

31 October 2011

Dear Shareholder,

EPIC is currently in negotiations over a sale of EPIC's indirect 1.24 percent stake in Thames Water. In order to proceed with a transaction to effect the realisation of EPIC's investment in Thames Water, we will need the approval of 75 percent of the votes of shareholders entitled to vote and voting on the question, as the sale constitutes a 'major transaction' under the Companies Act 1993. To facilitate that, the Board is, therefore, seeking shareholder approval to proceed with a sale at a specified minimum price.

EPIC's Board is unanimously of the view that the sale of EPIC's indirect 1.24 percent stake in Thames Water at a minimum sale price of UK£34 million (adjusted for any distributions received by the company prior to completion of the sale and prior to deduction of costs and fees) is in the best interests of shareholders. The prior shareholder approval will allow the Board to finalise a sale at that price or higher, should a transaction proceed. If a sale is completed, the Board intends to repay EPIC's bank debt (\$48 million) before the banking facility's expiration on 30 April 2012.

Before reaching our decision to seek shareholder approval to proceed towards a transaction at a minimum price, the Board considered a range of options. These options have been considered in an independent appraisal report prepared by PricewaterhouseCoopers which considers the proposed sale of EPIC's shareholding in Thames Water. A summary of that report is included with this letter.

The full report should be available on the EPIC website (<http://www.epam.co.nz>) within two days of receipt of this letter. Because of the need to provide shareholders with 10 days notice of the upcoming Special Meeting of Shareholders, we decided to provide the full report via our website (or by hard copy on request) rather than delay the Special Meeting. The Board strongly encourages you to read the full report carefully so that you can draw your own conclusions on the merits of the proposal.

The enclosed notice of meeting and explanatory note sets out further details in relation to the resolution to be proposed at the meeting, and the background to it. Please take the time to read that material in full.

Yours sincerely,



Margaret Devlin
Chair, EPIC

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