Brookfield Wins Consent For £460M London Office Loan Restructure. Now The Hard Work Starts

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Castleforge Is Set To Acquire Brookfield's Citypoint Tower.

Holders of debt secured against one of London's largest office towers have agreed to a restructuring proposal from owner Brookfield, including a three-year extension to the maturity.

With more time from lenders, Brookfield will now begin the work of improving the sustainability credentials of the building, filling vacant space and improving the value.

Investors that own bonds secured against the 704K SF Citypoint tower agreed to a series of restructuring proposals from Brookfield on Wednesday, according to a public filing. A total of 99% of bondholders voted in favour of the proposals.

There is £368M of securitised debt on the building and £92M of junior debt.

The senior loan was meant to mature in January 2022 and was extended three times, most recently to this month, to buy more time for a sale or refinancing.

Bondholders have now agreed to extend the maturity of the debt to 2028 to give Brookfield more room to lease up space and improve the value.

In exchange, Brookfield will pay an increased interest rate margin. It will also take out a £22M loan to pay for leasing and other fees at an interest rate of 15%. That loan will be provided by another Brookfield entity.

Another amendment to the loan involves a request to modify change-of-control provisions, which would allow it to transfer the building to another entity owned by Brookfield without triggering any defaults.

Brookfield acquired Citypoint in 2016 for £607M by buying into its debt after it previously went into receivership.

The official valuation of the building is £670M, according to an investor report sent to bondholders. But when Brookfield put it up for sale last year, bids came in between £362M and £375M, another report showed, enough to pay off the securitised debt but not the junior.

The building is 95% leased, bondholder reports show. But earlier this month, law firm Simmons & Simmons said it is leaving in 2030 and heading to a refurbished office elsewhere in the City, like many tenants before it.

Occupying 133K SF and accounting for 20% of the rent roll, the firm's departure will increase vacancy in the building. Citypoint was built in 1967 and has been refurbished twice since 2001. The building has an energy performance certificate rating of C.

A business plan presented to bondholders said Brookfield intends to increase the net rental income from £6.4M in June to £9.2M by December 2027.

Brookland Partners advised Brookfield on the restructuring.

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