Russian developer seals refinance deal

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Published in the Financial Times: February 11 2009 22:22 | Last updated: February 11 2009 22:22
Source: www.ft.com

One of Russia's biggest property developers, Mirax Group, said on Wednesday that it had reached an agreement to restructure a $200m loan owed to **Credit Suisse**, in the country's first big restructuring deal since the credit crisis.

Sergei Polonsky, chairman of Mirax Group, told reporters that the $200m loan, which fell due this week, had been restructured over two years. The company, which is grappling with weakening demand, would cut costs and freeze projects.

Fitch, the international ratings agency, this week downgraded Mirax to CCC on fears it could default on up to $380m of short-term debt maturing in the first quarter of this year, including a $180m credit-linked note on which it faces a put option in mid-March.

The company said, however, that it was close to reaching a restructuring agreement on this loan as well.

Russia's property developers have been among the first to be hit by the global financial crisis, which has wiped more than 70 per cent off the stock market and stopped access to financing for all but the most powerful companies .

Mirax and other big Russian developers such as **PIK Group** and Sistema Hals fuelled the country's construction boom of recent years by borrowing heavily.

All have since faced ratings downgrades. Mirax has at least another $133m to pay off in 2009; the company said it would seek to restructure that too.

The deal comes as concerns in western banking circles are growing about Russian companies' ability to pay off $140bn in corporate debt falling due this year. The Russian government set aside $50bn in central bank reserves to help refinance companies' foreign debt, and has already disbursed $11bn of that amount through the state-owned bank, VEB. But government officials said last week that Russian companies would have to seek refinancing first from commercial banks in a switch of strategy from bailing out individual companies to supporting the banking system.

The government has lost $200bn in hard currency reserves fighting a run on the rouble and, as Russia battens down the hatches in preparation for a drawn-out recession, fears are growing the remaining $388bn may not be enough to bail out companies, finance budget deficits and recapitalise the banking system.

Oleg Deripaska's UC Rusal is seeking to restructure $17bn in debts, $7bn of which is owed to foreign banks.

It is seeking a "standstill" agreement from foreign lenders until it reaches a broader restructuring deal, people familiar with the matter say.

The Kremlin this week denied a report that Russia was seeking to restructure $400bn in corporate debt.