

€794m of deals reignite Europe's debt markets

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Blackstone, Apollo, AXA IMRA and Aermont complete borrowing in UK and Italy.

Europe's real estate structured debt capital markets sprang back to life this week with borrowers raising over £700 mln (€794 mln) in three deals.

Blackstone, and Apollo Global Management with AXA IMRA, raised debt finance in two separate commercial mortgage backed securities (CMBS), for portfolios in the UK and Italy respectively, both arranged by Bank of America Merrill Lynch (BAML).

And in the UK, Aermont refinanced the debt secured on its famous Pinewood Studios in a £250 mln (€284 mln), high-yield six-year, single tranche, rated bond, which sold at a fixed coupon of 3.75%.

The offer was seven times oversubscribed, said Brooklands Partners' managing partner Nassar Hussain, who advised the borrower. 'I don't think I saw that in the CMBS market ever,' he said.

The two CMBS deals financed Blackstone's £560 mln (€635 mln) acquisition of 127 industrial and logistics properties from Brockton Capital and refinanced a €362 mln portfolio of retail and cinema assets in Italy owned by Apollo and AXA.

The €143.8 mln Italian deal, called Taurus 2017-1 IT, was structured by BAML as €99 mln of Class A notes priced at 210 bps and bought by a UK insurance company. The €44.25 mln of Class Bs were bought by Cheyne Capital Management at 470 bps.

The UK CMBS, £350 mln Taurus 2017-2 UK, is five tranches, rated from AAA to BB, with the AAAs (up to the 32% LTV point in the loan) pricing at just 85 bps. BAML said it sold to 22 investors.