

Chapter 7

Equity shares (commercial companies): significant transactions and reverse takeovers

Notification requirements

This annex sets out the information to be included in a notification required by ■ UKLR 7.3.1R, ■ UKLR 7.3.2R, ■ UKLR 7.3.3R and ■ UKLR 7.5.1R.

Part 1		Information relating to the transaction
1.1	R	<p>A notification required by UKLR 7.3.1R and UKLR 7.5.1R must include the following information:</p> <ol style="list-style-type: none"> (1) details of the transaction, including the name of the other party to the transaction; (2) an explanation of the reasons for entering into the transaction; (3) a description of the business carried on by, or using, the net assets the subject of the transaction; (4) the consideration, and how it is being satisfied (including the terms of any arrangements for deferred consideration); (5) the value of the gross assets the subject of the transaction; (6) the profits attributable to the assets the subject of the transaction; (7) the effect of the transaction on the <i>listed company</i>, including any benefits which are expected to accrue to the <i>company</i>, and any risks to the <i>company</i>, as a result of the transaction; (8) a statement of the effect of the transaction on the <i>group's</i> earnings and assets and liabilities; (9) details of any service contracts of proposed <i>directors</i> of the <i>listed company</i>;

Part 1		Information relating to the transaction
	(10)	details of any <i>break fee arrangements</i> ;
	(11)	for a disposal, the application of the sale proceeds;
	(12)	for a disposal, if <i>securities</i> are to form part of the consideration received, a statement as to whether the <i>securities</i> are to be sold or retained;
	(13)	details of key individuals important to the business or <i>company</i> the subject of the transaction;
	(14)	if the transaction is a joint venture, details of any exit arrangement;
	(15)	if the transaction is required to be aggregated under UKLR 7.2.11R, details of transactions completed during the relevant period; and
	(16)	a statement by the board that the transaction is, in the board's opinion, in the best interests of <i>security</i> holders as a whole.

Part 2		Disposals - financial information							
2.1	R	A notification required by UKLR 7.3.2R must include the information in UKLR 7 Annex 2 2.2R where the transaction involves a disposal.							
2.2	R	Where the transaction involves a disposal, the notification must include the following: <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;">(1)</td> <td style="vertical-align: top;">(a)</td> <td style="vertical-align: top;">when a <i>listed company</i> is disposing of an interest in a <i>target</i> which will result in the assets and liabilities which are the subject of the disposal no longer being consolidated: <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;">(i)</td> <td style="vertical-align: top;">the last annual consolidated balance sheet;</td> </tr> <tr> <td style="vertical-align: top;">(ii)</td> <td style="vertical-align: top;">the consolidated income statements for the last 2 years drawn up to at least the level of profit or loss for the period; and</td> </tr> </table> </td> </tr> </table>	(1)	(a)	when a <i>listed company</i> is disposing of an interest in a <i>target</i> which will result in the assets and liabilities which are the subject of the disposal no longer being consolidated: <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;">(i)</td> <td style="vertical-align: top;">the last annual consolidated balance sheet;</td> </tr> <tr> <td style="vertical-align: top;">(ii)</td> <td style="vertical-align: top;">the consolidated income statements for the last 2 years drawn up to at least the level of profit or loss for the period; and</td> </tr> </table>	(i)	the last annual consolidated balance sheet;	(ii)	the consolidated income statements for the last 2 years drawn up to at least the level of profit or loss for the period; and
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Part 2	Disposals - financial information
	<p>(iii) the consolidated balance sheet and consolidated income statement (drawn up to at least the level of profit or loss for the period) at the <i>issuer's</i> interim balance sheet date if the <i>issuer</i> has published interim financial statements since the publication of its last annual audited consolidated financial statements;</p> <p>(b) the information in (1)(a) must be extracted without material adjustment from the consolidation schedules that underlie the <i>listed company's</i> audited consolidated accounts or, in the case of (1)(a)(iii), the interim financial information, and must be accompanied by a statement to this effect; and</p> <p>(c) where a change of accounting policies has occurred during the period covered by the financial information required by (1)(a), the financial information must be presented on the basis of both the original and amended accounting policies for the year prior to that in which the new accounting policy is adopted unless the change did not require a restatement of the comparative;</p> <p>(2) when a <i>listed company</i> is disposing of an interest in a <i>target</i> that has been accounted for as an investment, and the <i>target's securities</i> that are the subject of the transaction are admitted to an investment exchange that enables intra-day price formation:</p> <p>(a) the amounts of the dividends or other distributions paid in the past 2 years; and</p> <p>(b) the price per <i>security</i> and the imputed value of the entire holding being disposed of at the</p>

Part 2		Disposals - financial information
		close of business at the following times:
		(i) on the last <i>business day</i> of each of the 6 months prior to the announcement of the transaction; and
		(ii) on the day prior to the announcement of the transaction;
(3)		when a <i>listed company</i> is disposing of an interest in a <i>target</i> that was accounted for using the equity method in the <i>listed company's</i> annual consolidated accounts, the line entries relating to the <i>target</i> from its last audited consolidated balance sheet and those from its audited consolidated income statement for the past 2 years together with the equivalent line entries from its interim consolidated balance sheet and interim consolidated income statement, where the <i>issuer</i> has published subsequent interim financial information; and
(4)		where the information in (2) or (3) is not available or cannot be produced in accordance with the requirements in (1)(a):
	(a)	a statement by the board that the information is not available or cannot be produced;
	(b)	an explanation as to how the value of the consideration has been arrived at; and
	(c)	a statement by the board that it considers the consideration to be fair as far as the <i>security holders</i> of the <i>company</i> are concerned.

Part 3		Non-financial information
3.1	R	A notification required by UKLR 7.3.2R must include the information identified (by reference to certain paragraphs of Annex 1 of the <i>PR Regulation</i>) in the following table relating to the <i>listed company</i> and the undertaking the subject of the transaction.

Information	Listed company	Undertaking the subject of the transaction
Annex 1 item 17.1 – Related party transactions	*	

Information	Listed company	Undertaking the subject of the transaction
Annex 1 item 18.6.1 – Legal and arbitration proceedings	*	*
Annex 1 item 18.7.1 – Significant change in the issuer’s financial position	*	*
Annex 1 item 20.1 – Material contracts	*	*
3.2	R	<p>The information required by Annex 1 item 20.1 (Material contracts) and Annex 1 item 18.6.1 (Legal and arbitration proceedings) must be presented as follows:</p> <p>(1) for an acquisition, in separate statements for the <i>listed company</i> for the undertaking, business or assets to be acquired; or</p> <p>(2) for a disposal, in separate statements for the <i>listed company</i> and its <i>subsidiary undertakings</i> (on the basis that the disposal has taken place), and for the undertaking, business or assets to be disposed of.</p>
3.3	R	<p>In determining what information is required to be included by virtue of Annex 1 item 20.1 (Material contracts) if a <i>prospectus</i> or <i>listing particulars</i> are not required, regard should be had as to whether information about that provision is information which <i>securities</i> holders of the <i>issuer</i> would reasonably require for the purpose of making a properly informed assessment of the transaction and its impact on the <i>issuer</i>.</p>
3.4	R	<p>The information required by Annex 1 item 17.1 (Related party transactions):</p> <p>(1) need only be given if it is relevant to the transaction; and</p> <p>(2) need not be given if it has already been published before the notification is made.</p>
3.5	R	<p>(1) The information required by Annex 1 item 18.7.1 (Significant change in the issuer’s financial position) need only be given for the undertaking which is the subject of the transaction if:</p> <p>(a) the transaction involves a disposal; and</p> <p>(b) information required by UKLR 7 Annex 2 2.2R(1) or 2.2R(3) has been included in the notification.</p> <p>(2) Where information required by Annex 1 item 18.7.1 (Significant change in the issuer’s financial position) is given for</p>

both the *listed company* and the undertaking which is the subject of the transaction, the information must be presented in separate statements for the *listed company* and its *subsidiary undertakings* (on the basis that the disposal has taken place), and for the undertaking, business or assets to be disposed of.

Part 4 Synergy benefits, sources of information and pro forma financial information

Synergy benefits

- 4.1 R Where a *listed company* includes details of estimated synergies or other quantified estimated financial benefits expected to arise from a transaction in a notification required by UKLR 7.3.1R, UKLR 7.3.2R, UKLR 7.3.3R or UKLR 7.5.1R, the notification must include the following:
- (1) the basis for the belief that those synergies or other quantified estimated financial benefits will arise;
 - (2) an analysis and explanation of the constituent elements of the synergies or other quantified estimated financial benefits (including any costs) sufficient to enable the relative importance of those elements to be understood, including an indication of when they will be realised and whether they are expected to be recurring;
 - (3) a base figure for any comparison drawn;
 - (4) a statement that the synergies or other quantified estimated financial benefits are contingent on the transaction and could not be achieved independently; and
 - (5) a statement that the estimated synergies or other quantified estimated financial benefits reflect both the beneficial elements and relevant costs.

Sources of information

- 4.2 R Where a *listed company* includes financial information in a notification required by UKLR 7.3.1R, UKLR 7.3.2R, UKLR 7.3.3R or UKLR 7.5.1R, the notification must cite the source of all financial information that it discloses in the notification and include the following:
- (1) a statement of whether the financial information was extracted from accounts, internal financial accounting records, internal management accounting records, or an external or other source;
 - (2) a statement of whether financial information that was extracted from audited accounts was extracted without material adjustment; and
 - (3) an indication of which aspects of the financial information relate to:
 - (a) historical financial information;

Part 4		Synergy benefits, sources of information and pro forma financial information	
		(b)	forecast or estimated financial information; or
		(c)	pro forma financial information, with reference made to where the basis of presentation can be found.
4.3	R		If financial information has not been extracted directly from audited accounts, the notification must include the following: (1) the basis and assumptions on which the financial information has been prepared; and (2) a statement that the financial information is unaudited or not reported on by an accountant.
4.4	R		A <i>listed company</i> must provide investors with all necessary information to understand the context and relevance of non-statutory figures.
			Pro forma financial information
4.5	R		If a <i>listed company</i> includes pro forma financial information in a notification required by UKLR 7.3.1R, UKLR 7.3.2R, UKLR 7.3.3R or UKLR 7.5.1R, the notification must: (1) cite the sources of any unadjusted financial information that it discloses in the notification; and (2) include an explanation of the basis upon which the pro forma financial information has been prepared.