



**INSTITUTIONAL  
ACCEPTANCE  
FACILITY**

# Institutional Acceptance Facility

**Accelerate the institutional shareholder acceptance of your offer and reap the rewards.**

Getting the required shareholders to support a takeover bid can be an arduous and drawn out process with each delay costing money and creating market uncertainty and speculation.

Anecdotally institutional shareholders have two main reasons for being reluctant to accept a takeover bid: fear of having their shares locked for the duration of the bid; and because their investment mandates prevent them from doing so until the offer is declared unconditional. Hedge funds are also often reluctant to accept a conditional offer as it ties up their stock and prevents them exiting through the market if other opportunities arise.

## **WHAT IS AN INSTITUTIONAL ACCEPTANCE FACILITY?**

An IAF is a process where institutional shareholders deliver firm intentions without actually formally accepting the offer. It leaves their shares free to use until the acceptance facility is called in, and most importantly allows for shareholders whose investment mandates prevent them from selling into a bid early, to show their willingness to accept to the bidder and collectively to the market.

## HOW IT WORKS

Under an IAF, an acceptance over shares held by the institutions in the takeover target is held by the IAF facilitator (Computershare) allowing institutions to show their intention of selling into the bid without breaking the “truth in takeovers” rules. The IAF works in favour of funds with an index investment style who cannot sell into the offer until the stock is removed from an S&P/ASX index. The build up of stock in the IAF is a trigger for the removal of the target stock from an index allowing for the remaining institutional shareholders, who did not participate in the IAF, to also accept the offer.

## WHY INVESTORS LOVE IT

Due to its flexibility, the IAF can dramatically increase acceptance of a takeover bid. Shareholders giving their acceptance through the IAF have the option of withdrawing from it during the leading phase and are assured that their acceptance will be consummated only when the aggregate of shares subject to the acceptance facility, plus natural acceptances, satisfy the takeover conditions.

When the sum of both natural acceptances and IAF acceptances reach or exceed the target takeover condition, the bidder will announce its intention to declare the offer unconditional.

## HOW WE CAN HELP

Computershare can provide you with a specifically tailored end-to-end solution and proven project management experience leaving you free to concentrate on the many strategic demands of the takeover process.

If required Computershare will coordinate the identification of substantial and important shareholders, their custodian chain of ownership and investment style to set your likely IAF targets.

Once the target market is identified, Computershare will develop relevant communication material and establish contact with target shareholders on your behalf. We will then monitor incoming intentions, track acceptances and report back on progress. When the required levels of natural acceptances and IAF acceptances are reached, Computershare will call in all IAF acceptances making it possible for the offer to be declared unconditional.

Computershare will carry out the IAF's administration, working closely with the advisors chosen by you to contact the decision makers in your target institutions, on your behalf.



## KEY BENEFITS

### More options & flexibility

By including an IAF in your takeover offer you provide key shareholders in the prospective takeover target with more flexibility in the method of accepting the bid. The IAF also ensures that substantial shareholders with an index mandate or takeover arbitrage style can participate in the offer without impeding their normal business.

### Accelerated takeover process

An IAF, implemented in a timely manner, has the capacity to accelerate the takeover process by bringing forward acceptances and building momentum. Historically, the benefit of implementing an IAF is a boost to retail acceptances and recalcitrant elements of the register which saves you both time and money.

### Certainty through experience

Computershare's team of experienced and knowledgeable staff have an enviable reputation in implementing successful IAFs. We can look after the entire takeover process on your behalf through our extensive suite of takeover services including: the facilitation of IAFs; the provision of acceptance solicitation to retail shareholders; beneficial owner analysis; as well as our renowned core registry services. Computershare can also facilitate these services for global organisations wishing to bid for Australian companies and can establish and launch an IAF within a day of its announcement and advisors settling the appropriate shareholder facing documentation.

### Maintain confidentiality

By utilising Computershare's expertise you will not only receive first class service and global experience but also ensure that confidentiality and data integrity are maintained to the highest standard throughout the takeover process.

## WHO WE ASSIST

Any organisation involved in takeover activity whether listed or unlisted.

### Bidders

By preparing and facilitating an IAF. Computershare can also manage the entire acceptance process on your behalf.

### Investment Banks & Legal M&A Professionals

By providing the relevant and necessary market intelligence, the right processes and people to conduct an IAF successfully.

### Fund Managers & Financial Advisors

By providing a proven process that is known and supported by your custodians.



“Computershare’s IAF is run by market professionals, for market professionals. It is important to have a Facility that is operated by people with experience in our market that can communicate with professional investors. Computershare’s IAF is run by people with the experience and the attention to detail that is required for a successful transaction.”

Paul Drzewucki, Managing Director, Monterrey.

### Contribution of IAF



