US EQUITIES
BOOKRUNNERS: 1/1/2013 TO 15/3/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Goldman Sachs	30	7,162.71	15.3
2	Citigroup	52	7,040.80	15.1
3	Morgan Stanley	38	5,117.70	11.0
4	Barclays	40	5,111.27	10.9
5	BofA Merrill Lynch	45	4,362.62	9.3
6	JP Morgan	38	3,938.85	8.4
7	Credit Suisse	29	2,958.09	6.3
8	UBS	24	1,917.22	4.1
9	Deutsche Bank	24	1,704.39	3.6
10	Wells Fargo & Co	30	1,697.90	3.6
	Total	172	46,736.16	

Including all domestic and international deals and rights issues

Source: Thomson Reuters (SDC code: C3r)

GLOBAL CONVERTIBLE OFFERINGS
BOOKRUNNERS: 1/1/2013 TO 15/3/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	BofA Merrill Lynch	10	1,765.50	22.2
2	Goldman Sachs & Co	9	1,562.88	19.7
3	JP Morgan	11	1,402.46	17.6
4	Morgan Stanley	5	1,055.50	13.3
5	Barclays	4	612.08	7.7
6	Citigroup	6	606.33	7.6
7	Credit Suisse	5	414.33	5.2
8	Deutsche Bank	3	200.50	2.5
9	Wells Fargo & Co	3	176.33	2.2
10	Jefferies & Co	2	127.08	1.6
	Total	26	7,951.50	

Includes all US$ denominated bonds structured to be sold in the US, including exchangeables.

Source: Thomson Reuters (SDC code: C9a)

TWO HARBORS is known for financial dexterity. Having made the move towards non-agency mortgage REITs and away from agency mortgages to avoid spread-compression in the latter, Two Harbors followed through on its latest step to diversify its investment portfolio with a sale of 50m shares. The stock sale, which is being conducted overnight on a capital-committed basis, follows recent approval of the mortgage REIT to purchase Freddie Mac mortgage servicing rights.

Total proceeds of at least $674m provide plenty of buying power. Earlier this month, Wells Fargo said it might test the sale of its MSRs, joining the ranks of Bank of America, Barclays, and other banks in preparation of heightened regulatory capital requirements. A move into MSRs, alluded to on its year-end conference call in February, is viewed as a natural hedge against inflation on its agency mortgage portfolio.

Noteworthy to its latest equity raise is the growing stable of investment banks.

In addition to incumbent houses *Credit Suisse* and *Barclays*, *Bank of America Merrill Lynch* and *Goldman Sachs* signed up on the overnight sale, its third raise in the past year. The banks are marketing on an overnight basis at $13.43–$13.48, versus a last sale $13.87 and 1.1x book value (accretive).

As an added inducement, Two Harbors said it would pay a first-quarter dividend per share of 32 cents to holders of record on April 2. If that is not enough, it will also spin off the remaining 17.8m shares it owns in SILVER BAY REALTY TRUST (taken public in December) to holders of record on April 2 – both the dividend and distribution are expected April 27.

Portnoy's property

Another week another offering from the stable of REITs managed by Barry Portnoy's REIT Management & Research (RMR). HOSPITALITY PROPERTIES TRUST (HPT), RMR's $6bn hotel and travel center REIT, last night launched an overnight secondary offering of 10m new shares, aiming to raise at least $260m.

The offering, via leads *Morgan Stanley*, *Bank of America Merrill Lynch* and *Wells Fargo*, was pitched in a range of $25.30–$26.40, a healthy 3%–7% discount to Hospitality's last close of $27.19 – the so-called Portnoy discount. The new stock represents a digestible 8% of outstanding and 10 days' trading.

Unlike last week's offering from stablemate GOVERNMENT PROPERTIES TRUST, the proceeds are not going to RMR's flagship COMMONWEALTH REIT, but instead to repay debt. The $385m unsecured revolving credit facility HPT plans to pay down with the proceeds charges an interest rate of just 1.51%.

HPT's share price is up 30% since November.

Notably, the sole risk factor cited in the HPT prospectus is litigation against CommonWealth and its trustees and officers, including claims of breach of fiduciary duty and corporate waste.

"Due to similarities in management and governance between us and [CommonWealth], it is possible that we could become the subject of claims similar to the allegations made against [CommonWealth] and its trustees," the document notes.

CommonWealth REIT last month raised more than $600m at $19 a share, a highly dilutionary offering relative to net asset value, but immediately profitable for investors amid an ongoing battle for control with activist investors Corvex Management and Related Fund Management.

There were some further developments yesterday relating to the activist funds' efforts to boot the CommonWealth board of trustee and revoke that equity offering (in which they were barred from participating despite owning nearly 10% of the REIT). In response to last week's consent solicitation issued by the funds, CommonWealth yesterday filed preliminary consent revocation materials with the SEC. The SEC is reviewing the solicitation materials before they are sent to shareholders.

CommonWealth said removal of the trustees was not in the best interests of the company and would bring material harm and disruption to the business. Although Corvex and Related previously offered to put forward an offer of up to $27, CommonWealth said the two funds were now asking shareholders to relinquish control without paying a control premium. Corvex and Related might respond that they have offered a takeover premium, only the trustees refuse to entertain it.

Blackhawk looks for take-off

Safeway is moving forward to float BLACKHAWK NETWORK HOLDINGS, its prepaid gift card and

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payments network, in a $200m IPO. As the deal was confidentially filed with the SEC last November, *Goldman Sachs*, *Bank of America Merrill Lynch*, *Citigroup* and *Deutsche Bank* will be free to launch the deal on April 18 after the mandatory 21-day waiting period for EGCs.

Few details are known at this time, but Safeway will have plenty of flexibility as to how it unwinds its 95.8% stake. Blackhawk's dual-class share structure suggests that some sort of IPO with a subsequent tax-free spin-off or split-off to shareholders is under consideration.

Safeway can float up to 20% of its Blackhawk holdings on the IPO before triggering tax obligations on the deal. The parent retains control through super-voting shares. The outcome of Blackhawk's IPO will determine how the legacy stake is unwound.

A tax-free spin that converts super voting shares into common equity is certainly the cleanest of all options, while a split-off creates the most value for Safeway. a split-off would see a distribution of stock to some shareholders in exchange for Safeway shares, enabling Safeway to cancel those shares in exchange for the stake.

BioAmber looks to new advisor

BIOAMBER, a renewable chemicals developer, revived its $100m IPO plans yesterday with the first amendment to its public registration in 10 months. The latest update places *Credit Suisse* as lead left underwriter with *Société Générale* and *Barclays* in supportive roles

Just as it was with SILVER SPRING NETWORKS and its pre-launch parting of ways with Morgan Stanley, the absence of *Goldman Sachs* as top underwriter is a notable change. Exactly why Goldman bowed out (or was dismissed) remains open to speculation – some have suggested varying views on cleantech.

BioAmber entered the US IPO pipeline in November 2011, sitting idle for 12 months. Cleantech IPOs that attempted to price during this time proved to be difficult executions because of high capital expenditures and long runways to profits.

Rather than wait out the unfavorable market as a public filer, BioAmber took advantage of its Emerging Growth Company (ECG) status under the JOBS Act and began filing its S-1 amendments confidentially.

BioAmber will be a difficult pricing in any market. Public comparables that convert organic feedstocks into petroleum or petrochemical via chemistry –SOLAZYME, AMYRIS, GEVO AND KIOR – have all lost money for IPO investors.

To avoid those US investors Cleantech repeatedly burned, the company even considered listing on a European exchange, European markets, such as the London Stock Exchange's Alternative Investment Market (AIM).

The good outcomes for recent cleantech IPOs SOLAR CITY and Silver Spring, plus the favorable pricing backdrop in the US swayed the deal back to a NYSE-listing.

California utility seeks lift from regulators

CALIFORNIA WATER SERVICE GROUP is moving to pre-fund capital expenditure with a $100m equity offering ahead of a crucial rate hearing.

At its share price of $20.09, Cal Water trades at 1.8x book, making the raise accretive to the ROE metrics regulators used. In the meantime the equity raised provides a buffer to fund capex, with pro-forma debt-to-equity falling to 46% at year-end 2012.

Joint bookrunners *Baird* and *Wells Fargo* launched marketing of 5m shares Monday and will conducting three full days of marketing with pricing expected after the close Wednesday. Cal Water shares fell 1.2% to $20.09.

Cal Water expects to spend $120m–$130m on capex this year, versus the $127.7m in 2012.

The company last July filed its general rate case application that requested rate increases of $92.7m (19.4%) for 2014, $17.2m for 2015, and $16.9m for 2016. California regulators are expected to weigh in shortly, followed by a 60-day period for rebuttal, with a final decision expected before the end of 2013.

HAWAIIAN ELECTRIC INDUSTRIES is taking a more balanced approached toward its funding needs, selling stock under a forward-sales agreement and drawing down cash as it needs the money. The forward sale, which *JP Morgan* is administering as sole counterparty and bookrunner, runs for 24 months, longer than the typical 12- to 18-month settlement period.

After borrowing stock from existing shareholders, JP Morgan last night launched a one-day marketing effort behind 6.1m shares, 6.2% of the utility's existing base and 18-days' trading volume.

Hawaiian Electric plans to spend $2.9bn between 2013 and 2017 on capex.