

THE TAKEOVER PANEL

GLANFIELD LAWRENCE PLC ("GLANFIELD") /GREGORY SECURITIES LTD ("GREGORY SECURITIES")

The Panel issued a statement on 24 October on the hearing which took place on 22 and 23 October concerning Glanfield and Bajau Ltd (a company controlled by Mr C Selmes).

As set out in the Panel statement of 8 October, the Panel executive has as a separate matter investigated the acquisition by Gregory Securities, a private company controlled by Mr J Gregory, of 42.5% of the share capital of Glanfield. On 29 August, as early bargains for 30 August, Gregory Securities acquired in the market 570,000 shares (10.8%) at 46p per share. On 31 August it acquired in the market 140,000 shares (2.6%) at 49.5p per share and later that day acquired outside the market 1,537,499 shares (29%) from Bajau Ltd and persons and companies associated with it at 44.625p per share. The same day Gregory Securities announced these transactions and that it would make an offer for the remaining shares in Glanfield at 49.5p per share.

The acquisition of the 1,537,499 shares from Bajau and its associates was in breach of Rule 40. In brief, this Rule bars a person from acquiring even from a single shareholder shares that take his total holding to 30% or more of a company's share capital if that person has purchased any shares in the preceding seven days.

As set out in the statement of 8 October, a partner of Panmure Gordon & Co, who had previously dealt for Gregory Securities but who did not act for any of the vendors or for the purchaser in these transactions, arranged a meeting between Mr Selmes and Mr Gregory. He was subsequently asked by Gregory Securities whether the acquisition was permissible and replied wrongly that it was.

The acquisition by Gregory Securities from Bajau and its associates thus took place seven days earlier than the Code permits and resulted in Code control of Glanfield being acquired earlier than should have happened, without the board of Glanfield, or other parties, having had due notice of the earlier acquisitions made in the market by Gregory Securities.

The Panel recognises that Gregory Securities breached the Code inadvertently and after seeking advice and it does not therefore believe that it would be appropriate to insist that steps be taken by Gregory Securities to dispose unconditionally of the 29% shareholding. The Panel has therefore agreed with Gregory Securities and Glanfield certain arrangements which are designed to restore, so far as is practicable, the position that would have existed if the timing of the acquisition of the 1,537,499 shares had been in accordance with Rule 40. Under these arrangements Gregory Securities has agreed to make the 1,537,499 shares available for sale through Panmure Gordon and Co until 3.30 pm on 2 November 1984 on the following basis:-

- (a) Any potential purchaser must consult the Panel before submitting a bid under the procedure set out below. Failure to consult the Panel will render the bid invalid.
- (b) A bid shall be invalid if its success would result in a breach of the Rules Governing Substantial Acquisitions of Shares or of Rules 40 or 41 of the Take-over Code.
- (c) Each bid must be at a fixed price per share and be for all the 1,537,499 shares, but the bidder may be one person or a group of persons in which case the proportion each person is to acquire should be specified. The bid shall be contained in a letter from a member of The Stock Exchange which names the principal(s) making the bid and shall be in a sealed envelope addressed to Honorary Market Officials and clearly marked "Glanfield Lawrence plc". The envelope containing the bid shall be delivered during market hours to the Consols Bar on the floor of The Stock Exchange by

3.30 pm on 2 November. The Stock Exchange will stamp each envelope to indicate the time of receipt. Bids shall be irrevocable.

- (d) There will be no obligation on Gregory Securities to dispose of the 1,537,499 shares at less than 44.625p (being its original purchase price).
- (e) All bids (except any bid by Gregory Securities to retain the shares) to acquire the shares will exclude the jobber's turn which the purchaser will be obliged to pay. When comparing the values of bids (including any bid by Gregory Securities to retain the shares) the jobber's turn will therefore be ignored.
- (f) In the event of more than one bid for all the shares they will be transferred to the highest bidder. Should two or more bids be received at the highest price, the shares will be transferred to the bidder who submitted his bid first. The decision of the Honorary Market Officials as to the successful bidder shall be final and binding on all parties.
- (g) The identity of the successful bidder and the price payable will be announced by The Stock Exchange as soon as possible after 3.30 pm on 2 November. The shares will be transferred to the successful bidder under normal Stock Exchange procedures as soon as possible thereafter and will be for cash settlement.
- (h) Gregory Securities itself will be able to bid on the basis that if its bid is successful it will be entitled to retain the shares. If Gregory Securities or any party acting in concert with it is the successful bidder (or if Gregory Securities retains the shares because there are no bids) Gregory Securities will be required to proceed with its mandatory offer under Rule 34 of the Code. The cash amount by which the successful bid by Gregory Securities or

any party acting in concert with it exceeds the original purchase price of £686,108 will be added to the mandatory offer which Gregory Securities is required to make for the outstanding Glanfield shares. Thus, if Gregory Securities (or any person acting in concert with it) bids 1p per share over the original purchase price of 44.625p per share, the resulting excess of £15,375 will be added to the total amount of the mandatory offer for the shares Gregory Securities does not own. Divided amongst the outstanding 3,045,707 shares this would come to 0.5p, which would mean that the Rule 34 offer price would increase from its present 49.5p per share to 50p. If the bid by Gregory Securities (or any person acting in concert with it) was at a price per share in excess of 49.5p, that price would form the new base level for the Rule 34 offer to which would be added the excess referred to. Thus, if Gregory Securities (or any person acting in concert with it) bids 52p, the resulting excess of £113,391 divided among the outstanding shares, would come to 3.7p per share which would mean that the Rule 34 offer price would increase from 52p to 55.7p per share. In all cases the offer price would be rounded up or down to the nearest 0.1p

- (i) Any other purchaser of these 1,537,499 shares under these arrangements, or any person acting in concert with it, who makes either a voluntary or a mandatory offer for Glanfield during the period ending on 31 October 1985 shall not, except with the consent of the Panel, do so at less than 49.5p.
- (j) If Gregory Securities is required to proceed with its mandatory offer, the offer document required under Rule 34 is to be posted by Friday 23 November 1984.

If the 1,537,499 shares are sold under these arrangements, Gregory Securities will no longer have an obligation to make a mandatory offer under Rule 34.

Stock Exchange Member Firms are to be informed by The Stock Exchange of the arrangements applying to bids under the above procedure.

26 October 1984