# Third potential bidder, Apollo, confirms aiming at Morrisons after £9.5 billion takeover offer

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he £9.5 billion bidding battle for Morrisons supermarkets erupted further today as a third US private equity giant confirmed it was mulling a bid.

Apollo Global Management had long been touted as a potential buyer and today confirmed to the Stock Exchange that it was "in the preliminary stages" of evaluating a possible offer.

The news came just two days after Morrisons' board agreed to a takeover from another US consortium, led by Softbank-owned Fortress, valuing the group at 252p a share plus a 2p dividend.

That deal in turn followed the board's rejection of a 230p a share offer from Clayton, Dubilier & Rice.

Apollo, which was one of the bidders for Asda before it was bought by the wealthy Issa brothers, said it had not approached the Morrisons board.

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“There can be no certainty that any offer will be made, nor as to the terms on which any such offer might be made,” it said.

Apollo is being advised by Morgan Stanley.

Meanwhile, CD&R’s bid interest is thought to be far from over. Its original offer was always seen as a “sighting shot” with more likely to be bid as the process continues.

JO Hambro, a major Morrisons shareholder, has said it may back a bid at nearer 270p a share.

Prior to CD&R’s arrival on the scene, the shares were just 178p.

It is believed Apollo’s interest remains relatively vague and that it had appointed Morgan Stanley, some weeks ago. Plans do not appear to be very far advanced, leading some to caution that the Fortress offer currently appears to be the most likely victor.

As part of its deal, Fortress has agreed not to do multiple sale and leasebacks of Morrisons’ stores, of which it owns an unusually high 80%-plus.

One close to the bidding said such agreements appeared to put Fortress far ahead of Apollo in the deal planning.

Apollo is not thought to have sounded out the government on its potential interest either.

Concerns have been voiced in Westminster about US private equity companies buying up UK plcs, with Morrisons becoming something of a lightning rod for populist opposition.

Fortress, which is bidding with the backing of Canadian pension fund CPPIB and a division of Koch Industries, will need to win over 75% of Morrisons’ shareholders if it is to win.