



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

March 2016  
Kuala Lumpur

## 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



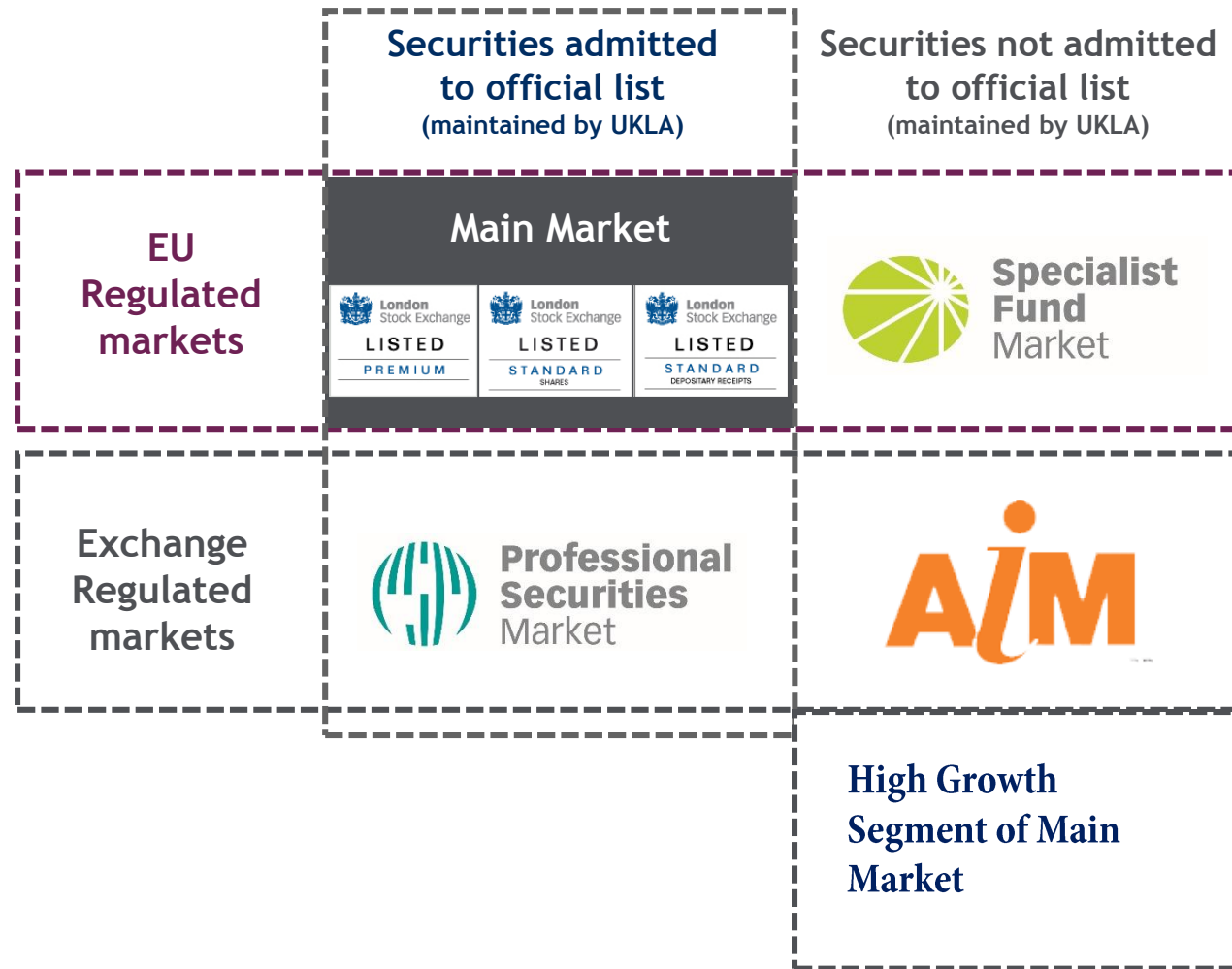
London is consistently ranked as the best financial centre to do business by The Global Financial Centres Index research conducted by Z/Yen. The research is provided for 77 centres and it draws on questionnaire and analysis of external indices. The latest report includes 26,180 financial centres assessments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

## London Stock Exchange offers a diverse range of markets

### Offering choice to issuers:

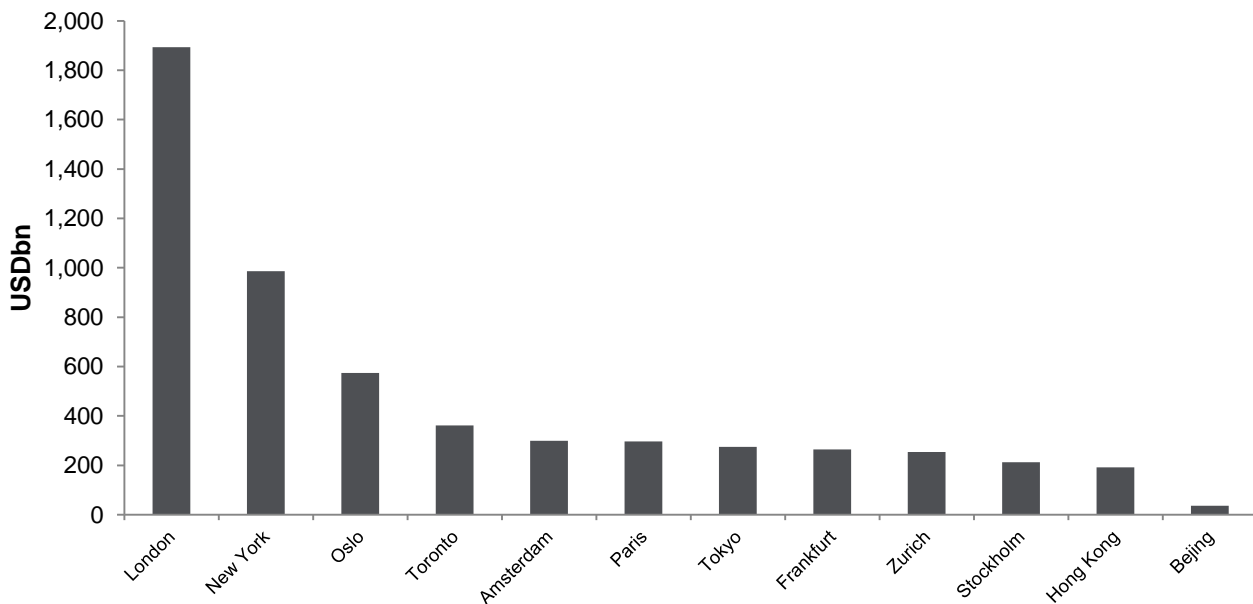
The choice of market will depend on a number of factors including:

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



## London Leads in International Equity

Equity AUM held in International Portfolios, by Metro Area (Q1 2015)\*



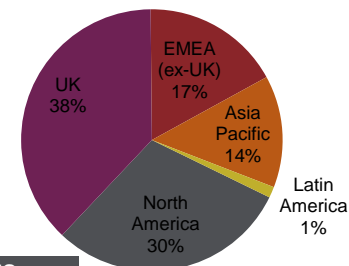
- London remains the largest centre of investment in international equity. This quarter London investors' exposure to international equity remained largely flat, following consistent increases in the last five consecutive quarters.
- London listed companies continue to enjoy support of investors based outside London, predominately from the US, the rest of Europe and Asia.

Source: Facset and LSE calculation, June 2015

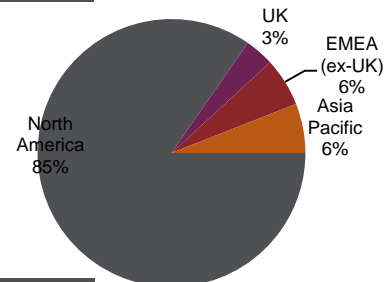
\*international portfolios defined as investment in companies with a domicile different to the country of domicile of the portfolio manager

Domicile of Top 50 Investors in Listed Securities by Country

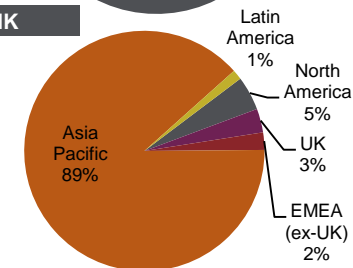
UK



US



HK



## 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 Benefits of AIM

### 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**

**BLACKROCK®**



**FTSE AIM Index Series**



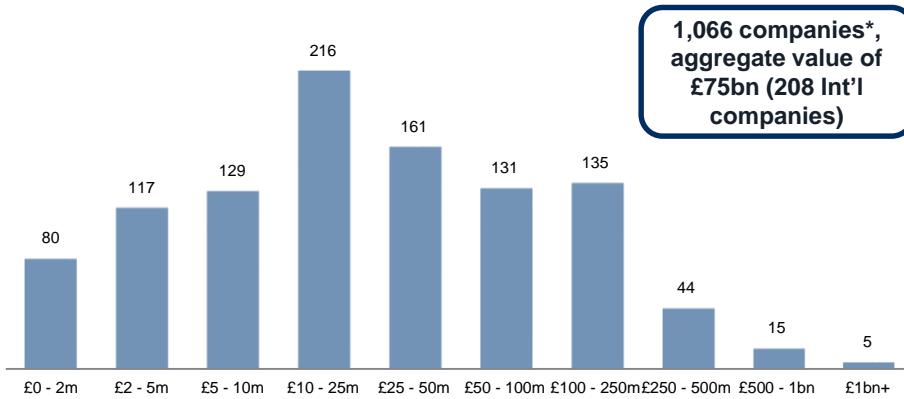


## The AIM Adviser Team

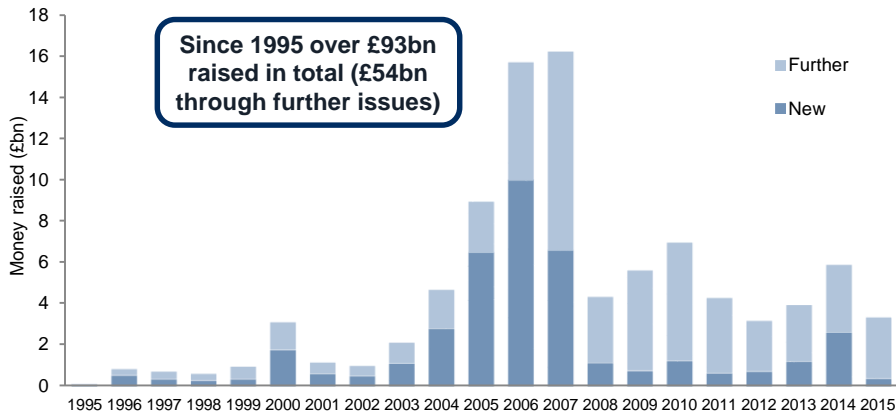


# A Snapshot of AIM

## Profile of AIM Companies



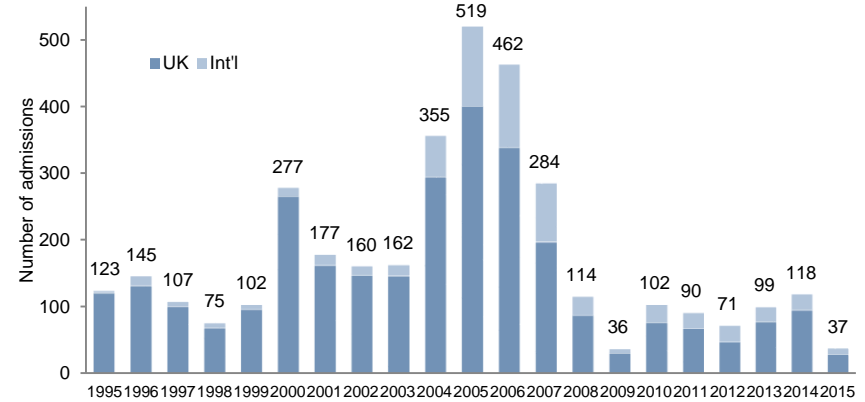
## Fundraisings on AIM – 1995 to 2015



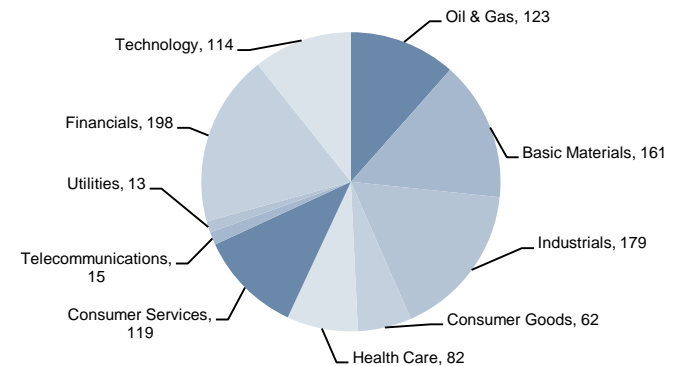
Source: LSE statistics, August 2015

\*18 companies either suspended or undetermined value

## Admissions to AIM – 1995 to 2015



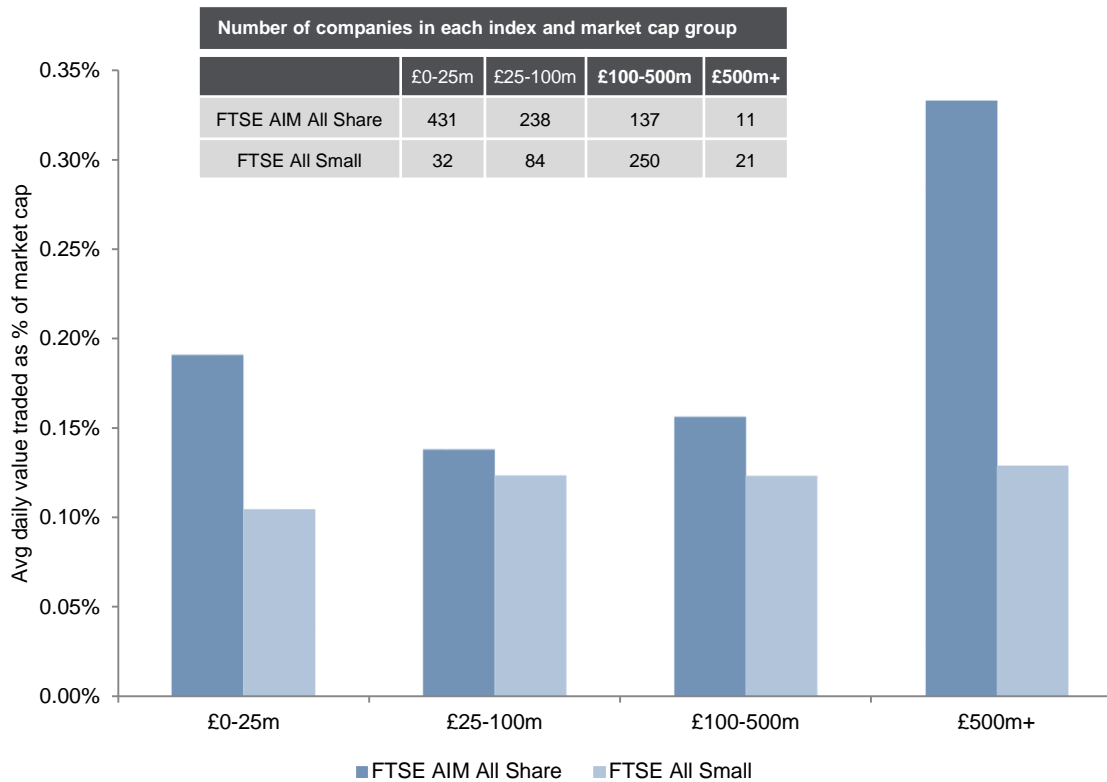
## Industries\* Represented – by Number of Companies



\*ICB industry classification

## Liquidity and Investors

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



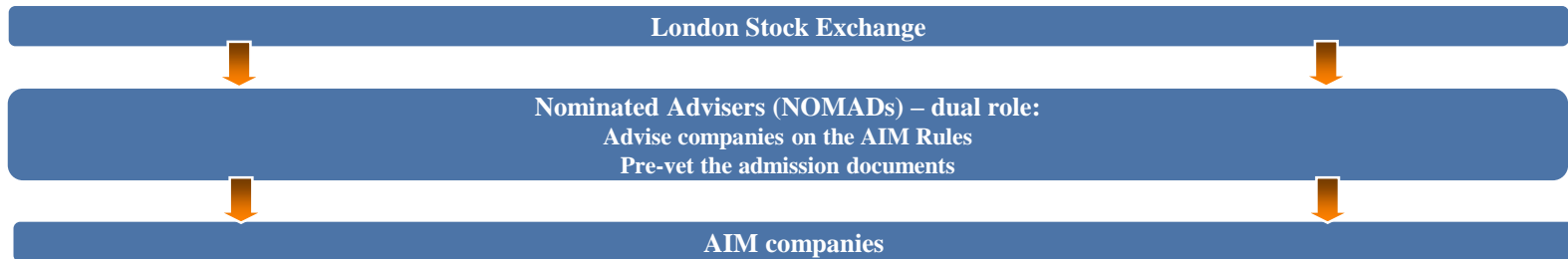
Top Institutional Holders	Market Value
Invesco Asset Management	£1,676.1m
Hargreave Hale	£1,170.3m
Henderson Global Investors	£955.8m
Schroder Investment Management	£876.0m
Standard Life Investments	£750.6m
BlackRock Investment Management (UK)	£740.2m
M&G Investment Management	£613.1m
Woodford Investment 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 regulatory framework



Key eligibility requirements	
<b>Rulebooks</b>	<ul style="list-style-type: none"> <li>AIM Rules for Companies and Nominated Advisers</li> </ul>
<b>Eligibility criteria</b>	<ul style="list-style-type: none"> <li>No minimum track record requirement or free float criteria, but company must demonstrate appropriateness to join a public market</li> <li>Appointment of nominated adviser</li> </ul>
<b>Admission documents</b>	<ul style="list-style-type: none"> <li>Pre-admission announcement at least 10 business days prior to admission</li> <li>AIM admission document</li> <li>Nomad declaration of appropriateness</li> </ul>
<b>Corporate governance</b>	<ul style="list-style-type: none"> <li>Adoption of corporate governance measures as appropriate for the business</li> <li>UK Corporate Governance Code / QCA Corporate Governance Code as best practice</li> </ul>

Continuing obligations	
<b>Periodic reporting</b>	<ul style="list-style-type: none"> <li>Audited Annual Report</li> <li>Half yearly financial report</li> </ul>
<b>Disclosure requirements</b>	<ul style="list-style-type: none"> <li>Price sensitive information to be made public without delay</li> <li>Significant shareholder notification</li> <li>Directors' dealings notification</li> <li>Company website with up-to-date regulatory information</li> </ul>
<b>Corporate transactions</b>	<ul style="list-style-type: none"> <li>Class tests to assess transactions</li> <li>Notification of substantial transactions, related party transactions</li> <li>Shareholder approval for reverse takeovers, fundamental disposals &amp; cancellation</li> </ul>
<b>Adviser</b>	<ul style="list-style-type: none"> <li>To retain a nominated adviser at all times, failure to do so may result in suspension in the company's shares</li> </ul>

## AIM Highlights 2015

- 62 new joiners in 2015 with an average market capitalisation of £95m
- 1,044 companies with average and median market capitalisations of £70m and £20m, respectively at 31 December 2015
- £5.2bn raised in total on AIM in 2015, compared with £5.9bn raised in 2014
- 44 AIM companies were acquired during the year (2014:22)
- Average IPO fund raise £ 27m (2014: £22m)
- Average secondary fund raise £7.4m (2014 £6.5m)
- Most represented sectors in 2015 IPOs are Consumer Services, Financial, Healthcare, Industrials
- Most represented sectors in 2015 for secondary fundraising are Real Estate, Healthcare, Consumer Services and Financial

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