



## Listing in London Workshop An Overview of UK Equity Capital Markets

October 2016

## An IPO– Why choose London?

- Largest International stock market in the World
- Largest and most liquid equity market in Europe
- A diverse range of markets available for emerging and for large companies
- Proven and reliable infrastructure with balanced regulation
- The largest pool of investors dedicated to international companies
- The largest exposure to analysts than any other financial centre
- 115 countries represented on London stock markets
- All economic sectors are represented, especially financials, technology and oil and gas
- Proven access to secondary funding

**In summary – London can provide liquidity, profile and investors**

## The infrastructure and experience makes London the world's premier listing choice



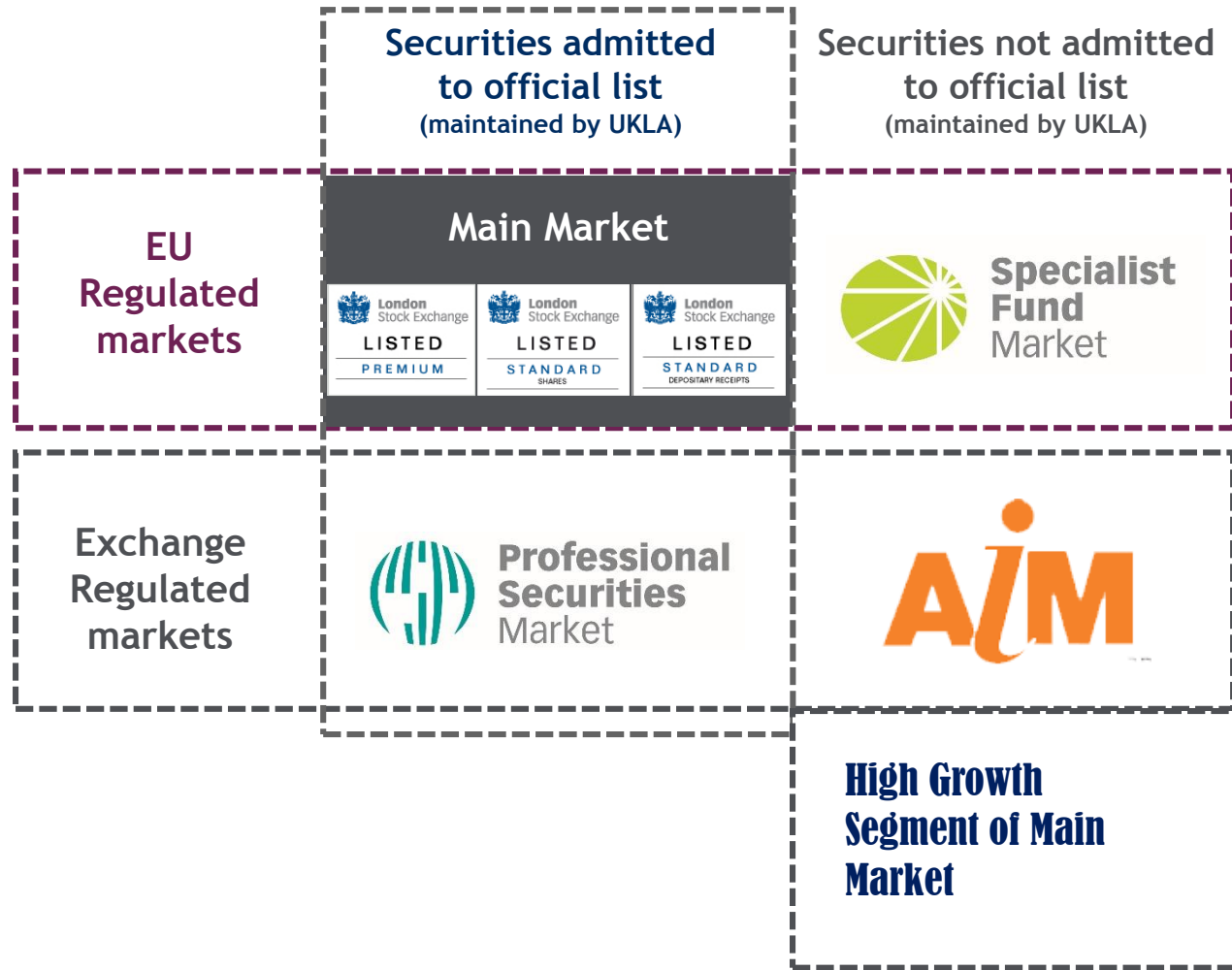
London is consistently ranked as the best financial centre to do business by The Global Financial Centres Index research conducted by Z/Yen. The research is provided for 77 centres and it draws on questionnaire and analysis of external indices. The latest report includes 26,180 financial centres assessments from 1,890 financial services professionals.

# London Stock Exchange offers a diverse range of markets

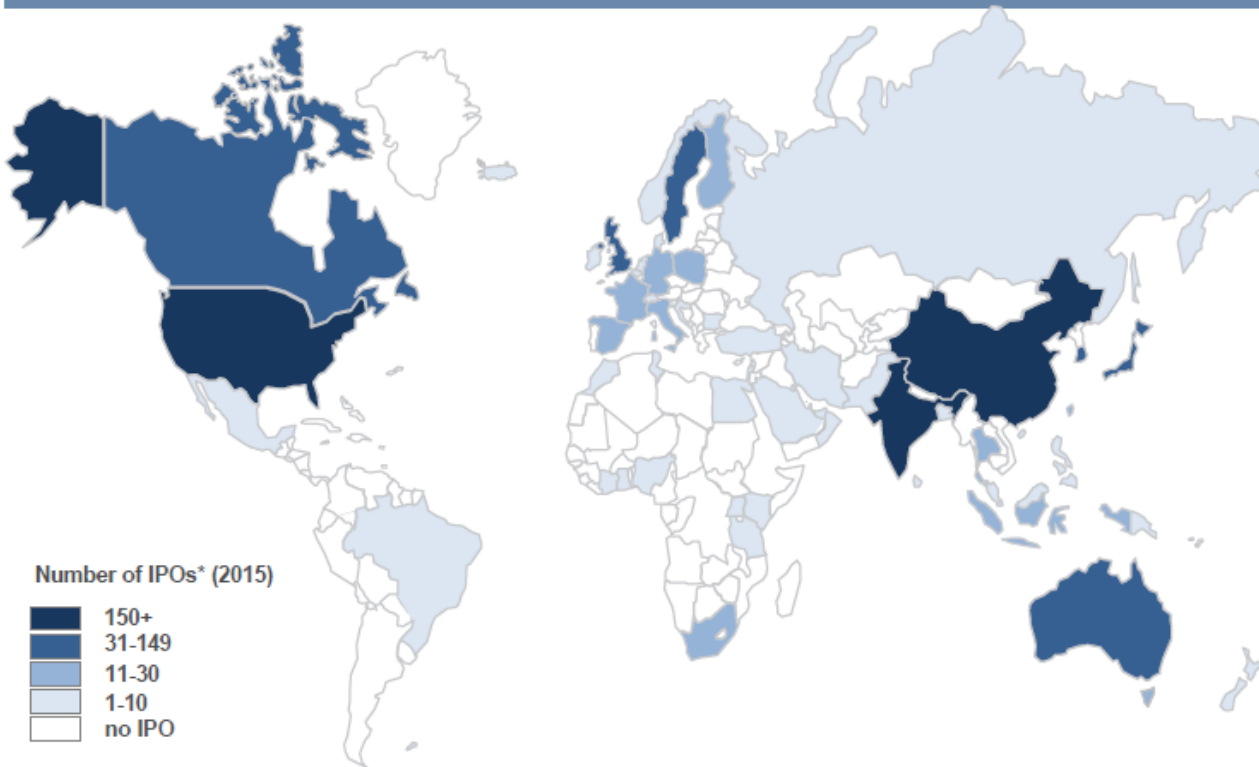
## Offering choice to issuers:

The choice of market will depend on a number of factors including:

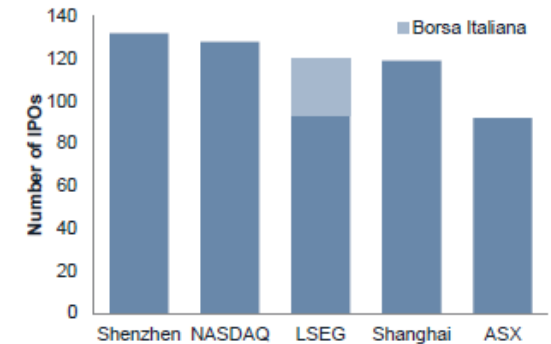
- Stage in a company's development
- Complexity of the offer and securities issued
- Target investors
- Company's size
- Company's strategy and objectives



# 2015 – Global IPO Market Strength



**Top 5 Exchanges by # IPOs 2015**



**Top 5 Exchanges by Money Raised at IPO 2015**



- Global IPO proceeds in 2015 reached \$201.5bn compared with \$271bn in 2014. London Stock Exchange Group ranked top globally in 2015, with \$26.3bn raised in 120 IPOs (\$32bn from 166 IPOs in 2014).
- London IPOs enjoyed healthy aftermarket, with weighted performance\*\* of 22.3% and 71% of deals trading above the issue price.
- In 2015, the Computers & Electronics sector was the most active across LSEG's equity markets with 14 IPOs raising \$7.6bn.

Source: Dealogic, LSE stats, January 2016

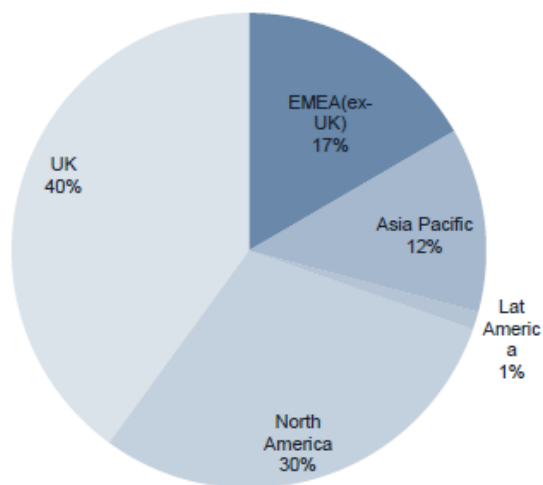
\*Number of IPOs by listing venue

\*\* Weighted by market cap at offer

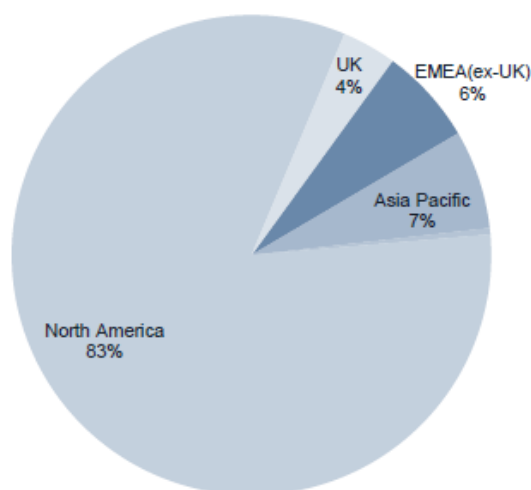
# 2015 – London at the heart of the Global Investment Community

## Domicile of Top 50 investors in listed securities by country

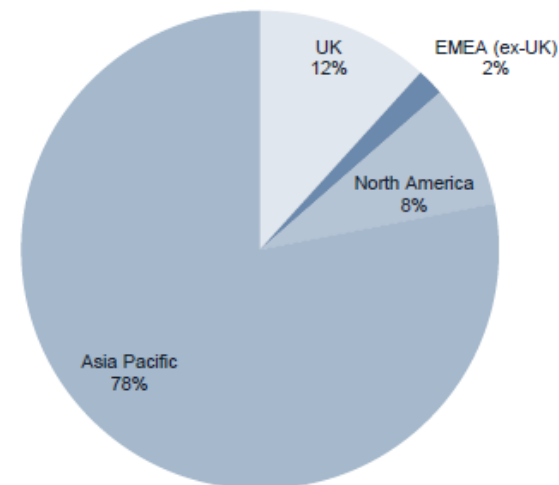
UK



US



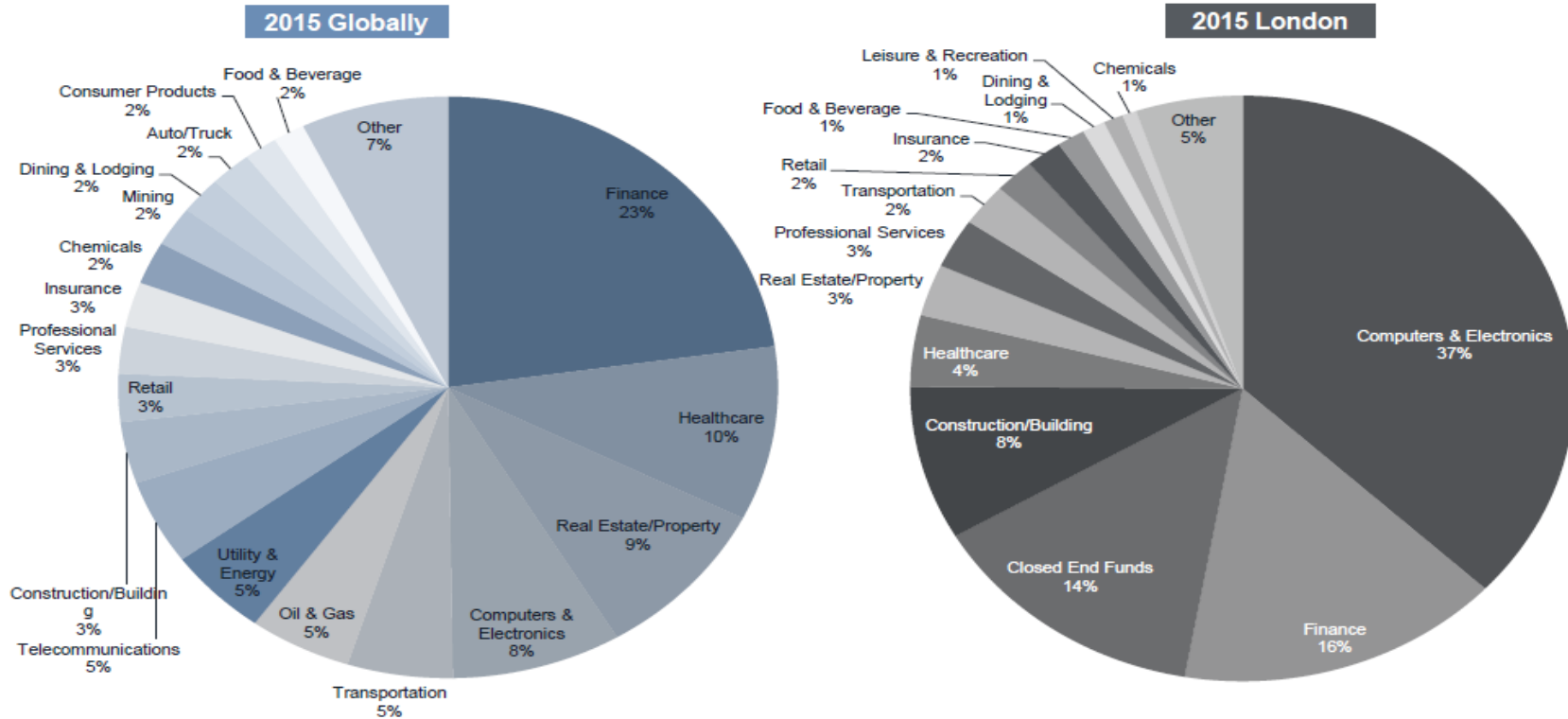
HK



- London remains the World's Equity Market, 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.

# 2015 – Sector Diversity Broad Across London IPOs

## IPO Capital Raising by Sector



Source: Dealogic and LSE calculation, January 2016



## Premium Listing on the Main Market

### Key eligibility requirements

<b>Listing Rules</b>	<ul style="list-style-type: none"> <li>• Compliance with the Listing Principles (LR 7)</li> <li>• Appointment of a sponsor</li> <li>• 75% of the business to be supported by a historical financial information</li> <li>• Control over the majority of the entity's assets</li> <li>• Independent business as main activity</li> <li>• Unqualified working capital statement</li> <li>• Minimum 25% shares in public hands</li> <li>• Minimum market capitalisation GBP 700,000</li> <li>• Free transferability of securities</li> <li>• Eligible for electronic settlement</li> </ul>
<b>Accounts</b>	<ul style="list-style-type: none"> <li>• 3 years of audited financial information*</li> <li>• Latest accounts no more than 6 months old (Interims included if accounts more than 6 months old)*</li> <li>• EU IFRS or equivalent</li> </ul>
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>• UK Corporate Governance</li> </ul>
<b>Prospectus</b>	<ul style="list-style-type: none"> <li>• Prospectus approved by the UKLA</li> </ul>
<b>Admission &amp; Disclosure Standards</b>	<ul style="list-style-type: none"> <li>• Compliance with the London Stock Exchange's Admission and Disclosure Standards</li> </ul>

### Key continuing obligations

<b>Periodic Reporting</b>	<ul style="list-style-type: none"> <li>• Annual Financial Report (four months after the end financial period)</li> <li>• Half yearly financial report</li> <li>• Interim Management Statement</li> <li>• Significant transactions (class tests)</li> </ul>
<b>Listing Rules</b>	<ul style="list-style-type: none"> <li>• Pre-emption rights extended to existing shareholders</li> <li>• Model code</li> </ul>
<b>Disclosure and Transparency Rules</b>	<ul style="list-style-type: none"> <li>• Inside information made public without delay</li> <li>• List of insiders</li> <li>• Major shareholder notification</li> <li>• Directors Dealings</li> <li>• Related party transactions</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>• UK Corporate governance – comply or explain</li> <li>• Statement in the annual report</li> </ul>
<b>Sponsor</b>	<ul style="list-style-type: none"> <li>• To be retained at all time</li> </ul>

\*Does not apply to mineral or scientific research companies



## Standard Listing of Shares on the Main Market

### Key eligibility requirements

<b>Listing Rules</b>	<ul style="list-style-type: none"> <li>• Minimum 25% shares in public hands in one or more EEA States</li> <li>• Minimum market capitalisation GBP 700,000</li> <li>• Free transferability of securities</li> <li>• Eligible for electronic settlement</li> <li>• 12 month working capital statement</li> </ul>
<b>Accounts</b>	<ul style="list-style-type: none"> <li>• 3 years of audited financial information (or such shorter period that the issuer has been in operation)</li> <li>• Latest accounts no more than 18 months old (if audited interims included) or 15 months old (if unaudited interims included). If accounts are older than 9 months, interims must be included.</li> <li>• EU IFRS or equivalent</li> </ul>
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>• Domestic corporate governance code applies</li> </ul>
<b>Prospectus</b>	<ul style="list-style-type: none"> <li>• Prospectus approved by the UKLA</li> </ul>
<b>Admission &amp; Disclosure Standards</b>	<ul style="list-style-type: none"> <li>• Compliance with the London Stock Exchange's Admission and Disclosure Standards</li> </ul>

### Key continuing obligations

<b>Periodic Reporting</b>	<ul style="list-style-type: none"> <li>• Annual Report (four months after the end financial period)</li> <li>• Half yearly financial report</li> </ul>
<b>Disclosure and Transparency Rules</b>	<ul style="list-style-type: none"> <li>• List of insiders</li> <li>• Inside information made public without delay</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>• Domestic Corporate governance applied</li> <li>• Corporate governance statement in the annual report</li> </ul>

## The AIM Market – the most active market for emerging companies in the world

### **Admission Rules:**

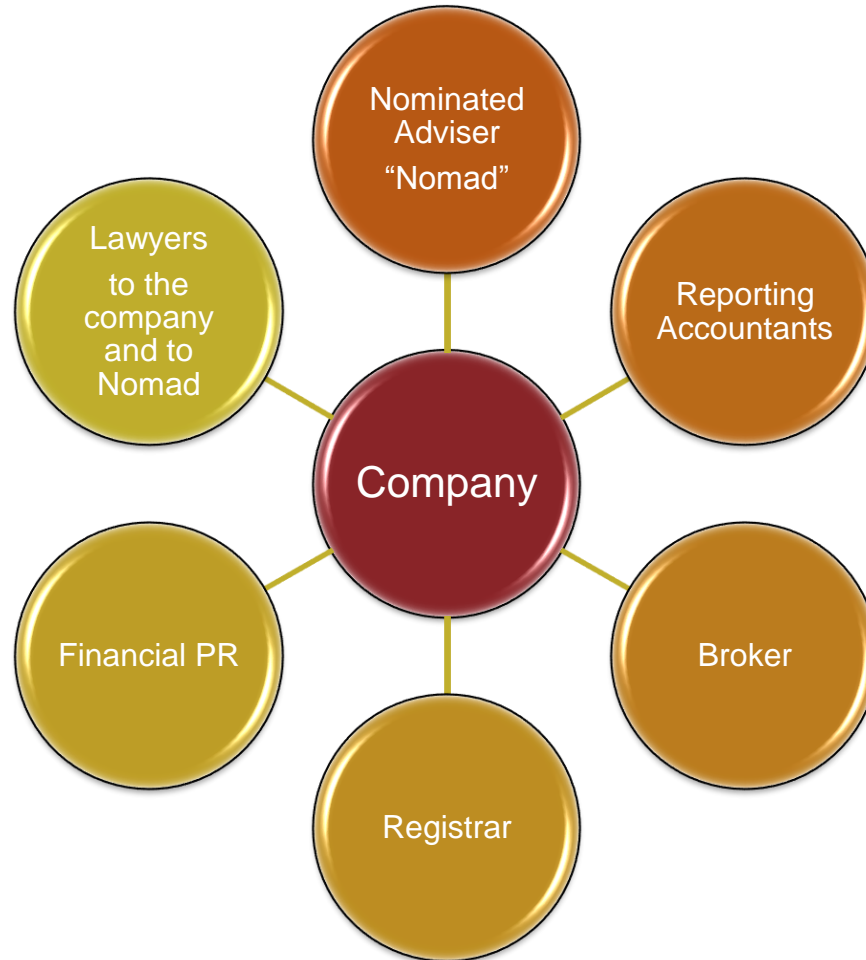
- No minimum size to be admitted
- No minimum financial history required
- No minimum amount of shares to be in public hands (in practice at least 15%)
- Other than reverse takeovers, no prior shareholder approval required for transactions
- Admission documents not pre-vetted by Exchange or UKLA but by nominated adviser
- Nominated adviser and broker required at all times

## The AIM Market – the most active market for emerging companies in the world

### Continuing Obligations:

- “light touch” and balanced approach
- must disclose all price sensitive information in a timely manner
- Half yearly and annual report and accounts required
- All directors accept full responsibility
- Restrictions during close periods (directors & employees)
- UK Corporate Governance standards as best practice - QCA Corporate Governance Guidelines for Smaller Quoted Companies and NAPF Guidelines for AIM Companies

## The AIM Adviser Team



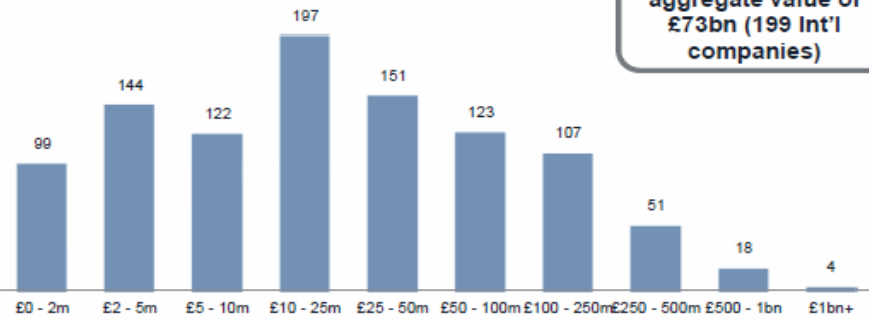
# A Snapshot of AIM



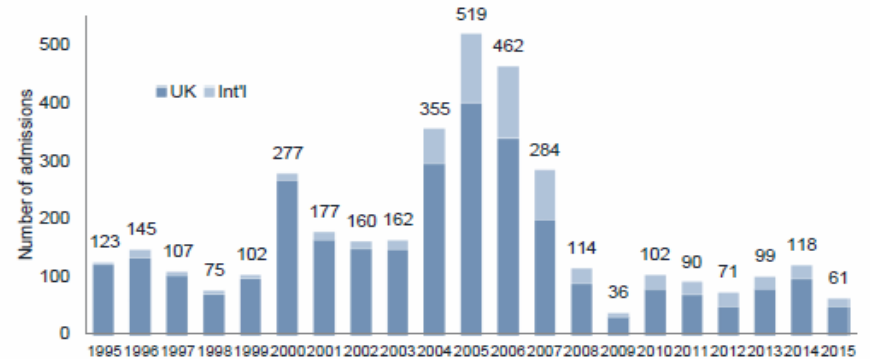
**London**  
Stock Exchange

## Profile of AIM Companies

1,044 companies\*,  
aggregate value of  
£73bn (199 Int'l  
companies)

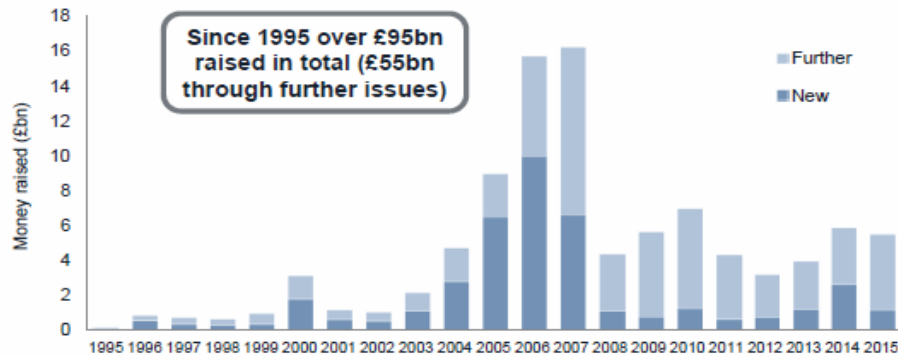


## Admissions to AIM – 1995 to 2015

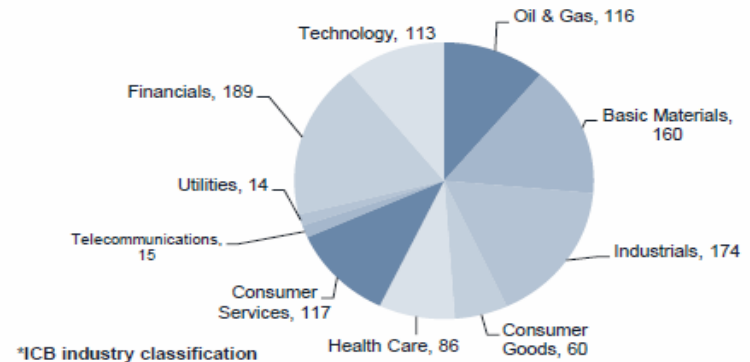


## Fundraisings on AIM – 1995 to 2015

Since 1995 over £95bn  
raised in total (£55bn  
through further issues)



## Industries\* Represented – by Number of Companies

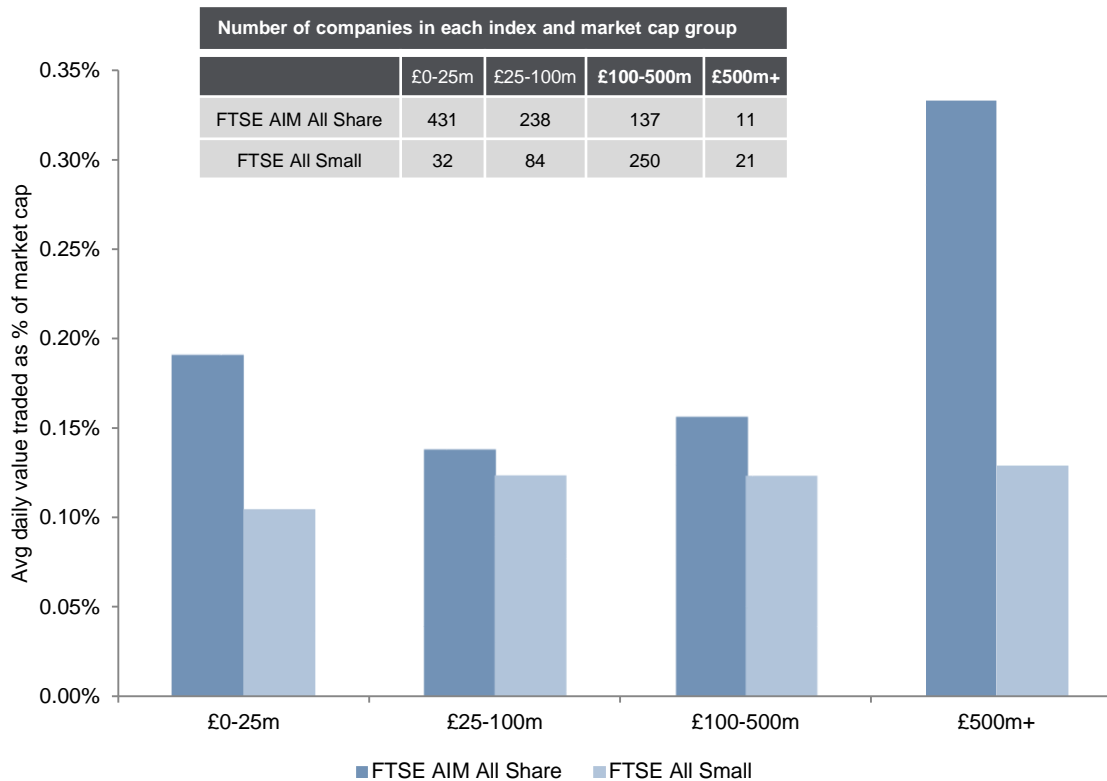


Source: LSE statistics, 31<sup>st</sup> of December 2015

\*28 companies either suspended or undetermined value

## Liquidity and Investors

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



Top Institutional Holders	Market Value
Invesco Asset Management	£1,676.1m
Hargreave Hale	£1,170.3m
Henderson Global Investors	£955.8m
Schroder Investment Management	£876.0m
Standard Life Investments	£750.6m
BlackRock Investment Management (UK)	£740.2m
M&G Investment Management	£613.1m
Woodford Investment Management	£610.0m
Liontrust Investment Partners	£596.8m
Barclays Bank Plc (Private Banking)	£536.1m

- **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

## AIM Trends at 30 June 2016

- 41 new joiners in H1 2016 (32 in 2015)
- 1,013 companies with average and median market capitalisations of £71m and £21m, respectively
- £2.2bn raised in total on AIM in first half of 2016, compared with £5.3bn raised in full year 2015
- Average IPO fund raise £26m (2014: £22m)
- 271 secondary issues, with average secondary fund raise for 2015 £4.4m (2014 £7.4m)
- Most represented sectors in 2016 IPOs are consumer services, consumer goods, financials, healthcare.
- Most represented sectors in 2016 for secondary fundraising are mining, real estate, healthcare, consumer goods and services and finance
- 40% of companies have many operations overseas
- Average share price performance of 2016 (H1) IPOs . +15.2%
- 32% of new equity placed by existing shareholders
- Trading volumes increasing, strong liquidity in smaller stocks



## The Benefits of AIM

### Access to capital

**Diverse & deep pool of capital**

**Strong support from institutions**

**Funding for acquisitions & expansion to new markets**

**Tax benefits**

**BLACKROCK**<sup>®</sup>



### 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**



## Principal Contacts – Capital Markets (UK and Asia Pacific)

### London

Stephen Bullock	Direct line: +44 (0) 20 7842 7166	email: stephen.bullock@crowecw.co.uk
Robin Stevens	Direct line: +44 (0) 20 7353 7282	email: robin.stevens@crowecw.co.uk
Peter Varley	Direct line: +44 (0) 20 7842 7353	email: peter.varley@crowecw.co.uk
Paul Blythe	Direct line: +44 (0) 20 7842 7231	email: paul.blythe@crowecw.co.uk
Mitesh Patelia	Direct line: +44 (0) 20 7842 7305	email: mitesh.patelias@crowecw.co.uk

### Auckland

Kurt Sherlock email: kurt.sherlock@crowehorwath.co.nz

### Bangkok

Sathien Vongsnan email: sathien@ans.co.th

### Beijing

Yang Chew Ooi email: yangchew.ooi@crowehorwath.cn

### Ho Chi Minh

Vu Lam email: lam.vu@crowehorwath.vn

### Hong Kong

Charbon Lo email: charbon.lo@crowehorwath.hk

### Jakarta

Munir Ali email: munirali@crowehorwath.id

### Kuala Lumpur

Kien Hoe Onn email: kienhoe.onn@crowehorwath.com.my

### Manila

Ramon Garcia email: ramon.garcia@crowehorwath.com.ph

### Mumbai

Vijay Thacker email: vijay.thacker@crowehorwath.in

### Phnom Penh

Poon Yew Hoe email: yewhoe.poon@crowehorwath.com.kh

### Seoul

Kwang Ro Lee email: kwangro.lee@crowehorwath.co.kr

### Singapore

Ta Kuang Hui email: kuanghui.tan@crowehorwath.com.sg

### Sydney

Andrew Fressl email: andrew.fressl@crowehorwath.com.au

### Taiwan

Robert Wang email: robert.wang@crowehorwath.tw

### Tokyo

Kwi Ha An email: kwiha@crowehorwath-yusei.jp

### Yangon

Htu Htu Aung email: choassociates@gmail.com



A Member of Crowe Horwath International

[www.croweclarkwhitehill.co.uk](http://www.croweclarkwhitehill.co.uk)

Crowe Clark Whitehill LLP is a member of Crowe Horwath International, a Swiss Verein (Crowe Horwath). Each member firm of Crowe Horwath is a separate and independent legal entity. Crowe Clark Whitehill LLP and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath or any other member of Crowe Horwath and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath or any other Crowe Horwath member.  
© 2015 Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and is authorised and regulated by the Financial Conduct Authority.