IFR US ECM BRIEFING

US EQUITIES
BOOKRUNNERS: 1/1/2013 TO 4/10/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Goldman Sachs	134	23,658.19	14.4
2	Citigroup	163	20,160.22	12.3
3	JP Morgan	178	19,546.40	11.9
4	BofA Merrill Lynch	176	15,719.89	9.6
5	Barclays	126	15,351.86	9.3
6	Morgan Stanley	131	13,457.69	8.2
7	Credit Suisse	134	12,086.27	7.4
8	Deutsche Bank	119	9,294.41	5.7
9	Wells Fargo & Co	118	8,479.85	5.2
10	UBS	73	4,759.41	2.9
	Total	**672**	**164,358.77**	

Including all domestic and international deals and rights issues

Source: Thomson Reuters (SDC code: C3r)

GLOBAL CONVERTIBLE OFFERINGS
BOOKRUNNERS: 1/1/2013 TO 4/10/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Goldman Sachs	23	4,047.90	16.3
2	Morgan Stanley	26	3,661.30	14.7
3	JP Morgan	31	3,644.40	14.6
4	BofA Merrill Lynch	25	3,116.00	12.5
5	Barclays	21	2,599.90	10.4
6	Citigroup	22	1,958.10	7.9
7	Deutsche Bank	13	1,371.60	5.5
8	Credit Suisse	12	1,070.80	4.3
9	Wells Fargo & Co	11	928.50	3.7
10	Jefferies LLC	8	563.90	2.3
	Total	**81**	**24,892.90**	

Includes all US$ denominated bonds structured to be sold in the US, including exchangeables.

Source: Thomson Reuters (SDC code: C9a)

Investors got in ahead of an expected resolution to DC gridlock to push the DJIA and the S&P 500 2.2% higher, testament to the underlying bullishness in markets, notwithstanding the goings-on in Washington of late.

To date, Wall Street had not taken the political standoff anywhere near as seriously as Main Street (the biggest worry being the impact on consumer confidence), but rallied on the prospect of a possible truce.

The sense of optimism was particularly evident in the VIX, which fell 3.1 points, or 16%, to 16.5 after rising above 20 earlier this week for the first time since June.

ANTERO RESOURCES was a must-own stock even launched its IPO, and even more so after going public. The Marcellus Shale-focused E&P settled in to close first-day trading at $52.01, valuing the Warburg Pincus-backed company at $13.6bn. That Antero vaulted or on par with fast-growing comparable RANGE RESOURCES on day-one trading (both at 11.2 EV-to-Ebitda) is telling of the extent of investor demand.

Also, although bankers have been telling some issuers to await further clarity before launching equity deals, the gains yesterday were enough to prompt several follow-on offerings after the close, with yield products again the focus.

The steadily building IPO pipeline suggests there is plenty of pent-up demand and a sense that deal flow will quickly rebound once issuers know the outcome of the debt ceiling debate.

However, one reservation is that the possible truce is focused on a temporary increase in the debt ceiling, and does not necessarily end the uncertainty that is a killer of deal activity.

Quest for yield

There are structural, even if only subtle, differences in asset-specific MLPs.

WESTERN REFINING LOGISTICS, a unit of oil-and-gas refiner Western Refining, benefited from differences relative to its logistical comparables with premium payday on its $302.5m IPO. The subsidiary saw interest from MLP-dedicated institutions, allowing for pricing of 13.75m units at $22, above the $19–$21 marketing range and setting the initial annual yield at 5.2%.

High levels of institutional interest allowed active bookrunners *Bank of America Merrill Lynch* and *Barclays* to increase the base deal from the original 12.5m units. Those Institutions were allocated 70% of the deal, high relative to other recent MLP IPOs.

WR Logistics debuted yesterday at $24 and settled to close at $24.10, a modest 9.5% gain on offer and indicative of aggressive pricing relative to comparables.

Tie-ins to the parent are one obvious positive. Western Refining has contracted capacity on the subsidiary's pipeline and storage assets 10-year, fee-based agreements. The agreements support delivery of crude oil to its refineries in El Paso, Texas and Gallup, NM, situated in close proximity to fast-growing development in the Permian Basin.

That the parent will use only 27% of the capacity of the subsidiary's 100,000-barrel-of-oil per day pipeline (and 39% of 38,000bpd trucking capacity) is another positive, providing a means for built-in growth sans capex. Aside from maintenance capex, projected at $6.6m in the first full year, Logistics has no other planned capex through September 2014.

"These guys went out with a very nice balance sheet. Investors are starting to pay more attention to that upfront," explained one MLP banker close to the deal. "The liquidity provides capacity for near-term growth opportunities."

WR Logistics has plenty of capacity for acquisitions, including $50m retained on the IPO and the full availability of a $300m revolver. Plenty of firepower for acquisitions without the need to issue additional equity.

Predictive value

Whether DC gridlock was a factor or just a desire to undertake some global pitches is unclear, but Paris-based advertising technology firmCRITEO notably opted for a longer-than-usual IPO roadshow yesterday. It plans to price its $187.2m Nasdaq IPO on October 29. Criteo will sell 7.2m American Depositary Shares in a range of $23–$26.

JP Morgan, *Deutsche Bank* and *Jefferies* are leading the offering, which will invoke some comparisons to the recent successful IPO of ROCKET FUEL.

With the backing of VCs, including Bessemer Venture Partners (9.5% pre-IPO) and Index Venture Associates (23.4%), Criteo sells a predictive software algorithm to help clients optimize advertising placement decisions.

The company, with a name meaning "I predict" in ancient Greek, has a significant

THOMSON REUTERS

presence in Europe, the US and Asia, the latter via a strategic relationship with Yahoo! Japan. Clients include Expedia, Hotels.com, Lenovo, Macy's, Orange and Staples.

A Series D funding round in September 2012, via lead SoftBank Capital, ascribed Criteo a valuation of $800m, versus an expected market value of more than $1.4m at top-of-range pricing for the IPO.

This compares with revenue of $353.6m last year (up 89% when expressed in euros) and $252.7m (up 72%) in the first half of 2013. The company was modestly profitable last year, but reported a loss of $6.2m in the latest half.

Dear landlord

Commercial property REIT LEXINGTON PROPERTY TRUST last night secured cash financing for a portfolio of three New York City land parcels through a block trade. *Wells Fargo* and *Barclays* shared the risk of purchasing 10m shares, and will reoffer the equivalent of six days' trading into today's market at $11.12–$11.22, versus last night's closing price of $11.41.

The trade provides roughly $114m of funding for Lexington's pending $302m acquisition of three land parcels. The acquisition was funded with a $354m draw from Lexington's revolving credit facility. An extra $35m was taken down to fund working capital. Proceeds will be used to pay down the line of credit.

Each of the acquired land parcels is currently leased to a hotel operator under a non-cancelable 99-year lease. Rent derived from Lexington's current portfolio of 215 consolidated real-estate properties, located in 41 states, contributes to an annual payout of 60 cents per share, for a 5.3% yield.

Replenishment

Investment bankers have not yet run dry of high-growth biotech IPO candidates. TREVENA is the latest addition, joining KARYOPHARM THERAPEUTICS and GLYCOMIMETICS in a pipeline of IPOs that could hit the market within the next month.

Trevena was founded in 2007 to develop concepts clinically that Nobel Prize winner Dr Robert Lefkowitz originally came up with regarding the role that G protein-coupled receptors play in disease. Trevena is the first biotechnology firm to advance Lefkowitz's concepts into a clinical trial.

Lead candidate TRV027 recently completed a Phase 2a trial as a preventative treatment for acute heart failure. A new Phase 2b trial expected to commence early next year, and Trevena has assigned *Barclays* and *Jefferies* to lead a proposed $86.3m IPO.

Assuming a successful outcome, Trevena recruited Forest Laboratories in March 2013 to oversee the late-stage development and commercialization of the drug. Forest Labs can exercise its exclusive option on TRV027 at any time prior to the delivery of Phase 2b results.

Trevena will be eligible to begin receiving up to $430m of milestone payments, including a $65m upfront fee, should Forest exercise its option. Trevena's backers are Alta Partners, New Enterprise Associates, Polaris Venture Partners and HealthCare Ventures.

Comparitive shopping

Canadian Tire successfully unlocked value of the retailer's extensive landholdings with C$263.5m (US$253.8m) IPO of CT REAL ESTATE INVESTMENT TRUST (CT REIT). The sale follows a similar follows a similar monetization of Loblaw Companies in June. The marketing processes for the two deals were remarkably similar.

RBC Capital Markets and *CIBC World Markets* finalized pricing of CT REIT's 26.35m trust units at C$10 apiece to yield 6.5%, in line with the marketed yield talk. The banks sourced demand primarily from Canadian institutional and retail, though US and European institutions also participated.

CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST, the Loblaw spin-off, followed an identical marketing format on its C$400m IPO in July that also priced at C$10 to yield 6.5% via a syndicate of TD Securities, RBC and CIBC. Choice units are trading at C$9.99.

CT REIT is using proceeds to acquire 256 commercial properties totaling 19m square feet, representing about 72% of the parent's real-estate holdings. As part of the IPO process, Canadian Tire has agreed to lease the underlying properties for an average term of 16 at prices that go up 1.5% beginning in 2016, providing built-in growth to the subsidiary.

CT REIT estimates it will generate adjusted funds from operation of C$126.8m on property revenue of C$333.5m in the year ending December 31 2014, with the initial 65-cent annual dividend set at 90% of AFFO.