

**van Eyk Three Pillars Limited**  
(ACN 106 854 175)

# Off-Market Buyback Booklet

**This is an important document and requires your urgent attention.**

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Shares, please disregard all enclosed documents.

# Important Notices

## General

This Booklet is dated **7 September 2011**.

van Eyk Three Pillars Limited (**VTP**) is offering Eligible Shareholders the opportunity to participate in an off-market buyback of part or all of their issued Shares (**Buyback**). The Buyback was approved by Shareholders at the general meeting held on 24 August 2011.

You should read this Booklet in its entirety before making a decision on whether to participate in the Buyback.

**If you decide not to participate in the Buyback, you do not need to do anything. If you decide to participate in the Buyback, your Tender must be provided to Share Registry by no later than 5:00 pm (AEST) on the Closing Date (30 September 2011).**

## Purpose of this Booklet

The purpose of this Booklet is to provide important information regarding the Buyback and is provided to assist Shareholders in making an informed decision about whether to participate.

## Eligibility

Shareholders (other than Excluded Foreign Shareholders) who hold Shares on the Record Date (2 September 2011) will be entitled to participate in the Buyback.

Participation in the Buyback is voluntary. Shareholders do not have to participate in the Buyback if they do not want to.

## ASIC and ASX

A copy of this Booklet has been lodged with ASX and ASIC. None of ASX, ASIC or any of their officers takes any responsibility for the contents of this Booklet.

## Investment decisions

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Booklet should not be relied on as the sole basis for any investment decision in relation to Shares. Independent financial and taxation advice should be sought before making any decision to invest in VTP or in relation to the Buyback. It is important that you read the entire Booklet before making any investment decision.

Members should carefully consider these factors in light of their particular investment objectives, financial situation, tax position and requirements. If Members are in any doubt on these matters, they should consult their legal, financial, taxation or other professional adviser before deciding whether to participate in the Buyback. Past performance is no indication of future performance.

## Forward looking statements

This Booklet includes certain prospective financial information which has been based on current expectations about future events. **The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information.** The assumptions on which prospective financial information is based may prove to be correct or may be affected by matters not currently known to, or considered material by, VTP.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of VTP, the officers of VTP or any person named in this Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statement in this Booklet reflects views held only as at the date of this Booklet.

## Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 5 of this Booklet or where the relevant term is first used.

References to **dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding.

## Electronic document

This Booklet may be viewed online at [www.threepillars.vaneyk.com.au](http://www.threepillars.vaneyk.com.au) or on the Australian Securities Exchange website, [www.asx.com.au](http://www.asx.com.au). A paper copy of this Booklet will be provided free of charge to any person who requests a copy by contacting VTP.

## Important dates and times

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Ex-Entitlement Date	<b>29 August 2011</b>
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*The date that Shares commence trading on the ASX on an ex-Buyback basis*

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Record Date	<b>2 September 2011</b>
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*To determine entitlement to participate in the Buyback*

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Opening Date	<b>7 September 2011</b>
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Date of this Booklet / despatch to all Shareholders	<b>7 September 2011</b>
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Last date for withdrawal of Acceptances	<b>30 September 2011</b> 5:00 pm (AEST)
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Closing Date	<b>30 September 2011</b> 5:00 pm (AEST)
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Calculation date for Buyback Price	<b>17 October 2011</b>
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Announcement of Buyback Price	<b>18 October 2011</b>
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Entry into Buyback Contracts and payment for Shares bought back	<b>24 October 2011</b>
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The above dates are subject to change and are indicative only. While VTP does not anticipate any changes to these dates, it reserves the right to change them without prior notice to Shareholders. Subject to the Corporations Act and the Listing Rules, any change to these dates and times will be publically announced on ASX as soon as it is reasonably practicable to do so.

VTP also reserves the right to terminate the Buyback at any time prior to the date on which VTP enters into Buyback Contracts with Shareholders by making an announcement to the ASX to that effect. This includes termination of the Buyback if a superior proposal arises that the directors consider is in the best interests of the Company.

## How to Participate

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It is your choice whether or not to participate in the Buyback.

**If you choose NOT to participate in the Buyback**, you do not need to take any action, and the number of Shares you hold will not change as a result of the Buyback.

**If you DO choose to participate in the Buyback:**

- You can choose to Tender some or all of your Shares. This means you are willing to sell your Shares at the Buyback Price;
- You will not have to pay brokerage when dealing directly with VTP or appoint a stockbroker to sell your Shares.

**To participate in the Buyback, you need to:**

STEP 1        Decide how many Shares you wish to sell.

STEP 2        Submit your Tender by completing the enclosed Tender Form. Further details regarding each of these steps are set out in Section 1.12.

### Enquiries

If you have any questions in relation to the Buyback or the content of this Booklet, please call the Company on 1300 732 413 within Australia between the hours 9.00 am to 5.00 pm (AEST), Monday to Friday.

### Definitions and Interpretation

Some words used in this Booklet have defined meanings. Section 5 defines the capitalised words used throughout this Booklet.

### Further Advice

This document does not provide financial product advice and has been prepared without taking into account your particular objectives, financial situation or needs. You should consider obtaining independent advice before making any financial decisions.

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## 1. Overview of the Buyback and Tender Process

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### 1.1. What is a buyback?

Under a buyback, a company buys back its own shares from its shareholders. Any shares bought back are cancelled, with the result that the number of shares on issue is reduced by the number of shares bought back.

### 1.2. Why is VTP implementing a buyback?

In its initial public offering prospectus dated 14 November 2003, VTP was presented as a means by which retail investors could receive the benefit of the investment strategy undertaken by van Eyk Research Limited (**VER**). VTP had entered into a 25 year management contract with VER, which highlighted the key role expected to be played by VER, using its VER portfolios.

VTP underwent a major transformation during 2009-2010, after Shareholders voted in the third quarter of 2009 to appoint a new independent board. The new board was mandated to conduct a detailed strategic review to examine a range of options to achieve the objectives of:

- increasing the value of VTP's Shares; and
- providing mechanisms for Shareholders to realise their investments in VTP in a fair and timely manner at net tangible asset backing (**NTA**).

In April 2011 VTP finalised an agreement with its External Managers to terminate the External Management Agreements (including that with VER via its subsidiary, the Portfolio Manager) for cash consideration, and that VTP's board would assume responsibility for the management of VTP's investment portfolio and administrative functions either directly or via other finance professionals. VTP's board has continued to explore options for the investment of VTP's portfolio, and further strategic options for the company.

The board of VTP recognises that Shareholders may have invested in VTP on the basis of the continued involvement of VER via its subsidiary Portfolio Manager in the management of VTP's investment portfolio. In order to address the share price discount to net tangible assets at which the Company's Shares have continued to trade since the Global Financial Crisis, and allow the further return of capital to Shareholders at (or close to) net tangible assets, the board of VTP considered it appropriate to provide shareholders with the opportunity to exit from their investment by electing to have their Shares bought back by VTP.

The Buyback was approved by Shareholders at the extraordinary general meeting of VTP held on 24 August 2011.

Your Directors make no recommendation regarding whether you should participate in the Buyback as this is an individual Shareholder decision. Your Directors are yet to determine whether they will participate in the Buyback.

### 1.3. Why you may participate in the Buyback

Reasons why Shareholders may decide to participate in the Buyback include the following:

- Shares in VTP, like Shares of other small listed investment companies, have traded at a discount to NTA since the onset of the Global Financial Crisis.
- Shareholders have the opportunity to sell their Shares at a price equal to NTA. This price could be higher or lower than the market price at the time of calculating the Buyback Price.
- The off-market buyback process will enable Shareholders to sell a large volume of Shares other than through the ASX.
- Eligible Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares in the off-market Buyback.

- The Buyback may increase operating costs on a percentage basis as a number of the operating expenses of VTP are fixed costs (for example audit fees) and the total assets of VTP will decrease dependent on the level of participation in the Buyback. See Section 2.4 and 2.5 for details.

#### **1.4. Why you may decide not to participate in the Buyback**

Shareholders may decide not to participate in the Buyback for a number of reasons. These may include the following:

- Following the Buyback, the market price for Shares may be higher than the Buyback Price.
- By participating in the Buyback, Shareholders will not have the opportunity to benefit from the management of the portfolio to be undertaken by the Board, either directly or via other finance professionals.
- Shareholders may consider that the benefits of holding Shares exceed alternate investments available to them currently.
- Shareholders may be able to sell their Shares for a higher price on the stock market and, therefore, receive a higher after-tax return depending on the Shareholder's tax position.

#### **1.5. Can I offer to sell Shares in the Buyback?**

You may choose to sell Shares in the Buyback if you were an Eligible Shareholder and the registered holder of those Shares on the close of business on the Record Date (2 September 2011) (in accordance with the ASTC Settlement Rules). You may tender all or any number of your Shares. However, if you are participating in the Buyback and have a Non-Marketable Parcel of Shares, you will be deemed to have offered to tender all of your Shares into the Buyback.

Shares acquired on the ASX on or after the Buyback Ex-Entitlement Date (29 August 2011) will not be registered in your name by the Record Date and so will not carry an entitlement to participate in the Buyback.

Excluded Foreign Shareholders are not eligible to participate in the Buyback.

#### **1.6. Do I have to participate in the Buyback?**

No, participation in the Buyback is optional. If you do not want to sell any of your Shares, you do not need to take any action.

If you do nothing, the number of Shares you hold will not change as a result of the Buyback, although your proportional shareholding in VTP will increase.

#### **1.7. How many Shares will VTP buy back?**

VTP intends to buy back as many Shares as are tendered to it by Shareholders under the Buyback. This may exceed 10% of the capital of the Company. If a significant number of Shares are tendered into the Buyback, VTP Shares may cease to be quoted on ASX. VTP may also remain a listed company but the Buyback may reduce the assets of VTP to a level that renders it uneconomic for VTP to remain a listed entity.

If this occurs and there is no other superior strategic proposal, the Directors will provide Shareholders with an opportunity to consider a special resolution to effect a members' voluntary winding up. Such a resolution would be put to Shareholders to consider as soon as practicable after conclusion of the Buyback. See Section 2.12 for details.

#### **1.8. How long will the Buyback be open?**

The Buyback will be open from the Opening Date (7 September 2011) to the Closing Date (30 September 2011). Shareholders may only lodge Tenders within this period. VTP, in its absolute

discretion, may withdraw the Buyback or extend this period but does not expect to do so. If the Tender Period is extended, the new Closing Date will be announced with the ASX.

### 1.9. How will the Buyback be conducted?

VTP is conducting this Buyback through an off-market tender process. All Shareholders eligible to participate in the Buyback will be able to submit offers to sell their Shares (**Tenders**) at the Buyback Price. At the end of the Tender Period, VTP will accept all valid Tenders and will buy back the Shares tendered, subject to the scale back outlined below. All successful Tenders will receive the Buyback Price for each Share bought back.

The total Buyback amount will be capped at 4,659,719 Shares, which is equivalent to 90% of VTP's issued Shares.

If more than 4,659,719 Shares are tendered into the Buyback, VTP will:

- scale back all parcels to the number of Shares held on the Record Date in order to reduce the potential total amount of Shares bought back to 4,659,719 (**First Scale Back**);
- buy back all Non-Marketable Parcels (**NMPs**) created as a result of the First Scale Back (**NMP Acquisition**);
- subtract the number of Shares bought back under the NMP Acquisition from the 4,659,719 Share cap, in order to find the total number of Shares that remain subject to the Buyback; and
- apply a second scale back to the number of Shares held on the Record Date to all remaining parcels tendered, in order to arrive at the number of Shares to be bought back from each remaining Shareholder.

The NMP Acquisition is VTP's acquisition of Shares from those Shareholders who tender their Shares into the Buyback and would, but for this acquisition, have had a Non-Marketable Parcel created as a result of the First Scale Back.

A Non-Marketable Parcel is a parcel of Shares with a value (based on the closing price of VTP Shares on the date that Buyback Price is determined) of less than \$500, except that it will not be a Non-Marketable Parcel where the Shareholder holds more Shares on the Closing Date than the Shareholder held on the Record Date.

### 1.10. What Price will VTP pay to buy back my Shares?

The Buyback Price will be the net tangible asset backing per Share of VTP. This determination will be made on the date 10 Business Days after the Closing Date.

<b>Example Buyback price calculation</b>	<b>As at 30 June 2011</b>	<b>As at 31 July 2011</b>
	Cents per Share	Cents per Share
Net Tangible Assets	77.6 <sup>(1)</sup>	74.8 <sup>(2)</sup>
Estimated Buyback Price	77.6	74.8
Share Price	67.5	77

Notes:

(1) After tax NTA as lodged with the ASX on 15 July 2011

(2) After tax unaudited NTA as lodged with the ASX on 15 August 2011

If the Buyback Price had been determined at 30 June 2011, the Buyback Price would have been 77.6 cents per Share. The last closing price of Shares on the ASX on 30 June 2011 was 67.5 cents. If the Buyback Price had been determined at 31 July 2011, the Buyback Price would have been 74.8 cents per Share. The last closing price of Shares on the ASX before 31 July 2011 was 77 cents. Shareholders that intend to participate in the Buyback are cautioned that this pricing exposes them to fluctuations in the market for investments held by VTP between their acceptance of the Buyback and determination of the Buyback Price.

The actual price payable under the Buyback will not be known until after the Closing Date.



### 1.11. How does the Buyback compare to selling my Shares on the stock market?

Refer to Section 1.10 for the method of calculation of the Buyback Price including the amount that would have been the Buyback Price had it been determined at 31 July 2011. While this illustrates the method of calculation of the Buyback Price, it should not be taken as a representation of the Buyback Price that will in fact be determined following close of the Tender Period.

The last price at which Shares traded on ASX on 30 August 2011 (being the last trading day close prior to commencement of printing of this Booklet) was 60.5 cents per Share. See Section 4.2 for details regarding trading information regarding Shares in the 12 months and 3 months prior to 31 July 2011.

You may be able to sell your Shares for a higher price on the stock market. However, you may have to pay brokerage if you sell your Shares on the stock market. You will not have to pay brokerage if you sell your Shares in the Buyback directly through the tender process.

**The market price of Shares on the ASX may be, or may move, higher than the Buyback Price during the Tender Period.** It may also vary significantly in the future. The Buyback may have the effect of reducing selling pressure on the Share price. As a result, while liquidity may be reduced, the price at which Shares trade on the ASX may be higher than that prior to implementation of the Buyback. By implementing the Buyback process, VTP is not making any recommendation or giving any advice on the value of its Shares, or whether (or how) you should sell your Shares.

Before you decide what to do with your Shares, we strongly recommend you seek your own professional advice (including taxation advice).

### 1.12. How do I participate in the Buyback?

#### ***Step 1 – Decide how many Shares you wish to sell***

To participate in the Buyback, you first need to consider how many Shares you wish to sell.

The personalised Tender Form accompanying this Booklet sets out the maximum number of Shares you can tender into the Buyback. The total number of Shares you tender must not be greater than the number in Box A of your Tender Form. If you hold a Non-Marketable Parcel of Shares and you wish to tender Shares into the Buyback, you will be deemed to have offered to tender all of your Shares into the Buyback.

You must not sell to others the Shares you have offered to sell to VTP.

#### ***Step 2 – Submission of Tenders***

The way you complete Step 2 will depend on the type of holding you have. This will be specified on your Tender Form.

Tenders must be received no later than 5.00 pm (AEST) on the Closing Date.

#### ***(a) Issuer Sponsored Holdings***

If you have an Issuer Sponsored Holding and wish to submit a Tender for your Shares to be bought back, you need to complete and sign your personalised Tender Form and return it to the Share Registry at either of the following addresses:

*If sending by mail*

Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

You can use the enclosed reply-paid envelope if you are posting in Australia. You should allow sufficient time for your Tender Form to be received by the Share Registry.

*If delivering in person (during business hours only)*

Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000

For an Issuer Sponsored Holding you should submit the Tender entitled Off-Market Buyback Tender Form – Issuer Sponsored Holders.

*(b) CHESSE Holdings*

If you have a CHESSE Holding, you may contact your controlling participant (usually your broker) in sufficient time for your controlling participant to process your Tender no later than 5.00 pm (AEST) on the Closing Date.

Alternatively, you may complete and sign your personalised Tender Form and return it to the Share Registry at either of the following addresses:

*If sending by mail*

Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

You can use the enclosed reply-paid envelope if you are posting in Australia. You should allow sufficient time for your Tender Form to be received by the Share Registry.

*If delivering in person (during business hours only)*

Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000

For a CHESSE Holders you should submit the Tender entitled Off-Market Buyback Tender Form – CHESSE Holders.

### **1.13. Can I withdraw or amend my Tender?**

Once you have submitted a Tender, you may only withdraw or amend your Tender by following the procedures set out below:

*(a) Issuer Sponsored Holdings*

If you have an Issuer Sponsored Holding, you can withdraw or amend a Tender you have submitted by completing and submitting a Withdrawal/Amendment Form to the address provided so that it is received by no later than 5.00 pm (AEST) on the Closing Date. A copy of the Withdrawal/Amendment Form is included at the back of this Booklet, on the VTP website at [www.threepillars.vaneyk.com.au](http://www.threepillars.vaneyk.com.au) or on the Australian Securities Exchange website, [www.asx.com.au](http://www.asx.com.au).

Any amendment or withdrawal will NOT be effective unless it is received by 5.00 pm (AEST) on the Closing Date.

*(b) CHESSE Holdings*

If you have a CHESSE Holding, you will need to contact your controlling participant (usually your broker) in sufficient time for your controlling participant to process your withdrawal or amendment no later than 5.00 pm (AEST) on the Closing Date.

Alternatively, you can withdraw or amend a Tender you have submitted by completing and submitting a Withdrawal/Amendment Form to the address provided so that it is received by no later than 5.00 pm (AEST) on the Closing Date. A copy of the Withdrawal/Amendment Form is included at the back of this Booklet, on the VTP website at [www.threepillars.vaneyk.com.au](http://www.threepillars.vaneyk.com.au) or on the Australian Securities Exchange website, [www.asx.com.au](http://www.asx.com.au).

Any amendment or withdrawal will NOT be effective unless it is received by 5.00 pm (AEST) on the Closing Date.

If you are a CHESSE Holder, you will receive written confirmation from CHESSE of the withdrawals/amendments made in relation to your holding. Irrespective of its wording, this confirmation is not an acceptance by VTP of your withdrawal or amendment of any Tender.

### **Using a Withdrawal/Amendment Form**

#### *Withdrawal of Tenders*

You may withdraw your Tender by ticking the "Withdrawal Box" on the Withdrawal/Amendment Form at the back of this Booklet, completing your shareholder details, signing the form and sending it to the Share Registry at the address provided or to your controlling participant so that it is received or processed (as applicable) by no later than 5.00 pm (AEST) on the Closing Date. You may not withdraw your Tender after this time.

#### *Amendment of Tenders*

If you wish to change the terms of your Tender, you must tick the "Amendment Box" on the Withdrawal/Amendment Form at the back of this Booklet, complete your shareholder details, complete the details of your revised Tender on that form in accordance with the instructions shown on it and send it to the Share Registry or to your controlling participant as specified above.

The effect of submitting a Withdrawal/Amendment Form will be to withdraw your previous Tender in favour of your replacement Tender (if any). On the Withdrawal/Amendment Form you will need to complete the details of your revised Tender as if you had not previously submitted a Tender and ensure the form is received by the Share Registry or processed by your controlling participant no later than 5.00 pm (AEST) on the Closing Date.

#### **1.14. How can I obtain additional tender Withdrawal/ Amendment Forms?**

If you require replacement Tender Forms or additional Withdrawal/Amendment Forms, please call Boardroom Pty Limited on 1300 737 760 from within Australia, or +61 2 9290 9600 from outside Australia.

#### **1.15. How will I receive payment for Shares bought back?**

VTP will send you a cheque for your Buyback proceeds, unless you have a valid direct credit authority in place before 5.00 pm (AEST) on the Closing Date. In either case, you are taken to have accepted the risks associated with the payment.

If you have an existing direct credit authority for the payment of dividends, by submitting your Tender Form you authorise VTP to pay your Buyback proceeds into your nominated account.

If you do not currently have a direct credit authority in place for the receipt of dividends, or if you wish to receive your Buyback proceeds by direct credit to a new or different bank account, you must complete and submit a new direct credit authority form which you can obtain by calling Boardroom Pty Limited on 1300 737 760 within Australia or +61 2 9290 9600 from outside Australia – the Share Registry must receive your direct credit authority form before 5.00 pm (AEST) on the Closing Date.

Please note that if you choose to complete a new direct credit authority form, your nominated bank account details in that form will be used for the payment of the Buyback proceeds and will be taken to be your nominated bank account for future payments (including dividends) by VTP to you.

Cheques and direct credit advices will be mailed to your address as shown on the VTP Share Register at 5.00 pm (AEST) on the Closing Date at your own risk. It is your responsibility to inform the Share Registry of any changes to your contact details. Payments to bank accounts and dispatch of cheques are expected to be completed by 24 October 2011. Payments to the accounts and the dispatch of cheques to the addresses on the VTP Share Register will satisfy VTP's obligation to pay you for any Shares bought back.

**1.16. What if I have more than one holding of Shares?**

You will receive a personalised Tender Form for each separate holding of Shares (for example, if you hold some Shares in your name and some Shares jointly with your spouse you will receive two Tender Forms). You may tender Shares in the Buyback from any or all of your separate holdings provided that you complete the Tender Form and follow the instructions on each Tender Form for each holding you wish to tender.

**1.17. What if I hold my Shares jointly with another person?**

If you hold your Shares jointly with another person (for example, your spouse) you must complete and return the Tender Form in accordance with instructions for joint holdings on the Tender Form.

**1.18. Can I still vote if a general meeting is held during the Tender Period?**

Yes. Shareholders who tender their Shares to VTP will still be entitled to vote (in accordance with the voting rights attached to their Shares) at any general meeting of VTP held during the Tender Period. In any event, it is not intended that any general meeting be held during that period.

**1.19. Can I trade my Shares after submitting a Tender?**

Once you have tendered Shares in the Buyback, you must not sell or offer to sell those Shares before the Buyback Date unless you withdraw or amend your Tender. In addition, you must not convert the Shares you tender from an Issuer Sponsored Holding to a CHES Holding or vice versa or move them between CHES Holdings - for example, if you change your HIN or your controlling participant (normally your broker).

If you sell Shares after you submit a Tender Form, you must ensure that you hold at least the number of Shares you have tendered at the close of the Tender Period.

If you have submitted a Tender, the number of Shares you have tendered will be removed from your holding and placed in a "sub-position" in the VTP Share Register. You will not be able to deal with those Shares until they have been released from the sub-position.

For the Shares to be released from that sub-position you must withdraw or amend your Tender in accordance with the procedures set out in Section 1.13. Accordingly, if you wish to sell any of the Shares in respect of which you have submitted a Tender, you must withdraw or amend your Tender in accordance with this Booklet.

Withdrawals or amendments made in accordance with these procedures may not take immediate effect. You should take this into consideration if you wish to sell any of your Shares in respect of which you have submitted a Tender. If you sell any Shares after you submit a Tender such that at the Buyback Date you do not hold at least the number of Shares you successfully tendered, VTP may, in its absolute discretion, reject your Tender in its entirety or treat the Tender as if you had tendered the number of Shares held by you at the Closing Date (see Section 4.16 for further detail).

**1.20. Can I transfer my rights to participate in the Buyback?**

No. Your rights to participate in the Buyback are personal and not transferable.

**1.21. Can I participate if I am resident outside Australia?**

Yes, you may if you are a Shareholder who is resident in Australia, New Zealand, or any other jurisdiction in which VTP determines it is lawful for it to issue the Invitation to Shareholders or are holding for the account of persons in these jurisdictions, but it is anticipated that this Buyback may be less favourable for non-Australian residents. You will need to seek professional advice on the taxation implications of the Buyback in your country of residence. However, Shares held by Excluded Foreign Shareholders may not be tendered into the Buyback. See Section 4.6 for details.

## 2. Effect of the Buyback on VTP

### 2.1. Introduction

The purpose of this Section 2 is to identify significant issues for Eligible Shareholders to consider in relation to the Buyback.

Before deciding whether to participate in the Buyback, Eligible Shareholders should carefully consider the factors discussed below, as well as the other information contained in this Booklet.

### 2.2. Financial and operating performance

A summary of the financial results for VTP for the financial half year ended 31 December 2010 was included in the shareholder booklet provided with the notice of extraordinary general meeting for VTP dated 18 July 2011.

A copy of the notice of extraordinary general meeting and associated shareholder booklet, the financial half year report as well as the annual report is available from VTP's website at [www.threepillars.vaneyk.com.au](http://www.threepillars.vaneyk.com.au) or on the Australian Securities Exchange website, [www.asx.com.au](http://www.asx.com.au).

### 2.3. Independent Expert's Report

VTP retained Lonergan Edwards & Associates Limited as an independent expert to report on whether the Buyback was fair and reasonable to Shareholders. The expert concluded that the proposed Buyback Price is fair and reasonable.

A complete copy of the independent expert's report was set out in full in Appendix 1 to the shareholder booklet distributed with the notice of extraordinary general meeting dated 18 July 2011. A copy of this booklet is available from VTP's website at [www.threepillars.vaneyk.com.au](http://www.threepillars.vaneyk.com.au) or on the Australian Securities Exchange website, [www.asx.com.au](http://www.asx.com.au).

### 2.4. Impact on VTP's financial position

Following implementation of the Buyback, the impact of the Buyback on the financial position of VTP, and the net tangible asset backing per Share following the Buyback is illustrated in the pro forma balance sheet set out below.

*Statement of Financial Position as at 30 June 2011*

	Before Buyback <sup>1</sup>	25% take up <sup>2</sup>	50% take up <sup>3</sup>	75% take up <sup>4</sup>	90% take up <sup>5</sup>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	307,962	0	0	0	0
Trade and other receivables	35,228	35,228	35,228	35,228	35,228
Other assets	22,917	22,917	22,917	22,917	22,917
<b>TOTAL CURRENT ASSETS</b>	<b>366,107</b>	<b>58,145</b>	<b>58,145</b>	<b>58,145</b>	<b>58,145</b>
<b>NON-CURRENT ASSETS</b>					
Trading portfolio <sup>6</sup>	3,839,718	3,143,146	2,138,612	1,134,078	531,358
Deferred tax assets	0	0	0	0	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,839,718</b>	<b>3,143,146</b>	<b>2,138,612</b>	<b>1,134,078</b>	<b>531,358</b>
<b>TOTAL ASSETS</b>	<b>4,205,825</b>	<b>3,201,291</b>	<b>2,196,757</b>	<b>1,192,223</b>	<b>589,503</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	182,659	182,659	182,659	182,659	182,659
Borrowings	413	413	413	413	413
<b>TOTAL CURRENT LIABILITIES</b>	<b>183,072</b>	<b>183,072</b>	<b>183,072</b>	<b>183,072</b>	<b>183,072</b>

	Before Buyback <sup>1</sup>	25% take up <sup>2</sup>	50% take up <sup>3</sup>	75% take up <sup>4</sup>	90% take up <sup>5</sup>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	0	0	0	0	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	183,072	183,072	183,072	183,072	183,072
<b>NET ASSETS</b>	4,022,753	3,018,219	2,013,685	1,009,151	406,431
<b>EQUITY</b>					
Issued capital	24,661,423	23,656,889	22,652,355	21,647,821	21,045,101
Accumulated losses	(20,638,670)	(20,638,670)	(20,638,670)	(20,638,670)	(20,638,670)
<b>TOTAL EQUITY</b>	4,022,753	3,018,219	2,013,685	1,009,151	406,431
NTA after all taxes	0.78	0.78	0.78	0.78	0.78
NTA before deferred tax on unrealised income	0.78	0.78	0.78	0.78	0.78
NTA before all deferred taxes	0.78	0.78	0.78	0.78	0.78

## Notes:

1. The column headed "Before Buyback" represents the audited statement of financial position of VTP as at 30 June 2011.
2. The column headed "25% take-up" is taken from the audited statement of financial position of VTP as at 30 June 2011 adjusted to take account of acceptance of the Buyback in respect of 1,294,367 Shares representing 25% of the issued Shares.
3. The column headed "50% take-up" is taken from the audited statement of financial position of VTP as at 30 June 2011 adjusted to take account of acceptance of the Buyback in respect of 2,588,733 Shares representing 50% of the issued Shares.
4. The column headed "75% take-up" is taken from the audited statement of financial position of VTP as at 30 June 2011 adjusted to take account of acceptance of the Buyback in respect of 3,883,100 Shares representing 75% of the issued Shares.
5. The column headed "90% take-up" is taken from the audited statement of financial position of VTP as at 30 June 2011 adjusted to take account of acceptance of the Buyback in respect of 4,659,719 Shares representing 90% of the issued Shares.
6. It was assumed that the Buyback was funded by cash and the sale of investments. If part of the portfolio was liquidated, VTP would realise gains and losses and this would change the retained earnings. For simplicity, in the above scenarios, it was assumed that no gains or losses were realised on the sale of investments.

The financial position of VTP has changed since the latest available balance sheet, used above. The last price at which Shares traded on the ASX before 31 July 2011 was 77 cents. The price at which the Buyback would have been offered based on the unaudited NTA of VTP as at 31 July 2011 (the last announced unaudited NTA for VTP) would be 74.8 cents per Share, a 2.9% discount to the last traded price.

## 2.5. Impact on operating costs

As VTP has terminated its External Management Agreements, management fees have been reduced to zero and will not be affected by the Buyback.

However, other on-going costs associated with the operation of VTP including accounting and audit fees, advisors' fees, costs of preparation of the annual report and holding annual general meetings, other compliance costs and legal costs are largely fixed costs and will not reduce proportionately with the reduction in assets of VTP. As a result, the management expense ratio for VTP may increase.

If there is a significant take-up of the Buyback by eligible Shareholders, the Directors will reassess the operating costs (including Board expenses) associated with continued operation of the business of

VTP and may take steps available to them to limit any increase in the management expense ratio of VTP.

The Directors recognise that if a significant number of Shares are tendered into the Buyback, VTP Shares may cease to be quoted on ASX. VTP may also remain a listed company but the Buyback may reduce the assets of VTP to a level that renders it uneconomic for VTP to remain a listed entity.

If this occurs and there is no other superior strategic proposal, the Directors will provide Shareholders with an opportunity to consider a special resolution to effect a members' voluntary winding up. Such a resolution would be put to Shareholders to consider as soon as practicable after conclusion of the Buyback. See Section 2.12 for details.

## **2.6. Funding of the Buyback**

As at 30 June 2011, VTP held investments in one index fund quoted on the ASX with a value of \$3,839,718. These securities are available for sale to the extent required to fund payments under the Buyback. VTP also held cash of \$307,962 representing approximately 7.4% of the value of the portfolio on that date. This cash is also available to meet payment obligations under the Buyback.

VTP will fund the payment obligations under the Buyback by liquidating investments and drawing on existing cash resources.

In preparing the pro forma statements of financial position included in Section 2.4, it has been assumed that the Buyback was funded by cash and the sale of investments and that no gains or losses were realised on the sale of those investments. This may not reflect the source of funding for the Buyback. See note 6 to the pro forma statements of financial position in Section 2.4 for details.

## **2.7. No impact on solvency**

VTP anticipates that it will remain solvent and will continue to be able to pay its debts as and when they fall due following the Buyback, irrespective of the level of acceptance of the Buyback. The Directors will not proceed with the Buyback unless they are satisfied that the Buyback would not materially adversely affect the financial position of VTP.

## **2.8. Impact on VTP's capital structure**

VTP presently has 5,177,466 Shares on issue held by 1,524 Shareholders (based on the register of Members of VTP on 31 July 2011). VTP has no other securities on issue.

Under the Corporations Act, each Share that is bought back will be cancelled. As a result, the number of Shares on issue, and therefore the capital of VTP, will be reduced by the number of Shares that Shareholders tender into the Buyback.

## **2.9. Impact on control of VTP**

The impact of the Buyback on VTP is dependent on the level of participation in the Buyback and the identity of the parties electing to participate in the Buyback.

As at 31 July 2011, Tidewater Investment Limited (**ASX:TDI**) was the sole substantial shareholder in VTP holding voting power of 19.8%. TDI/Loftus Lane Investments Pty Limited advised VTP on 28 July 2011 that although it is supportive of the Buyback resolution, it does not currently intend to participate in the Buyback.

If TDI does not participate in the Buyback and its voting power in VTP does not change other than as a direct result of the Buyback, the voting power of TDI following the Buyback assuming acceptance of the Buyback in respect of 25%, 50% and 75% of Shares would be approximately 26.4%, 39.6% and 78.2% respectively.

As at 31 July 2011, the next largest registered holder holds Shares representing 3.9% of the issued capital of VTP. This holding of Shares, as a proportion of the total issued capital, will only exceed 20% if Shares representing in excess of 80.4% of the issued Shares are acquired by VTP under the Buyback and that Shareholder does not participate in the Buyback.

## **2.10. Impact on liquidity and trading**

Generally, liquidity in trading of Shares is affected by the number of Shares available for trading. As the Buyback will reduce the number of Shares on issue, the Buyback may result in a reduction in liquidity of Shares on the ASX. The extent of that reduction will depend on the number of Shares bought back by VTP.

However, as the Buyback provides an exit mechanism for Shareholders independent of the ASX, the Buyback may have the effect of reducing selling pressure on the VTP Share price. As a result, while liquidity may be reduced, the price at which Shares trade on the ASX may be higher than that prior to implementation of the Buyback.

Moreover, if the Buyback Price is higher than the pre-Buyback Price at which Shares trade on the ASX, there may be an increase in the market price for Shares. The last price at which Shares traded on the ASX on 30 August 2011 (the last full day on which Shares traded prior to commencement to printing of this Booklet) was 60.5 cents per Share. The price at which the Buyback would have been offered based on the financial position of VTP as at 31 July 2011, (the last announced unaudited NTA for VTP) would be 74.8 cents per Share, a 23.6% premium.

See Section 4.2 for further information regarding trading in Shares on the ASX.

## **2.11. Impact on continued listing and quotation on ASX**

Under Listing Rule 12.1, the continued listing of VTP on the ASX and continued quotation of Shares on the ASX is dependent on VTP maintaining a level of operations which, in the opinion of the ASX, is sufficient to warrant continued quotation.

The ASX will not admit an investment entity to the ASX unless its net tangible assets are greater than \$15 million. VTP's net tangible assets are currently well below that limit. The ASX may consider VTP in breach of Listing Rule 12.1 if, following implementation of the Buyback, its net tangible assets continue to fall.

VTP must also maintain a spread of Shareholders which, in the opinion of the ASX, is sufficient to ensure that there is an orderly and liquid market in its securities. Listing Rule 12.4.1 provides that if the ASX determines that VTP does not have a sufficient spread of Shareholders following the Buyback, it may require VTP to do each of the following:

- obtain the required spread within three months after the date the ASX requires it to do so; and
- tell all Shareholders in writing that if the required spread is not obtained within three months after the date specified by the ASX, the ASX may suspend quotation of Shares.

The ASX will not admit a company to the official list of the ASX unless it has a spread of at least 400 Shareholders holding a parcel of Shares with a value in excess of \$2,000. As at 31 July 2011 VTP had 345 such Shareholders, based on the market price of 77 cents per share, being the last price at which Shares traded on ASX before 31 July 2011.

## **2.12. Members' voluntary winding-up**

The Directors recognise that if a significant number of Shares are tendered into the Buyback, VTP Shares may cease to be quoted on ASX. VTP may also remain a listed company but the Buyback may reduce the assets of VTP to a level that renders it uneconomic for VTP to remain a listed entity.

If this occurs and there is no other superior strategic proposal, the Directors will propose a resolution to effect a Shareholders voluntary winding-up. VTP would put such a proposal to Shareholders to consider as soon as practicable after conclusion of the Buyback. Any such winding up proposal must be passed by way of special resolution

## **2.13. Impact on tax position**

There will be no ordinary income, allowable deduction or Capital Gains Tax (CGT) consequences for VTP. However, depending on the take up of the Buyback, the provisions relating to a change in



majority ownership of a company in the company loss recoupment and unrealised loss rules may apply. The expenses incurred by VTP in relation to the Buyback (such as legal fees) will not be immediately deductible for income tax purposes, but will be amortised over five years in accordance with Section 40-880 of the Income Tax Assessment Act, 1997 (Cth).

A Reduced Input Tax Credit (RITC) can be claimed for the GST on certain expenses incurred by VTP in relation to the Buyback. This will include brokerage, certain unit registry costs and management costs.

There are no stamp duty impacts in relation to the Share Buyback.

#### **2.14. Impact on franking credits**

If the Buyback is approved, it is to be effected as an off-market Buyback, the excess of the purchase price paid for the buyback of Shares over the amount debited to the share capital account is taken to be a dividend paid by VTP to participating Shareholders. Such a dividend is paid out of profits derived by VTP on the day the Buyback occurs. In this case, VTP can decide how much of the deemed dividends are franked – creating a franking debit to the company's franking account.

However, there will be no deemed dividends from the Buyback if the Buyback Price is below the issue price for each Share. If this is the case, no franking debits will arise from the Buyback.

#### **2.15. Intentions of the Directors**

As at 31 July 2011, the Directors held the following numbers of Shares:

<b>Directors</b>	<b>Number of Shares (indirectly held)</b>
A Dixon	84,534
C Brown	2,250
C Duffield	nil
A MacLachlan	nil
S Nisbett	nil
J Vatovec	nil
<b>Total</b>	<b>86,784</b>

Your Directors are yet to determine whether they will participate in the Buyback.

### **3. Australian Tax Implications for Shareholders**

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#### **3.1. Australian tax implications for Shareholders**

The following information is intended only as a general summary of the Australian income tax implications for Australian resident and non-resident Shareholders who participate in the Buyback. These comments do not apply to Shareholders who hold Shares on revenue account, who are professional share traders or who have made an election under the taxation of financial arrangements (TOFA) regime that affects the recognition of gains and losses in respect of their Shares. The taxation consequences of the Buyback for these Shareholders may differ considerably from those set out in this summary.

This summary is provided only as a guide and is not intended to be advice and should not be relied upon by Shareholders as such. Accordingly, it is important that Shareholders seek independent taxation advice based on their own specific circumstances on the relevant income tax implications of participating in the Buyback.

This discussion is based on Australian income tax laws as at 7 September 2011. These laws, and their interpretation by the Courts and the ATO, are subject to change at any time, including potentially with retrospective effect.

#### **3.2. Classification of buyback for income tax purposes**

The Buyback will constitute an 'off-market' Buyback for the purposes of the Tax Act. Generally, the amount received by Shareholders under an off-market Buyback will be treated as a dividend to the extent that there is a difference between the Buyback Price and the amount debited against the Company's share capital account in respect of the Shares acquired.

The Company will debit the entire Buyback Price against its untainted share capital account and, accordingly, the Company considers there should not be a dividend component to the Buyback Price.

Based on pro forma financial statements at Section 2.4, it is expected the company will not have any profits which it is able to distribute at the time of the Buyback Announcement. In these circumstances, it appears unlikely that the Commissioner would exercise his discretion under sections 45A or 45B of the Tax Act to treat any component of the capital return as a deemed dividend.

#### **3.3. CGT consequences – Disposal of Shares**

A Shareholder who elects to participate in the Buyback will be taken to have disposed of their Shares on the Buyback Date. This is expected to be on 24 October 2011.

##### *(a) Australian Resident Shareholders – Individual, Companies and Complying Superannuation Funds*

A Shareholder will make a capital gain to the extent that the sale consideration exceeds the Cost Base of the Shares disposed of under the Buyback. Conversely a Shareholder will make a capital loss where the sale consideration is less than the Cost Base of the Shares disposed of under the Buyback.

Generally, the Shareholders CGT Cost Base for the Shares will include the amount the Shareholder paid to acquire a Share, plus any incidental costs of acquisition, for example, stamp duty and brokerage, and adjusted for any capital reductions, issues of bonus Shares or any incidental costs of disposal.

A Shareholder will be taken to have disposed of each Share for capital proceeds consisting of the Buyback Price. This is on the basis that a higher amount of deemed consideration is not required to be calculated under section 159GZZZQ of the Tax Act and substituted as the consideration proceeds on sale.

A capital gain may be reduced where a Shareholder has held a Share for more than 12 months:

- In the case of an individual or trust – the capital gain reduced by a discount of 50%; and
- In the case of complying superannuation fund – the capital gain is reduced by a discount of 33.33%.

The CGT discount will not apply if the Shareholder is a company or has held a Share for 12 months or less.

*(b) Non-Resident Shareholders*

A non-resident Shareholder who holds their Shares on capital account may disregard any capital gain or capital loss arising in respect of the disposal of the Shares where the Shares do not qualify as Taxable Australian Property. The Shares should not qualify as Taxable Australian Property and, accordingly, should not be subject to CGT because of one of the following:

- a non-resident Shareholder has not, together with their Associates, held 10% or more of the issued Shares in the Company (including options to acquire Shares) for a period of 12 months at any time during the previous 24 months; or
- a majority of the assets of the Company (measured by market value and including 'indirect Australian real property interest' of the Company) are not interest in Australian real property and therefore any Shares are not indirect interests in Australian real property.

However, a non-resident Shareholder should obtain independent Australian tax advice in respect of the CGT treatment where any Shares have been used at any time in carrying on a business through a permanent establishment in Australia or the Shareholder chose to disregard a capital gain or loss on ceasing to be an Australian resident as a result of an election under section 104-165 of the Tax Act.

## **4. Additional information regarding Buyback**

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### **4.1. Introduction**

This Section includes additional information that VTP considers is material to the decision on whether to participate in the Buyback.

### **4.2. Trading in Shares**

In the 12 months to 31 July 2011, based on closing prices, Shares have traded at a high of \$1.09 (on 6 October 2010) and a low of \$0.68 (on 30 June 2011). The volume weighted average price at which Shares have traded in this period was \$0.82.

In the 3 months to 31 July 2011, based on closing prices Shares have traded at a high of \$0.81 (on 12 May 2011) and a low of \$0.68 (on 30 June 2011). The volume weighted average price at which Shares have traded in this period was \$0.77.

### **4.3. VTP is a disclosing entity**

As a company listed on the ASX and a "disclosing entity" under the Corporations Act, VTP is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. VTP's most recent announcements are available from its website.

Further announcements concerning VTP will continue to be made available on the website after the date of this Booklet.

The ASX maintains files containing publicly available information about entities listed on their exchange. VTP's files are available for inspection from the ASX during normal business hours and are available on the website at [www.asx.com.au](http://www.asx.com.au).

VTP is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by VTP may be obtained, or inspected at, ASIC offices.

### **4.4. ASX waivers**

As at the date of printing of this Booklet, no waiver from the Listing Rules has been granted by the ASX to VTP in relation to the Buyback.

### **4.5. ASIC Relief**

The Buyback does not technically comply with the requirements under the Corporations Act for an equal access buyback. Accordingly, absent of relief from ASIC, it will be treated as a selective buyback for the purposes of the Corporations Act.

VTP has received an exemption under Section 257D(4) of the Corporations Act. This exemption permits VTP to conduct the Buyback in substantially the same manner as an equal access buyback in accordance with Division 2 of Part 2J of the Corporations Act, except that:

- VTP does not comply with paragraph 257B(2)(b) of the Corporations Act but rather invites all Shareholders (other than excluded foreign persons) to offer for sale any number of their Shares in accordance with the terms and conditions of the Buyback invitation;
- VTP does not comply with paragraph 257B(2)(c) of the Corporations Act but rather all Shareholders (other than excluded foreign persons) have a reasonable opportunity to offer for sale any number of their Shares in accordance with the terms and conditions of the Buyback invitation; and
- VTP does not comply with paragraph 257B(2)(d) of the Corporations Act but rather the buy-back agreements are not entered into until after the Tender Period has closed; and

- VTP does not comply with paragraph 257B(2)(e) of the Corporations Act but rather the Buyback invitation is to be made to all Shareholders (other than excluded foreign persons) for those Shareholders to offer any number of their Shares for sale to VTP and for VTP to buy back that number of their Shares subject to:
    - each Shareholder having the ability to nominate a maximum number of Shares which they wish to offer for sale to VTP; and
    - a Buyback invitation need not be made to excluded foreign persons and any offer received from an excluded foreign person need not be accepted by VTP;
  - the total Buyback amount will be capped at 90% of the outstanding Shares, being 4,659,719 Shares. If more than 4,659,719 Shares are tendered into the Buyback, there will be a pro rata scale back based on Shares tendered; and
- provided that VTP complies with section 257C of the Corporations Act if the Buyback will or may exceed the 10/12 limit as set out in subsections 257B(4) and 257B(5) of the Corporations Act.

#### **4.6. Excluded Foreign Shareholders**

This Invitation is not made to any Excluded Foreign Shareholder and, without limiting the rights that VTP otherwise has in relation to Tenders, a Tender submitted by an Excluded Foreign Shareholder will not be accepted by VTP.

Any person receiving any of the Buyback Documents must not, directly or indirectly, distribute or send them into any jurisdiction, or otherwise make them available to any person in any jurisdictions where to do so would breach the laws of that jurisdiction.

#### **4.7. Shares held by trustees and nominees**

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Buyback, subject to any legal restrictions in the countries where such beneficial owners are resident and then aggregate all Tenders received from beneficial owners. It is the responsibility of the trustee or nominee to complete one aggregated Tender Form on behalf of all beneficial owners other than Excluded Foreign Shareholders (if any).

For Issuer Sponsored Holdings, the trustee or nominee must ensure that an aggregated Tender Form is received by the Share Registry by 5.00 pm (AEST) on the Closing Date. For CHES Holdings, the trustee or nominee will need to aggregate all Tenders received from beneficial owners and provide instructions to its controlling participant in time for the aggregated Tender to be processed by 5.00 pm (AEST) on the Closing Date.

Any scale back that applies to Shares tendered by trustees and nominees will be performed on a registered Shareholder basis.

#### **4.8. Margin lending arrangements**

If you hold Shares under margin lending arrangements or if they are held as security for a loan or as Australian Clearing House collateral, you should ensure that your participation in the Buyback is permitted by those margin lending arrangements or that loan and security documentation or by Australian Clearing House.

Note that by submitting a Tender you warrant to VTP that when you tender your Shares for sale in the Buyback, and on the Buyback Date, the Shares are free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights.

#### **4.9. Shareholders with more than one holding of Shares**

You will receive a personalised Tender Form for each separate registered holding of Shares. For example, if you hold some Shares in your name and some Shares jointly with your spouse, you will receive two Tender Forms. You may tender Shares into the Buyback from any or all of your separate

registered holdings provided that you complete the Tender Form and follow the instructions for each holding you wish to tender.

#### **4.10. Joint Shareholders**

If you hold your Shares jointly with another person (for example, your spouse) and you have an Issuer Sponsored Holding, you must complete and return the Tender Form in accordance with the instructions for joint holdings on the Tender Form.

#### **4.11. Restrictions on the payment of Buyback proceeds**

VTP will pay Shareholders the Buyback Price for each of their Shares that are bought back, unless it is prohibited from doing so.

#### **4.12. Rights under the Buyback cannot be transferred**

This Invitation is personal to you. You cannot transfer your rights under this Invitation.

#### **4.13. The effect of submitting a Tender**

A Tender constitutes an offer to sell the tendered Shares to VTP on the terms and conditions set out in the Buyback Documents. A Tender does not, of itself, constitute a binding contract for the sale of the tendered Shares and cannot be enforced against VTP. VTP retains the discretion to accept or reject any Tender, and may choose to reject all Tenders.

If VTP accepts your Tender, a binding Buyback Contract is formed between you and VTP, and you must sell the tendered Shares to VTP on the terms and conditions set out in the Buyback Documents, including the terms and conditions set out below.

By submitting a Tender Form (whether by returning a Tender Form to the Share Registry if you have an Issuer Sponsored Holding, or, if you have a CHESS holding, by instructing your controlling participant), you:

- Agree to the terms and conditions set out in the Buyback Documents;
- Offer to sell to VTP on the Buyback Date the number of Shares nominated for sale on your Tender Form;
- Agree that VTP posting an announcement on ASX on the Buyback Date in relation to the Buyback Price and other details is effective notice or communication of VTP's acceptance of your Tenders that are submitted and which are submitted in accordance with the Buyback Documents at the Buyback Price and which are not rejected by VTP;
- Agree that a Buyback Contract is formed for the purchase of the relevant Shares upon the Board accepting your Tender in accordance with the terms and conditions of this Buyback and posting an announcement on its website, and that the purchase of the relevant Shares is taken to occur at that time;
- Waive any requirement to receive further notice or communication from VTP of its acceptance or rejection of any Tender submitted by you;
- Warrant to VTP that at all times after you tender your Shares for sale into the Buyback, and on the Buyback Date, you are the registered holder of the Shares that you have tendered and that they are free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third-party rights and otherwise able to be sold freely by you;
- Warrant that you are a person to whom the Invitation may lawfully be made, can receive the proceeds of the sale of your Shares and whose participation in the Buyback is permitted under the laws of the jurisdiction in which you are resident, and that you are not an Excluded Foreign Shareholder;

- Authorise VTP (and its officers, agents, contractors or advisers) to correct any error in or omission from your Tender Form and/or Withdrawal/Amendment Form, and to insert any missing details;
- Undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after you submit your Tender until the Buyback Date hold fewer Shares than the number of Shares you have tendered;
- Acknowledge that neither VTP nor any other party involved in the Buyback has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Buyback;
- Authorise VTP to make payment:
  - By cheque mailed to your address shown on the VTP Share Register at 5.00 pm (AEST) on the Closing Date, if you do not have a valid direct credit authority in place before that date; or
  - By direct credit to your nominated account if you:
    - Have an existing direct credit authority for the payment of dividends – by submitting your Tender Form, you authorise VTP to pay your Buyback proceeds to that nominated account; or
    - Submit to the Share Registry by 5.00 pm (AEST) on the Closing Date a completed direct credit authority form notifying VTP of your new account details. You can obtain a direct credit authority form by calling Boardroom Pty Limited on 1300 737 760 within Australia or +61 2 9290 9600 from outside Australia. If you complete and submit a direct credit authority form, you acknowledge that your nominated bank account details in that form will be taken to be your nominated bank account for future payments (including dividends) by VTP to you,

and, in each case, you will be taken to have accepted the risk associated with the payment;
- Agree that damages is not an adequate remedy for breach of these covenants, undertakings, agreements, representations and warranties;
- Undertake that if you breach any of these covenants, undertakings, agreements, representations or warranties you will indemnify VTP for all its costs or losses arising from the breach; and
- Agree that any obligation of VTP to buy back Shares tendered to you is conditional on your compliance with the covenants, undertakings, agreements, representations and warranties listed above.

You will be taken to have submitted a Tender when the Share Registry receives your validly signed and completed Tender Form if you have an Issuer Sponsored Holding or, if you have a CHESSE Holding, your Tender is processed by your controlling participant through CHESSE.

#### **4.14. VTP's right to accept or reject Tenders and Tender Forms**

At any time, VTP may (at its sole discretion):

- Accept or reject any Tender or Tender Form; and/or
- Accept or reject a Tender not made on the terms and conditions set out in the Buyback Documents, or a Tender Form not submitted in accordance with the procedures set out in the Buyback Documents.

VTP may do each of these things in relation to all or some of the Tenders or the Tender Forms it receives, in its absolute discretion.

#### **4.15. VTP's right to vary dates and times or to terminate the Buyback**

While VTP does not anticipate changing any of the dates and times set out in the Buyback Documents (including the Closing Date and the Buyback Date), it reserves the right to vary them. Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced on the ASX as soon as practicable following the Board's authorisation. Any such change will be taken to amend this Booklet (and the other Buyback Documents) accordingly.

VTP may also decide not to proceed with the Buyback. Without limitation, VTP reserves the right to terminate the Buyback at any time prior to the date on which VTP enters into Buyback Contracts by making an announcement to the ASX to that effect.

#### **4.16. VTP's right to adjust Tenders**

VTP may, in its absolute discretion and at any time, deem any Tender it receives to be a valid Tender, disregard any Tender it believes should be disregarded and may waive any or all of the requirements for making, amending or withdrawing a Tender. It may do each of these things in relation to some, all or any number of Tenders it receives.

If you are an Eligible Shareholder, you are entitled to sell into the Buyback the lesser of:

- The number of Shares registered in your name on the Record Date (Friday, 2 September 2011) (and which, in accordance with the applicable Settlement Rules, confer an entitlement to participate in the Buyback); and
- The number of Shares you hold on the Closing Date, (your **Entitled Shares**).

If you submit one Tender of more than your Entitled Shares and VTP accepts your Tender, VTP will buy back only the number of your Entitled Shares.

If you submit more than one Tender and, in aggregate, you have tendered more than your Entitled Shares, VTP will buy back only the number of your Entitled Shares.

#### **4.17. Stamp duty**

Stamp duty will not be payable on the cancellation of your Shares following acceptance of your Tender.

#### **4.18. Brokerage**

You should not have to pay brokerage if you sell your Shares in the Buyback.

#### **4.19. Unsuccessful Tenders**

Shares that have been tendered into the Buyback but are not bought back will be released to Shareholders' holdings as soon as processing of the Buyback has been completed after the Closing Date.

#### **4.22. Privacy**

VTP is carrying out the Buyback in accordance with the Corporations Act. This involves the personal information contained in Tender Forms being collected to enable VTP to determine the quantum of Shares, if any, and the price at which it will buy back Shares under the Buyback. If you do not provide this information, VTP and its agents may be hindered in, or prevented from, processing your Tender.

The personal information collected by VTP will only be disclosed to Boardroom Pty Limited in its capacity as share registrar of VTP and a print and service provider, to VTP's advisers in relation to the Buyback and to financial institutions in respect of payments to you in connection with the Buyback or as required or authorised by law.



You may access the individual information collected by VTP in relation to your shareholding by writing to:

Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001

#### **4.23. Applicable law**

This Invitation, your Tender, and the Buyback generally, are governed by the laws of the State of New South Wales.

#### **4.24. Independent advice**

Members should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- the Buyback;
- the taxation implication for them if the Buyback is implemented; or
- any other aspects of this Booklet.

#### **4.25. Other Material Information**

VTP will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of despatch of this Booklet and the close of the Offer:

- a material statement in this Booklet is false or misleading in a material respect;
- a material omission from this Booklet;
- a significant change affecting a matter included in this Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Booklet if it had arisen before the date of lodgement of this Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, VTP may circulate and publish any supplementary document by:

- making an announcement to the ASX; and/or
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia; and/or
- posting the supplementary document to Members at their registered address as shown in the VTP Register; and/or
- posting a statement on VTP's corporate website, as VTP in its absolute discretion considers appropriate.

## 5. Glossary

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### 5.1. Terms

The following terms used in this Booklet (including the Notice of Meeting included in this Booklet) have the meanings given to them below, unless the context otherwise requires.

<b>Administration Manager</b>	VTP Management Pty Ltd (ACN 109 771 351)
<b>AEST</b>	Australian Eastern Standard Time
<b>ASIC</b>	Australian Securities & Investment Commission
<b>Associate</b>	has the meaning given in section 9 of the Corporations Act.
<b>ASTC</b>	ASX Settlement Pty Limited (ABN 49 008 504 532), the securities clearing house of the ASX
<b>ASX</b>	ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it
<b>ATO</b>	Australian Taxation Office
<b>Australian Clearing House</b>	ASX Clear Pty Limited (ABN 48 001 314 503), which provides clearing and settlement services in relation to products traded on the ASX
<b>Board or VTP Board</b>	the board of Directors of VTP or any duly constituted committee of the board
<b>Business Day</b>	a day other than a Saturday, Sunday or public holiday on which banks are open for normal banking business in New South Wales
<b>Buyback</b>	the buy-back of Shares by way of a tender process as set out in the Buyback Documents
<b>Buyback Contract</b>	the contract formed on the Buyback Date between you and VTP at the time that VTP accepts your Tender (if and to the extent that VTP accepts your Tender)
<b>Buyback Date</b>	the date and time the VTP Board determines the total number of Shares to be bought back (and accepts your Tender in accordance with the terms and conditions of this Buyback)
<b>Buyback Documents</b>	this Booklet the Tender Form and the Withdrawal/Amendment Form
<b>Buyback Price</b>	the price at which VTP will buy back Shares from Tenders it accepts in the Buyback, rounded to the nearest cent
<b>CGT</b>	means Capital Gains Tax
<b>CHESS</b>	the Clearing House Electronic Sub-register System
<b>CHESS Holder</b>	a holder of Shares on the CHESS sub-register of VTP
<b>CHESS Holding</b>	a holding of Shares on the CHESS sub-register of VTP
<b>Closing Date</b>	the scheduled date of 30 September 2011 unless VTP announces a later date
<b>Corporations Act</b>	the Corporations Act 2001 (Cth), as modified by the relief described in Section 4.5
<b>Eligible Shareholder</b>	a Shareholder (other than an Excluded Foreign Shareholder) on the Record Date

<b>Ex-Entitlement Date</b>	the date that Shares commence trading on the ASX on an ex-Buyback basis
<b>Excluded Foreign Shareholder</b>	any person holding Shares: (a) to whom VTP would be prohibited from paying money pursuant to relevant laws prohibiting VTP from making payments to certain foreign persons; (b) to whom the Invitation may not be lawfully made under the laws of the jurisdiction in which they are resident; or (c) whose participation in the Buyback is not permitted under the laws of the jurisdiction in which they are resident.
<b>External Management Agreements</b>	The management agreements between VTP and VER (by its subsidiary, the Portfolio Manager), and VTP and the Administration Manager, terminated by agreement for cash consideration April 2011.
<b>HIN</b>	a holder identification number
<b>Invitation</b>	the invitation by VTP to Eligible Shareholders to offer to sell Shares to VTP as set out in the Buyback Documents
<b>Issuer Sponsored Holding</b>	a holding of Shares on the issuer sponsored sub-register of VTP
<b>Listing Rules</b>	the listing rules of the ASX
<b>Member</b>	a registered holder of Shares
<b>Non-Marketable Parcel</b>	A parcel of Shares with a value (based on the closing price of VTP Shares on the date that Buyback Price is determined) of less than \$500 on the Record Date.
<b>NTA</b>	net tangible asset backing of Shares
<b>Opening Date</b>	the scheduled opening date of 7 September 2011 unless VTP announces a later date
<b>Portfolio Manager</b>	Three Pillars Portfolio Managers Pty Limited, a subsidiary of VER.
<b>Registry</b>	Boardroom Pty Limited (ACN 003 209 836)
<b>Settlement Rules</b>	the settlement rules of the ASTC as amended from time to time
<b>Shareholder</b>	a registered holder of Shares
<b>Shares</b>	ordinary shares in the capital of VTP
<b>Tax Act</b>	the Income Tax Assessment Act 1936 or Income Tax Assessment Act 1997
<b>Tender</b>	a Shareholder's offer to sell Shares to VTP on the terms and conditions set out in the Buyback Documents as amended in accordance with the procedures set out in the Buyback Documents
<b>Tender Form</b>	the form of offer by a Shareholder to sell Shares to VTP under the Buyback, which is enclosed with this Booklet, or represented by instructions from a CHESS Holder's controlling participant (and includes a Tender Form amended in accordance with the procedures set out in the Buyback Documents)
<b>Tender Period</b>	the period within which Shareholders may lodge a Tender in accordance with the Buyback Documents
<b>VER</b>	van Eyk Research Limited

<b>VTP</b>	van Eyk Three Pillars Limited (ACN 106 854 175)
<b>You or Shareholder</b>	means a holder of Shares

## 5.2. Interpretation

In the Buyback Documents, unless the context otherwise requires:

- (a) singular includes the plural, and vice versa;
- (b) words importing one gender include other genders;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this document have a corresponding meaning;
- (d) terms used in the Buyback Documents and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- (e) a reference to currency is to Australian dollars; and
- (f) a reference to time is to Sydney time.

The postal acceptance rule does not apply to Tenders.