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Lion Said to Price 400 Million-Euro Picard LBO Loan at 99.75%
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Lion Capital LLP is offering to sell 400 million euros (\$544 million) of leveraged loans used to fund its bid for Picard Surgeles at 99.75 percent of face value, a person familiar with the situation said.

The discount on the seven-year term loan will only be offered to funds and excludes banks, said the person, who declined to be identified because the information is private. John Sarsfield, a spokesman for Lion Capital in London, declined to comment on terms of the financing.

Lion Capital, the owner of breakfast cereal Weetabix, is raising 675 million euros from loans and 300 million euros from high-yield bonds for the Picard deal, according to data compiled by Bloomberg. The bonds may be priced to yield between 9 percent and 9.25 percent.

Picard, based in Fontainebleau, has 813 shops in France and makes frozen food under its own brand. BC Partners Ltd. bought the company in 2004 for 1.3 billion euros from Candover Partners Ltd., which had in turn acquired it from French retailer Carrefour SA in 2001.

Credit Suisse Group AG, Morgan Stanley and Citigroup Inc. are arranging the financing, Lion said in July as it entered exclusive takeover talks with BC Partners. Credit Agricole CIB and Societe Generale SA have joined the transaction, Bloomberg data show.

Lion is seeking a 225 million-euro term loan and a 50 million-euro credit line for six years, paying interest at 450 basis points more than the benchmark lending rates. It also plans to raise the 400 million-euro term loan at a margin of 500 basis points, according to Bloomberg data.

Private-equity firms pay for takeovers by loading a target company with debt and using its cash flow to repay lenders. The borrowings are considered leveraged, or below BBB- by Standard & Poor's and Baa3 by Moody's Investors Service.

A basis point is 0.01 percentage point.