

THE TAKEOVER PANEL

OFFER BY THE BURTON GROUP PLC ("BURTON") FOR DEBENHAMS PLC ("DEBENHAMS")

The Panel has investigated the circumstances surrounding the declaration by Burton on 2 August that its offer for Debenhams was unconditional as to acceptances, and in particular the fact that although Burton had acquired or agreed to acquire (either by purchases or acceptances to its offer) only 64,620,593 Ordinary shares in Debenhams (38.4%) by 3.00pm on 2 August, this figure had risen to 89,242,907 (53%) when the offer was declared unconditional as to acceptances later on that day.

There were two principal reasons for this improvement in Burton's position. The first was that acceptances by two Debenhams' shareholders (whose holdings totalled approximately 13 million shares) were not received until after 3.00pm on 2 August. The second results from the fact that, in accordance with best practice, acceptances were only treated as valid by the receiving bankers to the offer if they were supported by share certificates or by share transfers certified by Debenhams' registrars as being valid. Transfers in respect of 8.4 million shares in Debenhams were presented to Debenhams' registrars for certification before 3.00pm on 2 August. It was not until after 3.00pm that these transfers, having been certified, were delivered to the receiving bankers together with the related acceptances.

The acceptances in respect of these 8.4 million shares came from what were clearly non-discretionary clients of Cazenove & Co, who are one of Burton's brokers. All of these clients are independent institutions and none was, or might have been deemed to be, in concert with Burton.

On 2 August, Burton purchased some 4.7 million Debenhams shares in the market prior to 3.00pm. Virtually of all these were purchased prior to 1.30pm. The Stock Exchange has informed the Panel that, except to an immaterial extent, none of the jobbers in Debenhams had a short position at close of business on 2 August.

The Panel is therefore satisfied that:-

- (a) The outcome of the offer was not influenced by short selling of Debenhams shares by the jobbers; and
- (b) Burton's treatment of acceptances for the purposes of its declaration that its offer was unconditional as to acceptances complied with the Code and with best City practice.

7 August 1985