

TAKEOVERS

OPEN OFFERS

Palace Capital (PCA)

Announced	19/09/17
Last payment	6/9/17
Total amount raised	£4.3m
Terms	1:20
Issue price	340p
Market price	349p
Adjustment factor	0.99

Property investment company Palace Capital is hoping to raise a total of £70m via a placing and open offer in order to fund its £53m acquisition RT Warren Investments. The target company owns a portfolio of 21 commercial and 65 residential properties and has been described by Palace's chief executive as the most exciting portfolio offered to the company for more than two years. Alongside the announcement, Palace Capital also revealed that it will make the leap from Aim to the main market following completion (see tip updates). **Accept.**

Stellar Diamonds (STEL)

Announced	11/09/17
Last payment	2/10/17
Total amount raised	£200,000
Terms	1:8.914
Issue price	3.25p
Market price	3.13p
Adjustment factor	0.97

Stellar Diamonds – the West Africa focused diamond development company – has raised £330,000 through the placing of new shares to investment management firm, Peterhouse Corporate Finance. The group is now hoping to raise a further £200,000 through an open offer. The proceeds are due to be spent on an environmental licence in Togo in order to progress with the 4.5m carat mining project in the region. **Accept.**

RIGHTS ISSUES

Equiniti (EQN)

Announced	12/09/17
Ex-rights	29/09/17
Last payment	16/10
Total amount raised	£122m
Terms	3:14
Issue price	190p
Market price	295p
Nil paid price	tbc
Adjustment factor	tbc

Equiniti is hoping to raise £122m to fund part of its proposed \$227m (£171m) acquisition of Wells Fargo. In July the UK-listed group announced the takeover of the US focused share registration business on the condition it is approved by both sets of shareholders. Management thinks this is an attractive deal considering the size of the US share registration market. The deal is expected to be earnings accretive after one year and will supply a double-digit boost to the bottom line by the second year. **Take up.**

TAKEOVERS

Target	Bidder	Terms	Value	Closing date
ASA Resource Mining	Rich Pro Investments Asset management	2.1p cash per share	£35.5m	7/10
In order to block this offer from Hong Kong-based asset manager RPI, the board of ASA Resources called in administrators and declared the shares were nontransferable. But RPI – whose offer values the shares at a 65 per cent premium to the closing price on the day before the initial announcement – has informed the administrators of its intention to provide \$40m of financing. Yet, with only 52 per cent of favourable votes, the bidder is a long way short of the 90 per cent acceptance it needs for the deal to go through and has therefore extended the deadline again. Accept.				
Aveva Software services	Schneider Electric Engineering	*	£2.72bn**	29/09
*1,014p cash per share and a 40 per cent stake in the enlarged group. **£1.7bn-worth of shares are being issued to Schneider Electric, which will account for 60 per cent of the enlarged group. French engineering group Schneider Electric is combining its software business with Aveva. The merger is structured as a reverse takeover with the French group taking a majority stake in the enlarged company. Schneider is contributing £550m of cash which, alongside £100m of excess cash from Aveva's balance sheet, will be returned to shareholders on the completion of the merger. Accept.				
EG Solutions Software services	Verint WS Software services	113p cash per share	£26.3m	tba
US-based software group Verint has offered to buy EG Solutions at an 11 per cent discount to its closing price on the day prior to the announcement. Unsurprisingly, the British software group's share price fell on the announcement, although management has recommended the offer which is at a 53 per cent premium to EG's average share price in the last six months. Await documents.				
Kennedy Wilson Europe Real estate	Kennedy Wilson Holdings Real estate	*	£1.5bn	6/10
*0.667 new Kennedy Wilson (KW) shares for each Kennedy Wilson Europe (KWE) share, or 0.3854 new shares and 300p in cash. We recommended buying shares in KWE last year based on the attractive dividend and diverse portfolio. Those bull points are still true of the enlarged group and we therefore suggest investors take the all-share offer and hold onto more of the company. Moreover, based on the current KW share price of \$19.05, the all-share option values KWE shares at 958p, up on the cash-and-shares option. Accept.				
Paysafe Financial technology	PI UK Bidco Bidco	590p cash per share	£2.96bn	24/09
Paysafe's management has recommended an all-cash offer – which values the shares at a 42 per cent premium to the closing price on the day before the takeover was announced – from a bidco created by Blackstone and CVC Capital Partners. Accept.				
Quantum Pharma Specialist pharma	Clinigen Specialist pharma	*	£150m	tba
*37p cash per share and 0.0405 new Clinigen shares. Product delays, the closure of a year-old business division and the mass exodus of senior management has hurt Quantum's share price in the last year. Therefore, although fellow speciality pharma group Clinigen is paying a 24 per cent premium to the share's pre-acquisition closing price, this actually looks like a very good deal. Clinigen has a strong track record for growth through acquisition and so Quantum's shareholders could do well from their 5.9 per cent stake in the enlarged business. Await documents.				
Revolution Bars Restaurants & bars	Stonegate Pub Company Restaurants & bars	203p cash per share	£102m	17/10
This recommended offer is a 63 per cent premium to the target's share price prior to the start of the offer period in July. But Revolution Bars has also received interest from late night entertainment group Deltic. The possibility of a bidding war has sent the target's share price above the offer from Stonegate, but we think the offer from Stonegate still presents good value to current shareholders. Accept.				
Touchstone Innovations Investment services	IP Group Investment services	*	£466m	6/10
*2.2178 new IP Group shares in exchange for each Touchstone share. 96 per cent of Touchstone shareholders have now approved the deal, but as it is yet to be approved by competition regulators, the final closing date has been extended. Accept.				
Worldpay Financial technology	Vantiv Financial technology	*	£9.3bn	tba
*55p cash per share and 0.0672 new Vantiv shares, excluding a 0.8p half-year dividend and a 4.2p special dividend which will be paid to Worldpay's shareholders on the completion of the merger. This recommended offer values its shares at a 33 per cent premium to the closing price on the day before it was announced. The combined group is expected to be one of the largest fintech companies globally with an enterprise value of £22.2bn. Await documents.				
*Booker and Sky have both received takeover offers which are being assessed by competition regulators.				

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