

ashurst

UK Public M&A Update

2016 REVIEW



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Introduction

Happy New Year and welcome to Ashurst's annual Public M&A Update – 2016 Review.

As with our previous Updates, the Overview provides an analysis of trends in the public M&A market in the UK during the year. Appendix 1 contains a summary of the key features of the firm offer announcements we have reviewed in 2016.

The Q4 2016 Digest summarises recent news and developments from the UK Takeover Panel (the Panel) including the introduction of checklists and supplementary forms for use in the preparation and submission of documentation during the course of a takeover.

We hope you enjoy reading this Update and, as always, we would welcome your feedback.

Best wishes

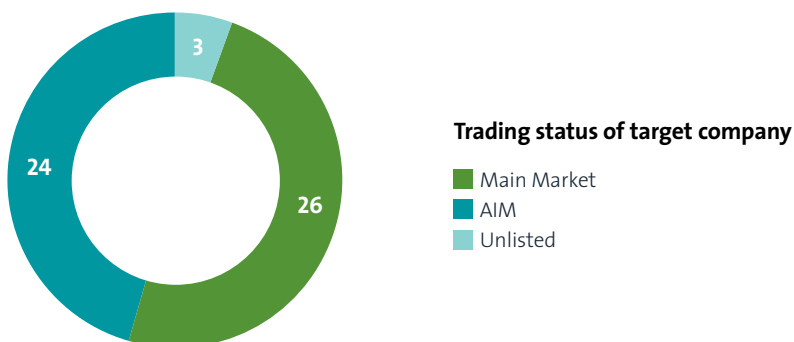
The Ashurst Public M&A Team

Overview

	2016	2015	2014
Announced bids	53	53	48
Recommended	43	49	41
Schemes of arrangement	30	34	31
Average of bid premia (% unweighted)	52.5	42.6	32.1

Deal volume

Of the deals we review (which excludes minority offers), 2016 saw the same level of UK public bid activity in terms of deal volume as compared to 2015 with 53 firm offers (in excess of £1m) having been announced. There were 26 firm offers for Main Market targets (a 19% reduction on the 32 Main Market bids in 2015), 24 firm bids for AIM targets (a 29% increase compared to 17 in 2015), and three bids for unlisted target companies.



A summary of the key features of these announced offers in 2016 is set out in the table in the Appendix.

Deal values

In a year of uncertainty, it is no surprise that deal values in the UK declined from £151.8bn in 2015 to just £67.14bn in 2016. The highest value bid of 2016 was SoftBank Group's £24.4bn acquisition of ARM Holdings which contrasts with the £71bn combination of ABInBev and SABMiller in 2015.

26 (33) firm offers have had a deal value in excess of £100m of which only five (14) offers exceeded £1bn, a significant drop from 2015.

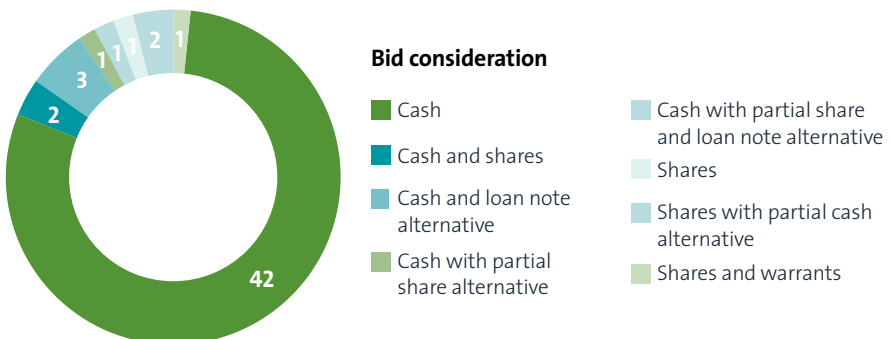
Ashurst had a very busy quarter during Q4 with seven mandates:

- advising Rothschild on Severn Trent's £84m bid for Dee Valley Group
- advising Oakley on Daisy's £165.3m acquisition of Alternative Network
- advising Citigroup on Advent International's £221.5m bid for Brammer
- advising Deutsche Bank and Rothschild on Loxam's £442m bid for Lavendon Group
- advising Deutsche Bank on Twenty-First Century Fox's £11.7bn acquisition of Sky
- advising Rothschild on the £402.7m consortium bid by Heineken and Patron Capital Advisers for Punch Taverns; and
- advising Smith Square Partners on Hytera Communications £74m cash bid for Sepura

Bid consideration

Cash was king in 2016 reflecting healthy cash balances held by corporate buyers and strong credit lines in terms of debt financing. 42 of the 53 firm offers announced were solely in cash. Three bids offered a traditional loan note alternative to the cash consideration. On the Fox/Sky bid, an interim loan note mechanic was used. Eight bids included a share component and with only one offering a mix and match facility (J Sainsbury's bid for Home Retail Group).

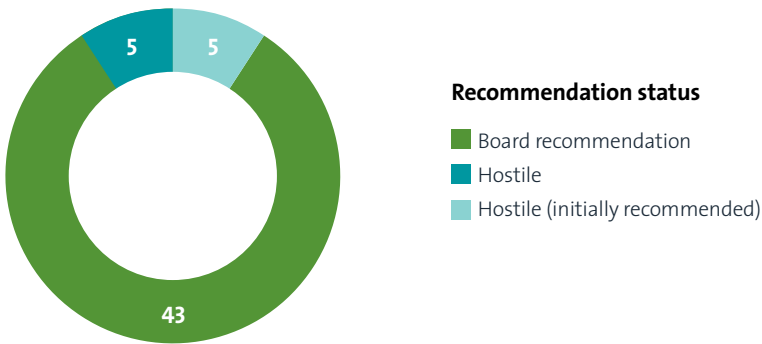
The table below sets out the composition of bid consideration.



Board recommendation

48 of the 53 offers were recommended by the target board at the time of the Rule 2.7 announcement (as compared to 49 of the 53 offers in 2015). However, subsequently, on five offers the board's recommendation was withdrawn following the announcement of a higher competing offer (see Competing bids opposite).

Five bids were announced without the recommendation of the target board. These were J Sainsbury's £1.2bn offer for Home Retail Group (subsequently recommended), Constellation Software's £44.2m offer for Bond International Software (subsequently recommended but lapsed), HarbourVest Partners' £1.015bn offer for SVG Capital (subsequently lapsed), Kuala Lumpur Kepong Berhad's £415.4m offer for M.P. Evans (subsequently lapsed) and TVH Group's £427m offer for Lavendon Group.



Bid premia

Bid premia (on an unweighted basis) on all announced deals was up in 2016 to 52.49% from 42.6% in 2015 and the unweighted premia in 2016 for bids in excess of £250m was up from 44.6% in 2015 to 49.4%.

Bid structure

Although schemes of arrangement have remained the structure of choice for recommended bids in 2016, there has been an increase on last year in the number of bids being structured as a contractual takeover offer. 30 of the firm offers announced in 2016 were structured as a scheme and 23 as a contractual takeover offer, compared to 19 in 2015.

There are still significant benefits to using a scheme, for example, the greater certainty of obtaining 100% control and the greater flexibility around the timetable.

Competing bids

We have seen six competing bids in 2016 (as compared to two in 2015):

- Yokogawa Electric Corporation and Aspen Technology pursued KBC Advanced Technologies;
- Portland Asset Management succeeded against Writtle Holdings in relation to Tangent Communications;
- Currie & Brown's offer for Sweett Group completed whilst WSP Global's offer lapsed;
- Avnet and Dätwyler Holding made competing bids for Premier Farnell;
- Ancala Partners and Severn Trent battled it out over Dee Valley Group; and
- Loxam and TVH Group are pursuing Lavendon Group.

The small increase in the use of offer structures in 2016 reflects the fact that competing bids are usually structured as contractual offers to allow greater flexibility in the bid process.

Private-equity backed bids

There has been only a slight increase in the number of private-equity backed bids (15) in 2016 compared to 2015 (14). These included Heineken Holdings and Patron Capital Advisers joint offer for Punch Taverns (where Ashurst advised Rothschild, as financial adviser to Vine Acquisitions (the newly formed bid vehicle) and Patron Capital Advisers) and Advent International's £221.5m bid for Brammer (where Ashurst advised Citigroup as financial adviser to Al Robin Limited (a wholly-owned subsidiary of funds managed by Advent International)).

Break fees

Break fees

This year saw the first white knight break fee dispensation granted by the Panel (on Loxam's bid for Lavendon Group) pursuant to Note 1 on Rule 21.2 of the Code. The Panel consented to Lavendon agreeing a £3.7m break fee in favour of Loxam as a competing bidder to TVH's hostile bid. Lavendon increased the break fee amount to £4.2m to reflect Loxam's increased bid of £442m, however, this was subsequently reverted to the original fee amount following discussions with the Panel. Note 1(a) on Rule 21.2 makes clear that the white knight break fee must be no more than 1% of the value of the target company at the time of the first competing bidder's firm offer announcement.

Reverse break fees

In stark contrast to 2015 where complex regulatory issues meant reverse break fees were agreed on 11 bids, only one bid in 2016 agreed a reverse break fee (Twenty-First Century Fox's bid for Sky). Twenty-First Century Fox undertook in the co-operation agreement to pay a break payment of £200m. The agreement includes failure to obtain necessary regulatory approval and failure to satisfy any pre-condition as triggers for the payment of the reverse break fee.

Irrevocable undertakings

Irrevocable commitments were obtained on 45 bids. On 37 of those deals, the bidder obtained irrevocables from non-director shareholders.

Matching or topping rights: non-director shareholders

Matching and/or topping rights were included in 18 of the 37 bids with irrevocables sought from non-director shareholders. This equates to nearly 34% of all firm offers announced in 2016, which contrasts with 20% in 2015.

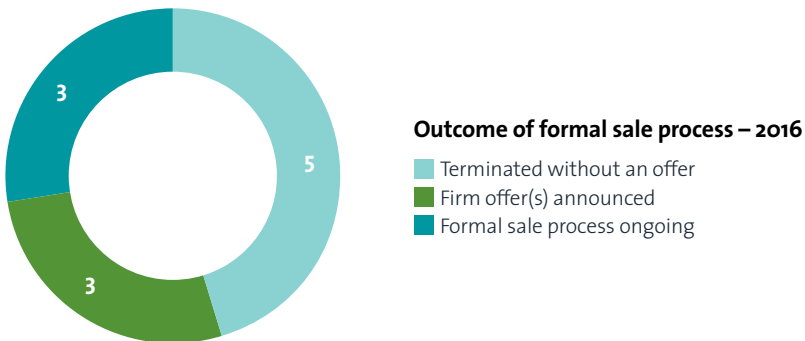
Non-solicitation and notification undertakings: non-director shareholders

Of the 37 deals on which non-director shareholder irrevocables were obtained, nine included a non-solicitation undertaking (24%). Of these nine deals, only three contained notification undertakings. Before agreeing notification undertakings, shareholders would be well advised to consider whether the information required to be notified constitutes inside information and therefore whether such an undertaking can be given in practice.

Formal sale processes

11 companies (12) announced formal sale processes in 2016 resulting in three firm offers (Evotec's £41.7m offer for Cyprotex, PW Real Estate Fund's £323.3m offer for Pinewood Group and S&P Global Indices' £14.213m offer for Trucost).

A summary of the outcome of formal sale processes in 2016 is set out below:



News digest

Q4 2016 saw the release of Panel Statement 2016/9 – New checklists and supplementary forms to accompany final firm offer announcements, offer documents, scheme circulars etc. During the quarter we also saw the first white knight break fee dispensation granted by the Panel pursuant to Note 1 on Rule 21.2 of the Code since its introduction in September 2011. For more information on the break fee agreed by Lavendon Group in favour of Loxam SAS as a competing offeror to TVH Group's hostile bid, see Break fees on page 5.

Panel Checklists

On 14 December 2016, the Panel announced the launch of checklists and supplementary forms for use during takeover bids. The documents are available on the Panel's website and are to be completed and submitted to the Panel Executive by the bidder or target's financial adviser (as appropriate) when publishing a firm offer announcement and the final form of certain documents to be sent to target shareholders.

The Panel has set up a Checklists page on its website at: <http://www.thetakeoverpanel.org.uk/checklists>. The checklists and forms should always be downloaded from the Panel's website to ensure that the correct version is being used.

Checklists:

- [Firm offer announcement](#)
- [Offer document/response circular](#)
- [Scheme circular](#)
- [Rule 15 proposal](#)

Supplementary forms:

- [Intention statements schedule](#)
- [Profit forecast](#)
- [Quantified financial benefits statement](#)
- [Asset valuation](#)
- [Partial offer](#)

Guidance

The Panel has also prepared guidance on how to complete the checklists and supplementary forms, available at: <http://www.thetakeoverpanel.org.uk/checklists/how-to-complete>. The guidance should be read before completing a checklist or supplementary form.

All relevant sections of the checklist must be completed before the checklist is submitted to the Panel. Certain sections of the checklist must also be approved by a representative of the relevant financial adviser. If a joint announcement includes a profit forecast etc. by the target, the relevant supplementary form should be completed by the target's financial adviser and attached to the main checklist by the bidder's financial adviser.

The completed checklists must be approved and signed by a representative of the relevant financial adviser before they are submitted to the Panel. In some instances (e.g. when there is a joint offer document), a checklist may require the signature of the representatives of both the bidder and target financial adviser. If so, the Panel only expects one checklist to be submitted. It is up to the parties themselves to co-ordinate how this is done. The financial adviser approval will be treated as applying to any supplementary forms provided in support of, or referred to in, in the checklist.

By signing the checklist, the financial adviser confirms that:

- the checklist and supplementary forms have been completed in accordance with the Panel's guidance on how to complete checklists and supplementary forms; and
- the financial adviser is responsible for, and can be contacted in respect of, any aspect of the relevant section of the checklist for which it has given its approval.

The relevant checklist and any supplementary forms must accompany any final form firm offer announcement, offer document, response circular, scheme document or Rule 15 proposal required to be sent to the Panel before or at the time of publication in accordance with Rules 30.5(a) or 30.5(b) of the Code (as appropriate).

Submitting checklists

The completed checklist, any supplementary forms and the related announcement or document should be emailed to: documentfiling@thetakeoverpanel.org.uk

In addition to the checklists and electronic copies of final documents being submitted to the Panel, hard copies of offer documents and scheme circulars must also be sent to the Panel in accordance with Rule 30.5.

The table below sets out the number of hard copies to be sent to the Panel.

Document type	Number of copies to be sent to the Panel
Offer document/ scheme circular (recommended)	8
Offer document/ offeree board circular (unilateral)	12
Revised offer document/ offeree board circular	8

The checklists are intended to benefit bid parties, their advisers and the Panel Executive when assessing the compliance of such announcements and documents with the applicable provisions of the Takeover Code.

Please note that the Panel will not pre-vet documentation (other than “whitewash” circulars and documents sent to shareholders in relation to a proposed re-registration or Code waiver which have always been pre-vetted), however, the checklists will assist the Executive in its post-issue review exercise. There is no obligation to annotate documents submitted to the Panel as is done for the FCA.

Practice & Panel Statements

The following Panel Statements (among others) were issued by the Panel during 2016 – in reverse chronological order:

[2016/9](#) 14/12/16 New Checklists

[2016/8](#) 29/07/16 Amendments to Practice Statements and Instrument 2016/5

[2016/7](#) 20/07/16 2016 Annual Report

[2016/6](#) 14/07/16 New Terms of Reference and new Procedures for the Hearings Committee and the Code Committee; amendments to the Introduction to the Takeover Code

[2016/5](#) 14/07/16 Code Committee - Publication of RS 2016/1: The communication and distribution of information during an offer

– 15/06/16 Ladbrokes Plc - Statement [2016/3](#) issued by the Takeover Appeal Board

[2016/4](#) 17/03/16 Home Retail Group Plc

[2016/2](#) 15/02/16 Code Committee – Publication of PCP 2016/1: The communication and distribution of information during an offer

– 15/01/16 Xchanging Plc – Statement [2016/1](#) issued by the Takeover Appeal Board

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Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (L/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements ^o	Formal sale process	Non-solicit undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/Q:FB5
KBC Advanced Technologies plc (AIM)	Aspen Technology, Inc.	£15.8m	49.2%		• ¹		•						•	∅ ²					
Tangent Communications PLC (AIM)	Portland Asset Management (UK) Limited, wholly owned by Michael Green who is the non-executive chairman of the Target	£11.91m	190.91%	• ³		•	•				• ⁴			∅ ⁵			• ⁶		
KBC Advanced Technologies plc (AIM)	Yokogawa Electric Corporation	£180.2m	69%	•			•						•						

- Initially recommended – recommendation withdrawn following higher competing offer by Yokogawa Electric Corporation.
- Bidder and target entered into an open source audit agreement in relation to an Open Source Audit Report dated 31 December 2015 (Report) from Black Duck Software to KBC. Aspen irrevocably undertook to reimburse KBC in relation to all fees and expenses (subject to a limit of US\$25,600) due and payable by KBC to Black Duck Software in connection with the Report, unless any third party offer or scheme is declared wholly unconditional or becomes effective. Initially recommended – recommendation withdrawn following higher competing offer by Writtle Holdings Limited. Prior to the offer announcement, the bidder and its concert parties held approx. 33.28% of target. On 4 March 2016, in response to the higher competing offer, the bidder announced that it had agreed to acquire a further 5.69% of target triggering a mandatory bid under Rule 9 of the Code which was recommended by target's board.
- 50% +1 acceptance condition.
- A memorandum was adopted by bidder and target in relation to the intended treatment of options/awards under the target's share schemes and option schemes.
- Topping right in shareholder irrevocables (with a 10% improvement threshold). On 4 March 2016, bidder acquired, through market purchases, at the revised offer price of 4 pence per target share all of the target shares held by Hargreave Hale in respect of which Hargreave Hale had given an irrevocable commitment to accept the offer.

Key

- This table includes details of takeovers, set out in chronological order, in respect of which a firm intention to make an offer has been announced under Rule 27 of the Code during the period under review. It excludes offers by existing majority shareholders for minority positions
- Premium of the offer price over the target's share price immediately prior to the commencement of the relevant offer period
- Standard 90% (waivable) acceptance condition, unless otherwise stated
- In shareholders' irrevocables (unless indicated otherwise)
 - ∅ Permitted agreements under Rule 212 of the Code
 - A AIM traded shares
 - C Co-operation agreement/bid conduct agreement
 - F Break fee given under formal sale process or white knight dispensation
 - L Listed shares
 - NP No premium given in offer documentation or nil premium
 - R Reverse break fee
 - S Standstill agreement
 - U Untraded shares

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Tangent Communications PLC (AIM)	Writtle Holdings Limited	£8.75m	11739%		• ⁷		•				•		◊ ⁸						
Amar Mining plc (AIM)	Perseus Mining Limited	£68.3m	42.2% ⁹	• ¹⁰				• ¹¹	• ¹²				•	◊ ^C					
Baqui Group Limited (admission to AIM cancelled in 2011)	BFM Ventures Limited, a management buyout vehicle	£1.21m	NP	•			•			•									
Penna Consulting Plc (AIM)	Adecco S.A.	£105.3m	NP	•			•						•				• ¹³		
Skyepharma PLC (Main Market)	Vectura Group plc	£441.3m	4.2%	•			• ¹⁴	• ^L					•	◊ ^C		•	• ¹⁵	• ¹⁶	• ¹⁷

7. Initially recommended – recommendation withdrawn following higher competing mandatory bid by Portland Asset Management (UK) Limited.

8. A memorandum was adopted by bidder and target in relation to the intended treatment of options/awards under the target's share schemes and option schemes.

9. Excluding the value of the warrants. The value of the warrants represents an additional premium of approximately 16.4 per cent.

10. Following the combination becoming effective, Perseus shareholders and Amara shareholders will own 55.2% and 44.8% respectively of the enlarged share capital of the combined group.

11. Consideration shares to be admitted to trading on the Toronto Stock Exchange and the Australian Stock Exchange.

12. 0.68 new Perseus shares and 0.34 warrants for each Amara share. Each warrant will entitle the holder to subscribe for one new Perseus share at an exercise price of AUD0.44 at any time during the 36 month period after their issue.

13. Matching and topping rights in shareholder irrevocables (with a 15% improvement threshold).

14. Partial cash alternative in a maximum aggregate amount of £70 million.

15. Matching right in shareholder irrevocable.

16. The offer is subject to bidder shareholder approval as it constitutes a Class 1 transaction under the Listing Rules.

17. A statement made at Vectura's 2015 interim results meeting is considered to be a profit forecast for the purposes of Rule 28 of the Code. The Rule 2.7 announcement contains the directors' confirmations as required by Rule 28(1)(i) of the Code. The Rule 2.7 announcement also contains a quantified financial benefits statement (QIFBS) reported on by Deloitte, J.P. Morgan and Rothschild as required by Rule 28(1)(a) of the Code.

Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (L/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements°	Formal sale process	Non-solicited undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QfBS
London Stock Exchange Group plc (Main Market)	Deutsche Börse AG	£20.3b	NP	•				• L					• 18	◊C					• 19
Home Retail Group plc (Main Market)	J Sainsbury plc	£1.2b ²⁰	47.32% ²¹		• 22		•	• L	• 23	•	•								• 24
Darty plc (Main Market)	Steinhoff International Holdings N.V.	£673m	54.3%	•			•				•			◊C ²⁵					
Energy Assets Group plc (Main Market)	Alinda Capital Partners LLC	£209m	40.4%	•			•						•	◊C		• 26	• 27		
ANS Group Limited	Project Daytona Limited	£44.9m	NP	•			• 28		• 29		•							• 30	

18. The merger is to be implemented via the establishment of a new UK holding company (UK TopCo) which will acquire London Stock Exchange Group plc (LSEG) and Deutsche Börse AG (DBAG). 0.4421 UK TopCo shares are offered for each LSEG share and 1 UK TopCo share is offered for each DBAG share.
19. Guidance contained in DBAG's preliminary results announcement dated 17 February 2016 is considered to be an ordinary course profit forecast for the purposes of Rule 28 of the Code. The Rule 2.7 announcement includes the directors' confirmations as required by Rule 28.1(c)(i) of the Code. The Rule 2.7 announcement also contains a QfBS reported on by Deloitte, Robey Warshaw, Barclays Bank, Goldman Sachs, J.P. Morgan, Perella Weinberg Partners and Deutsche Bank as required by Rule 28.1(a) of the Code.
20. The bid value includes the offer consideration (shares and cash) but not the special dividend (for which see footnote 23 below). The bid value is £1.4bn including the special dividend.
21. The premium figure includes the offer consideration (shares and cash) but not the special dividend (see footnote 23 below); the premium figure is 75% including the special dividend.
22. Sainsbury's launched its firm offer without the recommendation of the Home Retail board.
23. The consideration comprises cash and shares and, in addition, Home Retail shareholders are expected to be entitled to receive a special dividend of 27.8 pence per Home Retail share, provided only that the Home Retail board resolves to pay the special dividend prior to the offer becoming or being declared unconditional in all respects.
24. A statement contained in Sainsbury's second quarter trading statement for the 16 weeks to 26 September 2015, announced on 30 September 2015, is considered to be a profit estimate for the purposes of Rule 28 of the Takeover Code. The Rule 2.7 announcement includes the Sainsbury's directors' confirmations as set out in Rule 28.1(c)(i) of the Code.
25. Steinhoff and Darty entered into a clean team agreement on 8 March 2016 in connection with the disclosure of competitively sensitive information for the purposes of the competition clearance analysis.
26. A number of Energy Assets shareholders have agreed to notify Alinda Capital of the details of any approach by a third party made with a view to the making of an offer for shares in Energy Assets immediately as they become aware of the offer.
27. Topping right in shareholder irrevocables (with a 75% improvement threshold).
28. The offers being made for both the ANS Ordinary Shares and ANS B Ordinary Shares are for consideration of 380 pence in cash for each ANS (or ANS B) Ordinary Share.
29. A loan note alternative was made available to ANS shareholders which will enable shareholders to elect to receive loan notes in lieu of part of the cash consideration to which they would otherwise be entitled under the terms of the offer.
30. The offers are conditional upon the approval by independent ANS shareholders of arrangements made available to each of the management team to subscribe for loan notes, in accordance with Rule 16.1 of the Code.

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Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (L/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements°	Formal sale process	Non-solicit undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QIBS
TIA Worldwide plc (AIM)	Atlantic Alliance Partnership Corp.	£98.5m	53.8%	•			•	•	• ³¹				•	Q5 ³²					• ³³
Sweett Group plc ³⁴ (AIM)	WSP Global Inc	£24m	52.17%		• ³⁵		•						•	Q3 ⁶			• ³⁷		
British Polythene Industries plc (Main Market)	RPC Group plc	£261m	30%	•			•	•	•	•			•				• ³⁹		• ⁴⁰
Premier Farnell plc (Main Market)	Dätwyler Holding AG	£615m	51%		•		•						•	Q1 ⁴¹			• ⁴²		
Hydro International plc (AIM)	Hanover Active Equity Fund LP	£28m	8.1%	•			•		• ⁴³				•						

31. 10 new AAPC shares for every 107 TIA shares. A partial cash alternative in a maximum aggregate amount of US\$ 60 million was made available to TIA shareholders.

32. The TIA Founders, who will hold new AAPC shares following completion of the transaction, are entitled to registration rights (pursuant to a registration rights agreement expected to be entered into at completion) which will enable them to register AAPC to register their new AAPC shares with the SEC in the US.

33. AAPC is required, under NASDAQ rules, to seek shareholder approval for the issue of the new consideration shares.

34. Sweett is also the subject of a firm offer by Dar Al-Handasah Consultants Shair and Partners Holdings.

35. Initially recommended – recommendation withdrawn following an offer on superior financial terms by Dar Al-Handasah Consultants Shair and Partners Holdings.

36. WSP and Sweett entered into a share scheme deed on 24 May 2016 setting out certain agreements between them in relation to the treatment of the Sweett share schemes.

37. Topping right in shareholder irrevocables (with a 10% improvement threshold, or the highest percentage value, up to a maximum of 15%, or any offer equal to or exceeding the competing offer, applicable to different Sweett Group shareholders).

38. In addition to 470 pence in cash, BPI shareholders will receive 0.00141 of a new RPC share for each BPI share.

39. Matching and topping rights in shareholder irrevocable (with a 10% improvement threshold).

40. The Rule 2.7 announcement contains statements of estimated cost savings and synergies arising from the merger (a quantified financial benefits statement (QFBS)), which includes a belief that the combined group will be able to achieve on-going pre-tax cost synergies of £10 million per annum (before integration costs), fully realisable within the first two full financial years following the offer becoming effective. The QFBS has been reported on by KPMG and N M Rothschild & Sons as required by Rule 28.1(a) of the Takeover Code.

41. In addition to entering into a bid conduct agreement, Dätwyler and Premier Farnell entered into clean team arrangements on 3 June 2016 setting out how certain confidential information that is commercially and/or competitively sensitive can be disclosed, used or shared. Dätwyler and the trustees of the Premier Farnell UK Pension Scheme also signed a memorandum of understanding on 10 June 2016 setting out their understanding as to the funding and operation of the Premier Farnell UK Pension Scheme following the acquisition.

42. Matching and topping rights in shareholder irrevocables (any improvement over Dätwyler's offer and a 5% improvement threshold, applicable to different Premier Farnell shareholders).

43. A loan note alternative was made available to Hydro shareholders (other than certain overseas shareholders) enabling shareholders to elect to receive loan notes in lieu of part or all of the cash consideration (on the basis of £1 nominal value for every £1 of cash) to which they would otherwise be entitled under the terms of the offer.

Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (U/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements°	Formal sale process	Non-solicit undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QiFB5
Sweett Group plc ⁴⁴ (AIM)	Dar Al-Handasah Consultants Sharif and Partners Holdings Limited	£29m	83%	•			•				•			◊ ⁴⁵					
Wireless Group plc (Main Market)	News Corporation	£220.3m	70.3%	•			•				•			◊CS			• ⁴⁶		
Bond International Software plc (AIM)	Constellation Software Inc.	£44.2m	20%		• ⁴⁷		•				• ⁴⁸								
Poundland Group plc (Main Market)	Steinhoff International Holdings N.V.	£610.4m ⁴⁹	15.8%	•			•						•	◊C		• ⁵⁰	• ⁵¹		
ARM Holdings plc (Main Market)	SoftBank Group Corp.	£24.4bn	43%	•			•						•	◊C					
Superglass Holdings plc (AIM)	Mr Sergey Kolesnikov	£8.7m	11.4%	•			•				•								• ⁵³

44. Sweett was also the subject of a firm offer by WSP Global Inc.

45. In order to be in a position to recommend the offer, the Sweett board needed to seek alternative funding since Sweett's current credit facilities expire on 8 July 2016. The bidder therefore made an offer of a term debt facility of £9.45 million which, if accepted by Sweett and on satisfaction of the conditions precedent, may be utilised upon short notice and may be used to refinance Sweett's overdraft facilities and for working capital purposes.

46. Matching and topping rights in shareholder irrevocable (with a 10% improvement threshold).

47. This offer was subsequently recommended but lapsed on 26 October 2016 as the acceptance condition had not been satisfied.

48. The bidder and its concert parties own 100% of the non-voting convertible shares outstanding in Bond. The Takeover Panel has accordingly waived the requirement under Rule 14 of the Takeover Code to make a comparable offer for these securities.

49. A revised offer was made by Steinhoff on 11 August 2016; the initial offer had a value £597 million at a premium of 13.3%.

50. Canada Life Investments has undertaken not to directly or indirectly solicit, accept or agree any other offer in respect of all or any of its Poundland shares.

51. Topping right in shareholder irrevocable (with a 20% improvement threshold).

52. Topping right in shareholder irrevocables (with a 10% improvement threshold).

53. The announcement of Superglass's interim results for the six months ended 29 February 2016 released on 29 April 2016 contained a profit forecast for the purposes of Rule 28 of the Takeover Code. The Rule 27 announcement includes the director's confirmations as set out in Rule 28.1(c)(i) of the Code.

Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (U/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements ^o	Formal sale process	Non-solicited undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QoFB5
DRS Data & Research Services plc (Main Market)	AQA Education	£6.54m	14.29%	•			•				•					•54	•55		•56
Premier Farnell plc ⁵⁷ (Main Market)	Avnet, Inc.	£691m	69.3%	•			•						•	0C ⁵⁸		•59	•60		
Source BioScience plc (Main Market)	Continental Investment Partners S.A. and Harwood Capital LLP	£62.87m	21%	•			•	• ⁶¹					•						
Private Equity Investor plc (Main Market)	KHP Fund GP LLC	£19.95 m	10.6%	•			•				•						•62		
Pinewood Group plc (AIM)	PW Real Estate Fund III LP	£23.3m	50.2% ⁶³	•			•						•						
Trucost plc	S&P Global Indices UK Limited	£14.213m	NP	•			•				•								

54. In addition to non-solicitation undertakings made by DRS shareholders, a number of DRS shareholders gave notification undertakings in favour of AQA.

55. Topping right in shareholder irrevocables (with a 5% and 10% improvement threshold as applicable to different DRS shareholders respectively).

56. A statement made at DRS's 2016 annual general meeting, on 20 June 2016, constituted a profit forecast for the purposes of Rule 28 of the Takeover Code. The Rule 2.7 announcement and the offer document include the directors' confirmations as set out in Rule 28.1(c)(i) of the Code.

57. Premier Farnell was also the subject of a firm offer by Dätwyler Holding AG which announced on 14 June 2016 – see UK Public M&A Update – Q2 2016.

58. In addition to a bid conduct agreement, Avnet and Premier Farnell entered into clean team arrangements setting out how certain commercially/competitively confidential information can be disclosed, used or shared. Avnet also entered into a memorandum of understanding with the trustees of the Premier Farnell UK Pension Scheme on 25 July 2016 as to the funding and operation of the Premier Farnell UK Pension Scheme following the acquisition.

59. Certain Premier Farnell shareholders have undertaken not to, directly or indirectly, solicit, accept or agree any other offer in respect of all or any of its Premier Farnell shares.

60. Topping right in shareholder irrevocables (any improvement on Avnet's offer).

61. Under an unlisted securities alternative, Source BioScience shareholders are entitled to elect to receive Sherwood Share Units in lieu of cash consideration. Each Sherwood Share Units

comprises one Sherwood ordinary share of 1 pence each and one 10% fixed rate unsecured loan note, with a nominal amount of 17 pence each.

62. Topping right in shareholder irrevocables (with a 10%, 12% and 15% improvement threshold applicable to different PE shareholders).

63. This premium reflects the offer price over the price of the share placing by Pinewood which completed on 17 April 2015.

Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (L/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements ^o	Formal sale process	Non-solicit undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QiFBs
SVG Capital plc (Main Market)	HarbourVest Partners, LLC	£1,015bn	14.7%	• ⁶⁴	•		•				•								
Journey Group plc (AIM)	Harwood Capital LLP	£28.4m	18.23%	•			•	• ⁶⁵			•		•						
SWP Group plc (AIM)	Friars 716 Limited	£18.3m	50%	•			•				•								
UK Mail Group plc (Main Market)	Deutsche Post AG	£242.7m	43.1%	•			•						•				• ⁶⁶		
Red24 Plc (AIM)	iJet International Inc.	£13.1m	25.3%	•			•						•						
Journey Group plc (AIM)	Harwood Capital LLP	£28.4m	2.3%	•			•				• ⁶⁷								
IBEX Global Solutions Plc (AIM)	The Resource Group International Limited	£44.3m	30%	•			•				•			◊ ⁶⁸					

64. This offer lapsed on the 18 October 2016. HarbourVest are instead acquiring SVG's investment portfolio under an Asset Transfer Deed, which became effective following the announcement that the offer had lapsed.

65. Under an unlisted securities alternative, Journey shareholders are entitled to elect to receive Jaguar Share Units in lieu of cash consideration. Each Jaguar Share Unit comprises one Jaguar ordinary share and one Jaguar preference share.

66. Topping right in institutional shareholder irrevocables (any improvement on Deutsche Post's offer).

67. This bid originally to be implemented by scheme of arrangement, lapsed due to the fact that the scheme resolution was not passed at the court meeting on 3 October 2016. A firm offer announcement was made on 1 November 2016 regarding a mandatory offer following the acquisition of Journey Group shares.

68. A deed of amendment was entered into by IBEX, TRGI, India Bidco, Liberum Capital Limited (Liberum) and Cenkos Securities plc (Cenkos) in respect of the relationship deed entered into between IBEX, TRGI, Liberum and Cenkos in connection with the original admission to trading on AIM of the IBEX shares (Relationship Deed). The Relationship Deed prevented India Bidco from acquiring an interest in IBEX shares where such interest would mean that the aggregate interest of TRGI and its affiliates exceeded 75% of the issued share capital of IBEX. The deed of amendment provides that India Bidco and the TRGI group may acquire IBEX shares in excess of this limit in connection with the offer.

Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (L/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements ^o	Formal sale process	Non-solicit undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QoFB5
Dee Valley Group plc (Main Market)	Ancala Partners LLP	£78.5m ⁶⁹	24.5%		• ⁷⁰		•				• ⁷¹					•	• ⁷²		
M.P.Evans PLC (AIM)	Kuala Lumpur Kepong Berhad	£415.4m ⁷³	74%		• ⁷⁴		•				•								
Cyprotex PLC (AIM)	Evotec AG	£41.7m	74.9%	•			•					•			•				
Dee Valley Group plc (Main Market)	Severn Trent Plc	£84m ⁷⁵	33.2%	•			•		• ⁷⁶				•	◊C					
Avesco Group plc (AIM)	NEP Group Inc	£124m	125%	•			•					•							
Creston plc (Main Market)	DBAY Advisors Limited	£75.8m	35.2%	•			•						•						
Alternative Networks plc (AIM)	Daisy Intermediate Holdings Limited	£165.3m	17%	•			•												

69. This is the revised offer value, the initial offer value was £71.3 million at a premium of 13.1% (see footnote 71).

70. Initially recommended – recommendation withdrawn following higher competing offer by Severn Trent Plc (see footnote 71).

71. The initial offer was to be implemented by way of a recommended scheme of arrangement. The board withdrew its recommendation for the Ancala offer when Severn Trent announced a higher cash offer on 16 November 2016. Ancala increased its offer on 22 November 2016 but, subsequently on 23 November, Severn Trent announced an increased revised offer. The board unanimously recommended the Severn Trent revised offer on 24 November 2016.

72. Topping right in shareholder irrevocables (with a 10% and 15% improvement threshold applicable to different Dee Valley Group shareholders).

73. A revised offer was made by Kuala Lumpur Kepong Berhad on 15 November 2016. The initial offer value was £359.3 million at a premium of 51%.

74. This offer lapsed on 21 December 2016 due to insufficient acceptances.

75. This is the revised offer value, the initial offer value was £78.5 million at a premium of 24.5%.

76. This offer has a loan note alternative. The loan notes will bear interest at a rate of 0.85% payable six months in arrears.

Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (L/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements°	Formal sale process	Non-solicit undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QFBs
Lavendon Group plc (Main Market)	TVH Group NV.	£427m ⁷⁷	80.6%		•		•				•			◊S ⁷⁸			• ⁷⁹		
Brammer plc (Main Market)	Advent International Corporation	£221.5m	69.2%	•			•						•	◊C					
ServicePower Technologies Plc (AIM)	Diversis Capital LLC	£13.65m	129%	•			•				•						• ⁸⁰		
E2V Technologies plc (Main Market)	Teledyne Technologies Inc.	£619.6m	48.2%	•			•						•	◊C,S ⁸¹					• ⁸²
Lavendon Group plc (Main Market)	Loxam SAS	£442m ⁸³	87%	•			•			•				◊F ⁸⁴					
Sky plc (Main Market)	Twenty-First Century Fox, Inc.	£11.7bn	40%	•			•		• ⁸⁵				•	◊C,R ⁸⁶					

77: This is the revised offer value, the initial offer value was £348 million at a premium of 47.5%.

78: Certain standstill provisions, preventing TVH from acquiring shares in Lavendon, apply to TVH until the earlier of the date which is 12 months from the date of the agreement and the date of the Rule 2.7 announcement, subject to customary exceptions. This standstill has since fallen away - TVH announced on 15 December 2016 that it had acquired further shares in Lavendon.

79: Matching right in shareholder irrevocables (with a 5% improvement threshold).

80: Matching and topping rights in shareholder irrevocables (for a competing offer of at least 6.5 pence per ServicePower share or 7 pence per ServicePower share applicable to different shareholders).

81: US counsel for Teledyne and E2V entered into a common interest agreement on behalf of themselves and their clients. Under the agreement they agreed to share certain common interest information in connection with pending and possible claims by or against E2V in the US, provided they do so in a manner that keeps the information confidential.

82: Statements made in E2V's half-yearly report for the six months ended 30 September 2016 are considered to be a profit forecast for the purposes of Rule 2.8 of the Takeover Code. The Rule 2.7 announcement includes the directors' confirmations as set out in Rule 28.1(c)(i) of the Code.

83: This is the revised offer value, the initial offer value was £374 million at a premium of 58.3%.

84: The Panel consented to Lavendon providing a £3.7m break fee in favour of Loxam as a competing offeror to TVH's hostile offer for Lavendon, under Note 1 on Rule 21.2 of the Takeover Code (white knight dispensation).

85: This offer has an interim loan note mechanic. Sky shareholders will receive a loan note with a principal amount equal to the cash consideration due under the terms of the scheme. The loan notes have a mandatory redemption date that is no earlier than the third business day after issue, but no later than 14 days after the scheme effective date.

86: Twenty-First Century Fox has agreed to pay a £200 million reverse break fee in favour of Sky.

Appendix: Announced* UK takeover bids (1 January to 31 December 2016)

Target (Market)	Bidder	Bid value	Bid premium**	Recommended	Hostile	Rule 9 offer	Cash	Shares (L/U/A)	Other consideration	Mix and match	Offer***	Partial Offer	Scheme	Offer-related arrangements ^o	Formal sale process	Non-solicited undertakings****	Matching/Topping rights****	Shareholder vote	Profit forecast/QiFBs
Punch Taverns plc (Main Market)	Heineken Holdings NV and Patron Capital Advisers LLP	£402.7 m	40.1%	•			•						•	OC					
Sapura plc (Main Market)	Hytora Communications Corporation Limited	£74 m	35.6%	•			•						•				•87		
Ludgate Environmental Fund Limited (AIM)	Headway Investment Partners III L.P.	£8.5 m	8.6%	•			•				•								

87. Matching and topping rights in shareholder irrevocables (with a 15% improvement threshold).

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