

EQUITY FINANCING CONTINUES TO BE A KEY COMPONENT OF M&A DEALS: HERBERT SMITH FREEHILLS ADVISES ON THREE TRANSACTIONS ANNOUNCED IN ONE WEEK

09 July 2019 | London
Firm news

Despite worries over Brexit and political uncertainties in the UK and elsewhere in the world, cross border mergers & acquisitions transactions continue to be announced in the UK and include financing both with debt facilities and the issuance of equity securities.

Herbert Smith Freehills has advised on three such transactions announced last week, acting both for issuers and investment banks acting as placing agents and underwriters. The three transactions are:

- Advising The Unite Group Plc, one of the UK's largest purpose-built student accommodation providers, in relation to its [acquisition](#) of Liberty Living Group Plc from Canada Pension Plan Investment Board (CPPIB) for £1.4 billion in consideration payable both in cash and shares. Unite has undertaken a placing of new shares and will draw from existing financing facilities and cash resources to part fund the cash consideration. Partners [Alex Kay](#) (M&A) and [Charles Howarth](#) (ECM) and senior associates [Charles Steward](#) (M&A) and [Thomas Vaughan](#) (ECM) advised.
- Advising the placing agents, including Morgan Stanley, Stifel, Peel Hunt and RBC Capital

Markets, on the [\\$265 million equity placing](#) to part fund Energean Oil & Gas plc's proposed \$750 million acquisition of Exploration & Production SpA. The balance of the consideration was funded by a committed debt facility. Partners [Tom O'Neill](#) (US securities) and Charles Howarth (ECM) and senior associate Thomas Vaughan (ECM) and associate [Juan Grana](#) (US securities) advised.

- Advising Synthomer plc, a FTSE 250 speciality chemicals company, on its proposed [£654 million acquisition](#) of OMNOVA Solutions Inc. Synthomer intends to finance the acquisition from the gross proceeds of a fully underwritten rights issue of up to £204 million and drawings under new debt facilities. The rights issue underwriters were led by Barclays. Partners [Ben Ward](#) (M&A) and [Mike Flockhart](#) (ECM) and senior associates [Martyn Jones](#) (M&A) and [Sarah Ries-Coward](#) (ECM) advised.

Charles Howarth, partner and Head of Equity Capital Markets at Herbert Smith Freehills, commented: "Clients are keen to raise new equity to generate cash to fund acquisitions and are structuring transactions as placings or rights issues, depending on size and timing of funding required. Placings are being executed quickly on announcement of the M&A deal, well ahead of completion of the acquisition and any issue of consideration shares to the vendor. Companies with highly valued equity undertaking well-chosen strategic transactions are finding investors more than willing to put up equity to fund them."

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