

Premier targets big league

Acquisitive **Premier Foods** has set out its stall for further shopping sprees by funding its takeover of Campbell's UK with a bold one-for-one rights issue, raising £458.5m and putting in place new borrowing facilities topping £1bn.

The £460m acquisition of the UK and Irish interests of Campbell's brings the iconic soup brand and its stablemates Batchelor's, Oxo, Fray Bentos and Homepride cooking sauces into the Premier grocery empire, which includes such branded British tea table staples as Branston, Crosse & Blackwell, Sarson's and Hartley's.

The rights issue, doubling the size of Premier's share capital, was brokered and underwritten by Merrill Lynch and Hoare Govett, with NM Rothschild and Spayne Lindsay acting as financial advisers.

A £450m bridging loan to see through the rights issue-funded deal was provided by Merrill Lynch and ABN Amro, Hoare Govett's parent bank.

A year after Premier's borrowing had gone through a £780m refinancing, the group also took the opportunity to rearrange its committed financing by raising its total debt facility to £1.085bn, a deal arranged by BNP Paribas, JPMorgan Chase, Lloyds TSB and Royal Bank of Scotland.

The debt facility consists of a £325m five-year amortising loan, £200m acquisition term loan and a £560m revolver.

Premier Foods Chief Executive Robert

Schofield said: "This transaction is highly compelling from a financial perspective and we are putting in place a financing structure which will give us the flexibility to continue to pursue our acquisition strategy."

British Land has cut the cost of its annual interest bill through a £1bn multi-tranche debenture restructuring secured on the UK's largest security pool of assets valued at £1.8bn.

Arranged by Royal Bank of Scotland and UBS, the deal substantially bought in debentures 2035 8.875% for £250m and a 9.375% 2028 for £200m as well as fully redeeming two further debentures totalling £33m, and paying 10.5% and 11.375% respectively.

They are being replaced by £100m five-year and £200m 14-year debentures paying 6.75%, a 2028 £310m 5.357% debenture and a £330m at 5.264% maturing 2035. Another £67m of unredeemed legacy debentures at previous coupon levels remain in issue.

British Land Finance Director Graham Roberts said debenture holders would benefit from a common security pool and improved covenants.

"It reflects British Land's commitment to finding optimal long-term structures to benefit both lenders and shareholders," he said.

British Land's average cost of debt will fall from 5.69% to 5.41%. The annual interest costs will come down £10m as a result of the restructuring which will result in a £228m exceptional charge.

German industrial giant **Siemens** has issued the largest corporate hybrid bond in the recent surge in interest in the part-debt, part-equity financing vehicles.

In a two-part euro/sterling-denominated £1.36bn bond offer lead-managed by Deutsche Bank, UBS, Morgan Stanley and Royal Bank of Scotland, Siemens issued a €900m bond with a coupon of 5.25% and £750m offer paying 6.125%.

Both tranches have a 60-year maturity and, if a 10-year call option is not utilised, revert to paying coupons of 225 points over three-month Euribor and three-month Libor respectively.

Hybrid bonds have become popular after rating agencies relaxed their views on the issues, treating the higher-yielding, junior subordinated debt as part-equity because of their long maturity and the deferability of interest payments, which, if deferred, do not themselves bear interest.

That makes hybrid bonds attractive in refinancing takeovers as they help ease the strain on debt ratings.

The Siemens issue was used to partly refinance the group's €4.2bn acquisition of German group Bayer's diagnostics division.

"It generated a lot of interest from a broad range of investors," said Sebastian Ottmann, Head of Finance Strategies at Siemens.

Robert Lea is City Correspondent of *The London Evening Standard*.

INTERNATIONAL EQUITIES

ISSUER	DATE	TYPE	DEAL VALUE	TRANCHE SHARES OFFERED	TRANCHE OFFER PRICE	EXCHANGE	BOOKRUNNERS
Ashtead Group plc	29/8/2006	Rights Issue	\$283m	152,240,015	\$1.83	London	JPMorgan, Evolution Securities, UBS

INTERNATIONAL LOANS

BORROWER	CREDIT DATE	DEAL TYPE	TRANCHE VALUE	DEAL VALUE	TRANCHE MARGIN	MANDATED ARRANGER PARENT	PARTICIPATION FEE
Cineworld UK Ltd	13/06/2006	Leveraged	\$150.12m	\$453.12m	250	Barclays Capital	17.5bp for 75m co-arranger, 12.5bp for 65m manager
Viridis Energy Norgen Ltd	21/08/2006	Investment Grade	\$114.73m	\$122.72m	not disclosed	HVB/UBM, National Australia Bank	not disclosed

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