

# TAKING STOCK

AND The year was not a record breaker, but 2022's deals still amounted to \$193 billion.

By HOWARD FINE *Staff Reporter*

**D**espite the downturn in public equity markets, rising interest rates, supply chain problems and persistent inflation, dealmaking involving local companies remained solid this year.

Several multibillion-dollar deals with a local company either on the buying or selling end either went through or were in the works.

The year was bookended by two huge deals: In January came the announcement that **Microsoft Corp.** has agreed to acquire Santa Monica-based video game publisher **Activision Blizzard Inc.** for nearly \$69 billion. And in December, Thousand Oaks pharma giant **Amgen Inc.** announced it had agreed to buy Dublin, Ireland-based **Horizon Therapeutics** for \$27.8 billion.

Overall, according to data for Los Angeles County compiled by S&P Capital IQ for the Business Journal, there were 1,681 merger/acquisition transactions announced or closed in the county through Nov. 15 of this year, with about one-fifth of those in the real estate sector.

The total deal value for those transactions was \$193 billion, with the Microsoft-Activision deal accounting for just over one-third of that value (learn more about the deal on page 1). A total of 23 transactions had values exceeding \$1 billion, while another 23 had values between \$500 million and \$1 billion.

"M&A activity was down this year compared to 2021, but last year was an all-time record," said **Lloyd Greif**, co-founder and chief executive of downtown Los Angeles-based middle market investment banking firm **Greif & Co.** Nonetheless, he said, "2022 will still handily beat the pre-pandemic years of 2018 and 2019."

Local private equity firms pushed several multibillion-dollar deals through to the finish line; Santa Monica-based **Clearlake Capital** was involved in at least three of those transactions.

"Investors have poured a ton of money into ... private equity and venture capital funds, giving these professional investors and buyers plenty of dry powder to do deals," Greif said.

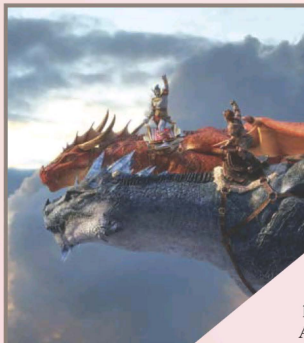
Even a couple of deals for local companies to go public through special purpose acquisition companies (SPACs) squeaked through, though the companies involved — **Dave Inc.** and **Grindr Inc.**, both of West Hollywood — might now regret their moves given how much their stocks have tanked in the months since.

But those two SPAC deals were the exception. Three other SPAC deals that were in the works fizzled: Marina del Rey-based cybersecurity firm **Telesign Corp.**, Hawthorne-based private subscription aviation and green aviation company **Surf Air Mobility Corp.**, and Pasadena-based data firm **Near Intelligence Holdings Inc.** In each case, had the deals gone through, the firms would have had initial valuations exceeding \$1 billion. Instead, two of those firms — Telesign and Surf Air — had to settle for smaller private-capital infusions.

And, for the first time in recent memory, there were no major initial public offerings involving local companies this year that would have netted hundreds of millions of dollars in working capital.

"You can hear a pin drop in the IPO market," Greif said. "There's no shortage of companies lined up to go public, but no investors lining up to buy their shares."

Here's a run-down of the biggest deals for 2022:



## 2022'S BIGGEST DEAL:

**Microsoft Agrees to Buy Activision Blizzard for \$69 Billion, But Deal Faces Legal Hurdles**

On Jan. 18, Redmond, Wash.-based technology giant **Microsoft Corp.** agreed to acquire Santa Monica-based video game publisher **Activision Blizzard Inc.** in a deal worth \$68.7 billion, the two companies announced. Under the terms of the all-cash sale, Microsoft would pay \$95 per share to acquire Activision Blizzard.

Microsoft said the acquisition would be the largest in its history and would make the Xbox manufacturer one of the top three gaming companies in the world by revenue, just behind Tencent Holdings and PlayStation maker Sony Group Corp. Activision Blizzard Chief Executive **Robert Kotick** said the acquisition would help to propel the company forward as the technological and analytical demands of the gaming industry continue to advance.

"Microsoft has all the important technologies we need to deliver the next generation of games," said Kotick on a call with investors.

The deal announcement came at a fraught time for Activision Blizzard. In mid-2021, state Department of Fair Employment and Housing filed a lawsuit against the company, alleging that it had created a culture of sexual harassment and gender-based discrimination.

At the time of the announcement, the two companies projected the deal would close next year, subject to regulatory approvals in the U.S. and several other countries.

However, that timetable was dealt a severe blow on Dec. 8 when the Federal Trade Commission filed suit to block the deal, claiming that the deal would allow Microsoft to "suppress competitors to its Xbox game consoles and its rapidly growing subscription content and cloud-gaming business."

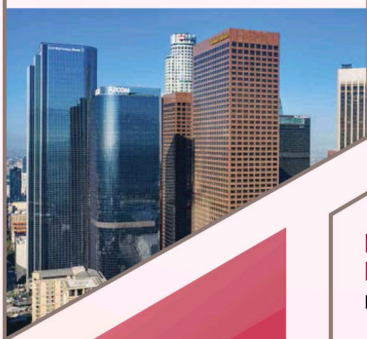




## BIGGEST INTERNATIONAL DEAL:

### Oaktree Among Buyers of German Shopping Center Owner for \$3.4 Billion

On May 23, downtown-based **Oaktree Capital Management**, along with Hamburg, Germany family office asset manager **Cura Vermögensverwaltung** launched a takeover bid worth \$3.4 billion for Hamburg-based shopping center owner **Deutsche EuroShop**. The deal was finalized on July 8.



## REAL ESTATE DEAL:

### Blackstone Affiliates Buy PS Business Parks for \$7.6 Billion

On April 25, affiliates of New York-based **Blackstone Real Estate** agreed to buy Glendale-based **PS Business Parks Inc.** in a cash deal totaling about \$7.6 billion, according to announcements from both companies. The deal closed on July 20.

The deal marks a new chapter for PS Business Parks, which started in 1990 as a division of self-storage giant **Public Storage Inc.** to manage its real estate holdings. In 1998, Public Storage spun off the division, which became an independent REIT, although Public Storage retained a 26% stake.

PS Business Parks grew into a property management behemoth; as of the beginning of this year, it owned 97 business parks with 27 million square feet of industrial, office and rental housing space in California, South Florida, Northern Virginia and Texas. The company manages the properties to meet the needs

of roughly 4,900 tenants.

Under terms of the deal, the affiliates of Blackstone Real Estate agreed to pay \$187.50 a share for PS Business Parks, representing about a 15% premium over the latter's average share price for two months prior to the deal announcement.

"We are excited to add PS Business Parks' business park, office and industrial assets to our portfolio and look forward to leveraging our expertise to provide the best possible service and experience for PSB's customers," **David Levine**, co-head of Americas acquisitions for Blackstone Real Estate, said in the deal announcement.

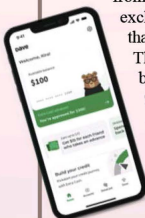


## RARE SPAC COMPLETIONS PLUMMET IN TRADING:

### Dave, Grindr Face Market Reality

On Jan. 6, West Hollywood-based **Dave Inc.**, a fintech firm with an app that helps customers avoid overdraft and other fees/charges from banks, began trading on the Nasdaq exchange after completing a SPAC deal that gave Dave a valuation of \$4 billion. The stock closed at \$8.53 on Jan. 6. But by Dec. 8, the share had plummeted 96% to close at 35 cents, giving Dave a market cap of \$132 million.

On Nov. 18, West Hollywood-based LGBTQ dating app operator **Grindr Inc.** debuted on the New York Stock Exchange as the result of a SPAC deal announced in May that gave Grindr an initial valuation of \$1.6 billion. Grindr shares soared on the first day of trading Nov. 18 to \$36.50 from an opening price of \$16.90. But by Dec. 8, the share price had plunged to \$6.26 for a market cap of \$1.09 billion.



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## PRIVATE EQUITY DEALS:

### Clearlake Capital Trifecta

In a sign of robust local private equity activity, Santa Monica-based **Clearlake Capital Group** announced a trio of deals this year that each had a market value exceeding \$1 billion.

On March 8, Clearlake Capital announced it paid roughly \$2.5 billion in cash for a majority stake in Sarasota, Fla.-based **Intertape Polymer Group Inc.**, a provider of packaging and protective solutions.

On May 7, Clearlake Capital announced it was a lead entity in a consortium that closed a \$3.1 billion acquisition of London-based **Chelsea Football Club** from **Fordstam Ltd.**

Finally, on Aug. 4, Clearlake Capital announced it had closed the sale of its portfolio company **Brightly Software Inc.**, a provider of cloud-based asset and facility operations management software, to German conglomerate **Siemens** for \$1.6 billion in upfront cash and \$300 million in cash earnout payments. Clearlake acquired Brightly, formerly known as **Dude Solutions** in June 2019; news reports pegged that deal value at around \$500 million.

## AMGEN BUYS HORIZON THERAPEUTICS, CHEMOCENTRYX:

### Pharma Giant Spends \$32 Billion on Two Companies

Thousand Oaks-based pharma giant **Amgen Inc.** closed a pair of multibillion-dollar deals this year, both aimed at furthering its ability to treat autoimmune and inflammatory diseases.

The bigger of the two by far was announced on Dec. 12: a deal to acquire Dublin, Ireland-based **Horizon Therapeutics (PLC)** for \$27.8 billion in the largest health care deal in the U.S. so far this year.

Amgen, which is one of the 30 companies that comprise the Dow Jones Industrial Average, was founded in 1980 and has grown into a giant biotechnology company with more than a dozen drugs on the market, several more in the pipeline and \$26 billion in revenue last year.

Horizon, which was founded in 2008 and has an operational headquarters in Deerfield, Ill., specializes in the development and commercialization of rare autoimmune and inflammatory diseases. Its biggest-selling drug to date is **Tepezza**, which is used to treat a disease that causes inflammation in tissues surrounding the eye. Horizon had revenue of \$3.23 billion last year.

Amgen's bid, which at \$116.50 a share represented a 20% premium over Horizon's Dec. 9 close, beat out competing offers from New Brunswick, N.J.-based **Johnson & Johnson** and Paris-based **Sanofi**.



"The acquisition of Horizon is a compelling opportunity for Amgen and one that is consistent with our strategy of delivering long-term growth by providing innovative medicines that address the needs of patients who suffer from serious diseases," Amgen Chief Executive **Robert Bradway** said in the acquisition announcement. "Amgen's decades of leadership in inflammation and nephrology, combined with our global presence and world-class biologics capabilities, will enable us to reach many more patients with first-in-class medicines like **Tepezza**, **Krystexxa** and **Uplinza**," he added.

On Aug. 4, Amgen announced it planned to buy San Carlos-based pharma company **ChemoCentryx Inc.** for \$4 billion in cash from a group of investors. The deal closed on Oct. 20. ChemoCentryx, founded in 1997, had focused on orally administered therapeutics to treat autoimmune diseases, inflammatory disorders and cancer; last year it reported \$32 million in revenue.