



London
Stock Exchange

Accessing the Global Markets Through London

Introduction to London Stock Exchange

June 2015

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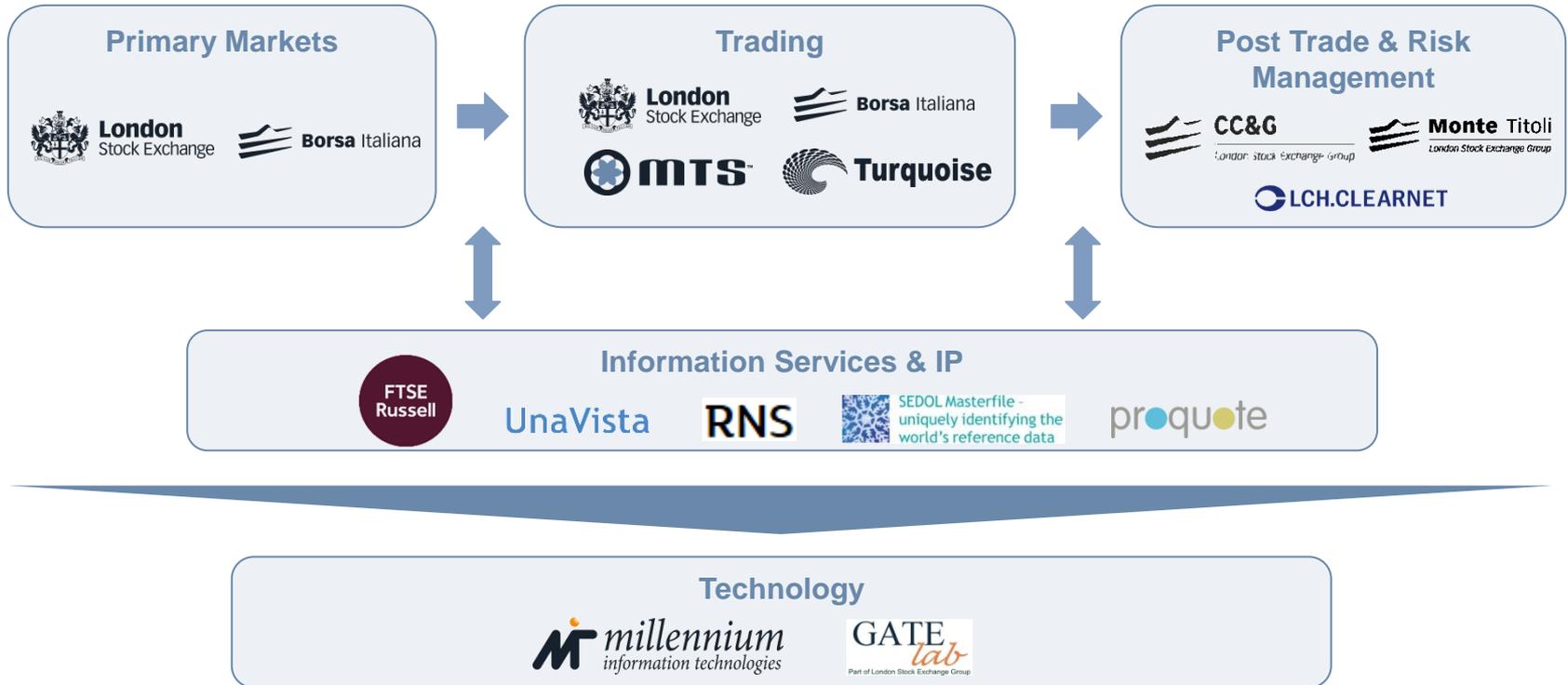
- 1) Overview of London Stock Exchange Group
- 2) Introduction to Primary Markets
- 3) AIM
- 4) Equity Market Highlights and Future Outlook
- 5) ELITE
- 6) LSE's Investment Funds Credentials
- 7) Case Studies

1) Overview of London Stock Exchange Group

London Stock Exchange Group - Depth and Breadth



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2) Introduction to Primary Markets

What are the Benefits of Listing?



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Why Consider a Listing?

Access to capital to grow the business – both at IPO and further capital raisings

Monetisation route for earlier stage investors

Broaden the shareholder base

Incentivisation of employees

Enhance profile & visibility - with customers & suppliers

Currency to fund business acquisitions & expand into new markets

Keep control of business destiny



Benefits of London

Access to deepest pool of international capital in the world

Proven levels of sustained liquidity

Quality of advisory community and sell-side research coverage

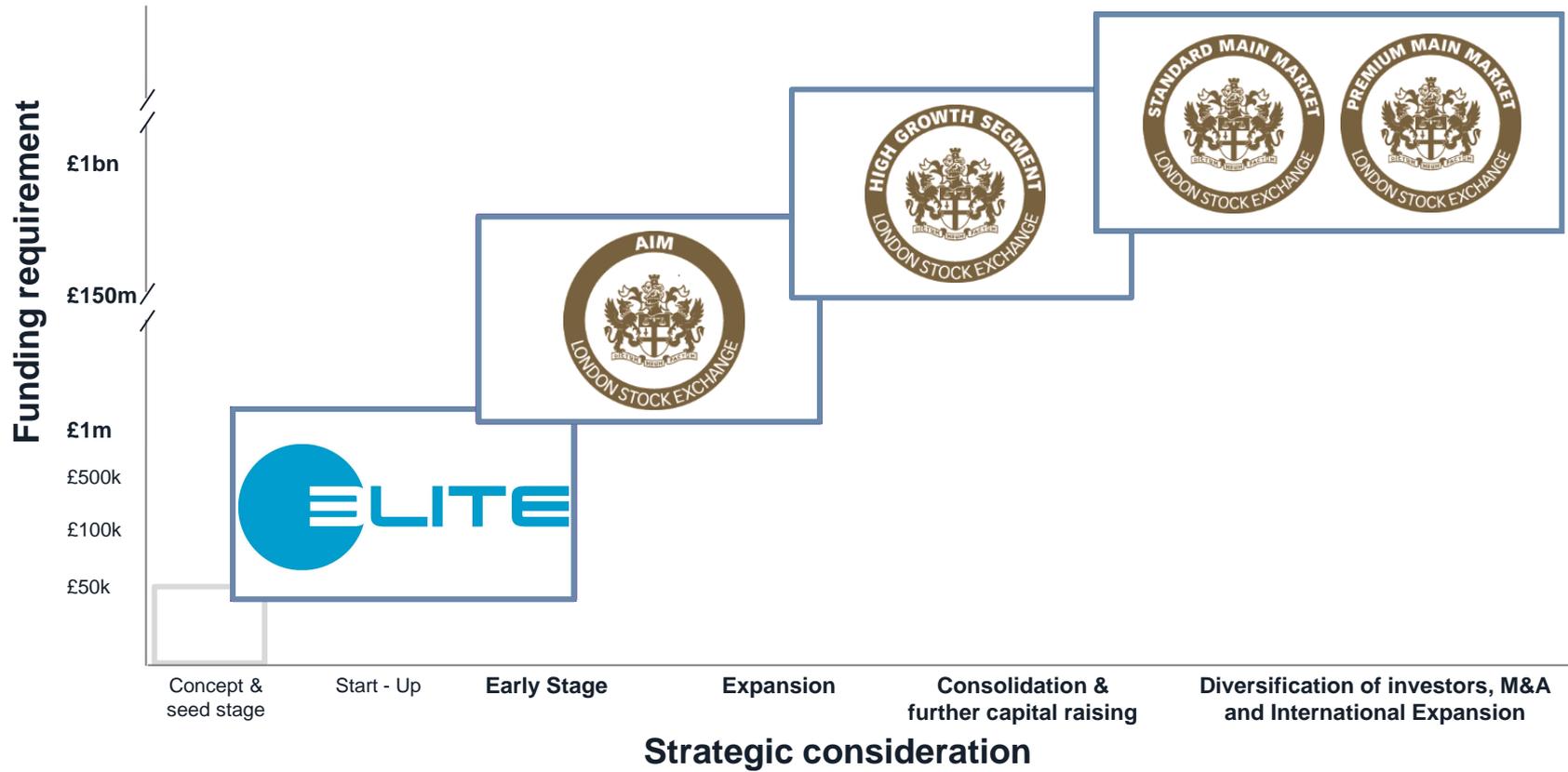
Choice of markets to cater for all sizes and stages of company

Respected and balanced regulatory environment

Enhanced profile and status

Most active European IPO market

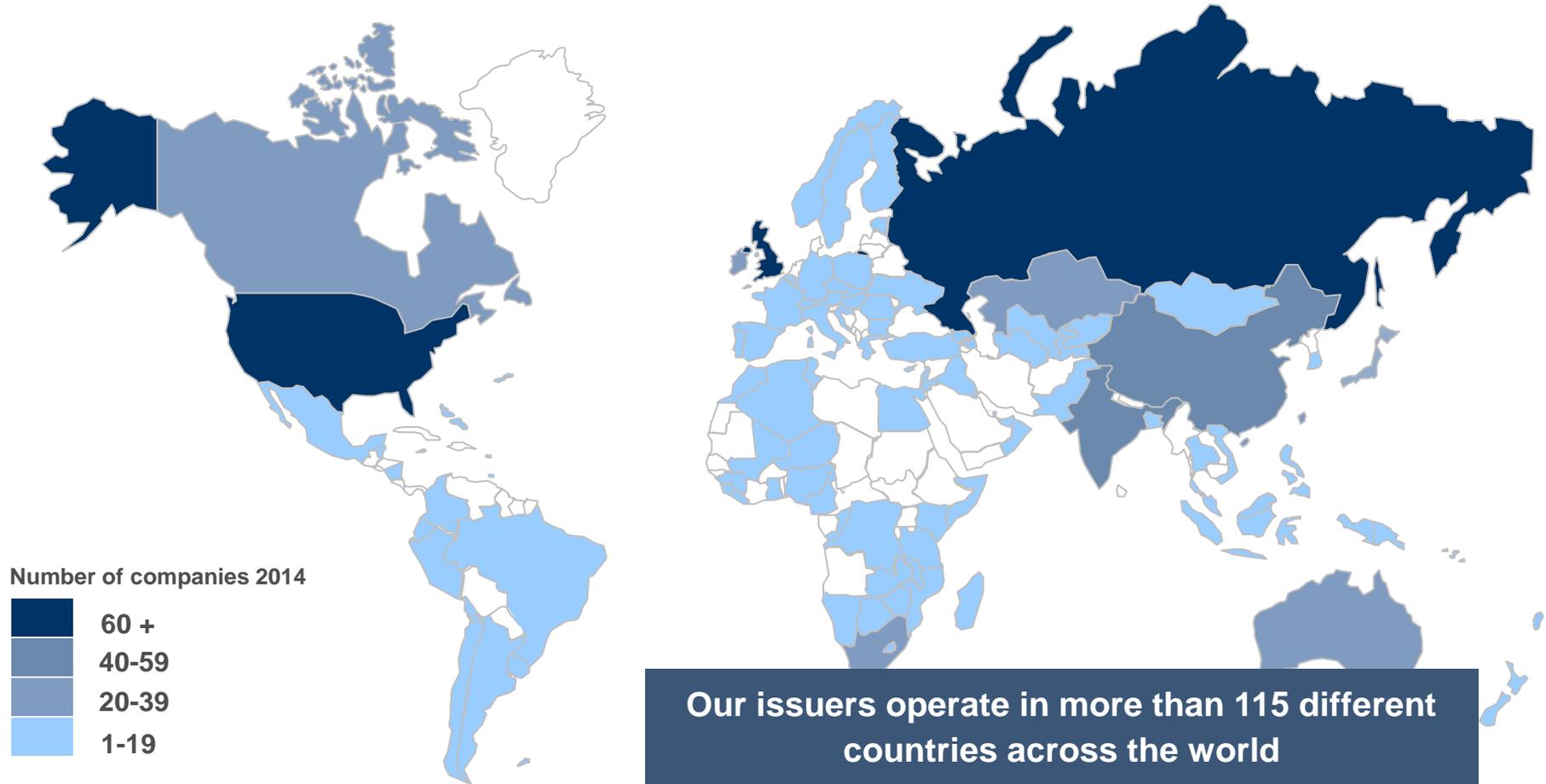
A Choice of Routes to Market



LSE Listing: Access to Global Community



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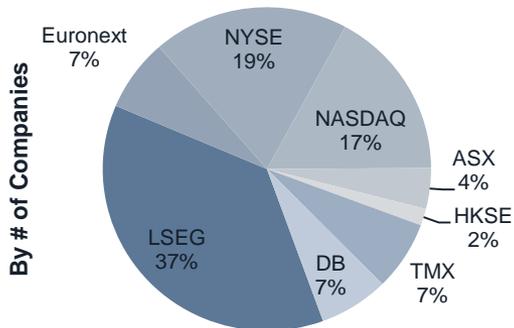
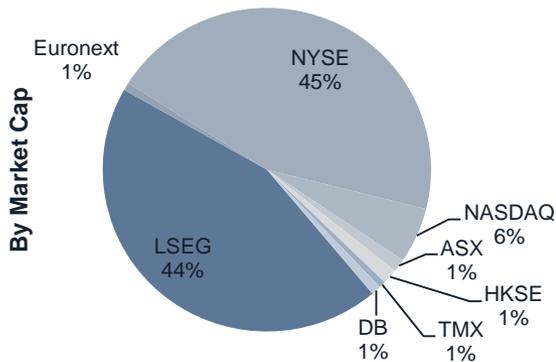
Source: London Stock Exchange statistics. Based on country of primary business.

LSEG – The Home of International Companies

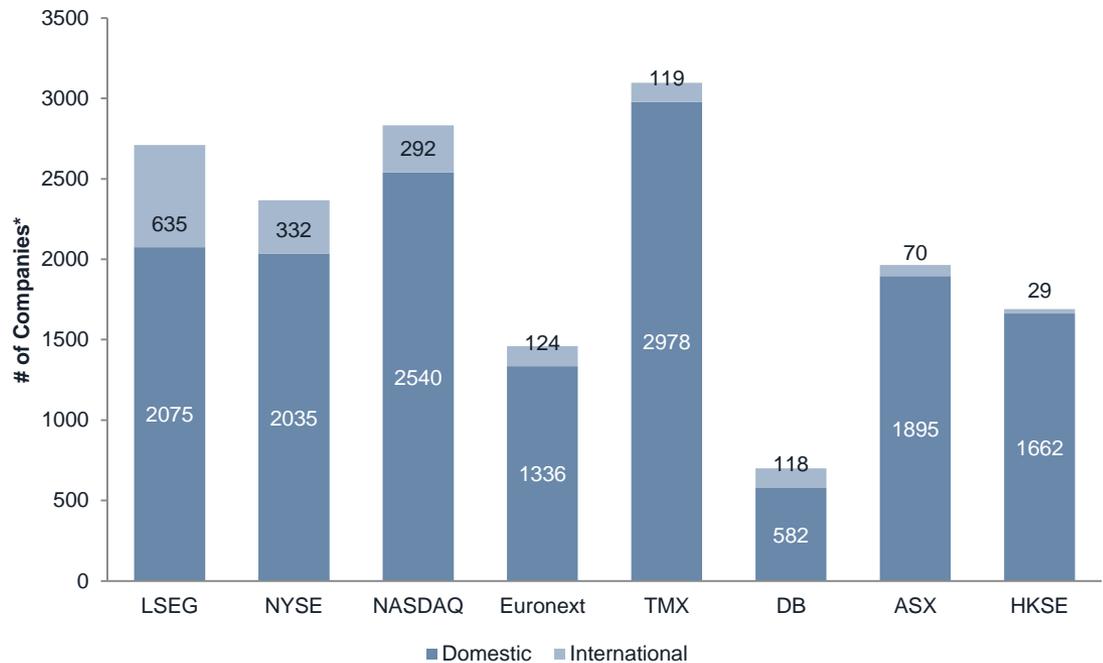


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International Companies on Major Exchanges



- ✓ More international companies choose London for the listing home than any other exchange. Over 40% of all exchange listed international companies are listed in London.
- ✓ Thanks to tried and tested market expertise, developed financing infrastructure and an internationally minded investor community, London is the home of international companies.



Source: Bloomberg

* "International" classification relies on company's Country of Domicile

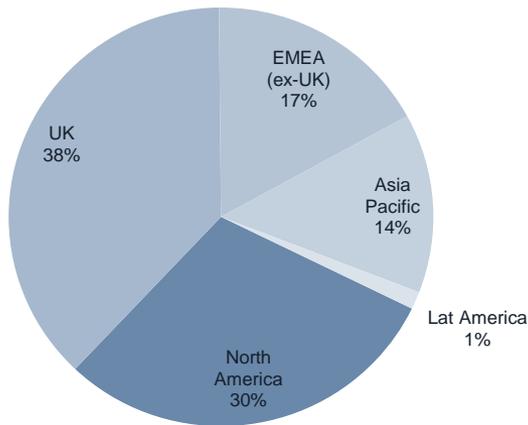
London Offers Superior International Investor Exposure



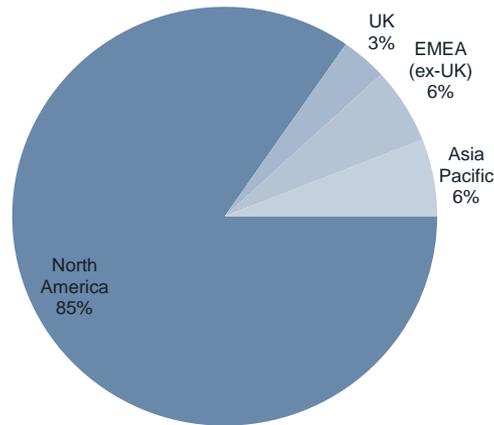
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Domicile of Top 50 investors in listed securities by country

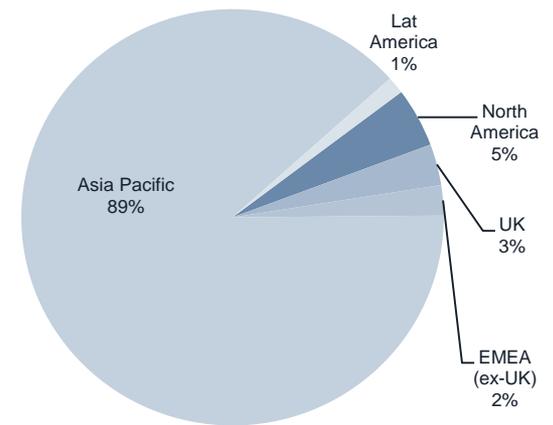
UK



US



HK



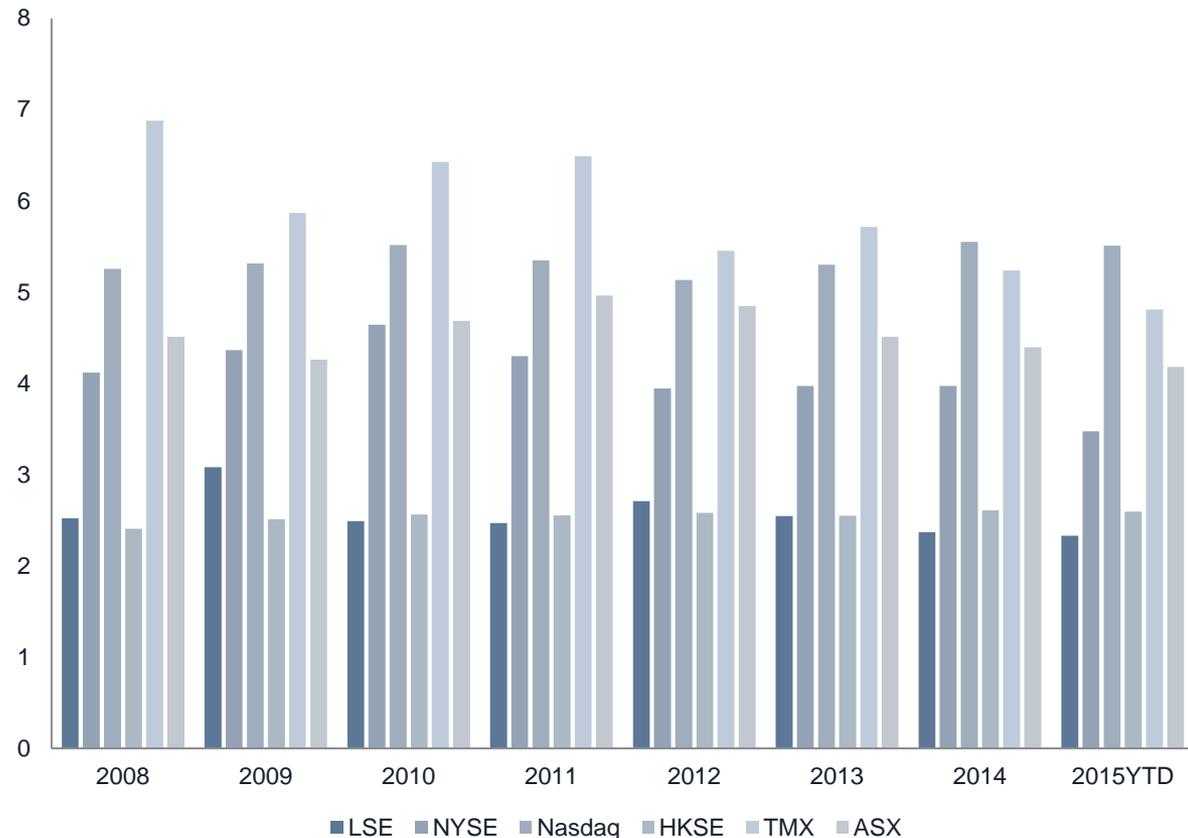
- London is the key global equity financial centre, with more international assets under management than any other global financial centre.
- Companies listing in London are able to access overseas investors through widely used and well understood capital raising routes.
- Apart from the large investor community in London, companies raising capital can also access a global investor base, including sovereign wealth funds, global institutional funds, tracker funds, specialist sectoral and geographic funds.
- In August 2014, the Board of the International Forum of Sovereign Wealth Funds (IFSWF) announced that the IFSWF Secretariat has permanently moved to London.

Source: Facset and LSE calculation, April 2015

Cost of listing in London is further reduced by:

- Regulation which is widely tested and balanced
- Highly competitive legal services which have experience of listing process
- Timing of the admission process is clearly communicated
- Direct communication with the regulator and the Exchange
- All disclosures in English

Comparison of Underwriting Costs (%)*



*Based on gross underwriting fees % (excluding AIM).

Source: Dealogic, LSE data – June 2015

3) AIM

The Benefits of AIM



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Access to capital

Diverse & deep pool of capital

Strong support from institutions

Funding for acquisitions & expansion to new markets

Tax benefits



Experienced community of advisers

Nominated advisers

Accountants

Lawyers

Banks/Brokers

Analysts

Financial PR / IR

Media

Balanced regulatory approach

Disclosure requirements tailored to growing companies

Based on EU FSAP Directives & UK Prescribed Market Regime

Local & International investor confidence in regulatory framework

Profile

Visibility

Bargaining power with customers & supplier

Access to incremental research coverage

Marketability of stock

Global peer group

FTSE AIM Index Series

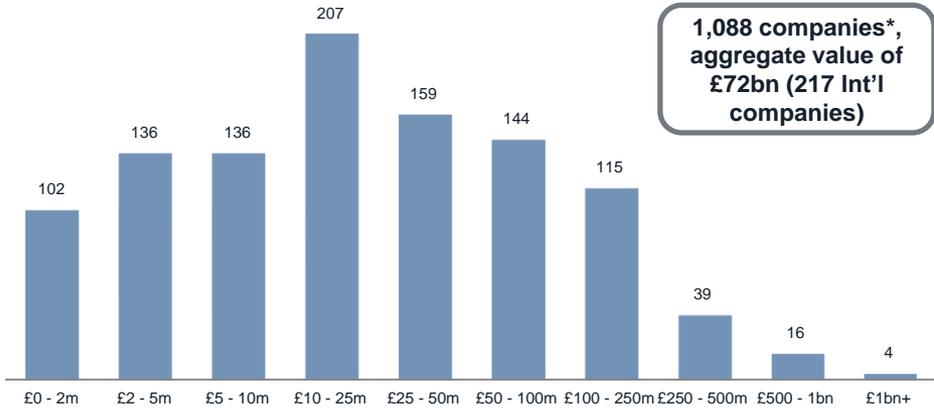


A Snapshot of AIM

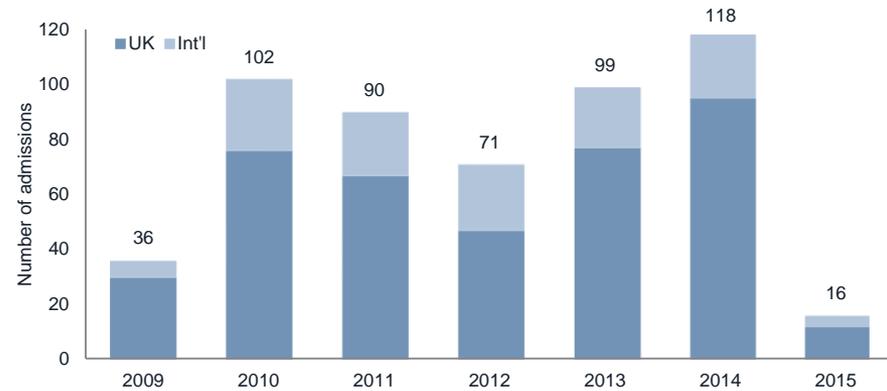


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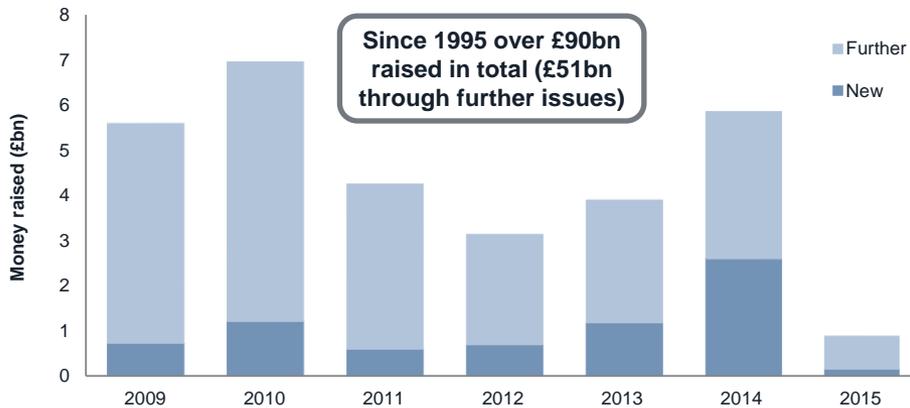
Profile of AIM Companies



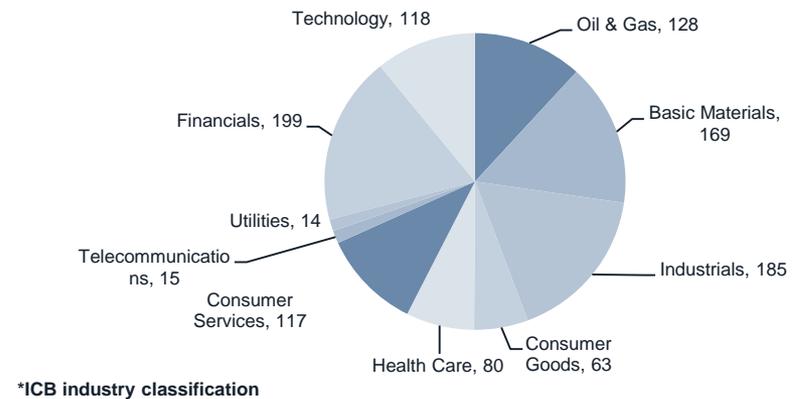
Admissions to AIM – 2009 to Mar 2015



Fundraisings on AIM – 2009 to Mar 2015



Industries Represented – by Number of Companies

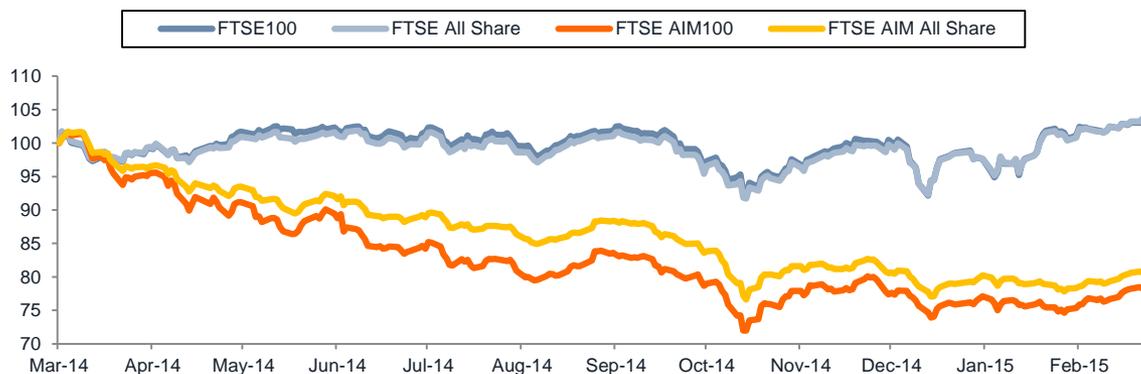
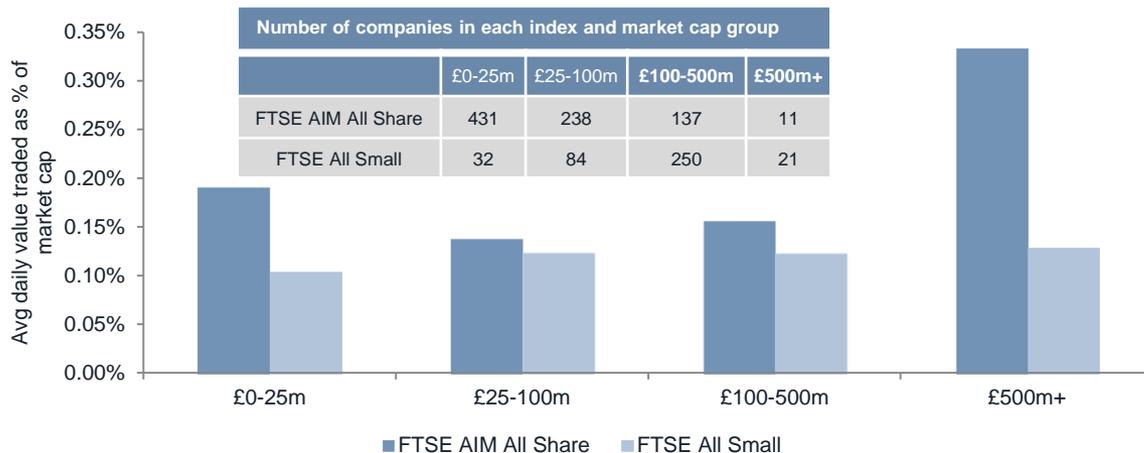


Source: LSE statistics, March 2015

* 30 companies either suspended or undetermined value



AIM companies have comparable levels of daily liquidity to their Main Market peers*



Top Institutional Holders	Market Value
Invesco Asset Management Ltd.	£1,660.7m
Hargreave Hale Ltd.	£1,132.8m
Henderson Global Investors Ltd.	£946.7m
Schroder Investment Management Ltd.	£872.1m
BlackRock Investment Management (UK) Ltd.	£728.9m
Standard Life Investments Ltd.	£687.6m
Woodford Investment Management LLP	£608.4m
Barclays Bank Plc (Private Banking)	£526.4m
Liontrust Investment Partners LLP	£523.9m
M&G Investment Management Ltd.	£523.4m

- **Deep pool of institutional capital, an active retail investor base and specialist funds, including AIM VCTs**
- **Supported by a dedicated network of market professionals**
- **Liquidity is ultimately company specific, dependent on factors including free float, diversity of investor base & plans for future liquidity events**

Source: Data from Bloomberg (6 month average daily value traded before end of February 2015). Liquidity Analysis shows median within each market cap range. FactSet for institutional holders

*The FTSE All-Small Index consists of all the companies in the FTSE SmallCap and FTSE Fledging indices



4) Equity Market Highlights and Future Outlook

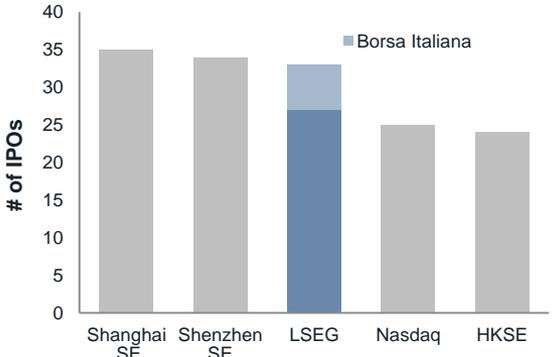
Q1 2015 – Global IPO Market Strength



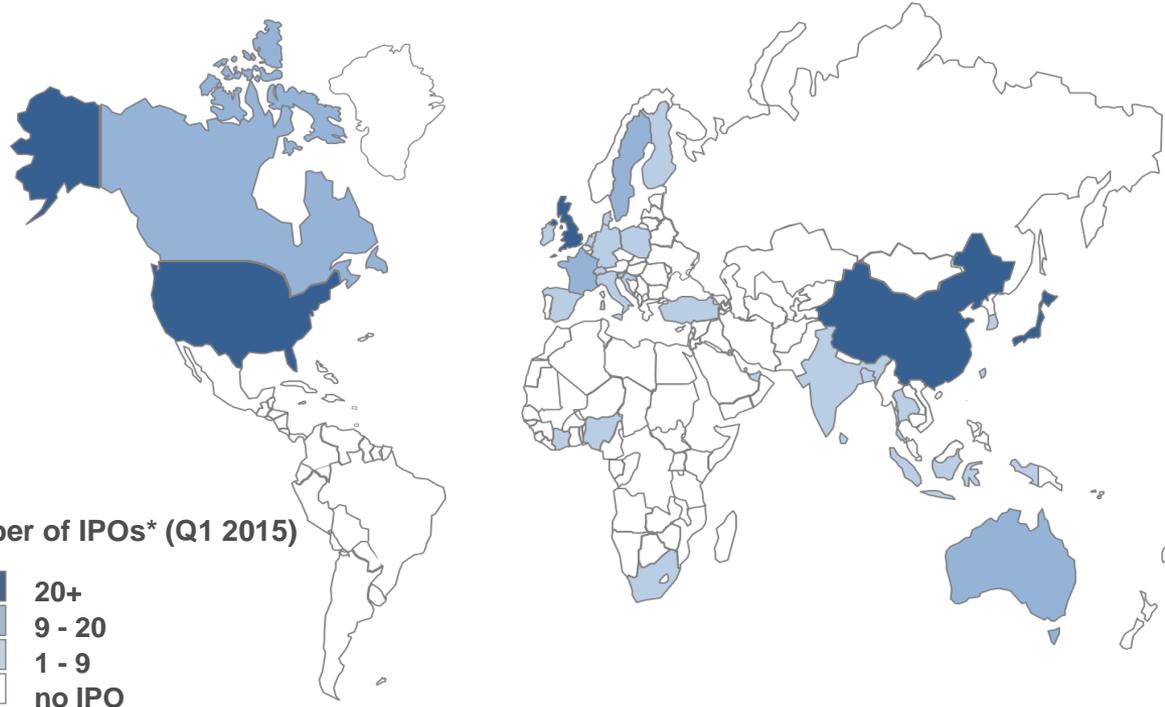
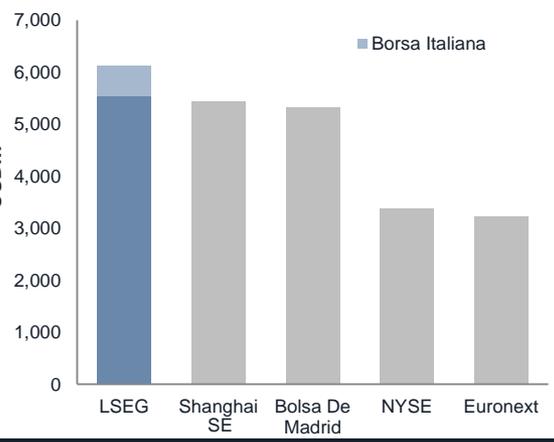
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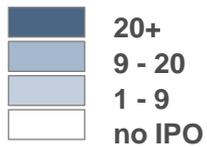
Top 5 Exchanges by # IPOs Q12015



Top 5 Exchanges by Money Raised at IPO Q12015



Number of IPOs* (Q1 2015)



- Global IPO proceeds in Q12015 reached \$40.0bn, down 18% compared to the previous year.
- In Q1 London saw 27 IPOs, raising \$5.5bn, ranking first globally in terms of money raised.
- Average deal size was \$200m vs \$74m in Q4 2014.

Source: Dealogic, LSE stats, April 2015
*Number of IPOs by listing venue

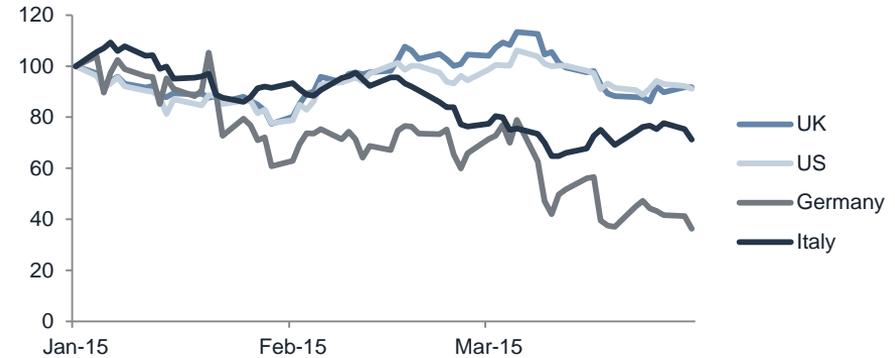
Q1 2015 – Global Secondary Markets Snapshot



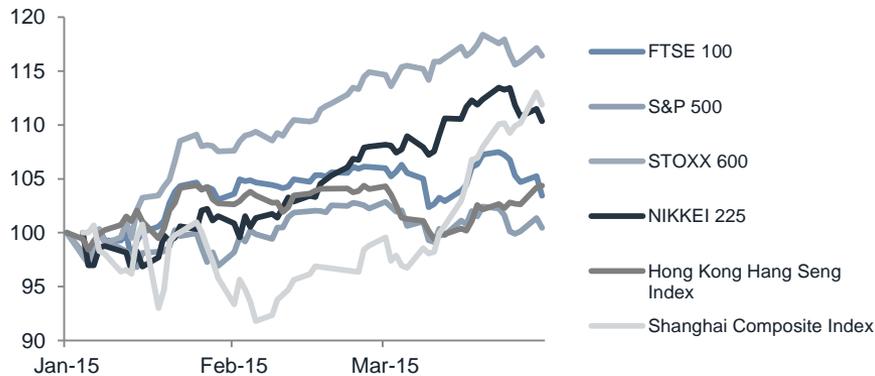
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- The FTSE 100 was up just over 3% in Q1 as global monetary conditions remain accommodative and commodity producers stabilised. European equity markets rallied hard, up 16% in Q1, after the ECB announced a larger than expected QE package for the currency bloc. US equities posted a small gain in the quarter as an interest rate hike seems to be a more distant prospect, though the strength of the dollar is of some concern to investors. Positive earnings reports in Japan coupled with the prospect of additional stimulus from the BoJ meant the Nikkei also ended the quarter in positive territory.
- German and Italian bond yields fell significantly on the back of ECB stimulus, whilst UK and US yields also fell as expectations of rate rises were pushed out and global monetary accommodation remained significant.
- It was a volatile quarter for commodities. Iron ore in particular is suffering, largely due to oversupply. Oil prices also ended the quarter down, but the extreme slide seen in H2 2014 seems to have halted.

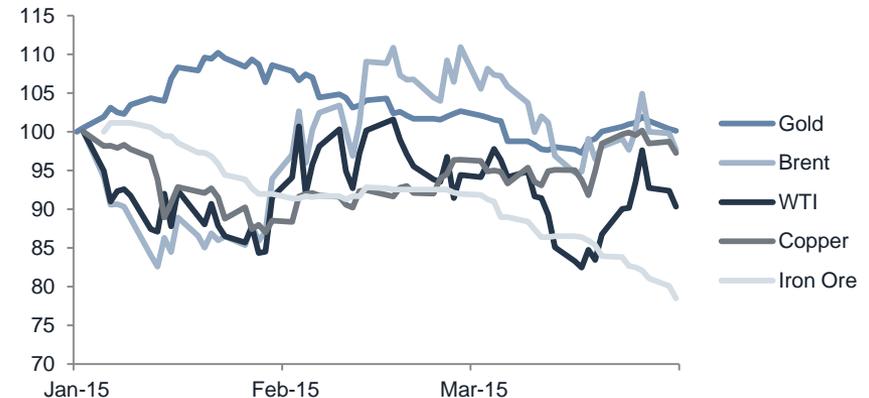
10 Year Sovereign Bond Yields



Global Equity Indices



Commodity Prices



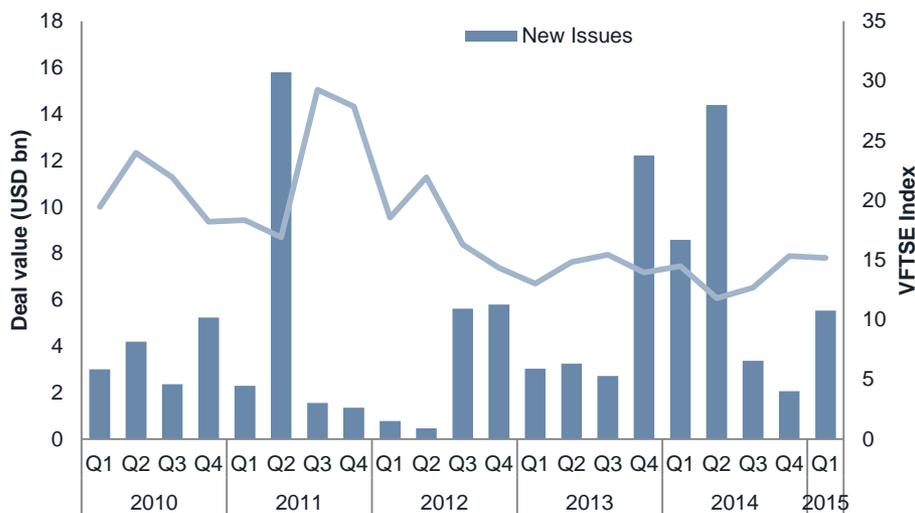
Q1 2015 – Strong Start for IPOs in London



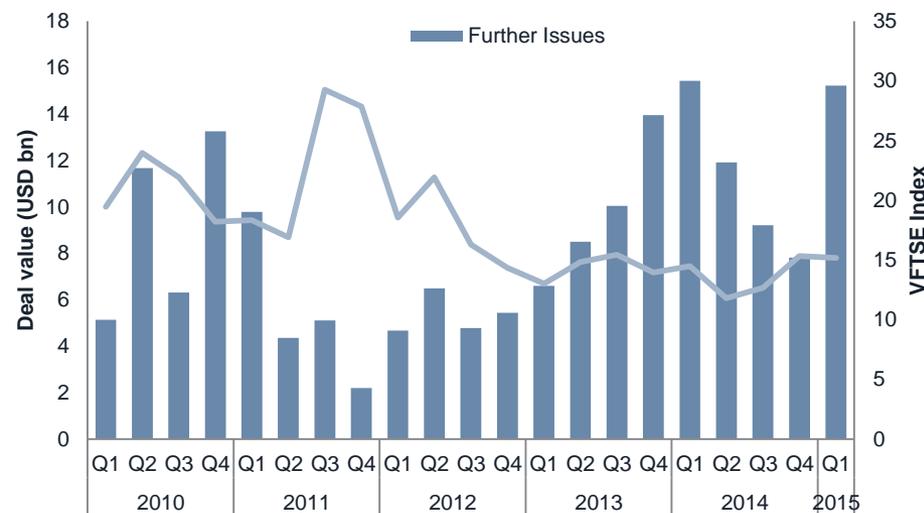
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Number of IPOs	Q4 2014	Q1 2015	Money raised (IPO) (USDm)	Q4 2014	Q1 2015	Further issues (USDm)	Q4 2014	Q1 2015
Main Market	6	18	Main Market	991	5,404	Main Market	6,867	12,303
AIM	22	9	AIM	1,073	131	AIM	952	2,924
Total	28	27	Total	2,064	5,535	Total	7,818	15,226

IPOs on London Stock Exchange



Further Issues on London Stock Exchange



Source: Bloomberg and Dealogic, April 2015

Recent London Highlights and Key Transactions



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Market Highlights

2014 was the fourth highest year on record for money raised on **AIM** with £2.8bn raised



2014 saw 32 **financial sponsor backed IPOs** raising a combined total of £9.3bn. This accounted for over 50% of the total money raised from IPOs on our markets in 2014

2015 saw the launch of the Elite programme in Europe, taking the total number of companies to about 270



Five **e-commerce companies** (AO World, boohoo.com, Just Eat, MySale Group & Koovs) joined London's markets, raising \$2.1bn



Key Deals in 2014/2015



AA was the largest IPO of 2014 by money raised (£1.39bn)

Auto Trader has been the largest IPO of 2015 so far, raising £1.59bn giving it a market capitalisation of £2.35bn



Circassia Pharmaceuticals raised £211m and was the largest biotech IPO globally in 2014 by money raised



B&M European Value Retail raised £1.17bn at IPO in June 2014, the largest of 10 IPOs in 2014 in the Retail Sector



2014 – Positive Aftermarket Performance in London...



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2014 London IPO Performance

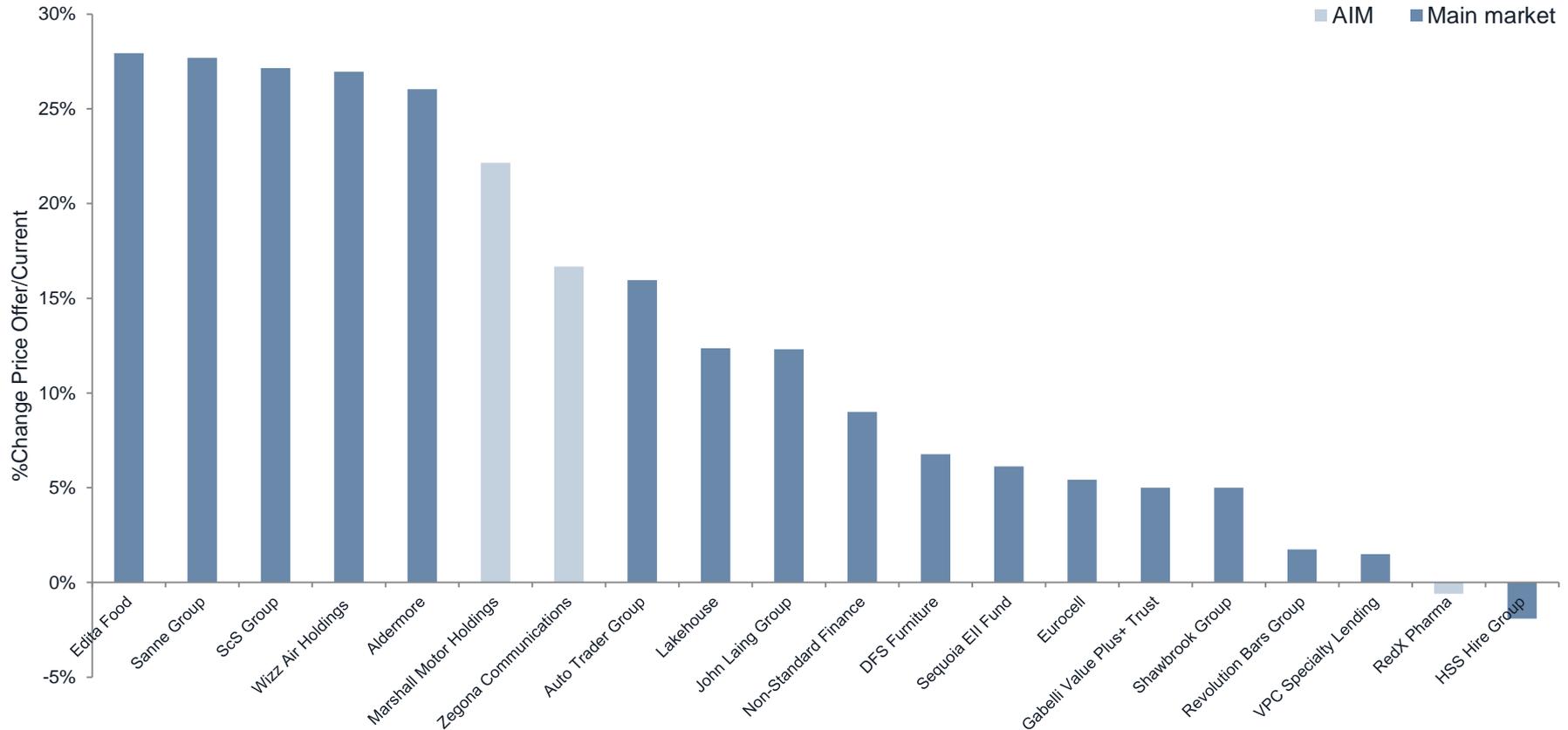


Source: Dealogic, Bloomberg, January 2015

*Share price performance weighted by market cap at date of entry. Main Market and AIM weightings calculated separately

...While 2015 IPOs Year to Date are Trading Well

London IPO Performance (Q1 2015 IPOs)



Source: Dealogic, Bloomberg, Price performance as of 21 April 2015
Deals > £10m taken into account

Lessons from Recent IPOs and Outlook for 2015



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Comment

Prepare Ahead - 2015 Windows Unpredictable

- In a crowded primary market calendar, early preparation is critical
- Very hard to accelerate an IPO process, so early preparation enhances ultimate timing flexibility
- 2015 could be an unusual year in terms of distribution of IPOs. With the UK election on 7 May 2015, the pre-Easter window was unusually busy – both with companies who were forced to postpone in H2 2014 and some who were always planning for 2015 but want to be completed well ahead of the election

Early Investor Engagement is Key

- Buyside fund managers have been vocal in the past about wanting to meet management teams ahead of an IPO
- This practice of “early look” engagement with a number of the key investors has been very valuable:
 - Feedback for the Company and owners at an early stage on the business model, the management team and likely valuation parameters
 - Investors get an opportunity to build a rapport with management at this early stage, enhancing their likely participation at the IPO
- Information can be carefully managed, such that management teams are not held to specific forecasts later at the time of the IPO

Demand Patterns are Shifting - Be Flexible

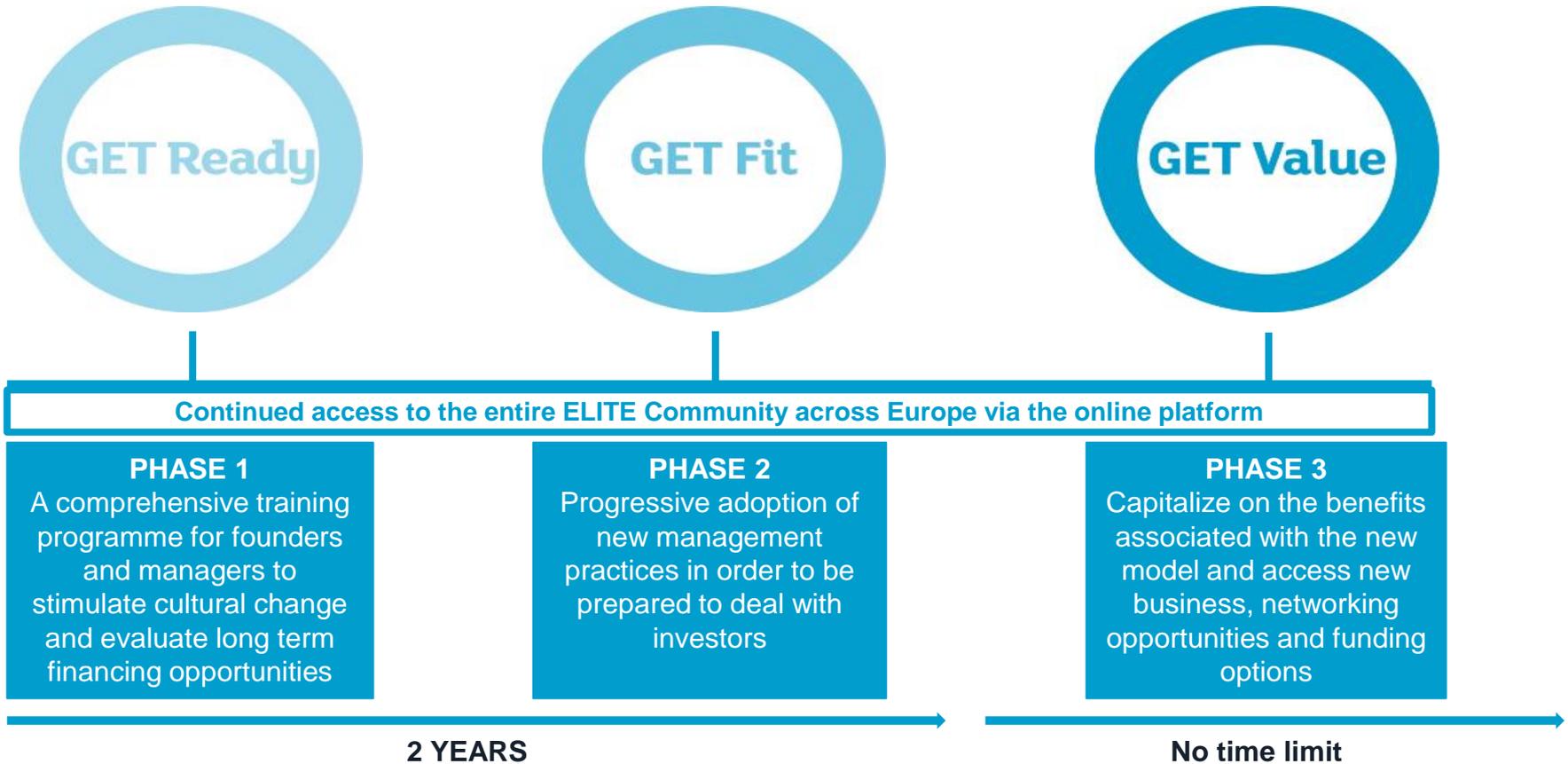
- In H2 2014 volatility, hedge funds incurred some substantial losses (general market weakness and specific losses on the AbbVie / Shire aborted transaction), so focus became increasingly been on core long only institutions
- In many of the UK IPOs in 2013 and first half of 2014, participation from US investors (who were significantly underweight Europe) typically totalled 30-50% of gross demand; this tailed off in H2 2014 – more reliant on UK / Continental European investors
- Signs in early 2015 that larger transactions for well known companies easier to execute than mid-sized transactions
- Appetite from retail both directly and through intermediaries has been strong and merits real consideration. Important to consider complementary distribution platforms in IPO syndicates to tap all of these pockets

Minimising Execution Risk

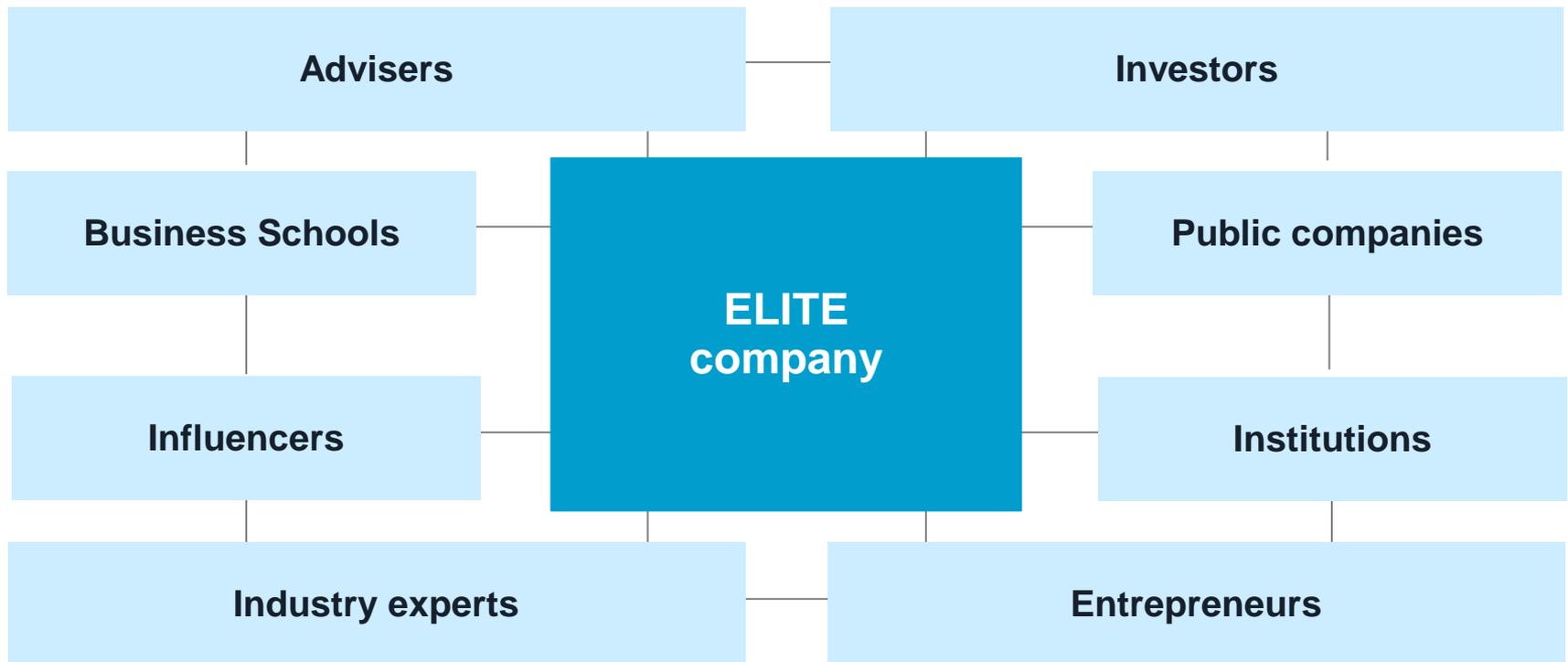
- Increased market volatility created some headwinds for several Q4 2014 IPOs (e.g. Aldermore, Miller Homes, BCA postponing)
- However, 2015 has seen a number of postponed deals return (e.g. Aldermore) and several others launch successfully (e.g. Auto Trader, Shawbrook, HSS, John Laing, Lakehouse)
- With plenty of potential IPO supply and possible periods of volatility, investors will continue to be selective and differentiation of equity story has become even more important
- Investors reiterating that demand still there for the right stories at the right valuation – across a wide variety of sectors
- Seeing structures to de-risk IPO execution (shortening timetables, anchor / cornerstone orders etc.)

5) ELITE

ELITE: a 3-Phased Programme

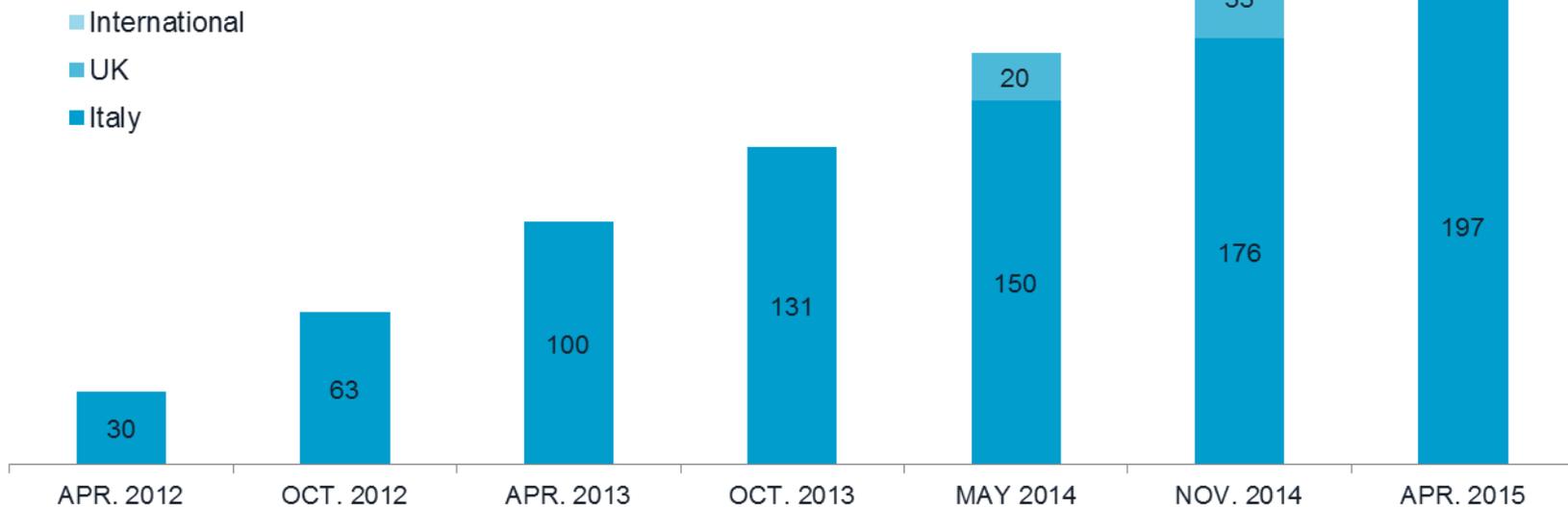


ELITE companies during the 2 year programme and thereafter can access a vibrant community which facilitates a long-term structured engagement between ambitious businesses, industry experts and the investor and corporate advisory community, helping them prepare and structure for external investment and the next stage of growth.



Launched in April 2012, in 3 years ELITE has attracted:

- ✓ Over 270 companies, selected between the most ambitious businesses
- ✓ Over 150 financial advisers and professional bodies
- ✓ Over 70 institutional investors (private equity firms and debt investors)



Elite Companies at a Glance



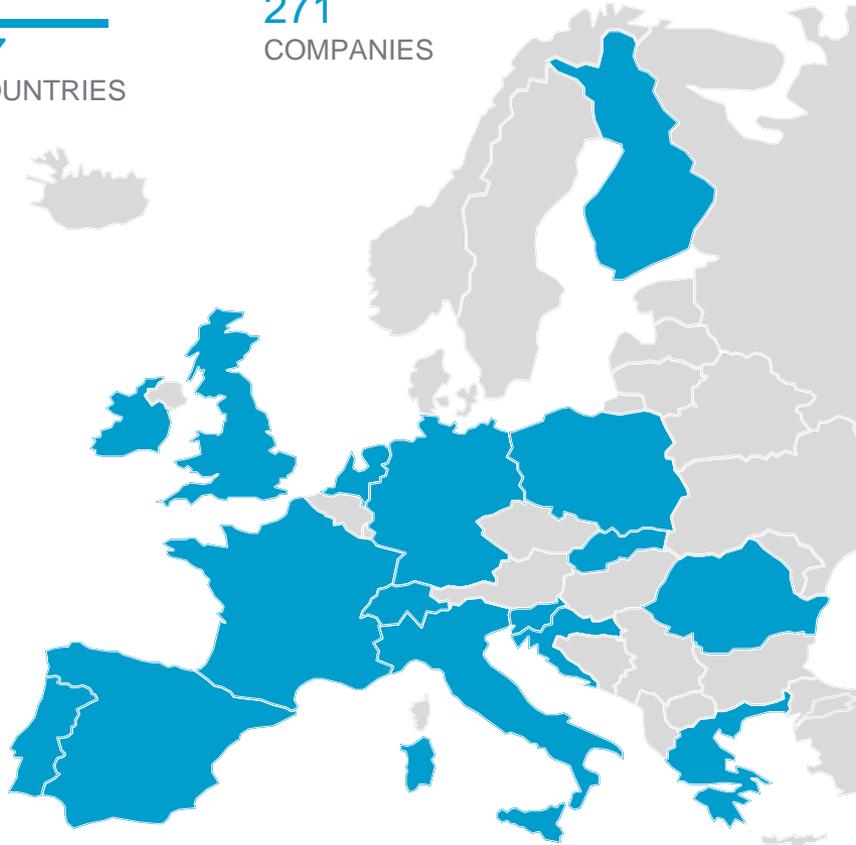
17
COUNTRIES

271
COMPANIES

25 bn
AGGREGATE
REVENUE

30 +
SECTORS

99.000
EMPLOYEES



Basic Materials

14 companies

Consumer Goods

54 companies

Consumer Services

32 companies

Financials

4 companies

Health Care

14 companies

Industrials

90 companies

Oil & Gas

3 companies

Technology

44 companies

Telecommunications

8 companies

Utilities

8 companies

Since joining ELITE companies have accelerated their growth plans and gained access to funding opportunities



- 15** Companies have completed a deal with a Private Equity firm
- 15** Companies publicly announced an IPO in the medium term – **1** company listed on a public market
- 10** Companies issued a bond raising 300 m€
- 60** M&A / JV deals completed by ELITE companies
- 250** Mln Euro raised by state owned institutions
- 40** Listed companies play as mentor for ELITE companies

Elite – a Fast Growing European Community





6) LSE's Investment Funds Credentials

Strong IPO and Follow-on Issuance

- Funds are continuing strong performance in H1 2015, 12 fund IPOs in 2015 raised over \$3bn.
- Diversity of investment objectives, low volatility, and current relatively good discount situation create a favourable environment to support tap issuance as well as capital raise through C share offerings. All this helped strong follow on issuance. We have seen almost \$1bn raised, including deals for Blackstone GSO, P2P Global Investments and Next Energy Solar Fund.
- Increasingly LSE listed funds are being brought to market by international fund managers. Favourable monetary policy and equity moment in Europe are likely to further stimulate this trend.
- Over last six months we have seen funds from a variety of sectors. Generalist investors like Woodford and Gabelli have enjoyed good performance, though market reacted well to new deals in leasing, real estate and micro caps.

On 10 June **Apax Global Alpha** successfully raised USD300M, achieving a market capitalisation of £819m. Through this transaction the fund was increased by 40%. Just under half the issue was placed with key four cornerstone investors (Silverhorn, Investec, Witan and Lexington Partners).

Jefferies and Credit Suisse were advisers.

Volta Finance Limited joined the Main Market, adding a line in London to complement its listing in Amsterdam. Volta Finance transaction was well received with 50% of its liquidity already taking place in London and a sizable increase in liquidity.



Premium Main Market

EU-regulated and listed market for open and closed-ended funds seeking access to the widest investor base from institutional to general retail investors



Specialist Fund Market

EU-regulated market, dedicated to specialist, closed-ended investment funds targeting institutional, professional and highly knowledgeable investors only



AIM

Exchange-regulated market for 'vanilla' funds; suitable for more straightforward fund structures seeking a broad investment audience including institutional and retail investors

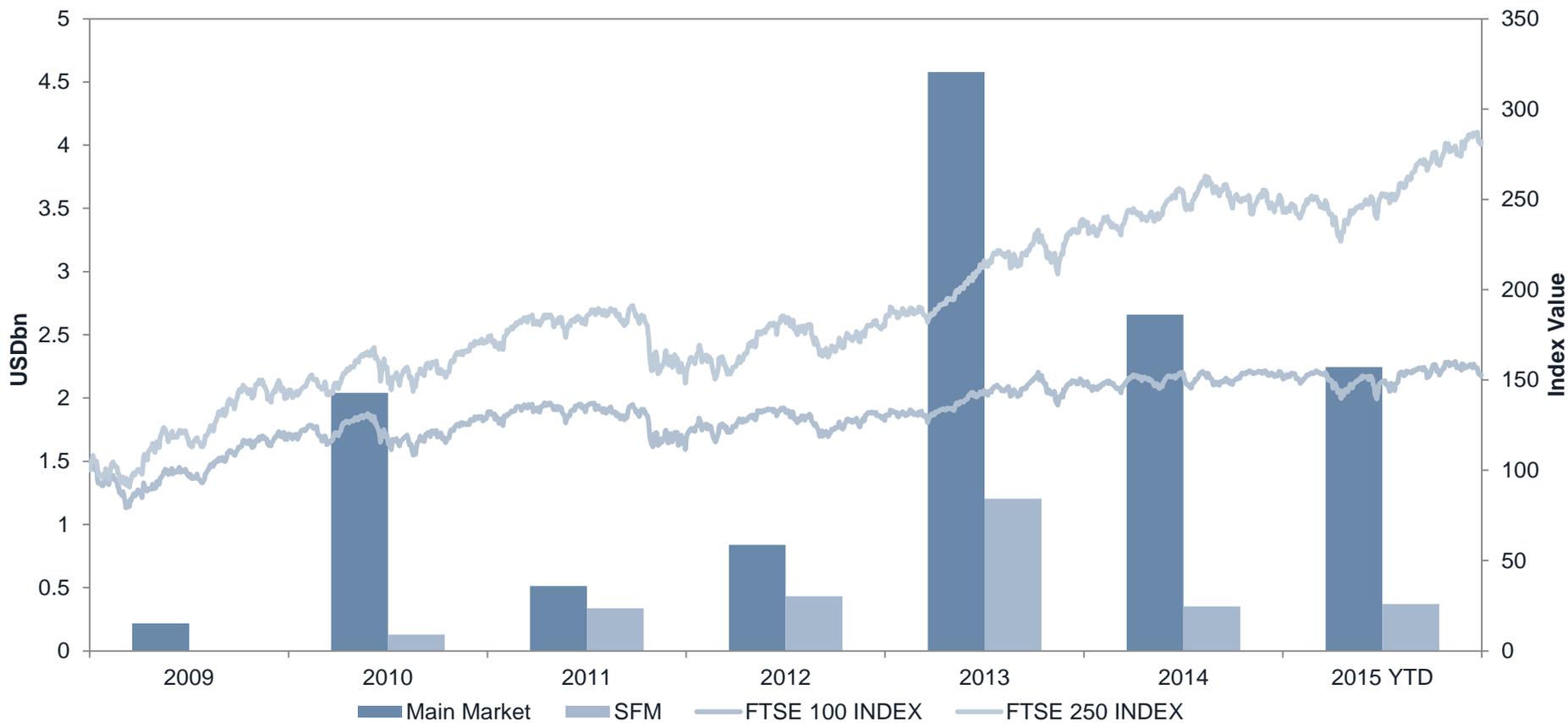
462
Investment funds on LSE
↑ 1% vs Q4 2014

171bn
USD market cap
↑ 4% vs Q4 2014

Top ten Investment Funds on LSE Markets, by Market Cap	Mkt Cap (USDbn)
Scottish Mortgage Investment Trust	5.2
Alliance Trust	4.4
Foreign & Col Investment Trust	3.9
RIT Capital Partners	3.9
HICL Infrastructure Co	3.0
S.C. Fondul Proprietatea	2.8
Templeton Emerging Market Investment Trust	2.8
Witan Investment Trust	2.5
Mercantile Investment Trust	2.4
Kennedy Wilson Europe Real Estate	2.4

Strong Capital Raising Track Record for Funds

\$15.9bn Raised at IPO for Investment Funds Across Our Markets Since 2009



Source: LSE data, Dealogic May 2015



7) Case Studies

Company Details	
Company	Verseon Corporation
Market	AIM
Sector	Pharmaceuticals & Biotechnology
Trading System	SETSqx
Country of Incorporation	U.S

Company profile

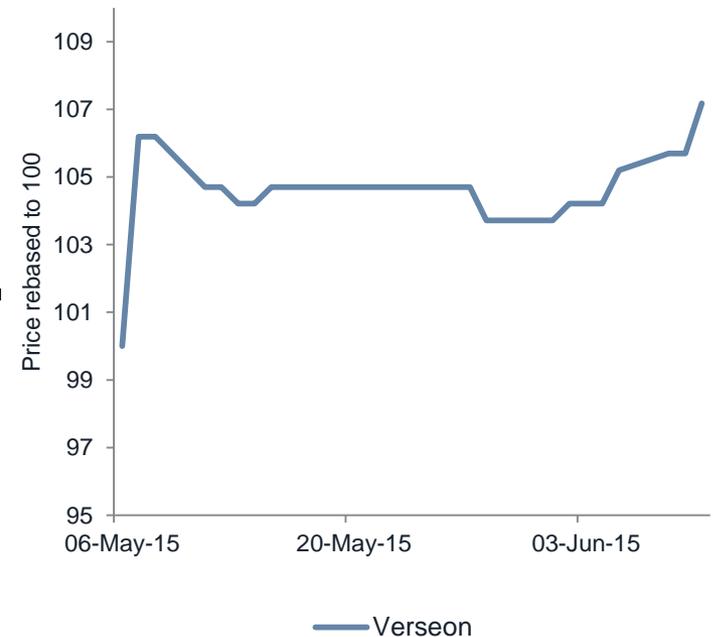
- Verseon is a tech-based pharmaceutical company that employs proprietary technology to design novel therapeutics, it also generates multiple chemically-diverse drug candidates for each discovery programme and, as such, is not reliant on the success or failure of just a single drug candidate in the clinic.
- The Company is currently advancing three drug discovery programmes in the areas of oral anticoagulants, diabetic retinopathy/ diabetic macular oedema and oncology.

Transaction Details	
Admission Date	07 May 2015
Money Raised at Admission	\$100.5m
Market Cap at Admission	\$461.9m
Current Market Cap	\$501.1m
Lead Bookrunners	Cenkos Securities

Listing story

- The offer price was set at 202 pence per share, giving Verseon a market cap of \$461.9m at admission.
- Proceeds from the placing will be invested in Verseon's drug programmes, expanding the pipeline and developing its existing drug discovery platform.
- Cenkos Securities acted as lead manager and lead bookrunner.
- Verseon opened up at 3.94% and closed its first day of trading at 6.19% up, 215 pence per share.

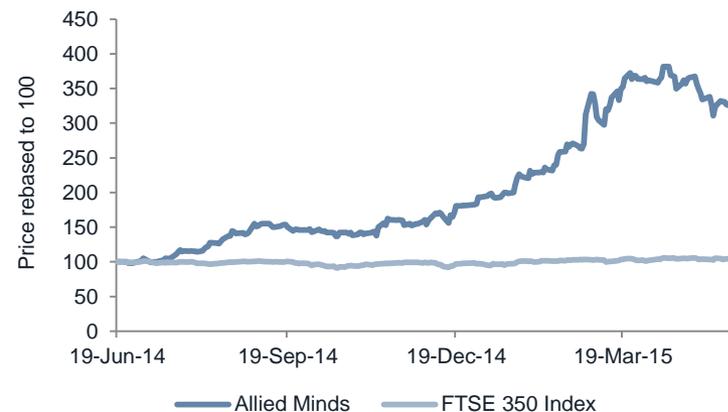
Verseon Share Price Performance





Company Details	
Company	Allied Minds
Market	Main Market
Sector	Financial Services
Trading System	SETS
Country of Incorporation	UK

Transaction Details	
Admission Date	25-Jun-14
Money Raised at IPO	\$220m
Market Cap at Admission	\$675m
Current Market Cap	\$2,161m
Lead Bookrunners	Jefferies



Company profile

- Allied Minds is an early-stage technology commercialisation company
- The company develops and commercialises science and technology innovations from US universities and US federal government research institutions, providing funding, business management and a vast network of resources
- The Group currently has 22 subsidiary businesses at varying stages of maturity across the life sciences and high technology sectors

Listing story

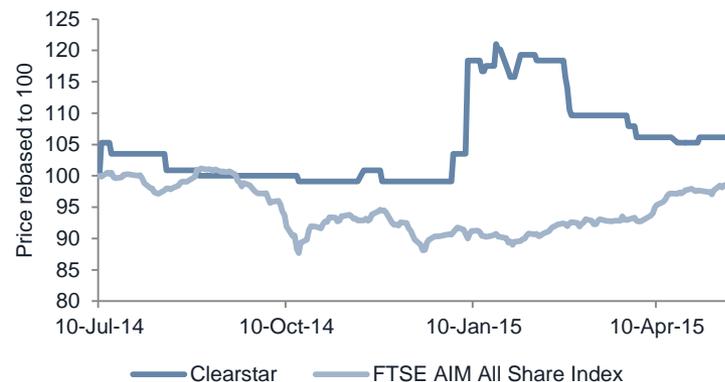
- Allied Minds raised \$199m in IPO proceeds on admission in June 2014, rising to \$220m on full exercise of the over-allotment option
- The company raised primary proceeds of \$164m, with the remaining \$56m coming from selling shareholders
- The deal priced at 190p, at the bottom end of a tight range (190-200p)
- The share price has increased by 221% since IPO and in May 2015 shareholders returned to the market to monetise \$142m worth of shares

Top Institutional Holders	Value Held (USDm)
Invesco Asset Management	904
Woodford Investment Management	365
Sand Aire	103
Jarvis Investment Management	45
Royal London Asset Management	15
Legal & General Investment Management	12
Norges Bank Investment Management	8
West Yorkshire Pension Fund	8
BlackRock Investment Management (UK)	7
The Vanguard Group	7

Source: FactSet, Dealogic and Bloomberg data, May 2015

Company Details	
Company	Clearstar
Market	AIM
Sector	Software & Computer Services
Trading System	SETSqx
Country of Incorporation	Guernsey

Transaction Details	
Admission Date	11-Jul-14
Money Raised at IPO	\$15.1m
Market Cap at Admission	\$35.5m
Current Market Cap	\$34.0m
Lead Bookrunners	Cenkos



Company profile

- ClearStar is a technology and service provider to the background check industry, supporting background screening companies, employers and employees with their recruitment and employment application decisions.
- ClearStar provides employment intelligence to its clients through a suite of IT applications for day-to-day use in their business
- Revenues for 2014 were \$10.9m, giving a gross profit of \$6.3m – up 37% and 29% respectively on 2013

Listing story

- Clearstar raised \$15.1m at IPO in July 2014, all in primary proceeds
- The deal will help the company to raise its profile, as well as providing financial means for future acquisitions. Additionally, the company plans to use the proceeds to support R&D as well as marketing to expand its customer base.
- The stock has performed well since admission, up 7% on the 57p offer price

Top Institutional Holders	Value Held (USDm)
River & Mercantile Asset Management LLP	3.4
Standard Life Investments Ltd.	2.9
Hargreave Hale Ltd.	2.2
Ennismore Fund Management Ltd.	1.7
Artemis Investment Management LLP	1.7
WHI Stockbrokers Ltd.	0.5
Walker Crips Stockbrokers Ltd.	0.3
Hargreaves Lansdown Stockbrokers Ltd.	0.2

Company Details	
Company	Gabelli Value Plus+ Trust Plc
Market	Main Market
Sector	Equity Investment Instruments
Trading System	SETSqx
Country of Incorporation	UK

Transaction Details	
Admission Date	19 Feb 2015
Money Raised at Admission	\$160m
Market Cap at Admission	\$160m
Current Market Cap	\$168m
Lead Bookrunner	Investec



Company profile

- Gabelli Value Plus+ Trust Plc is an Investment Trust incorporated in the United Kingdom.
- The Company's investment objective is to seek capital appreciation by investing predominantly in equity securities of U.S. companies.
- The Company will seek to meet its investment objective by investing predominantly in equity securities of U.S. companies, of any market capitalization.
- Gabelli Value Plus+ Trust Plc commits to expand the fund size to \$400m.
- Dividend to be distributed semi-annually.
- Daily NAV frequency.

Listing story

- Gabelli Funds priced its IPO at 100 pence a share for a \$160m raise.
- The fund anticipates forming a portfolio consisting of between 40-60 holdings, once fully invested.
- The fund will be managed by Gabelli Funds, which serves as an investment adviser to 26 U.S registered managed investment companies, with combined aggregate net asset over \$26bn as of 30 September 2014.
- Investec acted as financial adviser and bookrunner.
- Net IPO proceeds to be invested in accordance with the investment policy within 45 days.

Top 5 Institutional Investors	Value Held (USDm)
GAMCO Asset Management, Inc.	43.2
Investec Wealth & Investment Ltd.	30.1
Smith & Williamson Investment Management LLP	9.9
Unicorn Asset Management Ltd.	0.8
Aubrey Capital Management Ltd.	0.8



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