



Charles Russell
Speechlys



London
Stock Exchange



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Listing in London: a virtual roundtable

Speakers

Tom Attenborough, LSEG

Jon Edwards, LSEG

Giles Rolls, finnCap

Julia Charlton, Charltons Law

Victoria Younghusband, Charles Russell Speechlys

Andrew Collins, Charles Russell Speechlys

Accessing Global Investors through London

March 2021

A Snapshot of London Stock Exchange

£5.2 trillion of value with over £125 billion raised since 2018



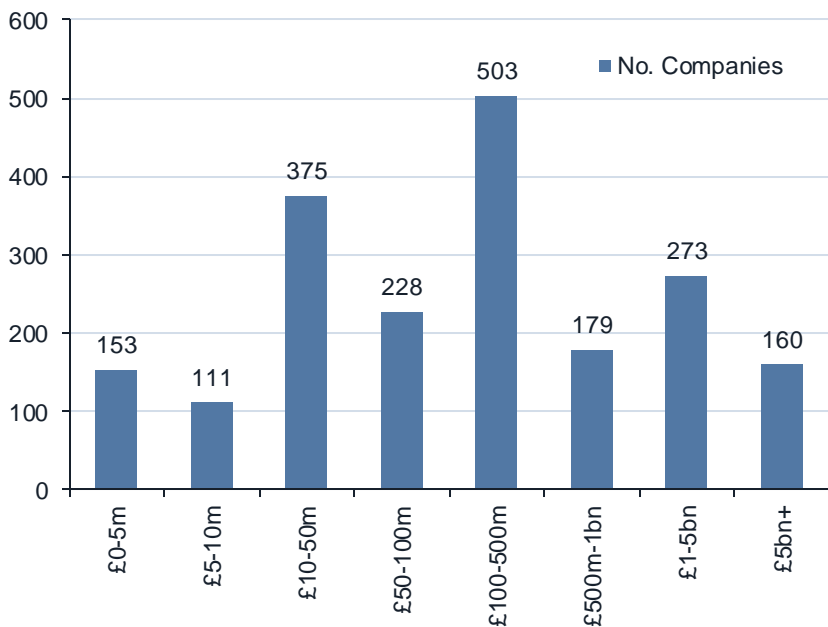
1,982

£5.2 trillion

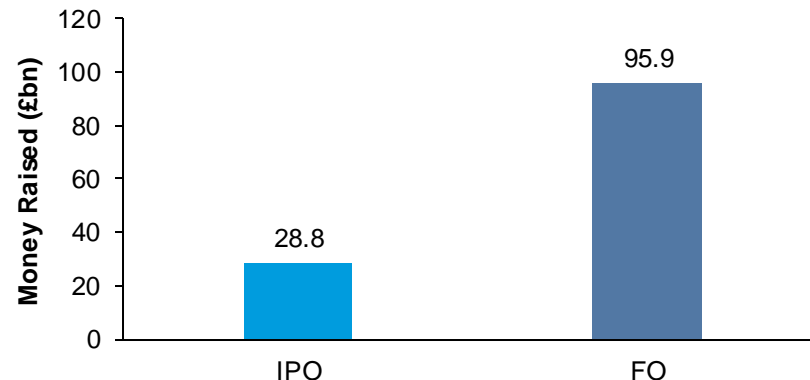
Number of companies listed in London

Combined market cap of LSE's listed issuers

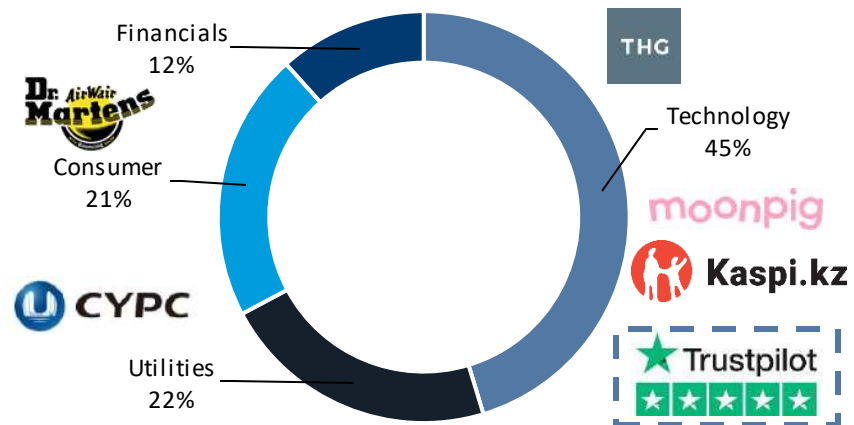
No. of Companies on LSE by Market Cap



Over £125 billion from IPOs and FOs over the last 3 years



Largest IPOs over the last 6 months by sector*



Source: LSEG, Dealogic, February 2021
*IPOs raising more than £500m

Europe's Most Active Equity Market



\$65.6bn has been raised in London through IPOs & FOs in 2020

London was the most active equity market in Europe in 2020, with:

- 2.7x more transactions (635 IPOs & FOs) than the next most active exchange, Stockholm (231 IPOs & FOs)
- 2.8x more in IPO and FO proceeds (\$65.6bn) than the next exchange, Frankfurt (\$23.3bn)

Top 10 European Exchanges by IPO & FO Capital Raised in 2020

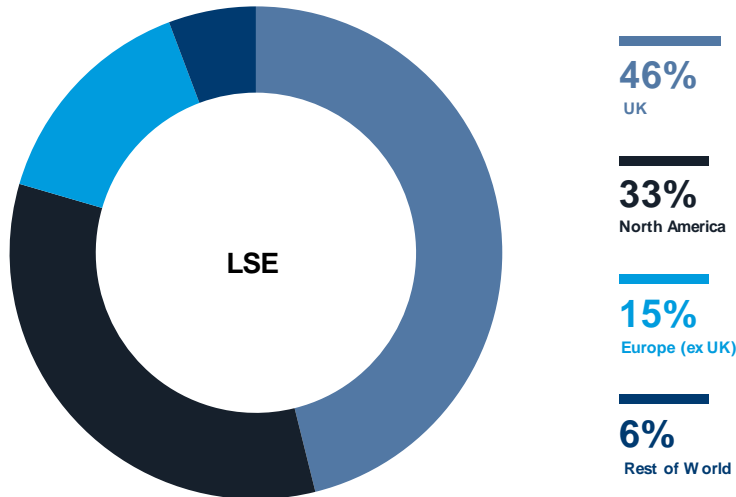


Source: Dealogic, January 2021
All calculations are based on a deal pricing date

A Globally Diverse Investment Base

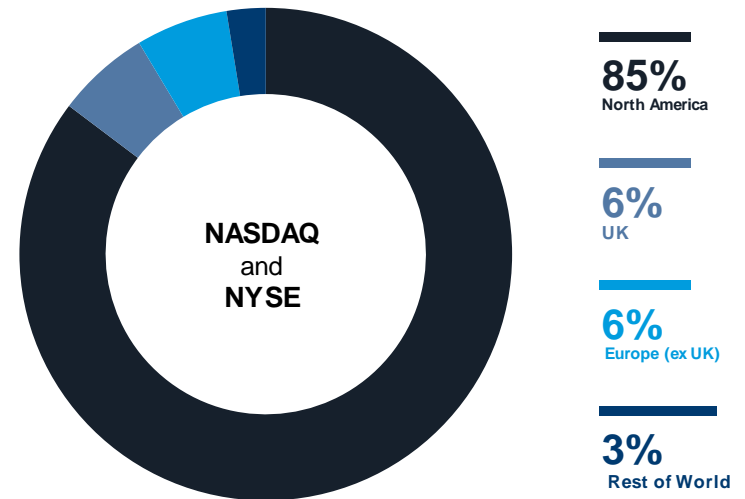
Gain access to the most internationally diverse pool of investment

Domicile of Top investors in listed securities in London*



- London has the most diverse investor base of any major global exchange, while still allowing issuers to access US institutional investors.
- This allows issuers access to a pool of capital that is comfortable with companies who build internationally facing business models.

Domicile of Top investors in listed securities in the US*



Largest Institutions Investing in LSE Listed Stock

Largest Institutions Investing in LSE Listed Stock	Investor Country
BlackRock Investment Management (UK) Ltd.	United Kingdom 
The Vanguard Group, Inc.	United States 
Norges Bank Investment Management	Norway 
BlackRock Fund Advisors	United States 
Capital Research & Management Co.	United States 
Schroder Investment Management Ltd.	United Kingdom 

The Home of International Issuers

More international companies choose London for listing



30%

Of 2019 cross-border IPO capital globally was raised in London

6/10

6 of the top 10 2020 London IPOs were international

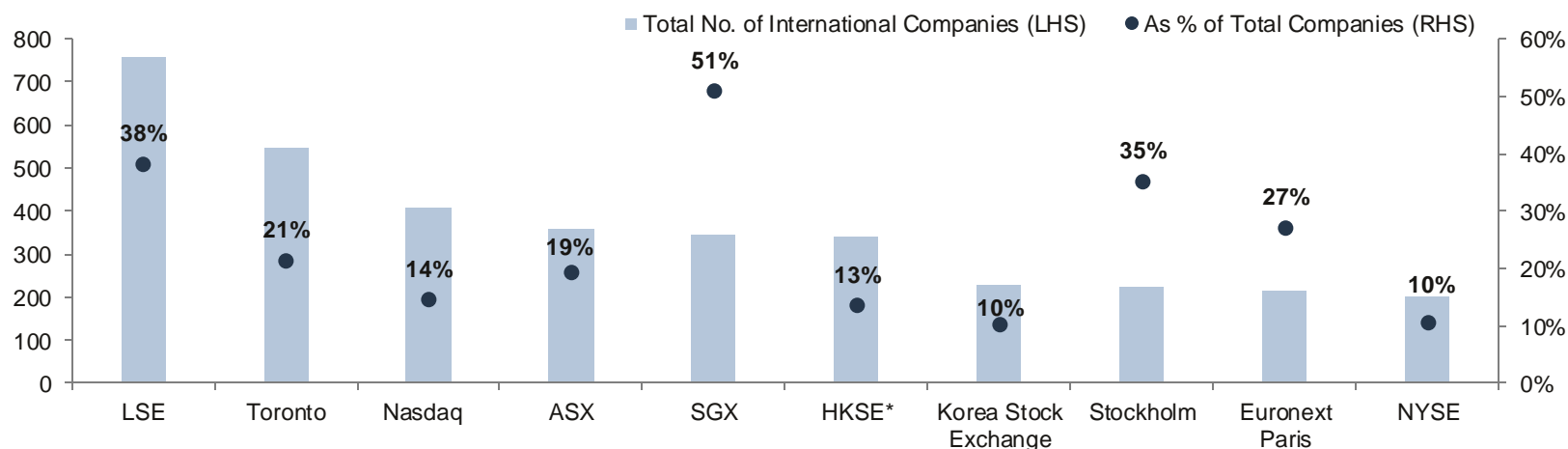
#1

Exchange for number of foreign listed companies

63

New Listings from the Americas since 2017

London has more international companies than any other major exchange



International	756	549	409	358	347	341	227	224	217	200
Domestic	1,233	2,029	2,427	1506	337	2,210	2,045	416	586	1,739

Source: London Stock Exchange, FactSet, March 2021

Note: Chart data as of January 2021. Exchanges with fewer than 250 companies listed are excluded. *1530 (60%) of HKSE companies are Chinese

— International companies are those where the country of primary business of a company is not equal to the country of its primary listing. Our country of primary business methodology uses FactSet data and takes into account the country of largest revenue exposure, headquarters and incorporation

Significant Increase in New Issues

Landmark deals since the start of 2021



January 2021

Dr. Martens

IPO Size (\$m)	2,041
Market Cap at IPO (\$m)	5,072
Primary / Secondary (%)	0 / 100
Sector	Consumer
Aftermarket Performance	+23.8%

“Today is a historic day for Dr. Martens, marking the start of a new chapter that will support our efforts in accelerating our growth ambitions, investing in our best-in-class digital and store experiences and executing against our proven strategy to take DMs to even more people all over the world. We are thrilled to begin trading on London Stock Exchange.”

Kenny Wilson, Chief Executive, Dr. Martens



March 2021

tinyBuild

IPO Size (\$m)	214.6
Market Cap at IPO (\$m)	473.4
Primary / Secondary (%)	23.46 / 76.54
Sector	Tech
Aftermarket Performance	+25.7%

“It’s a fantastic moment to bring tinyBuild to AIM. The London market has a great appreciation for the video games sector and we have been hugely encouraged by the high level of investor interest during the IPO process. With 23 titles set to launch during 2021 and 2022, we are ready to take tinyBuild to the next level.”

Alex Nichiporchik, CEO, tinyBuild



March 2021

Fix Price

IPO Size (\$m)	1,739.1
Market Cap at IPO (\$m)	8,287.5
Primary / Secondary (%)	0 / 100
Sector	Retail
Aftermarket Performance	-1.0%

“We are delighted to have completed the largest ever IPO by a Russian retailer. Fix Price was founded with the ambition of becoming a public company, and a listing on the London Stock Exchange is a landmark achievement that testifies to the strength of our equity story. I would like to thank all of the Fix Price team, who have shaped the company’s success over many years.”

Dmitry Kirsanov, CEO, Fix Price

A Partnership with Asia Pacific Corporates



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Overview of companies listed on LSE

162

Number of Asian Pacific
companies listed on LSE*

\$1.8tn

Total market capitalisation of
Asian Pacific companies

Total equity capital raised by Asian companies since 2010

\$40bn+



RioTinto



Cathay Financial Holdings

Source: LSE statistics, Dealogic, February 2021

* Countries defined by country of primary business (i.e. primary HQ / revenue / operations)

Note: Money raised from both IPO and FO are included.

Supporting Chinese Growth

Key access points for Chinese companies across LSEG



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Huatai Securities, the inaugural Stock Connect issuer opening the London market, 17 June 2019



FTSE Russell leadership celebrating the inclusion of China A shares in global indexes, July 2019



ICBC celebrating their £600m bond in July 2019, the first ever Chinese bank to issue a sterling denominated bond



Nikhil Rathi, CEO LSE Plc meets President Xi Jinping, October 2015

Going Public in London

LSE offers four key options to suit companies with different needs



Used by

Companies that want to adhere and benefit from some of the most robust listing requirements and corporate governance standards in the world.

Companies looking to access London's investor base and liquidity whilst complying with baseline regulatory requirements found across international markets.

Younger, high-growth companies that aspire to be on the Premium segment but do not qualify for all of the listing criteria (e.g. free float).

Smaller and growing companies looking to make an early transition from private to public on a market with a flexible regulatory framework.

Benefits

- Offers investors the path of least resistance – segment attracts the broadest set of domestic and international investors
- Index inclusion (e.g. FTSE 100, 250, 350, All Share) where eligible
- Clear expectations around disclosure of transactions – class tests / votes

- Disclosure based regime – no prescriptive eligibility requirements
- Flexibility in choice of corporate governance code
- Easier M&A – less prescriptive transactional requirements
- Dual class shares permitted

- 10% vs. 25% free float requirement with a value of at least £30m⁽¹⁾
- Min market cap. of £300m (based on 10% free float) at admission⁽²⁾
- 3-year revenue CAGR of at least 20%⁽³⁾
- Flexibility in corporate governance code choice
- Dual class shares permitted
- No stamp duty

- Nomad to guide applicants through admission and ongoing requirements
- No prescriptive free float or financial history requirements
- Flexibility in corporate governance code choice
- Index inclusion (FTSE AIM series) where eligible
- Various tax benefits for founders and shareholders alike

Examples



Ability to move between segments/markets easily and half Yearly NOT Quarterly Reporting – More Time to Focus on What Matters



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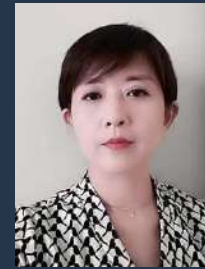
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Current rules overview

Victoria Younghusband, Partner, Charles Russell Speechlys LLP
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Official List - Eligibility

- 25% free float worldwide (no longer just in EEA)
- Whole class of shares to be listed
- Shares freely transferable
- Minimum market cap of £700,000 (for shares)
- Prospectus (vetted and approved by FCA)



Official List – premium listing

- Equity shares only
- Segments
 - commercial company
 - closed-ended investment fund
 - open-ended investment company
 - sovereign controlled commercial company
- Commercial company
 - three year track record for 75% of its business
 - revenue earnings track record
 - relationship agreement where controlling shareholder
 - special rules for mineral, property and scientific research companies
 - shareholder approval for large transactions and related party transactions
 - FTSE Index eligibility
 - Sponsor required

Official List premium listing – closed-ended investment funds

- Spread of investment risk
- No significant trading activity (but OK in investment portfolio)
- Clear and sufficiently precise investment policy
- Majority of board must be independent of investment manager
- Sponsor required

Standard listing

- Commercial company or specialist fund segment
- Much less prescriptive
- Currently used for SPACs
- No sponsor requirement



AIM

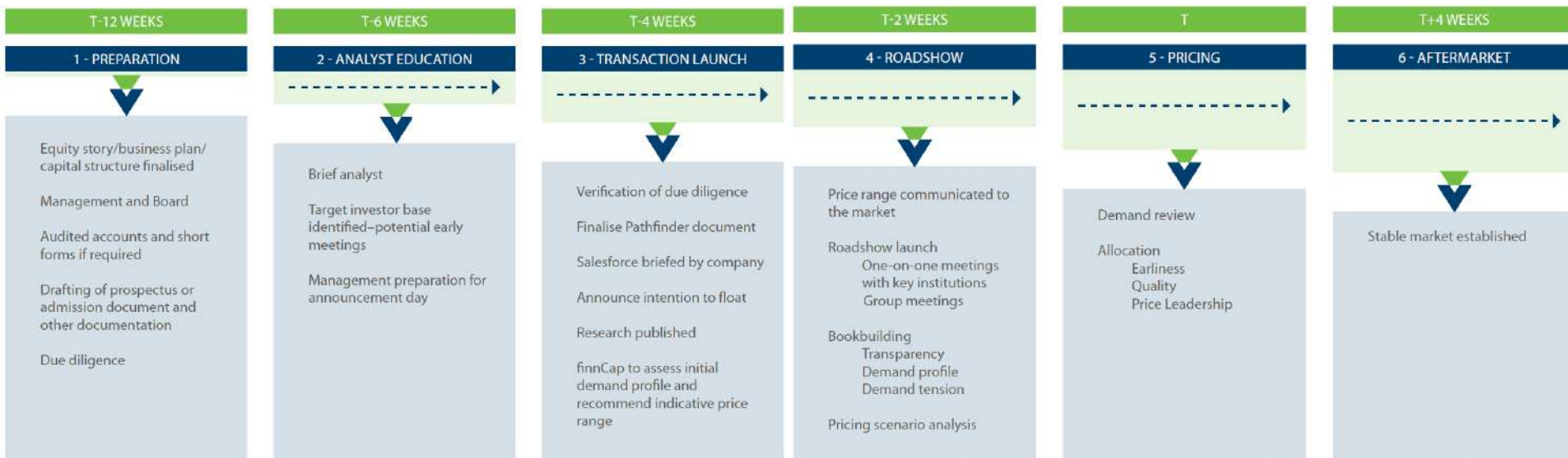
- No market cap or free float requirement
- AIM Rules for Companies
- Admission Document not prospectus unless “offer to the public”
- Role of Nomad and AIM Regulation
- Special rules for investing companies and oil & gas companies

Ongoing Requirements

- Official List – all segments
- Disclosure Guidance and Transparency Rules
- AIM Rules on reporting and disclosure
- UK Market Abuse Regulation applies to all London markets
- City Code on Takeovers and Mergers



Indicative IPO timetable



Eligibility review

Prospectus Review*

KEY DRIVERS: AVAILABILITY OF AUDITED FINANCIALS, EXTENT OF CORPORATE RESTRUCTURING REQUIRED, COMPLETION OF DOCUMENTATION

Corporate Governance Landscape

- The UK Corporate Governance Code (“FRC Code”)
 - Applies to all Main Market companies on the Premium List (UK and International)
 - Lesser disclosure standards for Standard List companies
 - Board Composition requirements:
 - Chairman to be independent on appointment
 - Need a senior independent NED
 - Diversity of experience and gender
 - Majority of Independent NEDs
- The Corporate Governance Code for Small and Mid-Size Quoted Companies (“QCA Code”)
 - Predominantly for AIM companies and utilising a ‘comply or explain’ approach
 - Applies elements of the FRC Code and other relevant guidance
- Environmental, Social and Governance (**ESG**)
- Proxy voting agents give investors voting recommendations based on a company’s corporate governance compliance

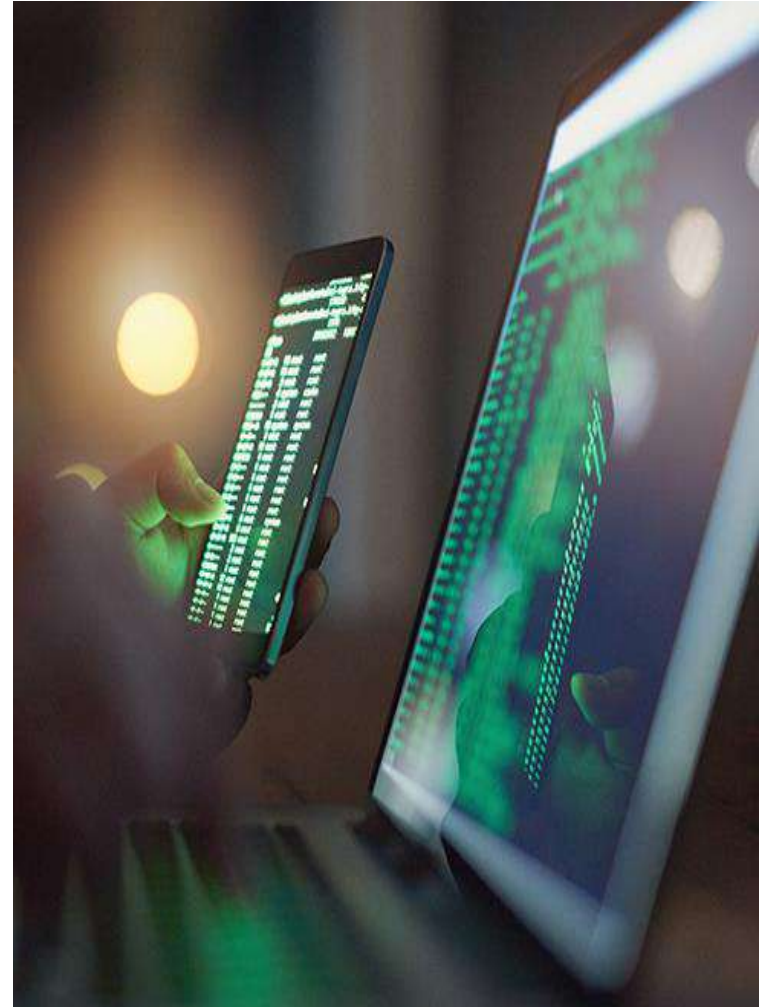
UK Investors

The UK has a deep pool of capital

- Institutional, wealth manager, retail investors from across the world

What are investors looking for?

1. A great leadership team
 - strong track record
 - aligned with shareholders
 - strong corporate governance
2. Growth opportunity
 - potential to accelerate growth
 - ability to capitalise on opportunities (e.g. acquisitions)
3. Clear equity story
 - predominantly generalist investors
 - Growth/income
4. Earnings visibility/Cash generation
5. Industry dynamics
6. Size/Liquidity



Will UK investors invest in Chinese Companies?

- Important points for considerations:
 - Legal jurisdiction and regulatory environment
 - Country and political risk
 - Tax regime
 - Share class and ownership restrictions
 - The directors (highly likely that at least one UK director required)
- Return profiles are likely to have to be higher to compensate for perceived additional risks
- Fund managers are looking for appropriate investment opportunities that they can justify to their investors
- The only way to find out for sure is to ask one or more Sponsor/Nominated Adviser/Broker and Solicitor



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