

Share Price Reaction to Seasoned Equity Offerings

How do the motive and the rate of underwriting affect the share price after issuance?

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The thesis tests if there is any significance in the discrepancy between the Theoretical Ex-Rights Price and the actual share price after the issuance in regards to the communicated motive behind the new issue. The motives tested for are; repayment of outstanding debt, capital expenditure and raising operational cash. We also test if the level of underwriting and the size of the company in combination with these motives have any significant effect on the discrepancy. We find that the motive of capital expenditure and operational cash has a negative effect on the share price after issuance while the debt repayment motive indicates a positive connection. A higher level of underwriting is found to have a positive tendency while the size of the issuing company has little or no effect. The results do not show any significant levels to draw a conclusion from motives' effect on share price performance.

Keywords: SEO, Rights Issue, TERP, Underwriting, Repayment of debt, Capital Expenditure, Operating cash

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Introduction

During the last five years (2006-2010) Swedish listed companies has completed Seasoned Equity Offerings through a rights issue more than 200 times¹, making it a common and popular way for companies to raise capital.

Companies issue new shares in order to raise capital for different reasons such as to pay back debt, attempt an acquisition or simply because they are in need of capital in order to keep operations going. Rights issues are carried out by the smallest listed companies (<10 MSEK Market Cap) as well as by the large companies listed on for example the OMX Large Cap. The need for capital tend to be even over time for smaller companies while the market clearly saw an increase in the amount of new issues by large companies in the aftermath of the latest financial crisis.²

In theory rights issues of shares should not have an effect on the share price before share issuance and the diluted theoretical ex-rights price (TERP)³ which is applicable after issuance should not hurt shareholders because of the opportunity to trade with subscription rights. However as many Swedish and international authors show, the market will in a majority of cases react negatively to the announcement⁴ of a new issue causing stock prices to plummet on the announcement day.

In this thesis we will examine the discrepancy between the share price after the issuance and the TERP and study if we can observe a statistically significant correlation between this discrepancy and the motive or the rate of underwriting of the new issue. The fact that we observe prices after the issuance is complete means we can assume that investors are well informed, having had the chance to read the prospectus thoroughly, and take into account factors like underwriting. From this we have composed a framing of issue reading:

*How does the **motive** and **rate of underwriting** of the rights issue affect the share price after issuance?*

¹ Database: *Finansinspektionens prospektregister*

² Ibid.

³
$$\frac{\text{No. old shares} \times \text{old share price} + \text{No. new shares} \times \text{new issue price}}{\text{Total No. shares after new issuance}}$$

⁴ Barclay & Litzenberger, (May 1988) Månsson & Rostedt (Fall 2010)

Purpose

Calculating the TERP is straightforward and will provide an exact future share price. As mentioned above shareholders are compensated by the ability to trade their subscription rights and therefore the TERP should always be reached. Even still a discrepancy occurs and raises the interesting question of why this difference arises. This thesis will analyse which other factors connected to the new issue that an investor will have to consider. We believe that the motive and the rate of underwriting will greatly affect the share price after the issuance.

A discrepancy between the TERP and the share price after issuance would imply that more explanatory factors other than the theoretical and mathematical relationship between pre and post issuance are to be found. For example if an event occur to the company during the subscription period which affects its share price. However primarily the discrepancy should be a result of the market reaction to the prospectus' content. Aside from the offered price of the new shares, investors will take into account the reason for the new issuance as well as to which degree it is already underwritten by other investors.

Delimitations

Our main purpose of this thesis is to find out in which way the motive behind the rights issue effects the share price after the subscription period is completed. We will focus on the effects that occur and restrict ourselves from further investigating why each individual motive would have this influence on the outcome.

The reasons why we only focus on rights issues are twofold. First the rights issues aims to maintain the former structure of ownership or compensate those owners who do not participate in the new issue. And secondly a rights issue also clearly states the number of shares that will be issued and at which price. To calculate the TERP we will need to know these figures. An open ended new issue often have a large range from minimum to maximum number of new shares, which makes calculating the TERP difficult.

Our sample will include Swedish listed companies that have carried through a rights issue during the last five year period (2006-2010). We choose to exclude financial institutions from our sample because of their balance sheet complexity and extraordinary regulatory requirements that may make up unusual motives for the new issue.

Background

The new issue

The new issue is a way for the company to raise capital from new and existing shareholders. It is attractive because it may be conducted with a balance sheet that is too weak for any bank to approve a loan. Instead of making compulsory interest payments, shareholders will acquire a share of the net profit, making share capital better in a cash flow perspective when a company is financially distressed.

The decision to carry through a new issue is made by the board of directors of the company that needs to raise capital. The board however, needs to be granted the right to decide on the new issue from the shareholders general meeting. Most new issues are thus preceded by an extraordinary general meeting at which the shareholders vote to give the board the right to carry through the new issue and make any changes necessary in the constitutional documents so that new shares may be issued.

Regardless of the, above mentioned, underlying motive for the raising of capital, there are many different ways in which a new issue could be carrying out by the company. What they all have in common however is that new shares are being issued and capital is raised towards company operations. The issuance of shares can be divided into two main categories; Initial Public Offerings (IPOs) and Seasoned Equity Offerings (SEOs).

Initial Public Offerings:

The IPO is put through by a company when it wishes to raise capital through the financial markets by “going public”, making it possible for investors to buy and sell shares on the public stock market. The shares sold in the IPO are often of two different types; newly issued shares with the purpose of raising capital for the company, called a primary offering or existing shares offered by existing shareholders as part of their exit strategy called a secondary offering. For expanding companies, with a reoccurring need for raising new capital, going public could be a major advantage as listed companies traditionally are able to raise substantially more money by selling new issues of stock to the public.

Seasoned Equity Offerings

The SEO on the other hand is a way for already publicly traded companies to raise capital by issuance of new shares to the financial market. This type of transaction may be carried out in a number of ways. The issuing company can choose between offering stocks to a specific

investor, for example an angel investor, an operational partner, or to all current shareholders in a **rights issue**.

The direct equity offer will dilute current owners' voting rights but providing that the new investor pays market price, the stock price will stay the same after the issuance of new shares. New shares offered to the current shareholders in a rights issue will in a majority of cases have a rebated price in order to attract investment. A rights issue means that each shareholder will be offered to buy its pro rata amount of shares to the rebated price. When the rights issue is carried through, the share price will, in theory, have decreased to a level between the price of shares before the transaction and the offered price of the new issue.

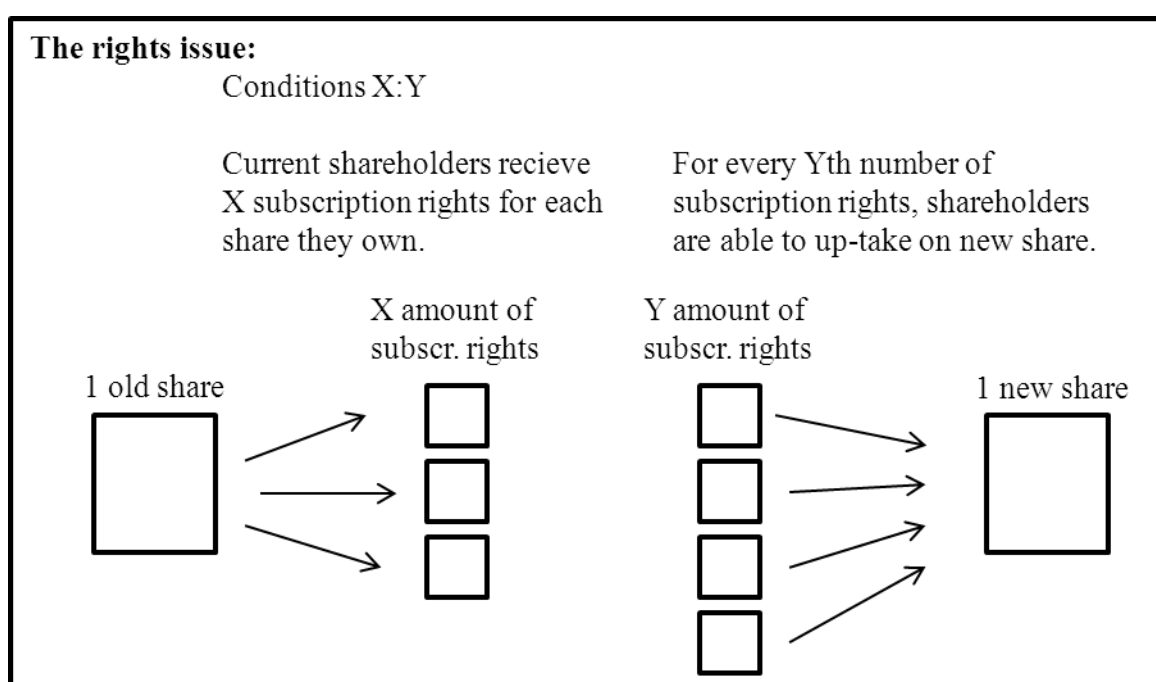


Fig. 1.2 The rights issue

If a shareholder is subscribing its pro rata amount, it will keep its portion of voting rights and if not its ownership in the issuing company will be diluted and it will own the same amount of shares as before but at a lower value. Given that the law of

Price of subscription rights	
Example	
TERP:	100
Subscription price	80
Number of subscription rights required	4
Price of subscription rights $(100-80)/4 =$	5

Fig 1.3 Price of subscription rights

one price⁵ holds however, the non-subscribing investor will be able to get compensation by selling the subscription rights it will receive proportionally to current ownership when the rights issue is announced. The value of the subscription rights will equal the difference between the TERP and the subscription price divided by the number of rights required to buy a new share.

Underwriting

One way for the issuing company and its investment bank to ensure some level of subscription is to have an underwriter guarantee participation in the new issue. The most common agreement of underwriting is that underwriter will subscribe for any new shares offered but not taken up by shareholders or the general public. The underwriter will then receive payment for guaranteeing subscription, usually as a percentage of the underwritten amount. The higher the risk of shares being left unsubscribed for, the higher the compensation will have to be in order to attract any underwriters.

The motives

There are three general motives to raise capital through a right issue: increasing operating cash, to repay outstanding debt or to finance capital expenditure.



Fig 1.1 The three main reasons for issuing new equity

Operating cash: Cash is raised through the new issue in order to keep operations going or to secure company liquidity through crisis.

Repayment of debt: The company could issue new shares to repay its debt with the intention to strengthen the balance sheet.

Capital expenditure: The capital raised from the new shares will be used in order to expand operations by buying another company or investing in, for example, new machinery.

⁵ Berk & DeMarzo (2007), page p. 78-79

These three different motives for the new issue should send vastly different messages to investors about the outlook for the firm's future income and thus the expectations of share price performance. Under the assumption that the financial market is semi-efficient⁶ the motive, which is published in the prospectus, should be known to all investors and thus be incorporated in the share price. This gives us the opportunity to test for the investors' perception of the motive and how they value it in the share price.

⁶ Semi-efficient market hypothesis, all public company information and share price performance history is available to market investors. Share prices adjust instantly to any changes in information of this sort.

Theoretical framework

Numerous papers have been written on post-announcement effects to share prices. Based on these studies a number of theoretical expressions are used in this thesis when analysing the results. Each rubric describes the economic problem and its theoretical implications.

Asymmetric information and adverse selection

Different individuals often hold dissimilar levels of access to information. Management teams can access internal information more easily than shareholders. If the level of information is asymmetric the chasm may result in irrational behaviour of individuals and an economic market failure.

Asymmetric information might have tipping effect on market supply. In 1970 George Akerlof⁷ showed the correlation of information differences between buyers and sellers of used cars and the resulting decrease in average prices. Adverse selection means an uneven net inflow of under average goods due to the systematic under-pricing of over average objects. This leads to a cautious behaviour from buyers and lower prices of goods.

A market failure like the adverse selection could possibly explain an under-pricing of shares immediately after the announcement of the new issue. Differentiating “good” from “bad” investment opportunities when comparing companies that are issuing new shares could be difficult. Companies that have other options for raising capital aside from using a new issue might choose cheaper options to do so and will not be available as a rights issue. Investors facing the challenge to distinguish which company to invest in may face a tilted selection as the investors cannot separate the best option from the majority. Therefore only “bad” objects are offered on the market which will force the prices to go down.

Signalling theory

The informational asymmetry - i.e. the difference in informational knowledge among actors - prevailing in standard economic theory causes actors to indicate their future marginal efficiency. To present these indications individuals signal their capabilities in order to demonstrate their unrevealed skills. The phenomenon was first described by Michael Spence,

⁷ Akerlof, George (Aug 1970)

who illustrated the information asymmetry when employers do not know the individual's level of productivity beforehand.⁸

We believe that signalling theory of this sort could also be applicable on the message distributed in the prospectus regarding the motive for a new issue, something that is also acknowledged in prior studies of this sort⁹. Others argue that it is in the interest of companies to present as much information as possible about its operations and future outlooks when announcing the new issue.¹⁰ Less information will make investors less attracted to the offer thus making acquiring new equity capital much more expensive to current shareholders.

Therefore we believe that underwritings are a possibility to signal the future disbursements of the company. If the issuance is fully underwritten, this will signal a more lucrative investment opportunity. Underwriting is often given by majority owners which may possess more information than minority shareholders. This should mean that an issuance with a higher degree of underwriting also should have a higher abnormal return.

Agent-principal theory

As not all operations may be carried out by the company owners themselves some tasks will have to be directed to agents. The owner, or principal, therefore loses some of its control to the agents. The agent may therefore possess extensive information about explicit activities within the company, information that may not be obtained by the principal. As the agent is the one actually responsible for the task, the principal and the agent may have different opinions of what needs to be done, this divergence is sometimes referred to as moral hazard.

We believe that if the new issue is fully underwritten this could indicate that the shareholders' and company management's plans are matching. On the other hand if the new issue is not underwritten this may indicate a contrast between the agent and the principal. Rights issues with higher rates of underwritings should therefore result from a higher level trust between shareholder and company managers. Open-minded investors should be more willing to invest in the company which should result in a higher abnormal return.

⁸ Spence, Michael, (Aug. 1973)

⁹ i.e. Jensen, Crutchley & Hudson, (Fall, 1994)

¹⁰ Lin, You & Lin (2008)

Transaction cost

The term transaction cost was first proclaimed by Ronald Coase¹¹ and later further formalized by Oliver Williamson¹². Transaction costs occur as the firm faces the “make or buy” decision whether it should produce the goods/service in-house or purchase it in the open market. The transaction cost occur either ex-ante, e.g. in search for information, or ex-post, e.g. through quality checks.

When the company decides to turn to the open market for capital instead of using internally created funds some friction is produced in terms of the cost of issuance. This cost will vary between different issues but may add up to 20%¹³ of the issued value. The loss of capital due to this transaction cost could explain some of the decrease in share prices after the new issue is announced. But it could also result in a negative abnormal return in the period following the announcement as capital is used to finance the new issue instead of positive investment opportunities.

Miller-Modigliani Proposition 1

The Miller-Modigliani Proposition 1 (MMP1) states that the higher the debt-level, and thus the amount of interest gained by the tax shield, the higher the value of the company. Because lowering the debt should, in accordance with the MMP1, mean that company value decreases this should imply that the new issue is being forced on the company by its debtors or that management sees it as a necessity to decrease the negative cash-flow from interest payments.

Due to the MMP1 we believe that if the motive is to repay debt the share abnormal return following the new issuance should be negative compared to other motives.

Miller-Modigliani proposition 1

$$V_L = V_U + T_C D$$

V_L is the value of a levered firm.

V_U is the value of an unlevered firm.

$T_C D$ is the tax rate (T_C) $\times$ the value of debt (D)

Fig. 2.1 Miller-Modigliani Proposition1

¹¹ i.e. Jensen, Crutchley & Hudson, (Fall, 1994)

¹² Williamson (Nov 1981)

¹³ E.g. In 2010 Lightlab Sweden AB paid 1.7 MSEK in new issue expenses and 1.8 MSEK in underwriting fees. The new issue raised a total of 18.4 MSEK making the total cost account for 19% of the raised capital.

Wasteful investment and Empire building

Managers tend to favour controlling large rather than small companies; bigger companies generally offer larger remunerations and perks.¹⁴ In order to grow the company managers may enforce empire building actions such as acquisitions. If the goal of the company is to grow rather than to find positive net present value investment opportunities some projects with negative NPVs may be granted. This is referred to as wasteful investments¹⁵ i.e. by investing the company will grow, but the investments are higher than the present value of the project.

In our study, the theories of empire building and wasteful investment could be linked to the motive of raising equity in order to finance capital expenditure. A negative abnormal return when the motive is capital expenditure could therefore be an indication of wasteful investments.

Seminal contributions on new issue effects

Barclay and Litzenberger observe a negative abnormal return interconnected with the SEO announcement. The share price is expected to decrease by an average of 1.3 % immediately following the announcement and by 2.4 % in the following three-hour period. In the days following the new issue the share price experience a positive return of 1.5% which indicates a slight recovery. The magnitude of the abnormal return is proportional to the Tobin's q ration of the firm.¹⁶

In the period following the new issue, issuing firms experience an average return of 7%, while non-issuing firms produce an annual compound return of 15%. To obtain the same wealth after five years investors in issuing firms will have to invest 44% more than in non-issuing firms.¹⁷ Spiess and Affleck-Graves validate the differences between issuing and non-issuing firms among SEOs.¹⁸ The findings by Laughran and Ritter further pinpoint the effect of adverse selection among SEOs.

The asymmetric information between managers and investors has been confirmed by several studies. Leland and Pyle¹⁹ observed signalling effects in entrepreneurial companies. As the Miller-Modigliani proposition 1 states, the value of the firm will not change due to changes in

¹⁴ Malmendier & Tate (2005)

¹⁵ Berk & DeMarzo (2007), page p. 529-531

¹⁶ Barclay & Litzenberger (May 1988)

¹⁷ Laughran & Ritter (Mar 1995)

¹⁸ Speiss & Affleck-Graves (July 1995)

¹⁹ Leland & Pyle (May 1977)

the debt-equity ratio. However signalling effects when issuing new equity could have causal effects on firm value if the entrepreneurs choose to hold their percentage of equity. Leland and Pyle also draw the conclusion that as information may be costly. Investors therefore do not have the possibility to distinguish “good” and “bad” companies from each other. This results in the adverse selection described by Akerlof.

However, as companies issue new shares during all periods of the business cycle, a new issue during expansionary phases may result in smaller abnormal negative returns. This also includes the size aspect of the company.²⁰ Denis also edifies the size effect to expected return. If companies have gainful investment opportunities the negative abnormal return should be somewhat smaller. But this mostly applies to young, small, high growth companies.²¹

Masulis and Eckbo²² summarise these valuation effects as:

- i. Optimal capital structure effects
- ii. Asymmetric information and cash flow effects
- iii. Adverse selection effects
- iv. Changes in ownership structure effects
- v. Partial anticipation effects

This shows the multifaceted reasons to the discrepancy between TERP and actual share price.

²⁰ Choe & Masulis & Nanda (Jun 1993)

²¹ Denis (Jun 1994)

²² Eckbo & Masulis (1995)

Method

To understand the discrepancy between TERP and actual share price an event study has been conducted. What we examine in the event study is the discrepancy that occurs after all investors are well informed and the rights issue has been completed. In this event window we expect to observe significant results that will relate the motive of the new issue or the rate of underwriting to the abnormal return in the event window.

Timing of event

An SEO is disaggregated into four steps; the public announcement of the new issue, subscription period, announcement of the total subscription and will be finished with the trading of the new issued shares. The time between the announcements and the finished issuance will vary between different observations. Displayed below are the time-frame of the rights issue and the way the respective variables are defined.

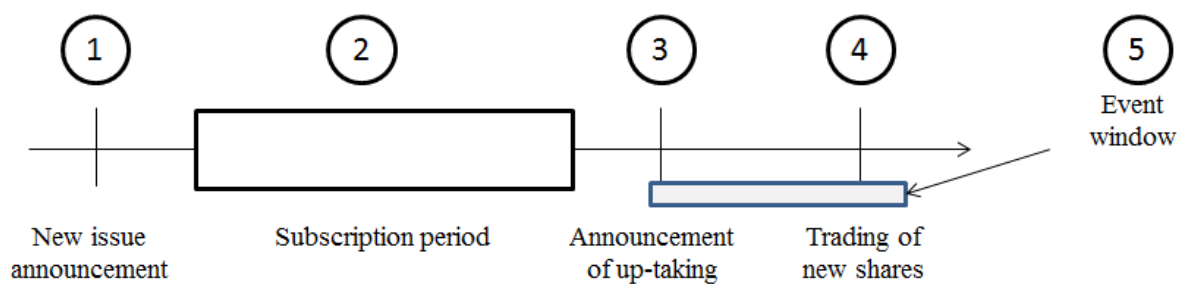


Fig. 3.4 The disaggregated seasoned equity offering

The date of each point will vary between different observations and has therefore been generalised in order to facilitate the study.

Point 1 is the new issue announcement and is defined as seven banking days prior to the publication of the approved prospectus at Finansinspektionen. Seven days is a simplification based on the available data of Finansinspektionen and Handelshögskolan i Stockholm's FIA database. With seven days we are sure not to capture a share price after the announcement.

Point 2 is the subscription period that will generally last for around 14 days and is defined in each prospectus.

The start of the event window at point 3 is defined as the seven days after the end of the subscription period. At this point the total subscription of the rights issue will be announced.

The event window will last for 14 days and point 4 is therefore defined as point 3 adding 14 days.

The event period is somewhat different to previous studies which have focused on the period from issue announcement to offer expiration²³ or long- run performance²⁴. The event window will not capture the immediate effects of the new issue announcement but explain the differences between the TERP and the share price in the after match of the new issue. The total subscription of new shares will be announced approximately one week after the end of the subscription period, which is the start of the event window, and investors are now informed of the motive, the total subscription and the share price should now be back to “business as usual”. The event window will therefore be able to explain a recovery or a continued fall of share prices and connect them to the motive and the rate of underwriting.

When calculating we face some difficulty because there are more than one dates after the subscription period that could provide interesting information concerning the price of the new issue. The announcement date of total subscription as well as the date²⁵ enabling trading in new shares are interesting to this study because they will both effect variables in our regression calculations below. In order to measure the above mentioned effects we have to create a rather large event window of 14 days. This of course renders a result that will contain other effects than our main points of interest but we believe that when adjusting for average market return we will get a result with acceptable clarity that includes the effects on the relevant dates.

Dataset

For each of the reported rights issues from the FIA database we needed to complement our dataset with the date of publication on the website of Finansinspektionen from which we then deducted seven days in order to get the share price close to, but still before, the new issue announcement. As Finansinspektionen publishes the prospectuses approximately 2-3 days after the announcement of the new issue seven days are used so that to be sure the new issue is not announced when calculating the TERP. This date is important because we want to

²³ E.g. Børen, Eckbo & Michalsen (Nov 1997)

²⁴ E.g. Laughran & Ritter (Mar 1995)

²⁵ May be more than one date if the company has both primary and subsidiary subscription rights or shares that have been taken up without any subscription rights at all.

calculate the TERP before the announcement could have impacted the share price to get a cleaner number.

Our dataset also contains share price data for each observation from 150 calendar days before the start of the event to the day the event ends. This gives us around 70 days to use as estimation period for normal return as well as the days we use in our event window. The share prices we have used are adjusted for factors such as splits which give us better data to run our tests on but raise one significant problem. Because of the adjustment, the prices we have gotten may differ a lot from the real share price at the time of the rights issue, on which the conditions for subscribing were based. In order to correct this we have looked up the real share price at the date for which we calculate the TERP, made an adjustment ratio and multiplied the issue price with this ratio. This gives us historical share prices and new issue prices that are proportional in size, which is a requirement for calculating our dependent variable.

Calculating the Theoretical Ex Rights Price

The Theoretical Ex-Rights Price (TERP) is calculated by using the formula:

$$TERP^{26} = \frac{No. \text{ old shares} \times old \text{ share price} + No. \text{ new shares} \times new \text{ issue price}}{Total \text{ No. shares after new issuance}}$$

No. old shares is the total number of shares outstanding, in time (1) before the announcement of the new issue.

Old share price is the prevailing price pre-announcement of the new issue, in time (1).

No. of new shares is the total number of new shares issued in the SEO, which is announced in time (3).

New issue price is the subscription price in the SEO, during time (2).

Total No. shares after the issuance is the total number of shares trading in time (4), after the SEO is completed.

The TERP will provide an estimate of the stock price after the SEO is carried out and new shares have been issued. The TERP describes the new total market value of the company

²⁶ FTSE international limited (2010 Nov)

divided by the total number of new shares and is therefore the theoretical price after the completed new issue.

CAPM

In order to calculate the abnormal return that we will use in our event study, we first need to calculate the normal return for every single asset during the specific event window. To get these numbers we use the Capital Asset Pricing Model (CAPM) which is the well-recognized model for calculating required return given a specific amount of risk.

$$E(R_i) = r_f + \beta_i(r_M - r_f)$$

The expected/required return according to the CAPM will equal the risk-free rate plus the beta times the market risk premium. Risk is defined in the model through β which is the covariance between the asset and the market portfolio divided by the variance of the market portfolio. Because the financial market will not pay a premium for idiosyncratic risk but rather for the systematic risk of the firm with regards to the market portfolio, the β -term is, due to its definition, the only factor in the CAPM that will differ from company to company.

The CAPM will be at use to us when calculating the alpha and beta-values for each company during the estimation period. These values are then used for calculating the normal return “according to CAPM” above.

The regression analysis

In order to study the reasons of discrepancy between the mathematically calculated TERP and the actual share price we need to identify a dependent variable that reflects the difference between these terms.

The dependent variable

The dependent variable is defined as Y. The variable Y shows the cumulative abnormal stock return during step (3)-(4) from the period a, i.e. in step (1), subtracting the TERP return.²⁷

²⁷ TERP return is the TERP divided by stock price in (1).

Y is therefore defined as:

$$Y_i = \frac{P_{i,0} \times (1 + \sum_{t=0}^t (r_{i,t} - r_{CAPM,i,t}))}{P_{i,a}} - \frac{TERP_i}{P_{i,a}}$$

Where:

$r_{i,t}$ is the return of stock i in period t

$r_{CAPM,i,t}$ is the “normal” return according to CAPM of stock i in period t

$TERP_i$ is the Theoretical Ex-Rights Price of stock i

$P_{i,0}$ is the price in the beginning of the event window, which is equivalent to step (3).

$P_{i,a}$ is the price of stock i in period a (where period a is equivalent to step (1), the pre-announcement price)

Independent variables

In order to find any correlation between the after-issue stock price and the different motives that we have explained above, we need to define the independent variables to regress the dependent variable on. We will create one dummy variable for each motive that will take on the value 1 for the current motive and 0 otherwise. To study the effect from rate of underwriting of the new issue and the relation to company market capitalisation we will create two continuous variables of market capitalisation and level of underwriting. In doing this, we get the following model regression:

$$Y_i = \beta_0 + \beta_1 Repay_i + \beta_2 Opcash_i + \beta_3 Capex_i + \beta_4 Mcap_i + \beta_5 Underwriting_i + \varepsilon_i$$

Where:

i denotes the individual company in the current transaction.

$Repay_i$ is a dummy variable for the new issue motive of repaying debt.

$Opcash_i$ is a dummy variable for the new issue motive of raising operating cash for general purposes

$Capex_i$ is a dummy variable for the new issue motive of making large investments.

$Mcap_i$ is a continuous variable for the market capitalisation of the company in millions SEK

$Underwriting_i$ is a continuous variable with a value in the range 0 - 100 % controlling for the level of subscription guaranteed by underwriters in the new issue.

ε_i is the error term.

Sample

The study contains a sample of 136 observations on seasoned rights issues during 2006-2010. This data is obtained through the FIA database²⁸ administered by Stockholm School of Economics. The sample was obtained by using the delimiting search parameters: rights issues only, stock-exchange listing and timing of event. All observations have been cross-checked to the prospectus database administrated by Swedish financial regulation authority (later Finansinspektionen)²⁹.

The thesis only discusses SEOs with rights issues and the sample has therefore been sorted in order to only focus on these prospectuses. IPOs and common stock offerings are not included in this survey. Only listed companies are included in the study as the respective fluctuations will be relative to expected stock changes.

Each SEO has a matching prospectus which contains crucial additional information. Information on motives, underwriting and number of shares before the new issue has been taken from each respective prospectus.

Characteristics of the sample

The 136 observations we have used in order to test our hypothesis have the following characteristics.

If a company has a split motive, e.g. they will both repay outstanding debt and finance capital expenditure; the dummy variable will receive the value of 0.5 instead of 1. Below the box illustrates each observation while the summations show the number of observed rights issues.

²⁸ Database: Findatabasen på Handelshögskolan i Stockholm

²⁹ Database: Finansinspektionens prospektregister

Frequency of motive

	Debt	Capex	Opcash	TOT
Split motive (x0.5)	20	5	21	23
Single motive (x1)	14	21	78	113
TOT	24	23.5	88.5	136

Fig. 3.1 Frequency of motive in the sample

The table above clearly states that the most common motive behind raising equity, as communicated in the prospectus is for operating expenses and to keep the continuous operations going. The motives of repaying debt and raising equity for capital expenditure are equally common. Noteworthy is that repaying debt and raising capital in order to finance operating expenses coexists with each other at much higher frequency than the capital expenditure which primarily is the single motive of new issue.

Further information

	Obs	Mean	Median	Std. Dev.	Min	Max
Market cap (MSEK)	136	2508	23.5	8079	0.245	50794
Underwritten (%)	136	0.68	1.00	0.411	0.00	1.00

Fig 3.2 Market Capitalisation and rate of underwriting in the sample

Table 3.2 displays the market capitalisation of the issuing companies as well as the level of underwriting for the rights issues in our sample. The sample contains issuing companies ranging from practically worthless in the pre-money valuation to those listed on the OMX Large-Cap (>1 €bn) with a median of 23.5 MSEK. The mean level of underwritings is 68 % where fully underwritten offerings are common. Non-underwritten rights issues happens primarily for small companies where either the cost underwriting or unattractiveness of the offer acts as discouragement.

Year	No.
2006	1
2007	20
2008	28
2009	37
2010	50
	136

Fig. 3.3 New issues per year in sample

In our sample the observations are distributed over the years as shown above. We made the delimitation to use observations during five years, which after cross-referencing with share

prices and data from the prospectuses gave us a larger number of valid observations in the latter years.

Results

As the event window is set to the period following the subscription period of the new issue. The result will capture the subsequent variations of the stock. This after match may vindicate a possible over- or undervaluation.

Linear regression					Number of obs	136
					R-squared	0.038
Dep.Var.	Coef.	Std. Err.	t-value	P>t	[95% Conf. Interval]	
Repayment of Debt	0.099	0.068	1.45	0.150	-0.036	0.235
Capital Expenditure	-0.106	0.069	-1.54	0.125	-0.242	0.030
Operating Cash	-0.063	0.063	-1.01	0.316	-0.187	0.061
Underwriting	0.050	0.043	1.16	0.248	-0.035	0.136
Market Capitalisation	0.000	0.000	0.43	0.664	0.000	0.000

Fig. 4.1 Results of the linear regression analysis

By defining the dependent variable y_i as the difference between the actual share price return and the TERP return a number of interesting observations occur. Table 4.1 illustrates the numerical results indicating a positive return during the event window if the motive is to repay outstanding debt. The abnormal return is + 9.9 % indicating a large undervaluation in stock that communicates the need to repay debt. The p-value of this variable is 0.150 which makes the results significant only at the 15 % level which is not to be considered as significant enough to draw any strong conclusions from but will still allow some speculation about the result.

In regards to the other motives for the new issue we find that raising equity to use as operating cash would imply a lower stock price after issuance compared to the TERP. However we calculate a p-value of 0.316 which unfortunately makes it difficult to draw any further conclusions from the explanatory value of this variable. The coefficient for this variable was -0.063 indication that if the motive is to raise capital in order to finance operational activities, the price will decrease by 6.3%.

The dummy variable capital expenditure has a coefficient of -0.106 and a p-value of 0.125. This would imply that if the communicated motive behind the new issue is to raise equity in order to finance larger investments the share price return will drop 10.6 % below the TERP-return after issuance of new shares. A p-value of 0.125 means that the explanatory details of the variable are not significant below the 13 %-level which is not good but still workable for finding some tendencies.

The two continuous variables that we have defined, “underwriting” and “market capitalisation”, show wildly different characteristics. Market cap should, with its p-value of 0.664, not be considered in any additional analysis while our variable controlling for the level of underwriting in the new issue show us some interesting information. The p-value of 0.248 does not show any great level of significance and any further analysis should be done with caution. The coefficient of 0.050 means that our dependent variable would differ 5.0 % between a rights issue without any underwriting and one that is fully underwritten beforehand.

An R-squared value of 0.038 will indicate the magnitude of variations explained by the regression analysis. The value shows that approximately 3.8 % of a future observation may be expected to be located exactly on the line of regression. The value may sound low but because reality can only be explained by an infinite number of variables we regard this value as satisfactory and still feel that we can make use of the results.

Analysis

The study of 136 rights issues from Swedish public companies illustrates a number of interesting topics. Prior work has shown different aspects of stock return following the announcement of the new issue. This study demonstrates the period following the publication of the finished issuance. With a starting point in the fact that stock return following the announcement are negative³⁰, due to a number of different reasons, the observed result embodies not only the reactions to the announcement itself but also the investor's reaction to the company's future economic outlook.

Repayment of debt

When the motive of the new issue is to repay outstanding debt the negative return immediately following the announcement will be the most negative according to Månsson & Rostedt (2010). This study shows that if the motive is to repay outstanding debt the abnormal return in the event window will be positive (+9.9%). This is highly contradictory as previous works show a negative trajectory. Instead the positive return in the event window may illustrate an under-pricing of the share following the announcement which would then be reflected in our numbers when investors realise the overreaction and return to the asset.

According to the Miller-Modigliani Proposition 1 the amount of debt will affect the share price. A lower amount of debt will offer a smaller tax shield, resulting in a lower future cash flow. Also the signalling value of the requirement of new equity would imply that the balance sheet need to be strengthened because of harder times to come, resulting in an additional decrease in the share price. What could be a factor behind our results, with regards to the balance sheet, is that investors would in some way regard the company as attractive because of the increased solidity.

Operating cash

Our results show that when the motive behind the rights issue is to raise operating cash in order to keep current operations going, the share price return after new issue will be -6.3 % below the TERP return. The result is, with a p-value of 0.316, not nearly significant enough to provide us with any useful information. This leaves us unable to draw any strong conclusions from the results which mean that we can only really speculate about the real effect of communicating the operating cash motive for the new issue. However an analysis of the

³⁰ E.g. Månsson & Rostedt (2010), Barclay & Litzenberger (May 1988), Akhigbe & Harikumar (1996)

variable coefficient tells us that investors would react negatively to a rights issue with this motive.

Turning to investors in order to raise additional funds can also indicate an inability to generate the necessary capital for an on-going operation. Using external funds also drains capital in term of ex-ante transactional cost due to advisory and issuance fees. These costs will result in loss of capital and lower the market capitalisation. Using new issues instead of internal created funds will also have a negative signalling effect to investors.

Repeated inflow of new equity due to the inability to finance on-going operations could also indicate a risk of moral hazard. There is reason to suspect that if the management time after time fails to create the funds needed and therefore turn to the investors in order to finance the operations and do not face any reprisals in terms of lay-offs or un-triggered bonuses the company will continue to use new issues. In the sample some of the companies tend to reoccur and the motive is often to raise operation cash.

Capital expenditures

The rights issue motive to raise equity in order to carry through an acquisition or a large capital expenditure would, according to our regression, result in a -10.6 % difference between the share price return after the new issuance and the TERP-return. Even though we only have 23.5 observations in which the motive of capital expenditure is communicated, the dependent variable with this motive show the most significant result and a p-value of 0.125. However this is still a rather low value of significance which leaves us more or less unable to draw any strong conclusions.

Our hypothesis was that this motive could be attractive to investors because of the positive investment opportunities that it would imply exists for the company. The negative result we get does instead indicate the opposite, that investable capital would somehow decrease firm value. The theoretical explanation behind this could be the perceived risk of wasteful investment. Earlier studies show that the inclination amongst top executives to empire-build in order to increase the status of their own employments might cause them to make acquisitions that are less than optimal for the shareholders.³¹ The new issue could be perceived as flooding the company with capital and providing the managers with the ability to expand without focusing on value adding activities. Studies also have shown that the share

³¹ Barclay & Litzenberger, (May 1988)

price reaction on announcement of a larger acquisition is 1 %, where half of the issuing companies experience their stock devaluing which would mean that even with the management's good intent, going through with the current deal opportunity might not be a good idea for the issuing company³².

Market capitalisation

When examining our market cap-variable we are initially discouraged because of the high p-value of 0.664 which does not allow us to draw any conclusions from the coefficient due to the low significance. The value we get however is positive which would imply that the share price of large companies would perform better than that of smaller ones. Intuitively this could be because of greater stability, due to risk diversification, in larger companies and also a relatively low cost of carrying through the new issue.

Underwriting

Underwritten new issue demonstrates a positive return in the event period. The significance level for this explanatory variable is 0.248 which is not significant but provides us with the possibility to observe some tendencies. Underwritings will result in a positive return of 5.0% indicating a positive correlation if the issue is fully underwritten. Underwriting is often given by current shareholders or consortiums. New issues are more often than not to some extent underwritten, 110 out of 136 in our sample.

Not having an underwriter will therefore signal a lack of confidence among the present shareholders. Underwriting illustrates the amount of trust given by the shareholders. As investors can be seen as the principal and the management can be viewed upon as agents. Underwriting could therefore solve some of the information asymmetry and the risk of moral hazard. If managers possess internal information that is unidentified by the investors, this asymmetry will affect the level of underwriting as investors may not understand the true objectives of the new issue.

We believe that if investors are equally informed as managers and understand the true objective of the new issue, the underwriting will be higher. Investors that believe they are facing a risk of moral hazard by providing the management with additional funds will not underwrite the new issue. This means that if the agent and principal do not share the same information, objectives nor future outlook the new issue should be less underwritten. A lower

³² Eckbo, E (2008)

level of underwritten shares will consequently result in a smaller or negative return as the results indicate.

The level of underwriting differs depending on the communicated motive of the rights issue. For the capital expenditure and operating cash motives, shares are underwritten at a similar level and about 50 % of the new issues have fully underwritten subscription. For the debt motive however, we observe a larger level of new issues where 100% of the shares are underwritten. These findings are contradictory to our hypothesis where the motive of debt repayment is the least attractive to investors and should be so to underwriters as well. However the conclusions that can be drawn are in line with the findings this study's main test.

As mentioned in the analysis above, we get a negative share price return compared to the TERP-return for the motives of capital expenditure and operating cash but a positive one if the motive is debt repayment. We have also shown that underwriting of the new issue will contribute positively to our dependent variable. A combination of these observations would intuitively yield the result shown in table 5.1. However as the results are highly insignificant all conclusions should be considered as speculative.

debt			
Underwriting (%)	Freq.	Percent	
0	3	9%	
1-49	4	12%	
50-99	2	6%	
100	25	74%	
	34	100%	

capex			
Underwriting (%)	Freq.	Percent	
0	4	15%	
1-49	5	19%	
50-99	4	15%	
100	13	50%	
	26	100%	

opcap			
Underwriting (%)	Freq.	Percent	
0	19	19%	
1-49	14	14%	
50-99	16	16%	
100	50	51%	
	99	100%	

Fig. 5.1 Frequency of underwriting with respect to motive of the new issue

Conclusion

The study of 136 rights issues on Swedish listed companies during 2006 and 2010 do not show any significant results that would indicate a correlation between motive of the new issue and the return in the period following the new issue. However different motives will illustrate a tendency that the share price will be affected after a new issue is made. Depending on which motive the company has for issuing new equity, share prices will either fall or rise.

Raising equity in order to finance capital expenditure will result in the largest negative effect of -10.6% . The negative effect could be derived from the possibility of wasteful investment or empire building.

If the new issue is made due to a lack of operating capital the negative effect will be approximately -6% but the results are unfortunately not significant enough. However, the negative tendency may provide a glimpse of the transactional cost effects connected to advisory and issuance fees.

When the motive of the new issue is to repay outstanding debt the effects will be positive to the share price. The study shows that the share price will increase by an average of 9.9% compared to the TERP. The positive return could follow an under-pricing of the share immediately after the announcement. But as the significance is not good enough, no strong conclusions may be drawn from the results.

The study does not clearly prove that different motives will affect the share price. Some tendencies could be drawn, that depending on the motive the difference between the actual share price and the TERP will be positive or negative.

Further this study tries to show the effects of underwriting of shares. However the results are not significant and any conclusions should be viewed upon with caution. If the prospectus states that the rights issue will be underwritten this will have a positive effect on the share price compared to the TERP. Underwriting will have a 5% positive effect on the share price. The positive effect may derive from the positive signalling effect towards the underwriters. Underwriting also illustrates the level of trust given by the shareholders towards management decisions. Shareholders that are willing to continue to support the company may not feel threatened by the risk of moral hazard.

Discussion

The dependent variable that we measure, which is the difference between the post-issuance return and the TERP-return, should according to earlier studies have a negative mean because of the expected share price drop when the new issue is announced. We found however that the mean of this dependent variable is 10.3 % which would imply a higher share price after issuance than the mathematically calculated TERP. This could mean that either the comparison between TERP and actual share price is faulty from a theoretical perspective or more likely that the timing of our observed event-window is too far away from the announcement and the actual effects of the information regarding the rights issue.

We chose to look at an event-window from after the announcement of total subscription from the new issuance of share because we wanted to test the share price performance when its development could be viewed as back to normal. The risk of letting time pass is however that the probability of any other event occurring that will affect the share price increases thus making it harder for us to draw strong conclusions from the test.

If one were to conduct a similar study again it would perhaps be preferable to define the event-window around the time for the new issue announcement and test for significance with regards to the motives during this time. Or one could go in the opposite direction and define an event-window over many months to test if long-term share price performance might have been affected by the rights issue.

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Appendix – Sample

Date	Subscriptions price (sek)	Organisation	New Shares	Debt	CapEx	OpCap	Underwriting
2006-11-08	3.50	Precise Biometrics AB	72915450	0	0.5	0.5	0.014
2007-01-12	60.00	Active Biotech AB	40000000	0	0	1	1
2007-03-08	110.00	Elanders AB	8370000	0	1	0	1
2007-03-19	8.50	AlphaHelix Molecular AB	4796442	0	1	0	0.67
2007-03-21	1.85	IDL Biotech AB	15363202	0	0	1	0
2007-03-27	260.00	Russian Real Estate Inv Comp AB	4664170	0	1	0	0
2007-04-12	0.25	LifeAssays AB	1.47E+08	0	0	1	0
2007-04-05	10.50	Karo Bio AB	48400000	0	0	1	0.958
2007-04-05	3.00	Kindwalls Bil AB	5100000	0	0	1	0
2007-05-18	16.00	Ginger Oil AB	15354397	0	1	0	1
2007-05-17	4.00	Taurus Energy AB	8456403	0	1	0	0
2007-05-17	2.75	Bringwell AB	1.72E+08	0	1	0	1
2007-05-18	1.20	Smarteq AB	85203000	1	0	0	1
2007-07-16	0.30	Stille AB	3.62E+08	0	0	1	1
2007-07-27	11.00	Paynova AB	32852000	0	0	1	1
2007-09-03	37.00	Cybercom Group AB	12435757	0	1	0	0.548
2007-09-27	0.10	Axlon Group AB	4.15E+08	0	0	1	0.708
2007-10-01	16.00	Eurocine Vaccines AB	6770000	0	0	1	0.75
2007-10-10	0.70	Biosensor Applications AB	3.56E+08	0	0	1	0.56
2007-11-19	23.00	CTT Systems AB	8768930	1	0	0	1
2007-11-27	12.00	Guideline Technology AB	24693872	0	1	0	1
2008-02-29	7.00	Genovis AB	8708987	0	0	1	1
2008-02-20	120.00	Getinge AB	2.02E+08	0	1	0	1
2008-04-15	0.12	OraSolv AB	1.02E+08	0	1	0	1
2008-05-01	2.50	CybAero AB	5992270	0	0	1	1
2008-05-05	1.20	OPUS Prodox AB	64181571	0	1	0	1
2008-05-07	40.00	Active Biotech AB	47300115	0	0	1	1
2008-05-14	1.45	Pilum AB	23004510	1	0	0	1
2008-05-19	20.00	Nordic Mines AB	19100000	0	1	0	1
2008-05-22	0.55	Central Asia Gold AB	4.12E+08	0	1	0	1
2008-06-02	7.00	Paynova AB	39830399	0	0	1	0.517
2008-06-09	1.20	TagMaster AB	35850000	0	0	1	1
2008-06-17	1.00	Precomp Solutions AB	10288000	0	0	1	1
2008-08-25	6.00	RNB Retail and Brands AB	57078832	0.5	0.5	0	0.38
2008-08-22	0.06	Followit Holding AB	2.54E+08	0	0	1	1
2008-08-29	5.00	Enjoy Group AB	8000000	0.5	0	0.5	0
2008-09-01	10.00	C-RAD AB	8047541	0	0	1	0
2008-09-22	2.40	Morphic Technologies AB	1.64E+08	1	0	0	1
2008-09-30	18.00	Opcon AB	16326000	1	0	0	1
2008-10-08	24.00	Russian Real Estate Inv Comp AB	6884881	0	0	1	0
2008-10-29	35.00	Meda AB	2.59E+08	0	1	0	1
2008-10-28	0.79	Cryptzone AB	14364190	0	0	1	0

2008-11-05	4.25	Aerocrine AB	45968200	0	0	1	0.1
Date	Subscriptions price (sek)	Organisation	New Shares	Debt	CapEx	OpCap	Underwriting
2008-11-13	2.20	Fingerprint Cards AB	12153000	0	0	1	0.63
2008-11-11	1.25	Accelerator Nordic AB	54423837	0	0	1	0
2008-11-18	0.05	Confidence International AB	1.69E+08	0	0	1	1
2008-11-21	8.00	Nordic Service Partners AB	3579844	0	0	1	1
2008-12-12	0.25	C2SAT Holding AB	2.37E+08	0	0	1	1
2008-12-15	3.00	Genovis AB	10886000	0	0	1	0
2009-01-08	12.00	Vostok Nafta Investment Ltd	46020901	1	0	0	0
2009-02-13	0.65	Paynova AB	43183972	0	0	1	1
2009-02-24	2.20	Guideline Technology AB	26208066	0	0	1	1
2009-03-04	16.00	Husqvarna AB	3.83E+08	0.5	0	0.5	1
2009-03-09	0.12	Biosensor Applications AB	4.51E+08	0	0	1	0
2009-03-03	2.10	Getupdated Internet AB	28009217	0	0.5	0.5	1
2009-03-05	0.25	LifeAssays AB	1.90E+08	0	0	1	0
2009-03-20	13.75	SBC Bostadsr��ttsCentrum AB	5200000	0.5	0.5	0	1
2009-03-31	1.10	Ellen AB	26013702	0	0	1	0
2009-04-13	7.00	Lappland Goldminers AB	70401361	0	0	1	0
2009-04-13	2.60	A-Com AB	7095862	0.5	0	0.5	1
2009-04-20	14.00	Hemtex AB	29337400	0.5	0	0.5	1
2009-04-21	12.00	Trelleborg AB	90357261	0.5	0	0.5	1
2009-05-11	0.90	Enjoy Group AB	8000000	0.5	0	0.5	0.03
2009-05-08	20.00	Active Biotech AB	12810447	0	0	1	1
2009-05-12	0.65	Panaxia AB	2.29E+08	1	0	0	1
2009-05-21	10.15	Cybercom Group AB	25584840	0.5	0	0.5	1
2009-05-22	5.20	Eniro AB	1.61E+08	0	0	1	0.608
2009-06-05	0.35	Arcam AB	63364128	0.5	0	0.5	1
2009-07-06	0.40	Obducat AB	3.36E+08	0	0	1	0.9
2009-07-24	0.55	Forestlight Studio AB	28010000	0	0	1	1
2009-08-17	1.60	Precise Biometrics AB	1.01E+08	0	0	1	0.064
2009-08-25	19.00	Billerud AB	51491570	1	0	0	1
2009-09-10	6.15	RNB Retail and Brands AB	1.14E+08	0	0	1	0.4
2009-09-14	2.50	Fingerprint Cards AB	19834793	0	0	1	1
2009-10-06	0.08	Bredband2 i Skandinavien AB	3.77E+08	0	0.5	0.5	0.41
2009-10-07	70.00	Diamyd Medical AB	11182472	0	0	1	1
2009-11-04	4.30	Karo Bio AB	1.16E+08	0	0	1	1
2009-11-18	0.07	Biosensor Applications AB	6.97E+08	0	0	1	1
2009-11-20	0.50	Sotkamo Silver AB/Gexco	17907991	0	1	0	0
2009-11-13	0.10	Commodity Quest AB	87718784	0	0	1	1
2009-11-17	1.90	Accelerator Nordic AB	66009637	0	0	1	1
2009-11-19	0.90	A-Com AB	18922298	1	0	0	1
2009-11-20	23.00	Haldex AB	21920000	1	0	0	1
2009-11-10	35.00	Eolus Vind AB	18114400	0	1	0	0.35
2009-11-23	16.50	Gunnebo AB	45513359	0.5	0	0.5	1
2009-11-13	1.20	Guideline Technology AB	29600074	0	0	1	1
2010-01-07	26.00	Nordic Mines AB	23271428	0	0	1	1

2010-01-05	1.65	Ellen AB	35768840	0	0	1	1
Date	Subscriptions price (sek)	Organisation	New Shares	Debt	CapEx	OpCap	Underwriting
2010-01-12	3.00	Clinical Laserthermia Systems AB	6940000	0	0	1	0.187
2010-01-19	0.08	Kopparberg Mineral AB	92237239	0	0	1	1
2010-01-22	13.00	C-RAD AB	9976000	0	0	1	0.322
2010-01-28	7.50	LightLab Sweden AB	8810224	0	0	1	1
2010-02-08	0.02	Confidence International AB	5.24E+08	1	0	0	1
2010-02-02	4.70	Dignitana AB	3603365	0	0	1	0.6
2010-02-12	2.50	Biotech-IgG AB	7078514	0	0	1	0
2010-02-17	3.00	Victoria Park AB	18559995	0	0	1	1
2010-02-22	24.00	Impact Coatings AB	12971706	0	0	1	0.055
2010-03-03	12.00	Cherryföretagen AB	4000826	0	1	0	1
2010-03-10	4.00	Ginger Oil AB	17127741	0	0	1	1
2010-03-12	7.00	Hansa Medical AB	3863184	0	0	1	1
2010-03-24	2.00	Creative Antibiotics Sweden AB	23500400	0	0	1	0.72
2010-03-31	13.00	Geveko AB	4219533	1	0	0	1
2010-03-25	1.00	Genovis AB	24589839	0	0	1	0
2010-04-02	0.67	SAS AB	2.47E+09	0.5	0	0.5	0.424
2010-04-09	4.50	Note AB	9624200	0	0	1	1
2010-04-08	21.00	NeuroVive Pharmaceutical AB	13075000	0	0	1	0.65
2010-04-16	0.42	NGS Group AB	16108593	1	0	0	1
2010-04-22	7.50	Micronic Mydata AB	65277673	0	0	1	0.42
2010-04-27	0.04	Followit Holding AB	5.08E+08	0.5	0	0.5	1
2010-04-26	62.00	Medivir AB	20976000	0	0	1	1
2010-05-05	0.10	Image Systems AB	2.66E+08	0.5	0	0.5	1
2010-05-03	3.00	Russian Real Estate Inv Comp AB	11363096	1	0	0	0.3
2010-05-14	0.10	Cryptzone AB	4.07E+08	0	0	1	0.95
2010-05-19	0.15	Clean Tech East Holding AB	1.35E+08	0	0	1	1
2010-05-20	0.25	LifeAssays AB	2.38E+08	0	0	1	0.005
2010-06-02	2.00	Vinovo AB	14825624	0.5	0	0.5	0.703
2010-06-04	4.00	Forestlight Studio AB	1120400	0	0	1	1
2010-06-16	1.00	Biotech-IgG AB	7981828	0	0	1	0
2010-06-24	0.03	Hammar Invest AB	5.28E+08	0	0	1	0.6
2010-07-02	1.60	Central Asia Gold AB	17653125	0.5	0	0.5	1
2010-08-19	22.00	Elanders AB	9764999	0.5	0	0.5	1
2010-09-07	0.05	Biosensor Applications AB	9.13E+08	0.5	0	0.5	0.6
2010-09-15	7.00	Aerocrine AB	20681007	0.5	0	0.5	0
2010-09-17	0.65	Artimplant AB	59244790	0	0	1	0.75
2010-10-08	10.00	RusForest AB	21840840	0	1	0	0.43
2010-10-21	1.00	Challenger Mobile AB	3757930	0	0	1	0
2010-10-25	16.50	Oasmia Pharmaceutical AB	37612858	0	0	1	0
2010-10-27	36.00	Corem Property Group AB	34842486	0	1	0	0
2010-11-07	29.20	Diös AB	34067694	0	1	0	0.753
2010-10-28	2.70	LC-Tec Holding AB	13908690	0	0	1	1
2010-11-07	0.70	SensysTraffic AB	2.16E+08	0	0	1	0.18

2010-11-08	4.00	Accelerator Nordic AB	79411563	0	0	1	1
2010-11-11	0.07	Starbreeze AB	3.75E+08	0	0	1	0.48
Date	Subscriptions price (sek)	Organisation	New Shares	Debt	CapEx	OpCap	Underwriting
2010-11-19	10.00	Invisio Communications AB	23501320	0.5	0	0.5	1
2010-11-22	74.00	Hexagon AB	2.64E+08	0	1	0	0.502
2010-11-18	1.40	Karo Bio AB	1.55E+08	0	0	1	1