

TAKEOVERS

TAKEOVERS IN DEPTH

Takeovers involving UK-domiciled companies are overseen by the Takeover Panel. The first step is often that a company enters an 'offer period' – that is, it discloses it has received an approach which may result in a bona fide bid. Being in an offer period restricts what a company may do.

Once the terms of a bid have been formally announced, the next step is the dispatch of the offer document. This event is what starts the 'bid clock' and normally happens within 28 days of a bid announcement. The 'bid timetable' column in our tables details how long the clock has been 'ticking'.

If the bid is hostile, a defence document must be published within 14 days.

Day 21 is usually the first closing date, while day 39 is the last day on which a target company may publish price-sensitive information, and day 46 is the last day on which a bidder may revise its terms.

If a rival bidder emerges, the 'clock' is reset when the second bidder posts its offer document.

A takeover offer effectively succeeds when all its conditions are met, and this usually happens by day 60.

If the bidder acquires more than 75 per cent of the shares, it can delist the target. If it acquires more than 90 per cent, it can forcibly acquire the remaining 10 per cent.

Many agreed takeovers are now structured as schemes of arrangement, because they're quicker to complete.

Under these, the target effectively cancels its share capital by agreement with its own shareholders, and issues new shares to the bidder.

Schemes of arrangement are controversial, because they can proceed even if only a minority of shareholders vote in favour of them.

TAKEOVERS

Target	Bidder	Terms	Value	Bid timetable
Tarsus Events Industry	Charterhouse Capital Partners Private Equity	425p cash per share	£561m	14/08/19
European private equity firm Charterhouse has moved on Tarsus by means of a scheme of arrangement under Article 125 of the Jersey Companies Law. Under the terms of the scheme, shareholders in the business-to-business events organiser will receive 425p a share, a 36 per cent premium to the company's share price on the day prior to the offer, valuing the firm at £561m. They will also be entitled to receive the final dividend of 7.7p a share for the period ending 31 December 2018. The Charterhouse 'bidco' has the backing of the independent directors and additional institutional support, which means that it has irrevocable undertakings representing 41.3 per cent. Accept.				
A&J Mucklow Reit	LondonMetric Property Reit	*	£415m	27/06/19
2.19 shares + 204.5p cash per share. The boards of LondonMetric and A&J Mucklow have announced a recommended scrip/cash offer comprising 2.19 shares and 204.5p in cash. The combined offer values each Mucklow share at 655.2p, or £414.7m for the entire entity. It represents a 19.7 per cent premium to the closing price on the last practicable date, or 28 per cent to the three-month volume-weighted average price. Mucklow's shareholders will be entitled to receive the second quarterly half-year dividend. Irrevocable undertakings in respect of 24.9m shares have been received, representing 39.35 per cent. The shareholder vote will take place on 20 June. Accept.				
Stride Gaming Gambling	Rank Gambling	151p cash per share	£115m	tba
Rank has announced a recommended cash offer for Stride Gaming at 115p a share, valuing the Aim-traded stock at £115m. The offer price represents a 29 per cent premium to Stride's closing price on the day prior to the offer. Rank BidCo has received irrevocable undertakings in respect of 46.1m Stride shares, representing approximately 61 per cent of the shares in issue. Await documents.				
Patagonia Gold Precious metals	Hunt Mining Precious metals	10.76 Hunt shares	£17.2m	tba
Patagonia Gold has agreed to be taken over by Canada's Hunt Mining. The consideration is 10.76 Hunt shares for each Patagonia Gold share, implying a value of £17.2m for the target company. The deal represents a 36 per cent premium to Patagonia's closing price of 53.5p a share on the day prior to the announcement. The deal will see Patagonia's shareholders owning 80 per cent of the combined business and Hunt's shareholders the remainder. Await documents.				
Kcom Telecommunications	Macquarie Euro. Infra. 6 Wholesale investment fund	108p cash per share	£563m	Q3 2019
Hull-based telecoms company Kcom has ditched a £504m takeover by Universities Superannuation Scheme in favour of a 108p a share offer from a fund managed by Macquarie Infrastructure and Real Assets (Europe) Ltd. The offer, which is being recommended by KCOM's board, represents a 49 per cent premium to the company's share price on the last business day prior to the offer. Accept.				
Game Digital Specialty retail	Sports Direct Apparel retailers	30p cash per share	£51.88m	tba
In accordance with Rule 9 of the City Code on Takeovers and Mergers, Sports Direct has tabled a mandatory cash offer for Game, at a price of 30p, after a recent deal took its holding to 38.49 per cent. The offer represents a 27.4 per cent premium to Game's closing share price on the last business day prior to the offer. The Game board recommends that shareholders should take no action until the offer document arrives. Await documents.				
Millennium & Cop. Hotels Hotels	City Developments Real estate investments	685p cash per share	£2.23bn	tba
The Bidco of Singaporean real estate investment company City Developments (CDL) has upped the ante in its approach for M&C following an unsuccessful bid during the final quarter of 2017. The offer price of 685p represents a premium of 37 per cent to the closing price of M&C on the day prior to the start of the offer period, and an increase of 65p a share from the previously recommended final cash offer of 620p (which included a special dividend of 20p a share). CDL has received irrevocable undertakings to accept the offer from key shareholders representing 43.58 per cent of the issued share capital. The M&C independent directors unanimously recommend that shareholders accept the final offer. Await documents.				

MORE ONLINE

For more M&A news, see our customisable company news page at:
www.investorchronicle.co.uk/shares/news-and-analysis

