

Chapter 2

Some Commercial Observations on Schemes of Arrangement as We Enter 'the 2010s'

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Introduction

This book focuses on the use of schemes of arrangement in booms and busts. It is an apt title in Western Australia, since we are, as a result of our resource-industry dependency, the archetypal 'boom/bust' economy.

Throughout the chapters that follow you will be hearing a lot about the important detail and process of schemes of arrangement – all of which is the domain of lawyers, rather than investment bankers with short attention spans.

I will focus on broader issues and trends which are the concern of commercial advisers when contemplating schemes of arrangement, and then look at the choice of the scheme of arrangement as a transaction mechanism and what determines success.

This chapter is in four parts. First, I want to put forward a broad synthesis of views on how mergers and acquisitions (M&A) activities add value. Second, I will offer views about the main trends in M&A – at least from our privileged perspective in Western Australia. Third, I will offer views on the choice of the scheme of arrangement as a transaction mechanism. Fourth, I will attempt to answer the question of what determines success or failure in schemes.

Before doing so, by way of definition, although I will use the term 'M&A' for convenience throughout, this should be taken to include other forms of reorganisation and divestment such as demutualisations, recapitalisations, spin-offs and demergers.

This is a preview. Not all pages are shown.