

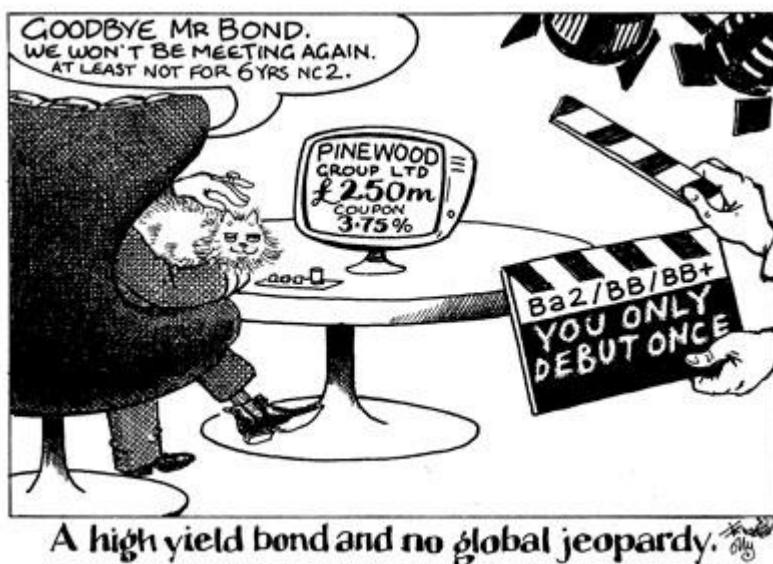
GlobalCapital

Action! Pinewood Studios debuts

By Victor Jimenez – 27 Nov 2017

Sterling high yield bond issuance this year has now surpassed four times 2016's figure. This week, new borrower Pinewood Studios appeared on stage.

The exit of the UK from the European Union is clearly on the risk radars of high yield investors. In a note to clients on Monday, Baird's head of European debt, Paul Bail, reminded them of the Brexit threat "as the outcome becomes clearer and could be detrimental for leveraged finance markets in UK and across Europe".



But you would not know it, to look at the flow of new issuance. In 2016, only two months out of 12 actually produced high yield bond issues in sterling. This year, there have been deals every month. Sterling borrowers have issued more than £8bn so far this year, against £2bn in the whole of last year.

Pinewood Group Ltd launched a new sterling issue on Monday. It wanted to sell £240m of six year non-call two senior secured notes with ratings of Ba2/BB/BB+ by Moody's, S&P Global and Fitch. It sold £250 at 3.75% on Wednesday, at the tight end of a 3.75%-4% guidance.

It will use proceeds to refinance all its £98m debt and provide a £122m loan to its immediate parent. The parent will use the proceeds of this loan to repay £55m of third party mezzanine debt, according to Moody's. It will also repay shareholder loans and "make certain amounts available to shareholders", pay fees and use money for general corporate purposes including growth plans.

Credit Suisse (billing and delivering), Goldman Sachs, Barclays, HSBC and Lloyds were bookrunners. The roadshow was scheduled to end on Thursday in Amsterdam, after meetings with investors in London and Paris.

Pinewood Group is owned by PW Real Estate Fund, which is run by Leon Bressler, the French property investor.