

15 February 2012

EPIC internalises management

Equity Partners Infrastructure Company No.1 Limited (EPIC) today announced that it has internalised its management contract, having agreed terms with its manager, Equity Partners Infrastructure Management Limited (EPIM) – a wholly owned subsidiary of Pyne Gould Corporation Limited (PGC).

Last year EPIC received advice that a Change of Control of EPIM, as a result of Australasian Equity Partners Fund No. 1 LP's (AEP) takeover of PGC (if successful), would trigger pre-emptive rights in the shareholders' agreement for EPIC's Moto investment, thereby putting its investment at risk. EPIC issued an interim notice to EPIM which was intended to preserve the position while the Board concluded an internalisation arrangement.

EPIC chair Margaret Devlin said EPIC has since worked with PGC on this matter, and is pleased to report that a satisfactory outcome has been reached where it was agreed to internalise the management contract and thus protect EPIC's investment in Moto.

"In addition the internalisation is expected to provide EPIC with greater access to capital going forward and saves EPIC from paying future management contract costs of 1% of gross assets."

The management contract terminated at 5pm on Monday, with EPIC agreeing to make termination payments to EPIM totaling \$5,552,507.

In addition, termination of the Management Agreement has set the performance fee payable by EPIC to EPIM on its Moto investment at \$3,297,952, protecting EPIC from any further increase in this amount. The performance fee liability is consistent with the accrued amount provided for in EPIC's most recent financial statements.

The termination payments and performance fee will be satisfied by EPIC issuing ordinary shares or ordinary shares and cash up to the threshold allowable under the Takeovers Code.

The EPIC Board will then seek approval of EPIC shareholders for a further issue of shares to satisfy the remaining amount payable to EPIM. A meeting of EPIC shareholders will be convened for this purpose in the next few weeks, and EPIC shareholders will receive an independent appraisal report on the merits of that proposal. Should EPIC shareholders not approve the issue of shares in respect of this remaining amount, the amount will be payable on an agreed basis by EPIC to EPIM.

Full details of these transactions, and the arrangements that will apply to the issue of shares or payment, will be set out in the material to be sent to EPIC shareholders ahead of this planned meeting.

EPIM will provide secondment services, at no cost to EPIC for 12 months whilst EPIC establishes its own internal management team. EPIM will also pay, or reimburse EPIC for, its professional fees with respect to this matter.

ENDS