



The Secretary to the Code Committee
The Takeover Panel
10 Paternoster Square
London
EC4M 7DY

6 December 2018

Consultation paper by the Code Committee of The Panel – Asset Valuations (PCP 2018/1)

We are writing to you in response to your request for comments on your consultation paper on Asset Valuations. We have detailed our responses to the specific questions set out in the Consultation Paper in Appendix 1.

If you would like to discuss any of our responses to the questions raised please do feel free to contact Ursula Newton (ursula.newton@pwc.com) or Kevin Desmond (kevin.desmond@pwc.com)

Yours faithfully,

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk*

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Appendix 1

Q1 Is a period of 12 months prior to the commencement of the offer period an appropriate “look back” period in order for Rule 29 to apply to a valuation under the proposed Rule 29.1(a)(ii)?

We agree that 12 months prior to the commencement of the offer period is an appropriate “look back” period in order for Rule 29 to apply to a valuation under the proposed Rule 29.1(a)(ii).

Q2 Do you have any comments on the application of Rule 29 to a valuation published in the circumstances described in the proposed Rule 29.1(a)(i), (ii) or (iii)?

We agree with this proposal.

Q3 Do you have any comments on the proposed wording “unless the Panel considers that the valuation is not material to offeree company shareholders in making a properly informed decision as to the merits or demerits of the offer”?

We agree that the proposed wording is suitable.

Q4 Do you have any other comments on the proposed new NB at the beginning of Rule 29, the proposed Rule 29.1(a) or the proposed new Note on Rule 29.1?

We have no other comments on the proposed new NB at the beginning of Rule 29, the proposed Rule 29.1(a) or the proposed new Note on Rule 29.1.

Q5 Should the specific types of asset valuations to which Rule 29 applies be those referred to in the proposed Rule 29.1(b)?

We agree with this proposal.

Q6 Should the Panel have the ability to apply Rule 29 to a valuation of other assets or liabilities, as referred to in the proposed Rule 29.1(c)?

We agree with this proposal.

Q7 Do you have any comments on the proposed Rules 29.1(b) and (c)?

We agree with this proposal.

Q8 Do you have any comments on the proposed Rule 29.1(d) in relation to the publication of a net asset value or adjusted net asset value?

We agree with this proposal.

Q9 Should the Code require that a valuation published during the offer period must be in the form of, or accompanied by, a valuation report?

We agree with this proposal.



Q10 Should the Code require that a valuation report in respect of a valuation falling within the proposed Rule 29.1(a)(ii) or (iii) should be included in the offer document or the offeree board circular (as appropriate) or, if earlier, in the first announcement or document published during the offer period by the offeree company or the securities exchange offeror (as the case may be) which refers to that valuation?

We agree with this statement.

Q11 Do you have any other comments on the proposed Rule 29.2, regarding the requirement for a valuation report, or on the proposed new Note on Rule 29.2, in relation to the circumstances where it is not possible to obtain a valuation report within the required timeframe?

We have no other comments.

Q12 Do you have any comments on the proposed Rule 29.3 in relation to the requirements applying to valuers?

We agree with this proposal.

Q13 Do you have any comments on the proposed Rule 29.4 in relation to a valuation report?

We agree with the explicit clarification in 29.4(i) and 29.4(ii) and have no other comments.

Q14 Do you have any comments on the proposed Rule 29.5 in relation to “no material difference” statements?

We question whether this is practicable without a new valuation process being completed.

Q15 Do you have any comments on the proposed Rule 29.6 in relation to the requirement to give an estimate of the amount of the potential tax liability which would arise upon a sale of the assets?

We agree with the clarification of the requirement to give an estimate and have no other comments.

Q16 Do you have any comments on the proposed Rule 29.7 in relation to information in valuation reports which could constitute a profit forecast?

We agree that this is an appropriate additional to the rule.

Q17 Do you have any comments on the proposed Rule 29.8 in relation to the valuation by one party to an offer of another party’s assets?

We have no comments on the proposed Rule 29.8 in relation to the valuation by one party to an offer of another party’s assets.

Q18 Do you have any comments on the consequential amendments to the Code proposed in Section 9(d) of the PCP?



We question whether the consequential amendments are practicable given that they may need any valuation to be brought up to date. This contrasts with the current requirement to confirm that a previously published valuation report continues to apply.