

THE TAKEOVER PANEL

ASHBOURNE INVESTMENTS LIMITED

("ASHBOURNE")

At a meeting held on 15th July, 1974 the full Panel considered the situation arising out of the purchase on 6th December, 1973 by a Consortium (consisting of Crest International Securities Limited ("Crest"), Corporate Guarantee Trust Limited ("Corporate") and their associates) from the directors of Ashbourne and their associates of approximately 1.7 million shares (19.9% of the issued ordinary share capital) in Ashbourne at 46p per share. Following this purchase the Consortium became the beneficial owners of over 43% of the issued share capital of Ashbourne and incurred an obligation under the City Code to make an unconditional general offer for the balance of the capital. For all practical purposes the Consortium has, since the purchase of these shares, been in management control of Ashbourne.

Proceedings were commenced by a shareholder in Crest seeking an injunction to restrain that company from proceeding to make an unconditional general offer until such time as the Crest shareholders had had an opportunity of considering the proposition in general meeting. The Panel was made a party to these proceedings by leave of the Court.

Subsequently, further and separate proceedings were instituted in the High Court by Crest and Corporate against the vendors of the 1.7 million shares, claiming, *inter alia*, rescission of the purchase contract on the grounds of misrepresentation of the financial position of Ashbourne at the time of the purchase. The Panel understands that the injunction proceedings have been deferred until the outcome of the second proceedings is known.

The second proceedings were adjourned by the Court *sine die* in order that the parties might continue negotiations which were then taking place with a view to settlement. The Panel has been informed by the parties that these negotiations have now broken down.

The Panel considers that it is essential in the interests of all shareholders that the second proceedings are restored to the Court List and are prosecuted with the maximum possible speed. Mr. L. I. Casper, the Chairman of Crest, has given an undertaking to the Panel that this will be done.

In the meantime and without seeking to influence or anticipate the result of the proceedings, the Panel considers that the proper and fairest course, pending the outcome of such proceedings, is for it to direct that the Consortium and the board of Ashbourne shall take immediate steps to procure that:-

- (1) The Consortium's representatives on the Ashbourne board be reduced from four to two.
- (2) Mr. L. I. Casper stands down as Chairman of Ashbourne in favour of a director not associated with the Consortium.
- (3) A representative of the Ashbourne Shareholders Action Committee (which represents some 12% of the issued share capital and which has requisitioned a general meeting of the company for the purposes of removing all the directors) be invited to join the board.
- (4) The Consortium do not exercise the voting rights attached to 19.9% of the ordinary shares in Ashbourne (being the shares purchased by them on 6th December, 1973) and the Consortium exercise the voting rights attached to any other shares held by any of them in such a manner as may be appropriate so as to preserve the composition of the board on the above lines.

The Panel reserves its final consideration of the conduct of the parties and the obligations under the Code until the Court proceedings have been concluded.

23rd July, 1974.