

Northwood takes on Kennedy Wilson in Ireland asset fight

Northwood Investors, the New York-based firm founded by ex-Blackstone real estate head John Kukral, has submitted a €311 million counteroffer to one made by Los Angeles-based Kennedy Wilson and its hedge fund partner, Varde, for Irish assets.

Robin Marriott

John Kukral's Northwood Investors is in a straight-up dogfight with California's Kennedy Wilson and its co-bidder Varde, the US hedge fund, over a portfolio of Irish property assets.

Last night, Northwood put forward a €311 million rival offer for 16 commercial and office assets that are owned by Irish developers Johnny Ronan and Richard Barrett, who founded Treasury Holdings in 1989. The bid is designed to trump an offer previously submitted by Kennedy Wilson and Varde.

Northwood, being advised by London-based Brookland Partners, owns a junior loan in a commercial mortgage backed security linked to the assets and has made the counter-bid on the basis that a number of bondholders are indicating they will not vote in favour of Kennedy Wilson's bid. A vote is due to take place in two weeks' time.

Kennedy Wilson's bid is pitched at €306 million, with €5 million due to be paid back to the purchasers to help settle rental income payable between 15 April and 15 July. Under the Kennedy Wilson offer, the most well-secured Class A lenders will be repaid in full, Class B lenders will retrieve 96.5 percent, Class C will get 20.6 percent and Class D lenders just 7.4 percent.

Through a notice yesterday evening, Northwood said: "A number of noteholders recently have informed the junior lender that they are not supportive of the existing proposal and have requested that the junior lender submit a proposal, independent of the current process. The junior lender proposal offers significantly improved economic terms over the existing proposal," with net recoveries to noteholders of €311 million. In total, bondholders are owed a reported €375 million after Treasury Holdings defaulted on its loans.

The situation has been complicated by a reported €52 million capital gains tax bill that appears to be due should the assets be sold. Northwood's offer says it "fully mitigates the material capital gains tax risk.