

# THE TAKEOVER PANEL

**HOME RETAIL GROUP PLC (“HOME RETAIL”)**

**J SAINSBURY PLC (“SAINSBURY’S”)**

**STEINHOFF INTERNATIONAL HOLDINGS NV (“STEINHOFF”)**

## **Background**

On 5 January 2016, Sainsbury’s announced that it had made an approach to Home Retail’s board of directors in relation to a possible offer in the form of shares and cash. This announcement led to the commencement of an offer period in relation to Home Retail. Under Rule 2.6(a) of the Takeover Code (the “Code”), Sainsbury’s was required, by not later than 5.00pm on 2 February, to announce either a firm intention to make an offer for Home Retail in accordance with Rule 2.7 of the Code or that it did not intend to make an offer for Home Retail, in which case the announcement would be treated as a statement to which Rule 2.8 of the Code applies.

On 2 February, the boards of Sainsbury’s and Home Retail announced that they had reached agreement on the terms of a possible offer by Sainsbury’s for Home Retail of 0.321 new Sainsbury’s shares and 55 pence in cash for each Home Retail share. In addition, Home Retail shareholders would be entitled to receive payments per Home Retail share of (i) approximately 25 pence in respect of the sale of Homebase announced by Home Retail on 18 January, and (ii) 2.8 pence in lieu of a final dividend in respect of the financial year ended 27 February 2016 (together, the “Proposed Capital Returns”). In the same announcement, and in accordance with Rule 2.6(c) of the Code, Home Retail announced that, with the consent of the Panel, the deadline for Sainsbury’s to clarify its position under Rule 2.6(a) of the Code had been extended to not later than 5.00pm on 23 February.

On 19 February, Steinhoff announced that it had put forward a possible offer proposal to Home Retail of 147.2 pence in cash for each Home Retail share. In addition, Home Retail shareholders would be entitled to receive payments in respect of each Home Retail share in an amount equivalent to the Proposed Capital Returns. Under Rule 2.6(a) of the Code, Steinhoff was required to clarify its position in the manner required by that Rule by not later than 5.00pm on 18 March.

On 22 February, and in accordance with Rule 2.6(c), Home Retail announced that, with the consent of the Panel, the deadline for Sainsbury's to clarify its position under Rule 2.6(a) of the Code had been extended to not later than 5.00pm on 18 March. As a result, both Sainsbury's and Steinhoff are now required to clarify their position in the manner set out in Rule 2.6(a) of the Code by the same deadline, being not later than 5.00pm on 18 March. Under Rule 2.6(c) of the Code, this deadline can be further extended in respect of one or both of Sainsbury's and Steinhoff at the request of Home Retail and with the consent of the Panel.

### **The Executive's ruling**

Following discussions with all parties' advisers, the Executive has ruled that the procedure described below shall apply in the event that, by 7.30am on 18 March, neither Sainsbury's nor Steinhoff has clarified its position in the manner set out in Rule 2.6(a) of the Code.

If, at any time between (and including) 7.30am and 5.00pm on 18 March (the "Procedure Period"), either Sainsbury's or Steinhoff announces a firm intention to make an offer for Home Retail under Rule 2.7 of the Code, then the other potential offeror shall continue to be treated as a potential competing offeror for Home Retail for the purposes of the Code, and shall be required to clarify its position by not later than 5.00pm on the 53rd day following the publication of the firm offeror's initial offer document by announcing either a firm intention to make an offer for Home Retail or that it does not intend to make an offer for Home Retail, whether or not that other potential offeror has previously made or subsequently makes an announcement to which Rule 2.8 applies during the Procedure Period.

If, during the Procedure Period, either Sainsbury's or Steinhoff announces that it does not intend to make an offer for Home Retail, and by that time no announcement has been made by the other potential offeror, then that other potential offeror shall continue to be required to clarify its position as normal under Rule 2.6(a) of the Code by no later than 5.00pm on 18 March.

Nothing contained within this ruling prevents Home Retail from requesting, at any time, the Panel's consent to extend the existing Rule 2.6(a) deadline of not later than 5.00pm on 18 March in respect of one or both of Sainsbury's or Steinhoff. If such an extension is granted, the Executive will make a further announcement.

Each of the parties has accepted this ruling.

17 March 2016