

Working with ShareGift

Corporate transactions: capital reorganisations

Including ShareGift in your offer documents

If you are embarking on a capital reorganisation which will result in a large number of fractional entitlements being created, there are opportunities to utilise ShareGift and to reduce transaction costs significantly.

In some circumstances where small fractional entitlements are created, the administrative burden of crediting all entitlements to the shareholders may outweigh the value of the entitlements they receive. Whilst the individual sums of money involved are small, this can add up to a significant donation to charity and a significant ESG positive for the Company. By including ShareGift as a recipient of such fractions, companies can not only benefit from a significant administrative saving but canvass the charitable suggestions of their shareholders.

This is one area where the Company Secretary must look to engage with the issue at an early stage by including the relevant details in the offer documents. We have working precedents in place with previous share consolidations and acquisitions.

Examples

- 1 Acquisition of HBOS by Lloyds TSB Group – Offer Document Extracts
- 2 Scheme of Arrangement of Vodafone Group Shares- Offer Document Extracts
- 3 Vodafone Guide for Shareholders – Return of Value. Document Extracts
- 4 Royal Bank of Scotland Group plc – Explanatory notes on share Sub-division and consolidation



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Case Study –

In one major share consolidation of a FTSE100 Company, all cash entitlements of less than £3.00 were donated to ShareGift.

As a result, 492,597 fractional entitlements were aggregated and donated to ShareGift out of a total shareholder base of 519,267. The average value of those donations was just £1.27.

Following receipt of these donated entitlements, ShareGift was able to make a wide-ranging distribution to more than 150 different UK registered charities, taking into account the suggestions of the Company as well as specific suggestions of their shareholders.