

# MINERVA

Gavin Wilkins

Tuesday 7 November

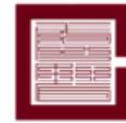
Hilton Sentral – Kuala Lumpur



**London Capital Markets and M&A Briefing**

**2017**

# Introduction



London Capital Markets and M&A Briefing  
2017

Gavin Wilkins  
Client Relationship Director  
Minerva Trust & Corporate Services

- IPO & M&A in uncertain times
- Case studies
- Planning & structuring considerations
- A few words on BREXIT
- Role of the fiduciary services provider
- Minerva at a glance

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# Changing Times!



# Growth & Exit Options

## Debt

- Straightforward
- Low interest environment
- Gearing/cash flow & bank risk models
- No exit / no profile

## Private Equity

- Partial exit & valuation uplift
- Expertise & experience
- Loss of autonomy & cultural change
- Part of an overall journey

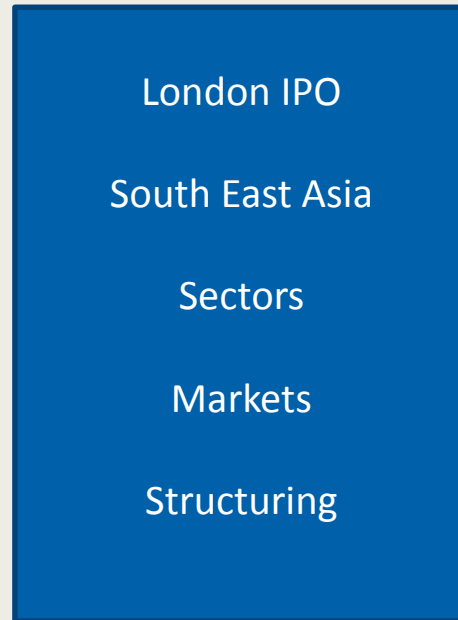
## M&A

- Buoyant markets
- Control
- Partial or full exit
- Part of a journey or the end of one?

## IPO

- Investors, profile, liquidity
- Control
- Time and Preparation
- Which market?

# Case Studies



# They are not alone....

## Jersey Holding Companies as Listing Vehicles

- Jersey companies listed on worldwide stock exchanges from London to New York with combined market capitalisation over £240 billion
- Jersey has the greatest number of FTSE 100 companies registered outside the UK
- The greatest number of AIM companies registered outside the UK
- A jurisdiction of choice for listings on NEX Exchange

GLENCORE

WOLSELEY

Est 1856  
STANLEY GIBBONS  
*The Home of Stamp Collecting*

cape  
Excellence delivered

Caledonia Mining Corporation Plc

MayAir®

Aquatic Foods Group Plc

mimecast®

Henderson  
GLOBAL INVESTORS

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# About Jersey

- Around 20km from France and 130km from the United Kingdom. Official & business language is English. 30 minute flight from London - regular flights
- A crown dependency, benefitting from British protection but not part of the UK
- Independently recognised as a well-regulated, transparent and co-operative jurisdiction by the IMF & OECD



# Why use a Jersey HoldCo for IPO?

Key Criteria	Response
✓ <b>Track Record</b>	Greatest number of FTSE 100 and AIM Companies registered outside UK
✓ <b>Proximity to London</b>	<ul style="list-style-type: none"><li>• 30 minute flight</li><li>• Same time zone</li><li>• English business language</li></ul>
✓ <b>Corporate Governance</b>	Strong corporate governance framework
✓ <b>International Standing</b>	OECD & IMF rate Jersey as a co-operative international finance centre
✓ <b>Tax Environment</b>	Straightforward tax neutral environment
✓ <b>Stability</b>	<ul style="list-style-type: none"><li>• Politically stable</li><li>• AA- rated by Standard and Poors</li></ul>
✓ <b>Legal Framework</b>	<ul style="list-style-type: none"><li>• Respected legal infrastructure &amp; court system</li><li>• Jersey Public Holding Company is comparable to a UK PLC</li><li>• Modelled on English company law - more flexible in a number of areas</li></ul>
✓ <b>Integration with London Capital Markets</b>	<ul style="list-style-type: none"><li>• Shares settled through CREST (UK share settlement system) without the need for DI's</li><li>• Investors in London listed Jersey Co's protected by UK Takeover Code</li></ul>

**Ultimately, this contributes to the chances of the IPO successfully raising the funds required which has to be the primary consideration**



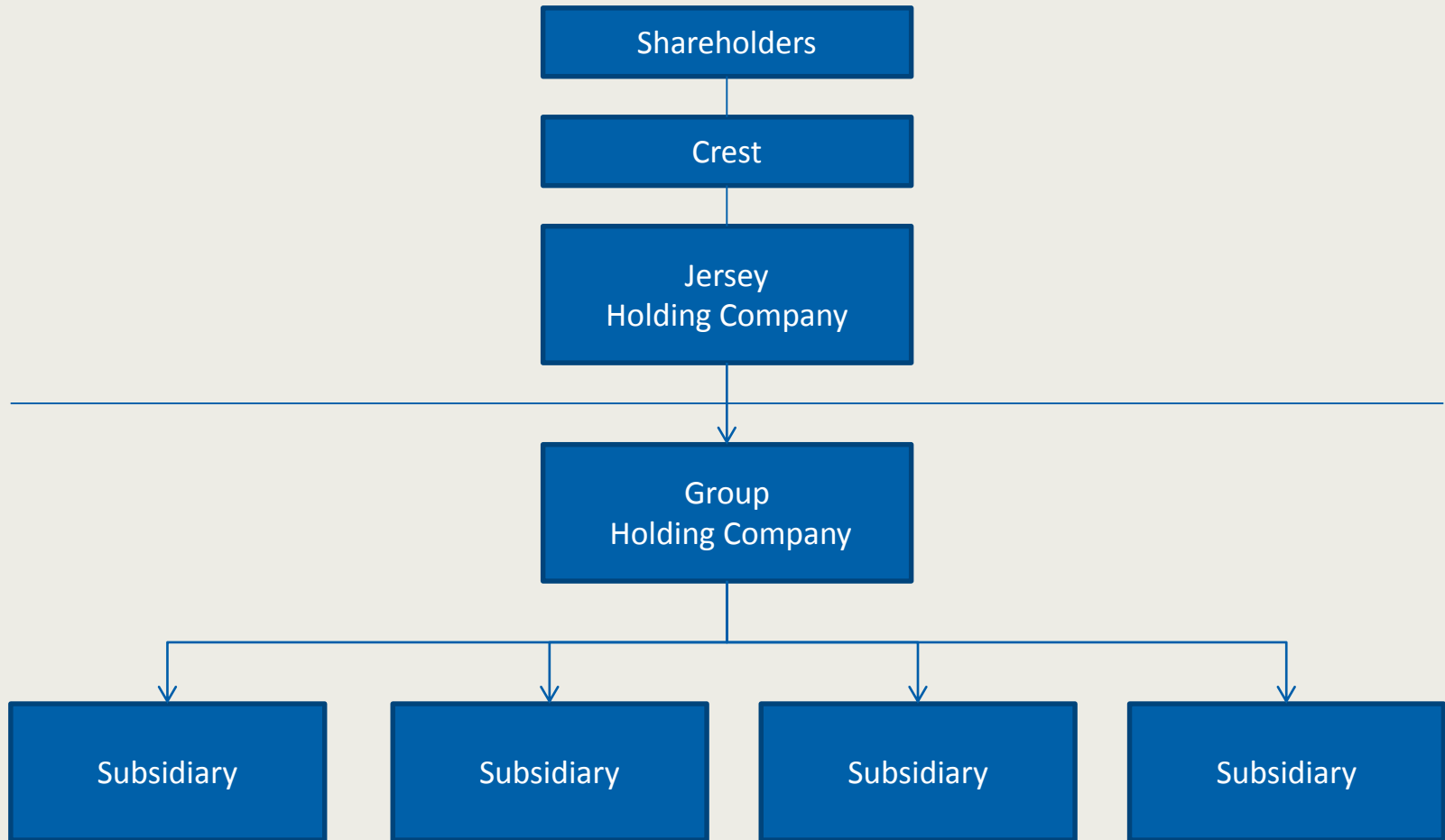
# Implementing Jersey Holdco

## **Introducing a Jersey Company to a corporate structure**

Three scenarios:

1. New businesses: Use Jersey holding company from the outset e.g. investment company
2. New holding company for existing business: Incorporate new company, group re-organisation prior to listing (share for share exchange)
3. Migration of existing holding company to Jersey: Re-domiciliation of foreign company to Jersey so that it continues existence as a Jersey registered company

# Typical Holding Company



# The Process – Jersey Perspective

- Planning and structuring (independent advice)
- Engagement with advisors including fiduciary & corporate services provider (registered office in Jersey) & share registrar (share register in Jersey) and (as appropriate) reporting accountants, corporate advisor, legal counsel
- Implement Jersey holding structure and associated vehicles as required
- Share for share exchange (if required)
- Admission documentation in the case of IPO (compliance with Jersey law, verification of content, regulatory approval)

# What if you have an existing holding company?

- Cost vs Benefits
- Bolt-on
- Redomiciliation
  - Particular differences in each country
  - Certificate of good standing
  - Directors & Shareholders meetings, Shareholder notice, EGM
  - Special resolution approving re-domiciliation to registrar
  - Documentation to new jurisdiction
  - Notices in old jurisdiction to give creditors time to object
  - Prepare constitutional documents in new jurisdiction
  - Opinion from lawyer in old jurisdiction may be required
  - Old registrar issues Certificate of Discontinuance & strike off
  - New Registrar issues Certificate of Continuation
- Re-admission process with relevant stock exchange if already listed



# BREXIT & Jersey

## Jersey Relations with the UK

Jersey is a dependency of the British Crown but not part of the UK. Has own elected government & retains responsibility for all matters apart from defence & international diplomacy

One of the UK's closest financial partners, irrespective of UK's status. Jersey's constitution will not be affected

Value held in Jersey SPVs invested in UK is over £1 trillion GBP and represents 10% of foreign owned assets. This investment is estimated to support 180,000 UK jobs

Jersey likely to have key role facilitating increasingly geographically diverse cross-border investment flows into the UK. Jersey may become even more valuable as a key trading partner for the UK in the future.

## Jersey Relations with the EU

Jersey is not a member of the EU but is subject to some EU legislation and gains access to EU markets granted after assessment of equivalent regulatory (and other) standards

Assets managed in Jersey markets (excluding UK) total assets managed put in EU

Industry expects its relationship with the EU, in terms of market value largely unaffected

Jersey already facilitates significant investment into the EU. It is difficult to see what incentives BREXIT will create for the EU to move towards more protectionist policies to prevent this in the future.

The word "BREXIT" is written in large, bold, blue capital letters. The letters "B", "R", "E", and "X" are filled with the Union Jack flag pattern. The letters "I" and "T" are solid blue. The letter "I" has a small yellow star on its right side, and the letter "T" has two small yellow stars on its right side, representing the European Union flag.

What does this mean for Jersey?



# BREXIT & JERSEY

- Jersey's constitutional relationship with the UK the same irrespective of the UK's membership of the EU
- Not expected to impact on Jersey's existing EU market access rights
- Traditional strengths of UK should result in it continuing as a major financial centre and a desirable location for foreign investment
- Jersey likely to have a key role in facilitating increasingly geographically diverse cross-border investment flows into the UK
- All advantages for choosing a Jersey holding company for a London listing remain as covered earlier

# Case Studies

**Green Electronic Recycling Business**

Growth Stage

£50m

Private Investment Structure, Holding Company & Sub-Holding

- Family owned
- Proven South Asian operation
- International expansion plans
- Eventual exit to strategic buyer or IPO

Family

Mauritius  
Head Office

South Asian &  
East African  
Operations

# Case Studies

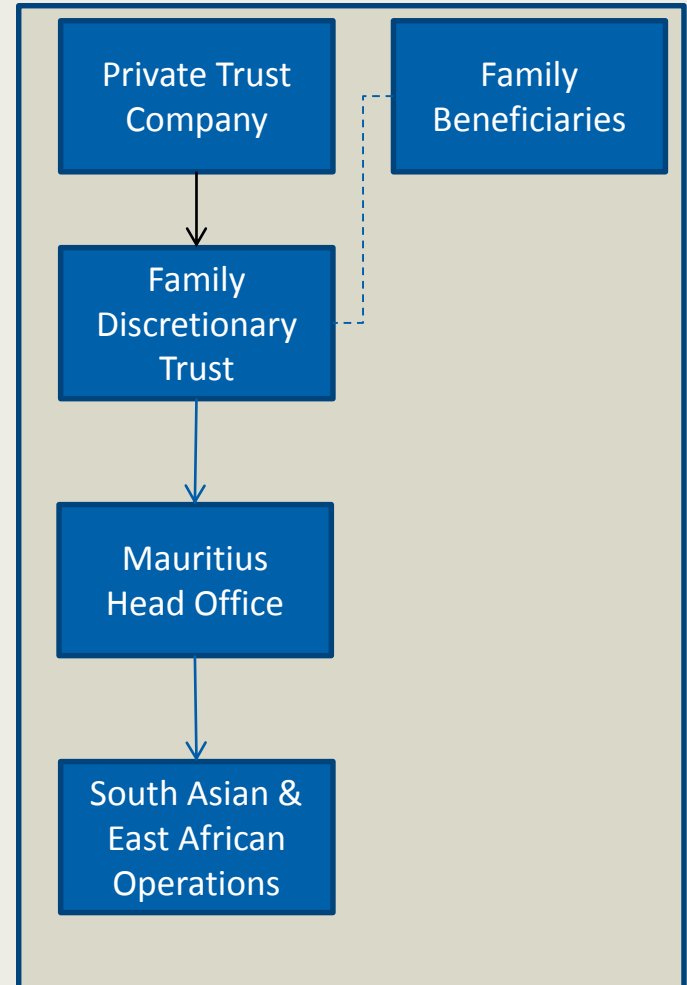
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- Family owned
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- Family private wealth structure implemented





# Case Studies

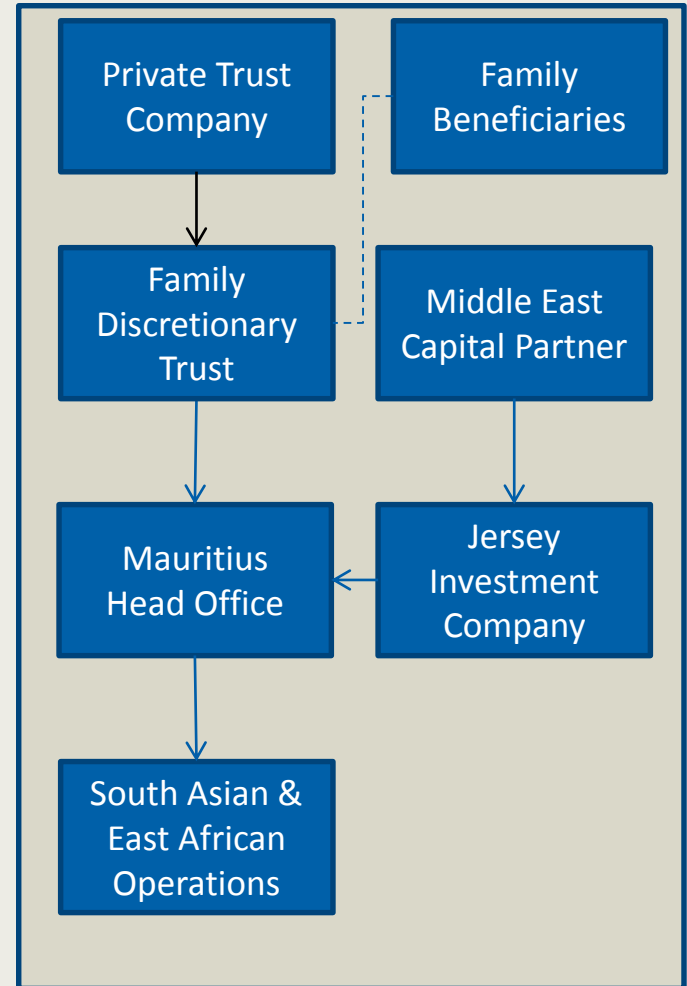
## Green Electronic Recycling Business

Growth Stage

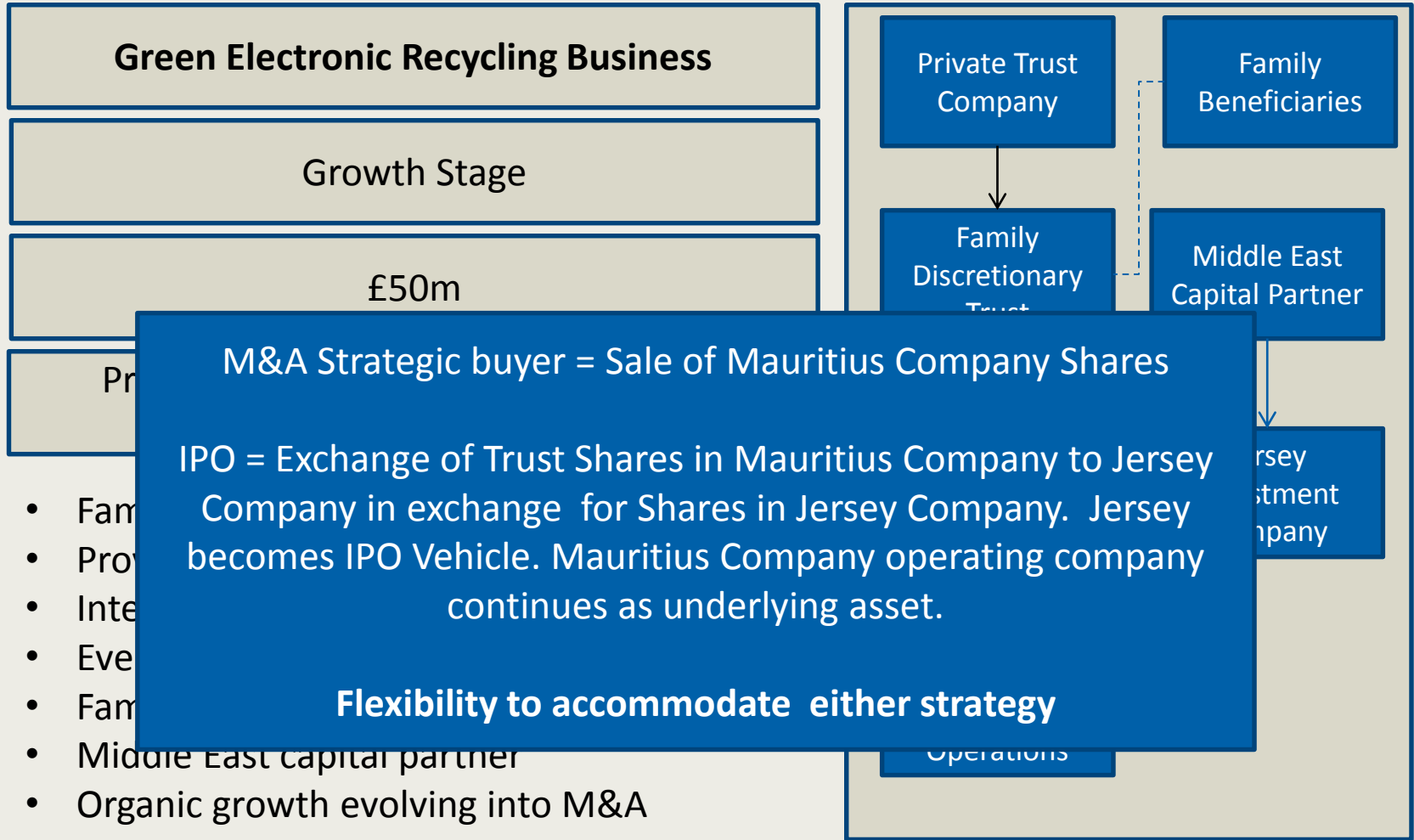
£50m

Private Investment Structure, Holding Company & Sub-Holding

- Family owned
- Proven South Asian operation
- International expansion plans
- Eventual exit to strategic buyer or IPO
- Family private wealth structure implemented
- Middle East capital partner
- Organic growth evolving into M&A



# Case Studies



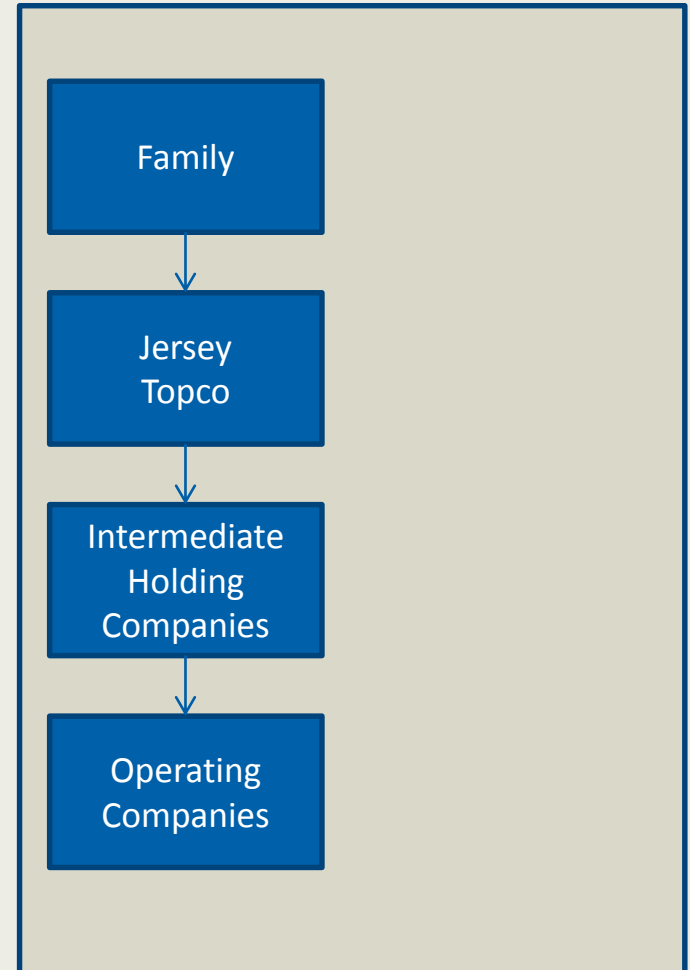
# Case Studies

**IT – Integrated Hosting and communications**

Partial Exit via PE – Future Exit IPO

\$400m

- Established mid 1990's – Family Funded
- Aggressive M&A strategy to build EBITDA
- Jersey holding company



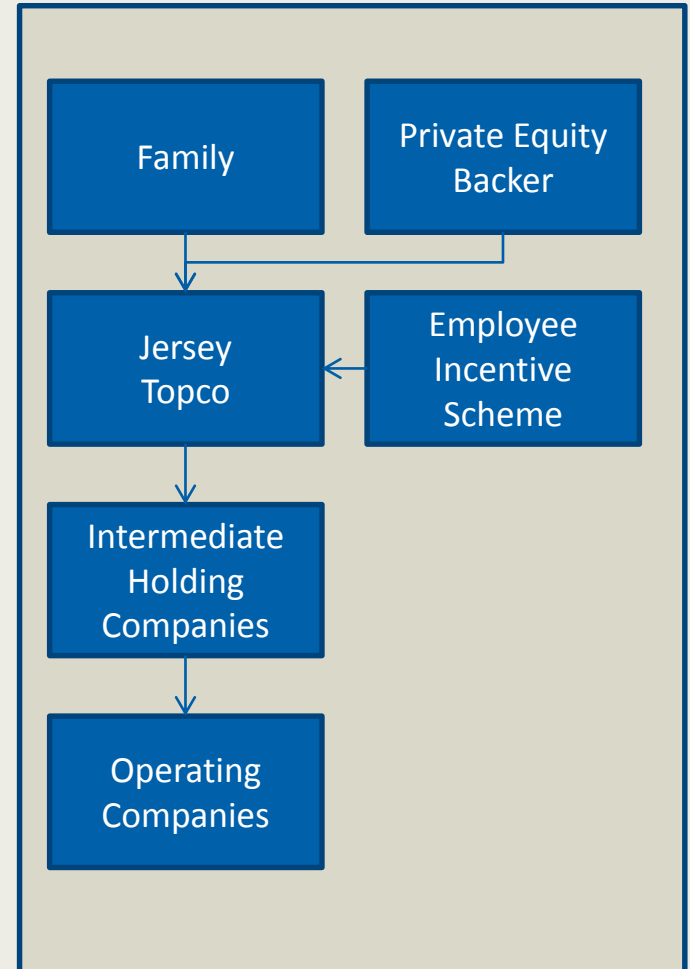
# Case Studies

**IT – Integrated Hosting and communications**

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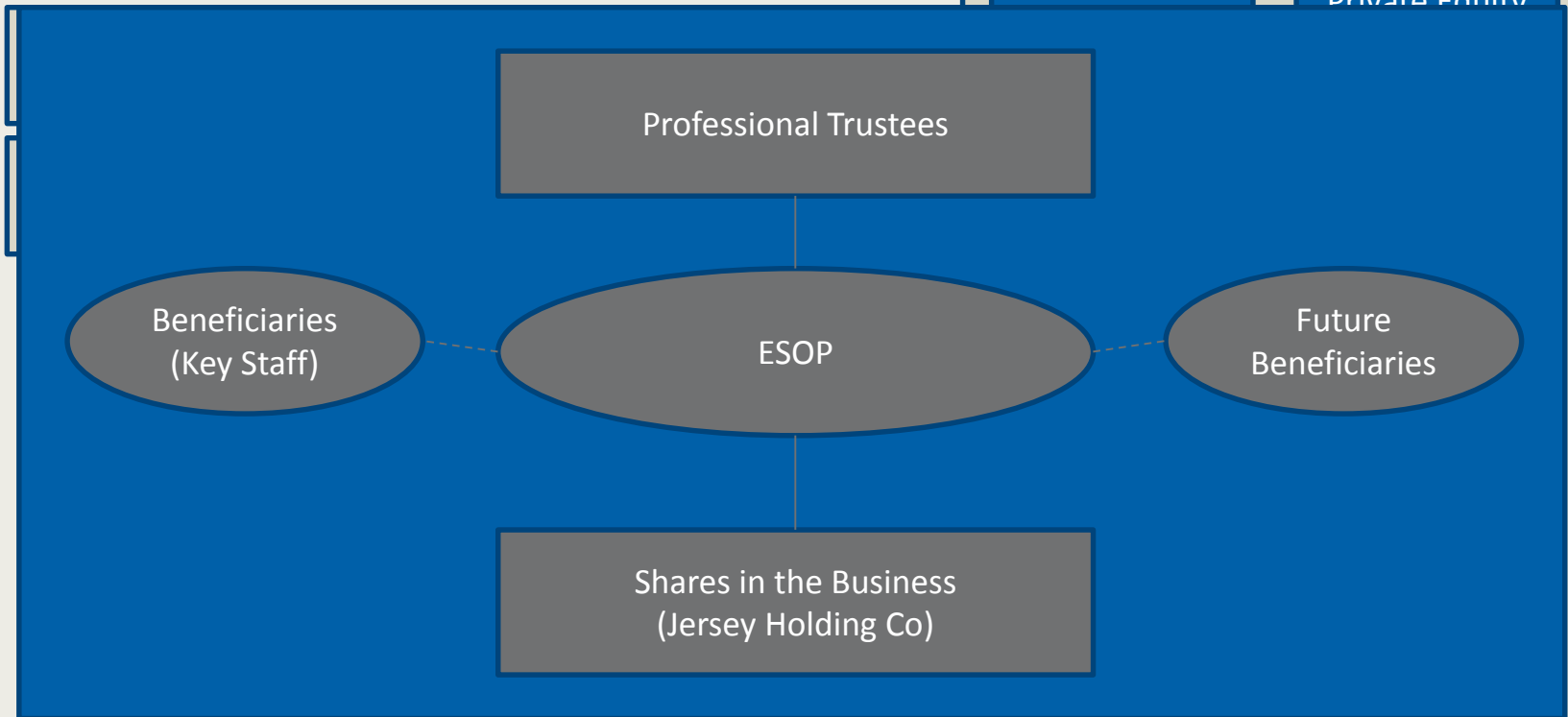
- Established mid 1990's – Family Funded
- Aggressive M&A strategy to build EBITDA
- Jersey holding company
- Employee incentive scheme
- Recent partial exit (20%)
- Private Equity (\$80m)
- Debt restructuring, international growth
- Future IPO being considered 3 year horizon



# Case Studies

IT – Integrated Hosting and communications

Private Equity



- Future IPO being considered 3 year horizon

# Planning Considerations

## **Should include:**

- Wealth planning & structuring by founders
- Holding company establishment / migration
- Employee incentives schemes and related structuring

## **In the case of IPO, will also include:**

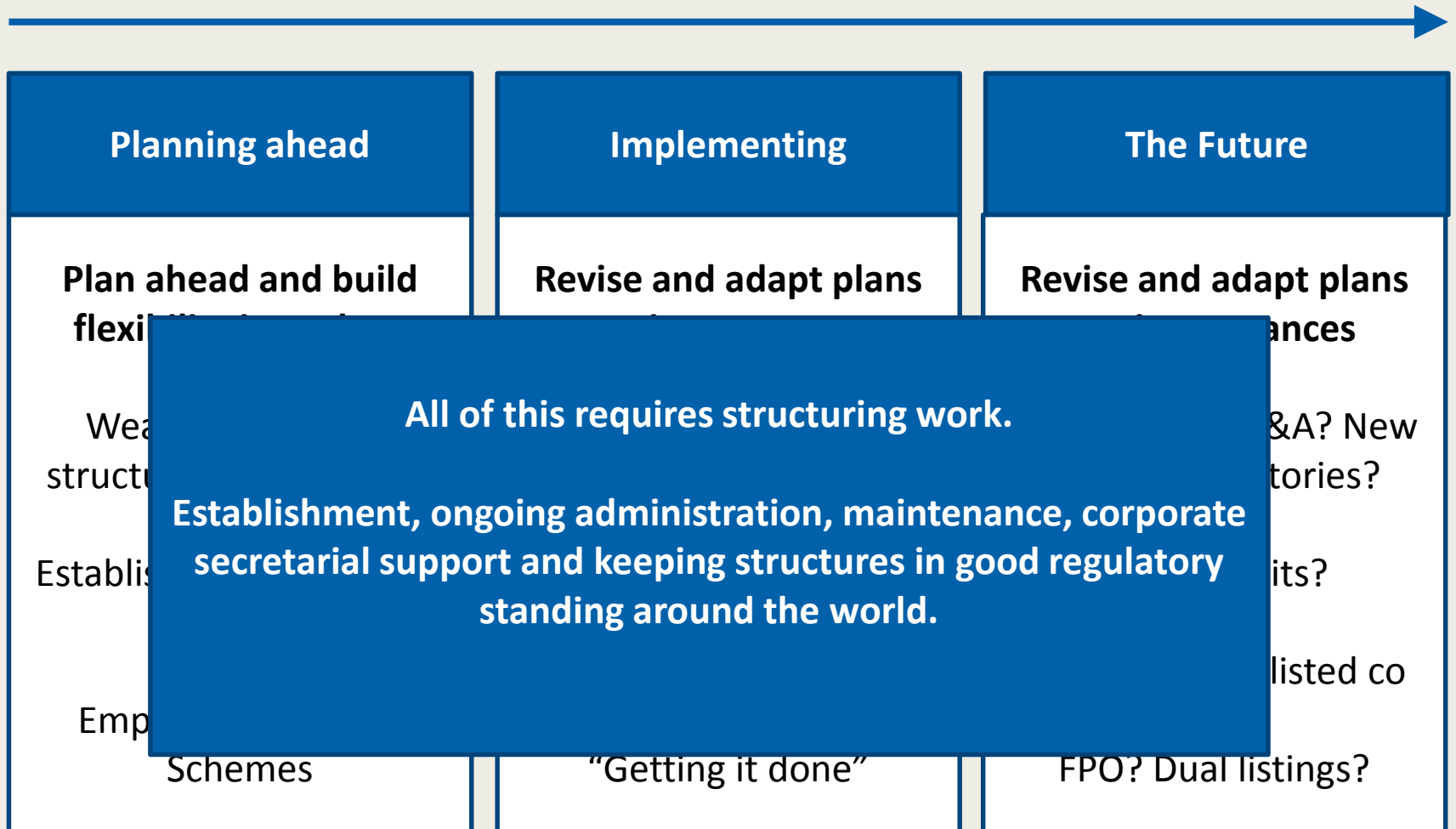
- Pre-IPO fund raising
- Implementing corporate governance regimes
- Becoming Investor ready

# The Journey



Planning ahead	Implementing	The Future
<p data-bbox="175 558 600 658"><b>Plan ahead and build flexibility into plans</b></p> <p data-bbox="156 729 620 829">Wealth planning &amp; structuring by founders</p> <p data-bbox="142 901 633 1001">Establishment of holding company</p> <p data-bbox="195 1072 581 1172">Employee Incentive Schemes</p>	<p data-bbox="736 558 1199 658"><b>Revise and adapt plans to circumstances</b></p> <p data-bbox="761 729 1170 772">Debt, PE, M&amp;A, IPO?</p> <p data-bbox="803 843 1128 886">Full/partial exit?</p> <p data-bbox="716 958 1215 1001">Becoming Investor Ready</p> <p data-bbox="799 1072 1132 1172">Implementation "Getting it done"</p>	<p data-bbox="1306 558 1769 658"><b>Revise and adapt plans to circumstances</b></p> <p data-bbox="1296 729 1779 829">Acquisition / M&amp;A? New markets/territories?</p> <p data-bbox="1402 901 1673 943">Further exits?</p> <p data-bbox="1311 1015 1765 1058">Life as London listed co</p> <p data-bbox="1354 1129 1723 1172">FPO? Dual listings?</p>

# The Journey







# Role of Fiduciary Services Provider

Includes:

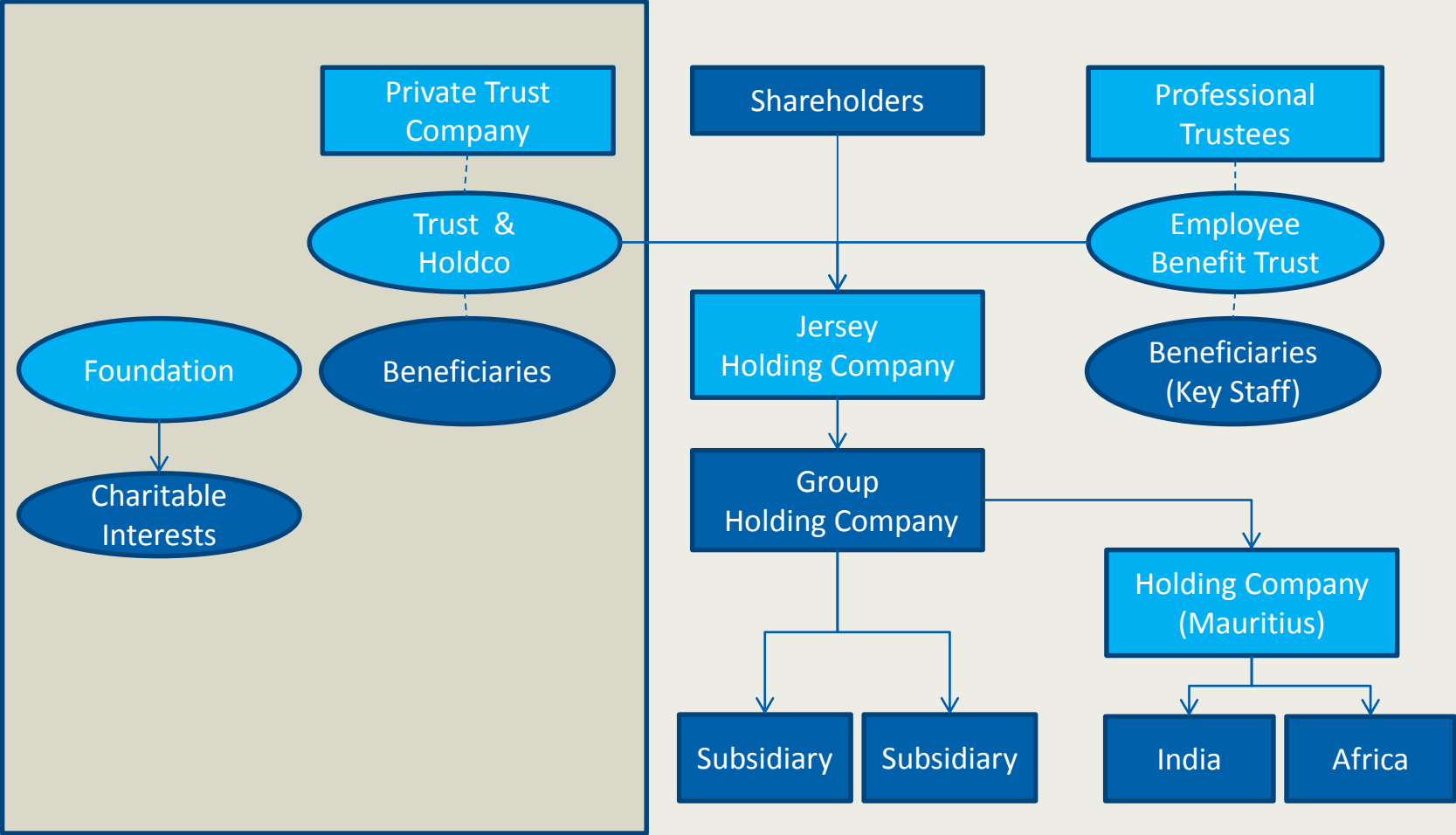
- Formation of relevant legal entities
- Co-ordination of advice from local & international lawyers and other advisors
- Provision of non executive directors if required
- Board meeting facilitation and governance support
- Company secretarial services and registered office
- Ongoing administration including processing transactions, maintenance of statutory and corporate records and undertaking filings & management of banking facilities
- Book-keeping and preparation of financial statements in accordance with International Financial Reporting Standards (IFRS)
- Trustee or related services for pre-IPO wealth structures, investment holding structures or other relevant arrangements

# Role of Fiduciary Services Provider

Includes:

- Formation of relevant legal entities
- Co-ordination of advice from local & international lawyers and other advisors
- Provision of non executive directors if required
- Board
- Com  A key partner throughout the process and beyond
- Ongo  statutory and corporate records and undertaking filings & management of banking facilities
- Book-keeping and preparation of financial statements in accordance with International Financial Reporting Standards (IFRS)
- Trustee or related services for pre-IPO wealth structures, investment holding structures or other relevant arrangements

# Example Interaction



# Minerva at a Glance

- 35 year track record
- US\$ 15billion AUA
- Asia, East Africa, GCC, UK and Europe are core markets
- Presence in core markets, regular visiting plan to Malaysia
- Transactions and IPOs on the London Main Market, AIM & NEX Exchange
- Offices in Jersey, London, Geneva, Dubai, Mauritius, Kenya & Singapore
- Crowe Horwath business alliance member



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# Thank You



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Companies  
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IPO Support Services  
Channel Islands

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Minerva Trust & Corporate Services is regulated by the Jersey Financial Services Commission.

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