



## **ASX ANNOUNCEMENT ESPREON LIMITED (EON)**

**Date:** 3 December 2008

**To:** Company Announcements  
Australian Securities Exchange  
via Online Delivery

**From:** Iain Keddie / Hean Siew  
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**Subject: Letter to shareholders – “Reject the Inadequate and Opportunistic Takeover Offer from Vectis”**

The attached letter will be sent to shareholders in respect of the Company’s response to the proposed bid by Vectis.

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For further information please contact:

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**About Espreon Limited**

Espreon partners with leading organisations in the financial services, legal and accounting professions, to free them from transactional processes and allow them to focus on their core business.

Espreon’s offerings include Cost Recovery solutions, Corporate Services, Property Services, and Information Brokerage.

For more information about Espreon, please visit the Espreon website at [www.espreon.com](http://www.espreon.com)

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3 December 2008

Dear Shareholder,

### **Reject the Inadequate and Opportunistic Takeover Offer from Vectis**

Espreon Limited ("**Espreon**" or the "**Company**") has been advised of Vectis Group Pty Limited's ("**Vectis**") intention to make an off-market takeover bid for all of the shares in Espreon ("**Offer**"). Vectis intends to offer \$0.40 cash per Espreon share, which will be increased to \$0.42 per share if Vectis acquires a relevant interest in 90% and is entitled to proceed to compulsory acquisition.

The Board of Espreon recommends that shareholders **REJECT THE INADEQUATE AND OPPORTUNISTIC OFFER** from Vectis in respect of their shares. The Board has a number of significant concerns regarding the Offer including the following:

1. ***The current Offer will fail***

Key shareholders, Hunter Hall Investment Management Limited and LUT Investments Pty Limited, who together hold 31% of Espreon's shares, have informed Espreon that they will **NOT** accept the current Offer. This means that the Offer will **FAIL** because a key condition of the Offer cannot be satisfied.

**The Board believes Vectis should withdraw its Offer and stop wasting the Company's time and money.**

2. ***The Offer price is inadequate***

The Board believes that the proposed Offer price **SIGNIFICANTLY UNDERVALUES** Espreon's Property Services business and represents an inadequate premium for control. The Offer price fails to recognise properly the strategic market position and value of Espreon's Property Services business.

3. ***The timing of the Offer is opportunistic***

The Board believes the timing of the Offer is **OPPORTUNISTIC** because it follows the sale of the Company's Corporate Services and Cost Recovery businesses to Reckon Limited. The market has not had the opportunity to assess fully the positive valuation impact of the Company's restructure, strategic refocus and expected substantial debt reduction. Furthermore, the Offer is timed at a low point in the property cycle, with no recognition of the positive long term benefits for the Company of continued interest rate cuts.

4. ***The Offer terms are highly conditional and uncertain***

The Offer is **HIGHLY CONDITIONAL** and this **UNCERTAINTY** associated with the Offer is not in the interests of Espreon's shareholders, business, customers and employees.



5. **Minority shareholders are at risk from the terms of the Offer**

Even if Vectis waives the condition that key shareholders accept the Offer, minority shareholders will only receive the **LOWER PRICE** of \$0.40 per share if they accept the Offer because the 90% compulsory acquisition requirements cannot be met. Remaining shareholders may be left as **MINORITIES** with Vectis controlling the Board.

6. **Vectis' actions are detrimental to the Company and its shareholders**

The Board believes that the constant attempts by Vectis to gain control of Espreon over the past six months have been **DETRIMENTAL** to the Company and distracted attention from long term value enhancing initiatives to grow Espreon's profitable Property Services business.

Further details regarding these concerns are set out in the attachment to this letter.

If Vectis persists with its Offer, you will receive a Bidder's Statement from them in the next few weeks. The Board then will provide further detailed advice to shareholders, including the Board's formal recommendations, in its Target's Statement, if this becomes necessary. In the meantime, the Board reiterates that shareholders should **REJECT THE INADEQUATE AND OPPORTUNISTIC OFFER** from Vectis in respect of their shares.

Yours sincerely,

**Phil Anderson**  
Chairman

*Attachment: ASX announcement dated 3 December 2008  
"Reject the Inadequate and Opportunistic Takeover Offer from Vectis"*