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Stafford Cap. Ptnrs - Stafford Final Offer - Wholly Unconditional
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FOR IMMEDIATE RELEASE

18 October 2018

Final All-Cash Offer

for

Phaunos Timber Fund Limited ("Phaunos")

by

**Mahogany Bidco Limited ("Stafford Bidco")
a company ultimately controlled by
Stafford Capital Partners Limited ("Stafford")**

Final Offer wholly unconditional

Background

On 3 July 2018, the board of directors of Stafford Bidco, a company wholly-owned by Stafford International Timberland Fund VIII and ultimately controlled by Stafford, announced an all-cash offer for Phaunos by Stafford Bidco, on behalf of Stafford International Timberland Fund VIII, pursuant to which Stafford Bidco would acquire the entire issued and to be issued share capital of Phaunos not already directly or indirectly owned by it or its concert parties at a price of US\$0.49 for each Phaunos Share (the "**Original Offer**").

The Original Offer was subsequently increased to US\$0.52 per Phaunos Share on 14 September 2018, (the "**Final Offer**"). The offer document in respect of the Final Offer (the "**Final Offer Document**") was posted to Phaunos Shareholders on 14 September 2018.

Unless otherwise stated, defined terms used but not defined in this announcement have the meanings set out in the Final Offer Document.

On 28 September 2018, Stafford Bidco announced that it had satisfied the Acceptance Condition.

Final Offer declared wholly unconditional

Stafford Bidco announces today that it has satisfied the condition relating to the OIO clearance set out in paragraph 1.3 of Section A of Part II of the Original Offer Document (as revised by the Final Offer Document). In addition, Stafford Bidco

also announces that it has waived all other outstanding conditions to the Final Offer (as set out in the Original Offer Document and revised by the Final Offer Document).

Accordingly, Stafford Bidco is pleased to announce that the Final Offer has become wholly unconditional.

Update on level of acceptances

As at 3.30 p.m. (London time) on 17 October 2018, Stafford Bidco had received valid acceptances in respect of a total 460,480,352 Phaunos Shares, representing, in aggregate, approximately 92.39 per cent. of the issued share capital of Phaunos.

This figure does not include the 758,234 Phaunos Shares, representing approximately 0.15 per cent. of the issued share capital of Phaunos, held by Stafford.

Therefore, the total number of Phaunos Shares in respect of which Stafford Bidco has received acceptances under the Final Offer, combined with the Phaunos Shares held by Stafford, is 461,238,586 Phaunos Shares, representing, in aggregate, approximately 92.55 per cent. of the issued share capital of Phaunos.

The percentages of Phaunos Shares referred to in this announcement are based upon the figure of 498,360,117 Phaunos Shares in issue as at 10 August 2018 as published by Phaunos on 14 August 2018.

Delisting and cancellation of trading

Since the Final Offer has now become wholly unconditional, and having received acceptances of the Final Offer in respect of, and/or otherwise agreed to acquire, 75 per cent. or more of the voting rights carried by Phaunos Shares, Stafford Bidco intends to procure that Phaunos shall make an application for the cancellation respectively, of the listing of Phaunos Shares on the Official List and of the trading in Phaunos Shares on the London Stock Exchange's Main Market for listed securities. A notice period of not less than 20 UK business days before the cancellation will commence on the date on which such application is made.

Such cancellation shall significantly reduce the liquidity and marketability of any Phaunos Shares not assented to the Final Offer at that time, and their value may be affected as a consequence. Any remaining Phaunos Shareholders would become minority shareholders in a majority controlled company and may be unable to sell their Phaunos Shares and there can be no certainty that any dividends or other distributions shall be made by Phaunos or that the Phaunos Shareholders shall again be offered as much for the Phaunos Shares held by them as under the Final Offer.

Closure of the Final Offer and compulsory acquisition

Since the Final Offer has now become wholly unconditional, and having received acceptances of the Final Offer in respect of not less than 90 per cent. in value of the Phaunos Shares affected (as calculated in accordance with Part XVIII of the Companies Law), Stafford Bidco intends to exercise its rights pursuant to Part XVIII of the Companies Law to acquire compulsorily, on the same terms as the Final Offer, the remaining Phaunos Shares in respect of which the Final Offer has not at such time been accepted.

Stafford Bidco confirms the Final Offer will close on 1 November 2018 (being the date falling 14 calendar days after the date of this announcement), after which Stafford Bidco intends to commence the compulsory acquisition procedure referred to above.

Phaunos Shareholders should be aware that if you choose to accept the Final Offer rather than wait for your Phaunos Shares to be compulsorily acquired, the consideration for your Phaunos Shares will be posted to you as soon as reasonably practicable and in any event within 14 days of receipt of your valid acceptance. Under the compulsory acquisition procedure, you will not be entitled to receive payment in respect of your Phaunos Shares which are acquired compulsorily until at least one month from the date of the statutory notice to acquire and you will need to make a written application to claim your consideration.

Therefore, Phaunos Shareholders who have not yet accepted the Final Offer are urged to do so as soon as possible and in any event by **1 November 2018**.

Settlement

Settlement of the consideration due under the Final Offer will be effected as follows:

- in the case of acceptances which have already been received or received on the date of this announcement and are valid and complete in all respects, as soon as reasonably practicable and, in any case, by 31 October 2018; or
- in the case of acceptances which are valid and complete in all respects and received after the date of this announcement but while the Final Offer remains open for acceptance, within 14 days of such receipt, in each case in the manner described in the Original Offer Document (as revised by the Final Offer Document).

Procedures for acceptance of the Final Offer

Phaunos Shareholders who have not yet accepted the Final Offer are urged to do so as soon as possible and in any event by **1 November 2018**. Details of the procedure for doing so are set out below and in the Final Offer Document.

To accept the Final Offer in respect of Phaunos Shares held in certificated form (that is, not in CREST), you should complete and return the New Form of Acceptance in accordance with the procedure set out in the New Form of Acceptance and the Final Offer Document.

To accept the Final Offer in respect of Phaunos Shares held in uncertificated form (that is, in CREST), you should ensure that an Electronic Acceptance is made by you or on your behalf in accordance with the procedure set out in the Final Offer Document. If you are a CREST-sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction(s) to Euroclear.

If you are in any doubt as to the procedure for acceptance of the Final Offer, please contact the Receiving Agent, Computershare, on 0370 707 1011 (from within the UK) or on +44 370 707 1011 (if calling from outside the UK). Lines are open from 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Final Offer nor give any financial, legal or tax advice.

The Final Offer Document and a specimen New Form of Acceptance are available on Stafford's website at www.staffordcp.com.

Unless otherwise stated, defined terms used but not defined in this announcement have the meanings set out in the Final Offer Document.

Enquiries:

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Additional Information

Important notice

Lancea LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Stafford and Stafford Bidco and for no one else in connection with the Final Offer and will not be responsible to anyone other than Stafford and Stafford Bidco for providing the protections afforded to its clients or for providing advice in connection with the Final Offer.

This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Final Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Phaunos in any jurisdiction in contravention of applicable law.

Overseas jurisdictions

This announcement has been prepared in accordance with English law, Guernsey law and the Code, and the information disclosed may not be the same as that which would have been disclosed in accordance with the laws of jurisdictions outside England and Guernsey. The statements contained in this announcement are

made as at the date of this announcement, unless some other time is specified in relation to them, and there shall be no implication that there has been no change in the facts set forth in this announcement since such date.

The release, publication or distribution of this announcement and the availability of the Final Offer in or into jurisdictions other than the United Kingdom and Guernsey may be affected by the laws and regulations of those jurisdictions. Persons who are not resident in the United Kingdom or Guernsey, or who are subject to the laws of any jurisdiction other than the United Kingdom or Guernsey, should inform themselves about, and observe any applicable requirements. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this announcement, the Final Offer Document or any accompanying document to any jurisdiction outside the United Kingdom or Guernsey should refrain from doing so and seek appropriate professional advice before taking any action. Any failure to comply with the applicable legal or regulatory requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Final Offer disclaim any responsibility and liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Final Offer Document.

The Final Offer is not made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may accept the Final Offer by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this announcement and the formal documentation relating to the Final Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this announcement (including custodians, nominees and trustees) must not distribute or send it into or from a Restricted Jurisdiction.

US shareholders

The Final Offer is made for securities of a company domiciled in Guernsey and Phaunos Shareholders in the United States should be aware that this announcement, the Final Offer Document and any other documents relating to the Final Offer have been or will be prepared in accordance with English law, Guernsey law and the Code and applicable disclosure requirements, format and style thereunder, all of which differ from those in the United States.

The Final Offer is made in the United States pursuant to applicable US tender offer rules, including Regulation 14E under the Exchange Act, and securities laws and otherwise in accordance with the requirements of English law, Guernsey law, the Code, the Panel, the London Stock Exchange, the FCA and the GFSC. Accordingly, the Final Offer is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under United States domestic tender offer procedures and law. The Final Offer is made in the United States by Stafford Bidco and no one else.

Neither the US Securities Exchange Commission nor any US state securities commission has approved or disapproved the Final Offer or passed upon the adequacy or completeness of this announcement. It may be difficult for US holders of Phaunos securities to enforce their rights under and any claim arising out of the US federal securities laws, since Stafford Bidco and Phaunos are located outside the United States, and some or all of their officers and directors may be resident outside the United States. US Phaunos Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement and a US court may lack jurisdiction over such persons.

The receipt of cash pursuant to the Final Offer may have tax consequences in the United States and under other applicable tax laws and such consequences, if any, are not described herein. US Phaunos Shareholders are urged to consult with their own legal, tax and financial advisors in connection with making a decision regarding the Final Offer.

To the extent permitted by applicable law, in accordance with, and to the extent permitted by, the Code and normal UK market practice, Stafford Bidco or nominees or brokers of Stafford Bidco (acting as agents) or their respective affiliates may from time to time make certain purchases of, or arrangements to purchase, Phaunos Shares or other Phaunos securities other than pursuant to the Final Offer at any time prior to completion of the Final Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any such purchases, or arrangements to purchase, will comply with all applicable requirements of the Code, the Listing Rules and Regulation 14E under

the US Exchange Act including Rule 14e-5, to the extent applicable. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed on a next day basis to the Panel and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is required to be publicly disclosed in the United Kingdom in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

Cautionary note regarding forward-looking statements

This announcement and other information published by Stafford or Stafford Bidco may contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Stafford or Stafford Bidco (as applicable) about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this announcement include, among others, statements relating to the potential exposure of Phaunos to market risks, and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions.

Although Stafford and Stafford Bidco believe that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary notes contained or referred to in this section, and you are cautioned not to place undue reliance on these forward-looking statements.

Neither Stafford nor Stafford Bidco nor any of its or their associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

Other than in accordance with their legal or regulatory obligations, neither Stafford nor Stafford Bidco is under any obligation, and both Stafford and Stafford Bidco expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Publication on website

A copy of this announcement will be available at www.staffordcp.com by no later than 12 noon (London time) on 19 October 2018.

The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Availability of hard copies

You may request a hard copy of this announcement by contacting the Receiving Agent, Computershare, on 0370 707 1011 (from within the UK) or on +44 370 707 1011 (if calling from outside the UK). You may also request that all future documents, announcements and information to be sent to you in relation to the Final Offer should be in hard copy form. A hard copy of this announcement will not be sent to you unless so requested.

Copies of this announcement and any other document relating to the Final Offer may not be mailed, distributed, forwarded or otherwise transmitted or made available in, into or from any jurisdiction where this would violate applicable law (including by custodians, nominees and trustees).

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