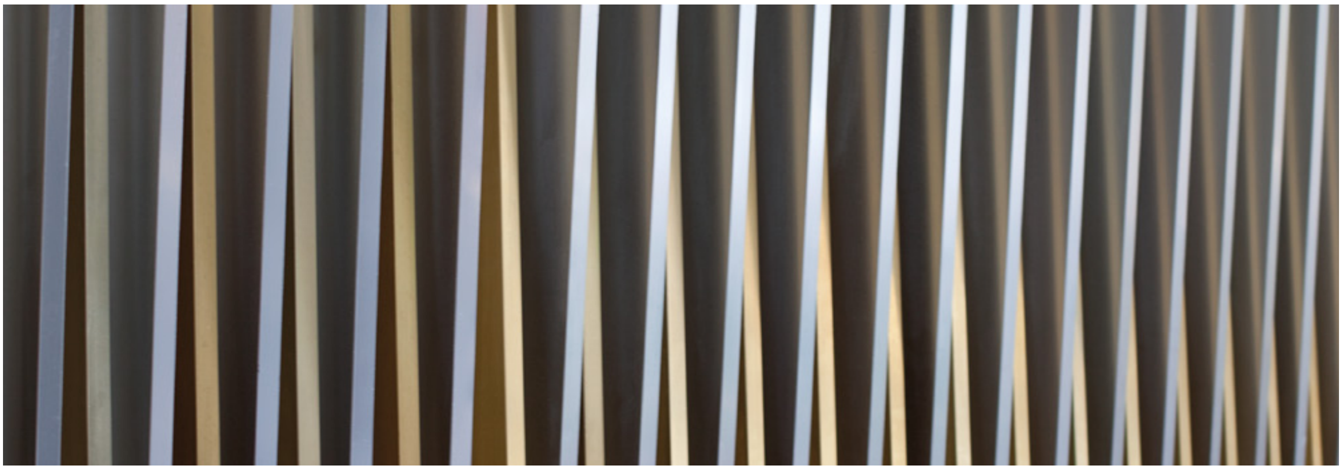

India Desk Newsletter

The purpose of this newsletter is to highlight the key legal developments and business trends in Germany and other parts of Europe in the second half of 2017. We have also included a few transactions which we have recently advised on, including the ones where we have worked jointly with our 'Best Friend' firms in Europe.

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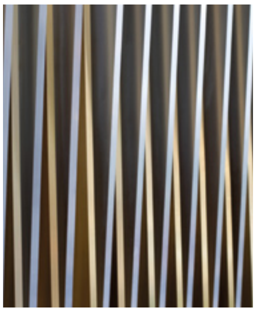
Compliance with Transparency Register

The 'transparency register' was introduced with the entry into force of the German Act implementing the Fourth EU Anti-Money Laundering Directive of 23 June 2017. The transparency register is intended to help combat money laundering and the funding of terrorism.

In future, practically all companies registered in Germany will have to provide information about their 'beneficial owners', who can only be natural persons. A 'beneficial owner' within the meaning of the German Anti-Money Laundering Act is any natural person who 'controls' a company.

Registrations can be made online at www.transparenzregister.de. As of 1 October 2017, the transparency register must include, directly or via a link to a public register, the name (surname), first name, date of birth, place of residence, as well as the nature and scope of the economic interest of all beneficial owners of a company. In order to ensure the necessary level of transparency regarding the nature and scope of economic interest, details of the level of shareholding, voting rights or any shareholder agreements, have to be entered into the transparency register.

Since 27 December 2017, in particular supervisory and law enforcement authorities have been authorized to inspect the transparency register. Third parties are now also permitted to inspect the register if they can demonstrate a legitimate interest.



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Proposal for a new EU Foreign Investment Control Regime

In December 2016, the acquisition of Aixtron by the Chinese company Grand Chip Investment was blocked by the US President and subsequently, in September 2017, Committee on Foreign Investment in the United States refused to grant permission for the acquisition of Lattice Semiconductor Corporation, a US chipmaker, by the Chinese investor Canyon Bridge Capital Partners. In Germany, changes were introduced in the German foreign investment control regime in July 2017. There are now initiatives at the European Union (EU) level with the aim to harmonize foreign investment control within Europe.

On 13 September 2017, the European Commission announced the proposal for a regulation establishing a framework for screening of foreign direct investments into the EU. The draft regulation responds to reform considerations initially submitted by the Ministers for Economic Affairs of Germany, France and Italy to the Commission in February 2017. The reform is expected to come into force no earlier than 2019.

The draft regulation aims to strike the balance between protecting critical infrastructures, technology and know-how of the EU and its Member States and welcoming foreign investments as major source of economic growth throughout the EU. The Commission's proposal provides for a multinational screening process of foreign investments involving the Commission (**screening**). Screening shall not replace national foreign investment control. The draft regulation does not offer a one-stop shop solution for foreign investors either. They still have to pass through foreign investment control proceedings in various Member States. Clearance, restriction or prohibition of foreign investments remains a matter of national administrative practice and primarily subject to national laws.

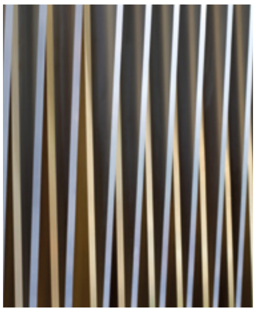
However, any views of the Member States and the Commission on the foreign investment based on the screening will have to be taken into account by the national authorities. Screening may thus have substantial political weight for the national decision-making process and could, if rigorously applied and followed by the national authorities, emerge as key control instrument for EU inbound investments from China and other security sensitive third countries.

2017 – The year of the mega deals in Europe

Diverging from the global trend, European M&A increased by 14% in value compared to 2016 (USD 815.4 billion), as Europe's economic recovery helped to push the region's M&A to a post-crisis high of USD 929.3 billion across 7,235 deals. Europe's aggregate deal value for 2017 accounted for 29.6% of the global M&A total – the highest such figure since 2012.

A clear reason for this increase has been an uptick in megadeals across Europe, which saw the largest number of deals worth over USD 10 billion since 2008 (12 deals). In 2017, 11 megadeals in Europe with a combined value of USD 254.2 billion, were announced.

As the region's GDP has risen and confidence in the market appeared to increase following the results of several key elections in Europe, M&A figures have mirrored this sentiment, characterized by a hike in deals between countries within the Eurozone.



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Industrials & Chemicals was the most active European sector in 2017 by both value and deal count, hitting USD 147.3 billion across 1,453 deals. Germany traditionally performs strongly in the sector and in 2017, German M&A accounted for a 60% share of Europe's deal making in in the sector – the highest ever percentage for the country on Mergermarket figures.

Trends in private equity deals

Many recent trends in private equity deals continued throughout the second half of 2017. This included co-investments gaining strength in German private equity deals and an increased willingness of private equity firms to team up with other financial investors to enhance their chances of winning public auction processes.

More and more entrepreneurial families are open to investments from private equity firms. At the same time, financial sponsors are also more inclined to consider minority investments. Some attribute this to an intensified competition for assets resulting from a declining number of proprietary deals and an increasing number of auctions.

Yet another trend seen in Germany is the longer investment cycles. Of late, financial sponsors seem to hold on to their investments longer than they used to do in the past.

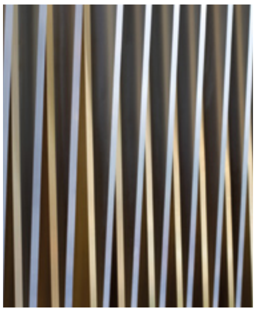
Shareholder activism in Germany

In September 2017, when Bain Capital and Cinven decided to offer minority Stada shareholders, who had not already tendered their shares, a marked-up EUR 74.40 per share, to get full control of the German generic drugmaker, due to the pressure exerted by a unit of US activist hedge fund Elliott Management, it represented the latest instance of the growing shareholder activism in Germany.

Earlier, Bain and Cinven had managed to convince the majority of Stada's investors with a EUR 5.24 billion bid including debt, offering EUR 66.25 per share. However, the shareholders' support (close to 64%) for that bid was less than the 75% required at the investor meeting to conclude a 'domination and profit and loss transfer agreement', which would allow Bain and Cinven to gain full control over Stada's cash flow.

Elliot Management has also been targeting operational improvements, to boost profitability and improve margins, at GEA, German food-processing machinery maker.

Activist Cevian Capital (holding a 15 per cent stake) has been campaigning at thyssenkrupp, which reportedly declined to pursue a breakup plan and instead announced a deal to merge its European steel unit with Tata Steel. However, Cevian is of the view that this combination will not yield its desired synergies.



The rise in shareholder activism is not restricted to Germany. Some recent examples of shareholder activism in Continental Europe are – Corvex Management, an American hedge fund, which has built up a USD 400 million position in Danone, a French food company. Similarly, Third Point, an American fund is seeking to exert pressure on Nestle in Switzerland.

Investments in tech companies

2017 was a record year for investments in European tech companies with USD 19 billion invested. In 2016, USD 14.4 billion was invested.

Currently there are now 41 tech companies in Europe which are valued at more than a billion dollars.

Whilst UK received the maximum VC funding with USD 5.4 billion, Germany (USD 2.5 billion) and France (USD 2.1 billion) were not far behind.

Some areas which have been quite popular for the investors are – deep tech, robotics, artificial intelligence, blockchain and autonomous vehicles.

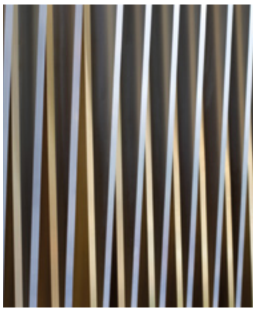
Recent transactions

Hengeler Mueller advised Fortum Oyi, a Finnish listed company at Nasdaq Helsinki, on the Takeover Offer to shareholders of Uniper SE and E.ON's acceptance of the offer. Fortum Oyi published a voluntary tender offer for all outstanding shares of Uniper SE on 7 November 2017. Pursuant to the offer, Uniper shareholders who tender their shares will receive a total value of EUR 22 per share in cash. Based on an agreement dated 26 September 2017, E.ON had the right to tender its 46.65% stake in Uniper into the offer. On 8 January 2018, E.ON decided to accept the offer and, following settlement of the offer, sell its 46.65% stake to Fortum Oyi for EUR 22 per share. This represents a purchase price of EUR 3.76 billion. The total value of the Fortum offer amounts to approximately EUR 8 billion.

Hengeler Mueller advised Axel Springer SE on the sale of new Axel Springer building (currently under construction) to Norwegian sovereign wealth fund, Norges Bank Real Estate Management and the sale of Axel-Springer-Passage to Blackstone Real Estate Partners Europe V and QUINCAP Investment Partners for a total purchase price of EUR 755 million.

Hengeler Mueller advised Naspers Limited on the increase of shareholdings in Delivery Hero AG by acquisition of 13% stake for EUR 660 million from Rocket Internet.

Hengeler Mueller advised funds managed by Oaktree Capital Management, L.P. on the acquisition of nursing home operator Vitanas/Pflegen & Wohnen from the Burkart family and the Andreas-Franke-Group.



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Hengeler Mueller advised GEA Group, an international engineering group based in Düsseldorf, on the acquisition of the Italian Pavan Group, a leading supplier of extrusion and milling technology for processing all kinds of fresh and dried pasta, pelleted snack products and breakfast cereals.

Hengeler Mueller advised IKB Deutsche Industriebank AG on the sale of IKB Leasing Group to HPS Investment Partners.

Hengeler Mueller advised Siemens AG on the sale of Siemens Convergence Creators GmbH, a global multi-industry digital transformation solutions provider headquartered in Vienna, to Atos SE, a global leader in digital transformation.

Hengeler Mueller advised Tetra Pak, a worldwide leading food processing and packaging solutions company, on the acquisition of Big Drum Engineering GmbH, a leading supplier of filling machines for the global ice cream market.

Hengeler Mueller advised IK Investment Partners Ltd, a leading Pan-European private equity firm, on the sale of Schenck Process, a global market leader in measuring and process technology, to funds managed by Blackstone.

Hengeler Mueller advised Capvis Equity Partners AG, the leading private equity firm in Switzerland, on the acquisition of majority stake in Thermamax Group, which produces innovative high-temperature insulation systems ranging from insulation fabrics and integral insulation solutions to complex insulation claddings, from Darmstädter family.

Hengeler Mueller, De Brauw Blackstone Westbroek and **Dorsey & Whitney** advised Robert Bosch GmbH on the acquisition of an indirect 5%-stake in HERE Technologies, which inter alia provides data for automated driving, from Audi, BMW and Daimler.

Hengeler Mueller, De Brauw Blackstone Westbroek and **Slaughter and May** are advising TATA Steel Group, a leading global steel company, on a 50/50 joint venture with thyssenkrupp AG, one of the largest steel producers in the world, to create a leading European steel enterprise by combining the flat steel businesses of the two companies in Europe and the steel mill services of the thyssenkrupp group. The joint venture would have annual shipments of around 21 million tonnes of flat steel products and have a pro forma turnover of around EUR 15 billion per year.

Hengeler Mueller and **Slaughter and May** advised Centrica plc, a UK-based international energy and service company, on formation of exploration and production joint venture with Stadtwerke München GmbH and Bayerngas GmbH.

Hengeler Mueller and **Slaughter and May** advised innogy SE on the merger of npower, innogy's British retail business, with the household energy and energy services business of SSE plc, to form a major, independent British retail energy company.

Hengeler Mueller and Cravath Swaine & Moore advised Stahlgruber Otto Gruber AG on the sale of its subsidiary, Stahlgruber GmbH, one of Europe's leading automotive parts suppliers, to LKQ Corporation, for a purchase price equivalent to an enterprise value of around EUR 1.5 billion.

About the firm's India Desk

The India Desk advises Indian companies on their business activities in Germany and throughout Europe and in accompanying German companies to India. Members of the India Desk regularly visit India to meet corporates, law firms, banks and auditors and also to attend conferences based on different topics like IT and foreign investment in India.

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