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ument and should be properly supported by the opinion of a suitably qualified independent valuer. This helps ensure that shareholders are provided with sufficient information to reach an informed decision

The Executive agrees that in some circumstances the strict application of Rule 11.1(f) may be unduly burdensome and should be decided on a case-by-case basis.

With regard to right-of-use (ROU) assets as defined under International Financial Reporting Standard 16 (IFRS 16) ‘Leases’[1], although IFRS 16 treats the right to use the asset under a lease as an asset on the company’s balance sheet, the lessee does not have legal ownership of the underlying leased asset as it remains with the lessor. Given this, ROU assets should not normally be regarded as a company’s property assets for the purposes of the Takeovers Code. It follows that the values of these ROU assets should normally be excluded when determining whether a company has significant property interests of 15% and 50% under Rule 11.1(f).

If parties or their advisers are in doubt as to whether certain assets should be taken into account for the purpose of calculating the relevant thresholds, they should consult the Executive at the outset of the transaction. The Executive may request to see a list of the assets including a detailed description of their nature and purpose, location, size, book value, salient lease contract terms, and any other characteristics or relevant information which would assist in its consideration of the matter.

31 March 2020