

The transaction

The structure of the transaction

1. Archant entered into two agreements, on 11 December and 30 December 2003, with INM to acquire the titles (as shown in Table 1) in the London region for up to £62 million.
2. Changes in the newspaper regulatory regime under the new Communications Act 2003, which repealed the Fair Trading Act 1973 (FTA), led to the decision by the parties to split the deal into two transactions such that the five newspaper divisions which made up the London region were sold as the 'PEN transaction' which comprised three divisions and the 'Kent transaction' which comprised two divisions.
3. Due to insistence from INM that a deal be completed before the year end, a two-part transaction was agreed between the parties so that the PEN transaction alone did not exceed the 500,000 threshold for mandatory consent and the Kent transaction did not constitute a newspaper merger unless the option was exercised. The option was not exercised until after the FTA newspaper provisions were repealed.
4. The deal has been structured such that the total consideration for all the titles is up to £62 million [✂].

The agreements

5. The first agreement, signed on 11 December 2003, was for the acquisition of three of the five divisions for £52 million. This was known as the PEN transaction. An option agreement, providing for payment [✂] for the option to acquire the other two divisions for up to £10 million [✂] was also signed on 11 December 2003.
6. The option over the remaining two divisions was structured such that INM granted to Archant a call option which gave Archant the right, during the call option period, to require INM to sell the remaining two divisions on terms already agreed between the parties. In consideration of INM granting a call option to Archant, Archant granted to INM a put option which gave INM the right, during the put option period, to require Archant to buy the remaining two divisions under pre-agreed terms.
7. The call option exercise period ran from the date on which the newspaper merger regime contained in the FTA was repealed by section 373 of the Communications Act 2003 until (and including) 15 January 2004. The put option exercise period ran from the day after the end of the call option exercise period to 30 January 2004.
8. Archant exercised its rights under the call option on 29 December 2003 and [✂] was paid to INM for the acquisition of the Kent and North West London Divisions (the 'Kent transaction'). The sale and purchase agreement was signed on 30 December 2003.

[✂]

9. [✂]

10. [X]

TABLE 1 INM Titles acquired by Archant [X]

Title	Edition
North London Division	
<i>Islington Gazette Series</i>	<i>Islington Gazette [X]</i> <i>Islington Gazette EC1 [X]</i> <i>Camden Chronicle [X]</i>
<i>North London Weekly Herald Series</i>	<i>Islington Herald [X]</i> <i>Haringey Herald [X]</i>
<i>Hornsey Journal</i>	<i>Hornsey & Crouch End Journal</i> <i>Muswell Hill Journal</i> <i>Tottenham, Wood Green and Edmonton</i>
East London Division	
<i>East London Advertiser [X]</i> <i>Hackney Gazette [X]</i> <i>Stratford & Newham Express</i>	<i>Stratford & Newham Express</i> <i>Docklands Express</i> <i>Stoke Newington & Stamford Hill Express [X]</i> <i>Hoxton & Shoreditch Express</i>
<i>Stoke Newington & Stamford Hill Express</i>	
Post Division	
<i>Barking & Dagenham Post Series</i>	<i>Barking & Dagenham Post [X]</i> <i>Ilford & Redbridge Post [X]</i> <i>Thurrock & Lakeside Post [X]</i>
<i>Barking & Dagenham Post Weekender</i> <i>Ilford & Redbridge Weekly Post</i>	<i>Ilford & Redbridge Weekly Post [X]</i> <i>Woodford Weekly Post [X]</i>
<i>Romford & Havering Weekly Post [X]</i>	
North West London Division	
<i>Wembley Chronicle Series</i>	<i>Wembley & Kingsbury Chronicle</i> <i>Harrow & Sudbury Chronicle</i> <i>Willesden & Brent Chronicle</i> <i>Camden Times</i> <i>Kilburn Times</i>
<i>Willesden Chronicle Series</i>	
<i>Westminster Times</i> <i>Paddington Times</i> <i>Hammersmith Times</i> <i>Kensington Times</i>	
Kent Division	
<i>Bromley Times</i>	<i>Bromley Times</i> <i>Chislehurst Times</i> <i>Orpington Times</i> <i>Bromley & Beckenham Express</i> <i>Orpington & Chislehurst Express</i> <i>(Bexley Times) Bexleyheath & Welling Times</i> <i>(Bexley Times) Erith & Crayford</i> <i>(Bexley Times) Sidcup & Blackfen Edition</i> <i>Eltham Times</i>
<i>Bromley & Beckenham Express Series</i>	
<i>Bexley Times Series</i>	<i>Dartford Times</i> <i>Swanley Times</i>
<i>Bexley Express</i> <i>Dartford Times Series</i>	
<i>Dartford & Swanley Express</i> <i>Gravesend Reporter</i> <i>Gravesend & District Express</i> <i>Jobwatch</i>	

Source: Archant.

[X]