Takeovers Code (Smith & Caughey Holdings Limited) Exemption Notice 2025

Pursuant to section 45 of the Takeovers Act 1993, the Takeovers Panel, being satisfied of the matters set out in section 45(6) of that Act, gives the following notice.

Contents

Notice

1 Title

This notice is the Takeovers Code (Smith & Caughey Holdings Limited) Exemption Notice 2025.

2 Application

The exemption in clause 5 applies to acts or omissions occurring on or after 15 December 2025.

3 Expiry

This notice expires on the close of 15 December 2028.

4 Interpretation

(1) In this notice, unless the context otherwise requires,-

Act means the Takeovers Act 1993

buyback means an acquisition by the Company, in accordance with its constitution, of its own voting securities, made pursuant to an offer made to all shareholders to acquire a proportion of their voting securities that would, if accepted, leave unaffected relative voting control (except to the extent that such an offer would require the Company to acquire a fraction of a voting

security from one or more shareholders in order to leave unaffected relative voting control, in which case, the number of voting securities to be acquired from such shareholder(s) shall be rounded up to the nearest whole voting security)

Code means the Takeovers Code under the Act

Company means Smith & Caughey Holdings Limited

shareholder means a shareholder in the Company

voting security means a voting security in the Company

(2) In this notice, a reference to a person increasing voting control is a reference to the person becoming the holder or controller of an increased percentage of voting rights in the Company.

(3) Any term or expression that is defined in the Act or the Code and used, but not defined, in this notice has the same meaning as in the Act or the Code.

5 Exemption from rule 6(1) of the Code

Each shareholder is exempted from rule 6(1) of the Code in respect of any increase in that person's voting control that results from a buyback.

6 Conditions of the exemption

The exemption in clause 5 is subject to the conditions that –

(a) each buyback offer is made to all shareholders; and

(b) every shareholder irrevocably accepts each buyback offer in full.

Dated this 15th day of December 2025

[signed]

A E Buchly
Chair

Statement of Reasons

The exemption in clause 5 of this notice applies to acts or omissions occurring on or after 15 December 2025 and expires on the close of 15 December 2028.

The Takeovers Panel (the **Panel**) has granted an exemption from rule 6(1) of the Code in respect of any future increase in the voting control of any of the shareholders (**Shareholders**) of Smith & Caughey Holdings Limited (**Company**) that results from the Company acquiring its own voting securities pursuant to a buyback offer to all Shareholders.

The Company, which is a code company under rule 3(1)(c) of the Code, is essentially a private family company. Various members of the extended Caughey family and/or trusts established for their benefit hold 51.97% of the shares in the Company. The Marianne Caughey Smith-Preston Memorial Rest Homes Trust Board (**Trust Board**) holds 48.02% of the shares in the Company. T R Cornelius holds the remaining 0.01% of Company shares.

The Company applied for this exemption on the basis that all of its shareholders are or may be associates for the purposes of the Code. The Panel considered the exemption on this basis.

Rule 6(1) of the Code prohibits a person who holds or controls, together with their associates, 20% or more of the voting rights in a Code company from becoming the holder or controller of an increased percentage of voting rights. The Trust Board, as a 48.02% shareholder, is subject to this restriction. The remaining shareholders (the Caughey family members and their related family trusts), although they each individually hold or control less than 20% of the voting rights in the Company, and T R Cornelius, will hold or control 20% or more of the voting rights in the Company when aggregated with their associates. Accordingly, the Caughey family members/family trusts and T R Cornelius cannot increase the percentage of the voting rights in SCHL that they hold or control.

Clause 4 and Schedule 1 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (**Class Exemptions**) provide that every person who increases voting control as a result of the acquisition by a code company of its own voting securities is exempted from rule 6(1) of the Code in respect of that increase in voting control, provided that (among other things) any such increase in voting control is approved by ordinary resolution of the shareholders of the code company. However, clause 2(2) of Schedule 1 of the Class Exemptions provides that neither the person that has increased its voting control, nor that person's associates, may vote on a resolution for the approval of such an increase in voting control. If all of the shareholders in the Company are associates, no increase in voting control may be approved in accordance with the requirements of clause 4 and Schedule 1 of the Class Exemptions because no shareholder would be able to vote on the resolution.

From time to time, the Company may wish to acquire some of its own voting securities from its Shareholders on a pro rata basis which would leave unaffected relative voting rights (**Buyback**). However, because undertaking a Buyback will require rounding the number of shares to be acquired from each Shareholder up to the nearest whole share (as fractions of shares cannot be acquired), certain Shareholders may increase the percentage of the voting rights in the Company that they hold or control as a consequence of a Buyback. Any such increase in voting control would be de minimis.

The Panel considers that it is appropriate and consistent with the objectives of the Code to grant the exemption because,-

- the conditions to the exemption ensure that the exemption would not permit a more than de minimis increase in voting control as a result of a Buyback, by requiring that:
    - each Buyback offer is made to all Shareholders; and
    - every Shareholder irrevocably accepts each Buyback offer in full, meaning that any Shareholder may prevent a Buyback from proceeding by declining to accept,

  with the consequence that all Shareholders are treated fairly and have the ability to decide for themselves whether or not a Buyback will proceed;

- the exemption is necessary to address an unintended consequence of the Code, which effectively prevents SCHL's shareholders from relying on an existing class exemption in relation to buybacks approved by shareholders, because all of the shareholders of the Company are or may be associated; and

- the increases in voting control permitted by the exemption are limited to those which result as a consequence of necessary rounding reflecting that the Company cannot acquire a fraction of a voting security (which would be required to permit a precisely pro rata buyback), meaning that the exemption may not be used to effect meaningful increases in voting control without complying with the Code; and

- the granting of an exemption would encourage the efficient allocation of resources and maintenance of a proper relation between the costs of complying with the Code and the benefits resulting from it.

Date of Notification in the *Gazette*: 17 December 2025