

GUERNSEY FUND'S TAKEOVER BELIEVED TO BE FIRST OF ITS KIND IN UK

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London Stock Exchange Main Market-listed fund [The Prospect Japan Fund Limited](#) has been acquired by Japanese-based Prospect Co Ltd (Prospect) in a \$147 million takeover.

Guernsey-incorporated TPJF was advised by the Guernsey team at international law firm [Mourant Ozannes](#). The offer was an all-share offer of Japanese listed shares and believed to be the first of its kind in the UK. It was completed via a Guernsey scheme of arrangement.

The fund was launched in December 1994 and its investment strategy is focussed on consolidation in Japan, especially in domestic demand and J-REIT sectors. The investment process is driven by proprietary fundamental research identifying companies with below average valuations and above average earnings growth and ROE. The fund also invests in companies that have undervalued assets where it identifies a realistic catalyst for positive change. This represents an enhancement of its investment process reflecting what it believes are exciting new opportunities in the Japanese equity market.

The transaction included various unique elements including devising bespoke settlement mechanics to comply both with the requirements of the Takeover Code and Japanese requirements and a combination of legal undertakings and post-offer intention statements (under the Takeover Code) for the benefit of shareholders in TPJF.

Partner Caroline Chan led the Mourant Ozannes team advising TPJF, assisted by Corporate Counsel Alex Davies and Corporate Associate Alana Nisbet, with litigation Partner Abel Lyall assisted by litigation Associate Ryan Hallett. TPJF was also advised by Herbert Smith Freehills LLP in London.

Ms Chan said: "We have acted for The Prospect Japan Fund for an extended period of time and are proud to have worked alongside the board and onshore counsel Herbert Smith Freehills on this deal. Given the jurisdictions involved and the all-share offer of Japanese paper, this is a unique transaction and further demonstration of the increased takeover activity currently being experienced in Guernsey."

The \$147 million offer price under the scheme represented a premium of approximately 71.05% of the three-month volume weighted average price of TPJF shares before the start of the offer period. The scheme will result in TPJF shareholders owning approximately 57.6% of the enlarged Prospect group.

This transaction is the fifth public Mergers & Acquisitions transaction successfully completed by Mourant Ozannes in 2017 for a combined total of approximately £1.56 billion, excluding the successful opposition to the sanction of an oppressive scheme of arrangement in the Guernsey Court of Appeal in May 2017.

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