

Shareholder Participation and Wealth Transfer in Rights Offerings

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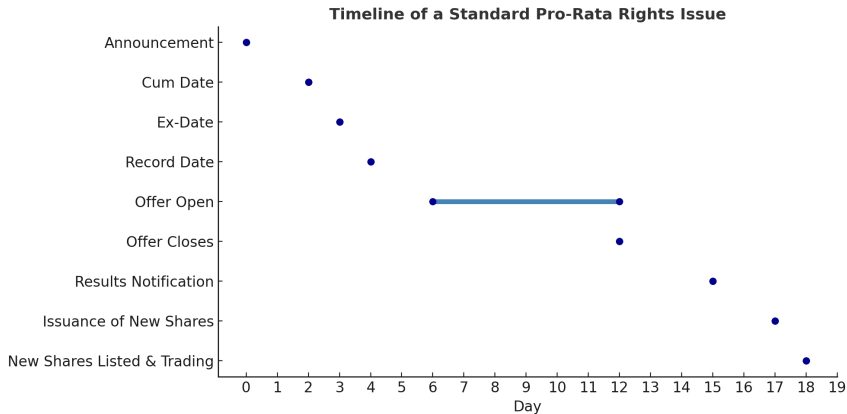


FULLY UNDERWRITTEN \$2.6M ENTITLEMENT OFFER TO ADVANCE PARKS REEF PROJECT

Podium Minerals Limited (ASX: POD) (**Podium** or the **Company**) is pleased to announce that it will undertake a fully underwritten, pro-rata non-renounceable entitlement offer to eligible shareholders on the basis of one (1) fully paid ordinary share in the Company (**New Shares**) for every six (6) fully paid ordinary shares (**Shares**) held at an issue price of 2.3 cents per New Share, together with one (1) free-attaching quoted option (under the existing code ASX: PODOA) (**New Option**) for every two (2) New Shares issued (together with the New Shares, **New Securities**), to raise approximately \$2.6 million (before costs) (**Entitlement Offer** or **Offer**).

The Entitlement Offer is fully underwritten by Leeuwin Wealth Pty Ltd (**Leeuwin Wealth** or the **Underwriter**). Leeuwin Wealth and Cumulus Wealth Pty Ltd (**Cumulus Wealth**) (together, **Joint Lead Managers**) are acting as Joint Lead Managers and Corporate Advisors to the Entitlement Offer.

- In a rights offering:
 - Existing shareholders are granted the right, but not the obligation,
 - To purchase additional shares at a discounted price,
 - In proportion to their current holdings.
- Shareholder participation refers to the proportion of entitlements exercised.
- Non-participation leads to dilution and potential wealth transfers to others.



ASX Announcement
28 May 2025

Non-renounceable Entitlement Offer Closure

Mt Malcolm Mines NL (ASX: M2M) ("the **Company**") is pleased to advise that its non-renounceable pro-rata entitlement offer of new fully paid ordinary shares (**New Shares**) to eligible shareholders, on the basis of 1 New Share for every 5 shares held, as detailed in the Entitlement Offer document dated 16 April 2025 ("**Entitlement Offer**"), closed at 5.00pm AWST on 22 May 2025.

Under the Entitlement Offer, eligible shareholders were also invited to apply for additional shares under a shortfall facility ("**Shortfall Offer**").

The Company received valid applications for a total of 31,027,801 New Shares, comprising 19,896,272 New Shares under the Entitlement Offer, which raised \$457,614.42, and 11,131,529 New Shares applied for under the Shortfall Offer, equating to \$256,025.36. Accordingly, a total of 14,267,323 New Shares remain available under the Shortfall Offer.

The Company will proceed to allot and issue the 19,896,272 New Shares subscribed for under the Entitlement Offer on 28 May 2025.

The Shortfall Offer will remain open for a period of up to three months following the closing date of the Entitlement Offer, during which time the Board may allocate any remaining shortfall shares at its discretion, in accordance with the terms of the Offer Document. The Company will review all shortfall applications received to date and may return application monies to certain applicants. The Company may also seek to engage with brokers to assist in placing the remaining shortfall within the permitted period.

- U.S. evidence (Holderness and Pontiff, 2016):
 - Shareholder participation: 64%
 - Non-participation leads to 7% wealth transfer
 - Associated with negative price reactions
- Raises question: Why are rights offerings more prevalent in some markets?

- Do wealth transfer dynamics differ across countries and systems?
- Why Australia?
 - High prevalence of rights offerings
 - Significant retail base
 - Strong shareholder protections

Key Findings

- Dataset: 4,279 rights offerings (2009–2024)
- Shareholder participation: 45% (take-up: 60%)
- Lower participation in accelerated, non-renounceable, or option-attached offers
- Institutional participation: 90%
- Average wealth transfer: 33% of offer value
- Positive stock price reactions on cum and closing dates

Contribution and Market Implications

- First to quantify wealth distribution among:
 - Non-participants
 - Participants
 - Underwriters
- 11% of offer value to participants, 17% to underwriters
- Attached options reduce participation, increase wealth transfer
- Contrasts agency-conflict explanation

Offer Characteristics

Table: Summary of offer characteristics for 4,279 rights offerings identified from the SIRCA database (2009–2024), focusing on common shares, units, stapled securities, and CHES Depositary Interests (CDIs).

	Mean	Median	S.D.	Pct Positive
Offer discount to exchange price				
- As of announcement day	17%	14%	24%	78%
- As of ex day	12%	9%	28%	72%
- As of closing day	9%	6%	24%	65%
- As of trading day	7%	5%	26%	60%
Issue is renounceable	18%			
Issue is fully underwritten	25%			
Issue is partially underwritten	8%			
Issue is accelerated	16%			
Issue has attached options	26%			
Offer size	59%	33%	105%	
Stated funds (\$M)	43	3	248	
Funds raised/stated funds sought	106%	100%	88%	
Firm size (\$M)	317	13	3336	

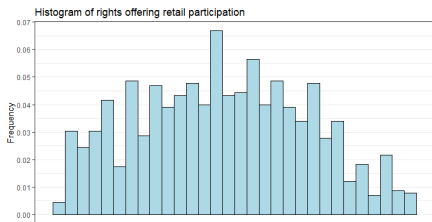
Key Variables: Shareholder Participation

- Manually collected from ASX results announcements using Seekedgar and Factset.
- Keyword search strategy in headlines: result*, comple*, clos*, raise*.

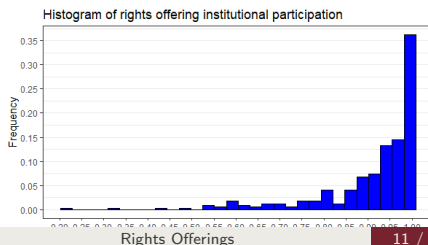
Table: Shareholder Participation and Take-ups

	Mean	Median	S.D.	Obs
Shareholder participation rate	45%	44%	24%	2084
Institutional shareholder participation rate	90%	95%	12%	324
Shareholder oversubscription rate	20%	12%	20%	770
Total shareholder take-up rate	60%	60%	30%	2319
Underwriters take-up rate	43%	42%	26%	1445

Retail Shareholder Participation



Institutional Shareholder Participation



Key Variables: Wealth Transfers

- **From Non-Participating Shareholders:**

$$WT_{\text{non-participation}} = \text{Non-participation Rate} \times \text{TSS} \times (P_{\text{ex}} - P_s + P_o) \quad (1)$$

- **To Existing Shareholders:**

$$WT_{\text{existing}} = \text{Oversubscription Rate} \times \text{TSS} \times (P_{\text{ex}} - P_s + P_o) \quad (2)$$

- **To Underwriters:**

$$WT_{\text{underwriters}} = \text{Underwritten Rate} \times \text{TSS} \times (P_{\text{ex}} - P_s + P_o) \quad (3)$$

- TSS: Total subscribed shares
- P_{ex} : Share price on the ex day
- P_s : Subscription price
- P_o : Option value (from attached options)

Unlike HP (2016), we also account for the value of attached options, using the Black–Scholes model adjusted with dilution factor. We excluded out-of-money rights on ex day, yielding a final sample of 3,617 valuable rights offerings.

Key Variables: Wealth Transfers

Table: Summary of wealth transfers from non-participating shareholders, to existing shareholders, and to underwriters in 3,617 non-out-of-the-money rights offerings from 2009 to 2024, full sample.

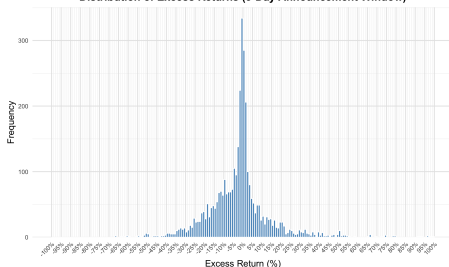
Measure	Mean	Median	Max	Min	SD	Obs
Wealth Transfer from Non-Participating Shareholders						
Australian Dollars (\$M)	3.9 ***	0.4 ***	500.5	0	22.5	1,776
% of Offering Value	33.3% ***	9.3% ***	165.2%	0%	397.7%	1,776
% of Firm Value	11.8% ***	2.3% ***	8.2%	0%	38.4%	1,773
Wealth Transfer to Existing Retail Shareholders						
Australian Dollars (\$M)	1.3 ***	0.1 ***	85.1	0	5.6	675
% of Offering Value	10.7% ***	2.5% ***	7.3%	0%	41.5%	675
% of Firm Value	3.4% ***	0.6% ***	1.1%	0%	9.8%	675
Wealth Transfer to Underwriters						
Australian Dollars (\$M)	4.2 ***	0.4 ***	350.5	0	20.0	1,266
% of Offering Value	16.9% ***	5.7% ***	7.0%	0%	43.0%	1,266
% of Firm Value	8.9% ***	1.3% ***	8.2%	0%	36.0%	1,265

Key Variables: Abnormal Returns

Table: Abnormal returns are computed as the difference between individual stock returns and the value-weighted market portfolio of all Australian listed shares. Missing prices are backfilled up to 10 days. The sample includes 3,617 valuable rights issues, excluding out-of-the-money offers.

Event Window	Mean	Median	Max	Min	s.d.	Obs	% Positive
Announcement period [1,1]	2.59%	-1.02%***	123.97%	-66.73%	210.01%	3,552	40.29%
Cumday	3.41%*	-0.04%**	69.00%	-60.83%	117.61%	3,541	48.43%
Exday	-3.65%***	-0.72%***	1.18%	-69.11%	11.72%	3,557	33.82%
Closeday	0.94%***	-0.02%*	1.37%	-60.18%	9.89%	3,480	49.22%
Trading period [-1,1]	-1.35%***	-0.96%***	1.66%	-76.36%	13.79%	3,520	39.29%

Distribution of Excess Returns (3-Day Announcement Window)



Univariate Analysis Results (1/2)

	Shareholder Participation		Wealth Transfer	
	Mean	Median	Mean	Median
Panel A: Shareholder Take-up				
Higher Shareholder Take-up	60.43%***	61.4%***	7.22%***	1.52%***
Lower Shareholder Take-up	28.88%***	28.9%***	15.01%***	2.14%***
Difference Test	***	***	***	
Panel B: Underwritten Status				
Non-underwritten	45.60%***	44.7%***	13.00%***	2.33%***
Fully Underwritten	49.51%***	50.75%***	7.51%***	1.38%***
Partially Underwritten	47.00%***	47.4%***	13.47%***	2.28%***
Difference Test	***	***	***	***
Panel C: Renounceability				
Non-renounceable	46.36%***	46.2%***	5.98%***	1.74%***
Renounceable	49.62%***	50.25%***	31.97%***	2.89%***
Difference Test	**	**	***	***

Univariate Analysis Results (2/2)

	Shareholder Participation		Wealth Transfer	
	Mean	Median	Mean	Median
Panel D: Offer Size				
Larger Offer Size	42.47%***	41.6%***	22.86%***	7.25%***
Smaller Offer Size	50.79%***	50.15%***	1.65%***	0.81%***
Difference Test	***	***	***	***
Panel E: With or Without Attached Options				
Non-attached Options	48.25%***	48.0%***	9.08%***	1.48%***
Attached Options	43.44%***	41.7%***	17.57%***	3.75%***
Difference Test	***	***	***	***
Panel F: Accelerated Offers				
Non-Accelerated	46.31%***	45.5%***	12.50%***	2.31%***
Accelerated	50.56%***	52.9%***	5.02%***	1.06%***
Difference Test	***	***	***	***

Regression Results

Variable	(1) Participation	(2) Participation	(3) Wealth transfer	(4) Wealth transfer	(5) Wealth transfer	(6) Take-up
(Intercept)	0.313*** (0.018)	0.054** (0.020)	0.01 (0.060)	0.056 (0.062)	0.073 (0.056)	0.426*** (0.021)
Offer accelerated	-0.086** (0.025)	-0.054** (0.024)	0.106 (0.025)	0.041 (0.033)	-0.01 (0.037)	-0.105 (0.028)
Offer renounceable	0.055*** (0.016)	0.011 (0.021)	0.100*** (0.024)	0.107*** (0.025)	0.078** (0.033)	0.103*** (0.019)
Fully underwritten	-0.013 (0.014)	-0.009 (0.017)	0.015 (0.017)	0.013 (0.017)	0.032 (0.039)	0.042** (0.019)
Stated Funds	-0.055*** (0.010)	0.010 (0.010)	0.013 (0.031)	0.004 (0.030)	0.028 (0.025)	-0.081*** (0.012)
Offer ratio	0.008 (0.009)	0.007 (0.008)	0.144** (0.061)	0.145** (0.061)	0.080** (0.036)	0.004 (0.008)
Option attachment	-0.028** (0.013)	-0.065*** (0.016)	0.047** (0.021)	0.041** (0.021)	0.048** (0.021)	0.042** (0.017)
Discount Prior to announcement	0.090*** (0.028)	-0.003 (0.033)	0.145*** (0.051)	0.161*** (0.054)	0.347*** (0.094)	0.124*** (0.032)
Firm size	0.075*** (0.009)	0.008 (0.010)	-0.028 (0.030)	-0.015 (0.029)	-0.035 (0.022)	0.092*** (0.010)
Amihud measure	0.001 (0.001)	0.000 (0.022)	-0.001** (0.000)	-0.001** (0.000)	0.000 (0.001)	0.000 (0.000)
Shareholder participation				-0.178** (0.044)	-0.130*** (0.058)	
Shareholder take-up		0.575*** (0.022)			-0.059 (0.049)	
Adjusted R-squared	0.12	0.60	0.41	0.42	0.50	0.10
Observations	1392	520	1392	1392	520	1545
Panel B	Participation	Take-up	Wealth transfer	Wealth transfer		
(Intercept)	-0.01 (0.055)	0.504*** (0.102)	0.293*** (0.110)	0.283*** (0.108)		
Predicted participation		0.254 (0.216)	-0.315* (0.170)	-1.017*** (0.315)		
Predicted take-up	0.761*** (0.086)			0.505** (0.236)		
Predicted wealth transfer		0.124** (0.054)				
Adjusted R-squared	0.09	0.01	0.01	0.02		
Observations	1392	1545	1392	1392		

Abnormal Announcement Return Regressions Results

Table: This table presents regressions of abnormal stock returns around rights offering announcements on measures of wealth transfers. Wealth transfers are scaled by market capitalization on the exday. Robust standard errors, clustered at the firm level, are reported in parentheses.

	(1)	(2)	(3)	(4)	(5)	(6)
Intercept	0.133 (0.088)	-0.071*** (0.024)	-0.027*** (0.010)	-0.055*** (0.019)	0.083 (0.087)	-0.040*** (0.014)
Wealth transfer	0.141 (0.111)	0.058 (0.040)				
Wealth transfer to existing shareholders			0.552 (0.405)	0.526 (0.405)		
Wealth transfer to underwriters					0.183 (0.164)	0.021 (0.030)
Retail take-up rate		0.087** (0.037)		0.044* (0.024)		0.038* (0.020)
Adjusted R^2	0.000	0.017	0.052	0.055	0.000	0.007

- Contrary to agency based views, we did not find **negative stock price reactions** to larger wealth transfers.
- Our results support the Smith(1977) view: non-participation redistributes, but does not destroy, shareholder value.
- In Australia, where institutional structures enable active participation and underwriting, wealth transfers are **common but not penalized**—helping explain why rights offerings remain prevalent.

Thank you!

Questions?