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**NOTICE OF INTENDED  
CANCELLATION OF LISTING**

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To: **Simon Group Plc**  
Of: **Clough Lane  
North Killingholme  
North Lincolnshire  
DN40 3LX**

Dated: **18 July 2007**

**TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (the "FSA") has decided as follows:**

**1. ACTION**

For the reasons listed below and pursuant to section 77(1) and 78(2) of the Financial Services and Markets Act 2000 (the "Act"), the FSA acting in its capacity as the United Kingdom Listing Authority ("UKLA") will discontinue the listing of securities in Simon Group Plc ("Simon Group") with effect from 22 August 2007.

**2. SUMMARY OF REASONS**

On the basis of the facts and matters described below, the FSA has concluded that special circumstances exist that preclude normal regular dealings in Simon Group securities in that Simon Group is no longer satisfying its continuing obligations for listing because the percentage of shares in public hands has fallen below 25%. The FSA has allowed a reasonable time for the percentage to be restored and this has not occurred. There is no reasonable prospect of the percentage being restored in future.

### **3. RELEVANT STATUTORY AND HANDBOOK PROVISIONS**

#### **Relevant Statutory Provisions**

- 3.1. The FSA's regulatory objectives, established in section 2(2) of the Act, include maintaining market confidence. By section 77(1) of the Act, the FSA is authorised:

to discontinue the listing of any securities in accordance with the Listing Rules, if satisfied that there are special circumstances which preclude normal regular dealings in them;

- 3.2. By section 78(2) of the Act, if the FSA proposes to discontinue the listing of securities it must give the issuer of the securities written notice.

#### **Relevant Handbook Provisions**

- 3.3. In exercising its power under section 77(1), the FSA must act in accordance with the Listing Rules. The relevant Listing Rules in relation to the action specified above are set out below.

##### LR 5.2 – FSA may cancel listing

- 3.4. LR 5.2.1R states that the FSA may cancel the listing of securities if it is satisfied that there are special circumstances that preclude normal regular dealings in them.

- 3.5. LR 5.2.2G states that examples of when the FSA may cancel the listing of securities include (but are not limited to) situations where it appears to the FSA that:

the issuer no longer satisfies its continuing obligations for listing, for example if the percentage of shares in public hands falls below 25% or such lower percentage as the FSA may permit (the FSA may however allow a reasonable time to restore the percentage, unless this is precluded by the need to maintain the smooth operation of the market or to protect investors) (LR 5.2.2G(2)).

##### LR 6.1.19R – Shares in public hands

- 3.6. LR 6.1.19R(1) states that if an application is made for the admission of a class of shares, a sufficient number of shares of that class must, no later than the time of admission, be distributed to the public in one or more EEA States.

- 3.7. LR 6.1.19R(3) states that for the purposes of paragraph (1), a sufficient number of shares will be taken to have been distributed to the public when 25% of the shares for which application for admission has been made are in public hands.

- 3.8. LR 6.1.19R(4) states that for the purposes of paragraphs (1), ...and (3), shares are not held in public hands if they are held, directly or indirectly by:

(e) any person or persons in the same group who have an interest in 5% or more of the shares of the relevant class.

- 3.9. LR 9.2.15R makes LR 6.1.19R a 'requirement(s) with continuing application' by requiring that a listed company must comply with LR 6.1.19R at all times.

- 3.10. LR 9.2.16R states that a listed company that no longer complies with LR 6.1.19R must notify the FSA as soon as possible of its non-compliance.
- 3.11. LR 9.2.17G states that a listed company should consider LR 5.2.2G(2) in relation to its compliance with LR6.1.19R.
- 3.12. Where LR6.1.19R is not being met, the FSA has discretion to cancel a company's listing under LR 5.2.1R. In calculating the number of shares held in public hands the FSA, in accordance with LR 6.1.19R, excludes any person or persons in the same group who have an interest in 5% or more of the shares.
- 3.13. The guidance in LR 5.2.2G provides examples of when the FSA may cancel the listing of securities and includes situations where it appears to the FSA that the issuer no longer satisfies its continuing obligations for listing, for example if the percentage of shares in public hands falls below 25% or such lower percentage as the FSA may permit. The guidance also states that the FSA may allow a reasonable time to restore the percentage.

#### **4. REASONS FOR ACTION**

- 4.1. On 15 June 2006 Simon Group was the subject of a mandatory cash offer from Montauban SA ("Montauban") (a wholly-owned subsidiary of Compagnie de Manutention Groupe N.V. at 60p per share for the 53% of Simon Group that it did not already own. The Board of Simon Group announced on 12 July 2006 that it was recommending the offer.
- 4.2. On 5th September 2006 the offer closed, leaving Montauban as Simon Group's largest shareholder with 72.06% of the issued share capital. On the closing day of the offer several funds ("the GAM funds") managed by Global Asset Management ("GAM") acquired 23.08% (total holdings 23.42%) of Simon Group's issued share capital. These shares are held across four funds under GAM's discretionary investment management:
  - (i) GAM Global Diversified (OEIC) (7.068%)
  - (ii) GAM UK Diversified (OEIC) (11.771%)
  - (iii) GAM Exempt Trust – UK Opportunities ((4.379%)
  - (iv) St James's Place Recovery Unit Trust (0.207%)
- 4.3. As a result, Simon Group no longer meets the obligations of LR 6.1.19R to have 25% of its shares in public hands. In calculating the percentage of Simon Groups shares which are in public hands, the FSA has excluded the holdings of more than 5% held by Montauban, GAM Global Diversified and GAM UK Diversified – which total 91.1% of Simon Group's issued share capital. This leaves only 8.9% of the Simon Group's shares in public hands, including c.3-4% in the hands of a number of minority shareholders who did not respond to Montauban's mandatory cash offer.
- 4.4. Simon Group has told the FSA that it sees no realistic prospect of this position changing, nor that it could obtain the 75% majority at an EGM necessary to cancel the company's listing at its own request under LR5.2.5R(2).

4.5. The FSA is satisfied that the current state of affairs has created special circumstances that preclude normal regular dealings in Simon Group for the following reasons:

- (1) Only c.8.9% of Simon Group's shares are in public hands;
- (2) This position has not changed materially since the close of Montauban SA's mandatory cash offer on 5 September 2006;
- (3) There does not appear to be any realistic prospect of the requirement that 25% of the shares be in public hands being restored; and
- (4) The current position appears to have had a marked detrimental impact on the liquidity of Simon Group's shares.

## **5. CONCLUSIONS**

5.1. The facts and matters described above lead the FSA to be satisfied, of the following:

- (1) special circumstances exist that preclude normal regular dealings in Simon Group securities in that Simon Group is no longer satisfying its continuing obligations for listing because the percentage of shares in public hands has fallen below 25%;
- (2) the FSA has allowed a reasonable time for the percentage to be restored and this has not occurred;
- (3) Simon Group is unable to restore the percentage of shares in public hands to a level that complies with LR 6.1.19R; and
- (4) there is no reasonable prospect of the percentage being restored in future.

5.2. In the light of the above and having regard to its regulatory objectives, which include maintaining market confidence:

- (1) it is appropriate for the FSA to discontinue the listing of securities in Simon Group in accordance with section 77(1) and 78(2) of the Act and UKLA policy as set out in LR 5.2.2G(2);
- (2) it is appropriate for the discontinuance to take effect on the date specified in paragraph 1 of this Notice, taking account of Simon Group's right to make representations (see below) and the need to maintain market confidence and integrity.

## **6. DECISION MAKER**

The decision which gave rise to the obligation to give this Notice was made by the Regulatory Decisions Committee.

## **7. IMPORTANT**

7.1. This Notice is given to you, Simon Group, in accordance with section 78(2) of the Act. The following statutory rights are important.

## **The Tribunal**

- 7.2. You may refer this matter to the Financial Services and Markets Tribunal (“the Tribunal”). Under section 133 of the Act, you have 28 days from the date you were sent this Notice to refer the matter to the Tribunal or such other period as specified in the Tribunal Rules or as the Tribunal may allow. A reference to the Tribunal is made by way of a written notice signed by you and filed with a copy of this notice. The Tribunal’s address is: 15-19 Bedford Avenue, London WC1B 3AS (telephone 020 7612 9700). The detailed procedures for making a reference to the Tribunal are contained in section 133 of the Act and the Tribunal Rules.
- 7.3. You should note that the Tribunal Rules provide that at the same time as filing a reference notice with the Tribunal, you must send a copy of the notice to the FSA. Any copy notice should be sent to Hugh Davis at the FSA, 25 The North Colonnade, Canary Wharf, London E14 5HS.

## **Representations**

- 7.4. You have the right to make written and oral representations to the FSA (whether or not you refer this matter to the Tribunal). If you wish to make written representations you must do so by 21 August 2007 or such later date as may be permitted by the FSA. Written representations should be made to the Regulatory Decisions Committee and sent to Mrs Lynn Cheesman, Regulatory Decisions Committee Professional Support Services. The Regulatory Decisions Committee Professional Support Services' address is: 25 The North Colonnade, Canary Wharf, London, E14 5HS. If you wish to make oral representations, you should inform Mrs Cheesman, not less than 5 business days before 21 August 2007.

## **Confidentiality and publicity**

- 7.5. You should note that this Notice may contain confidential information and should not be disclosed to a third party (except for the purpose of obtaining advice on its contents). You should also note that section 391 of the Act requires the FSA, when a Notice given under section 78(2) takes effect, to publish such information about the matter as it considers appropriate.

## **FSA contacts**

- 7.6. If you have any questions regarding the procedures of the Regulatory Decisions Committee, you should contact either Mrs Lynn Cheesman (direct line: 020 7066 3192/fax: 020 7066 3193) or Jackie Noonan, RDC Professional Support Services (direct line: 020 7066 9860/fax: 020 7066 9861).
- 7.7. For more information concerning this matter generally, you should contact Hugh Davis at the UKLA (direct line: 020 7066 8262).

**Elizabeth Filkin**  
**Deputy Chairman, Regulatory Decisions Committee**