

TAKEOVERS

OPEN OFFERS

Civitas Social Housing Reit (CSH)

Announced	28/09/17
Last payment	11/10/17
Total amount raised	£350m
Terms	3:2
Issue price	98p
Market price	111p
Adjustment factor	0.95

Civitas Social Housing Reit only came to the market last November, but already it is hoping to shore up its balance sheet to take advantage of the "significant" opportunities in the social housing marketplace. To ensure existing shareholders won't suffer any dilution, the new shares are listed in a different class (C shares). Under the terms of the open offer, existing shareholders will be able to buy three new C shares for every two ordinary shares. Management thinks that increasing the size of the company will enable fixed costs to be spread over a larger asset base, reducing the ongoing expense per share. **Accept.**

ITM Power (ITM)

Announced	29/09/17
Last payment	11/10/17
Total amount raised	£4.4m
Terms	1:23
Issue price	40p
Market price	45p
Adjustment factor	0.99

ITM Power's shares have been in high demand this year and the company has more than doubled in size. Management has used the opportunity to return to shareholders for a £29.4m cash injection, raised via a placing and open offer. The funds will provide working capital to support the backlog of contracts and new pipeline opportunities. The group currently has about £20m of projects under contract and £16.7m in the latest stages of negotiations. The pipeline has about 50 potential projects with a total potential value of £180m. **Accept.**

Midatech Pharma (MTPH)

Announced	28/09/17
Last payment	13/10/17
Total amount raised	£2m
Terms	1:12
Issue price	50p
Market price	49p
Adjustment factor	0.98

In the last few months, developmental stage biotech company Midatech has made big strides towards drug approval. For example, in early September the group filed a clinical trial application to begin testing its novel cancer drug – MTD201 – in humans. But Midatech doesn't currently have the funds for a clinical trial and has therefore returned to the market to raise a total of £8m via a placing and open offer. Even with this extra cash, management doesn't think the group will have sufficient funds and is therefore exploring the potential of taking on some debt. **Accept.**

TAKEOVERS

Target	Bidder date	Terms	Value	Closing
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ASA Resource

Mining

Rich Pro Investments

Asset management

2.1p cash per share

£35.5m

3/11

RPI says it is making progress in discussions with its proposed takeover of ASA Resources, which is in administration. The Hong Kong-based asset manager has offered to provide \$40m (£30m) to help sort out ASA's debt issue as well as the 2.1p all-cash offer, which is a 65 per cent premium to the closing price on the day before the initial announcement. But 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 once again. **Accept.**

Booker

Wholesaler

Tesco

Supermarket

*

£3.7bn

tba

*42.6p cash per share and 0.861 new Tesco shares. This recommended offer – a 12 per cent premium to Booker's share price on the day prior to the announcement – has been referred to the Competition and Markets Authority. **Await documents.**

EG Solutions

Software services

Verint WS

Software services

113p cash per share

£26.3m

23/10

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 back of the announcement, although management has recommended the offer, which is a 53 per cent premium to EG's average share price in the last six months. **Accept.**

Imagination Technologies

Hardware

CBFI Investment

Bidco

182p cash per share

£550m

tba

Mobile graphics chip maker Imagination Technologies – which put itself up for sale in June after losing its largest customer, Apple – has finally received a takeover offer. CBFI is a group of funds wholly owned by Canyon Bridge, a private equity firm that specialises in investing in high potential tech companies. Considering Apple contributed more than half of Imagination's revenues, the 182p a share cash offer – a 47 per cent premium to the closing price before Imagination put itself up for sale – looks generous. **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's shares at 958p, up on the cash-and-shares option. **Accept.**

Quantum Pharma

Specialist pharma

Clinigen

Specialist pharma

*

£150m

23/10

*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. **Accept.**

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.**

Sky

Media

21st Century Fox

Media

1,075p cash per share

£11.7bn

tba

This recommended offer is being referred by the European Commission on the grounds of media plurality and commitment to broadcasting standards. **Await documents.**

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 4.2 special dividend that will be paid to Worldpay shareholders on the completion of the merger. This recommended offer values the 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.**