

THE TAKEOVER PANEL

SCOTIA INVESTMENTS LIMITED ("SCOTIA")

The Take-over Panel met today to consider an application by the Ladbroke Group Limited ("Ladbrokes") that the board of Scotia should be required to furnish them with certain financial information to enable them to decide whether to endeavour to purchase from the Receiver of the Triumph Investment Company Limited shares in Scotia amounting to 27% of the ordinary share capital of that company. Ladbrokes already hold about 4% of the Scotia equity.

The Receiver had already arranged to sign a contract late today for the sale of these shares at 17p per share to Alco Metropolitan Properties Limited ("Alco"). As Alco already hold 33% of the Scotia equity, the effect of the contract would be that Alco would be required under Rule 34 of the Code to make a general offer for the remaining Scotia shares at 17p per share.

Of the seven directors of Scotia, three are also the directors of Alco. Ladbrokes' contention was that, with reference to Rule 12 of the Code, which requires that any information given to a preferred suitor should on request be furnished equally to a less welcome but bona fide potential offeror, Alco should be regarded as a preferred suitor who had information derived from the membership of the two boards by the three directors common to both.

The Panel drew attention to the fact that under the Code the directors of a company are not under any general obligation to provide information to potential offerors. The directors can refuse to supply any information. Where a rival potential offeror asks questions, the board must be prepared to answer them at least to the extent that the relevant information has been given already to the first potential offeror. Rule 12 relates to information which a board has specifically given to a potential offeror to enable him to consider whether or not to make a bid. On this interpretation the Panel decided that the Rule did not apply in the circumstances of Ladbrokes' application to Scotia for information.

28th February, 1975.