them again."

Nassar Hussain, Principal at Brookland Partners said: "This has been a difficult and complex transaction for all concerned in recent years and we are were pleased to be able to assist with this positive outcome. Our services were only engaged recently but with intense interaction and negotiations with key stakeholders and bidders in order to unlock issues we were able to successfully drive the current process forward to signing."

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