**Transcript**

***Associate Professor Darren Henry – Private equity investment – acquisition or down the PIPE***

Well, one project that I’m working on at the moment looks at private equity firms involved in sort of corporate financing I guess and the main question is why some of those private equity firms take partial stakes in companies sort of through what are called PIPE transactions which means Private Investment in Public Equity and why some of them make full acquisitions and takes firms private. So it’s an interesting contrast, the reasons and motives.

I guess the main benefit is to hopefully identify the factors, be it firm specific like company size and profitability and these sorts of factors, and possibly other outside factors like industry type of structural issues, governance, like these sorts of things and which of these differentiate between the two decisions that private equity firms make and so then that will be useful for other companies if they want to try and position themselves to try and attract this sort of financing.

I think it has a range of possible benefits, the main ones I guess is that from the corporate financing perspective companies are finding it much more difficult to access finance now particularly since things like the GFC as well. So this is a new pool of available capital I guess which is available and getting bigger and I think its an increasingly attaractive potential source of alternative capital so there’s that benefit and if firms cannot access the required finance to fund their growth expansion and so on so that’s a capital rationing sort of restriction which is sort of sub optimal and so thgat impacts on firms in terms of the value and performance and things like that which then flows through to wider aspects like government tax revenue and national income and so it has widespread impacts throughout the economy I think.