



19 September 2011

## WHSP announces proposal to acquire Souls Private Equity Limited

- Proposal to acquire all issued shares and options in Souls Private Equity
- The proposal represents a premium of 150.8% to SPELs closing price of \$0.065 on Friday 16 September 2011 being the last day of trading before the proposal was announced
- Cash or script alternative
- The proposal is to be effected by way of a scheme of arrangement

Washington H. Soul Pattinson & Co Limited (WHSP, ASX: SOL) announces a proposal to acquire all of the outstanding Souls Private Equity Limited (SPEL, ASX: SOE) shares not already owned by WHSP for \$0.163 per share.

The proposal values SPEL at approximately \$97.5 million (fully diluted, including options).

Under the proposal, SPEL shareholders will be able to receive consideration in cash or in WHSP shares. The proposal is to be effected by way of a scheme of arrangement.

### **Attractive Premium**

The proposed share consideration represents:

- a premium of 150.8% to the closing price of \$0.065 per SPEL share on 16 September 2011, being the last trading day before the proposal was announced;
- a premium of 134.9% to the one month volume weighted average price ("VWAP") of \$0.069 per SPEL share up to and including 16 September 2011; and
- a premium of 125.0% to the three month VWAP of \$0.072 per SPEL share up to and including 16 September 2011.

WHSP also proposes to acquire all of the outstanding SPEL options not already owned by WHSP for a total of \$0.7 million or \$0.01 per option. The proposed option consideration represents:

- a premium of 66.7% to the closing price of \$0.006 per SPEL option on 16 September 2011, being the last trading day before the proposal was announced;
- a premium of 58.3% to the one month VWAP of \$0.0063 per SPEL option up to and including 16 September 2011; and
- a premium of 32.2% to the three month VWAP of \$0.0076 per SPEL option up to and including 16 September 2011.

### **Rationale for the Proposal**

WHSP's Executive Director Peter Robinson said: "The market environment has changed significantly since SPEL listed on the Australian Securities Exchange in December 2004. We believe a listed vehicle is no longer the right structure for the company. We also believe the current share price does not reflect the underlying value of SPEL's investments.

"This proposal offers SPEL shareholders an exit on their investment at an attractive premium to historical trading prices as well as offering those that wish to retain an exposure to these assets an opportunity to accept shares in WHSP."

### **Key Terms of the Proposal**

1. SPEL shareholders will be entitled to a choice of consideration comprising either:
  - All cash consideration of \$0.163; or
  - A scrip alternative of shares in WHSP calculated with reference to WHSP's volume weighted average price in the two weeks prior to the Scheme Implementation date. The scrip option is only available to shareholders in Australia and New Zealand.
  
2. The proposal is subject to customary conditions, including:
  - the Proposal being recommended by each of SPEL's newly-appointed Independent Directors;
  - an Independent Expert opinion on the proposal;
  - that the ASX300 Index does not fall by more than 15% for two consecutive days from the date of this letter up to the Scheme Implementation Date;
  - no material transactions or commitments will be entered into outside the ordinary course of business without WHSP's consent and there is no material change in the assets and liabilities, financial position and performance, profits and losses or prospects of SPEL;
  - SPEL shareholder and Court approval;
  - execution of mutually satisfactory legal documentation appropriate for a transaction of this kind; and
  - other conditions customarily contained in these types of transactions.
  
3. The cash consideration will be funded from WHSP's existing cash reserves.

**Next steps**

For the purposes of good corporate governance, common directors of WHSP and SPEL will absent themselves from any SPEL board discussions or voting in relation to the proposal.

Assessment of the proposal will be carried out by a sub-committee comprising new Independent SPEL Directors to ensure the process is managed impartially.

**For further information contact:**

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