



# LONDON CAPITAL MARKETS FORUM



K&L GATES



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## Introduction

Bryce Linsenmayer, Partner, K&L Gates

# Access to Long Term Capital for US Companies

Chris Mayo, CFA, Head of Primary Markets, Americas  
London Stock Exchange Group

Texas Roadshow April 2017



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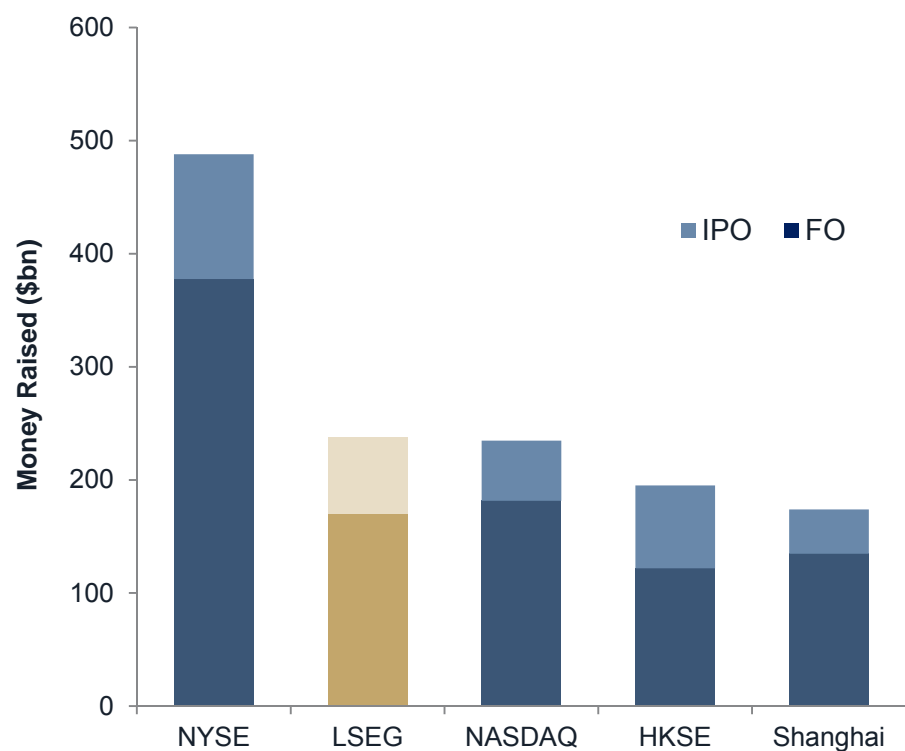
# LSEG Ranks Second Globally

By money raised 2014-2016

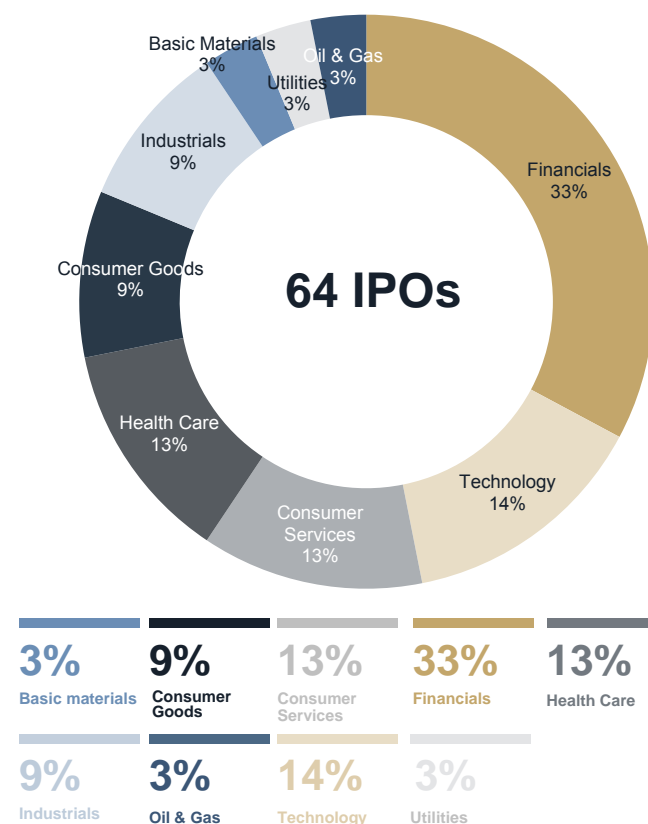


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Top 5 Exchanges by money raised, 2014-2016



2016 IPO deals in London, Industry Overview



Source: Dealogic, London Stock Exchange, January 2017  
Number of FO or IPOs by listing venue

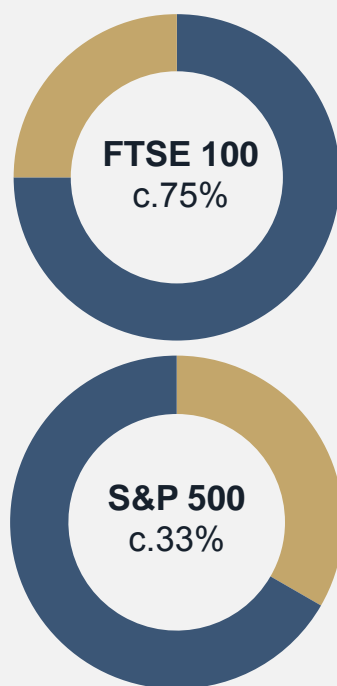
# UK Markets Have Recovered Strongly

Outperforming markets both in Europe and globally

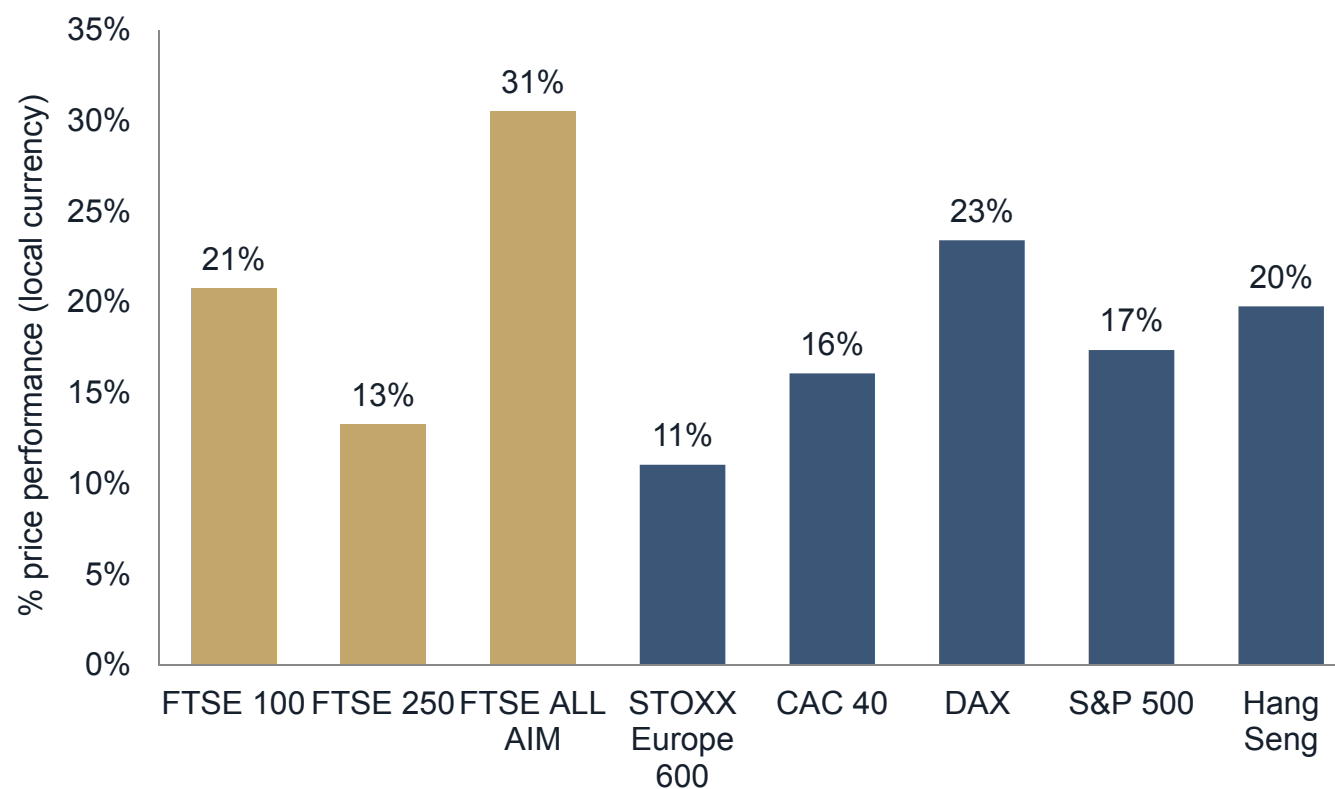


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Index Constituents'  
Overseas Revenue



Global Equity Indices Performance (last 12 months)



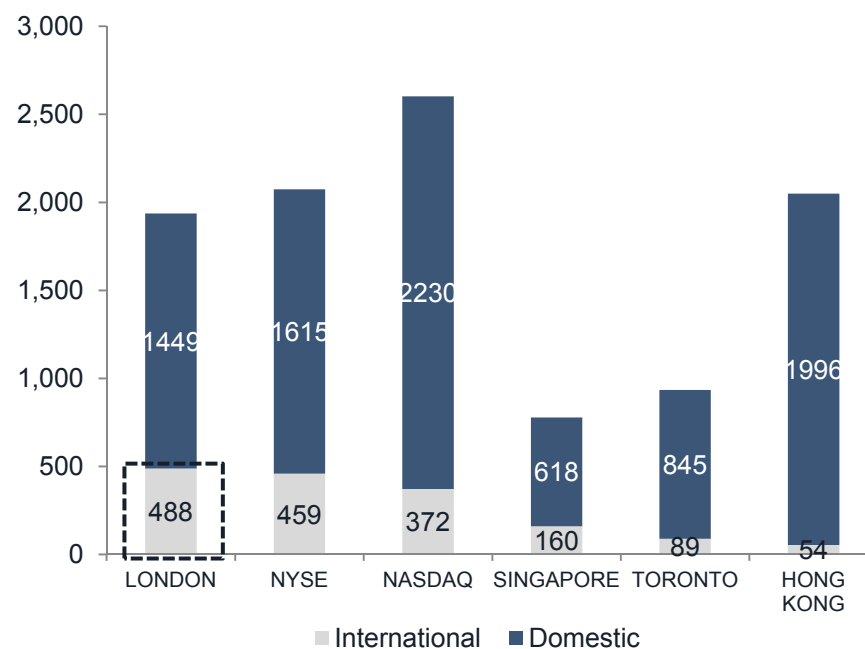
# The International Market of Choice

- More international companies choose London for listing than any other exchange. 30% of all major exchange listed international companies are listed on LSE.
- Tried and tested market expertise, developed financing infrastructure and internationally-minded investor community.
- Our issuers operate in over 115 countries around the world.

## Recent US Listings in London

Name	Mkt Cap at IPO (\$m)	Money Raised at IPO (\$m)	Sector	% Change Offer to Current
Diversified Gas & Oil	86	50	Oil & Gas	+2%
LoopUp	53	11	Technology	+51%
MaxCyte	43	14	Healthcare	+232%
PureTech	571	170	Healthcare	-28%
Verseon	462	100	Healthcare	-23%
Motif Bio	19	4	Healthcare	+95%
Constellation Healthcare*	118	15	Technology	+60%
Clearstar	35	15	Technology	-61%
Allied Minds	675	220	Healthcare	+118%

## London Has More International Companies Than Any Other Exchange



Source: Bloomberg, FactSet, April 2017

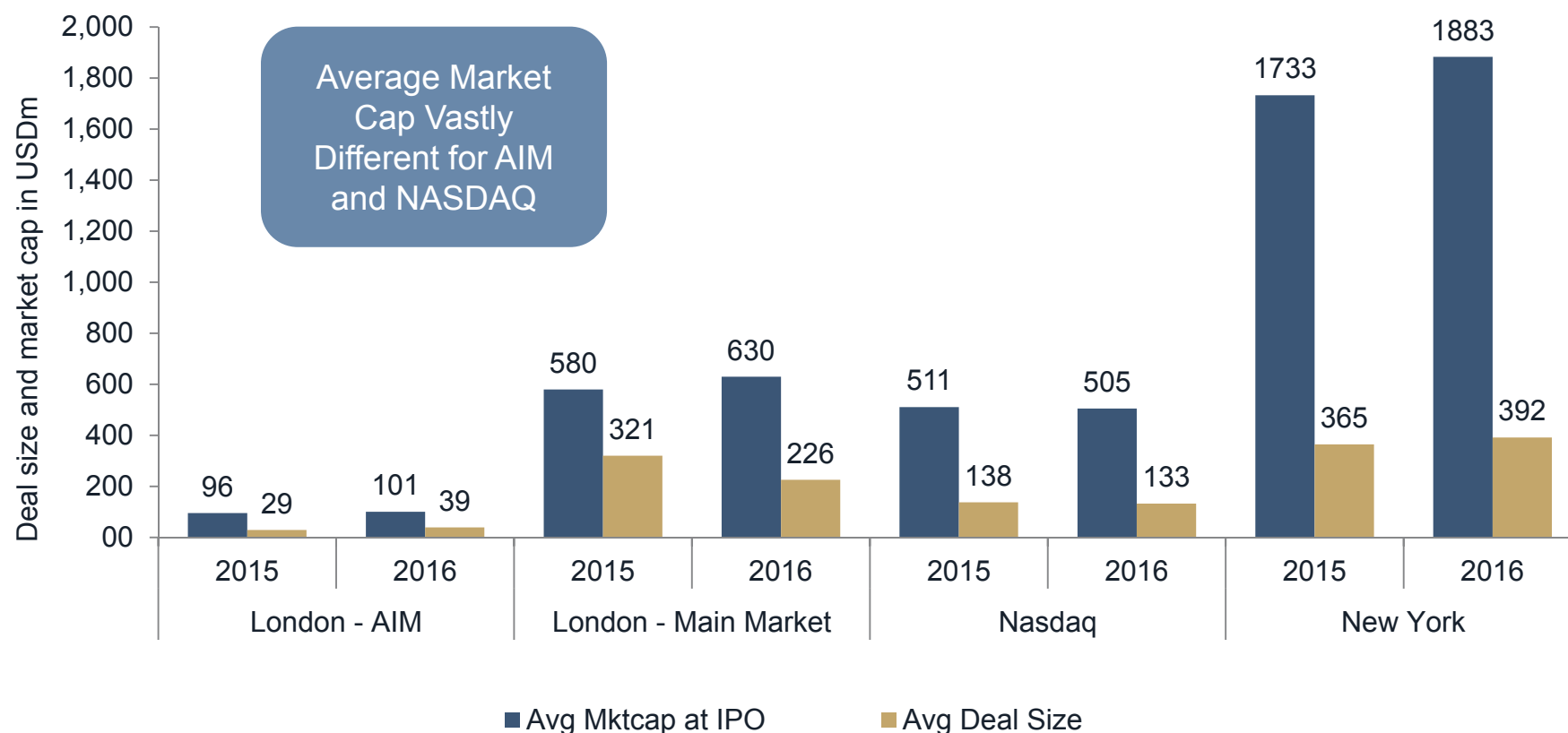
International classification based on FactSet Nation

\*Closing of acquisition by CC Capital & cancellation of AIM admission in Jan 2017

# Comparison of IPOs Characteristics

Comparing UK and US market characteristics

## Deal Size vs Market Cap at IPO



Source: LSE database, Dealogic, January 2017

2015 Number of IPOs: London AIM 31, London Main Market 62, NASDAQ 128 and New York 55

2016 Number of IPOs: London AIM 38, London Main Market 27, NASDAQ 83 and New York 37

# The Changing Face of the World's Most Successful Growth Market



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AVERAGE PERFORMANCE OF NEW AIM  
COMPANIES IN THE LAST THREE  
YEARS

FTSE 100 OVER THE SAME PERIOD

**+16%**

**+2.8%**

AVERAGE MARKET CAP OF AIM  
COMPANIES

**\$109m**

**\$29m**

2014–2016

2005

AVERAGE AIM COMPANY MONEY  
RAISED AT IPO

**\$38m**

**\$9m**

2014–2016

2005

AVERAGE PERFORMANCE OF NEW  
UK AIM COMPANIES THIS YEAR:

**+31%**

AVERAGE PERFORMANCE OF LARGE  
NEW AIM COMPANIES 2014-2016:

**+52%**

AIM REMAINS A VERY INTERNATIONAL MARKET

**48**

international  
companies floated in  
the last three years

**1/3**

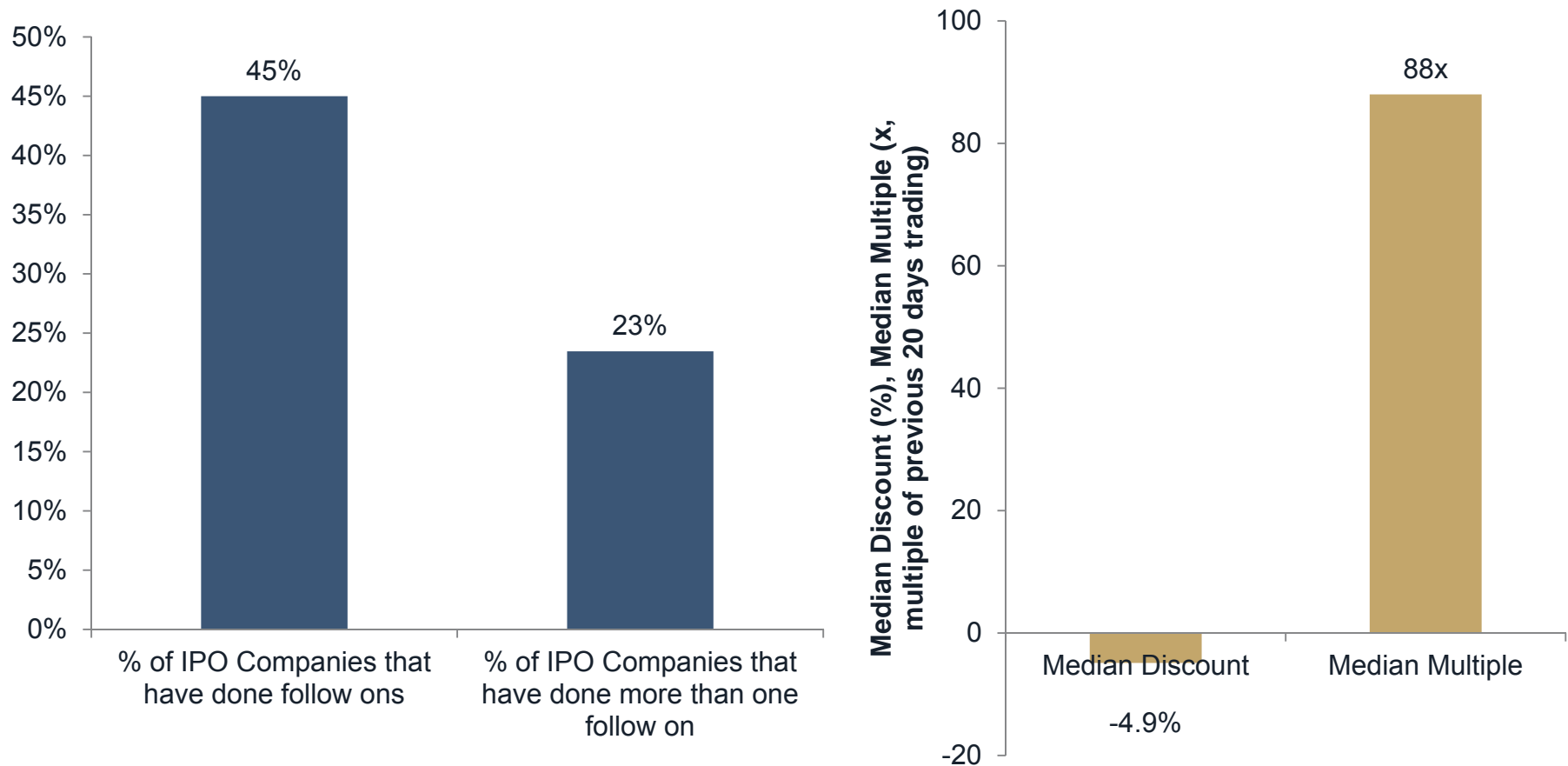
of total



# The Liquidity Fallacy: AIM IPOs Able to Return to Market For Primary And Secondary Follow Ons



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Source: Dealogic and London Stock Exchange data, April 2017

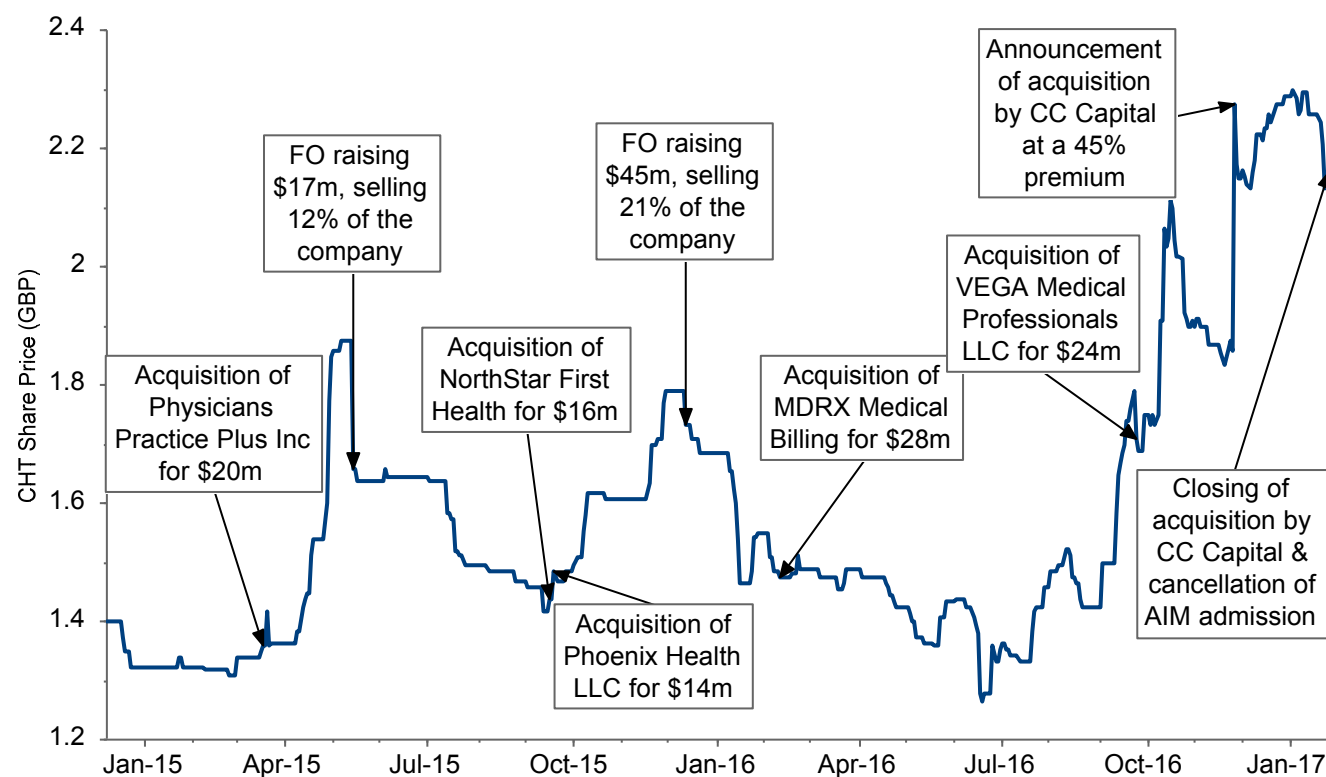
Companies considered are those that had a primary raise at IPO since 2014.

Median multiple of 20 days trading: The block size compared to the average daily trading in the 20 days preceding the issue

# CHT – Constant Access to Capital

For organic and inorganic growth

**Houston based Constellation Healthcare Technologies** was successfully able to access the market on multiple occasions to raise primary capital to supercharge their growth.



Admission date	8 Dec 2014
Money raised at admission	\$15m
Money raised through FOs	\$62m
Market cap at IPO	\$118m
Equity Value at Acquisition	\$309m
2013 revenue	\$52m
2013 EBITDA	\$7m

# Access to Blue Chip Investors

For London-listed US growth companies



Harbert Fund Advisors

Legal & General IM

BlackRock IM



Woodford IM

JPMorgan AM

Henderson Global



Invesco AM

Lansdowne Partners

Baillie Gifford



River & Mercantile AM

Standard Life

Hargreave Hale



Woodford IM

Invesco AM

GIC Pte



Herald IM

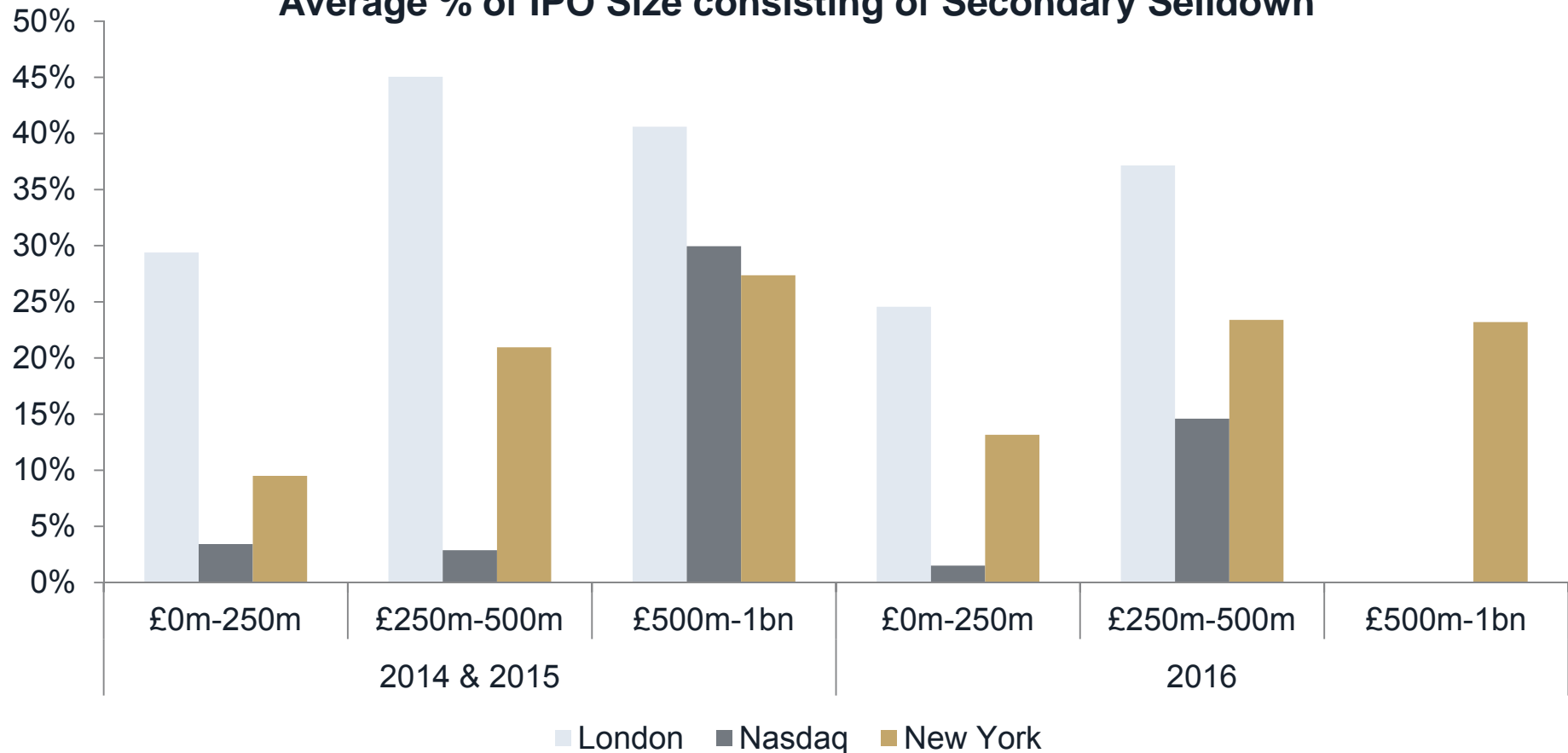
Octopus Investments

Henderson Global

# Secondary Selldown

UK investors are comfortable with shareholder exit at IPO

**Average % of IPO Size consisting of Secondary Selldown**



Source: FactSet & Dealogic, Jan 2017

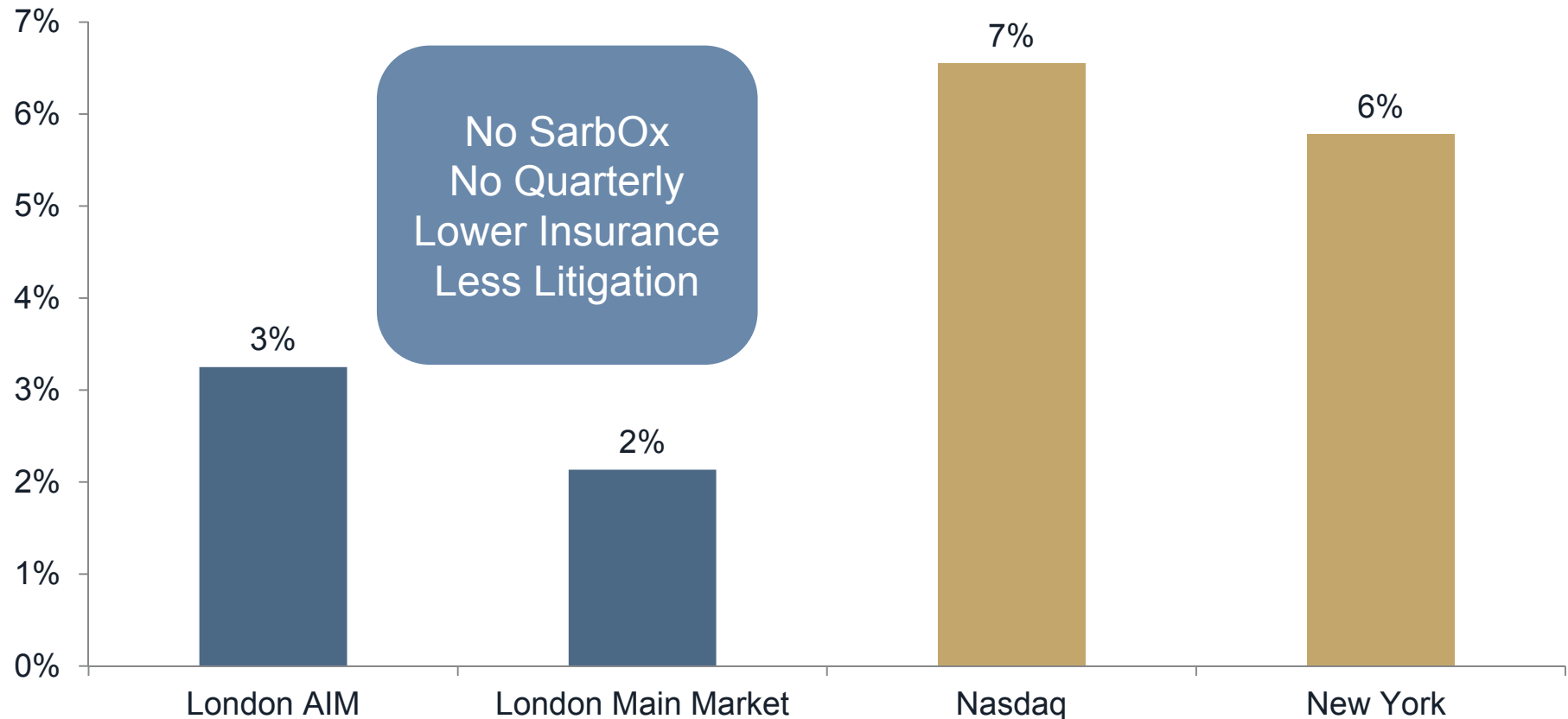
Horizontal axis values relate to IPO deal size ranges



# IPO Fees

UK typically has lower underwriting costs

Comparison of Underwriting Costs for 2016 IPOs (%)\*



Source: Dealogic, Jan 2017

Based on gross underwriting fees (%) for 2016 IPOs and deal sizes between \$50-500m

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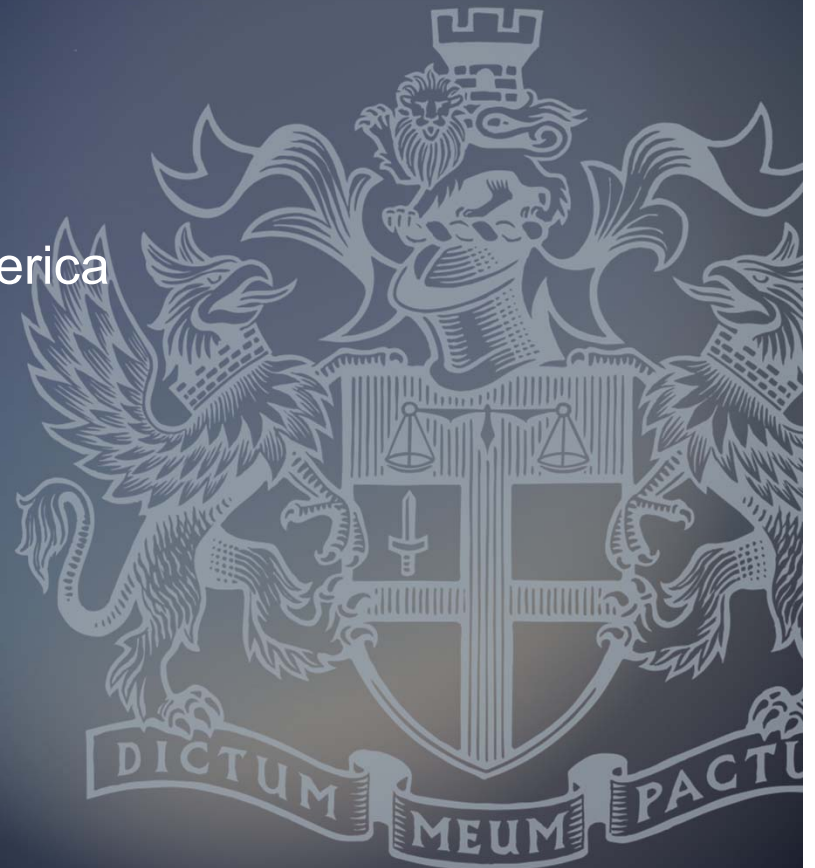
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## The London Market: A Broker's Perspective

**Sarah Wharry, Managing Director & Co-Head of Energy  
Cantor Fitzgerald Europe**

April 2017





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## **1. Cantor Fitzgerald Europe: Who we are...**

# Introduction to Cantor Fitzgerald

## Overview of Cantor Fitzgerald

- Founded in 1945 and is one of the world's largest independent investment banks.
- 8,000 employees in 20 countries including major financial hubs worldwide.
- Positioned as a full service investment bank.
- One of the largest sales forces in the industry with 675+ institutional sales and trading professionals
- Strong capital base facilitates our objective to be no.1 liquidity provider in our corporate stocks.

## Global reach



## Cantor Fitzgerald Group

**1945**  
founded

**8,800**  
employees

**60**  
offices

**20**  
countries

**7,000**  
institutional clients

**\$200t**  
transactions pa

## Cantor Fitzgerald Europe

**25**  
investment bankers

**70**  
equity traders

**\$2.5B+**  
weekly volume

**12**  
market makers

**1,020+**  
stocks

**18**  
analysts

# Cantor Fitzgerald Europe

- Full service capital markets investment bank with offices in **London, Edinburgh, Ireland** and **Tel Aviv**.
- **Integrated with US offices of our parent, providing access to US capital markets.**

## Investment Banking

- Corporate advisory, debt advisory, ECM, DCM offering.
- Nominated Adviser.
- 25 investment bankers.
- 70+ UK retained clients with a combined market cap of £5.6bn.
- Raised ~£2.0bn of capital over the last 6 years.
- Sector based approach.

## Equity Research

- 140+ research stocks covered, 10 industry groups.
- Distributed to over 2,500 UK, European and US institutional investors.
- Frequent press contact gives us 'thought leadership' with media.
- Commitment to proactive, money-making ideas.

## Sales and Trading





- Operating in cash equities, derivatives, FX and fixed income.
- >\$2.5bn equities trading per week through London (>1% total European volume).
- Commits capital to provide sufficient liquidity and support placings.
- Registered in 1,020+ stocks.
- Top 3 liquidity provider in >34% stocks.
- Target to dominate trading in house stocks.
- Cantor ranked #3 UK Retail Service Provider (RSP) with some 120 RSPs linked.
- 4 specialist resources market makers.
- Sales personnel experienced in the oil and gas sector.



# Cantor Fitzgerald Europe – Recent Transactions

- Raised c£2.0bn in last 6 years
- 81 corporate clients / average mkt cap c£100m
- Currently c.140 UK stocks under coverage / 15 industry groupings
- \$2.5bn of equities traded weekly through London (>1% of total European volume)

## Selected Equity Transactions

 <p><b>AFC Energy plc</b></p> <p>Placing, Subscription and Open Offer raising up to £8m</p> <p><b>Nominated Adviser &amp; Joint Broker</b></p> <p>March 2017</p>	 <p><b>RedX Pharma plc</b></p> <p>Placing, Subscription and Open Offer raising up to £12m</p> <p><b>Nominated Adviser &amp; Joint Broker</b></p> <p>February 2017</p>	 <p><b>SDX Energy Inc</b></p> <p>Acquisition and Placing raising \$40m</p> <p><b>Nominated Adviser &amp; Broker</b></p> <p>January 2017</p>	 <p><b>Trinity Exploration &amp; Production plc</b></p> <p>Debt restructuring and placing raising £12m</p> <p><b>Broker</b></p> <p>December 2016</p>
 <p><b>AB Dynamics plc</b></p> <p>Placing and Vendor Placing raising £7m</p> <p><b>Broker</b></p> <p>December 2016</p>	 <p><b>NextEnergy Solar Fund Ltd</b></p> <p>Placings raising a combined £178m</p> <p><b>Financial Adviser and Joint Broker</b></p> <p>July &amp; August &amp; Nov 2016</p>	 <p><b>Gateley plc</b></p> <p>Sale of Ordinary Shares by former partners of £6m</p> <p><b>Nominated Adviser and Broker</b></p> <p>October 2016</p>	 <p><b>Autins Group plc</b></p> <p>IPO Placing raising £27m</p> <p><b>Nominated Adviser and Broker</b></p> <p>August 2016</p>
 <p><b>Cyan Holdings plc</b></p> <p>Placing raising £10m</p> <p><b>Nominated Adviser and Joint Broker</b></p> <p>June 2016</p>	 <p><b>Mereo BioPharma Group plc</b></p> <p>IPO Placing raising £15m</p> <p><b>Nominated Adviser and Joint Broker</b></p> <p>June 2016</p>	 <p><b>Belvoir Lettings plc</b></p> <p>£22m Acquisition raising £11m debt and equity financing</p> <p><b>Nominated Adviser and Broker</b></p> <p>June 2016</p>	 <p><b>Directa Plus plc</b></p> <p>IPO Placing raising £13m</p> <p><b>Nominated Adviser and Broker</b></p> <p>May 2016</p>

# Cantor Fitzgerald Europe Equity Trading – 2017 YTD

Top Ranked trader of stocks out performing our peer group:

- Ranked #1 trader in 128 companies<sup>(1)</sup>
- Ranked top 3 trader in 472 companies<sup>(1)</sup>

**\$2.5b+**

weekly volume

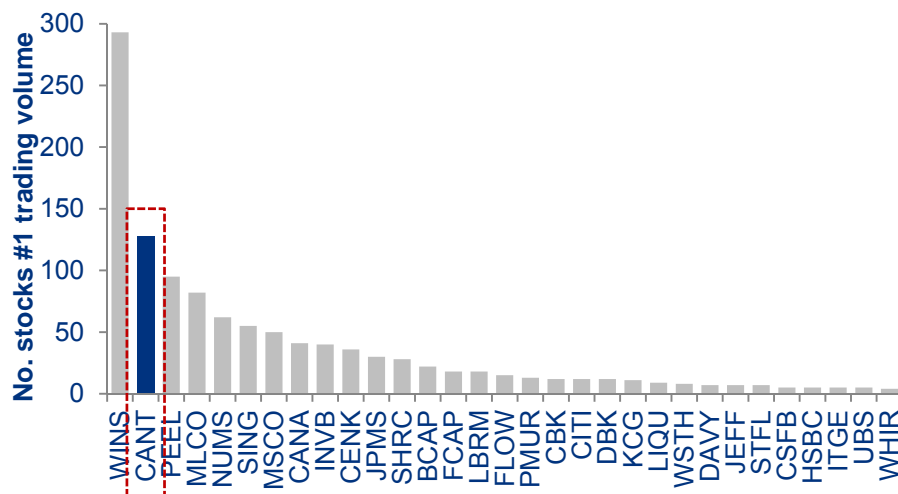
**1,100+**

stocks

**120**

RSP network

## 2017 YTD – By Number of #1 Ranked Stocks<sup>(1)</sup>



## Trading rank in selected corporate stocks\*\*

Stock	Mkt Cap £m	Shares traded %	Rank #
Globalworth Real Estate	642	99.8	1
Victoria Plc	398	71.4	1
Ocean Wilson Holdings Ltd	362	61.7	1
Mereo BioPharma Group plc*	185	54.9	1
Gateley (Holdings) Plc	149	54.4	1
AB Dynamics Ltd	115	58.2	1
SDX Energy Inc	91	51.7	1
Directa Plus*	52	60.5	1
Trans-Siberian Gold plc	52	33.0	1
Redx Pharma Plc	49	33.4	1
Autins Group Plc*	35	68.1	1
Pressure Technologies Plc	25	36.6	1

Source: CFE, Bloomberg, LSE

\* Since IPO

\*\* YTD as at 28 February 2017

<sup>(1)</sup> Across a universe of 1,168 stocks actively traded by CFE out of a total of 2,261 stocks listed on the LSE at 28 February 2017

## **2. Recent Performance of the London Market**

## General Market View: Impact of Brexit

- **Short term sell off**

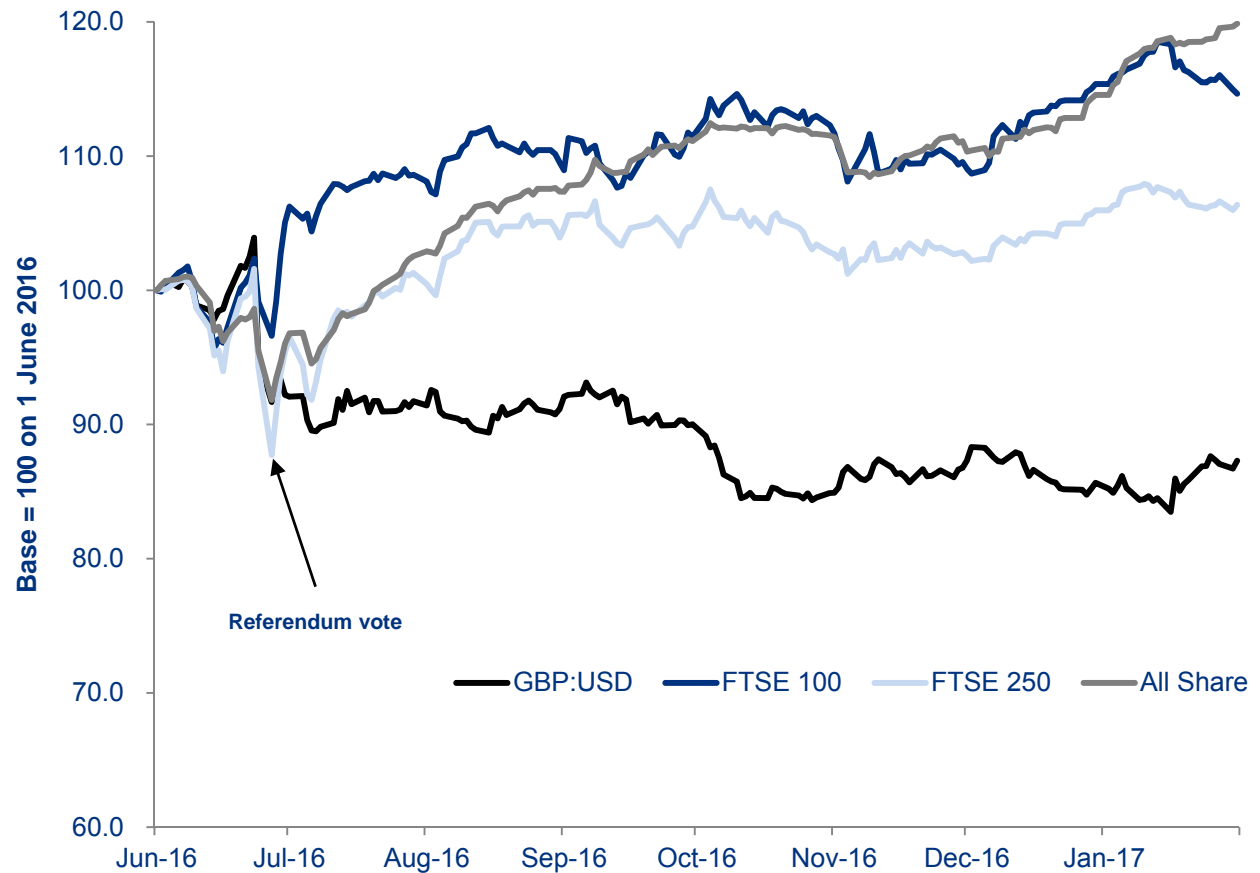
- Depreciation in the pound and sell off in UK listed equities.

- **International stocks recovered more quickly**

- The FTSE 100 and AIM recovered quickly
- The more UK-focused FTSE 250 followed behind

- **Rebalancing toward international & local defensive stocks**

UK markets – impact of Brexit

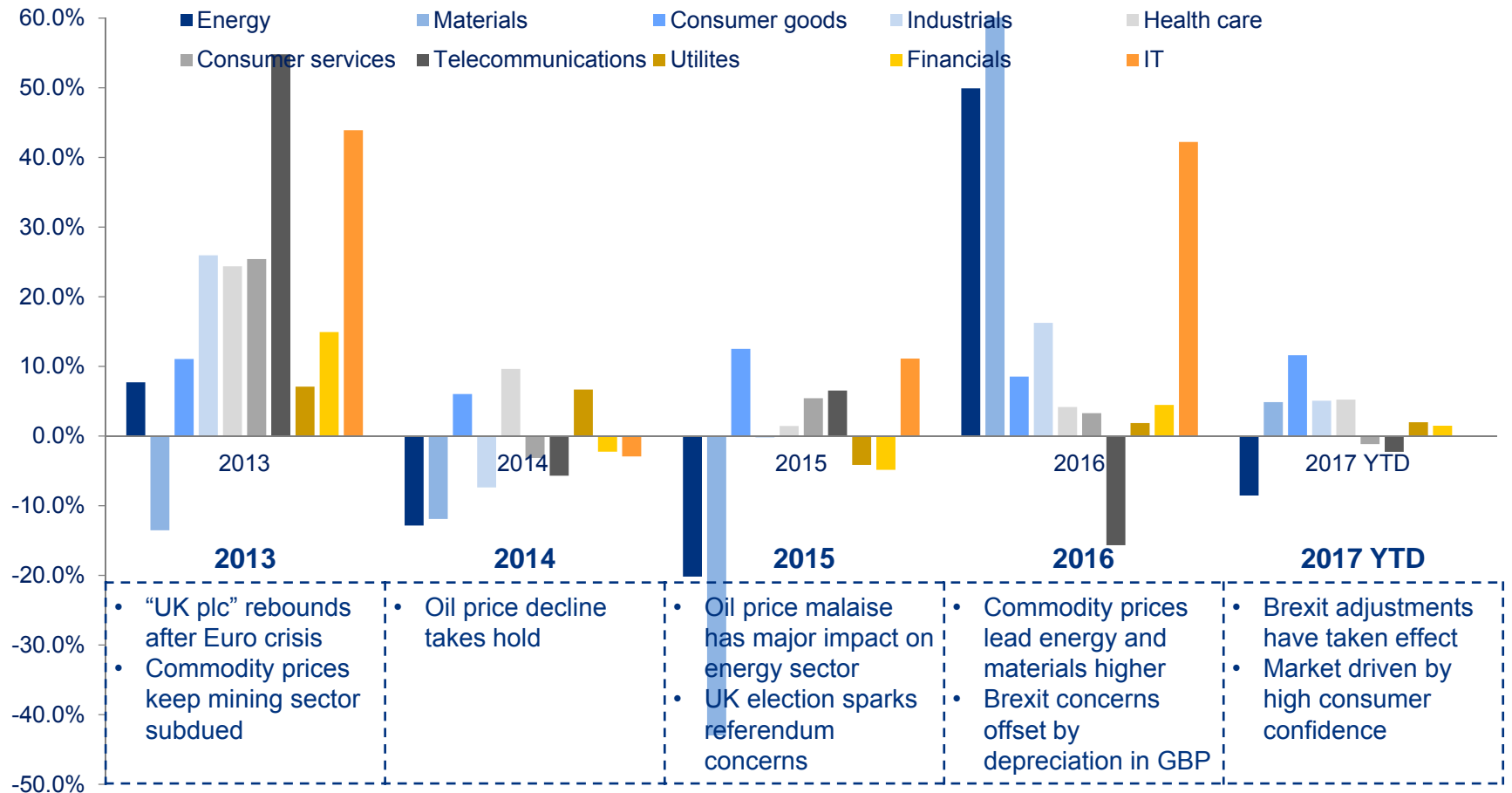


Source: Factset



# Market Performance: Sector View

## Performance of the London Market – FTSE UK Sector Basis

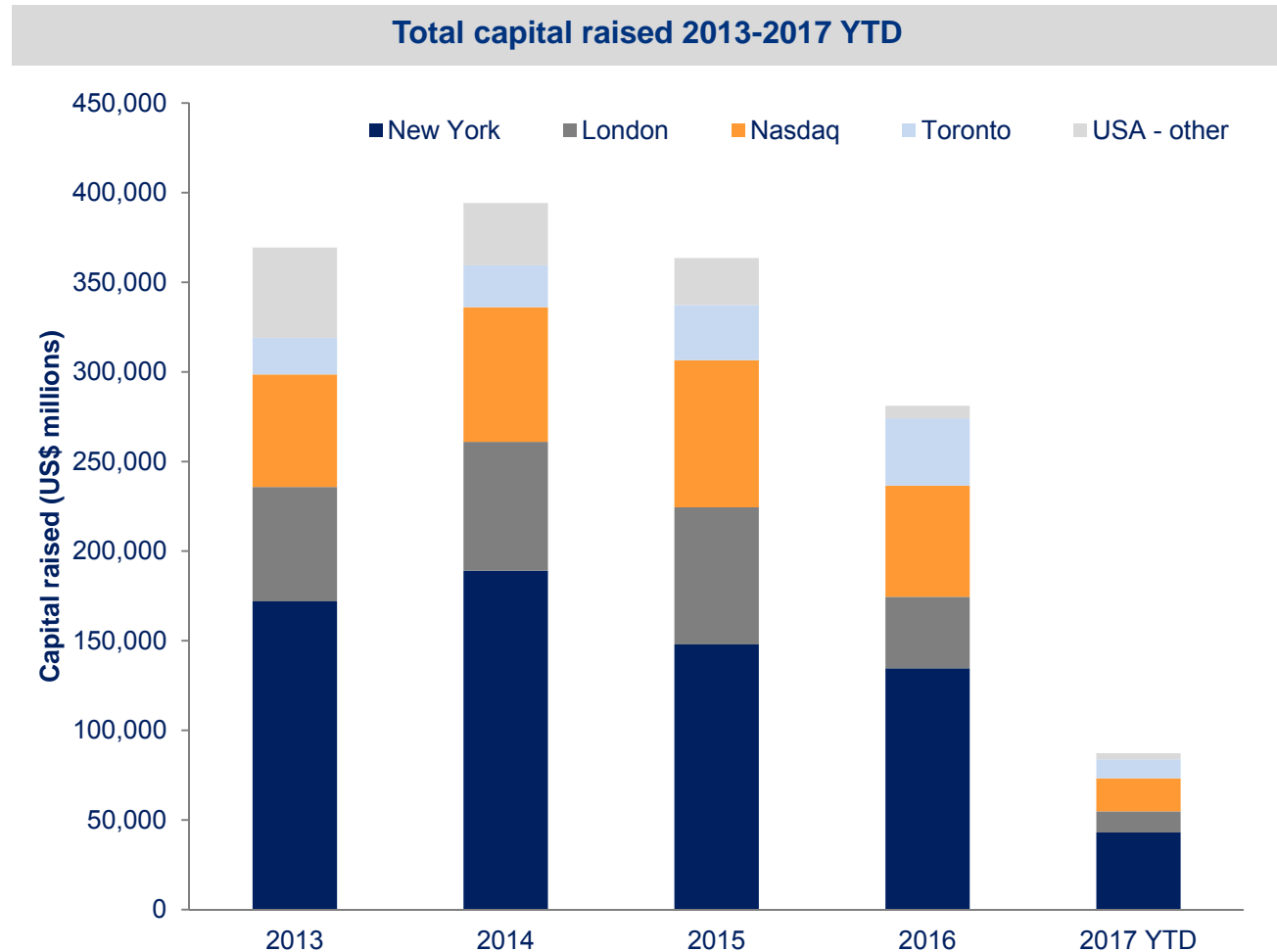


Source: Factset

### **3. Accessing Capital: How London Compares...**

## Introduction: Capital Raising Trends

- Since the financial crisis, NYSE has continued to be the dominant market for new capital globally
- However, London has played an important role as #2
  - London provides direct access for companies to the broader European investor base
- Nasdaq and Toronto have tended to be the 'go to' markets for specific industries



Source: Bloomberg

## Number & Average Size of Financings

- **NYSE has had fewer but larger deals**

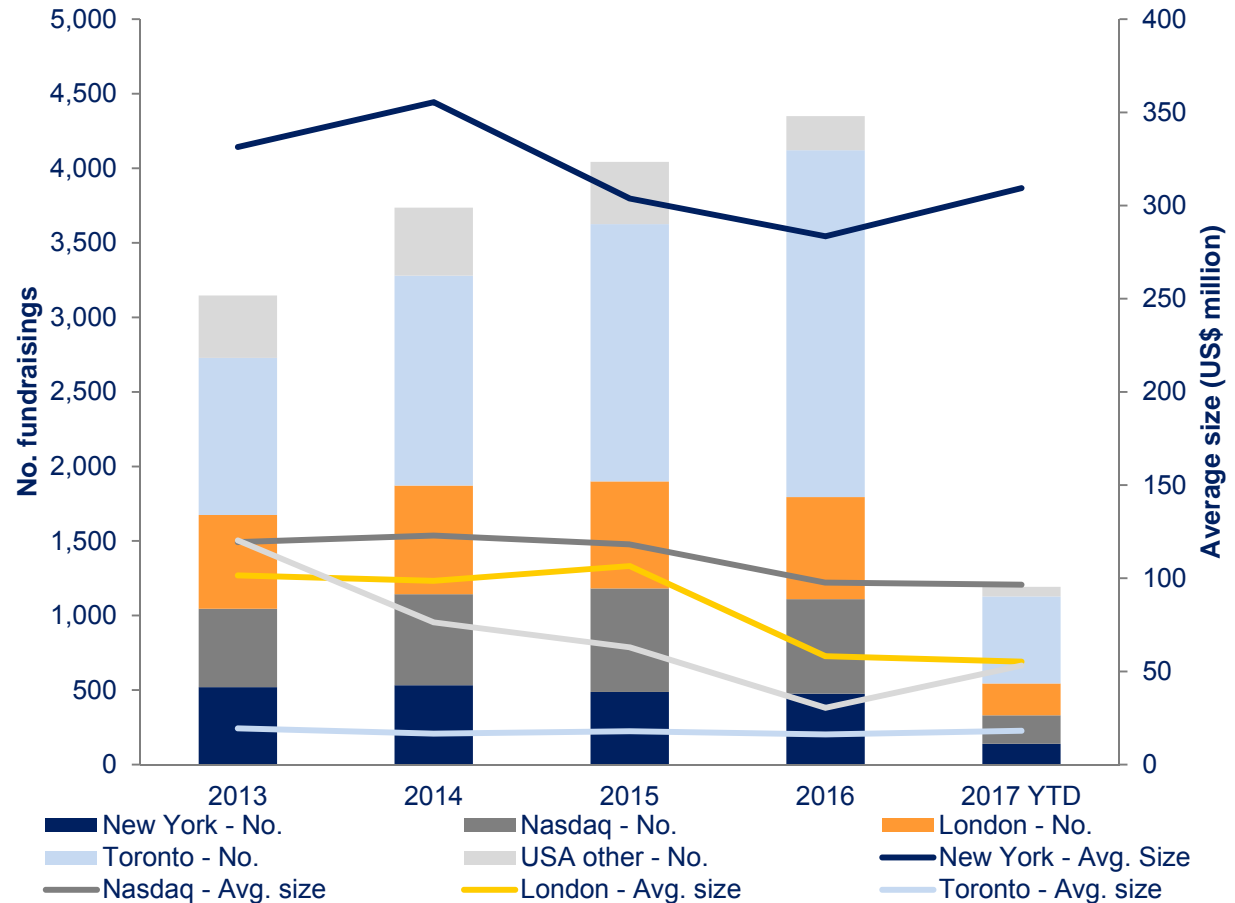
- This is boosted by mega deals such as Alibaba and Facebook
- Deal size has averaged ~US\$317M

- **London & Nasdaq average around US\$80M to US\$100M per transaction**

- **Toronto is typically the venue for a larger number of smaller fundraisings**

- This has grown over the last 5 years with an average deal size of US\$18M

Capital raisings 2013-2017 YTD



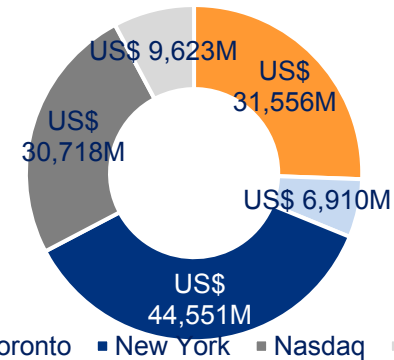
Source: Bloomberg

## Type of Fundraisings

- New York, London and Nasdaq have had a healthy market for IPOs in the last 2-3 years
  - It is noteworthy that only a limited amount of this market has been raised in Toronto
- Rights issue have been more often used in the London market – typically for transactions raising capital buffers
- New York has seen the bulk of US\$580.5Bn of secondary financings
  - A reflection of the NYSE as a market for large cap companies

### IPO market – 2015-2017 YTD

US\$123.4Bn

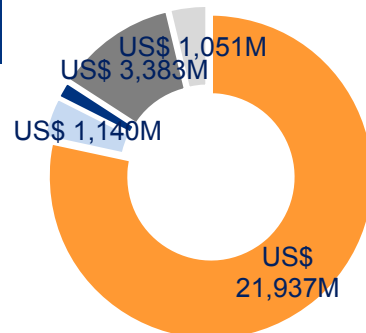


London Toronto New York Nasdaq USA - other

Source: Bloomberg

### Rights issues – 2015-2017 YTD

US\$28.0Bn

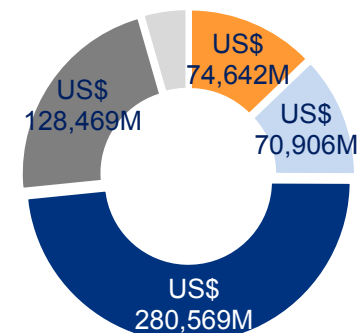


London Toronto New York Nasdaq USA - other

Source: Bloomberg

### Other secondary financings – 2015-2017 YTD

US\$580.5Bn



London Toronto New York Nasdaq USA - other

Source: Bloomberg

# Fundraisings by Industry Sector – London & Toronto

## London

- **Financials sector has dominated the last ~3 years**
  - Distorted by rescue fundraisings and Government privatisation of Lloyds & RBS
- **Commodity prices have seen subdued interest in natural resources – although this is turning around**
- **Majority of investment has been from generalists reflecting the broad spread of sector focus**
- **Increasing importance in the technology space**

## Toronto

- **Significant market focus on energy, natural resources & associated infrastructure**
  - Accounts for 41% of total capital raised over the last ~3 years
  - Utilities deals also primarily driven by oil pipelines
  - Typically been the 'home' for North American-focused oil and gas and mining companies
- **Industrials and financial sector companies are also of importance to their local market**

## London fundraisings by sector – 2015-2017 YTD



Source: Bloomberg

## Toronto fundraisings by sector – 2015-2017 YTD



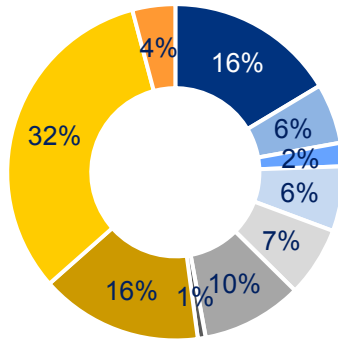
Source: Bloomberg



# Fundraisings by Industry Sector – USA

## New York fundraisings by sector – 2015-2017 YTD

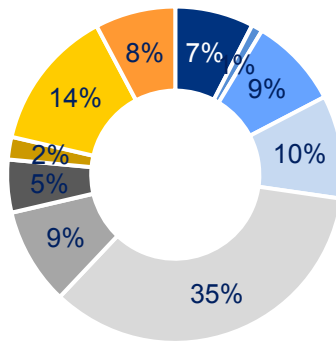
- Energy
- Materials
- Industrials
- Consumer goods
- Health care
- Consumer services
- Telecommunications
- Utilities
- Financials
- IT



Source: Bloomberg

## Nasdaq fundraisings by sector – 2015-2017 YTD

- Energy
- Materials
- Industrials
- Consumer goods
- Health care
- Consumer services
- Telecommunications
- Utilities
- Financials
- IT



Source: Bloomberg

## New York

- **Financials sector has dominated the last ~3 years**
  - This has been a result of a number of small-mid size fundraisings and IPOs rather than the recapitalisations in the UK
- **Energy & utilities also represent a substantial portion of dealflow**
  - This principally represents a number of mid-tier shale oil and oi and gas infrastructure financings

## Nasdaq

- **Dealflow on Nasdaq has continued to reflect its position as a technology & innovation hub**
  - Financings in the healthcare space have been dominated by biotech & pharmaceutical companies
  - The IT sector has seen deal flow for a number of smaller tech companies, as Nasdaq continues to attract these over the NYSE

## Access to Capital: Conclusions

### New York remains the dominant market for new capital

- NYSE has the largest market for IPOs and secondary financings, and has been the home to mega deals
- However it remains less relevant for smaller mid-tier companies

### London plays an important role

- London has a deep capital pool and provides access to a broader base of European investors
- The market is also more flexible in terms of deal size – better catering to smaller companies
- London also has a strong IPO market comparable to other exchanges – which has remained relatively resilient over recent years

### Generalist approach in London

- London investors take a generalist approach and can invest across a wide range of sectors
  - The FTSE 250 typically has comparable companies for most industry sectors
- The London market is also typically jurisdiction agnostic – with many international companies seeking to raise financing for operations outside of the EU region

## **4. An IPO on the London Market**

## IPO Market Conditions in London

- **Turbulent 15+ months although the impact of Brexit and US election more subdued than many commentators predicted**
    - AIM market significant activity in H1 2016, the Main market saw much less
    - Brexit saw several planned corporate transactions being put on hold or abandoned
  - **Post summer 2016 saw a return of positive sentiment but this tailed away in the latter part of 2016**
    - Hollywood Bowl successfully listed (originally planned for Jun-16)
    - Countryside Properties, Krispy Kreme and Misys announced intentions but decided against proceeding
    - Valuations were hit on a number of successful new issues
  - **Current conditions giving mixed messages**
    - FTSE100 recently recorded highest number of consecutive day increases in value
    - Sterling weakness – indicator of economic headwinds ahead?
- Deals still getting done...**
- Xafinity AIM IPO (Feb-17) well received by the market, current market cap £230m
  - Eddie Stobart announced Intention to Float on AIM, currently being marketed at c£550m (Mar-17)
- **Commentators suggesting outlook for IPO market in 2017 is strong with an expectation of increased PE exits compared to 2016**

## The Key Requirements for an IPO

	IPO requirement	Comments
<b>Equity Story</b>	<ul style="list-style-type: none"> <li>▪ Strategy easily communicated to investors</li> <li>▪ Clearly identified strengths vs. peers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investors focused on understanding potential</li> <li>▪ Progress on developing pipeline of growth opportunities</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>▪ Identifiable use of any primary proceeds raised</li> </ul>	<ul style="list-style-type: none"> <li>▪ Organic growth is typically rewarded</li> </ul>
<b>Valuation</b>	<ul style="list-style-type: none"> <li>▪ Defined valuation approach to communicate to market/analysts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Peer group comps. will define valuation</li> <li>▪ Transparent financial history and segmental disclosure</li> </ul>
<b>Financial Trajectory</b>	<ul style="list-style-type: none"> <li>▪ Identifiable earnings and growth profile</li> </ul>	<ul style="list-style-type: none"> <li>▪ How can investors forecast recurring profitability?</li> <li>▪ What is the driver of earnings going forward?</li> </ul>
<b>Transparency</b>	<ul style="list-style-type: none"> <li>▪ Clear corporate structure and governance</li> <li>▪ Regular ongoing IFRS financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>▪ Which financials and key KPIs will be disclosed to investors?</li> </ul>
<b>Shareholder Structure/Strategy</b>	<ul style="list-style-type: none"> <li>▪ Clear visibility on intention of strategic shareholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business model: PE style returns over short time frame vs. long term strategic style</li> </ul>
<b>Market Conditions</b>	<ul style="list-style-type: none"> <li>▪ Supporting primary and secondary equity market sentiment</li> <li>▪ Strong macro and political backdrop</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ability to be fully prepared to tap the market at the most appropriate time</li> <li>▪ Competing supply from other IPOs / capital raising</li> </ul>

# Accessing the Full Mix of Investors

## CFE raised over £700M for our clients in 2015-16

- Strong relationships with a wide range of leading institutions
  - We have raised c£2bn of capital in last 6 years
- Research-led approach to developing institutional interest and following
- Debt fundraising capability with our dedicated team of debt advisers

## Institutional Sales, Sales Trading and Market Making

- UK, European and US institutional investor base of c7,000 clients
- Blanket coverage of UK retail market: ranked #3 UK Retail Service Provider (RSP) with 120 RSPs linked
- Commit own capital to provide sufficient liquidity and to support client placings
- Access, via London, to US institutions – for the right companies

### Selection of UK Institutions



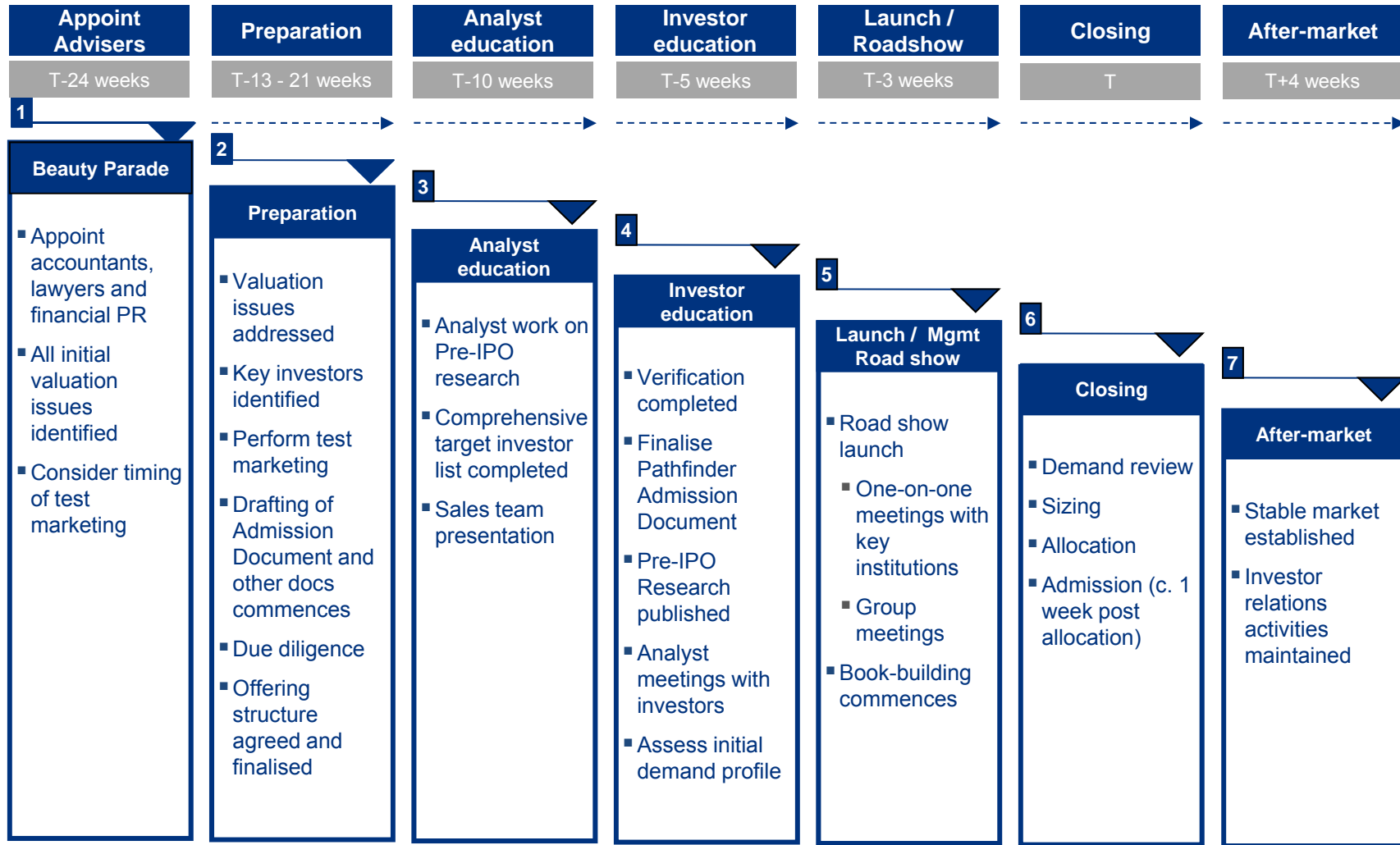
### Selection of UK Private Client / HNWs



**CANTOR**  
*Pitigerald*



# High level IPO timetable



## **5. Select London Market Case Studies**

## Case study: SDX Energy dual listing on AIM

### SDX Energy – Jan-2016

- **TSX-V listed company with market cap. of US\$11.7mm**
  - Oil & gas operations in Egypt with net production of 1,511 boepd and 7.34 MMboe of 2P reserves

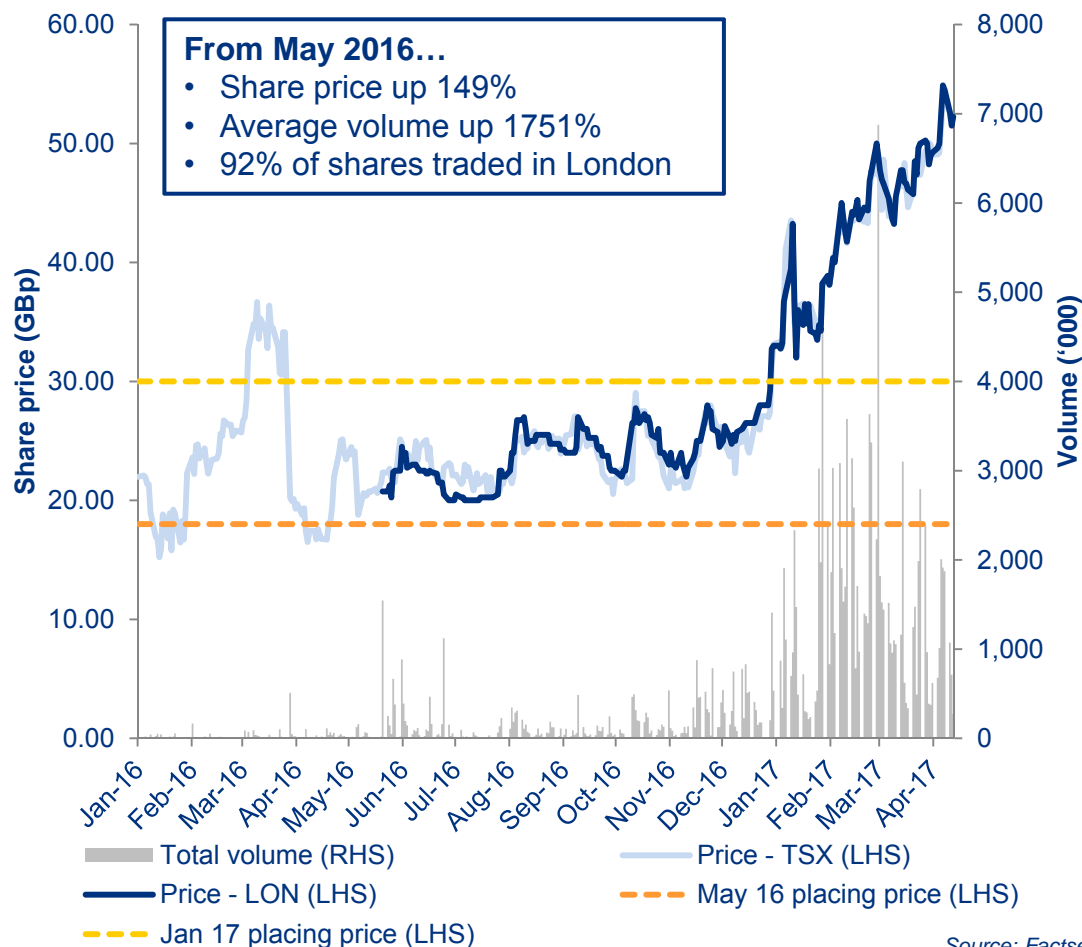
### AIM dual listing in May-2016

- **Oversubscribed placing raising US\$11mm (94% of market cap.).**
  - Material uplift in trading volumes and share price

### Acquisition & fundraising in Jan-17

- **Oversubscribed placing raising US\$40mm**
  - Tripled production and doubled reserves
- **Now a £100M market cap. company**

### SDX Energy Inc. Share price & volume – 2016-2017 YTD



Source: Factset

## Case study: Gateley (Holdings) plc

### Gateley– Jan-2015

- **National commercial law firm under partnership structure**
  - Decision to list on AIM Market – becoming the first law firm to list in the UK

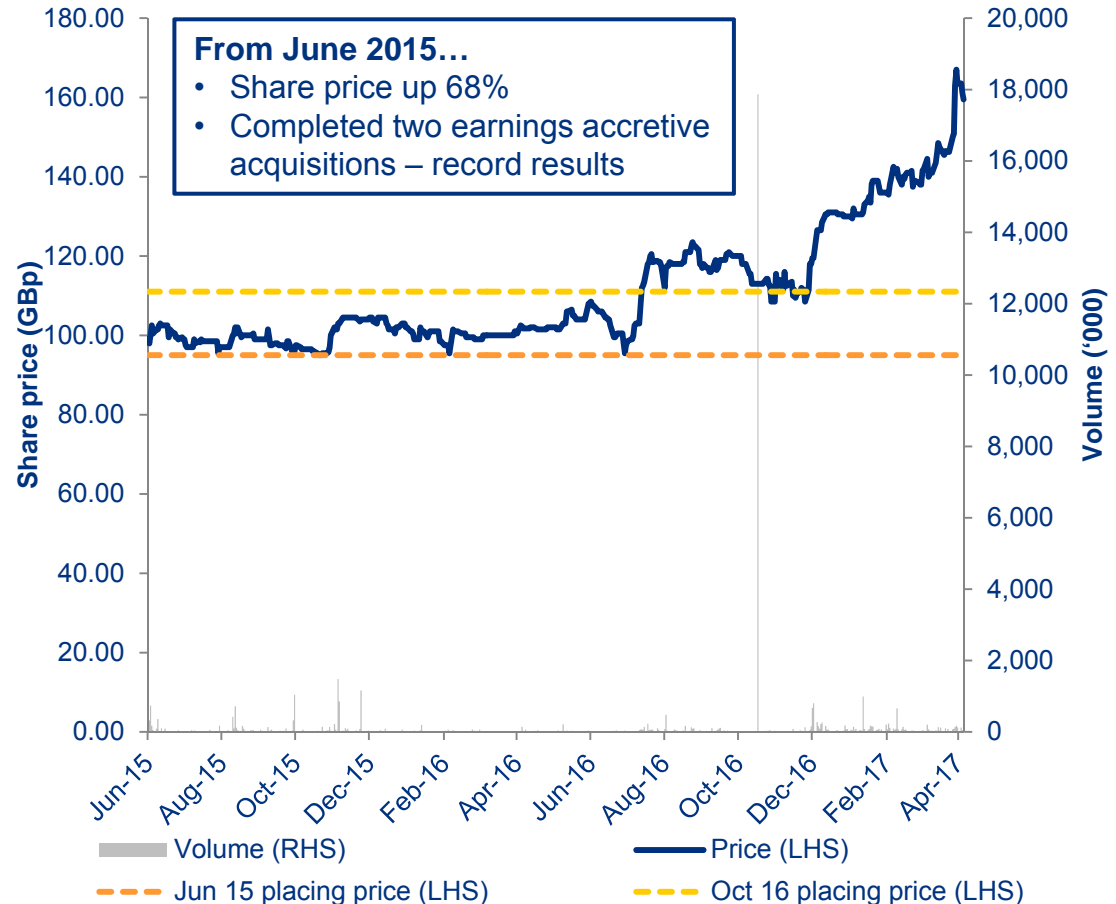
### AIM listing in May-2016

- **Placing raising £30mm**
  - £5mm new money, £25mm sale shares
  - Proceeds to unwind partnership structure & for acquisitions

### Block trade in Oct-16

- **CFE placed £10mm of existing shares with Lion Trust**
  - £6mm partner block + other institutional holdings

### Gateley (Holdings) plc share price & volume – 2015-2017 YTD



Source: Factset



**THANK YOU!**

## Contact Information

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**Managing Director, Co-Head of Energy**  
**Cantor Fitzgerald Europe**

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Website: [www.cantor.com](http://www.cantor.com)

Switchboard: +44 207 894 7000





## LONDON CAPITAL MARKETS FORUM



K&L GATES



**London**  
Stock Exchange Group



### Introduction to the AIM Market of the London Stock Exchange and an overview of our UK Equity Capital Markets Practice

Tom R. Wallace, Partner, K&L Gates

The image features a dark background with a grid of binary code (0s and 1s) in green and blue. Overlaid on this is a large, stylized, glowing blue 'K' that forms part of the K&L Gates logo. In the upper left corner, there is a solid orange rectangle containing the text 'K&L GATES' in white, sans-serif, uppercase letters.

**K&L GATES**

**Access to Long Term Capital for US Companies**

**Introduction to the AIM Market of the London Stock Exchange  
and Overview of our UK Equity Capital Markets Practice**



The background of the slide is a complex digital-themed graphic. It features a dark blue and black base with vertical columns of glowing green and yellow binary code (0s and 1s). Overlaid on this are several bright, diagonal blue and white light streaks that create a sense of motion and depth. The overall aesthetic is high-tech and futuristic.

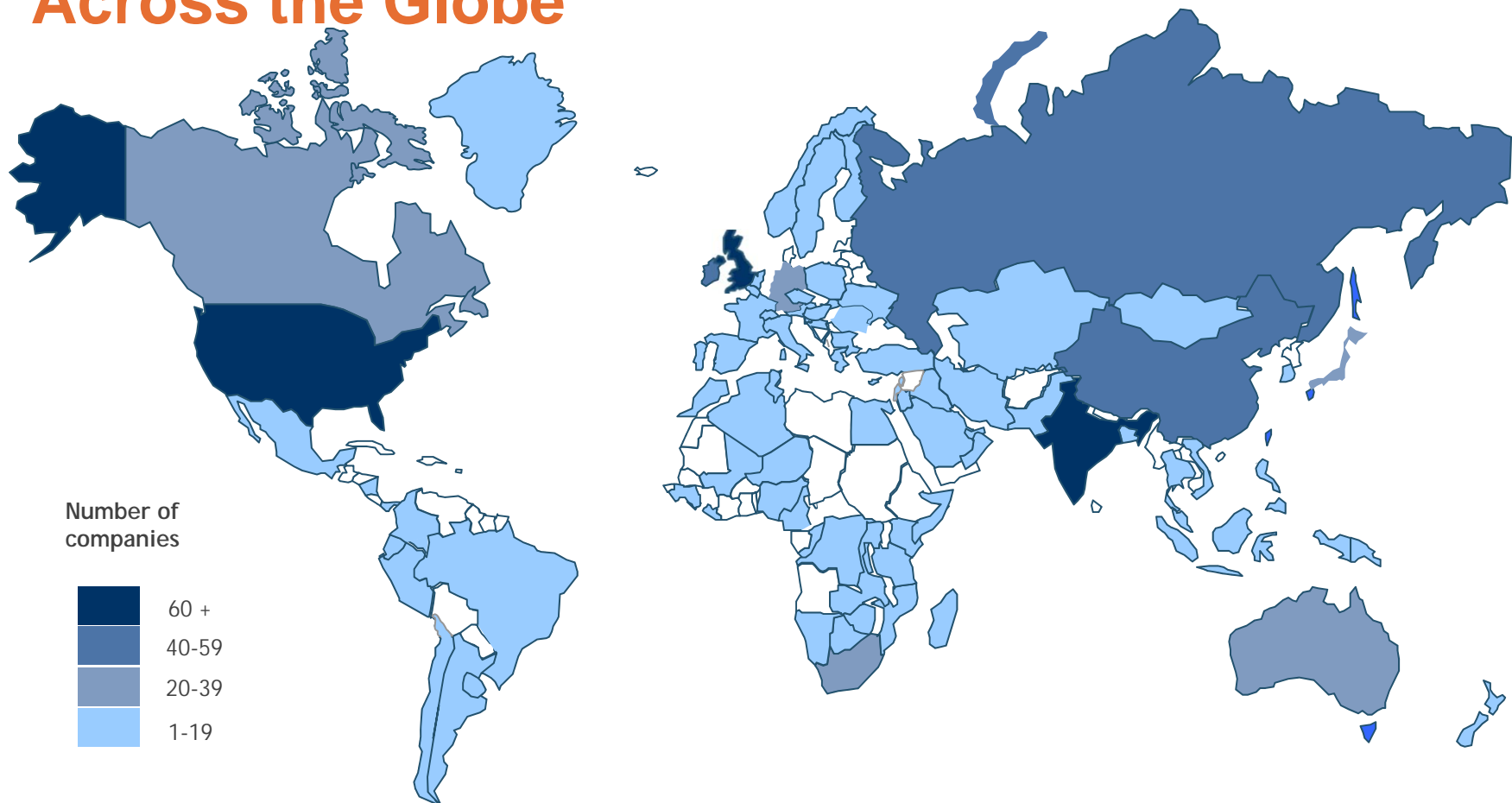
# Introduction to the AIM Market

## London – The Place to Raise Capital

- Deep pool of capital – London has the largest pool of investors dedicated to international companies and more assets under management than any other major financial centre
- Leader in listing companies from a wide range of sectors and jurisdictions (more international companies listed in London than any other exchange)
- Choice of platforms and markets – Premium/Standard/AIM etc
- Sophisticated internationally-minded investors with industry expertise
- Specialist advisers, analysts and regulators who have international experience
- Principles-based regulatory regime – particularly on the AIM market



# Global Footprint – London Stock Exchange Companies from over 70 Different Countries Across the Globe



## AIM – Key Continuing Obligations

AIM companies are subject to the AIM Rules and Market Abuse Regulation (MAR). Some of the key continuing obligations under AIM Rules and MAR are:

- ➔ All directors accept full responsibility, collectively and individually, for compliance with the AIM Rules
- ➔ Restrictions on dealing by persons discharging managerial responsibility in AIM securities During 'closed periods' under MAR
- ➔ Half Yearly and Annual Report and Accounts required in adherence with deadlines
- ➔ Must disclose inside and price sensitive information in a timely manner including substantial transactions and related party transactions
- ➔ Only reverse takeovers/fundamental change in business require prior shareholder approval – follow-on equity fundraising can be accomplished quickly and at very low cost
- ➔ AIM companies must have a Nomad at all times, otherwise they will be suspended from the market



## Listing on AIM: Main Parties

<b>Nomad</b>	Company is under the AIM Rules to retain a nominated adviser (“Nomad”) at all times. A Nomad makes declaration as to suitability of company to be admitted to AIM and is responsible for company’s compliance with AIM Rules
<b>Broker</b>	Raises funds by placing company’s shares with investors and trades shares once admitted
<b>Analyst</b>	Produces research note on company and its prospects
<b>Solicitors (lawyers) to Company</b>	Advise company on preparation of prospectus or admission document, verification, placing agreement, duties of directors, etc. Produce legal due diligence report on company
<b>Solicitors to the Nomad/Broker</b>	Advise Nomad/Broker on underwriting/placing agreement and compliance with AIM Rules. Review other documentation
<b>Reporting Accountants</b>	Produce financial due diligence report, short form report and review working capital needs of company
<b>Financial PR</b>	PR for the company and the fundraising

- **K&L Gates works closely with all of the leading advisers working in the AIM Market**



## Listing on AIM: Timetable

- Week 1/2** “Kick-off” meeting with all parties. Legal and financial due diligence commences
- Week 3/4** 1<sup>st</sup> draft prospectus/admission document circulated
- Week 4/5** 1<sup>st</sup> draft legal and financial due diligence reports circulated
- Week 6** First draft working capital and short form reports circulated
- Week 7** Underwriting/placing agreement and sponsor/nomad agreement circulated
- Week 8** Pathfinder research note published by analyst. Investor presentation circulated. Verification meeting
- Week 9** Documentation finalised
- Week 10** Marketing
- Week 11** Placing proof meeting
- Week 12** Impact meeting

*NB: Can be longer with international companies*

## Key Documents

- Due Diligence Report/Legal Opinions
- Prospectus/Admission Document
- Verification Notes
- Accountants Long Form Report
- Accountants Short Form Report
- Working Capital Report
- Competent Persons Report (if natural resources company) / IP Report
- Responsibility Statements/Memorandum on Responsibilities
- Underwriting/Placing Agreement
- Lock-in Agreements – substantial shareholders and directors of companies with a trading record of less than two years
- Depositary interests – similar to ADRs
- Certificate of Incorporation and Bylaws

# IPO Documentation and Due Diligence

There is a fairly standard split of drafting responsibilities when compiling the principal IPO documentation:

**Part I:** Information on the Group. Written by Company and Sponsor/Nomad

**Part II:** Specialists' Report on IP, technology or natural resource assets (if applicable). Completed by independent expert

**Part III:** Accountants' Report compiled by reporting accountant

**Part IV:** Risk Factors. Written by Company's lawyers and Sponsor/Nomad

**Part V:** Additional Information. Completed by Company's lawyers

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent professional adviser authorized under the Financial Services and Markets Act 2000 who specializes in advising on the acquisition of shares and other securities. This document, which comprises a prospectus and has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (as amended) and the AIM Rules, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the FOS Regulations.

Application has been made for the whole of the issued and to be issued Common Shares to be admitted to trading on AIM. It is expected that admission will become effective and that trading in the Common Shares will commence on AIM on 7 October 2004. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The rules of AIM are less demanding than those of the Official List and it is emphasized that no application is being made for admission of the Common Shares to the Official List. Furthermore, neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document.

The Common Shares are listed on the TSX Venture Exchange and, apart from the application for Admission, the Common Shares are not traded on any other stock exchange and no application to list on any other stock exchange has been made. The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk. Your attention is drawn to Part VII of this prospectus entitled "Risk Factors".

**Western Canadian Coal Corp.**  
(Incorporated and Registered in the Province of British Columbia, Canada under the British Columbia Business Corporations Act S.B.C. 2002 with Registered No. 551,575)

Placing of 8,742,857 New Common Shares at C\$1.75 per Common Share

Admission to trading on the  
Alternative Investment Market

Nominated Adviser and Broker  
**Williams de Broé Plc**

SHARE CAPITAL IMMEDIATELY FOLLOWING PLACING AND ADMISSION		Amount
Authorized Number of Common Shares	Unissued Common Shares without par value	Number of Common Shares
		52,049,000

All the New Common Shares will, on Admission, rank pari passu in all respects with the existing Common Shares in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Common Shares after Admission.

The Directors of Western Canadian Coal Corp., whose names appear on page 5 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and there is no other material information the omission of which is likely to affect the import of such information.

Williams de Broé Plc, which is regulated by The Financial Services Authority, trading exclusively for Western Canadian Coal Corp. and for no one else in connection with the matters described herein and will not be responsible to anyone other than Western Canadian Coal Corp. for providing the provisions offered to customers of Williams de Broé Plc or for advising any other person on the contents of this document or any matter referred to herein. Williams de Broé Plc's responsibility as the Nominated Adviser and Broker to the Company are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person, whether in respect of any decision to acquire New Common Shares in reliance on any part of this document or otherwise. No representation or warranty, express or implied, is made by Williams de Broé Plc as to the contents of this document without limiting the statutory rights of any person to whom this document is issued; and Williams de Broé Plc have not authorized the contents of, or any part of this document for the purposes of Regulation 19(1)(g) of the Regulations and without limiting the statutory rights of any person to whom this document is issued no liability whatsoever is accepted by Williams de Broé Plc for the accuracy of any information or opinions contained in this document or for the omission of any material information for which the Company and its directors are solely responsible.

Copies of this document will be available during normal business hours on any day (except Saturdays, Sundays and public holidays) free of charge to the public at the offices of Williams de Broé Plc, 10 Broadgate, London EC2M 2EP until the end of the period during which the Placing remains open or for one month from the date of Admission, whichever is the later.

...and carrying out the due diligence processes that back everything up.

## Corporate Governance Issues

- Largely the same issues to deal with as for a UK company
- Things to watch out for:
  - Usually need one or two UK non-execs in order to deal with:
    - Basic understanding of UKLA Rules/AIM Rules
    - Cultural understanding of UK regulation and market practice
    - Providing general assurance to UK investors
  - Particular consideration of normal corporate governance compliance given non-UK domicile of individual Board members
  - Balancing UK investor protection provisions/expectation with US law and custom (UK Takeover Code, Disclosure and Transparency Rules, pre-emption, executive directors' service agreements)
- **K&L Gates has experience at finding the right balance between UK investor, governance and regulatory expectations and US laws and custom**

# Summary: Practical Criteria for Companies to Achieve a Successful UK Listing

## Size

- Non UK companies need to be larger to justify listing
- Probably minimum valuation of approx \$100 million post money
- Not pre-revenue (save for specific sectors)
- Growth rate of more than 10-15% per annum
- Step change businesses need to be credible
- Scope for combined US & UK fundraising using Reg A+

## International Business

- Probably needs to be an international outlook to the business or prospect of becoming so

## Liquidity

- Minimum free float of approx 40% to aid liquidity
- Sale of new or existing shares depends on the story
- Fundraising (new and/or old) at least \$20 million

## Timing

- Prepare well in advance
  - Budgeting
  - Strategic planning
  - Presentation
  - Staffing
- Review internal procedures
- Conduct legal audit
- Ensure IFRS accounts
- Management time

## Management Team

- Fit for purpose
- International outlook
- Open to adopting the working practices of the UK markets
- Good Corporate Governance key
- UK based non-executive directors



The background of the slide is a complex digital graphic. It features a dark blue and black base with vertical columns of glowing green and yellow binary code (0s and 1s). Overlaid on this are several bright, diagonal blue and white light streaks that create a sense of motion and depth. The overall aesthetic is high-tech and futuristic.

# About K&L Gates and the UK Equity Capital Markets Practice

# K&L GATES AT A GLANCE:

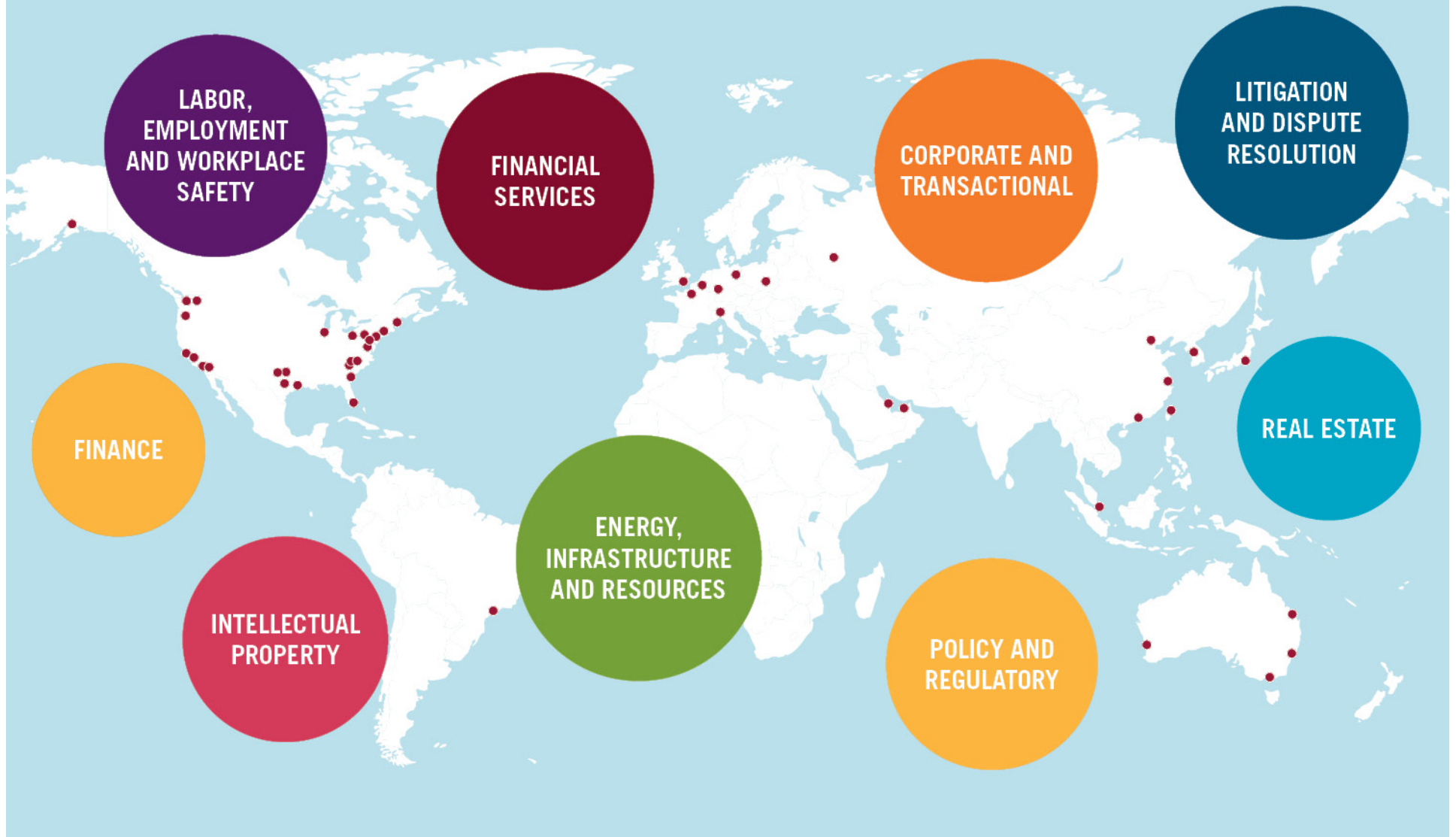
- Leading international law firm – approx. 2,000 lawyers
- **45 offices** – Europe, North America, South America, Asia, the Middle East and Australia
- Represent a broad array of Global 500, Fortune 100 and FTSE 100 companies in nearly every industry
- Full service - Global reach – Local touch
- Largest integrated network of offices of any global law firm
- Leading international and recognised Corporate practice
- A market leader for equity capital markets, domestic and cross-border M&A and private equity transactions
- Highly experienced and rated capital markets and corporate team in London
- Partner led service

Named to the  
**GLOBAL 20**  
for cross border work  
for the **fifth**  
consecutive year\*

\* Law360

**K&L GATES**

## OUR GLOBAL PRACTICES





## Full Service London Office....

- Corporate/Corporate Finance
- Mergers, Acquisitions and Disposals
- Private Equity, Funds, Hedge Funds, Financial Services
- Structured & Asset Finance
- Project Finance
- Commercial
- Intellectual Property
- Employment
- Litigation and Dispute Resolution
- Tax
- Real Estate
- Banking
- Competition/Anti-Trust
- Regulation



We are annually recognised by Chambers UK, Legal 500 UK and SuperLawyers as leaders in our respective areas.

## Corporate Practice

- **Scope:** Our Corporate team in London advises on the full range of corporate, commercial and private equity matters.
- **Get the job done:** We provide focused, innovative legal advice to ensure that transactions are completed on time, on the right terms and at a sensible cost.
- **Business advisers:** We pride ourselves on being trusted business advisers to entrepreneurs, developing and developed businesses and directors, particularly in key business sectors.
- **Track record:** We are part of our international corporate and transactional practice, one of the most substantial in the world with more than 475 lawyers.
- **Experience of growing companies:** We have a particular track record working with established and small to medium sized businesses, entrepreneurs and business investors. We are well-versed in advising our clients with domestic and international growth ambitions. We know how to avoid the pitfalls that will cost our clients time and money later.
- **Build long term relationships with our clients:** We aim to have lasting, long-term relationships with our clients. This is demonstrated by our many clients that we have seen through their issues and challenges, from start up, interim funding rounds and beyond.

Consistently  
ranked in **band 2**  
by Chambers UK  
for our  
**Capital Markets:**  
**AIM**  
**Practice**

delivering a 'uniformly  
responsive service, and  
strong business acumen  
across the board'

Legal 500 UK

## UK Equity Capital Markets Team

- Dedicated Equity Capital Markets Team in London
- 14 partners, 12 associates
- Experience
  - Act for companies, sponsors, nomads and brokers
  - Extensive experience of advising domestic and international companies listing on AIM and the Official List
- Our team has worked for 20+ of the leading sponsors/nomads/brokers
- Advise both companies already admitted and those seeking to be admitted to AIM, as well as the investment banks and finance houses advising AIM companies
- Recognised as a market leader for AIM and capital markets transactions
- Well-known for international cross-border work, in particular advising international companies seeking to list or dual list on the London markets and London-listed companies seeking to dual list on other international exchanges.
- We regularly advise on a wide range of AIM transactions, such as subsequent fundraisings, reverse takeovers, secondary listings, PIPEs, SPACs, acquisitions and disposals, as well as pre-IPO fundraisings, corporate governance issues, and post-admission continuing obligations
- A market leader in international AIM admissions – advised issuer or broker on more than 75% of all US companies currently directly listed on AIM.
- Team recommended by Legal 500 and Chambers
- Partner led approach

## Our Substantive Expertise Matches Our Clients' Business Needs



## Key Values

- Legal excellence
- Pro-active management of each and every matter
- Involvement from start to finish
- Availability at all times/Responsiveness
- A “can-do” approach
- Control of costs
- Efficiency and simplicity of advice
- Commercial understanding
- Relationship driven
- Referrals/ introductions

**= Looking after clients' interests**

## K&L Gates: A Few Facts From our London team

Over recent years, our London office has advised on:

- 1<sup>st</sup> Dual listing on AIM of a company listed on the Singapore Stock Exchange (manufacturing)
- 1<sup>st</sup> Spin out of businesses from NASDAQ onto AIM (life sciences)
- 1<sup>st</sup> Greek based company to IPO on AIM (technology)
- 1<sup>st</sup> Japanese company to IPO on AIM (technology)
- 1<sup>st</sup> Re-domiciliation of an AIM company to Jersey/Ireland
- 1<sup>st</sup> Share for share takeover offer for an AIM company using Japanese paper (natural resources)
- 1<sup>st</sup> Fundraising to use a prospectus under the new UK Prospective Regime (financial services)
- 1<sup>st</sup> US company to utilise SIS System for trading restricted US Reg. S stock
- 1<sup>st</sup> US based “Inc” to list directly onto the Official List
- 1<sup>st</sup> IPO of a publicly quoted South African real estate fund specialising in South African real estate assets
- 1<sup>st</sup> Spin out of a subsidiary of a JASDAQ listed Japanese company onto AIM (manufacturing)
- 1<sup>st</sup> US based “Inc” to list on AIM after introduction of the new Reg S Cat 3 electronic settlement system.





# AIM Tombstones



# AIM Experience – Some Examples 2016-2015



Placing with accelerated book-build

Legal Advisers to Panmure Gordon

**Value £46m**

*May 2016*



Placing and Subscription

Legal Advisers to Cluff Natural Resources PLC

**Value £3m**

*April 2016*



Takeover by Perseus Mining Limited by scheme of arrangement

Legal Advisers to Amara Mining plc

**Value £68.3m**

*April 2016*



Placing and Reverse takeover of Azzurri Communication by Maintel Holdings, plc.

Legal Advisers to finnCap Ltd

**Value £100m**

*April 2016*



Placing and Admission to AIM

Legal Advisers to Panmure Gordon

**Value £35m**

*March 2016*



CLN - Fundraising and Listing on CISX plus equity

Legal Advisers to Nektan

**Value £18m**

*March 2016*



Cash-box placing

Legal Advisers to VSA Capital Limited

**Value £3.6m**

*March 2016*



Cash-box placing with accelerated book-build

Legal Advisers to Stifel Nicholas Europe Limited

**Value £270m**

*March 2016*



Offer for Subscription

Legal Advisers to Central Rand Gold

**Value £4.2m**

*March 2016*



Convertible Loan Notes

Legal Advisers to MXC Capital Ltd. And Business Growth Fund plc.

**Value £65m**

*January 2016*



Cash-box placing

Legal Advisers to Bellzone Mining plc

**Value £6m**

*January 2016*



Fundraising

Legal Advisers to Nektan

**Value £33m**

*December 2015*



Placing and Acquisition

Legal Advisers to finnCap Limited

**Value £110m**

*December 2015*



Acquisition of Roc Oil (GB Holdings) Ltd, and Roc Oil (Europe) Ltd.

Legal Advisers to Faroe Petroleum plc

**Value £175m**

*November 2015*



# AIM Experience – Some Examples 2015-2014

 <p><b>NetDimensions</b> Placing Legal Advisers to Panmure Gordon  <b>Value £40m</b> November 2015</p>	 <p><b>365 Agile</b> Placing and acquisition including a reverse takeover for purpose of AIM rules Legal Advisers to 365 Agile Group plc  <b>Value £40m</b> November 2015</p>	 <p><b>FUSIONEX</b> Placing Legal Advisers to Fusionex International plc  <b>Value £180m</b> October 2015</p>	 <p><b>NEKTAN</b> HANDS ON GAMING Follow on Convertible Loan Note and Equity Legal Advisers to Nektan  <b>Value £48m</b> October 2015</p>	 <p><b>orchard</b> Orchard Fundings Group PLC Admission and Placing Legal Advisers to the Panmure Gordon (UK) Limited  <b>Value £21m</b> July 2015</p>	 <p><b>WENTWORTH</b> RESOURCES LIMITED Fundraising on AIM Legal Advisers to Stifel Nicolaus Europe Limited  <b>Value £76m</b> June 2015</p>	 <p><b>CASTLETON</b> TECHNOLOGY PLC Placing Legal Advisers to finnCap Ltd  <b>Value £65m</b> June 2015</p>
 <p><b>Verseon</b> Placing and IPO Legal Advisers to Cenkos Securities PLC  <b>Value \$460m</b> May 2015</p>	 <p><b>NEKTAN</b> HANDS ON GAMING Convertible Loan Note and Equity Legal Advisers to Nektan  <b>Value £50m</b> May 2015</p>	 <p><b>CNR</b> <b>CLUFF</b> NATURAL RESOURCES PLC Placing and Subscription Legal Advisers to Cluff Natural Resources Plc  <b>Value £8.28m</b> April 2015</p>	 <p><b>TF</b> <b>TECH</b> FINANCIALS Placing and IPO Legal Advisers to Techfinancials Inc.  <b>Value £3.05m</b> March 2015</p>	 <p><b>BELLZONE</b> Increase of the company's Loan Facility with China Sonangol from US\$4 million to US\$10 million Legal Advisers to Bellzone Mining PLC  <b>Value \$6m</b> March 2015</p>	 <p><b>AMARA</b> MINING PLC Placing (accelerated book-build) Legal Advisers to Amara Mining plc  <b>Value \$22m</b> February 2015</p>	 <p><b>Central Rand Gold</b> Placing and Subscription Legal Advisers to Central Rand Gold Limited  <b>Value £1.02m</b> December 2014</p>

## AIM Experience – Some Examples 2015-2014

 <p>Placing</p> <p>Legal Advisers to finnCap Limited</p> <p><b>Value £5.7m</b></p> <p>December 2014</p>	 <p>Placing and acquisition of (a) the entire issued share capital of SalmoBreed AS; and (b) 89.45% of the issued share capital of Stofniskur HF</p> <p>Legal Advisers to Cenkos Securities PLC</p> <p><b>Value \$110m</b></p> <p>November 2014</p>	 <p>Placing and IPO</p> <p>Legal Advisers to Nektan PLC</p> <p><b>Value £4.1m</b></p> <p>November 2014</p>	 <p>Placing</p> <p>Legal Advisers to Halosource</p> <p><b>Value \$11m</b></p> <p>October 2014</p>	 <p>Convertible security and private placement facility for up to US\$2.8 million</p> <p>Legal Advisers to W Resources Plc</p> <p><b>Value \$2.8m</b></p> <p>October 2014</p>	 <p>Cash-box Placing and Open Offer</p> <p>Legal Advisers to VSA Capital Limited</p> <p><b>Value \$20.3m</b></p> <p>September 2014</p>	 <p>Placing</p> <p>Legal Advisers to finnCap Ltd, GMP Securities Europe LLP and Ladenburg Thalmann &amp; Co Inc.</p> <p><b>Value \$15m</b></p> <p>August 2014</p>
 <p>Placing and admission to AIM of Company listed on SGX</p> <p>Legal advisers to the Company</p> <p><b>Value £15m</b></p> <p>July 2014</p>	 <p>Cash-box placing and Open Offer</p> <p>Legal advisers to finnCap Ltd</p> <p><b>Value up to £3.5m</b></p> <p>June 2014</p>	 <p>Move from Official List to AIM</p> <p>Legal advisers to the Company</p> <p><b>Value £34.8m</b></p> <p>June 2014</p>	 <p>Cash-box placing</p> <p>Legal advisers to the Company</p> <p><b>Value £65m</b></p> <p>June 2014</p>	 <p>Placing and admission to AIM</p> <p>Legal advisers to N+1 Singer</p> <p><b>Value £29.8m</b></p> <p>May 2014</p>	 <p>Placing and Open Offer</p> <p>Legal advisers to the Company</p> <p><b>Value \$30.5m</b></p> <p>April 2014</p>	 <p>Fund Raise</p> <p>Legal Advisers to Cenkos Securities Plc and Panmure Gordon &amp; Co.</p> <p><b>Value: £100m</b></p> <p>April 2014</p>

# AIM Experience – Some Examples 2014-2013



Placing

Legal advisers to  
S. P. Angel  
Corporate  
Finance LLP

Value £2.44m

February 2014



Placing

Legal advisers to  
S. P. Angel  
Corporate  
Finance LLP

Value £3.7m

February 2014



Placing,  
Subscription and  
Open Offer

Legal advisers to  
Central Rand  
Gold Limited

Value £1.69m

January 2014



Placing and IPO

Legal Advisers to  
Cenkos Securities  
Plc

Value £45m

December 2013



Subscription and  
placing to raise  
£15 million

Legal Advisers to  
finnCap Limited

Value £15m

December 2013



Reverse takeover  
and placing

Legal advisers to  
N+1 Singer and  
finnCap

Value £65m

November 2013



Placing and  
Subscription

Legal Advisers to  
Cluff Natural  
Resources Plc

Value £2m

November 2013



Acquisition of the  
entire issued  
share capital of  
AUMS Limited

Legal Advisers to  
Amara Mining Plc

Value \$10m

November 2013



\$40 Placing

Legal Advisers to  
Wentworth  
Resources Ltd

Value \$40m

October 2013



Placing and re-  
admission to AIM

Legal advisers to  
finnCap Ltd

Value £1.35m

October 2013



£15m Placing  
and IPO

Legal Advisers to  
Panmure Gordon  
& Co

Value £15m

October 2013



Issue of loan  
notes and  
warranties

Legal advisers to  
the Company

Value \$7.25m

August 2013



Reverse takeover,  
placing and  
readmission

Legal Advisers to  
Westhouse  
Securities

Value £0.5m

July 2013






Share capital  
reorganisation /  
subdivision

Legal advisers to  
the Company

Value \$6m

June 2013

# AIM Experience – Some Examples 2013-2012

 <p>£8m Placing and IPO on AIM</p> <p>Legal advisers to Electrical Geodesics, Inc.</p> <p><b>Value £8m</b></p> <p>April 2013</p>	 <p>Placing and IPO on AIM. £2.8m raise on IPO for a market cap on admission of £14.2 million</p> <p>Legal advisers to the Company</p> <p>February 2013</p>	 <p>Placing and IPO</p> <p>Legal Advisers to Panmure Gordon &amp; Co</p> <p><b>Value £12m</b></p> <p>December 2012</p>	 <p>Placing and Acquisition</p> <p>Legal Advisers to finnCap Limited</p> <p><b>Value £6,000,000</b></p> <p>December 2012</p>	 <p>Placing and IPO</p> <p>Legal Advisers to Vmoto Limited</p> <p><b>Value £1.6m</b></p> <p>December 2012</p>	 <p>Institutional Secondary Offering and associated Vendor Placing</p> <p>Legal Advisers to HaloSource, Inc</p> <p><b>Value £16m</b></p> <p>October 2012</p>	 <p>Cash-box Placing</p> <p>Legal Advisers to finnCap Limited</p> <p><b>Value £1.47m</b></p> <p>September 2012</p>
 <p>Placing and Opening Offer</p> <p>Legal Advisers to Singer Capital Markets Limited as Nomad/Broker</p> <p><b>Value £9m</b></p> <p>July 2012</p>	 <p>Placing and Acquisition</p> <p>Legal Advisers to finnCap Limited</p> <p><b>Value £8.8m</b></p> <p>June 2012</p>	 <p>Sega Acquisition</p> <p>Legal Advisers to Amara Mining plc</p> <p><b>Value £161m</b></p> <p>May 2012</p>	 <p>Admissions to AIM and Placing</p> <p>Legal Advisers to Cluff Natural Resources PLC</p> <p><b>Value £3.28m</b></p> <p>May 2012</p>	 <p>Placing and IPO</p> <p>Legal Advisers to incadea plc</p> <p><b>Value £13.6m</b></p> <p>May 2012</p>	 <p>Placing and IPO on AIM</p> <p>Legal Advisers to Charles Stanley Securities</p> <p><b>Value £5.5m</b></p> <p>March 2012</p>	 <p>Acquisition and Placing</p> <p>Legal Advisers to Cenkos Securities</p> <p><b>Value £6.5m</b></p> <p>March 2012</p>

## Bio – Tom Wallace

Tom Wallace is a partner in the corporate and transactional practice group.

Mr. Wallace advises on a broad range of transactions, including public and private fundraisings, private and public acquisitions, joint ventures and private equity and venture capital investments. Mr. Wallace has experience in a range of sectors, including, in particular, financial services and technology software, services and manufacturing.

Mr. Wallace has advised on 42 completed transactions on the equity capital markets in London, helping clients raise over \$1 billion for businesses with a combined market capitalization of \$2.6 billion. Mr. Wallace advises issuers, underwriters, nominated advisers and brokers on Main Market and AIM IPOs, associated and secondary fundraisings, corporate transactions and continuing obligations. Mr. Wallace has specialized in acting for US companies listing on AIM, including acting on the AIM IPOs of Maxcyte (broker), Halosource (issuer), Verseon (broker), Lifeline Scientific (issuer), ProPhotonix (issuer), Electrical Geodesics (issuer), Spectra Systems (issuer), representing 50% of the US incorporated companies currently listed on AIM.

Mr. Wallace has advised on over 30 completed and disclosed public and private acquisitions with an aggregate consideration of approximately \$2 billion.

Mr. Wallace is recognized by Chambers UK 2017 in the area of Corporate/M&A: Mid-Market where he has been noted for his corporate finance, acquisitions and cross-border mergers advice and described by clients as being “very pragmatic and practical in helping find workable solutions”.



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# WHY K&L GATES ?

- An **experienced London capital markets team**
- Exceptional client service **ranked top 10 in 2016 BTI client service 30 survey**
- A market leader for **equity capital markets**, domestic and cross-border M&A and private equity transactions
- Partner led service





## LONDON CAPITAL MARKETS FORUM



**London**  
Stock Exchange Group



Importance of communicating your value potential through an IPO and in the aftermarket

Edward Westropp, Managing Director, Strategic Communications, FTI Consulting

## FTI Consulting – Strategic Communications

Importance of communicating your value potential  
through an IPO and in the aftermarket



## Strategic Communications A Snapshot of Our Business

Leading capabilities in:



Financial Communications



Public Affairs



Corporate Reputation

**#1**

global M&A  
communications advisor  
by deal volume



### About Strategic Communications

FTI Strategic Communications helps clients use their communications assets to seize opportunities, manage crises, navigate market disruptions, articulate their brand, stake a competitive position, and preserve their permission to operate.

Professionals' expertise derived from various background in a variety of fields, including:



Former Public Officials



Former Leading Bankers



Former Top-Tier Journalists

**35** offices in

**16** countries with

**600+**  
consultants worldwide



**25+**

years of experience serving as  
trusted communications  
advisors to the C-suite



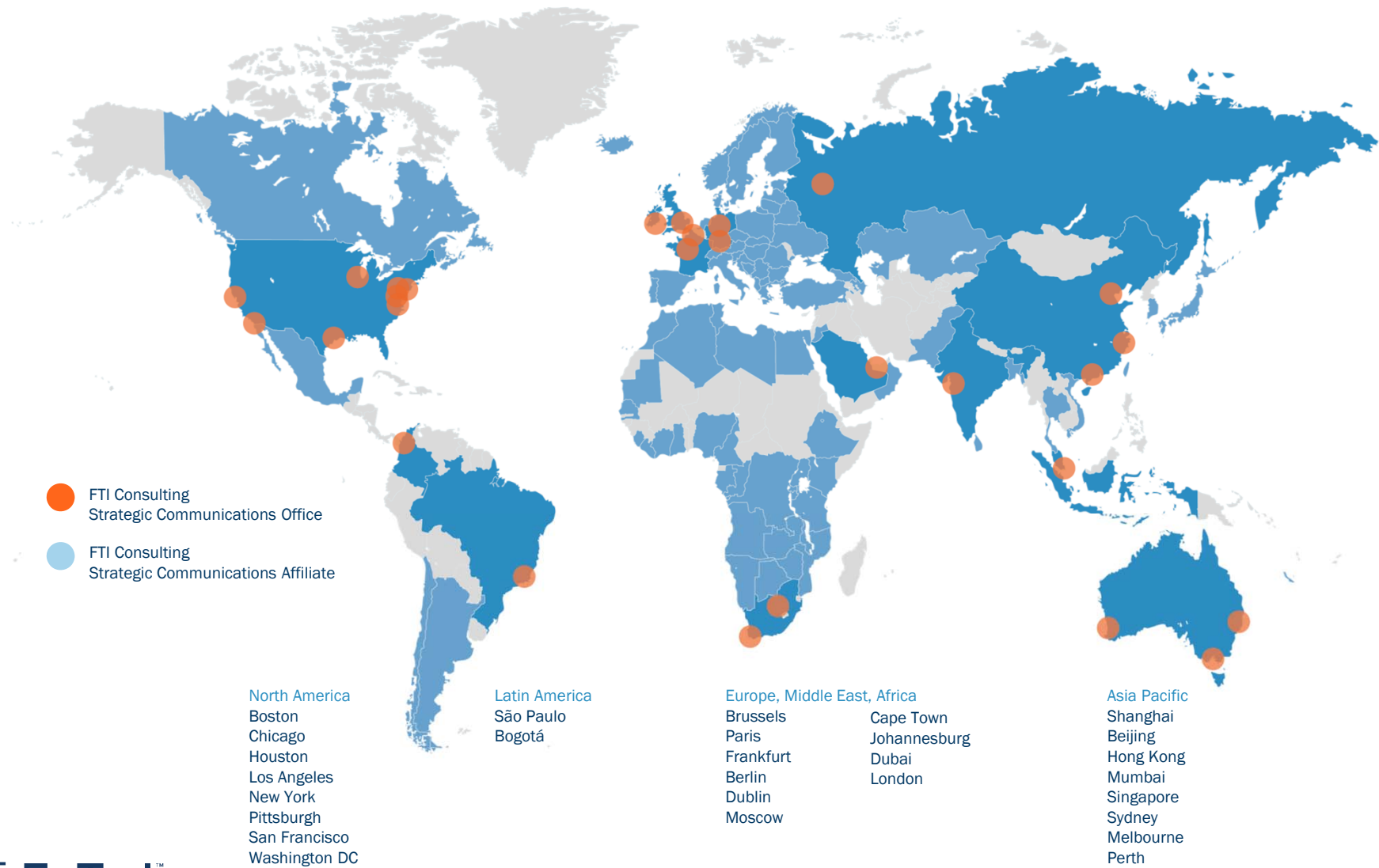
**15**

areas of deep  
industry  
expertise  
including:





# FTI Consulting Strategic Communications Offices



# FTI Consulting Segments and Practices

Strategic Communications	Corporate Finance/ Restructuring	Economic Consulting	Forensic & Litigation Consulting	Technology
<ul style="list-style-type: none"> <li>Financial Communications</li> <li>Capital Markets Advisory</li> <li>Investor Relations</li> <li>Public Affairs</li> <li>Reputation Management</li> <li>Crisis Communications</li> <li>Employee Engagement &amp; Change Communications</li> <li>Research</li> <li>Digital Communications</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring/ Turnaround Services</li> <li>Lead Financial Advisory</li> <li>Business Planning &amp; Cash Management</li> <li>Interim Management</li> <li>Insolvency &amp; Contingency Planning</li> <li>Valuation &amp; Financial Advisory Services</li> <li>Lending Solutions</li> <li>Performance Improvement</li> <li>Transaction Services</li> <li>Private Equity Advisory</li> <li>Tax Advisory</li> <li>Transfer Pricing</li> </ul>	<ul style="list-style-type: none"> <li>Business Valuation</li> <li>Claims &amp; Disputes</li> <li>Competition Damages and Market Investigations</li> <li>Competition Policy</li> <li>Derivatives and Structured Products</li> <li>Intellectual Property</li> <li>International Arbitration</li> <li>Public Policy</li> <li>Regulated Industries</li> <li>Securities Litigation</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Construction Solutions</li> <li>Forensic Accounting</li> <li>Forensic Investigations</li> <li>Financial &amp; Enterprise Data Analytics</li> <li>Governance, Risk &amp; Regulation</li> <li>Global Risk and Investigations</li> <li>Insurance Advisory</li> <li>Performance Analytics</li> </ul>	<ul style="list-style-type: none"> <li>Managed E-discovery Services</li> <li>Computer Forensics &amp; Investigations</li> <li>Discovery Consulting</li> <li>E-discovery Software &amp; Services</li> <li>Predictive Coding</li> <li>Data Analytics</li> <li>Mobile E-discovery Solutions</li> <li>Document Review</li> <li>Information Governance</li> </ul>

## Our specialist structure

**PRACTICE OFFERINGS:** Our three core practices, enhanced by a diagnostic foundation of Strategy Consulting & Research and innovative Creative Engagement tools, offer clients a full breadth of communications solutions.

Strategy Consulting & Research

Corporate  
Communicatio  
ns

Financial  
Communication  
s

Public  
Affairs

Digital & Consumer

**INDUSTRY SECTOR EXPERTISE:** Each practice is further strengthened by industry expertise, providing clients access to professionals who are focused on their particular sector with **key relationships** and in-depth **industry experience**.



Chemicals



Real Estate



Energy & Natural  
Resources



Consumer & Retail  
Industries



Life Sciences &  
Healthcare



Telecom, Media &  
Technology



Industrials &  
Support Services



Professional  
Services

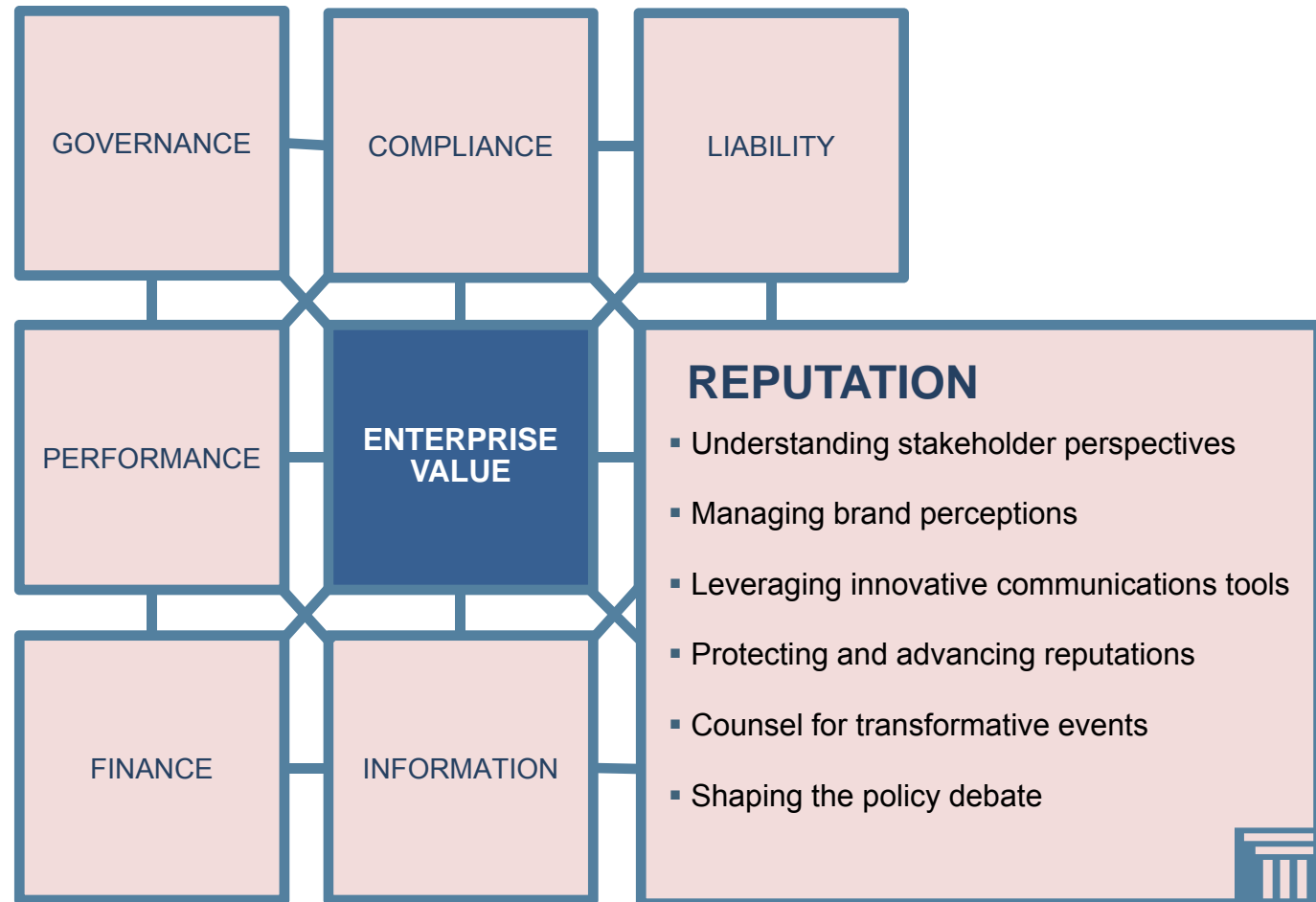


Financial Services



Travel & Transport

# Reputation: A Key Driver of Enterprise Value





## UK market backdrop for US businesses

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- US businesses are increasingly looking to the UK capital markets and AIM for equity liquidity
- Technology, healthcare and resources sectors are likely to be main beneficiaries
- UK investors desire exposure to USD assets and revenue streams from high-quality, growth-oriented SMEs in the light of political and fiscal uncertainty and the U.S. is undoubtedly best placed to capitalize on and continue the internationalization of AIM.
- There were three U.S. company IPOs on the London Stock Exchange's AIM during 2016; a biotech, an enterprise software firm and a company providing business support services and 14 of the 47 U.S. companies listed on AIM completed secondary offerings during 2016, raising the equivalent of \$131 million.

Why do you need strategic communications counsel?



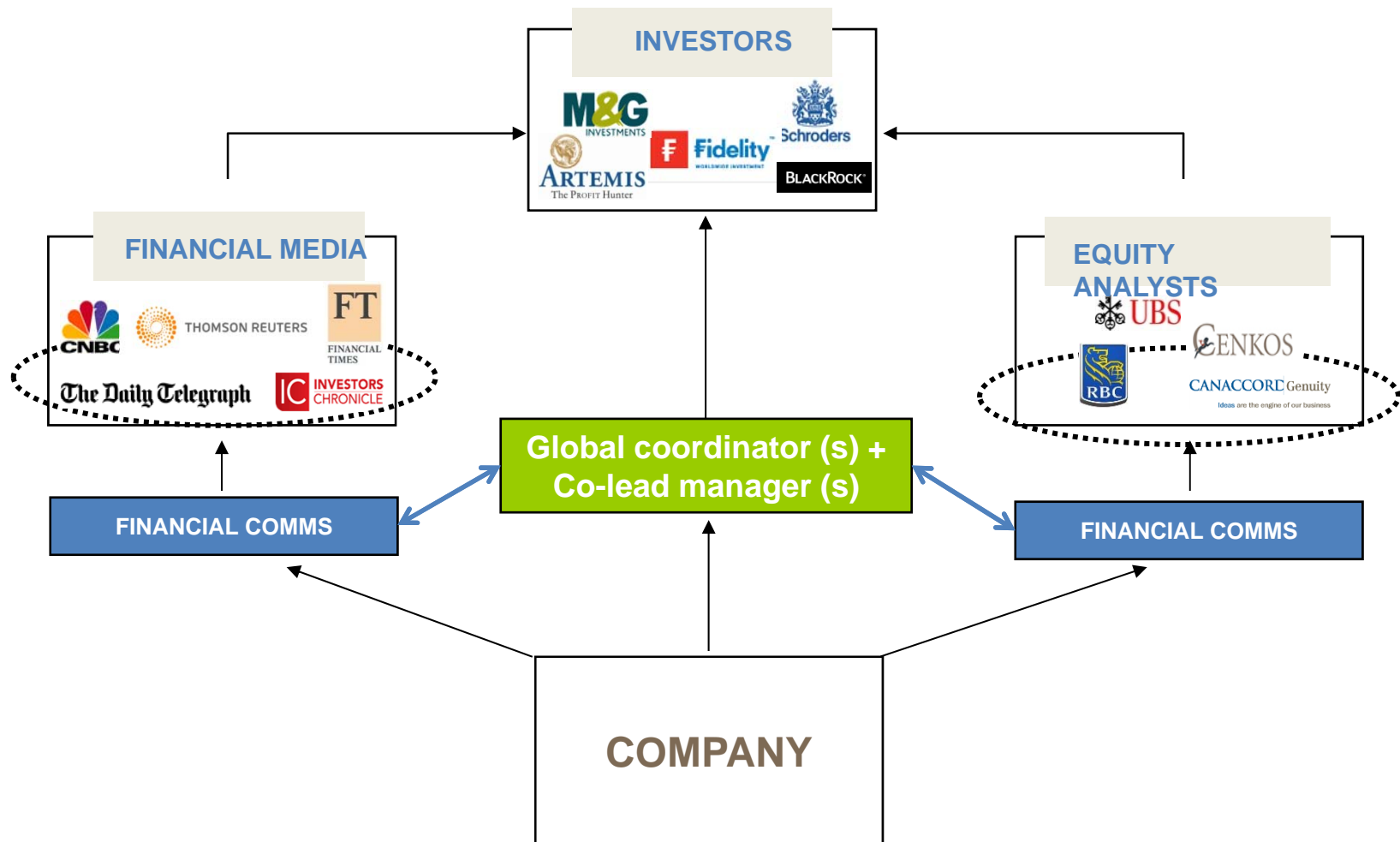


## Communications in the IPO process

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- **For most companies the IPO is their first launch into public consciousness**
  - Public scrutiny of commercial and personal details; plus country/Governments
  - New audiences – investors, sell and buy-side analysts and financial media
- **It is a moment of great reputational opportunity....**
  - ... and vulnerability
- **It is also an opportunity to realise true value for your business**
  - How you manage perceptions can have a material effect on the outcome
- **Communicating within the legal framework**
  - You can interact with UK media during an IPO or even if undertaking a S144a offer to QIP's in the US
  - The 'Golden Rule' – You must not speak to, or brief any journalist based in the US, however US journalists based outside of the US can be treated identically to any other European publication (S135e)

## Where we fit in – lines of influence





## What do we do?

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- We help you navigate through the reputational obstacle course of an IPO
  - We help build your profile in the investment community
  - We help build the valuation case
  - We help manage reputational risks
  - We make sure you feel fully prepared for dealing with your new stakeholders
- How?
  - Assistance with positioning
  - Bringing the story to the attention of the analyst community
  - Introducing the story to the media & sell-side
  - Managing crises that affect your reputation
  - Introducing you to the right people, at the right time

What will happen during the process?



## Communications Objectives for a listing in London

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Controlled and sustained entry to the market



Address market, operational and valuation issues and manage expectations



Maintain the momentum in the aftermarket



## IPO decision to official ITF

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Intention to Float



Publication of prospectus and price range



Pricing Notification



First day of trading





## Post IPO – keep up momentum

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- Maintain relationships with key audiences, whilst retaining operational focus
- Critical sell-side analysts are engaged with on a more formal basis, the following should be considered:
  - Group presentation, one to one meetings, site visits etc.
- Set out and plan the future financial calendar, e.g. first trading statement or set of financial results
  - Regular, but effective news flow
- Agree an ongoing media programme for existing and new targets
- Advise on all other capital markets communications – including content, tone, key messages, intended outcomes.
- Share up to date knowledge and best practice, City “eyes and ears”
- Close affiliation with mandated corporate broker

***“Deliver on expectations set throughout IPO process”***

# Case study - Allied Minds IPO



## SITUATION

FTI were engaged by Allied Minds to provide communications advice for the IPO and thereafter. With a low profile in the UK, it was crucial that the Company's brand and investment proposition were introduced to key investors, analysts and journalists covering the IP commercialisation, healthcare and technology sectors.

## STRATEGY

- Positioning the investment story for pre- and post-IPO support and momentum - Communicating success in achieving post-IPO targets
- Differentiating Allied Minds from UK rivals and simplifying the story of key subsidiaries
- Introducing the company to key financial media, sell-side analysts and investors in the space

## RESULTS

- Background meetings created pre-IPO understanding and support amongst financial media, analyst and investor community
- Strongly positive IPO media coverage followed by several IP commercialisation sector profiles initiated by FTI. Built broader analyst awareness and following
- Targeted specific audiences with specific subsidiary news flow
- Listed at 200p in July 2014, within 6 months 150% increase in SP- an increase in value of over £600m; Successfully raised new money for subsidiary company

## FINANCIAL TIMES

### US university spin-off group Allied Minds plans London IPO

By Tanya Powley

An intellectual property specialist with access to the vast research and development pipeline offered by the US military is joining the London stock exchange for its listing.

Allied Minds, a Boston-based company that commercialises research and inventions from universities, has already spent almost a decade

## THE WALL STREET JOURNAL

### European Biotech Firms Head to Wall Street

Biotech companies can fetch higher valuations in the U.S. than in their home markets. Boston-based Allied Minds PLC, a company that commercializes research from U.S. research, raised £124.4 million on London's main market



REUTERS

EDITION: U.S.

## Allied Minds prices London IPO at 190 pence per share

Allied Minds Plc said its initial public offering was priced at 190 pence per share, giving the U.S.-based company that commercialises research and inventions from universities a market capitalisation of 398 million pounds.

Allied Minds said it expected to raise about 76.2 million pounds (\$130 million) from the IPO, less than the \$140 million it said last month it hoped to raise.

The offer comprises a million shares to be offered in the IPO, according to a statement.

## FINANCIAL TIMES

### Allied Minds prices IPO, valuing intellectual property investor at £398m

By John Aillonby

Allied Minds, an intellectual property specialist with access to the US military's research and development pipeline, has set its initial public offering price at 190p, valuing the Boston-based company at £398m.

Founded by British financier Mark Pritchard in 2004, Allied Minds is floating just over 30 per cent of its stock, with 8.1 per cent being sold by existing shareholders, who include Invesco, Mr Pritchard and the P3 private equity fund. They stand to make £32.3m.



INTERACTIVE INVESTOR

Allied Mind IPO gives market cap of £398.0m





## Why FTI?

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- **We know the process**
  - We are the leading Financial PR advisor on IPO's
- **We know the sector**
  - We have significant experience working within each industry sector, with the benefit of relationships with the relevant sell-side and journalist contacts
- **We understand working in cross border and have people on the ground in all major global capital markets**
- **We are the quoted company market leader in the UK**

# Critical Thinking at the Critical Time™





# LONDON CAPITAL MARKETS FORUM



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**London**  
Stock Exchange Group