Market Tracker Trend Report

Equity Capital Markets 2020/21

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Background and approach

This report aims to provide an insight into the current dynamics of equity capital market (**ECM**) activity within the United Kingdom and what we can expect to see in the 12 months ahead.

LexisNexis Market Tracker has conducted research to examine current market trends in respect of ECM transactions during 2020, using 2018 and 2019 ECM transactions for comparative purposes. We reviewed a total of 597 transactions on the London Markets: 174 initial public offers (**IPOs**) (106 on the Main Market, 68 on AIM), and 423 secondary offers (230 on the Main Market, 193 on AIM).

For the section on standard listings we looked at the 25 companies which listed on the standard listing segment of the Official List in 2020 by way of IPO, introduction or transfer from AIM.

Data for this report has been sourced from the Market Tracker transaction data analysis tool which allows users to access, analyse and compare the specific features of corporate transactions. This is an update to our ECM UK Trend Report, which reviewed IPO activity and emerging trends in 2019/H1 2020.

The percentages included in this report have been rounded up or down to whole numbers, as appropriate. Accordingly, the percentages may not in aggregate add up to 100%.

The statistical analysis in this report reviews the period 1 January 2020 - 31 December 2020, while the legal and regulatory update reviews events up to 30 April 2021. Reference has been made to developments after this date if considered noteworthy.

Scope and methodology

Our thresholds are defined by the scope of the transactions covered by Lexis®PSL Market Tracker:

- Main Market IPOs
- AIM IPOs
- Secondary offerings (placings, open offers and rights issues) raising £10 million or more for the company (excluding open end investment companies and closed end investment companies)

Our IPO data excludes introductions and transfers between markets (save where indicated otherwise). Companies listing GDRs have been excluded from the market capitalisation data.

Market capitalisation has been calculated based on the closing price on the day of admission as quoted by the London Stock Exchange.

Where gross proceeds have been calculated, the figures refer to the gross proceeds received by the company and not the total gross proceeds raised, except where otherwise indicated.

Report highlights

33
IPOs on the Main Market in 2020

16
IPOs on AIM in 2020

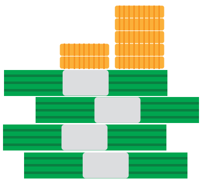
2020
JAN FEB MAR APR
MAY JUN JUL AUG
SEPT OCT NOV DEC

73% of 2020 IPO activity took place in Sept - Dec

£11.2bn 2020 vs **£14.1bn** 2019

aggregate market capitalisation across Main Market and AIM IPOs

+£5bn



one IPO with a market capitalisation in excess of £5 bn in 2020

66% of all companies listing on the Main Market in 2020 were standard listings

+161% combined secondary offer deal volume across the Main Market and AIM during Q2 increased by 161% on the previous year

2020 vs 2019

+36%
2020 IPO volume

+91%
gross proceeds raised by IPOs in 2020

+87%
secondary fundraising deal volume in 2020[1]

+204%
gross proceeds raised by Main Market secondary offers in 2020

+300%
rights issues in 2020

1 For secondary offerings over £10 million, structured as a placing, open offer or rights issue

Executive summary

The impact of the COVID-19 pandemic was wide-reaching and unsurprisingly took its toll on the global financial markets. A decreased investor appetite for risk stunted the IPO market in the first three quarters of the year but 2020 finished with a huge upturn in activity which has continued into 2021. Conversely, the economic consequences of the global shutdown, and its knock-on effect on specific industry sectors, led to a dramatic increase in existing companies obtaining further investment. Amid this rapidly changing backdrop, the London markets, already battered by geopolitical tensions and the fallout from Brexit, sought to attract investment, resulting in a variety of legal and regulatory developments set to significantly alter the ECM landscape in the coming year.

> *As this report highlights, London Stock Exchange provides a vital source of long-term equity capital, enabling companies to grow, scale and create jobs. The pickup in London IPOs that began in the fourth quarter of 2020 has continued in 2021 with IPO volumes and activity in the first quarter of this year at their strongest for over a decade. The ability of London listed companies to raise further capital as needed is also a benefit of being public that was brought sharply into focus in 2020 as companies on AIM and the Main Market quickly and efficiently raised equity to shore up balance sheets in face of the global pandemic but also to fund innovation and growth.*
>
> Marcus Stuttard, Head of AIM and UK Primary Markets, LSEG

IPOs

Brexit-related investor cautiousness continued from 2019 into the beginning of 2020. The impact of the COVID-19 pandemic saw IPO activity grind to a halt during the second quarter of 2020, and it is notable that a strong performance in the last three months of the year, which saw the markets bounce back after months of pent-up demand, resulted in 2020 deal volumes across both markets eventually outperforming 2019 activity by 36%, although overall activity was still 45% lower than in 2018.

> *The Ignitis IPO which launched in late September 2020 was the listing that fired the starting gun on the current wave of IPO activity that continues to gain momentum. It combined a Lithuanian retail share offer with a London institutional GDR offering and represented a strong vote of support for the London market post-Brexit.*
>
> Nicholas Holmes, Partner, Ashurst

Main Market IPOs

Main Market IPO activity increased by 27% on the previous year, with two-thirds of the year's deal activity taking place during Q4. Aggregate market capitalisation decreased by 21.5% from 2019, with the number of companies listing with a market capitalisation below £50m increasing from nine in 2019 to 16 in 2020. Nevertheless, notable transactions during 2020 included a listing on the standard segment of the Main Market by the Hut Group, which was the largest IPO of the year, valued at £5.8bn.

Despite the UK's withdrawal from the EU, the proportion of overseas companies listing on the Main Market increased by 44% from 2019. As confidence returned to the London markets, the last three months of the year saw three GDR offerings by overseas companies, two of which were IPOs that had been postponed in 2019. Aggregate gross proceeds raised in 2020 were almost double that of 2019, and 2020 saw an increase in transactions raising more than £500m. The figures were significantly boosted by the GDR offerings of China Pacific Insurance (Group) Co Ltd and China Yangtze Power Co Ltd, raising around £1.5bn each on the Shanghai-London Stock Connect segment.

As in previous years, the Investment sector dominated Main Market activity, accounting for 58% of all IPOs. The number of special purpose acquisition companies (SPACs) or cash shells listing on the standard segment of the Official List doubled from four in 2019 to eight in 2020.

> *The start of 2020 saw a combination of Brexit uncertainty and the impact of the COVID-19 pandemic cause investors to hold back on making new investments, particularly IPOs, as they retained cash ready to support their existing investments. As it became clear by the autumn that this support was not going to be required to the extent investors had planned for, they began looking for new opportunities to invest in, with The Hut Group IPO demonstrating their willingness to invest and opening the doors for the IPOs and growth (rather than recovery) fundraisings which followed during the remainder of the year and into 2021.*
>
> Alasdair Steele, Partner, CMS

AIM IPOs

The volume of AIM IPOs increased by 60% from 2019 to 16 IPOs in total, although this figure was still 62% lower than the deal volume seen in 2018. As with Main Market activity, the fourth quarter of the year was the busiest, accounting for 56% of the transaction volume for the year. However, aggregate market capitalisation was slightly lower than seen in 2019, decreasing by 6% to around £1.2bn. There was a significant increase in smaller companies joining AIM, with no companies valued at over £200m admitted to trading in 2020. Aggregate gross proceeds raised also decreased by 33% to £278m, with no companies raising in excess of £50m.

Healthcare was the most popular sector in 2020 for AIM IPO deal volume with four companies admitted to trading, including two companies involved in the COVID-19 testing market. Healthcare was also the highest in terms of aggregate market capitalisation on admission and aggregate gross proceeds raised. Surprisingly, two companies in the Travel, Leisure, Hospitality & Tourism sector also made their debut on AIM in 2020.

> *Primary market activity was low compared to previous years as investors prioritised support of existing investee companies, many of which sought to strengthen their balance sheets in the face of the uncertainty caused by the impact of the Covid-19 pandemic. At the same time, potential issuers were understandably reluctant to debut on the market when uncertainty over future trading and the increased competition for capital would have likely squeezed valuations and the quantum of their proposed fundraising.*
>
> *One consequence of the above was to store up both IPO demand and the pipeline of issuers looking to admit to the UK capital markets which is being felt in 2021.*
>
> James Spinney, Strand Hanson

Secondary offerings

The global pandemic resulted in a significant increase in secondary offerings during 2020, with overall deal volume up by 87% on 2019. Aggregate gross proceeds raised on the Main Market increased by 204%, and by 88% on AIM.

Companies turned to investors to strengthen their balance sheets, increase working capital, and take advantage of post-pandemic acquisition prospects, with the timing of most transactions reflecting the two waves of the COVID-19 pandemic. Combined deal volume across the Main Market and AIM during the second quarter showed an increase of 161% on the previous year. The second quarter of 2020 accounted for 47% of gross proceeds raised across both markets during the year, and Q4 saw a second peak in funds raised, representing 33% of all gross proceeds in 2020.

Unsurprisingly, given the pandemic-related restrictions on travel, most transactions took place in the Travel, Leisure, Hospitality & Tourism sector, which accounted for 22% of all secondary offerings and 25% of all funds raised. The sector accounted for four of the highest grossing transactions overall, although the largest transaction of the year was in Computing & IT via a £2.8bn rights issue by Aveva Group. There was an overall increase in rights issues in 2020, which saw eight announced compared to only two in 2019.

> *With companies seeking to raise money quickly, either in the immediate aftermath of the Covid-19 pandemic, or as markets opened up in the last quarter of 2020, we again saw an increased use of cash boxes to enable fundraises to close quickly.*
>
> *2020 also saw an increase in the popularity of the PrimaryBid platform as an alternative to the open offer when seeking to encourage retail participation and there has been an acceleration of this in 2021 with high profile uses such as on the Deliveroo IPO broadening PrimaryBid's reach.*
>
> Alexander Keepin, Partner, BCLP

Standard listings

Standard listings have slowly increased in popularity over the past few years, and in 2020, 66% of companies listing on the Official List by way of IPO, introduction or transfer from AIM, opted for a listing on the standard listing segment as opposed to the premium listing segment. It is notable that the largest IPO of 2020 by market capitalisation, The Hut Group plc, opted for a standard listing. The company chose the standard listing segment to allow it to pursue a dual-class structure, even though it would be excluded from inclusion in the FTSE indices. The standard listing segment also attracted some significant overseas listed companies seeking an introduction such as TSX and NYSE listed Wheaton Precious Metals (market cap £16.4bn on introduction) and Yamana Gold market cap £4.5bn on introduction.

In addition to its appeal as a less costly route to access a UK listed market without having to comply with the onerous requirements of the premium listing segment, and for secondary listings, standard listings have been under the spotlight following Lord Hill's UK Listing Review report published in March 2021 which recommended a rebrand and re-positioning of the standard listing segment. The review has also called into question the exclusion of standard listed companies from the FTSE indices.

> *Despite an increase in listings in the period, the standard list remains something of an anomaly, generally chosen by companies not suited to a premium listing on the Main Market, or AIM, for particular reasons – such as a cash shell raising less than the minimum £6m required by the AIM Rules or, at the larger end, companies wishing to retain a dual class share structure post-listing. The market has proved popular with companies in the natural resources sector, often incorporated or with a home listing elsewhere. The standard list has been identified in Lord Hill's UK Listing Review as suitable for a relaunch, so we can expect to see regulatory change in this area.*
>
> Adam Carling, Partner, Bird & Bird

Legal and regulatory developments

2020 saw several important legal and regulatory developments in the sphere of UK equity capital markets as the government and regulators tackled Brexit and the COVID-19 crisis and sought to make the UK public markets more attractive to companies.

Brexit-related changes came into effect at the end of the implementation period as the Prospectus Regulation and the Market Abuse Regulation were onshored. The pre-Brexit position was largely maintained but with some modifications, such as, the loss of the ability of passport prospectuses between the UK and the EEA, the free-float requirement now covering shares in all jurisdictions and EEA issuers listed on UK markets being treated the same way as UK issuers.

The FCA and industry bodies were quick to react to the COVID-19 pandemic with guidance and the easing of certain regulatory restrictions. In particular, the Pre-Emption Group helped issuers to conduct larger fundraisings by relaxing their guidelines on non- pre-emptive issues.

The government launched the UK Listing Review which was followed by Lord Hill publishing wide-ranging recommendations in March 2021. The government and the FCA have already committed to take most of the proposals forward with consultations expected throughout 2021.

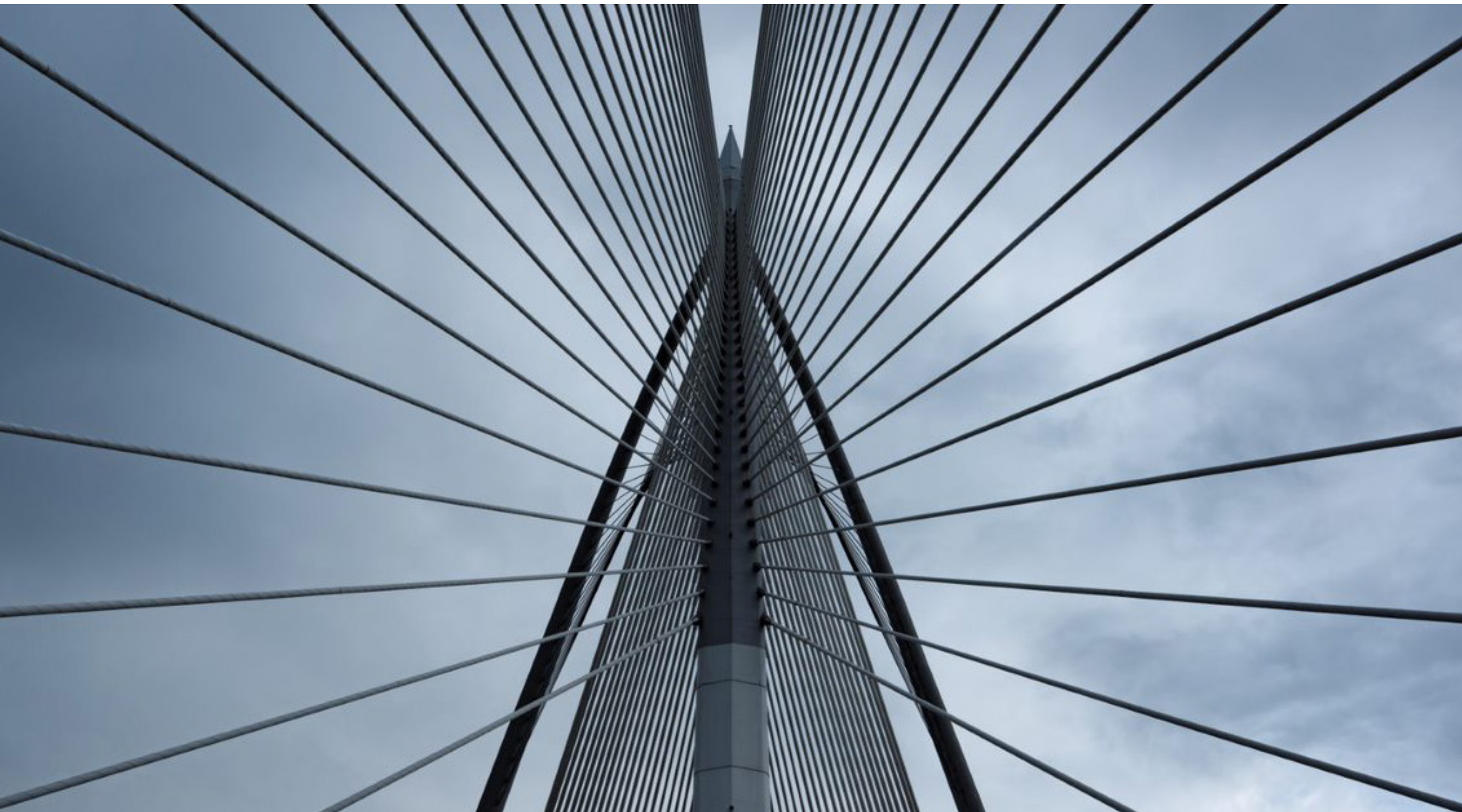
Whilst the UK Listing Review seeks to open up London's equity markets the government is also due to consult on a precautionary power to prevent securities listings on UK public markets on national security grounds in addition to the restrictions on foreign investment in the UK in certain sectors introduced in the National Security and Investment Act 2021.

ESG (Environmental, Social and Governance) has been a hot topic in 2020 with the government intending to introduce mandatory reporting of climate-related information across the economy by 2025, with a significant portion of mandatory requirements in place by 2023 in line with recommendations of the Task Force on Climate-related Financial Disclosures. The FCA has introduced mandatory climate-related disclosure requirements for commercial companies with a premium listing and the government is consulting on extending the requirement to a wider set of entities, including listed and AIM UK companies with more than 500 employees.

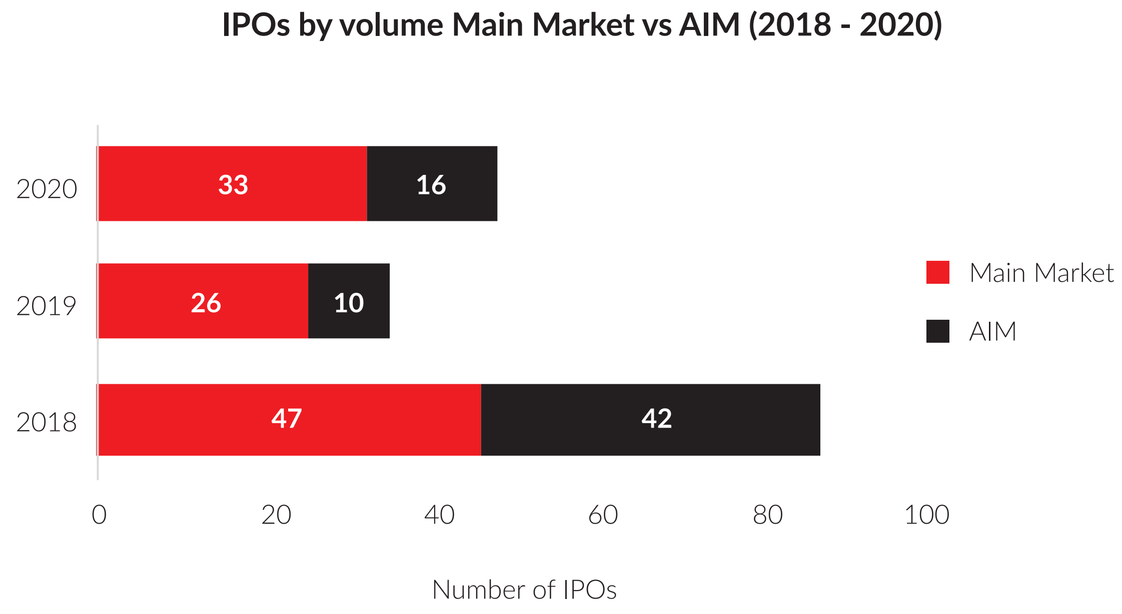
For more details on these and other developments, see the Legal and Regulatory section of this report.

> *Despite Brexit, London is continuing to attract capital and international companies and Lord Hill's review has the potential to increase London's attractiveness further.*
>
> Alexander Keepin, Partner, BCLP

> *2021 could be a year of significant change to the UK listing environment following some of the most extensive proposals for changes in years as London seeks to compete with New York for the large, high profile listings, particularly of technology companies. Investors acceptance of the dual-class share structure in The Hut Group has put pressure on the UK regulator to reconsider its position on this and a number of other areas where the UK regime is considered to be losing out to New York, such as the rules on SPACs and minimum free float.*
>
> Alasdair Steele, Partner, CMS



1. IPOs

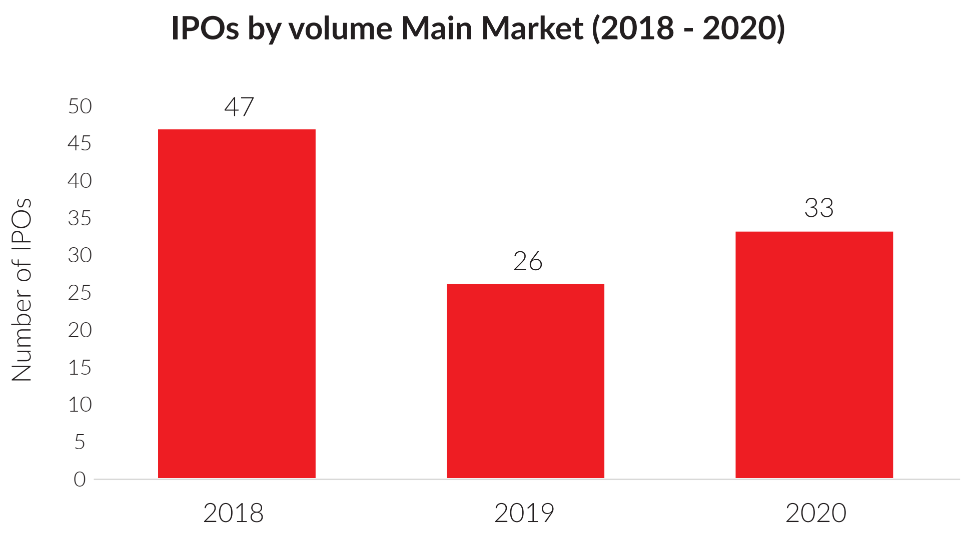


Despite a year where investor concerns about Brexit resulted in a cautious start and the negative effects of a global pandemic on the economy continued to impact deal volumes during the first half of the year, 2020 saw a slight increase in overall deal volume across the Main Market and AIM combined. AIM crept back from a low point last year to account for 33% of all IPOs on the London markets, possibly indicating a renewed appetite for the junior market with its lighter regulatory burden and general appeal to smaller companies in niche sectors. In the last quarter of 2020 we saw an increase in investors seeking investments in the equity markets which has in part seen an increase in activity on AIM and also SPACs and cash shells.

> *Overall, despite the initial decrease in IPOs in the immediate aftermath of Covid, we saw much more activity in 2020 when compared with 2019. 2020 ended particularly strongly as investors sought a home for their capital, a trend which has continued into 2021.*
>
> Alexander Keepin, Partner, BCLP

IPOs on the Main Market

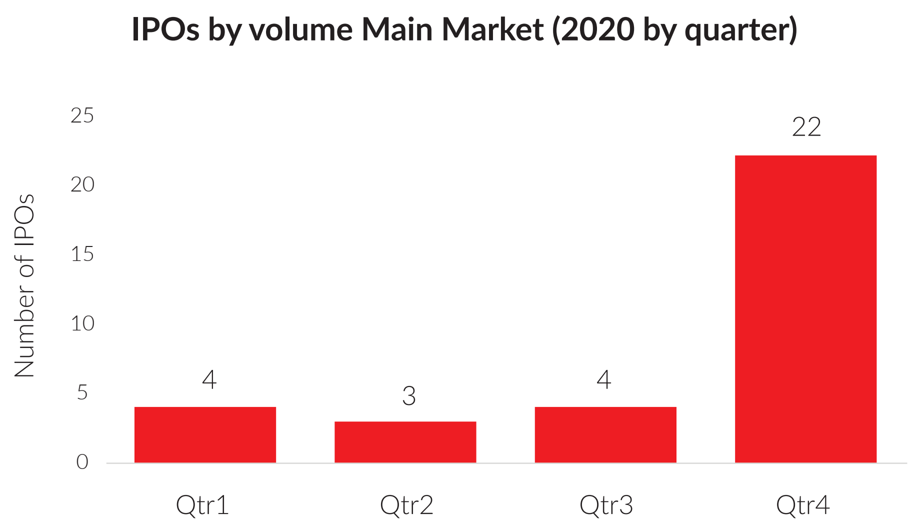
Transaction volume



2020 was a challenging year for IPOs although overall there were 33 Main Market IPOs which was an increase of 27% on the figure for the previous year. Uncertainty surrounding Brexit and the UK election and geopolitical tensions had a severely depressing effect on IPO activity in 2019.

The end of 2019 had seen some confidence return with hopes for a stronger IPO market in 2020 however the impact of the COVID-19 pandemic meant that IPO activity almost ground to a halt in the first half of 2020.

Deal volume by quarter



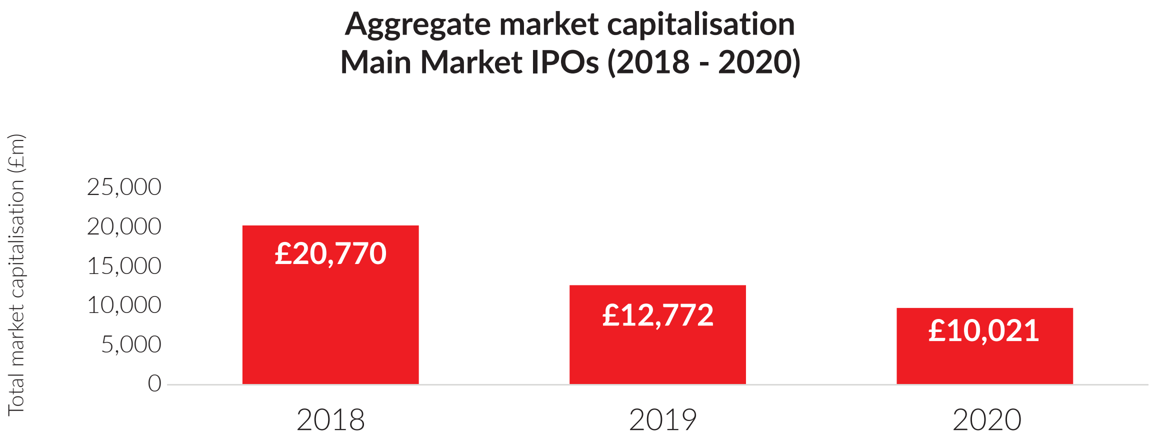
The effects of the global pandemic can clearly be seen on IPO activity in the first three quarters of the year. However, there were some notable Main Market IPOs in this period:

- the smart meter company, Calisen plc, floated in February 2020 with a market capitalisation of £1.3bn on admission
- two global depositary receipt (GDR) offerings on the Shanghai-London Stock Connect segment by China Pacific Insurance (Group) Co Ltd and China Yangtze Power Co Ltd both raising around £1.5bn
- The Hut Group plc listed on the standard segment of the Main Market in September 2020 with a market capitalisation of £5.8bn

The last quarter of the year saw a significant surge in Main Market IPOs reflecting a more positive outlook following progress being made with COVID-19 vaccines, easing of lockdowns and more certainty around the UK's post-Brexit relationship with the EU.

22 Main Market IPOs completed in the last three months of the year including three overseas companies undertaking GDR offerings, two of which had postponed initial IPO plans in 2019 due to market conditions.

Aggregate market capitalisation[2]

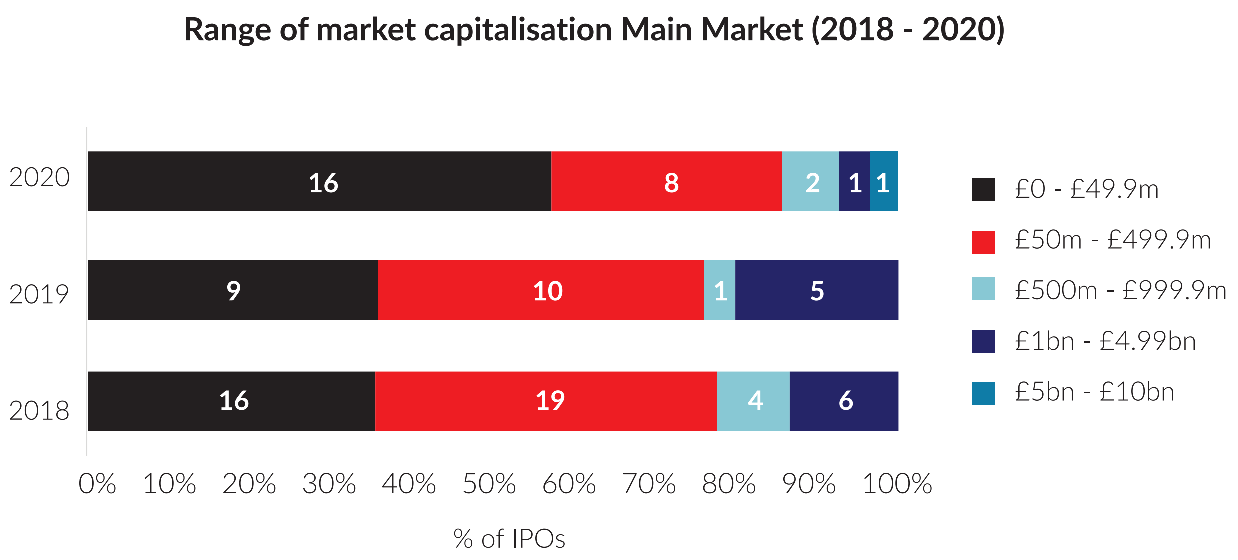


The aggregate market capitalisation of companies completing a Main Market IPO in 2020 decreased by 21.5% from the 2019 figure (2019: £12,272m, 2020: £10,021m). The data also indicates a decline of 52% for aggregate market capitalisation values for Main Market IPOs between 2018 to 2020.

The average market capitalisation for a company listing on the Main Market in 2020 was £358m which was a decrease of 30% on the average for 2019 (£511m) and 23% down on the average of £462m in 2018.

2 Market capitalisation figures exclude companies listing GDRs

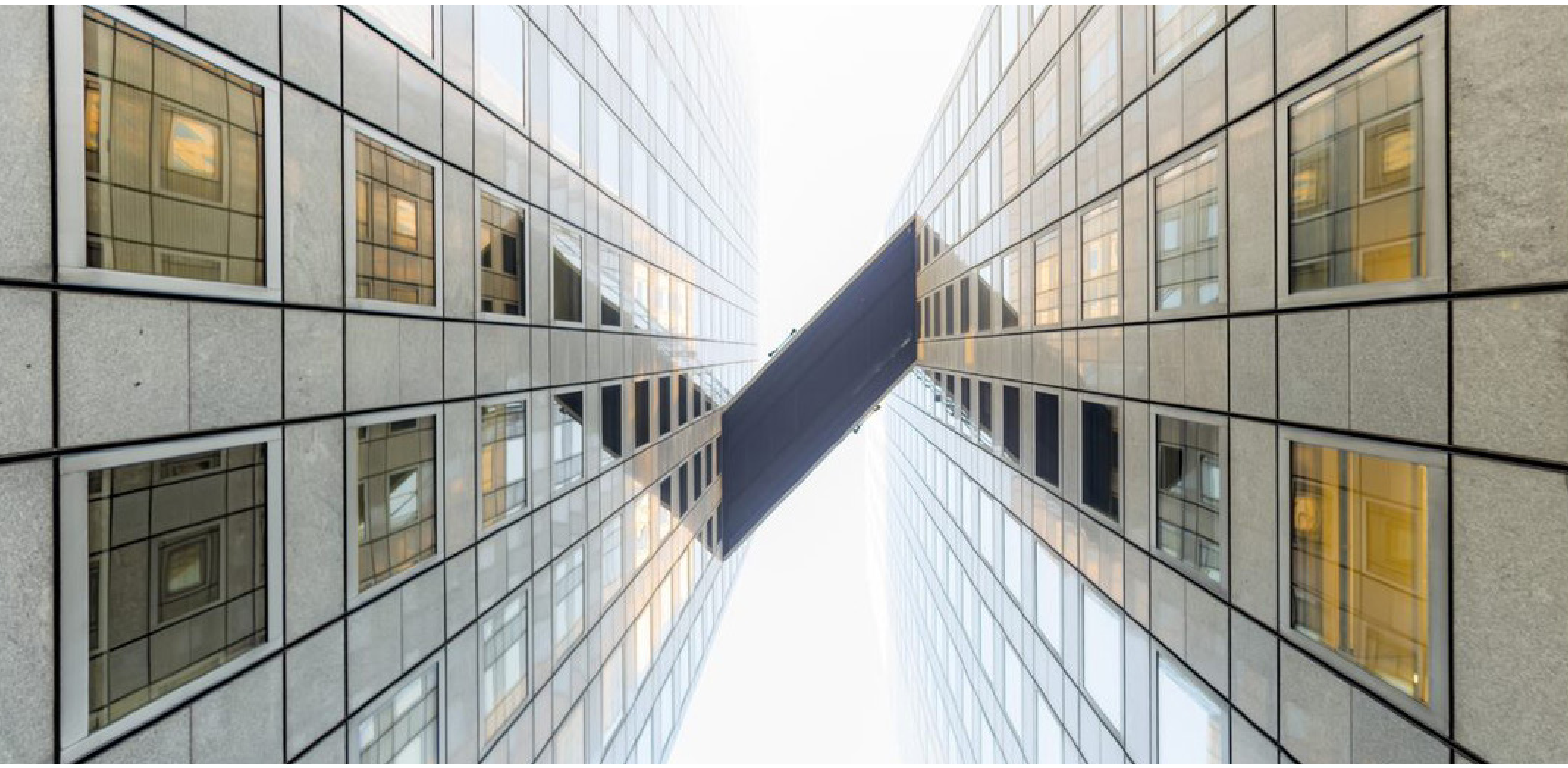
Range of market capitalisation[3]



The more favourable market conditions at the end of 2020 seem to have helped smaller companies listing on the Main Market. Companies listing with an opening market capitalisation of below £50m made up a greater percentage of all Main Market IPOs in 2020 than in previous years with 57% of transactions falling into this range. This compares to 36% in both 2019 and 2018.

Proportionally, less companies with a market capitalisation of over £500m listed in 2020 (14%) than in the previous two years (24% in 2019; 22% in 2018).

However, in 2018 and 2019 no company was valued at over £5bn but 2020 saw one company, The Hut Group, listing with a market capitalisation over this amount.



3 Market capitalisation figures exclude companies listing GDRs

Deals in focus: Top IPOs by market capitalisation

THG HOLDINGS PLC (The Hut Group)

Date admitted to trading: 21 September 2020
Country of incorporation: England & Wales
Segment: Standard
Market capitalisation: £5.82bn
Sector: Consumer Products
Reasons for offer/use of proceeds: acquisition; facilitate capital raising; raise profile; shareholder realisation of investment; support future growth

The largest IPO in terms of total gross proceeds raised under the offer in the past three years was The Hut Group, an online retailer with technology at its core. It licenses out its ecommerce platform and other services to other brands around the globe.

The transaction was unusual as the company listed with a share structure which gave the founder, Matthew Moulding, a 'golden share' with enhanced voting rights in the case of a change of control of the company. Because of the share structure, The Hut Group was not eligible for a premium listing and listed on the standard listing segment meaning it is not eligible for inclusion in any of the FTSE indices (as standard listed companies are currently excluded from the FTSE UK Index series).

CALISEN PLC

Date admitted to trading: 12 February 2020
Country of incorporation: England & Wales
Segment: Premium
Market capitalisation: £1.32bn
Sector: Energy & Utilities
Reasons for offer/use of proceeds: debt repayment; general working capital; raise profile; support future growth

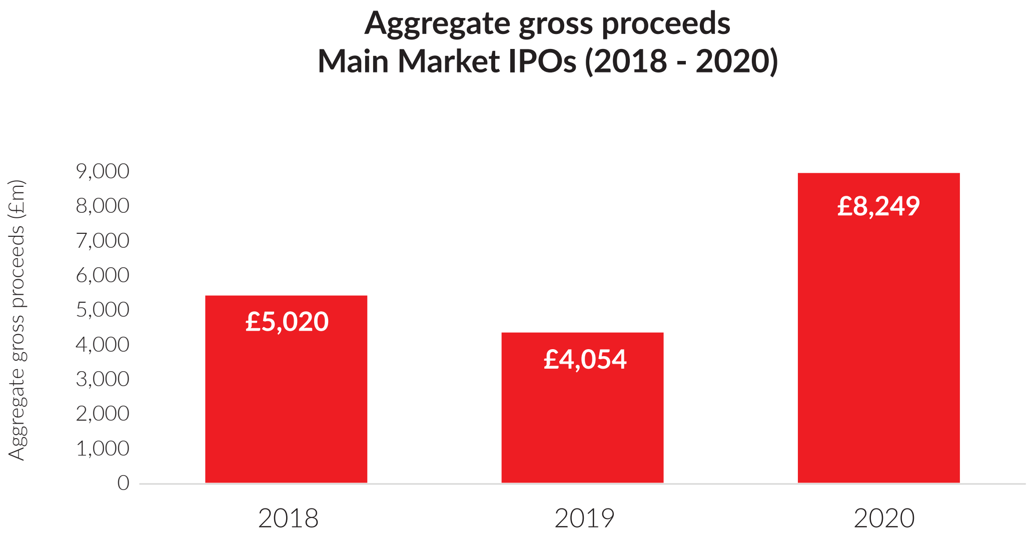
Calisen plc is a leading owner and manager of essential energy infrastructure assets which provides smart energy meters to homes as part of government plans for smart meter installation to help consumers manage energy use. The FTSE 250 company was the subject of a £1.43bn consortium takeover bid in December 2020 which saw the company being taken private less than a year after its IPO.

CONDUIT HOLDINGS PLC

Date admitted to trading: 7 December 2020
Country of incorporation: Bermuda
Segment: Standard
Market capitalisation: £836.11m
Sector: Financial Services
Reasons for the offer/use of proceeds: write reinsurance in line with business plan; working capital

Conduit Holdings is a start-up reinsurance underwriting business formed to take advantage of what the directors believe are favourable underwriting conditions in certain classes of reinsurance business. The prospectus states that the directors believe 'there is currently a general market opportunity similar to the previous hard markets' based on years of significant catastrophe losses (including those caused by Hurricanes Harvey, Irma and Maria) and significant loses and uncertainty caused by the COVID-19 pandemic.

Gross proceeds received by the company



Despite the difficulties caused by the pandemic, aggregate gross proceeds raised by companies in Main Market IPOs in 2020 surpassed figures for both 2019 and 2018. In 2020 an aggregate of £8,249m was raised by companies in Main Market IPOs which is just over double the amount raised in 2019 and an increase of 64% on the aggregate amount raised in 2018.

Average gross proceeds raised per company in a Main Market IPO in 2020 was the highest for the last three years at £250m (2019: £156m; 2018: £107m).

Average gross proceeds raised per company in 2020 (excluding companies undertaking GDR offerings) was £134m.

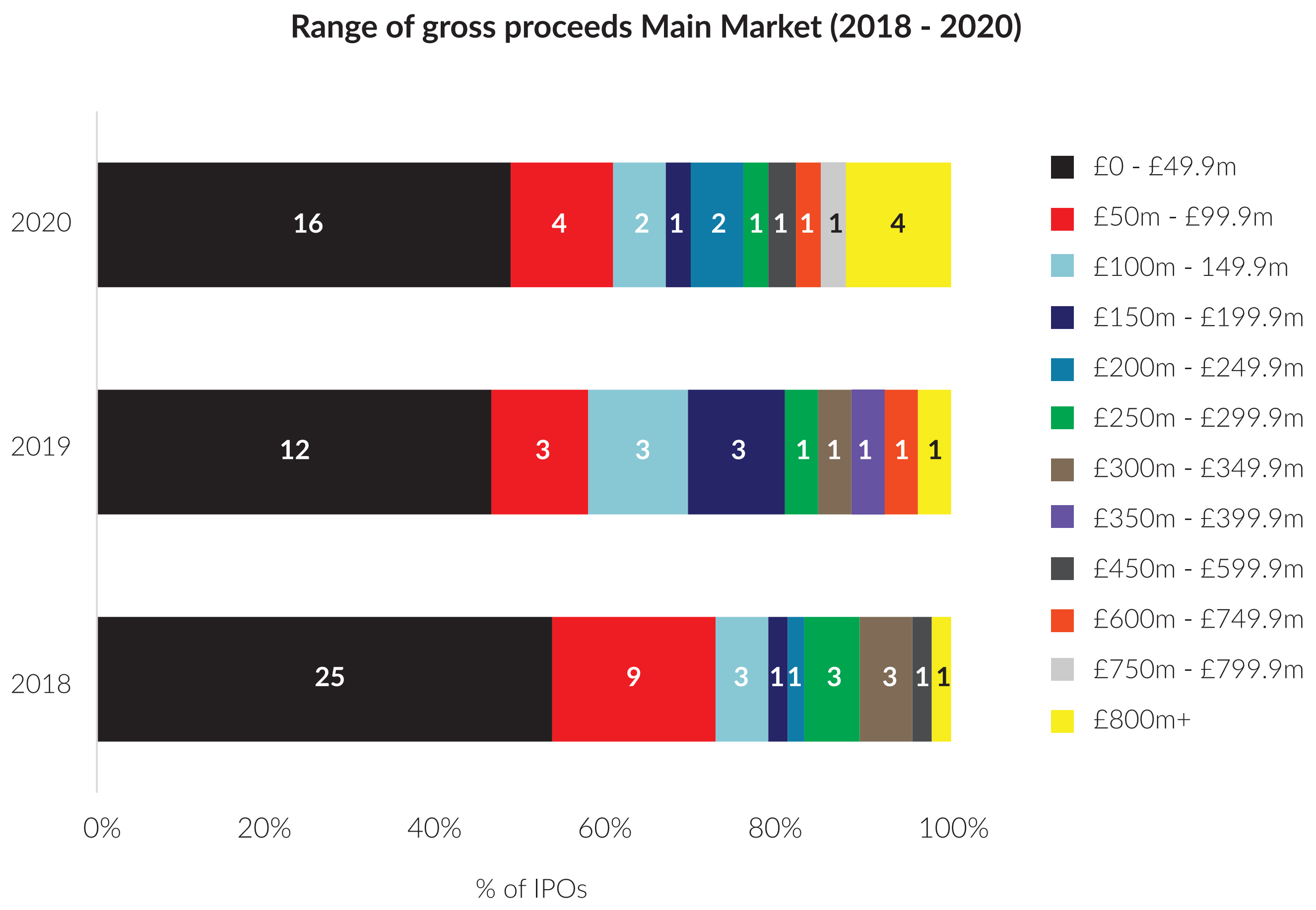
GDR offerings

The 2020 figures were boosted by the five GDR offerings which together raised £4,486.34m, 54% of aggregate gross proceeds.

Three Chinese companies listed GDRs on the Shanghai-London Stock Connect segment of the Main Market raising a total of £3.3bn in gross proceeds.

In addition, two other overseas companies listed GDRs on the Main Market together raising £1.1bn in gross proceeds.

Range of gross proceeds



The majority of IPOs in 2020 (57%) raised gross proceeds of less than £50m. However, 2020 also saw an increase in transactions raising in excess of £500m, accounting for 11% of companies in comparison to 4% in 2019 and 2.2% in 2018. Four IPOs raised in excess of £800m: luxury retailer The Hut Group, reinsurance company Conduit Holdings Limited and the GDR offerings by China Yangtze Power and China Pacific Insurance.

Top three IPOs in terms of gross proceeds

The top three IPOs in terms of gross proceeds all listed on the standard listing segment of the Official List (these included two GDRs offering by Chinese companies on the Shanghai-London Stock Connect segment).

CHINA PACIFIC INSURANCE (GROUP) CO., LTD

Date admitted to trading: 22 June 2020

Country of incorporation: China

Segment: Standard

Gross proceeds: £1.58bn

Sector: Financial Services

Reasons for offer/use of proceeds: general working capital; raise profile; support future growth

CHINA YANGTZE POWER CO., LTD

Date admitted to trading: 30 September 2020

Country of incorporation: China

Segment: Standard

Gross proceeds: £1.55bn

Sector: Energy & Utilities

Reasons for offer/use of proceeds: debt repayment; general working capital

THG HOLDINGS PLC

Date admitted to trading: 21 September 2020

Country of incorporation: England & Wales

Segment: Standard

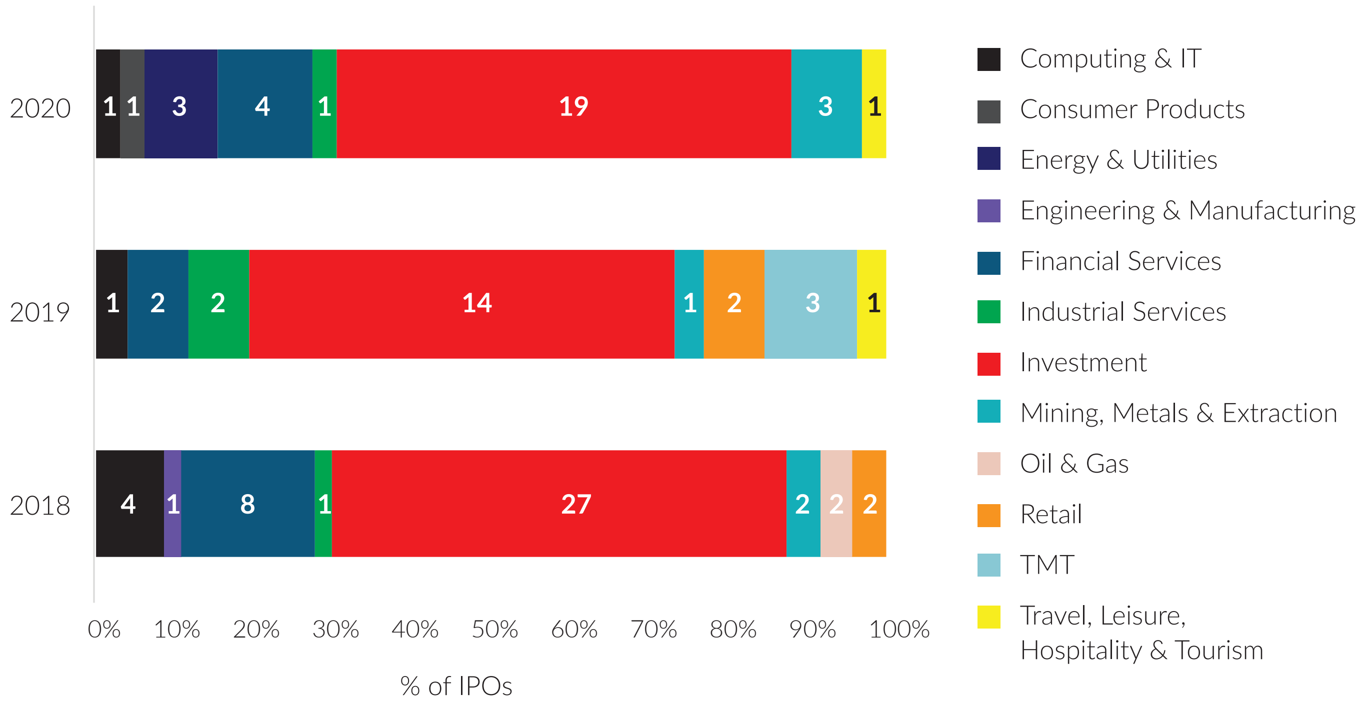
Gross proceeds: £920m received by the company (total gross proceeds under the offer of £1.88bn)

Sector: Consumer Products

Reasons for offer/use of proceeds: acquisition; facilitate capital raising; raise profile; shareholder realisation of investment; support future growth

Industry focus

IPOs by industry sector Main Market (2018 - 2020)



As in previous years, the Investment sector dominated 2020 Main Market IPOs with 19 companies listing in that sector. The next most popular sector was Financial Services (four companies) followed by Energy & Utilities, and Mining, Metals and Extraction (both these sectors saw three companies listing).

The one IPO shown in the Travel, Leisure, Hospitality & Tourism sector in 2020 was Guild Esports plc, the gaming company falling within the Leisure sub-sector. As expected, there was no IPO activity in the Retail, Hospitality or Travel sub-sectors which were severely impacted during the COVID-19 pandemic.

- ## Investment

19 Main Market IPOs in 2020 were in the investment sector.

Eight of these were special purpose acquisition companies (SPACs) or cash shells which listed on the standard segment of the Official List (not being eligible for a premium listing). 2019 saw four SPAC Main Market IPOs.

There has been much press comment about London missing out on SPAC listings in recent years. Under the FCA Listing Rules when a listed SPAC announces an acquisition, its shares will usually be suspended from trading on the basis that there is insufficient publicly available information about the enlarged company meaning that investors are unable to trade their shares until the suspension is lifted. The UK Listing Review chaired by Lord Hill, which published its report in March 2021, recommends changing the rules relating to SPACs so that they are not automatically suspended on the announcement of an acquisition. For further comment on the UK Listing Review and the FCA consultation proposing changes to the Listing Rules to encourage a wider range of SPAC listings see the Legal and Regulatory Developments section of this report.

> *2020 was the year of the SPAC, at least in the US, where new issuances soared to new heights, a trend which continued, if not accelerated, into 2021. Unsurprisingly, the UK followed suit with a number of SPACs looking to come to the market, albeit that many were considerably smaller than their US brethren. Markets around the world have started looking at capturing more of the SPAC business, with regulators looking at adapting listing rules to address perceived restrictions in their home markets which discourage such listings.*
>
> Alasdair Steele, Partner, CMS

Two investment companies listed on the Specialist Fund Segment (Nippon Active Value Fund plc and Triple Point Energy Efficiency Infrastructure Company Plc).

Although the investment sector dominated 2020 Main Market IPOs in terms of deal volume, the 19 investment sector IPOs represented only 13 % of all funds raised by companies (£1bn in aggregate). This is similar to the amount raised in investment sector Main Market IPOs in 2019 (£1.2bn) which was raised by ten companies.

Only two investment companies made it into the top ten Main Market IPOs in terms of gross proceeds raised.

> *Throughout the year, which has been typified by continued low interest rates and little indication of any meaningful raises any time soon, investment companies have proven to be attractive to investors, both in terms of appetite for the paunch of new funds as well as continued investment into existing ones. ESG credentials and relatively secure and attractive dividend yield were common features in investment companies coming to the market.*
>
> Alasdair Steele, Partner, CMS

• Financial Services

The Financial Services sector saw four Main Market IPOs in 2020: China Pacific Insurance (Group) Co., Ltd (GDR offering), JSC Kaspi.kz (GDR offering), Conduit Holdings Ltd and Mode Global Holdings plc.

These IPOs raised £3.18 bn in aggregate gross proceeds representing 39% of all funds raised in Main Market IPOs in 2020.

• Energy & Utilities

2020 saw three large IPOs in the Energy sector which were all GDR offerings by overseas companies (China Yangtze Power Co Ltd, AB Ignitis Grupe and SDIC Power Holdings Co Ltd).

These companies raised £2.13bn in aggregate representing 26% of all funds raised in Main Market IPOs in 2020.

All three companies have operations in renewable energy projects. China Yangtze is the largest hydropower company in the world with four hydroelectric projects along the Yangtze river. SDIC Power Holdings, another Chinese power generation company, is the third largest hydropower company listed in China with a portfolio of projects across hydropower, coal-fired power, wind power and solar power. AB Ignitis Grupe is the largest utility and renewable energy group in Lithuania and the Baltic region with the majority of power generation coming from renewable sources.

• Mining, Metals & Extraction

The three companies in the mining sector completing 2020 Main Market IPOs all listed on the standard listing segment: Panther Metals plc, the Australian copper miner Castillo Copper Limited and Tirupati Graphite plc, which mines graphite in Madagascar.

Similarly, the two 2019 mining sector IPOs were completed on the standard listing segment.

2017 and 2018 saw larger Main Market IPOs in the mining sector: JSC NAC Kazatomprom, EN+ Group plc and Polyus PJSC, which were all GDR offerings.

The mining sector has also seen significant activity in recent years for introductions by overseas companies seeking secondary or additional listing, which are not captured in the IPO statistics.

> *Both commodity pricing and ESG requirements have driven the mining of materials prevalent in and critical to green energy production and green technology, particularly the batteries required to power electric vehicles. Whilst this latter application has often drawn headlines for rare earths and lesser known metals, forecast demand from the sector is seen a principal driver of the copper price, reflecting its importance to electric vehicle production.*
>
> James Spinney, Strand Hanson

• Travel, Leisure, Hospitality & Tourism

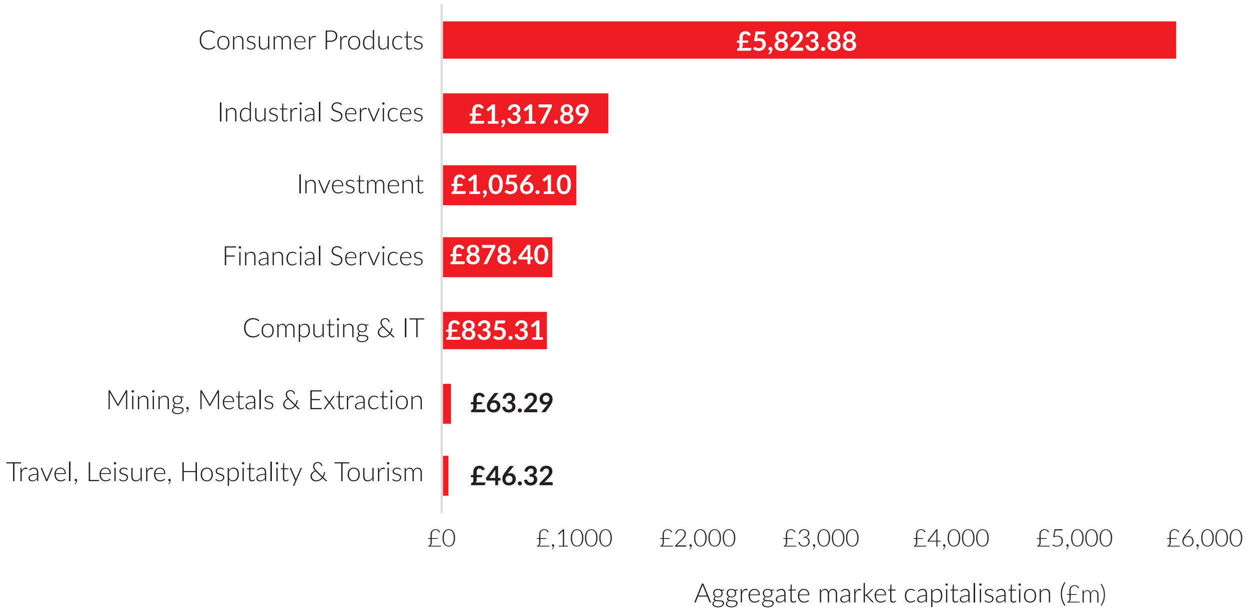
Guild Esports Plc, capitalising on the lockdown measures imposed during the coronavirus pandemic, became the first esports company to list on the London Stock Exchange. The company listed on the standard listing segment of the Main Market with David Beckham as a founding shareholder.

• Consumer Products

The online retailer, The Hut Group plc, was the only company listing on the Main Market in 2020 in the Consumer Products sector. Although classified in this sector, it has technology at its core and has been hailed as a UK tech success raising £1.88 bn in the largest IPO of the year in terms of total gross proceeds. The Hut Group plc listed on the standard listing segment with a dual-class share structure giving the founder weighted voting rights on a takeover bid.

The government is keen to encourage more technology companies to list in London and this was a key driving force behind the UK Listing Review. One of Lord Hill's recommendations is to allow companies with dual-class shares structures (often favoured by founders of tech companies) to list on the premium listing segment. For further information on the UK Listing Review see the Legal and Regulatory Developments section of this report.

Industry sector by aggregate market capitalisation - Main Market[4] (2020)



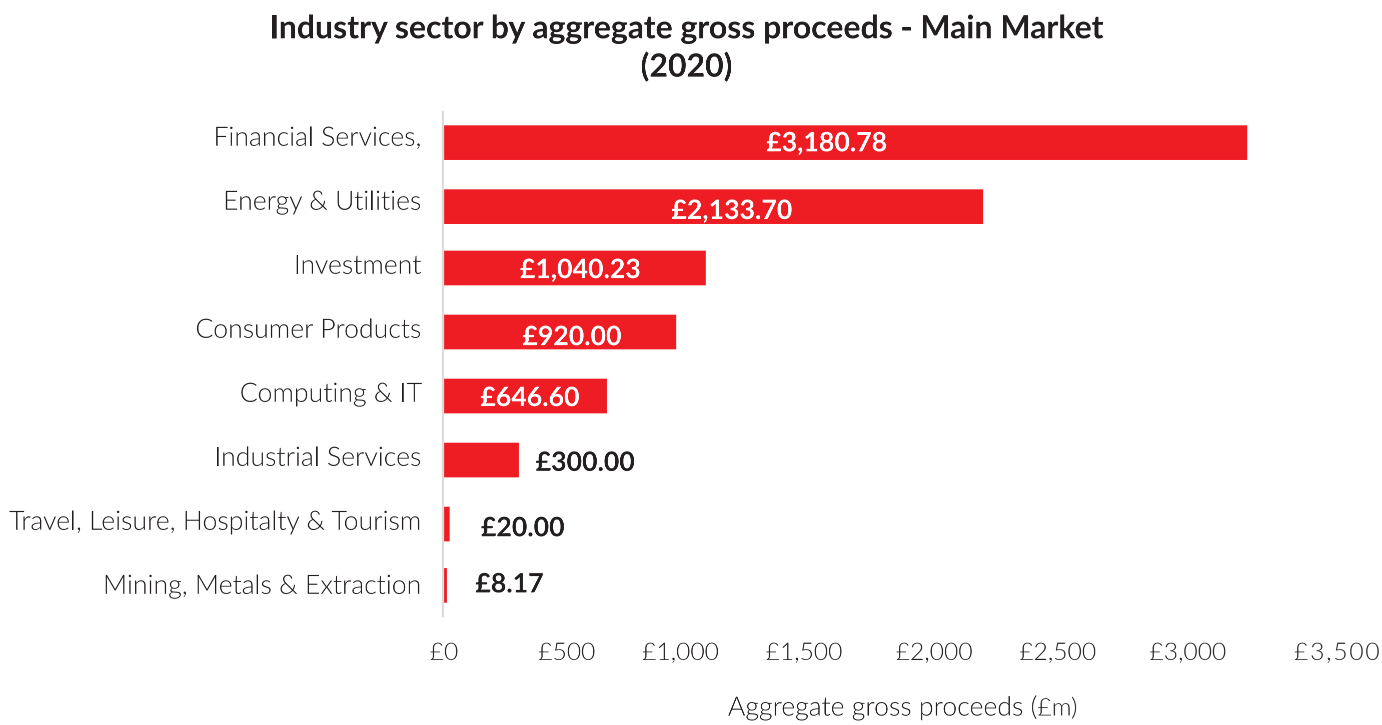
The Consumer Products sector and the Industrial Services sector were the top two sectors in in 2020 in terms of market capitalisation on admission. This was down to one large IPO in each sector.

4 The market capitalisation statistics exclude GDR offerings

The Hut Group plc (Consumer Products) had a market capitalisation of £5.8bn on admission and Calisen plc (Industrial Services) listed with a market capitalisation of £1.3bn.

Despite the large volume of transactions in the Investment sector, the aggregate market capitalisation of companies in this sector on admission was just over £1bn.

> *A number of investors are betting on infrastructure project spending in the UK and overseas as being a key component of the post Covid recoveries with commitments to "build back better" being made both domestically and from the Biden administration in the US.*
>
> James Spinney, Strand Hanson



Companies in the Financial Services sector raised the greatest amount in terms of aggregate gross proceeds for the company in 2020 Main Market IPOs: £3.18bn representing 39% of all funds raised. This was largely due to two large GDR offerings by China Pacific Insurance (Group) Co., Ltd and JSC Kaspi.kz.

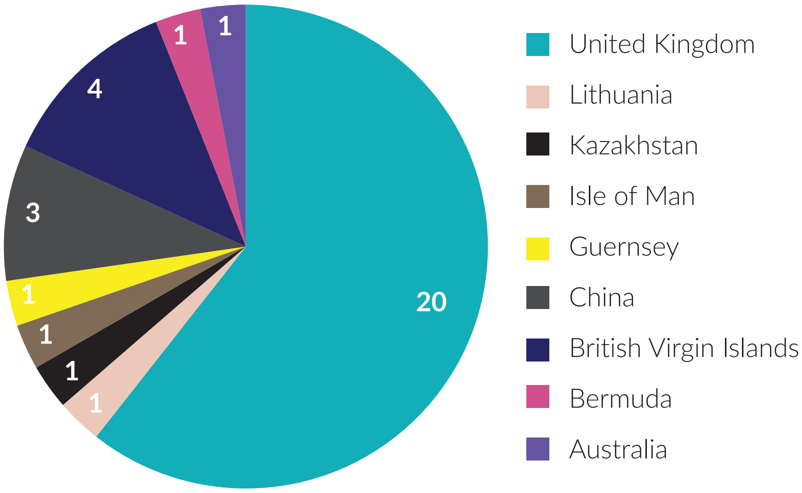
Companies in the Energy & Utilities sector raised the second greatest amount: £2.13bn representing 26% of all funds raised and this was all by overseas companies making GDR offerings (China Yangtze Power Co Ltd, AB 'Ignitis Grupe' and SDIC Power Holdings Co Ltd).

Country of incorporation - Main Market IPOs (2020)

As in previous years, the majority of companies completing a Main Market IPO in 2020 were incorporated in England & Wales. However, the proportion of overseas companies listing on the Main Market has increased from 2019, indicating that London is still able to attract such companies despite the UK's withdrawal from the EU. 39% of companies completing Main Market IPOs in 2020 were incorporated outside the UK compared to 27% in 2019.

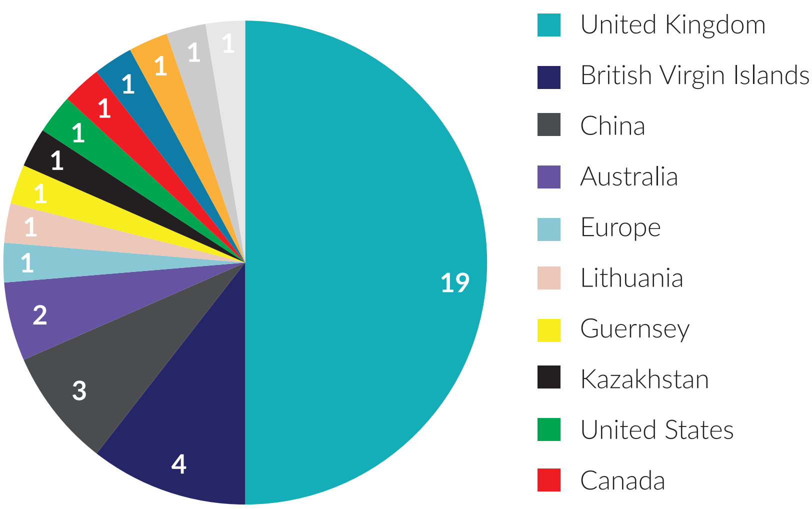
2020 saw five overseas companies listing GDRs on the Main Market which included three Chinese companies listing GDRs under the Shanghai-London Stock Connect scheme. This scheme between the London and Shanghai stock exchanges allows eligible companies listed on one market to issue depositary receipts on the other exchange and was launched in 2019. Huatai Securities was the first issuer to list GDRs under the scheme in 2019.

The other two companies listing GDRs in 2020 were the Baltic utility and renewable energy company AB Ignitis Grupe and the fintech company JSC Kaspi.kz from Kazakhstan.



Region of operation - Main Market IPOs[5] (2020)

The regions in which companies listing on the Main Market in 2020 operate was much wider than the countries of incorporation represented, as was the case in 2019. The difficult market conditions seen in 2020 did not deter international businesses from listing in London.



5 Newly incorporated companies in the Investment sector have been given the same country of operation as their country of incorporation. As some companies have more than one country/region of operation, the combined total exceeds 33.

Deal Statistics

Offer type – Main Market

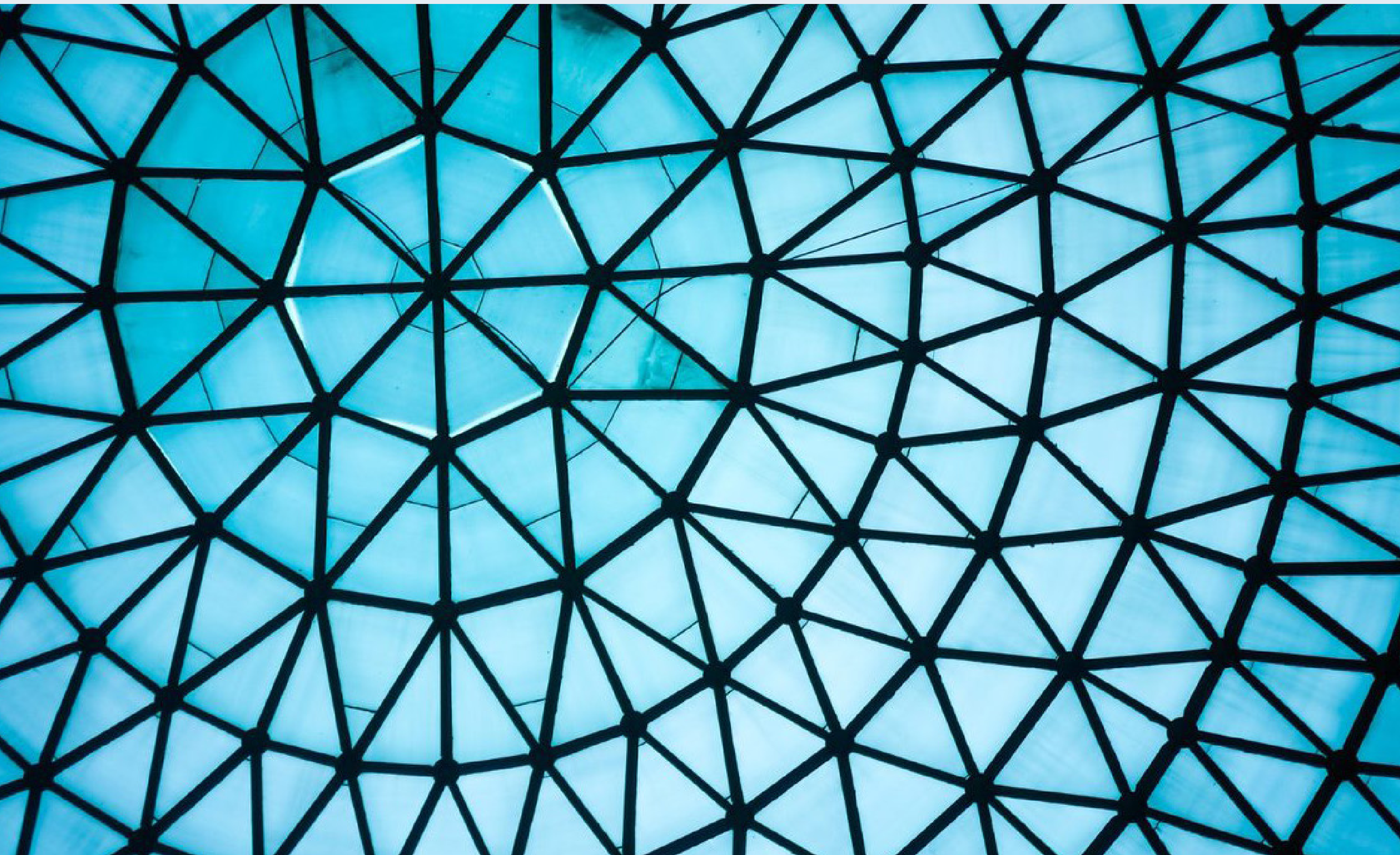
- In 2020, the majority of commercial companies (nine out of 14) undertook a global offer of shares or GDRs on IPO.
- Four commercial companies undertook placings and one (Tirupati Graphite plc) undertook a placing, subscription and intermediaries offer.
- The most commonly used fundraising structure for companies in the investment sector, was a placing and offer for subscription often together with an intermediaries offer and/or placing programme. Altogether six investment companies included an intermediaries offer as part of their fundraising.
- The SPACs which undertook IPOs in 2020, either undertook placings, offers for subscription or direct subscriptions.

Underwriting agreement – Main Market

- Overall, the majority of IPOs in 2020 were not underwritten. None of the IPOs in the investment sector were underwritten.
- Nine IPOs were underwritten and these were all commercial companies undertaking global offers of shares or GDRs.

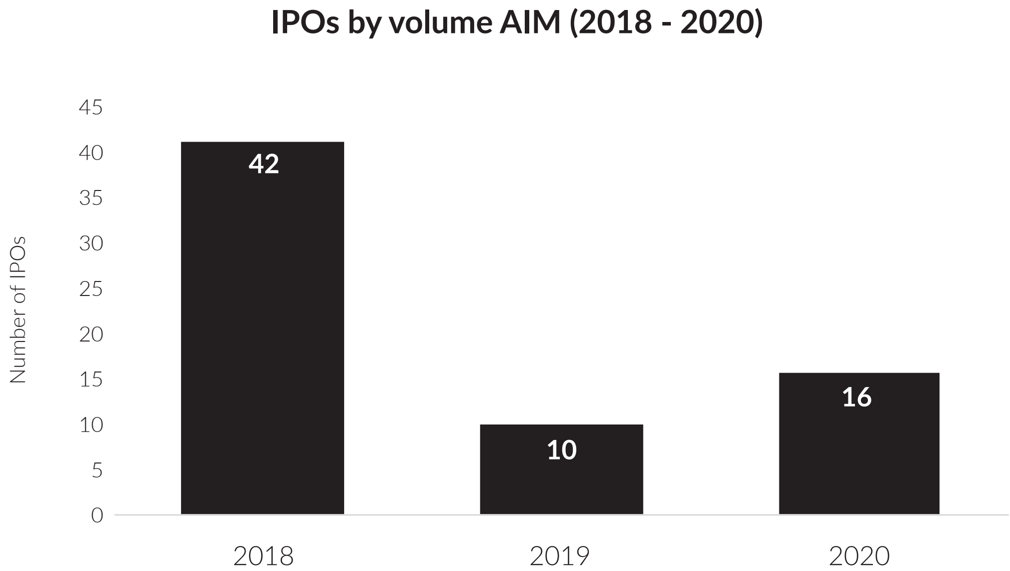
Lock-up agreements

- All commercial company IPOs in 2020 featured lock-up arrangements. In the majority of cases (11), the directors entered into lock-up agreements and were subject to a 12 month lock-up from admission. In seven commercial company IPOs, the company also entered into a lock-up arrangement usually for a period ending 180 days after admission.
- The majority of investment sector IPOs (12) did not feature lock-up arrangements.



IPOs on AIM

Transaction volume

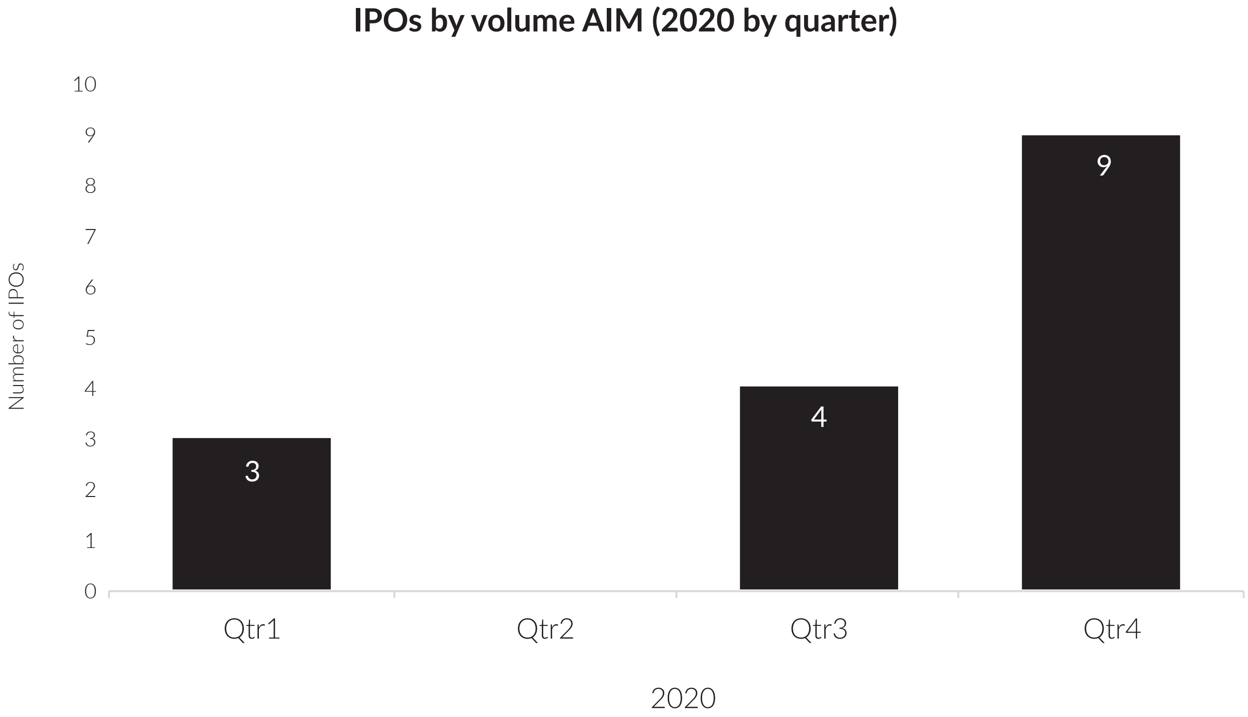


As with Main Market IPOs, deal volume on AIM in 2020 was severely impacted by the global pandemic. Activity recovered a little from 2019 levels but did not reach the levels seen in 2018.

There were 16 AIM IPOs in 2020 which represents a 60% increase on the number in 2019 (when there were 10) but this was down 62% on the total of 42 in 2018.

> *After a hiatus during the period of the first lockdown – when a lot of money was raised on AIM via secondary fundraisings - AIM IPOs came back onto the radar in the fourth quarter of 2020, with a number of listings. That trend has continued into 2021, which has been the most active first quarter for AIM IPOs in a number of years. One notable recent trend is the use of AIM IPO proceeds to fund a partial exit by existing major shareholders – whether the founders or private equity – alongside a company placing. In several recent AIM IPOs (Supreme, Virgin Wines, tinyBuild for example) substantial funds have been raised for selling shareholders on IPO, with a much smaller company placing, and therefore limited dilution for existing holders. We expect this trend to continue.*
>
> Adam Carling, Partner, Bird & Bird

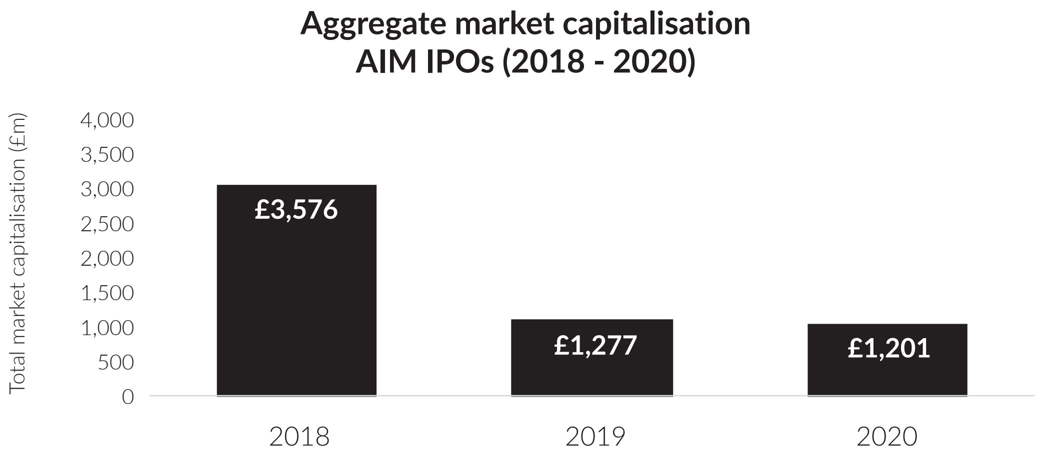
Deal volume by quarter



The year started with three AIM IPOs in the first quarter and then effectively ground to a halt in the second quarter with no AIM IPOs being recorded. Activity was rekindled in the third quarter with three AIM IPOs (including the largest AIM IPO of the year in terms of gross proceeds, AEX Gold Inc raising £42.5m). The fourth quarter was the busiest for AIM IPO activity (as was the case with IPO activity on the Main Market) with nine AIM IPOs.

> *Following a freeze in AIM IPO activity levels due to challenging market conditions, the late surge in listings during Q4 2020 demonstrates the resilience of the London markets and signals renewed investor confidence.*
>
> Hannah Kendrick, Partner, Squire Patton Boggs (UK) LLP

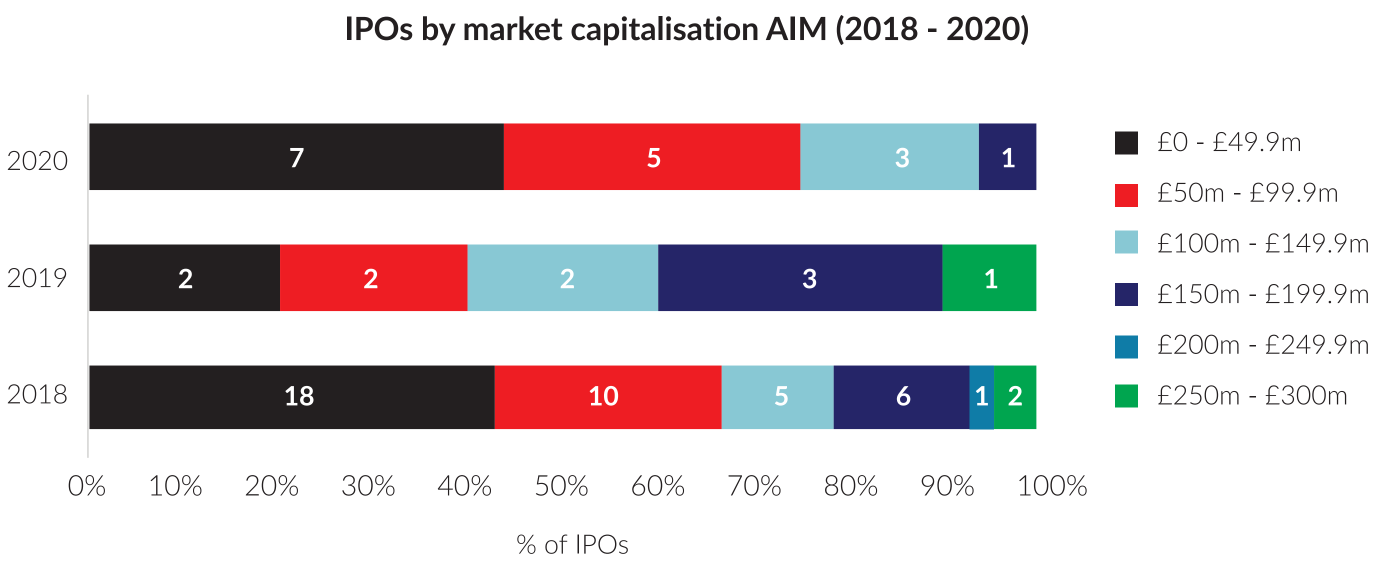
Aggregate market capitalisation



Although deal activity was up from 2019 figures, the aggregate market capitalisation of companies completing an AIM IPO in 2020 was marginally lower than for 2019 (2020: £1,201m; 2019: £1,277m). From 2018 to 2019 there had been a 64% decrease in aggregate market capitalisation for AIM IPOs.

In 2020 the average market capitalisation of a company listing on AIM was £75m which was lower than the average for 2019 (£128m) and 2018 (£85m).

Range of market capitalisation



The most popular market capitalisation range for 2020 and 2018 AIM IPOs was £0m to £50m and the majority of companies completing AIM IPOs in these years were valued at under £100m on admission.

In 2019, the most popular range was £150m - £200m although there was a more even spread across the different ranges.

Deals in focus: Top three AIM IPOs by market capitalisation

FRP ADVISORY GROUP PLC

Date admitted to trading: 6 March 2021
Country of incorporation: England & Wales
Market capitalisation: £194.75 m
Sector: Professional Services
Reasons for offer/use of proceeds: profile; strengthen balance sheet; support future growth; ability to incentivise employees

FRP Advisory Group plc is a professional services firm predominately offering restructuring advisory, corporate finance, forensic services and pensions advisory services. The company is one of the largest restructuring advisory firms in the UK by number of corporate insolvency appointments.

The company has been one of the best performing AIM IPOs from 2020.

INSPECS GROUP PLC

Date admitted to trading: 27 February 2020
Country of incorporation: England & Wales
Market capitalisation: £139.72 m
Sector: Retail & Wholesale Trade
Reasons for offer/use of proceeds: profile; acquisition; investment in the business; ability to incentivise employees

Inspecs Group plc is a designer, manufacturer and distributor of eyewear frames. It produces branded frames under licence agreements with big brands such as French Connection, FCUK, Superdry, Hype, O'Neill, Radley and Caterpillar as well as its own branded frames. The company has a global distribution network reaching 80 countries and fostering strong relationships with many leading global retail chains and distributors including Specsavers, National Vision, Vision Express Boots, TK Maxx, Costco Canada and World Duty Free.

The pandemic would have meant that many shops selling its products were forced to close but the share price has continued to perform well.

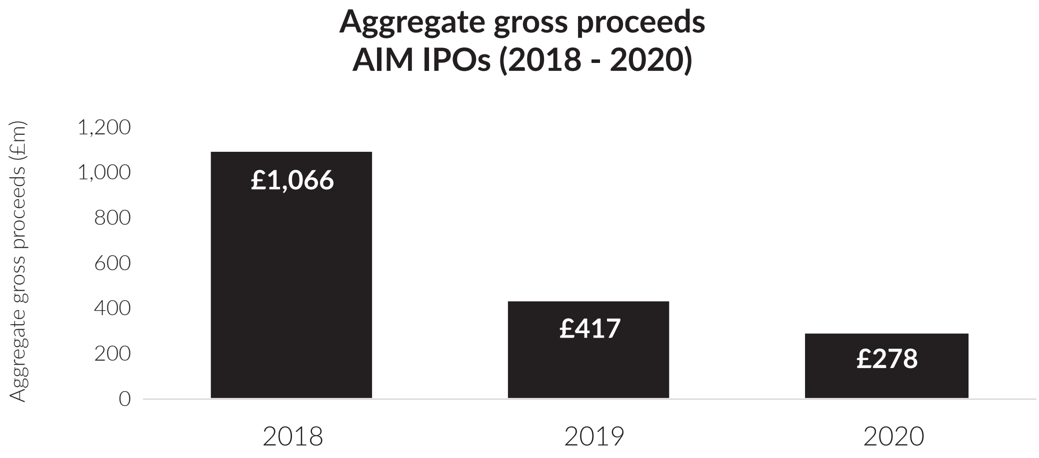
SOURCEBIO INTERNATIONAL PLC

Date admitted to trading: 29 October 2020
Country of incorporation: England & Wales
Market capitalisation: £132.42 m
Sector: Healthcare
Reasons for offer/use of proceeds: acquisition; debt repayment; support future growth

SourceBio International plc is an international provider of integrated state-of-the-art laboratory services and products to clients in the healthcare, clinical, life science research and biopharma industries. Its core business units include healthcare diagnostics, genomics, stability storage and infectious disease testing.

The company's infectious disease testing unit has provided COVID-19 antigen RT-PCR testing services to the NHS, private healthcare providers and private industry since May 2020.

Gross proceeds received by the company



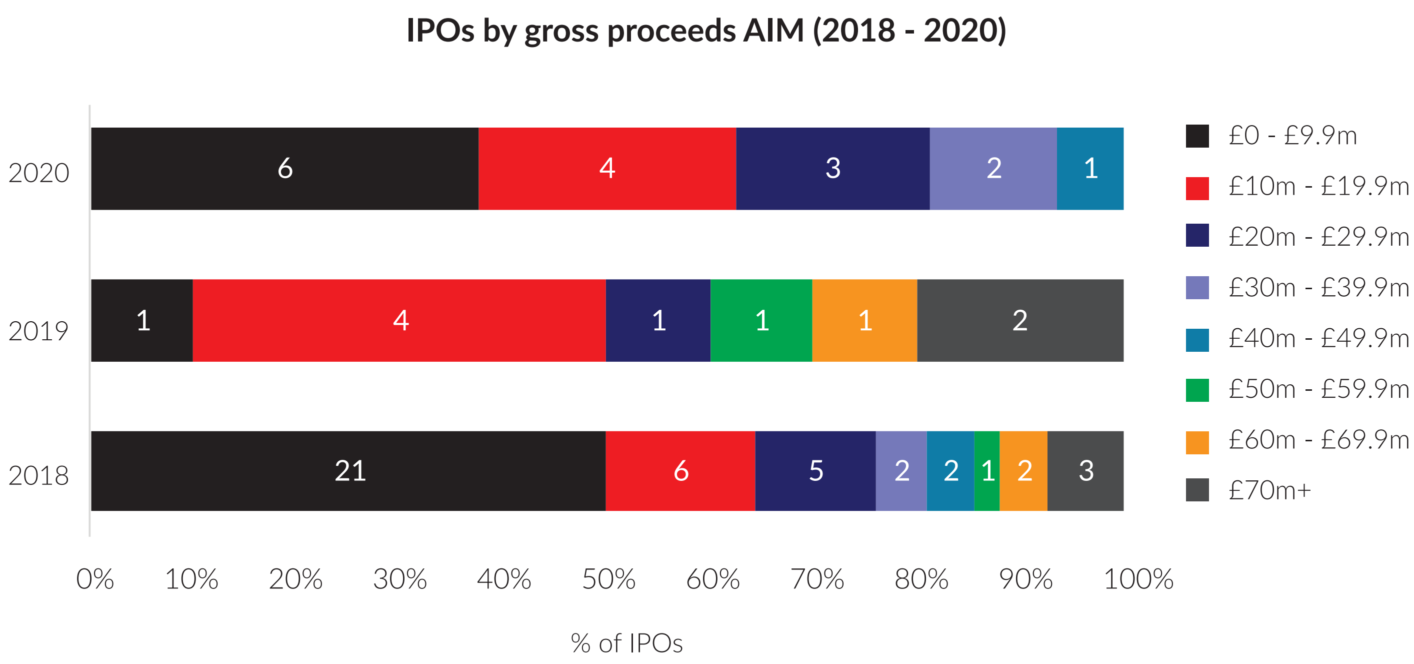
Whilst AIM IPO deal volume was up 60% in 2020 from 2019, aggregate gross proceeds raised were down 33% to £278m from the £417m raised in 2019. This is in contrast with Main Market IPOs, where aggregate gross proceeds raised in 2020 surpassed the aggregate figure raised in each of 2019 and 2018 (due to two very large GDR offerings in 2020).

The average amount raised per AIM company on IPO in 2020 was £17m compared to £42m in 2019 and £25m in 2018.

Range of gross proceeds

In 2020, no company completing an AIM IPO raised more than £50m which shows the effect of the pandemic on equity fundraising in IPOs. The highest grossing AIM IPO of the year was AEX Gold Inc raising £42.5m.

In 2019, 40% of AIM companies raised more than £50m with the highest grossing AIM IPO (Uniphar plc) raising £121m on admission. In 2018, only 12% of AIM companies raised more than £50m with the largest being Yellow Cake plc raising £151.2m.



Deals in focus: Top three AIM IPOs by gross proceeds

AEX GOLD INC

Date admitted to trading: 31 July 2020
Country of incorporation: Canada
Gross proceeds: £42.5m
Sector: Mining, Metals & Extraction
Reasons for offer/use of proceeds: general working capital; support future growth

AEX is a Canadian independent gold mining company engaged in the identification, acquisition, exploration and development of gold properties in Greenland. In addition to its AIM listing, it is listed on the TSX Venture Exchange which is the marketplace of the Toronto Stock Exchange for emerging companies.

SOURCEBIO INTERNATIONAL PLC

Date admitted to trading: 29 October 2020
Country of incorporation: England & Wales
Gross proceeds: £35m
Sector: Healthcare
Reasons for offer/use of proceeds: acquisition; debt repayment; support future growth

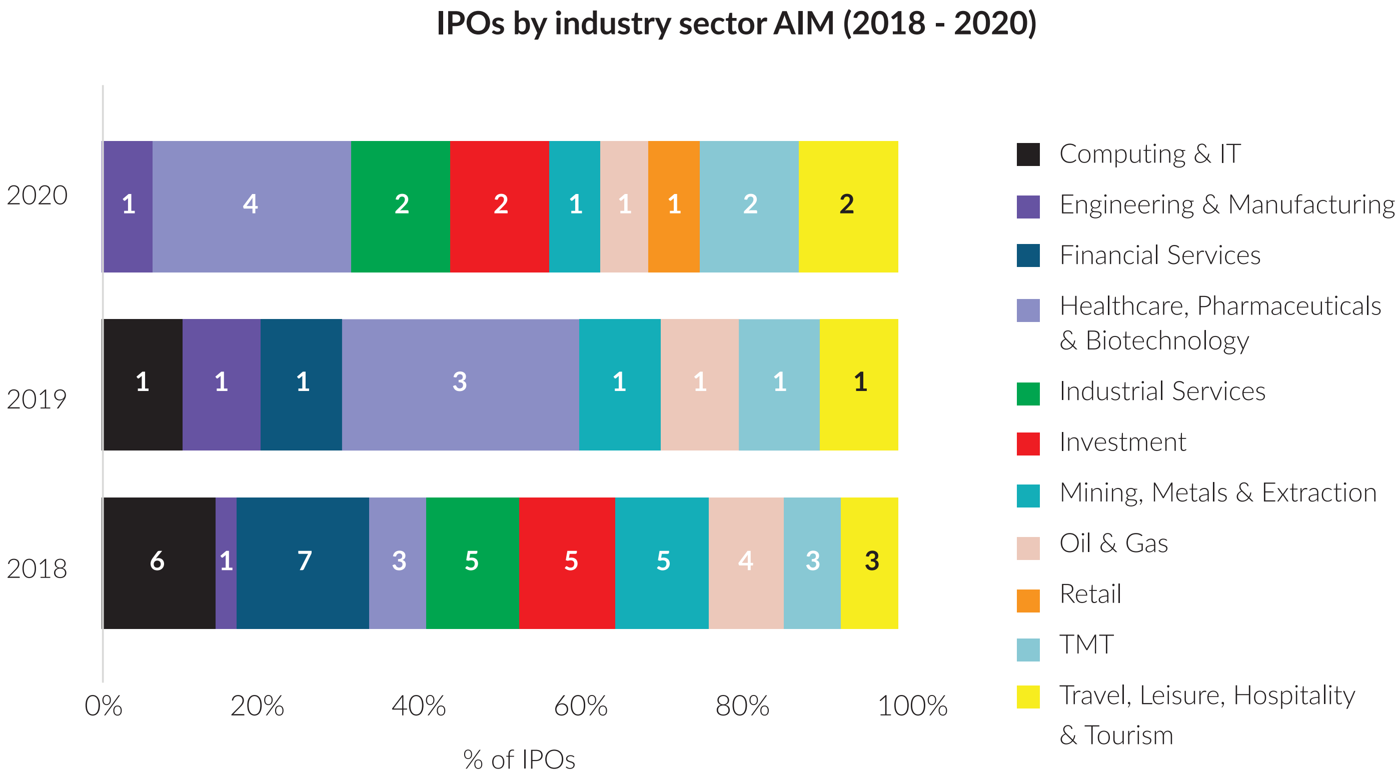
VARIOUS EATERIES PLC

Date admitted to trading: 25 September 2020
Country of incorporation: England & Wales
Gross proceeds: £25m
Sector: Travel, Hospitality, Leisure & Tourism
Reasons for offer/use of proceeds: acquisition; facilitate capital raising; general working capital; raise profile; support future growth

Restaurant group, Various Eateries plc, owns, develops and operates restaurant sites in the UK. Its two core brands are Coppa Club, a multi-use all day concept combining restaurant, café, lounge bar and workspace, and Tavolino, positioned to fill the gap in the market for high quality Italian food at mid-market prices. Despite the struggles in the hospitality industry, the company raised £25 m on its admission aided by restaurant entrepreneurs Hugh Osmond (who bought PizzaExpress in the 1990s) and Andy Bassadone (founder of Cote Brasserie) heading the management team.

The directors believe reduced competition in the hospitality sector due to the number of restaurant closures during the pandemic provides a huge opportunity for the group. The company plans to use to the proceeds from the placing to roll out its brands, take advantage of site opportunities and consider expanding through acquisition of distressed brands.

Industry focus



As in 2019, there was diversity in industry sector in companies completing an AIM IPO in 2020. The most popular sector in 2020 was Healthcare with four AIM IPOs, including two companies involved in the COVID-19 testing market, Sourcebio International plc and Abingdon Health plc. The other two healthcare companies coming to AIM were Kooth plc, a leading provider of online mental health services, and Verici DX plc, an immuno-diagnostics development company.

Surprisingly, two companies in the Travel, Leisure, Hospitality & Tourism sector made their debut on AIM in 2020: Various Eateries plc and The Barkby Group plc (which delisted from the NEX Exchange).

Whereas investment companies have dominated Main Market IPOs, AIM only saw two companies in this sector coming to the market in 2020: Kistos Plc and Intuitive Investments Group plc. Both companies are 'investing companies' under the AIM Rules and must substantially implement their investing policies within 18 months of admission to AIM (or seek shareholder approval for its investing policy at its next annual general meeting).

2020 also saw two AIM IPOs in the Media and Telecommunications sector: Fonix Mobile, the mobile payments and messaging company (which provides the technology for organisations to charge customers directly through phone bills) and Scottish firm, Calnex Solutions, which makes testing equipment used in the telecoms industry.

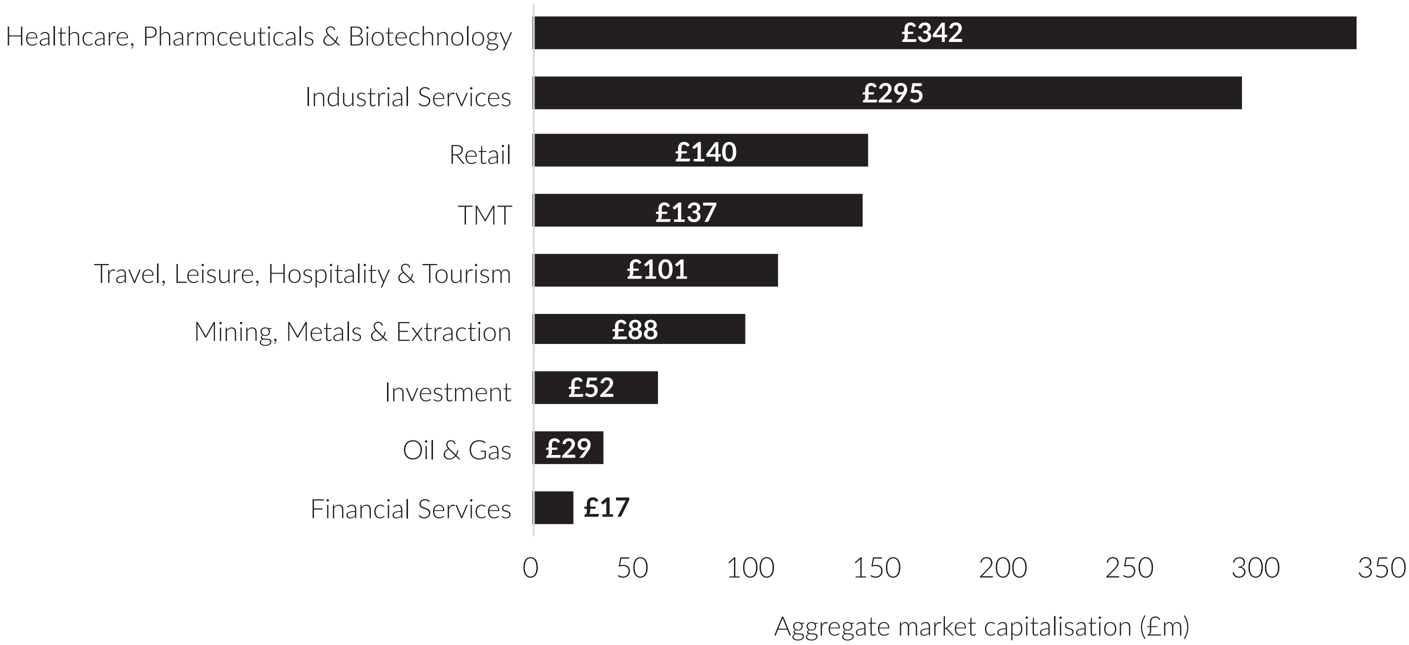
There were also two AIM IPOs in 2020 in the Professional Services sector: FRP Advisory Group plc (which was the largest AIM IPO in 2020 in terms of market capitalisation) and Elixirr International plc.

Each of the Retail, Oil & Gas, Mining and Financial Services sectors saw only one AIM IPO in 2020.

AIM continues to attract companies across a broad range of industries. The ongoing pandemic has enabled many companies operating within the healthcare and tech sector to experience an unforeseen period of growth and they remain attractive sectors for investment. Within the hospitality sector, Various Eateries is a great example of a counter-cyclical capital raising; completed notwithstanding ongoing national lockdown measures and creating opportunity from the seismic shock to the industry.

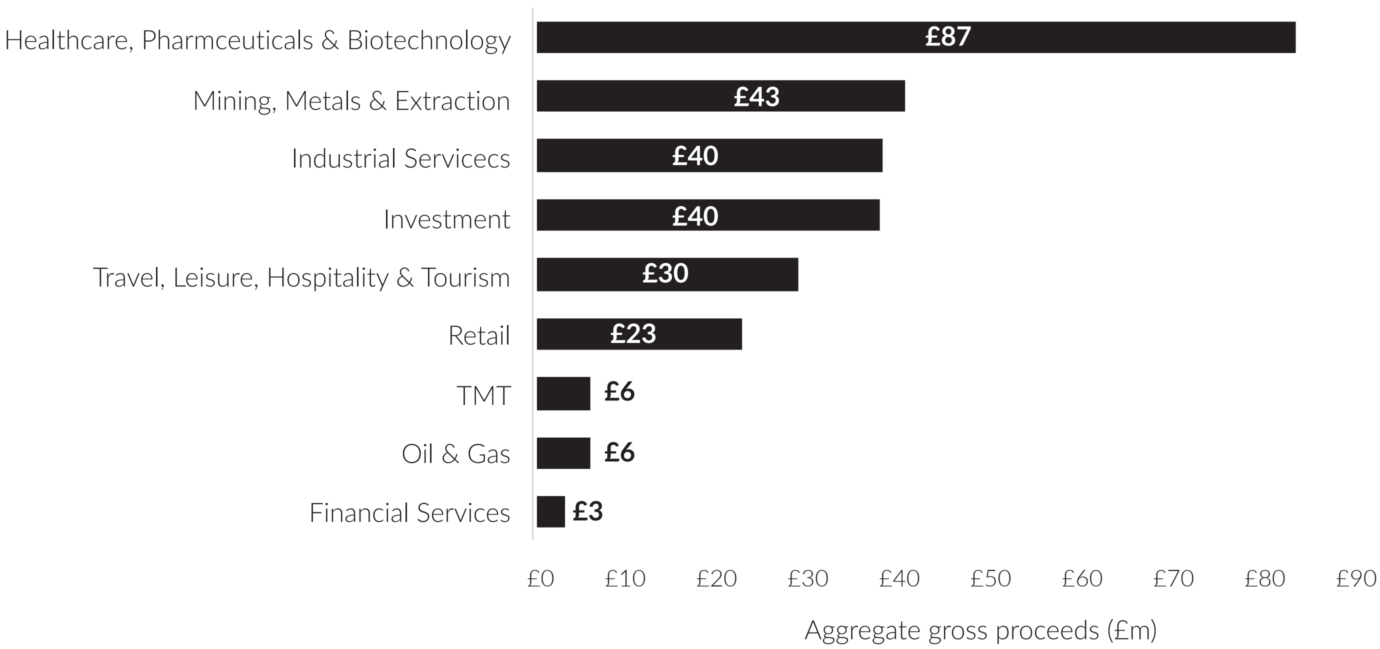
Jayson Marks, Partner, Squire Patton Boggs (UK) LLP

Industry sector by aggregate market capitalisation - AIM (2020)



The most popular sector in terms of deal volume for AIM IPOs (Healthcare, Pharmaceuticals & Biotechnology) was also the highest in terms of aggregate market capitalisation on admission and aggregate gross proceeds raised.

Industry sector by aggregate gross proceeds - AIM (2020)

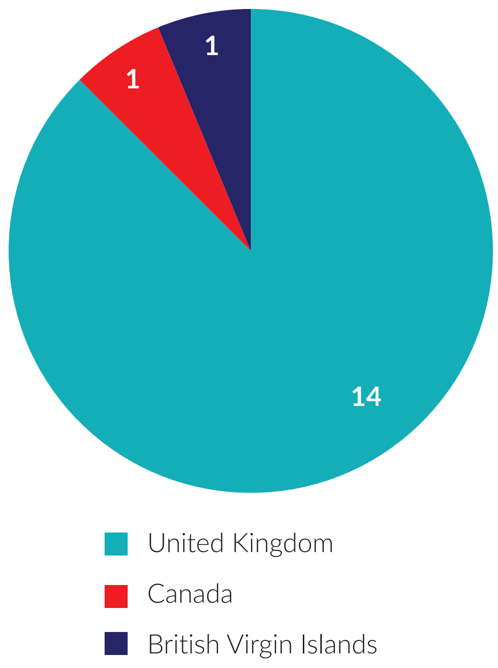


Country of incorporation - AIM IPOs (2020)

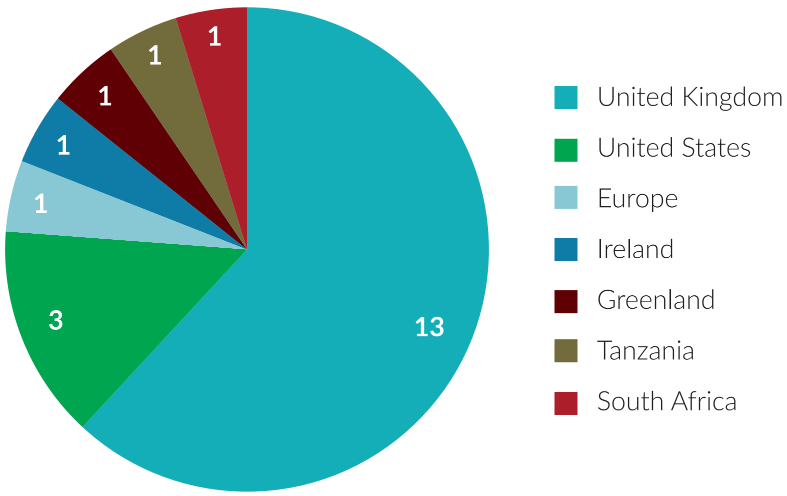
2020 AIM IPOs saw much less geographical diversification in terms of country of incorporation and country of operation than 2020 Main Market IPOs. Only two companies coming to AIM in 2020 were incorporated overseas and these were in the Mining and Oil & Gas sectors: AEX Gold Inc from Canada and Helium One Global Ltd from the British Virgin Islands.

2020 saw more variety in terms of country of operation. Helium One Global's main country of operation is Tanzania where it is pursuing the exploration and development of a helium opportunity. AEX Gold Inc is an independent gold mining company operating in Greenland and also listed on the growth market of the Toronto Stock Exchange, the TSX-V. SourceBio International plc has operations in the UK, Ireland, Europe and US. Verici plc, the immune-diagnostics development company, is undertaking clinical trials of its leading products in the US. The management consultancy, Elixirr International plc, has operations in the US and South Africa.

2019 saw no overseas incorporated companies completing an AIM IPO whereas in 2018 there was more variation in terms of country of incorporation and country of operation.



Region of operation - AIM IPOs[6] (2020)



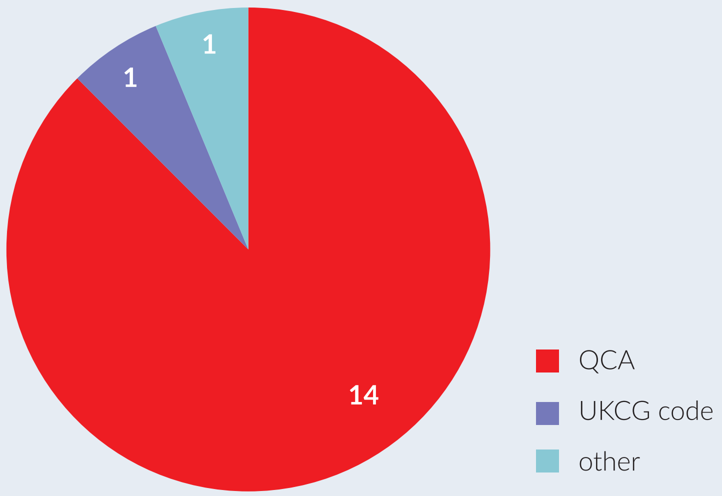
> *In a positive sign for the UK capital markets, that won't become visible until later in 2021/ early 2022, London's standing as a deep pool of capital for international projects is being explored by a number of TSX/ TSX-V issuers seeking development capital.*
>
> James Spinney, Strand Hanson

6 As some companies have more than one country/region of operation, the combined total exceeds 16.

Deal Statistics

- All 16 companies completing an AIM IPO in 2020 undertook an institutional placing and in four cases the placing was accompanied by a subscription of shares by certain investors.
- Verici DX plc also made a restricted offer to qualifying shareholders in conjunction with a placing and subscription. The restricted offer was capped at €8m to avoid the need for a prospectus.
- None of the fundraisings were underwritten.
- 14 out of 16 companies completing an AIM IPO in 2020 stated that they were adopting the corporate governance code published by the Quoted Companies Alliance. Kistos plc adopted the UK Corporate Governance Code published by the Financial Reporting Council. AEX Gold Inc which is incorporated in Canada and listed on the Toronto Stock Exchange stated in its admission document that it complies with Canadian corporate governance standards appropriate for publicly listed companies and recommendations set out in the QCA Code (with the exception of Principle 7 relating to the evaluation of board performance which it will implement ahead of its next annual report).

Corporate Governance Code - AIM (2020)

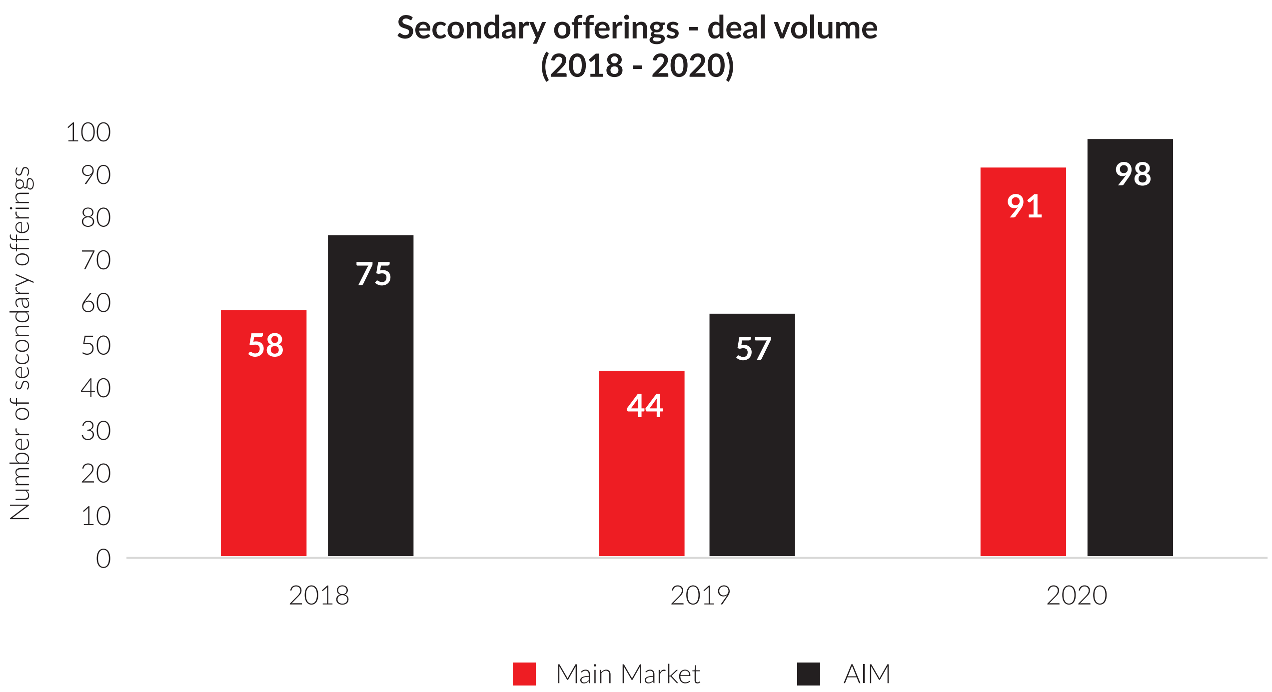


2. Secondary offers

> *The proliferation of follow-on issuances, bolstered by the relaxation of the Pre-Emption Group guidelines, demonstrates the flexibility of the London markets to provide urgent capital for listed companies during these unprecedented times. The ability to raise additional equity quickly has provided an invaluable lifeline to many AIM and main market listed companies and reinforced the appeal of being a listed company.*
>
> Jayson Marks, Partner, Squire Patton Boggs (UK) LLP

Transaction volume

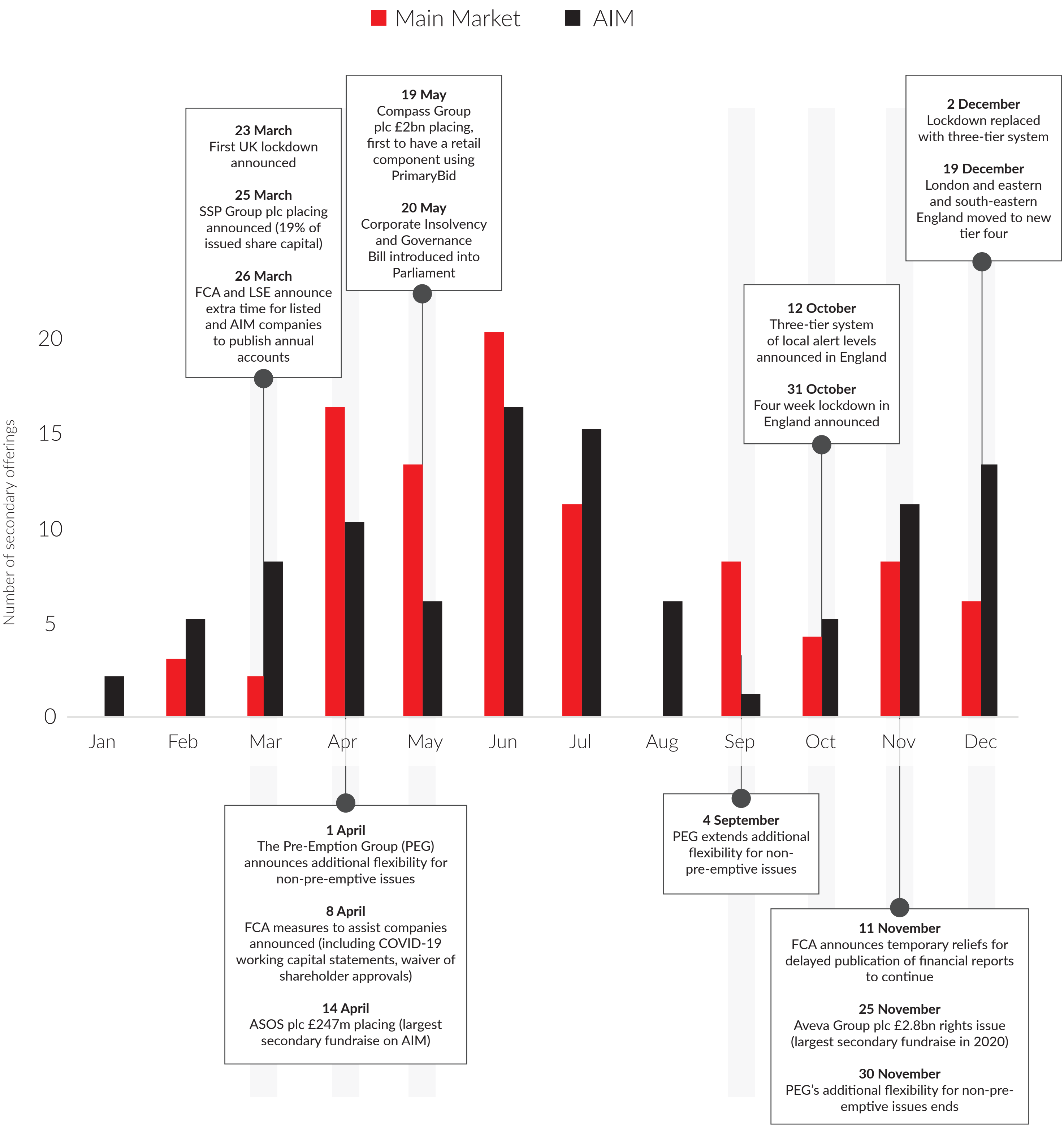
2020 saw a very active secondary issue market as companies turned to investors to raise much needed equity finance to both help them get them through the COVID-19 pandemic and capitalise on post-pandemic acquisition opportunities. Deal volume for secondary offerings[7] across both AIM and the Main Market combined increased dramatically in 2020, with overall volume up by 87% on the previous year.



Unsurprisingly, most transactions took place in the months following the announcement of the lockdown in response to the COVID-19 pandemic, as companies scrambled to strengthen their balance sheets and deal with the immediate impact of the lockdown. Approximately 66% of Main Market secondary fundraisings and 48% of AIM secondary fundraisings were carried out between April and July.

7 This report reviews secondary offerings in excess of £10m on AIM and Main Market, excluding funds raised by close-ended and open-ended investment companies

Secondary offerings - volume by month Main Market vs AIM (2020)

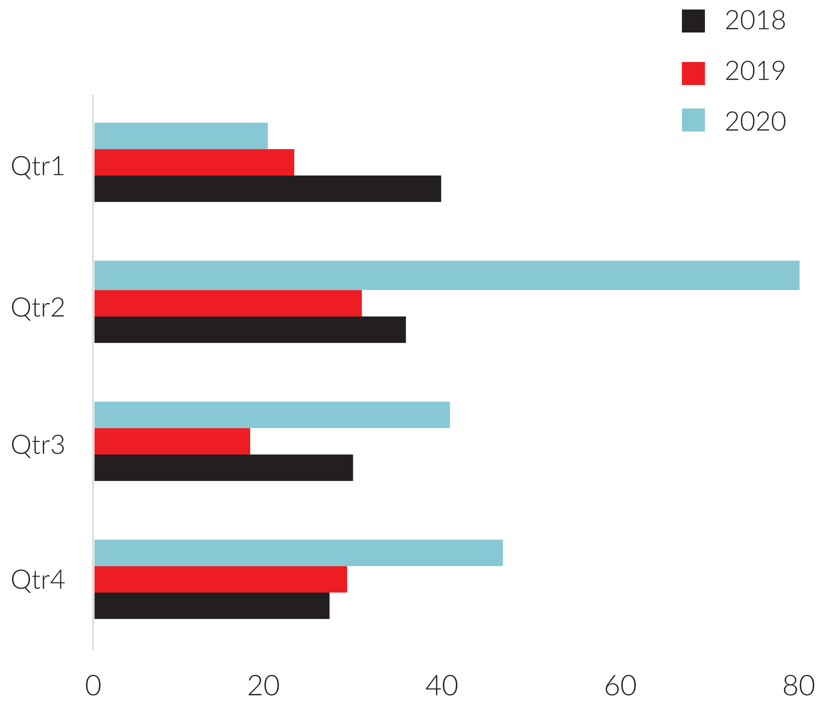


The onslaught of the COVID-19 pandemic in the UK saw a relaxation of the usual pre-emption rules, with the Pre-emption Group allowing issuers to raise up to 20% of their existing share capital without a shareholder vote (effectively approving the use of cash box structures to facilitate this). During the initial period of the UK lock-down, secondary fundraisings were typically defensive, with issuers strengthening their finances for what was to come. However, by the summer, a growing number of companies, particularly in the pharmaceutical and technology sectors, were raising capital for future growth and to take advantage of new opportunities.

Alasdair Steele, Partner, CMS

Secondary offerings - volume by quarter Main Market & AIM (2020)

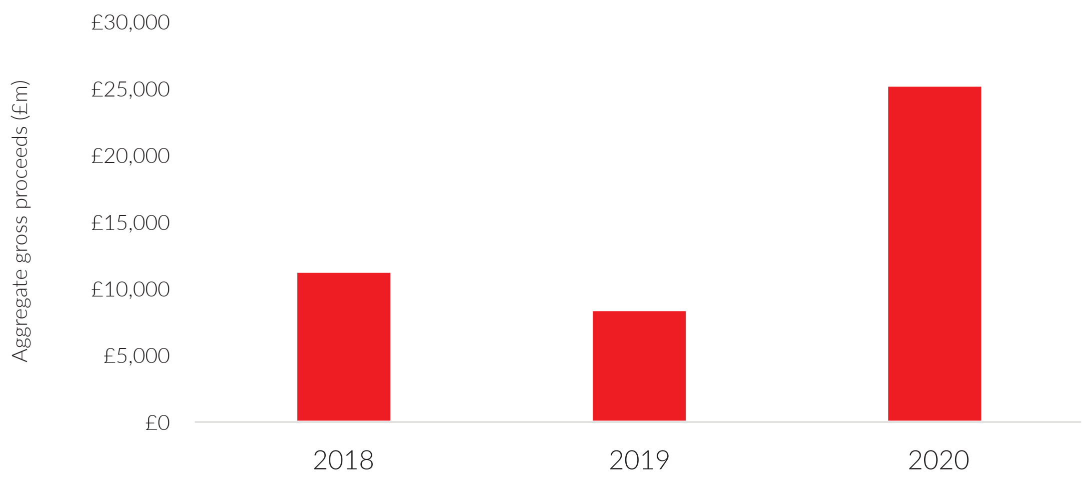
Whereas overall deal volume during the first quarter of the year was comparatively lower than in previous years, combined deal volume across the Main Market and AIM during the second quarter showed an increase of 161% on the previous year. This increased level of activity was sustained during the remainder of 2020, which may be in some part attributable to the extra flexibility granted by the Pre-Emption Group, allowing companies to offer new shares up to 20% of issued share capital on a non pre-emptive basis.



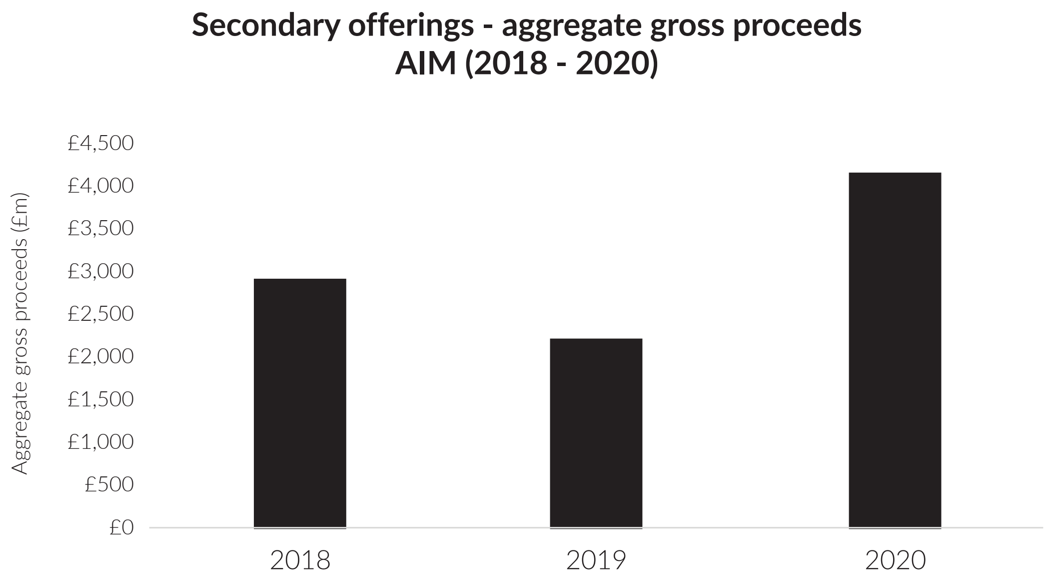
Gross proceeds by company

Gross proceeds raised by Main Market companies in 2020 exceeded £25bn (this excludes companies raising less than £10m in a transaction). This represents an increase of 204% on the aggregate funds raised in 2019 and an increase of 127% on 2018.

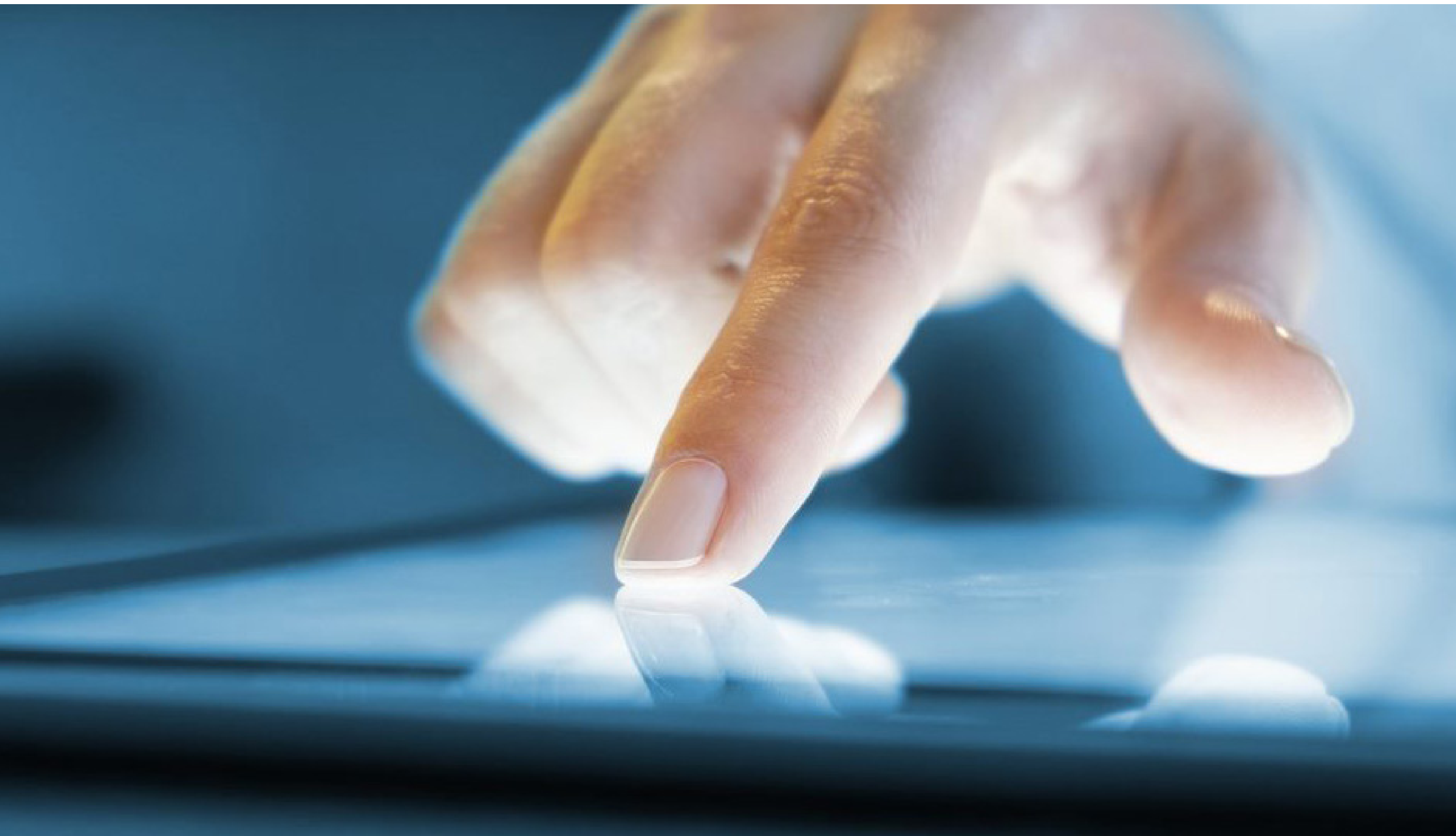
Secondary offerings - aggregate gross proceeds Main Market (2018 - 2020)



While gross proceeds raised on AIM also represented an increase in 2020 compared to 2019, the comparative difference was not as dramatic as that on the Main Market. A total of £4.1bn was raised in gross proceeds, an increase of 88% on the previous year.

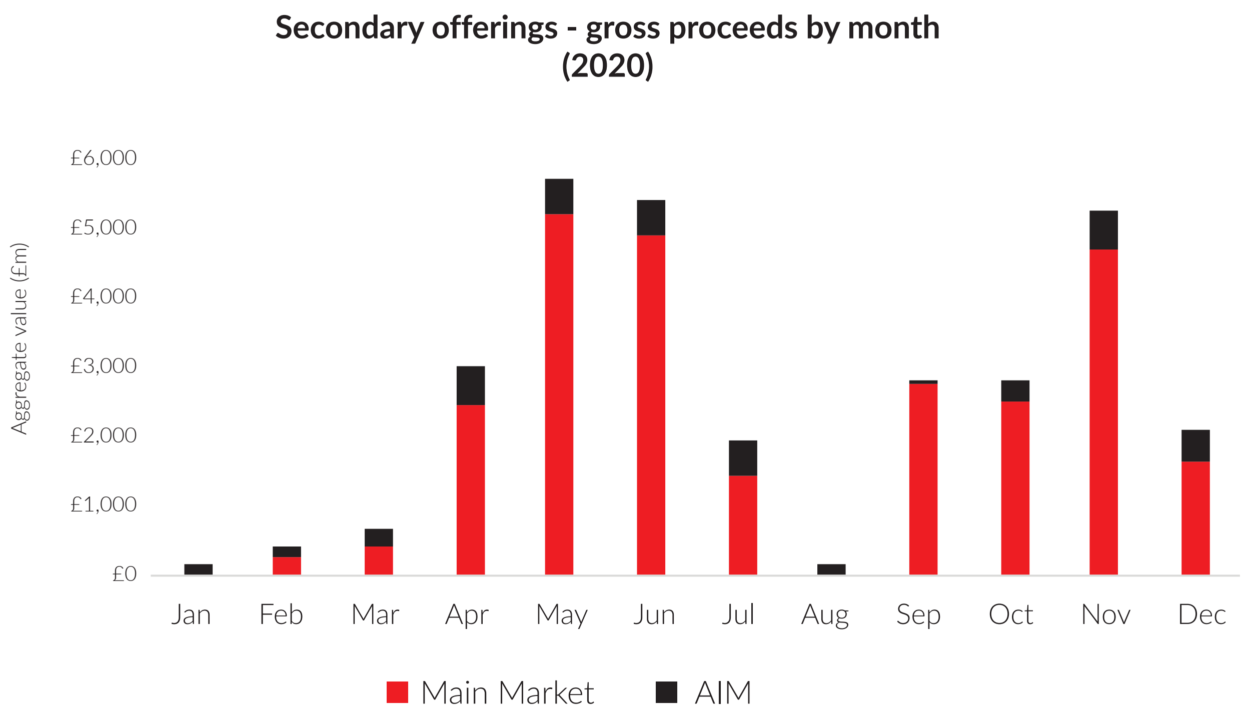


> *Issuers with institutional support felt the benefits of long-term investment and the depth of capital available in the UK.*
>
> James Spinney, Strand Hanson



There is a clear correlation between the two 'waves' of the COVID-19 pandemic and the aggregate gross proceeds raised on the London markets. The second quarter of 2020 accounted for 48% of gross proceeds raised during the year on the Main Market, and 39% of gross proceeds raised on AIM. Q4 saw a second peak in funds raised, representing 34% of all gross proceeds in 2020 on the Main Market and 31% of all gross proceeds raised on AIM.

For more on this, see our trend analysis: Coronavirus (COVID-19)—trends in secondary equity fundraisings (1 April 2020–30 June 2020)



Top 10 transactions by value Main Market 2020

UK-based FTSE 100 information technology giant Aveva announced the terms of a £2.8bn rights issue on 6 November 2020 to partly fund the British company's acquisition of rival California-based data software and services company OSIsoft. The transaction ended up as the biggest secondary fundraising of 2020 and followed a series of high-value equity fundraisings, including a £2bn cash box placing and retail offer announced by Compass Group in May and a £2bn rights issue announced by struggling aerospace engineering group Rolls Royce, which was hit hard by the unprecedented effect of COVID-19 on the aviation sector.

DATE	COMPANY	TRANSACTION	MT SECTOR	MONEY RAISED (£m)
25/11/2020	AVEVA GROUP PLC	Rights Issue	Computing & IT	2835.43
28/10/2020	ROLLS-ROYCE HOLDINGS PLC	Rights Issue	Engineering & Manufacturing	2059.71
21/05/2020	COMPASS GROUP PLC	Placing	Food & Beverages	2005.59
14/09/2020	INTERNATIONAL CONSOLIDATED AIRLINES GROUP S.A.	Rights Issue	Travel, Leisure, Hospitality & Tourism	1312.96
08/12/2020	FLUTTER ENTERTAINMENT PLC	Placing	Travel, Leisure, Hospitality & Tourism	1120.63
26/05/2020	WHITBREAD PLC	Rights Issue	Travel, Leisure, Hospitality & Tourism	1009.16
02/06/2020	FLUTTER ENTERTAINMENT PLC	Placing	Travel, Leisure, Hospitality & Tourism	812.65
12/06/2020	SEGRO PLC	Placing	Investment	680.00
15/06/2020	OCADO GROUP PLC	Placing	Healthcare, Pharmaceuticals & Biotechnology	650.00
20/11/2020	CRODA INTERNATIONAL PLC	Placing	Chemicals	627.17

Top 10 transactions by value AIM 2020

The COVID-19 pandemic and subsequent lockdown took its toll on the retail sector and despite a strong online presence, cult online clothing retailer ASOS was not left unscathed by the reduced appetite for fast fashion as the public shunned non-essential retail and the partywear that fuelled sales to its core market. Nevertheless, the company's savvy business strategy in strengthening its balance sheet in April 2020 and shifting its focus to loungewear paid off, and it was well placed to swoop on the crumbling Arcadia Group in early 2021. Fellow online fashion retailer Boohoo was similarly minded, proposing a share placing in late May to capitalise on the opportunities it anticipated to emerge in the global fashion industry as a consequence of the pandemic. These two placings rank in the top five grossing secondary fundraisings to take place on AIM in the past three years.

DATE	COMPANY	TRANSACTION	MT SECTOR	MONEY RAISED (£m)
14/04/2020	ASOS PLC	Placing	Retail	246.57
20/05/2020	BOOHOO GROUP PLC	Placing	Retail	197.68
12/11/2020	ITM POWER PLC	Placing/Open Offer	Energy & Utilities	172.01
27/05/2020	DART GROUP PLC	Placing	Travel, Leisure, Hospitality & Tourism	171.69
08/07/2020	WAREHOUSE REIT PLC	Placing/Open Offer	Investment	153.00
11/03/2020	URBAN LOGISTICS REIT PLC	Placing/Open Offer	Investment	136.20
10/12/2020	GREENCOAT RENEWABLES PLC	Placing	Energy & Utilities	111.81
21/10/2020	DRAPER ESPRIT PLC	Placing	Financial Services	110.00
17/04/2020	ABCAM PLC	Placing	Healthcare, Pharmaceuticals & Biotechnology	110.00
28/01/2020	HUTCHISON CHINA MEDITECH LIMITED	Placing	Healthcare, Pharmaceuticals & Biotechnology	110.00

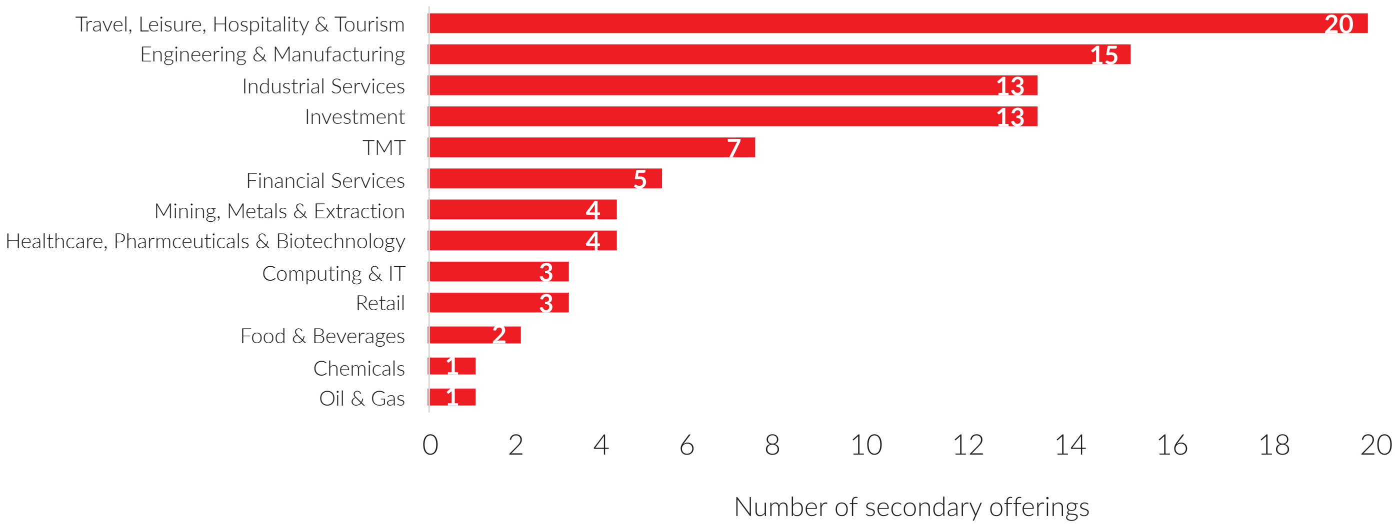
We experienced one of our busiest years ever for secondaries in 2020, both for the issuer and the broker side. Whilst some companies were raising money as a protective measure, others in sectors which were not badly affected by the pandemic also took the opportunity to raise capital in a very active market.

Clive Hopewell, Partner, Bird & Bird

Breakdown by industry sector – Main Market

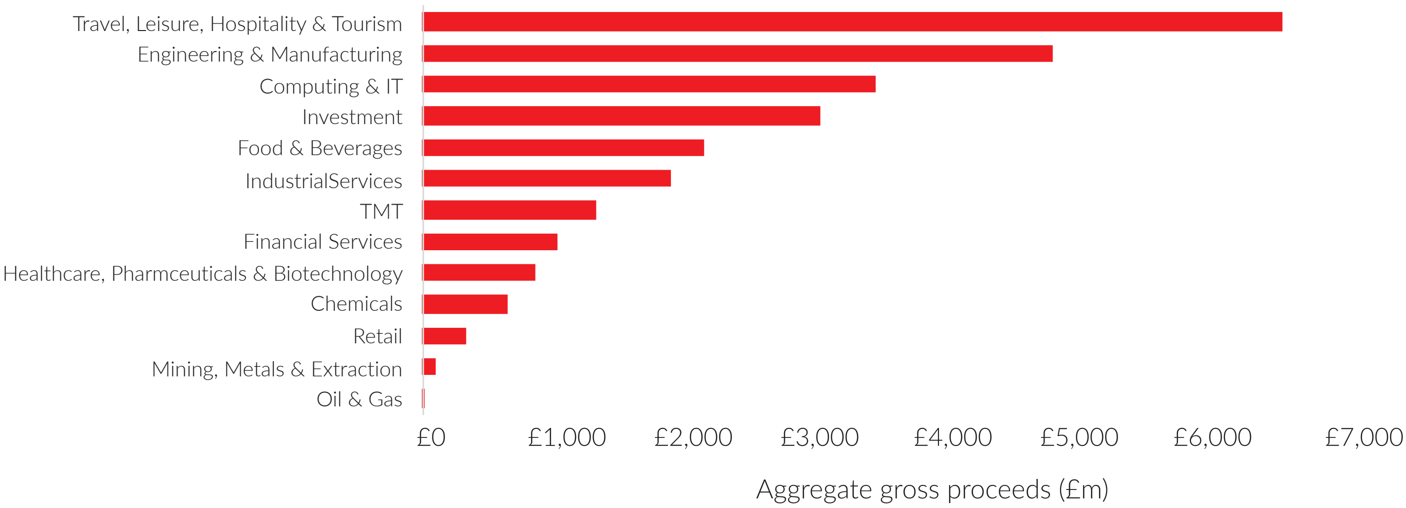
As expected, due to pandemic travel restrictions bringing activity to a halt, the Travel, Leisure, Hospitality & Tourism sector was the busiest for secondary offerings in 2020, making up 22% of secondary offering activity on the Main Market. Engineering & Manufacturing and Industrial Services were the next most popular sectors, accounting for 16% and 14% respectively.

Secondary offering volume by industry sector Main Market (2020)



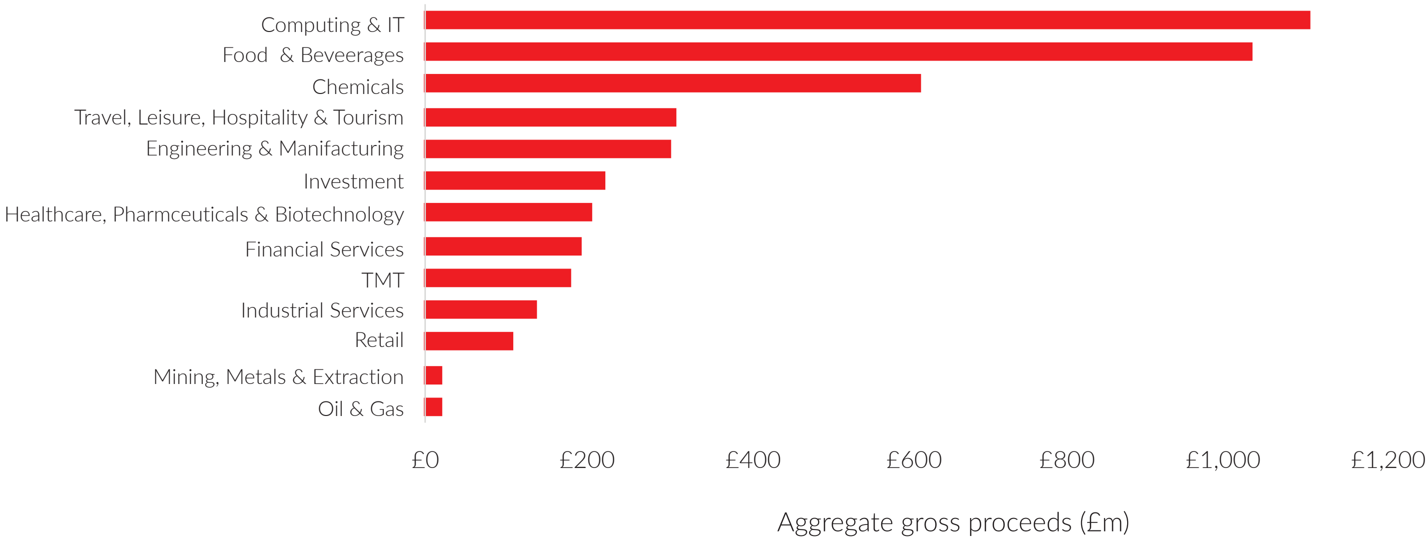
The Travel, Leisure, Hospitality & Tourism sector raised £6.4bn in secondary fundraisings in 2020, 25% of all funds raised. The next highest grossing sectors were Engineering & Manufacturing (4.7bn) and Computing & IT (£3.4bn). Surprisingly, comparatively little was raised by the Retail sector, which accounted for only 1.3% of aggregate gross proceeds raised by secondary issuance on the Main Market.

Secondary offering gross proceeds by industry sector Main Market (2020)

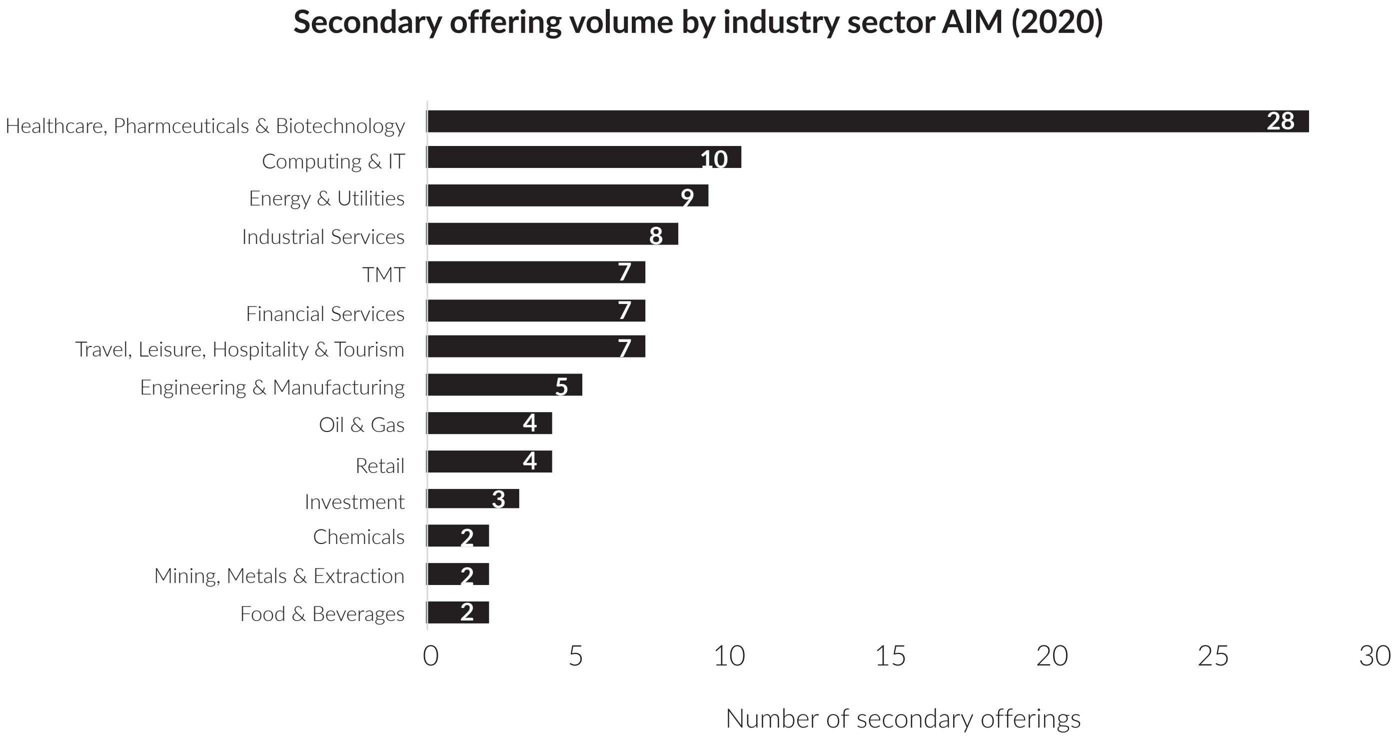


The sector with the highest average deal fundraising value was Computing & IT, averaging £1.1bn per transaction. This was significantly boosted by Aveva's £2.8bn placing. Similarly, the Food & Beverages industry averaged £1bn per deal in 2020, singlehandedly bolstered by the £2bn Compass Group placing in May.

Secondary offering average gross proceeds by industry sector Main Market (2020)



Breakdown by industry sector – AIM

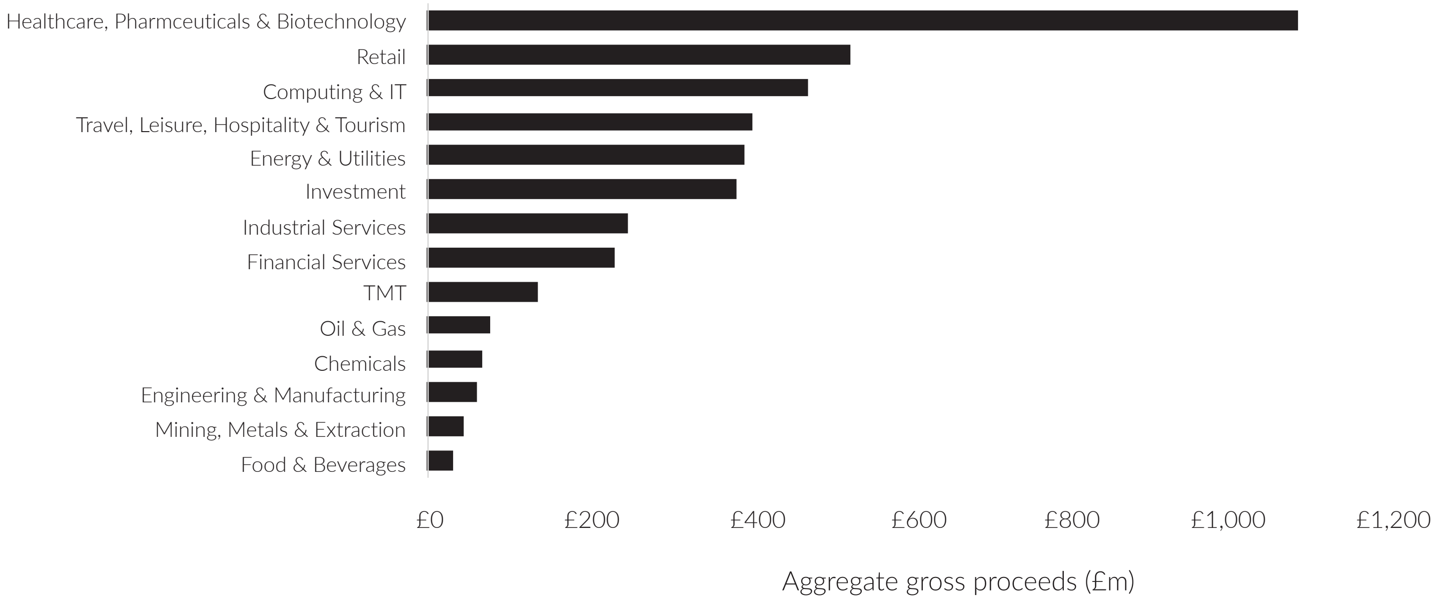


Healthcare, Pharmaceuticals & Biotechnology was the busiest sector for secondary offerings on AIM by a wide margin, accounting for 29% of all deal activity. The majority of companies cited supporting future growth as the key reason behind the fundraising. The next most popular sectors were Computing & IT, Energy & Utilities, and Industrial Services, accounting for 10%, 9% and 8% respectively.

The earlier stage of development of AIM companies, compared with their peers on the Main Market, and therefore the more attractive valuations available have made AIM companies in the healthcare space, (especially those with exposure to Covid-19 treatments) beneficiaries of the global interest in the sector and its prominence across the media.

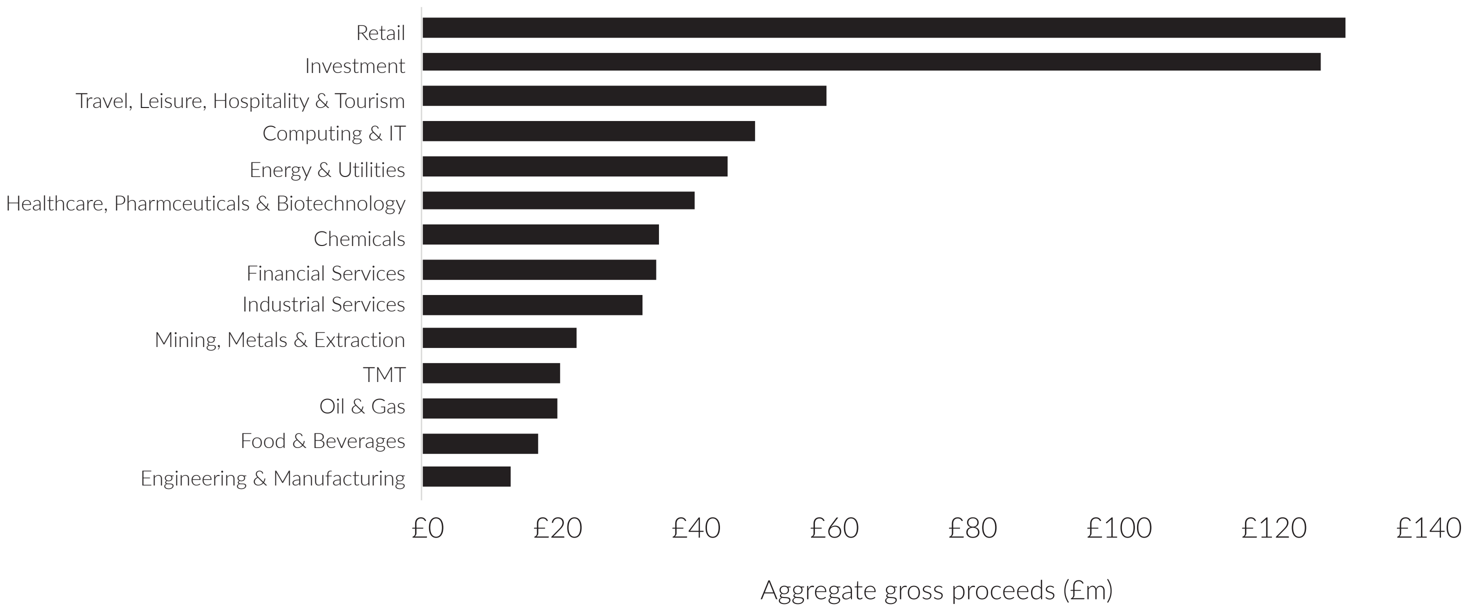
James Spinney,
Strand Hanson

Secondary offering gross proceeds by industry sector AIM (2020)



Healthcare, Pharmaceuticals & Biotechnology was also the highest grossing sector for secondary offerings, raising over £1bn in gross proceeds for the companies, 26% of all gross proceeds raised on AIM in 2020. Retail was the next highest grossing sector, supported by high-profile large fundraisings by ASOS and Boohoo and making up 13% of all funds raised, despite only accounting for 4% of overall transaction volume. The average per transaction in the Retail sector was £130m, the highest of all the sectors. However, it was closely followed by the average gross proceeds raised by Investment sector secondary offerings, which was approximately £127m per deal.

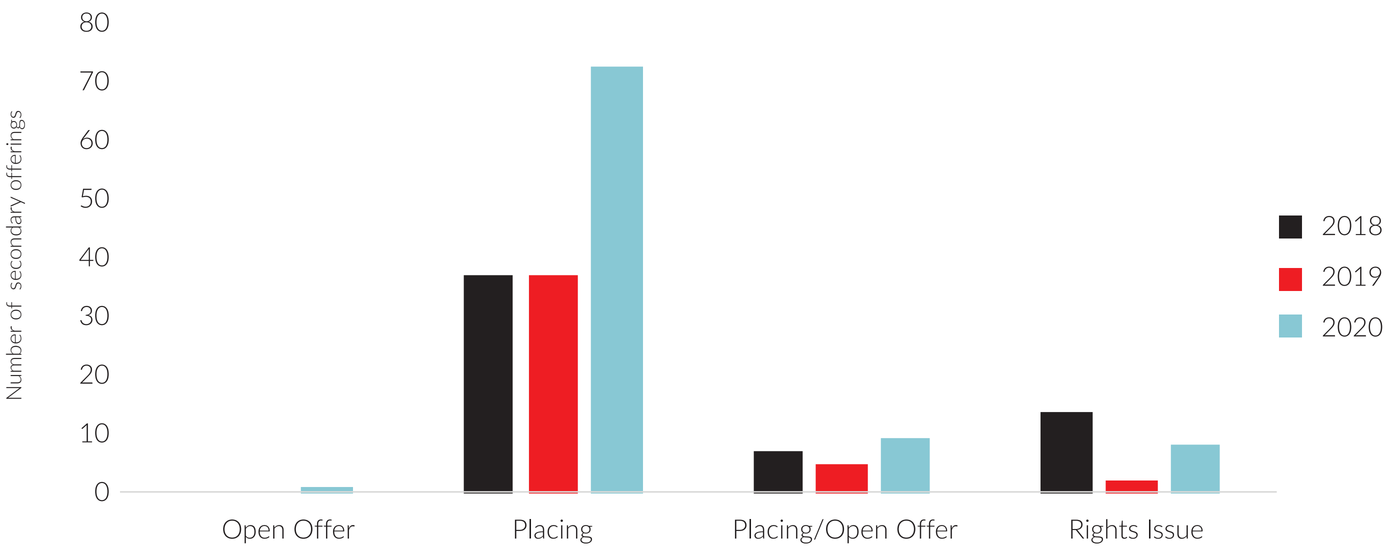
Secondary offering average gross proceeds by industry sector AIM (2020)



Secondary offerings: transaction type

Rights issues, traditionally associated with raising finance in challenging conditions, are experiencing a resurgence after a quiet spell in 2019, which saw only two rights issues complete. Nevertheless, placings continued to be the most popular transaction structure, making up 80% of all Main Market secondary offerings in 2020.

Secondary offerings by type - Main Market (2018 - 2020)



Similarly, on AIM, placings continued to be the most popular transaction type, accounting for 86% of all secondary offerings in 2020 on the junior market. Although we continued to see open offers combined with placings on AIM, the percentage declined from 23% in 2019 to 13% of all deals in 2020.

One of the immediate issues companies faced in the Spring/Summer of 2020 was the fact that we were entering AGM season and some companies had already exhausted much of their pre-emption authorities, which limited the amount they could raise in a placing.

However, the UK Companies Act permits the allotment of equity securities for non-cash consideration. The cash box structure (which involves the incorporation of a new subsidiary and a share for share exchange) provides Main Market and AIM issuers with a way to conduct a placing whilst qualifying for this exception, provided always that the company has enough headroom in its general authority to allot shares. So, whilst the disapplication authority may be depleted, a company may still retain sufficient general authority to allot shares for non-cash consideration.

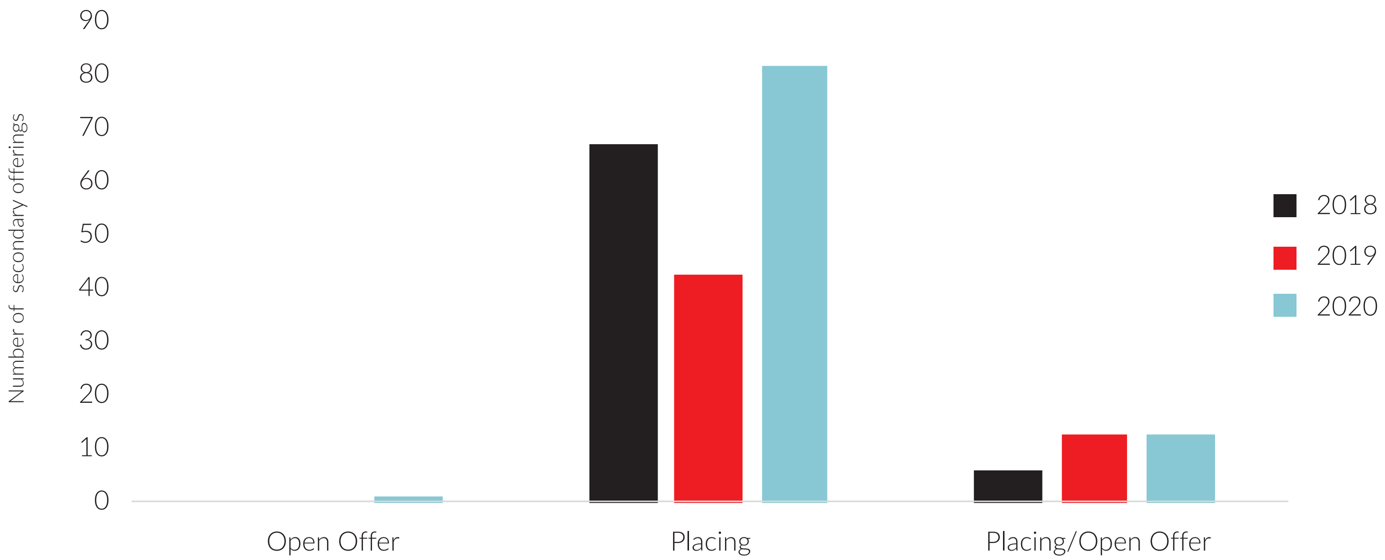
Historically, the cash box structure has not been popular with institutional shareholders. Indeed, the Pre-Emption Group did not approve of the use of the cash box structure, and had until the recent crisis, treated a cash box structured transaction as an issue of equity securities for cash in the Statement of Principles. However, in light of the pandemic, the Pre-emption Group temporarily waived their objections to issues by listed companies of up to 20% of their issued share capital.

Clive Hopewell, Partner, Bird & Bird

In 2020, we saw transactions with a PrimaryBid retail offering increase and in part this may account for the decline in use of Open Offers as a means to involve existing and retail shareholders. PrimaryBid retail offers complete in the same timeframe as the main placing and without the added costs of a shareholder circular and delays caused by an offer period.

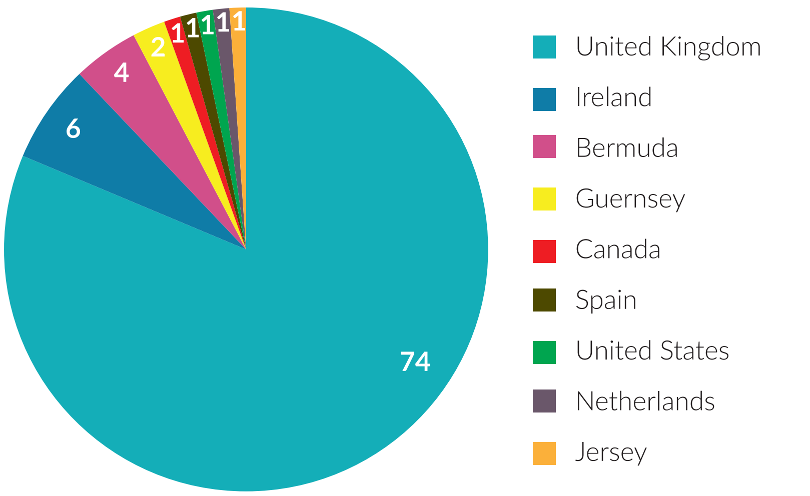
Alexander Keepin, Partner, BCLP

Secondary offerings by type - AIM (2018 - 2020)

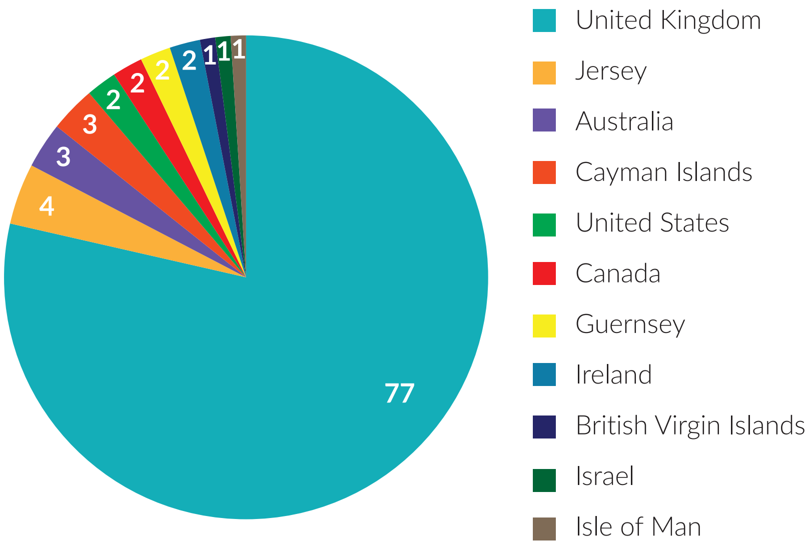


Country of incorporation

Country of incorporation - Secondary offers Main Market (2020)



Country of incorporation - Secondary offers AIM (2020)



3. Standard Listings 2020

> *Standard Listings have been popular for a number of years with those who don't meet all of the eligibility requirements for a premium listing and for overseas companies seeking an additional listing. This trend in continuing and is only likely to increase if changes are made as highlighted by Lord Hill's review.*
>
> Alexander Keepin, Partner, BCLP

For many years, the standard listing segment saw relatively little activity with companies and investors largely eschewing it in favour of the gold-plated premium list. However, in recent years sentiment seems to have shifted and increasingly the standard listing segment has been used as a less costly route to access a UK listed market without having to comply with the onerous requirements of the premium listing segment and has been particularly popular with overseas companies seeking a secondary or additional listing.

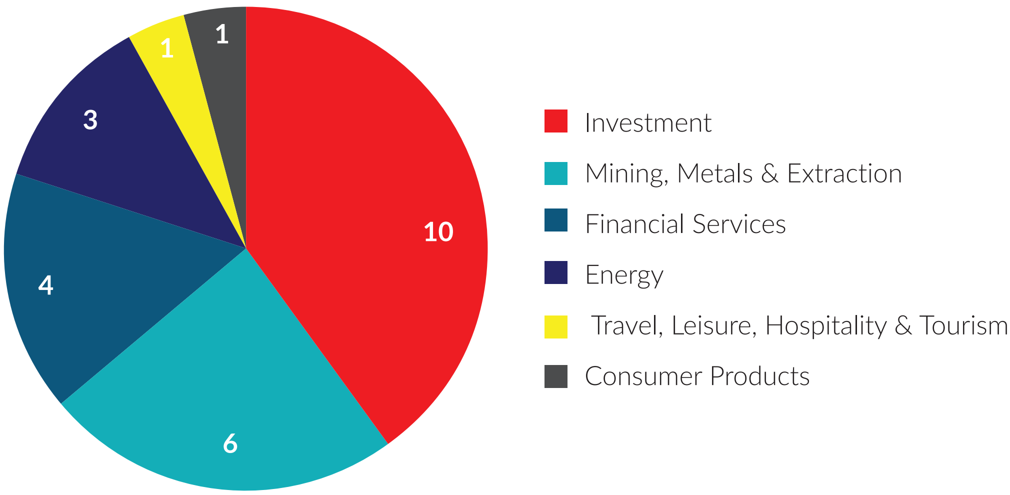
It has been given additional prominence following the publication of Lord Hill's UK Listing Review report published in March 2021 which recommends a rebrand and re-positioning of the standard listing segment.

In 2020, 66% of companies (25 out of 38) listing on the Official List (by way of IPO, introduction or transfer from AIM) opted for a listing on the standard listing segment as opposed to the premium listing segment. In 2019, the percentage was 56% (22 out of 39 companies). The largest IPO in 2020 on the Main Market[8] in terms of total money raised was The Hut Group Plc which listed on the standard listing segment in September 2020 and raised a total of £9bn.

For a review of standard listings in 2019 see: Standard listings in 2019

Sectors

Standard listings by industry sector



In 2020, the most popular sector for companies listing on the standard listing segment was the Investment sector and all but one of these were special purpose acquisition companies (SPACs) or cash shells. The next most popular sectors were the Mining, Metals & Extraction and Financial Services sectors.

In 2019, most of the companies opting for a standard listing were in the Mining, Metals & Extraction sector (ten in total).

8 Excluding GDRs issues

Special purpose acquisition companies

The standard listing segment continues to be a popular choice for special purpose acquisition companies (SPACs) to list. Nine SPACs listed on the standard list in 2020 (by way of IPO, introduction or transfer from AIM) (2019: eight).

These companies do not meet the eligibility criteria for a premium listing as they do not have the required revenue earning track record or an independent business as required by LR 6.3 and LR 6.4 of the Listing Rules. SPACs will also generally not meet the eligibility criteria for a premium listing under Chapter 15 of the Listing Rules as closed-end investment funds as they do not invest in assets with a view to spreading investment risk as required by LR 15.2.2.

When a listed SPAC undertakes an acquisition, the transaction is classed as a reverse takeover under the Listing Rules. The FCA will generally seek to suspend the SPAC's listing on the announcement of the acquisition as it considers there will be insufficient publicly available information for the market to operate effectively. This is known as the 'rebuttable presumption of suspension'.

One of the recommendations of the UK Listing Review is that the rebuttable presumption of suspension is removed for listed SPACs (or those of a certain size) and that the FCA should develop rules to increase investor protection, for example, rights for investors to vote on the acquisition and to redeem their shares when the acquisition takes place. The FCA has already issued a consultation paper on proposed changes to the Listing Rules on SPACs aiming to make new rules by early summer 2021.

> *Whilst we continue to see SPACs listed in the UK markets, we are yet to witness the explosion of SPAC listings that has taken place over in the US. We are receiving an increasing volume of SPAC listing enquiries demonstrating that curiosity is rife as to the attractiveness of this alternative route to market. However, the current requirement to suspend trading upon the announcement of an acquisition is problematic for investors who are locked into their investment for an uncertain period, particularly in circumstances where they do not agree with the deal or its valuation. The UK Listing Review rightly identifies that the current UK regulations attaching to SPAC structuring are in need of reform.*
>
> Nina Driver, Practice Development Lawyer, Squire Patton Boggs (UK) LLP

SPACs and AIM

SPACs are eligible for admission to AIM but must undertake a fundraising of at least £6 million and must implement their investing policy within 18 months of admission or seek shareholder approval for their investing policy at the next AGM and on an annual basis thereafter until the investing policy has been substantially implemented (Rule 8 of the AIM Rules for Companies). There are no equivalent rules relating to a SPAC obtaining a standard listing on the Main Market.

Hawkwing plc was previously an 'AIM Rule 15 cash shell' on AIM. It failed to make an acquisition within six months of the disposal of its business and accordingly its shares were suspended from trading on AIM in accordance with Rule 15 of the AIM Rules for Companies. It was admitted to the standard list in September 2020.

Two SPACs were admitted to trading on AIM in 2020.

> *For smaller cash shells, the Standard Listing route can be attractive as it can be cheaper than an AIM Listing and does not bring with it the minimum fundraising and other requirements seen on the AIM Market.*
>
> Alexander Keepin, Partner, BCLP

Focus on SPACs

Clive Hopewell, Partner, Bird & Bird

Bird & Bird

SPACs are cash shell companies formed with a view to making an acquisition. They have been particularly popular of late in US stock market listings, although they have had a mixed experience to date in London. The main deterrent to SPACs listing on the London markets (and this applies to AIM as well as the Main Market) is the requirement for the shares in the SPAC to be suspended as soon as a deal is announced to the market. This could leave investors locked into the stock for a long period of time without the ability to trade while the SPAC is preparing a new listing document to re-list the enlarged group.

A number of leading stock exchanges are considering relaxing their rules to facilitate SPAC listings to remain competitive, including Hong Kong and Singapore. The Amsterdam exchange accepted its first SPAC listing in 2007 and with recent listings, has positioned itself as the SPAC centre for Europe.

The Hill Review recommends that in place of the suspension requirement, additional protections be provided to shareholders of the SPAC, such as:

- the information that SPACs must disclose to the market upon the announcement of a transaction in relation to a target company;
- the rights that investors in SPACs must have to vote on acquisitions prior to their completion;
- the rights that investors in SPACs must have to redeem their initial investment prior to the completion of a transaction; and
- if necessary, to safeguard market integrity, the size of SPAC below which the suspension presumption may continue to apply.

The FCA took on board these recommendations and published their Consultation Paper (CP21/10) on Investor protection measures for special purpose acquisition companies: Proposed changes to the Listing Rules. In summary they propose permitting SPACs on the Main Market without the suspension requirement provided that the SPAC includes the following characteristics:

1. It meets a proposed size threshold of £200m by reference to gross proceeds raised from unconnected investors
2. These cash proceeds are appropriately ring-fenced for use for acquisitions, or for redemption or repayment
3. An acquisition must be made within 2 years of listing (with a possibility to extend for 12 months if close to deadline)
4. Board and shareholder approval of an acquisition required and “fair and reasonable” statement given
5. Investors must be given a redemption option
6. Enhanced disclosure requirements both on the initial prospectus and for the initial target acquisition announcement.

To bring out a Consultation so quickly following the publication of the Hill Report demonstrates the UK Government are very motivated not to let this opportunity slip away.

A well-regulated SPAC sector could provide some welcome competition to the dominance of private equity investors in the London market in the recent years and provide equity investors with greater access to exciting growth companies.

Dual class share structures: The Hut Group plc

The well-publicised reason behind The Hut Group plc's listing on the standard listing segment was that the founder wanted to retain control of the company through a dual class share structure allowing him to block a takeover of the company for a period of three years after the IPO.

Companies with a dual class share structure are not currently eligible for listing on the premium listing segment. This is because of the requirements of the Premium Listing Principles which include the provision that:

- all equity shares admitted to premium listing must carry an equal number of votes, and
- where a company has more than one class of share admitted to premium listing 'the aggregate voting rights of the securities in each should be broadly proportionate to the relative interests of those classes in the equity of the listed company'

Despite some institutional investors raising concerns about dual class structures, The Hut Group's IPO was seen as a success with its share price still trading above the offer price in what it said was a 'clear validation' of its business model and growth prospects. Lord Hill's UK Listing Review published in March 2021 recommends that dual class share structures should be permitted on the premium listing segment provided additional investor protections are put in place (for more information see the section on the UK Listing Review report below).

In March 2021, Deliveroo plc listed on the standard listing segment with a similar dual class share structure and was met with more criticism from institutional investors (also due to issues with the employment status of its delivery drivers). Deliveroo stated that it would move to the premium list if and when Lord Hill's recommendations to allow dual class share structures on the premium list are implemented.

> *The dual class share structure is particularly appealing to high-growth tech companies and enables founders to maintain control of the listed company through enhanced voting rights. Historically, the UK markets have struggled to lure such companies, who instead favour the flexibility offered by US markets which allow for different class rights between founders and other investors. In addition, a standard listing is often viewed as the less prestigious alternative to a premium listing.*
>
> Jayson Marks, Partner, Squire Patton Boggs (UK) LLP

> *It is an interesting development that some investors are willing to accept dual share structures although with the public statements from a number of institutional investors around the time of the Deliveroo IPO, this is likely to remain the exception rather than the default position.*
>
> Alexander Keepin, Partner, BCLP

Dual listings

Nine of the 25 companies which listed on the standard listing segment in 2020 were listed on other exchanges.

Four of these were in the Mining sector. The two Canadian mining companies, Yamana Gold Inc. and Wheaton Precious Metals Corp, both have listings on the Toronto and New York Stock Exchanges. Pensana plc and Castillo Copper Limited are both dual listed on the Australian Stock Exchange.

Nine of the 22 companies which listed on the standard listing segment in 2019 were dual listed (seven of which were in the Mining sector).

Five companies listed GDRs on the standard segment in 2020. Three of these (SDIC Power Holdings Co. Ltd, China Pacific Insurance (Group) Co., Ltd, China Yangtze Power Co., Ltd) were admitted to trading on the Shanghai-London Stock Connect segment of the Main Market and had A shares listed on the Shanghai Stock Exchange. China Pacific Insurance also has H shares listed on the Hong Kong Stock Exchange.

The Lithuanian energy company, AB Ignitis Grupe, which listed GDRs on the standard segment, has its shares listed on the Main Trading list of Nasdaq Vilnius. JSC Kaspi.kz has shares listed on the Kazakhstan Stock Exchange (KASE).

Panther Metals plc was previously admitted to trading on the NEX Growth Market before obtaining a standard listing in January 2020. Hawkwing Plc and Diversified Gas & Oil Plc were previously admitted to trading on AIM.

London and the access to institutional investors that a London listing brings remain attractive, post Brexit and following Lord Hill's review could even increase in attractiveness.

Alexander Keepin, Partner, BCLP

We continue to see a consistent level of dual listings reflective of the reputation that London has for providing access to a deeper capital pool of institutional investors, its advisory community and research coverage.

Hannah Kendrick, Partner, Squire Patton Boggs (UK) LLP

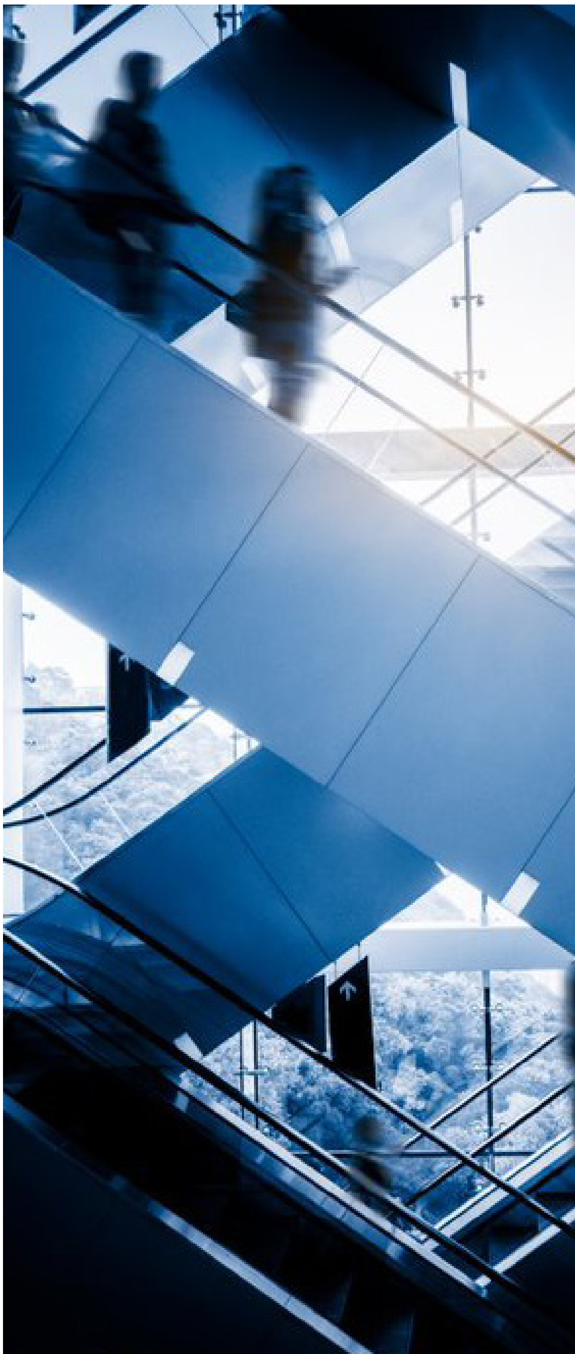
Standard listing: eligibility criteria

The key eligibility criteria for a company applying for a standard listing are that its securities are freely transferable, it has a market capitalisation of at least £700,000 on admission and a free float of at least 25%.

Companies applying to the standard listing segment do not need to comply with the more stringent eligibility rules which relate to premium listed companies including:

- an independent business
- a three-year revenue earning track record
- sufficient working capital for the next 12 months
- a sponsor to guide it through the admission process and give certain undertakings to the FCA about the company's eligibility for listing
- applying the UK Corporate Governance Code

In addition, the continuing obligations a standard listed company must comply with on an on-going basis are much less onerous.



Voluntary compliance with additional listing rules

In relation to continuing obligations, a company with a standard listing does not need to comply with the rules relating to:

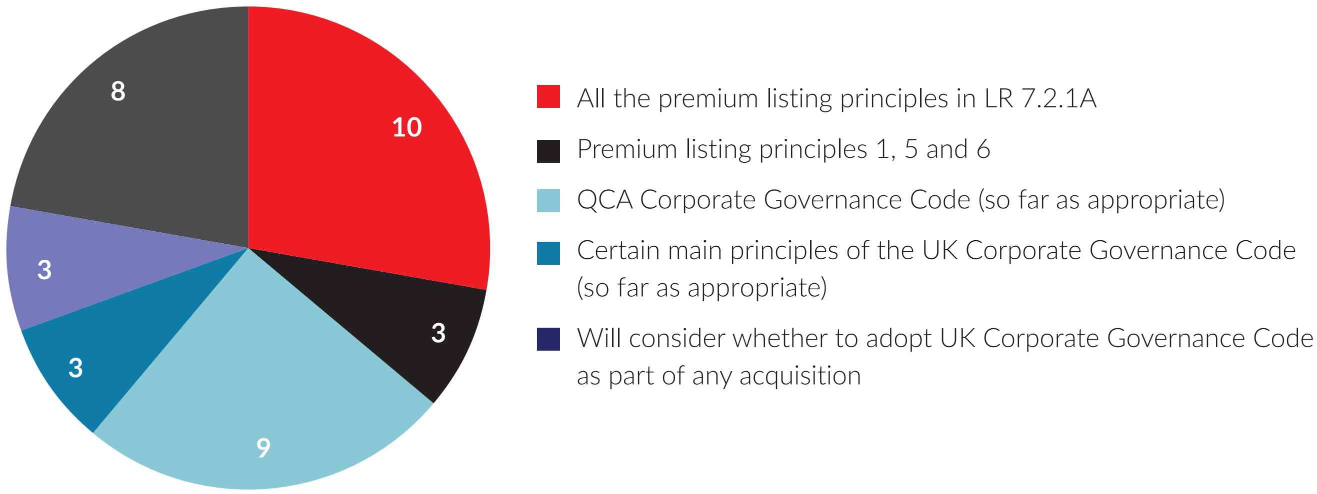
- appointment of a sponsor in Chapter 8 of the Listing Rules
- ongoing continuing obligations in Chapter 9 of the Listing Rules
- significant transactions in Chapter 10 of the Listing Rules
- related party transactions in Chapter 11 of the Listing Rules
- purchases of own shares in Chapter 12 of the Listing Rules, and
- form and content of circulars in Chapter 13 of the Listing Rules

In many cases standard listed companies will agree to comply with certain of these rules on a voluntary basis and these are usually set out in the company's prospectus. However, the FCA does not monitor compliance with the parts of the Listing Rules that standard listed companies comply with on a voluntary basis.

Of the 25 companies which listed on the standard listing segment in 2020, 16 companies made some statement in their prospectus about complying voluntarily with additional provisions in the Listing Rules, the UK Corporate Governance Code or the QCA Corporate Governance Code.

> *9 of the 25 standard listings were by companies listed on other markets such as the TSX or ASX. For these companies it is not necessary to make statements re voluntarily adopting parts of the Listing Rules or Listing Principles or the UK Corporate Governance Code or the QCA Corporate Governance Code as investors will benefit from the protections on the ASX or TSX Rules and the corporate governance regimes in Australia/Canada.*
>
> Alexander Keepin, Partner, BCLP

Standard listings 2020: company disclosures about complying with additional listing rules/corporate governance codes[9]



Ten companies stated that they would comply with all of the Premium Listing Principles and three companies stated they would only comply with Premium Listing Principles 1, 5 and 6 (these relate to taking reasonable steps to enable directors to understand their responsibilities and obligations, treating all holders of the same class of listed equity securities in the same position equally and communicating to holders of listed equity securities in such a way as to avoid the creation of a false market).

Nine companies stated they intend to comply with the Corporate Governance Code published by the Quoted Companies Alliance (QCA) so far as appropriate to the company's size and nature and, in some cases, the size and composition of the board of directors.

Three companies stated they intend to comply with certain main principles of UK Corporate Governance Code so far as appropriate to the company's size and nature and a further three companies (SPACs) stated they would consider whether to adopt the UK Corporate Governance Code as part of any acquisition.

Eight overseas companies made a statement that they comply with rules on corporate governance as required by another exchange or by the company's overseas country of incorporation.

Standard listing segment and the UK Listing Review

As referred to above, the standard listing segment may see some change in 2021. One of Lord Hill's recommendations in the UK Listing Review is to rebrand and relaunch the standard segment with its key feature being flexibility. His view is that the emphasis should be on disclosure by companies of standards and safeguards they are putting in place which will determine investor willingness to support and invest.

One of the main disadvantages of listing on the standard listing segment for companies not listed elsewhere is the lack of FTSE inclusion. Companies listed on the standard listing segment are not eligible for inclusion in any of the FTSE indices which means that certain institutional investors are unable or unwilling to invest in them. The UK Listing Review recommends that this position is revisited. Investor groups are asked to publish guidelines setting out areas of particular importance to them and to engage with index providers to enable companies listed on the repositioned standard segment being included in FTSE indices.

For more information on Lord Hill's UK Listing Review report, see the Legal and Regulatory Developments section of this report.

9 As companies made statements about complying voluntarily with more than one of these provisions, the combined total will exceed 25.

4. Legal and regulatory developments

Brexit

At 11pm on 31 January 2020, the United Kingdom left the European Union and entered into an implementation period which ended at 11pm on 31 December 2020 (IP completion day). The UK and EU began a new trading relationship under the EU-UK Trade and Cooperation Agreement however this did not address financial services. Therefore in relation to the listing, prospectus and transparency regimes, there was in effect a 'no deal' Brexit.

The UK listing, prospectus and transparency regimes largely continue to apply as before but with certain policy changes necessary to reflect the UK's position outside the EU and, in most cases, to treat the EU and its member states in the same way as third countries.

The Prospectus Regulation and the Market Abuse Regulation (and related delegated regulations) were onshored into UK law on 31 December 2020 and amended by a series of Brexit-related statutory instruments. The FCA amended the Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules on the same date to reflect the policy changes made by the government to the onshored EU legislation. Similarly, the London Stock Exchange amended its Primary and Secondary Market Rulebooks (including the Admission and Disclosure Standards and the AIM Rules for Companies) to take account of the UK's withdrawal from the EU.

In summary, the key changes to the UK listing, prospectus and transparency regimes following the end of the implementation period are follows:

- **'Passporting' of prospectus**: passporting of prospectuses between the UK and the EEA is no longer be possible. The Prospectus Regulation was onshored into UK law but the provisions relating to passporting were deleted. An EEA issuer wishing to offer securities in the UK will need to publish a prospectus under the UK Prospectus Regulation and have it approved by the FCA. The UK provided for transitional provisions[10] so that prospectuses passported into the UK before IP completion day are valid for use up to the end of their validity. ESMA took the opposite stance in its Q&A document on prospectuses[11] stating that the validity of a UK approved prospectus passported into the EU will be cancelled.

- **Accounting standards for listed companies**: in most cases, UK listed companies are required to use UK adopted international accounting standards (IAS) for their consolidated accounts for financial years commencing after IP completion day. EEA and other third country issuers will be able to use UK adopted IAS, EU adopted international financial reporting standards (IFRS) or other accounting standards for which an equivalence decision[12] has been made and for which the FCA has granted an exemption (see FCA: equivalence of non-UK regimes).

- **Historical financial information in prospectuses**: in general, UK listed companies will be required to use UK adopted IAS for historical financial information in prospectuses. EEA and other third country issuers will be able to use either UK adopted IAS or the accounting standards set out in Retained Regulation (EU) 2019/980 (which includes EU adopted IFRS and accounting standards of other countries for which an equivalence decision has been made). Transitional provisions are in place for financial years straddling IP completion day.

- **Free float provisions**: holders of shares in any jurisdiction count towards the free float requirement of 25% shares in public hands (and not only shares in public hands in the EEA as was previously the case).[13]

- **DTR scope**: the transparency rules in DTR 4 to 6 (which cover periodic financial reporting and notification requirements for issuers and holders of voting rights) apply to all issuers with securities admitted to trading on a UK regulated market. Previously the transparency rules applied to those issuers with securities admitted to trading on an EU regulated market for which the FCA was the home competent authority. The concept of 'home' and 'host' competent authorities no longer exists under the UK regimes.

- **Market abuse regime**: the Market Abuse Regulation was onshored on IP completion day[14]. The scope of the regime was maintained so that UK MAR applies to financial instruments admitted to trading or traded on UK trading venues as well as EU trading venues.

10 Regulation 73, The Official Listing of Securities, Prospectus and Transparency (Amendment etc.) (EU Exit) Regulations 2019
11 Question 104, ESMA Q&A on Prospectuses
12 The Prospectus Directive and Transparency Directive Equivalence Directions 2019
13 See paragraph 3.73 onwards of FCA Consultation Paper CP 18/36
14 The Market Abuse (Amendment) (EU Exit) Regulations 2019

- **Issuer notifications under the UK Market Abuse Regulation**: an issuer with securities traded on a UK trading venue must make certain notifications under the UK Market Abuse Regulation to the FCA (eg when it delays disclosure of inside information) even if it is also obliged to make notifications to an EU competent authority under the EU Market Abuse Regulation. This may result in an issuer with a dual listing being required to make separate notifications under the two market abuse regimes to the different regulatory authorities.

For further details see Practice Note: Brexit - UK listing and prospectus regime.

> *The relaxation around shares in public hands, as opposed to in public hands in the UK has significantly helped overseas companies looking for an additional listing. Any further relaxation of this will only further help London's attractiveness.*
>
> Alexander Keepin, Partner, BCLP

Coronavirus (COVID-19) pandemic

A number of regulatory relaxations were introduced to assist listed and AIM companies with the unprecedented challenges brought on by the coronavirus pandemic:

- **Relaxation of the Pre-emption Group's limits on non-pre-emptive issues**: in April 2020, the Pre-Emption Group advised investors to support issuances by companies of up to 20% of their issued share capital on a non pre-emptive basis (up from 5% for general corporate purposes plus 5% for specified acquisitions). Where companies are seeking this additional flexibility the circumstances should be explained, consultation with a representative sample of the company's major shareholder should be undertaken, as far as possible the issue should be made on a soft pre-emptive basis and company management should be involved in the allocation process. This additional flexibility came to an end on 30 November 2020.
- **Extensions to corporate reporting for listed companies**[15]: the FCA has given listed companies an additional two months to publish annual financial reports and an additional one month to publish half-yearly financial reports. This will remain in place until the disruption ends.
- **Working capital statements**[16]: the FCA will allow key modelling assumptions relating to coronavirus underpinning the reasonable worst-case scenario to be disclosed in an otherwise clean working capital statement in a prospectus or circular. This will apply for the duration of the coronavirus crisis.
- **General meeting requirements under the Listing Rules**[17]: premium listed companies undertaking class 1 and related party transactions may apply to the FCA for a dispensation from the requirement to hold a general meeting if they hold written undertakings from the requisite number of shareholders that they would vote in favour of a resolution to approve the transaction.

The FCA published a statement of policy for listed companies and recapitalisation issuances during the coronavirus pandemic in April 2020 covering some of the measures above and other reminders[18]. It also published guidance on the market abuse regime during the coronavirus pandemic in Market Watch Issue 63[19].

In relation to AIM companies, the London Stock Exchange announced temporary extensions to the deadlines for notifying annual results (up to three months extension) and half-yearly reports (one month extension). These measures remain in place until further notice (see Inside AIM: Coronavirus - financial reporting deadlines).

For more information see Practice Note: Coronavirus (COVID-19) - key issues for Corporate lawyers.

15 FCA Summary of temporary reliefs for companies reporting published financial information, January 2021
16 FCA technical supplement: working capital statements in prospectuses and circulars during the coronavirus epidemic, 8 April 2020
17 FCA technical supplement: modification of general meeting requirements under the Listing Rules
18 FCA statement of policy: Listed companies and recapitalisation issuances during the coronavirus crisis, April 2020
19 Market Watch 63, May 2020

> *The relaxation of the rules to allow cash box fundraisings up to a certain level helped a number of companies raise funds at a time when the prolonged settlement timetable at a time of market volatility could have added to the challenges when fundraising. Whist the relaxation no longer applies, a number of companies are still looking at cash box placings in 2021.*
>
> Alexander Keepin, Partner, BCLP

> *UK regulatory bodies acted swiftly in providing guidance to issuers and relaxing certain regulatory requirements. The temporary flexibility given by the Pre-emption Group on non-pre-emptive issues has provided relief to many listed companies at a time when access to capital has underpinned their survival strategy.*
>
> Hannah Kendrick, Partner, Squire Patton Boggs (UK) LLP

UK Listing Review by Lord Hill

On 19 November 2020, in preparation for the end of the Brexit implementation period, HM Treasury launched a review of the UK's listing regime to be undertaken by Lord Hill, a former EU financial services commissioner. The review kicked off with the publication of a call for evidence asking for views from market participants on five key areas: free float requirements, dual class share structures, track record requirements, prospectuses and dual and secondary listing. General comments on how the UK capital markets might attract more companies, particularly growth companies, were also welcomed.

On 3 March 2021, Lord Hill published the UK Listing Review report containing a package of proposals focused mainly on making the London listing regime more competitive compared to its rivals in the US, Asia and Europe. The main recommendations are as follows:

- **Promoting the attractiveness of London**: Lord Hill calls for the Chancellor to publish an annual state of the City report setting out progress made in improving the UK's competitive position and a duty to take the UK's overall attractiveness as a place to do business to be incorporated into the FCA's objectives.
- **Dual class share structures**: these share structures should be permitted on the premium listing segment with additional safeguards so that the share structure is time limited with a maximum weighted voting ratio of 20:1 and enhanced voting rights limited to ensuring the holder can continue as a director and block a change a of control (The Hut Group plc and Deliveroo plc have listed on the standard segment of the Official List with dual class share structures).
- **Special purpose acquisition companies (SPACs)**: the 'rebuttable presumption of suspension' for listed SPACs (or those of a certain size) should be removed so that they are not automatically suspended when an acquisition is announced and further rules should be developed to increase investor protection such as rights for investors to vote on an acquisition and to redeem their shares when an acquisition take place.
- **Free float**: the required percentage for shares in public hands should be reduced to 15% for both the premium and standard listing segments and rules setting out which shareholdings are excluded from the free float calculation should be updated. Companies with different market capitalisations could be allowed to use alternative measures to demonstrate sufficient liquidity in their shares eg minimum number of shareholders, minimum market value of publicly held shares and a minimum share price to support a liquid market.
- **Track record**: concessions from the three year track record requirement should be extended to innovative high growth companies which are able to show they are sufficiently mature.

- **Standard listing segment**: this should be re-branded, repositioned and promoted as a venue for all types of companies with the key feature being flexibility. Investor groups should be encouraged to support the inclusion of companies on the rebranded standard listing segment in FTSE indices.
- **Prospectuses**: a fundamental review of the prospectus regime is recommended including separating out the prospectus requirements for admission to a regulated market and for offers to the public and a review of existing prospectus exemptions.
- **Forward-looking information in prospectuses**: the liability regime for directors and companies under the Financial Services and Markets Act 2000 as it relates to forward looking information should be reformed.
- **Retail investors**: the Rights Issue Review Group should be re-established to investigate improving the efficiency and speed with which fully pre-emptive offerings can be undertaken.
- **Main Market IPO process**: the FCA should assess whether the rule changes made in 2018 to reform the availability of information during the Main Market IPO process have meaningfully increased independent research and, if not, review the rules accordingly.

Some of the proposals require legislative change and may take longer for the government to consider and implement. Others are for the FCA to review and can be actioned more speedily. The FCA intends where appropriate to act quickly with the aim of publishing a consultation paper by the summer with rule changes in place by the end of the year. An FCA consultation on SPAC listings has already been published (see below).

The Chancellor announced on 21 April 2021 that a public consultation on the prospectus regime would be published later in the year.

For full information see Corporate Analysis on the UK Listing Review report and Lord Hill's UK Listing Review report, 3 March 2021.

“*The fundamental review of prospectuses recommended by the Hill Review and accepted by the Chancellor is an opportunity to split out the two separate processes of admission to regulated markets and money raising; to distinguish between public companies and private companies raising new money; and to examine all the duplicative processes around these activities. We can design something that works for the UK markets, that eases the procedures and ultimately will help to make public markets less forbidding, even attractive.*”

Tim Ward, CEO, QCA

“*The UK is also facing increased competition from European and other exchanges with anecdotal evidence suggesting that issuers now consider "triple-track" processes: IPO, sale or being acquired into a SPAC. In terms of IPOs, there is an increasing trend of companies looking at London, New York and at least one European exchange, often Amsterdam, as alternative listing venues. All of those involved in the UK market need to consider the UK's position and attractiveness compared to these other venues, whether that is from a regulatory perspective, for index inclusion or investor appetite.*”

Alasdair Steele, Partner, CMS

“*It is encouraging to see the possibility that dual class share structures could be offered on premium listings and how such flexibility could make UK listings more appealing to certain types of companies. The real challenge that arises is maintaining equilibrium between attracting more founder led high-growth companies and safeguarding effective stewardship by institutional investors.*”

Nina Driver, Practice Development Lawyer, Squire Patton Boggs (UK) LLP

“*Lord Hill's proposals were welcome. They sought to address some competitive disadvantages that had built up over time in the London listing regime. Most of these were self-inflicted however, and while the UK Listings Review was branded post-Brexit, there were relatively few proposals that could not have been achieved pre-Brexit.*”

Nicholas Holmes, Partner, Ashurst

FCA consultation on SPACs

On 30 April 2021, the FCA published a consultation paper proposing changes to the Listing Rules to encourage a wider range of SPAC listings with stronger investor protection features. The UK Listing Review highlighted that a key deterrent for potential investors in UK SPACs was the rule requiring a SPAC's shares to be suspended on the announcement of an acquisition. While trading in the SPAC's shares is suspended, existing shareholders are unable to sell their shares. Trading only starts again when the acquisition completes and the SPAC has re-applied for admission to listing in accordance with the rules on reverse takeovers.

In its consultation paper, the FCA proposes an alternative approach for listed SPACs that meet certain criteria to protect investors. These include:

- minimum of £200m fundraise at the time of IPO (excluding funds provided by founders)
- ring-fencing of cash proceeds for use for acquisition or for return to shareholders
- time limit of two years from IPO to make an acquisition (can be extended by 12 months subject to approval by independent shareholders)
- approval of the acquisition by the board and independent shareholders
- fair and reasonable statement to be made by the board of directors (reflecting advice from an independent adviser) if any SPAC director has a conflict of interest in respect of the target
- investors permitted to redeem their securities at a pre-determined price before the SPAC completes an acquisition
- the announcement of the acquisition must contain certain prescribed details such as a description of the target's business, material terms of the proposed transaction and an indication of how the SPAC has assessed and valued the target

Under the proposals, where the SPAC can satisfy the required conditions and confirms this to the FCA in advance of an acquisition, the SPAC's listing will not be suspended. However, the FCA does not propose to give any confirmation to a SPAC on IPO that it meets the relevant criteria for no suspension.

If a SPAC does not comply with these criteria, the FCA will continue to suspend its securities on the announcement (or leak) of an acquisition.

The consultation closes on 28 May 2021. The FCA states that the proposals represent a timely response to the recommendation on SPACs in the UK Listing Review but it may also consider introducing a separate listing category for SPACs in due course. The FCA also confirmed it intends to bring forward other policy proposals including a further consultation paper in the summer in response to other matters set out in the UK Listing Review.

> *We have seen the beginnings of the SPAC listing trend migrate across the Atlantic towards the European exchanges, with Amsterdam so far being the most popular venue in Europe. We are optimistic that the UK regulatory changes under consultation, which largely adopt the US approach on protections for SPAC investors, will enable the London markets to compete on more of a level playing field.*
>
> Jayson Marks, Partner, Squire Patton Boggs (UK) LLP

> *The FCA responded with particular alacrity to Lord Hill's proposals relating to SPACs and it will be interesting to see whether the Listing Rule changes to be implemented by the FCA following its Consultation Paper will provide a platform from which the London market can compete internationally as a SPAC listing venue*
>
> Nicholas Holmes, Partner, Ashurst

Kalifa review of UK fintech

The government-backed review of the UK financial technology (fintech) sector by Ron Kalifa was published in February 2021 and also recommended potential reforms to the listing regime to encourage fintech listings. These included reducing free float requirements to 10% and looking at allowing dual class structures on the premium listing segment. It also recommends that the Pre-emption Group's relaxation of its position on non-pre-emptive issues of up to 20% continues past the coronavirus crisis.

Government power to block listings on national security grounds

On 11 November 2020, in tandem with the introduction of the National Security and Investment Bill into parliament, the Economic Secretary to the Treasury made a statement announcing that the government intends to bring forward a precautionary power to block listings on UK financial markets on national security grounds. This follows an investigation into whether such power was appropriate as part of the government's Economic Crime Plan 2019.

In the statement, the Treasury indicated its intention to consult on this new power in early 2021.

Climate-related disclosures for premium listed companies

The FCA introduced new rules in Chapter 9 of the Listing Rules requiring all commercial companies with a premium listing to make climate-related disclosures consistent with the approach set out by the Task Force on Climate-related Financial Disclosures (TCFD) or to explain why not (Policy Statement PS20/17, 21 December 2020). This ties in with the government's wider strategy to address climate risk and enhance climate-related disclosure by all companies.

Commercial companies with a premium listing (including overseas companies and sovereign-controlled commercial companies) with accounting periods beginning on or after 1 January 2021 are required to include a statement in their annual financial report about whether they have made disclosures consistent with the TCFD's recommendations and recommended disclosures and where those disclosures have been made (if not in the annual report, further details are required). If they have not made disclosures consistent with all of the TCFD's recommendations and recommended disclosures, the reasons for not including such disclosures and any steps they are taking or plan to take in order to be able to make those disclosures in the future (including the timeframe) should be disclosed.

The FCA also published a new technical note which clarifies existing disclosure obligations on climate change and other environmental, social and governance (ESG) matters for a wider set of issuers under existing rules eg in the Listing Rules, Disclosure Guidance and Transparency Rules, Prospectus Regulation and Market Abuse Regulation.

The FCA stated it intends to issue a consultation paper in the first half of 2021 with proposals to extend the application of this rule to a wider scope of listed issues and consider strengthening the compliance basis.

The Department for Business, Energy & Industrial Strategy launched a consultation to require public quoted companies, large private companies and LLPs to make mandatory climate-related disclosures aligned with the TCFD's framework in March 2021. The entities covered include UK registered companies with more than 500 employees whose securities are admitted to trading on a regulated market or admitted to trading on AIM. The consultation closed on 5 May 2021.

For full information, see Practice Note: CSR, ESG and human rights reporting and initiatives

ESG considerations and the rise of sustainable investing continues to take centre stage, perhaps augmented by the backdrop of the ongoing global pandemic. Investors are now attaching greater significance to non-financial performance in their investment decision-making. It will be interesting to see how ESG reporting will evolve over the coming years as Boards grapple with ensuring they have suitable and effective reporting lines within their businesses to enable them to provide meaningful non-financial disclosures.

Hannah Kendrick, Partner, Squire Patton Boggs (UK) LLP

Listing of cannabis-related businesses

In September 2020, the FCA set out its approach to the listing of cannabis-related businesses:

- UK-based medicinal cannabis companies: medicinal cannabis was legalised in the UK in 2018 and these companies can be admitted to the Official List provided they have the appropriate Home Office licences where required
- Overseas medicinal cannabis companies: there is a risk that the proceeds from overseas medicinal cannabis business constitutes 'criminal property' for the purpose of the Proceeds of Crime Act 2002 (PoCA) even where the company holds a licence from an overseas licensing authority, the FCA will only admit these companies to the Official List where it is satisfied that PoCA does not apply
- Recreational cannabis companies: the proceeds from recreational cannabis companies wherever located are proceeds of crime under PoCA and accordingly such companies cannot be admitted to the Official List

Since the publication of the FCA statement, three medicinal cannabis companies have listed on the standard segment of the Official List: MGC Pharmaceuticals Limited (incorporated in Australia), Kanabo Group plc and Cellular Goods plc (all in 2021). Love Hemp Group plc (admitted to the Access segment of the AQSE Growth Market) has also issued an announcement signaling its intention to list on the Official List.

The FCA stated that a guidance consultation on the listing of cannabis-related businesses will be published 'in due course'.

> *The emerging cannabis industry is a fast-growing sector that requires substantial levels of research, development and clinical trials which come at significant cost. Now that the FCA and the London Stock Exchange have lent their support to associated UK listings, we believe that we will begin to see heightened market activity within this sector.*
>
> Hannah Kendrick, Partner, Squire Patton Boggs (UK) LLP

Update on the use of registration documents

In 2020, eight companies completing a Main Market IPO (out of 33 in total) used a registration document followed by a prospectus (Calisen plc, The Hut Group plc, AB Ignitis Grupe, Guild Esports plc, JSC Kaspi.kz, Tirupati Graphite plc, Bytes Technology Group plc and Conduit Holdings Ltd).

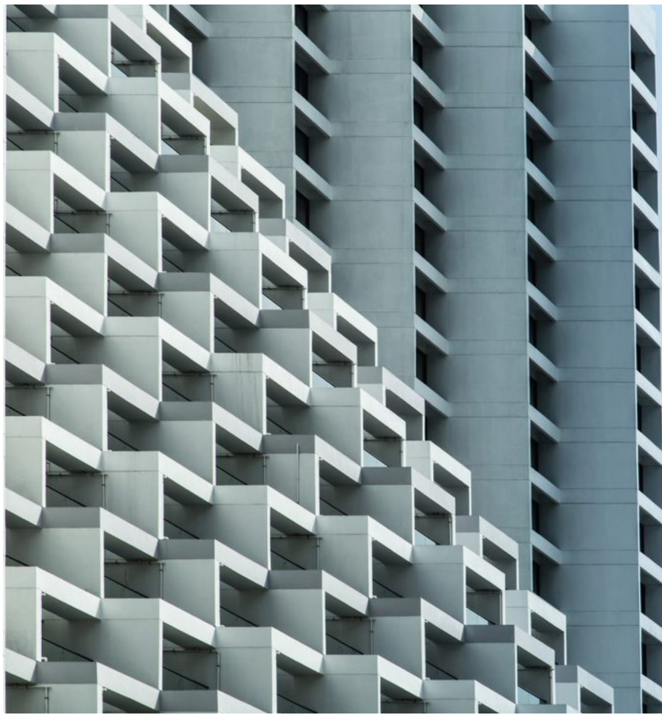
Six of these (Calisen plc, The Hut Group plc, AB Ignitis Grupe, JSC Kaspi.kz, Bytes Technology Group plc and Conduit Holdings Ltd) left a minimum seven day gap between the publication of the registration document and the publication of the intention to float announcement (which is usually published at the same time as analysts release their research reports). This continues the trend which was noted in our 2018 ECM Trend Report and 2019 ECM Trend Report (Legal and regulatory developments in ECM 2019) and indicates that connected and unconnected analysts are being briefed separately.

The use of registration documents has become more common following the rule changes set out in the FCA's 2018 Policy Statement PS17/23: Reforming the availability of the information in the UK equity IPO process which sought to improve the range, quality and timeliness of information made available in the Main Market IPO process. Rule changes were made (in the Conduct of Business Sourcebook) requiring the publication of an approved registration document or prospectus before any connected research is published on the company.

In addition, the rule changes sought to ensure that independent unconnected analysts were given equal opportunity to produce research on a company and where the two sets of analysts are not given access to the company's management at the same time, there must be a seven day gap between the publication of the registration document and the publication of connected analysts research. In practice (as noted above and in the UK Listing Review report), companies have briefed unconnected analysts separately which has resulted in an additional seven days being added to the public phase of the IPO timetable.

Lord Hill noted in the UK Listing Review report that market participants thought the rule changes had not led to any significant increase in research coverage by unconnected analysts but the lengthening of the public phase of the IPO had increased execution risk and increased costs thereby putting London at a disadvantage to other listing venues. The FCA has been asked to review the rule.

Update on risk factor disclosure in prospectuses



In our 2019 ECM Trend Report: Risk factor disclosure in 2019 IPOs we analysed risk factor disclosure in prospectuses following the introduction of more prescriptive requirements in July 2019 under the Prospectus Regulation.

Article 16(1) of the Prospectus Regulation provides that an issuer must assess the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact. The assessment of materiality 'may be disclosed by using a qualitative scale of low, medium or high'.

In 2019, no prospectuses published in relation to IPOs contained such a disclosure. In 2020, two companies (Mode Global Holdings plc and Wildcat Petroleum plc) described risk factors using a qualitative scale in their IPO prospectuses. Each risk factor was assessed on the basis of the likelihood of its occurrence and its financial impact on a low, medium and high scale.

Outlook for 2021

The surge in IPO activity in the last quarter of 2020 has continued at pace into 2021 with many household names such as Dr Martens, Moonpig and Deliveroo listing on the Main Market.

In the first three months of 2021, 23 companies completed IPOs: 13 on the Main Market and ten on AIM raising over £1.3 bn in new money. Secondary offer activity has also remained buoyant with companies raising around £5.5 bn in aggregate on the Main Market and AIM.

With the coronavirus vaccine roll-out continuing successfully, more certainty on the UK's relationship with the EU and the Treasury and FCA backing the UK Listing Review recommendations to make London more competitive, the increase in IPO and secondary offer activity looks likely to continue further into 2021.

2020 saw an increase in retail offers alongside institutional offers in secondary offerings by companies using the online investment platform, PrimaryBid. In 2021, companies have also used PrimaryBid to allow retail investors access to shares in their IPOs. Deliveroo plc included a community offer as part of its fundraising, Cellular Goods plc made an intermediaries offer to investors in the UK and PensionBee made a customer offer to retail investors in the UK. All three companies used PrimaryBid for the retail part of their fundraisings.

Some market commentators had hoped that there would be more in Lord Hill's UK Listing Review report about encouraging retail offers. The recommendations in this area focused on using technology to improve retail investor engagement and reconvening the Rights Issue Review Group to improve efficacy of the capital raising process. The report did also recommend a review of the prospectus exemptions.

At present any retail offering, as an offer to the public, must be limited to €8m if a prospectus is to be avoided. The vast majority of companies undertaking secondary offers do so via institutional offers which do not trigger the need for a prospectus if shares offered represent less than 20% of issued share capital. It remains to be seen how the government approaches its review of the prospectus regime and whether legislative change is made to enable companies to make larger retail offers more easily.

Further reading from LexisNexis blogs

Tech leads the way for Darktrace's potential IPO

Deliveroo pays the price for employment status of its riders

Deliveroo whets investor appetite with £8.8bn IPO

SSP Group in cash call as investors remain optimistic about travel sector recovery

The pandemic leaves The Restaurant Group starved of funds

Deliveroo plans dual-class share structure IPO

Moonpig sets the bar high for 2021 IPOs

Supreme powers its way to being the first AIM IPO of 2021

Moonpig confirms its intention to float

Dr. Martens kick starts the new year announcing its intention to float on Main Market of the LSE

Kooth in successful AIM float while Hut confirms blockbuster deal

Coronavirus (COVID-19)—trends in secondary equity fundraisings (1 April 2020–30 June 2020)

IPO fever as coronavirus lockdown eases

Rolls-Royce taps shareholders for £2bn rescue

Elixirr just the tonic to revive AIM

London attracts Canadian investment fund

COVID-19 uncertainty forces Prudential to consider alternative options for Jackson IPO

Canadian gold miners seek dual listing on AIM

Compass Group offer points to new direction for retail investment

Hawkwing ditches AIM for a standard listing

China Pacific Insurance dips a toe back into the IPO market

Nippon delays IPO as investors demand ESG disclosure

Turbulent market for IPOs on the London Stock Exchange

Cabot Square Alternatives in £200m retail IPO

Gemstone trader in Valentine's return to AIM

Solid start for 2020 IPOs

List of deals included in this report (2020)

IPO MM (2020)

COMPANY NAME	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	MARKET CAPITALISATION (£m)	GROSS PROCEEDS RAISED BY COMPANY (£m)	INDUSTRY SECTOR
JANUARY					
PANTHER METALS PLC	Isle of Man	Canada; Australia; US	6.58	0.82	Mining, Metals & Extraction
FEBRUARY					
CALISEN PLC	UK	UK	1317.89	300.00	Industrial Services
NIPPON ACTIVE VALUE FUND PLC	UK	UK	105.58	103.00	Investment
MARCH					
MINING, MINERALS & METALS PLC	UK	UK	1.12	0.52	Investment
APRIL					
BLACKFINCH SPRING VCT PLC	UK	UK	3.42	3.42	Investment
JUNE					
PUMA ALPHA VCT PLC	UK	UK	5.89	5.89	Investment
CHINA PACIFIC INSURANCE (GROUP) CO., LTD	China	China	0.00	1579.65	Financial Services
AUGUST					
CASTILLO COPPER LIMITED	Australia	Australia	20.45	1.34	Mining, Metals & Extraction
SEPTEMBER					
THG HOLDINGS PLC	UK	UK	5823.88	920.00	Consumer Products
CRITICAL METALS PLC	UK	UK	1.82	0.80	Investment
CHINA YANGTZE POWER CO., LTD	China	China	0.00	1551.91	Energy & Utilities
OCTOBER					
GUILD ESPORTS PLC	UK	Global	46.32	20.00	Travel, Leisure, Hospitality & Tourism

COMPANY NAME	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	MARKET CAPITALISATION (£m)	GROSS PROCEEDS RAISED BY COMPANY (£m)	INDUSTRY SECTOR
OCTOBER					
MODE GLOBAL HOLDINGS PLC	UK	UK; Europe	42.28	7.50	Financial Services
AB IGNITIS GRUPE	Lithuania	Lithuania	418.72	426.45	Energy & Utilities
HOME REIT PLC	UK	UK	241.77	240.57	Investment
TRIPLE POINT ENERGY EFFICIENCY INFRASTRUCTURE COMPANY PLS	UK	UK	102.50	100.00	Investment
JOINT STOCK COMPANY KASPI.KZ	Kazakhstan	Kazakhstan	6150.09	772.98	Financial Services
SDIC POWER HOLDINGS CO., LTD	China	China	0.00	155.35	Energy & Utilities
ANEMOI INTERNATIONAL LTD	British Virgin Islands	British Virgin Islands	0.98	0.93	Investment
NOVEMBER					
ROUND HILL MUSIC ROYALTY FUND LIMITED	Guernsey	Guernsey	216.83	214.83	Investment
DECEMBER					
SCHRODER BRITISH OPPORTUNITIES TRUST PLC	UK	UK	76.50	75.00	Investment
MARWYN ACQUISITION COMPANY I LIMITED	British Virgin Islands	BVI	0.00	0.70	Investment
MARWYN ACQUISITION COMPANY II LIMITED	British Virgin Islands	BVI	0.00	0.70	Investment
MARWYN ACQUISITION COMPANY III LIMITED	British Virgin Islands	BVI	0.00	0.70	Investment
CONDUIT HOLDINGS LIMITED	Bermuda	UK; Bermuda	836.11	820.65	Financial Services
TIRUPATI GRAPHITE PLC	UK	Madagascar	36.26	6.00	Mining, Metals & Extraction
BYTES TECHNOLOGY GROUP PLC	UK	UK	835.31	646.60	Computing & IT
ECOFIN U.S. RENEWABLES INFASTRUCTURE TRUST PLC	UK	UK	94.07	92.82	Investment

COMPANY NAME	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	MARKET CAPITALISATION (£m)	GROSS PROCEEDS RAISED BY COMPANY (£m)	INDUSTRY SECTOR
DECEMBER					
ONE HERITAGE GROUP PLC	UK	UK; Hong Kong	3.30	0.93	Investment
DOWNING RENEWABLES & INFASTRUCTURE TRUST PLC	UK	UK; Ireland; Europe	124.34	122.5	Investment
PINEAPPLE POWER CORPORATION PLC	UK	UK	1.86	1.32	Investment
SCHRODER BSC SOCIAL IMPACT TRUST PLC	UK	UK	76.13	75.0	Investment
WILDCAT PETROLEUM PLC	UK	Europe; UK; United States	0.00	0.6	Investment

IPO AIM (2020)

COMPANY NAME	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	MARKET CAPITALISATION (£m)	GROSS PROCEEDS RAISED BY COMPANY (£m)	INDUSTRY SECTOR
JANUARY					
THE BARKBY GROUP PLC	UK	UK	35.84	5.00	Travel, Leisure, Hospitality & Tourism
FEBRUARY					
INSPECS GROUP PLC	UK	UK	139.72	23.50	Retail
MARCH					
FRP ADVISORY GROUP PLC	UK	UK	194.75	20.00	Industrial Services
JULY					
ELIXIRR INTERNATIONAL PLC	UK	UK; United States; South Africa	100.34	20.00	Industrial Services
AEX GOLD INC.	Canada	Greenland	87.66	42.50	Mining, Metals & Extraction
SEPTEMBER					
KOOTH PLC	UK	UK	74.38	16.00	Healthcare, Pharmaceuticals & Biotechnology
VARIOUS EATERIES PLC	UK	UK	65.42	25.00	Travel, Leisure, Hospitality & Tourism

COMPANY NAME	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	MARKET CAPITALISATION (£m)	GROSS PROCEEDS RAISED BY COMPANY (£m)	INDUSTRY SECTOR
OCTOBER					
CALNEX SOLUTIONS PLC	UK	UK	44.19	6.00	TMT
FONIX MOBILE PLC	UK	UK	92.50	0.00	TMT
SOURCEBIO INTERNATIONAL PLC	UK	UK; United States; Ireland; Europe	132.42	35.00	Healthcare, Pharmaceuticals & Biotechnology
NOVEMBER					
VERICI DX PLC	UK	United States	38.98	14.50	Healthcare, Pharmaceuticals & Biotechnology
KISTOS PLC	UK	UK	43.27	31.75	Investment
DECEMBER					
HELIUM ONE GLOBAL LTD	British Virgin Islands	Tanzania	29.19	6.00	Oil & Gas
INTUITIVE INVESTMENTS GROUP PLC	UK	UK	8.59	7.85	Investment
ABINGDON HEALTH PLC	UK	UK	96.66	22.00	Healthcare, Pharmaceuticals & Biotechnology
VECTOR CAPITAL PLC	UK	UK	16.61	3.06	Financial Services

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Nicholas heads up the Ashurst Equity Capital Markets practice. He has considerable experience advising both corporate clients and investment banks on the full spectrum of equity, M&A and corporate finance transactions. Prior to joining Ashurst, Nicholas worked at Freshfields. In 2005 he spent nine months at Goldman Sachs working in Capital Markets. He is ranked in band 1 for Capital Markets by Chambers and as a leading individual by Legal 500. Nicholas is a member of the City of London Law Society Company Law Committee and leads its Listing Rules/Prospectus Rules Working Group.

With thanks to our valued contributors:

Clive Hopewell

Partner,
Bird & Bird

Clive heads up the International Capital Markets Practice across the firm. His securities practice involves acting for institutions and issuers in respect of listings in London and elsewhere. He has extensive experience advising clients in a variety of sectors, with a particular emphasis on energy and utilities and technology and communications.

Clive has broad experience and a significant track record in advising corporates and investment banks on equity capital markets transactions in London and internationally. He was admitted to practice as a solicitor in England and Wales in 1994 and during his 25 year career as a corporate lawyer, he has also experienced life as a regulator, having spent two years as an adviser in the equity markets group of the London Stock Exchange.

In addition to his expertise in equity capital markets, Clive works on private financings and mergers & acquisitions. He also advises entrepreneurs, family offices and high net worth individuals on corporate transactions in a variety of jurisdictions.

Alexander Keepin

Partner,
BCLP

Alexander specialises in IPOs and secondary issues on both the Main Market and AIM. He also has considerable experience in mergers and acquisitions, JVs and takeovers, including reverse takeovers, particularly for natural resources companies.

Alexander is recognised in the Hall of Fame for mining in the Legal 500 and is recognised as a Leading Individual for Mining and Capital Markets: AIM by Chambers and Partners.

Hannah Kendrick

Partner
Squire Patton Boggs

Hannah leads the Squire Patton Boggs Corporate Practice in Leeds and has a wide range of experience advising both public and private companies on mergers and acquisitions, fundraisings, takeovers, restructurings and reorganisations. She also leads the Food and Drink Sector group for EMEA.

Her work varies between UK and cross border and she works closely with executives, in-house legal teams and general counsel both in the UK and globally.

Hannah also leads the team focusing on the “G” of ESG and is a member of the Regional Advisory Group of the London Stock Exchange plc for the North East.

With thanks to our valued contributors:

Jayson Marks

Partner
Squire Patton Boggs

Jayson is a corporate partner based in the London office, specialising in capital markets transactions for corporate and investment banking clients. He has over 18 years of experience advising on IPOs, secondary fundraisings and other equity capital markets transactions on AIM and the Main Market, as well as public and private M&A, equity investments and joint ventures. Jayson advises on complex cross-border transactions across various jurisdictions and industries, including natural resources, financial services and commodities.

James Spinney

Head of Capital Markets
Strand Hanson

James read Politics and Philosophy at Durham University before joining PricewaterhouseCoopers where he qualified as a Chartered Accountant, he later joined the Corporate Finance practice of Ernst & Young. Here James gained extensive experience of cross border transactions, working in New York, Moscow and Johannesburg, as well as being involved in a number of high profile transactions within Europe. James joined Strand Hanson in 2008 and has advised on both M&A and equity capital market transactions and was appointed Head of Capital Markets in 2019.

Alasdair Steele

Partner
CMS

Alasdair Steele is a Corporate Partner and Head of Equity Capital Markets at CMS in London specialising in UK and cross-border corporate finance, including IPOs and secondary equity issues, public and private M&A, and strategic investments as well as regularly advising on consortia and corporate joint venture arrangements. He regularly advises quoted companies and financial intermediaries on the UKLA Listing Rules and Disclosure Rules, the Prospectus Rules, the AIM Rules, the Takeover Code and general company law.

Marcus Stuttard

Head of AIM and UK Primary Markets
LSEG

Marcus Stuttard is Head of AIM and has responsibility for UK Primary Markets across both AIM and the Main Market. He is responsible for the management and development of AIM, London Stock Exchange's international growth market for small and medium sized enterprises.

Tim Ward

CEO
Quoted Companies Alliance

Tim Ward is CEO of the Quoted Companies Alliance, the independent membership organisation championing the interests of small to mid-size quoted companies. His past roles have included Head of Issuer Services at the London Stock Exchange, Finance Director at FTSE International, the index company and various management roles at a smaller quoted company. Tim is a Chartered Accountant, has a MBA from Henley Business School and is a qualified executive coach and mentor.

Lexis®PSL Corporate

Market Tracker

Market Tracker is a unique service for corporate lawyers housed within Lexis®PSL Corporate.

Key features include:

- a transaction data analysis tool for accessing, analysing and comparing the specific features of various listed company transactions including takeovers, initial public offerings and secondary offers
- detailed, searchable summaries of listed company deals and AGMs
- a comprehensive and searchable library of deal documentation such as announcements, circulars, offer documents and prospectuses
- news and analysis of key corporate deals and activity, and
- in-depth analysis of recent trends and developments in corporate practice

Market Tracker | Previous Trend Reports

Public M&A Report 2020

In-depth analysis of trends in the UK public mergers and acquisitions market. This Market Tracker Trend Report provides in-depth analysis of the firm offer and possible offer announcements made for companies subject to the Takeover Code in 2020.

Ethnicity in Corporate Governance Reporting 2020

This report looks at reporting on ethnicity in the annual reports of 94 FTSE 100 companies, in advance of the 2021 Parker Review target to have at least one minority director on the board. Including practical guidance for companies and commentary from market experts, this comprehensive guide analyses the quality of current reporting and looks at recent and upcoming legal and regulatory developments anticipated to have an impact on this area.

Shareholder Activism

This Market Tracker trend report looks at recent trends in shareholder activism in the UK, including a review of developments in H1 2020 and the outlook and predictions for H2 2020 and beyond. Produced in association with White & Case and Activist Insight, with contributions from UBS Investment Bank, Georgeson and Greenbrook, it also looks at how companies can prepare for an activist approach and provides tips on how activists can run a successful campaign in the UK.

IPOs in Q3 2020

Lexis®PSL Corporate and Market Tracker has conducted research to examine the current trends in IPO activity between 1 July 2020 and 30 September 2020.

Voting at the AGM Season 2020

This Market Tracker update examines shareholder voting patterns at the annual general meetings (AGMs) of FTSE 350 companies during the 2020 AGM season.

Public M&A update Q1 2021

Lexis®PSL Corporate and Market Tracker research examining the key transactions and current trends in takeovers subject to the Takeover Code between 1 January 2021 and 31 March 2021.

We have a wealth of free content available on our Corporate microsite.

Market Tracker | Forthcoming Trend Reports

Equity Capital Markets H1 update

Lexis®PSL Corporate and Market Tracker provide statistical analysis of IPO and secondary offering activity between 1 January 2021 and 30 June 2021, with a focus on key trends and legal developments during the first half of the year.

Public M&A Report H1 2021

This Market Tracker Trend Report provides in-depth analysis of the firm offer and possible offer announcements made for companies subject to the Takeover Code in H1 2021.