

THE TAKEOVER PANEL

WESTMINSTER PROPERTY GROUP plc ("WPG")

Following representations received from a shareholder of WPG, and from the board of WPG through its financial advisers County Bank Limited, the Panel executive has investigated a transaction between St Piran Limited ("St Piran") and Mr D R Kirch ("Mr Kirch") which took place on 26 May 1983.

BACKGROUND:

On 18 February 1983 St Piran acquired 6,550,000 Ordinary shares in WPG (approximately 23.61% of the voting capital) from TCB Limited at a price of 35½p per share. As a result of a successful tender offer also made at a price of 35½p which closed on 1 March 1983, St Piran increased its holding in WPG to 8,319,505 Ordinary shares (29.99%).

On 26 May Mr Kirch transferred into the name of St Piran 4,226,700 Ordinary shares in WPG (approximately 15.24% of the voting capital) and entered into two agreements with St Piran.

The first agreement purported to create a legal charge over these shares as security for the repayment to St Piran of a loan made to Mr Kirch of £1,183,476 plus interest. The amount of the loan represented 28p for each of the shares in WPG transferred. The market price of a WPG share on 26 May was 21p.

The other agreement purports to create an option for the sale of the same shares by Mr Kirch to St Piran at a price of 28p per share under which, if it is exercised, the loan is treated as discharged without the payment of any interest or expenses. Whilst this agreement states that Mr Kirch has the option to sell these shares, the option is exercisable, and indeed is

automatically exercised, either if Mr Kirch fails to repay the loan on 1 June 1984, or if he serves on St Piran a notice directing St Piran to exercise the votes attaching to these shares at a General Meeting of WPG by voting contrary to the direction which St Piran is recommending to members of WPG. The Option is not capable of being exercised in any other way.

Although St Piran is required to cast the votes attaching to the shares in accordance with any directions which Mr Kirch may give under the legal charge, that document also contains a provision which denies to Mr Kirch any right of action in respect of any breach of that obligation.

RULING:

The Panel executive has discussed these arrangements with the parties involved and has had regard to the nature and circumstances of the agreements and, in particular, to their highly unusual terms. In the view of the Panel executive, the transaction as a whole amounts in substance to an immediate sale of the shares to St Piran with the retention by Mr Kirch of only limited contractual rights. For this reason, the Panel executive has concluded that, within the meaning of Rule 34 of the City Code, St Piran acquired the 4,226,700 Ordinary shares in WPG from Mr Kirch on 26 May 1983, and thereby acquired shares carrying more than 30% of the voting rights in WPG.

CONSEQUENCES OF RULING:

The consequence of such an acquisition is that St Piran, having acquired shares in WPG carrying approximately 45.23% of the voting rights, is obliged to extend a general offer to all other holders of Ordinary shares in WPG at the highest price paid by St Piran and any person acting in concert with it within the

preceding 12 months, which the executive understands to be 35½p. St Piran will be expected by the Panel executive to post the offer document to WPG shareholders on or before 16 September 1983.

Under Rule 34(6) of the City Code, except with the consent of the Panel, no nominee of St Piran or persons acting in concert with it should be appointed to the board of WPG, nor should St Piran or persons acting in concert with it transfer, or exercise the votes attaching to, any shares in WPG which they hold, until the offer document has been posted.

19 August 1983