**Press Release – 26 October 2010**

# FILING OF A DRAFT REPLY DOCUMENT

**BY**

**ADVISED BY**

**IN RESPONSE TO THE PUBLIC TENDER OFFER LAUNCHED BY**

**FOR THE SHARES OF SELOGER.COM**

This press release is issued by SELOGER.COM in accordance with Article 231-26 of the AMF General Regulation (*réglement général de l'Autorité des Marchés Financiers*, or "**AMF**")

**The draft reply document issued by SELOGER.COM is subject to review by the AMF**

The draft reply document is available on the websites of SeLoger.com (www.groupe-seloger.com) and the AMF (www.amf-france.org), and can be obtained free-of-charge from :

**SeLoger.com**
216 Avenue Jean Jaurès
75019 Paris

**Banque Nomura France**
7 Place d'Iéna
75773 Paris Cedex 16

## 1. Terms and conditions of Axel Springer's public tender offer

In accordance with Articles 232-1 *et seq*. of Book II, Part III of the AMF General Regulation, BNP Paribas, acting on behalf of AS Online Beteiligungs GmbH, itself controlled by Axel Springer AG,[1] (the "**Bidder**" or "**Axel Springer**"), filed with the AMF a draft offer document supporting a public tender offer, at a price of €34 per share, to acquire all shares in SeLoger.com ("**SeLoger.com**" or the "**Company**"), a French public limited company (*Société Anonyme à Directoire et Conseil de surveillance*) with a share capital of €3,329,360.60. SeLoger.com is registered with the Paris Trade and Companies Register (*RCS Paris*) under number 484 851 290, with registered offices at 216 Avenue Jean Jaurès, 75019 Paris, France. SeLoger.com's shares are listed on Compartment B of NYSE Euronext Paris under ISIN code FR0010294595. The public tender offer made by Axel Springer (the "**Offer**") targets all SeLoger.com shares that Axel Springer does not already own directly or indirectly.

BNP Paribas has undertaken to guarantee the binding nature of the commitment made by the Bidder in accordance with Article 231-13 of the AMF General Regulation.

## 2. Background to the Offer

The filing of the draft offer document follows the issuance by Axel Springer of a press release on 9 September 2010 stating it had entered into an agreement (the "**Agreement**") to acquire shares in SeLoger.com representing a 12.36% interest from the following individuals (the "**Sellers**"):

- Amal Amar (Chairman of the Supervisory Board): 645,727 shares;
- Denys Chalumeau (member of the Management Board): 487,016 shares;
- Gilles Blanchard (member of the Management Board): 241,736 shares;
- Jean-Philippe Chevalier (member of the Management Board): 87,572 shares;
- Fabrice Robert (member of the Supervisory Board): 15,000 shares;
- Manon Chalumeau: 73,530 shares;
- Juliette Chalumeau: 73,530 shares;
- Louis Chalumeau: 73,530 shares;
- Tarja Blanchard: 231,106 shares;
- Laurent Chalumeau: 26,003 shares;
- Jean-Marie Retif: 58,780 shares; and
- Vincent Rousset: 44,586 shares.

In its press release, Axel Springer also indicated its "*intention to launch a voluntary public tender offer for all remaining outstanding shares of Seloger.com SA*."

Following this press release, the AMF issued a notice on 10 September 2010, opening the pre-offer (*préoffre*) period.

During a meeting held on 14 September 2010, the Supervisory Board of SeLoger.com stated that the price of €34 per share proposed by Axel Springer did not reflect the embedded value of the company nor its outlook for growth.

In letters received by the AMF on 15 September 2010, AS Online Beteiligungs GmbH (registered offices at Axel-Springer-Strasse 65, 10888 Berlin, Germany) declared that, on 15 September 2010, it had crossed the disclosure thresholds of 5% and 10% of SeLoger.com's share capital and voting rights and directly owned 2,058,116 shares and the same number of

[1] Axel Springer is controlled by Axel Springer Publizistik GmbH & Co, which is in turn controlled by Friede Springer GmbH & Co. KG, the shares of which are fully owned by Mrs. Friede Springer.

voting rights in the Company, accounting for 12.36% of the total share capital and voting rights.[2] These letters also stated that the Agreement included a top-up provision to the benefit of the Sellers under certain conditions,[3] as well as a commitment to file a draft offer document for a public tender offer for all SeLoger.com shares that AS Online did not already own.

Certain shareholders, including Groupe Arnault, stated - either publicly or directly to the Company -,that they would not tender their shares to the Offer at a price of €34. In addition, certain investors bought SeLoger.com shares on several occasions at prices substantially higher than the Offer price.[4]

Nevertheless, despite the fact that the Supervisory Board and certain SeLoger.com shareholders accounting for 49% of the share capital of SeLoger.com (including Groupe Arnault) rejected the Offer, Axel Springer did not abandon its Offer project nor raise the Offer price nor add a minimum acceptance threshold.

On 28 September 2010, BNP Paribas, acting on behalf of Axel Springer, filed a draft offer document with the AMF for a public tender offer for all SeLoger.com shares at a share price of €34, without a minimum acceptance threshold.

The Supervisory Board of SeLoger.com met on the same day in order to discuss the Offer and concluded that:

- The Offer has been launched without any prior agreement with the Company's Supervisory and Management Boards, and is therefore of an unfriendly nature;

- The consideration of € 34 per share proposed by Axel Springer AG does not reflect the intrinsic value of the Company nor its growth potential; and

- The draft offer document from AS Online Beteiligungs GmbH does not reveal any prospect of synergies between Axel Springer AG and SeLoger.com.

The Supervisory Board also expressed doubts on the strategic merits of the proposed transaction, stressed its disagreement *vis-à-vis* the absence of any minimum acceptance threshold, and reaffirmed its willingness to prevent any attempt of creeping takeover of the Company.

Groupe Arnault publicly stated again on 29 September 2010 it would refuse to sell its shares in the Offer.

On 22 September, a revised draft offer document was filed with the AMF by Axel Springer and made public on the same day.

In order to avoid a conflict of interest, and in accordance with the Supervisory Board's decision made on 14 September 2010, Amal Amar and Fabrice Robert have agreed to not participate in any Board meetings or votes concerning the Offer.

## 3. Reasoned opinion from the Supervisory Board

On 25 October 2010, the Supervisory Board of SeLoger.com (the "**Board**") met at Nomura's offices to review the Offer, in accordance with Article 231-19 of the AMF General Regulation. The meeting was called according to the procedures set forth in the Company's articles of association. Some Board members participated in the meeting via conference call.

Four of the six Board members participated in the meeting. Messrs. Amal Amar and Fabrice Robert, respectively Chairman and member of the Supervisory Board, did not participate to the debate, nor to the vote, in accordance with the Board's decision made on 14 September 2010. Messrs. Amal Amar and Fabrice Robert have indeed entered into the Agreement, which places them in a position of conflict of interest.

[2] Released by the AMF on 16 September 2010 under reference D&I 210C0912.

[3] In the event that: (i) AS Online (or any other Axel Springer company) acquires SeLoger.com shares from a third party at a price above €34 per share before the Offer period begins; and/or (ii) AS Online ends up increasing its Offer price above €34 per share (including if AS Online raises its price in response to a competitive bid by a third party), then the price complement paid to the Sellers would equal the following: Difference between the final price and €34, multiplied by the number of shares sold to AS Online. This price complement would be paid within ten working days after settlement-delivery, provided that the the Offer is declared successful by the AMF.

[4] Caledonia Investments Pty Limited (D&I 210C898 of 14 September 2010, 210C903 of 15 September 2010, 210C1014 of 6 October 2010, and 210C1038 of 11 October 2010), Centaurus Capital (D&I 210C946 of 22 September 2010) and Fidelity funds (FIL) (D&I 210C1008 of 5 October 2010 and 210C1044 of 12 October 2010).

The extract of the minutes of the meeting regarding the Supervisory Board's reasoned opinion is the following:

*"With regards to the conditions of announcement and filing of the Offer, the Board immediately notices that the Offer does not correspond to a friendly approach.*

*The willingness of Axel Springer to file its draft offer document with the AMF despite the opposition of certain shareholders makes the Board fear that the Offer constitutes in fact an attempt of creeping takeover on the Company. The Offer price reflects neither the intrinsic value of the company nor its growth potential.*

*In addition, the Board believes that the Offer holds few benefits for the Company, its employees and its shareholders, as it is not part to a clear strategy to take majority control of SeLoger.com. This could only result from the inclusion of a 50.01% minimum acceptance threshold of SeLoger.com's shares and voting rights on a fully-diluted basis, and an increase of the Offer price as required by the report from the independent expert in accordance with the AMF General Regulation.*

*Besides, the Supervisory Board considers that the Company is able to continue its development on a stand-alone basis as it has been doing so far.*

*Finally, the Board notices that the Offer does not mention any commitment towards the management and employees of the Company as far as incentivisation is concerned, whereas SeLoger.com has always closely associated management and employees to the Company's growth.*

*3.1 Axel Springer's Offer lacks transparency vis-à-vis the real objectives pursued by Axel Springer*

*a) The opportunistic conditions under which Axel Springer announced the Offer resulted in an artificially high premium*

*The Offer, filed on 28 September 2010, follows the public announcement by Axel Springer, via a press release issued on 9 September 2010, of its intention to launch a public tender offer for SeLoger.com at a price of €34 per share, consequently opening a pre-offer (préoffre) period. In its press release, Axel Springer listed the reasons supporting the acquisition of an interest in the Company, stressing its industrial project. Axel Springer also stated that it "could be a value-adding majority shareholder for SeLoger.com SA".*

*More importantly, Axel Springer's press release implied that €34 per share was a fair price and emphasized the support it had received from the Company's founding shareholders who sold their shares. However, the press release failed to mention that Axel Springer had agreed to pay these shareholders a price complement should the Offer price be raised, and that the Company's Supervisory Board had not been consulted on the Offer project or its corresponding price terms.*

*Axel Springer's press release was issued on the same day that SeLoger.com issued its 2010 H1 results, which included an 11% increase in revenues to €39.4m, an improvement of EBITDA margin and a 20% increase in net income to €10.4m. As a consequence, Axel Springer did not leave any time to the market for an increase in SeLoger.com's share price to materialize, as would be implied by these strong results, which made the premium look arbitrarily high.*

*b) The Offer is part of an attempt to take creeping control of the Company, contrary to Axel Springer's initial stated objectives*

*After 9 September press release was issued, several shareholders, including Groupe Arnault, stated - either publicly or to the Company - that they would not tender their shares to the Offer at the €34 price. In addition, on numerous occasions, investors acquired SeLoger.com shares at prices substantially higher than the Offer price.*[5]

*Given the opposition from SeLoger.com's main shareholders, Axel Springer cannot ignore that the Offer price is too low to reach a majority stake in the Company.*

*The fact that the Offer does not contain a minimum acceptance threshold (at least 50.01% of SeLoger.com's shares and voting rights on a fully-diluted basis), and that Axel Springer maintained the Offer price at €34 despite opposition to this price from SeLoger.com's main shareholders, clearly shows that the Offer is not intended to give Axel Springer a majority stake but to allow Axel Springer to gain creeping control of the Company at a low price without giving SeLoger.com's shareholders a reasonable exit option at a price which should have included a control premium.*

[5] Caledonia Investments Pty Limited (D&I 210C898 of 14 September 2010, 210C903 of 15 September 2010, and 210C1014 of 6 October 2010), Centaurus Capital (D&I 210C946 of 22 September 2010) and Fidelity funds (FIL) (D&I 210C1008 of 5 October 2010).

*In contradiction with what had been stated in its 9 September 2010 press release, Axel Springer now admits that it could keep a significant minority stake in SeLoger.com and benefit from representation at the Board, as clearly indicated in its draft offer document (See § 1.2 and 1.2.2 of the draft offer document).*

*Because SeLoger.com has a fragmented shareholder base, with no other single shareholder holding more than 12% of the voting rights, and considering the attendance rate at previous SeLoger.com general meetings, even a limited shareholding would allow Axel Springer to effectively control the Company.*

*3.2 The Offer does not present any real benefits for SeLoger.com nor its employees*

*Based on the intentions set forth in Axel Springer's draft offer document, the Offer does not present any real benefits for the Company and its employees.*

*a) Axel Springer does not give itself the means to implement its industrial plan for SeLoger.com*

*Axel Springer's stated its industrial plan for SeLoger.com in the latest version of its draft offer document dated 22 October 2010.*

*However, the Board considers that the Offer still presents few benefits for SeLoger.com, its employees and shareholders to the extent that it does not include a clear strategy to obtain a majority stake in the Company, which could only be ensured by inserting a 50.01% minimum acceptance threshold of SeLoger.com's shares and voting rights on a fully-diluted basis and increasing the Offer price as required by the report from the independent expert.*

*Moreover, Axel Springer's project remains vague on the terms of association of the current management to the development of SeLoger.com and, on the uncertainties that this absence of management support might create on the implementation of any industrial plan.*

*b) SeLoger.com offers strong growth outlook and can continue its development on a stand-alone basis*

*SeLoger.com has always been able to grow its business without the backing of a strategic partner:*

- *SeLoger.com is France's leading property listing website with 15 million monthly visits;*
- *The Company has a strong brand and high-performing staff from both commercial and technological standpoints; and*
- *SeLoger.com has the highest penetration rate in the sector in France.*

*SeLoger.com's shareholders will continue to benefit from the Company's competitive edge and growth outlook. Its business model should reap further benefits for its shareholders in the coming years, due primarily to:*

- *Strong upturn of the real estate market and the ongoing migration of real estate classified ads from print to online;*
- *Substantial growth potential in France, particularly Paris where the penetration rate is only 55% (compared to 80% in Ile-de-France at end 2009), but also in the Paris region where there remains room for further expansion;*
- *The ramp-up of the Company's high added-value services, which should fuel growth in the average revenue per user (ARPU) over the next few years. These services include notably (i) new listings on vertical portals (offices, retail, luxury, new residences, vacation residences and individual houses), (ii) new website options (such as "Items sold" on www.seloger.com), (iii) continued development of Multi-Listing Services, and (iv) sponsored links and advertising for related services (mortgages, car rentals, insurance, online quotes, etc.);*
- *The implementation, from 2010 onwards, of a regular dividend policy. This year, the Company distributed around 30% of its 2009 net income in dividend and plans to pursue this policy going forward in order to reward investor loyalty.*

*Thanks to its subscription-based business model, the Company's net income has risen sharply every year and it now has an EBITDA margin of over 50%. The Company's net free cash flow is equal to approximately 30% of its revenue, generating sufficient cash to easily cover both its capital expenditures and take advantage of any acquisition opportunities. The Company is therefore clearly able to self-finance its own expansion.*

*c) The Offer entails risks related to its unsolicited nature and to a possible creeping takeover of the Company*

*The fact that Axel Springer did not hold discussions with the Board prior to launching the Offer could make the existing management team's work more difficult and hinder the Company's growth strategy.*

*In addition, as there is strong likelihood that the Offer does not provide the Bidder with a majority stake in SeLoger.com, Axel Springer would not be able to control the outcomes of votes in shareholders' meetings and could consequently resort to using proxy fights to get its resolutions passed, which could eventually destabilise the Company.*

*On the other hand, the Offer could confer Axel Springer a blocking minority in SeLoger.com's extraordinary shareholders' meetings and therefore the ability to obstruct such meetings and, as a result, the Company's proper governance. It is therefore not excluded that Axel Springer may try to take advantage of such a situation in order to negotiate representation at SeLoger.com's Supervisory Board.*

*d) The Offer could have negative consequences for SeLoger.com employees and management*

*SeLoger.com has always maintained healthy relationships with its employees. In particular, it has implemented a policy aimed at associating employees to the Company's results through employee share ownership schemes.*

*Axel Springer's draft offer document remains particularly vague on these matters, and, more specifically, does not mention anything about whether it intends to continue the current employee share ownership and incentive policy or not.*

*Axel Springer's lack of concern for employee shareholders is also underscored by the fact that, unlike what is typically done in such circumstances, it has not stated any intention to offer any liquidity to the holders of bonus shares or stock options not yet vested during the Offer, nor to the holders of shares subscribed in the framework of the 2006 Reserved Employee Offer, which are blocked for a five-year period expiring in December 2011 (refer to the prospectus dated 15 November 2006, AMF visa No. 06-409).*

*A liquidity mechanism would have also been justified by the fact that the potential increase in the shareholding of Axel Springer could significantly reduce the free float of the Company, and hence make it more difficult for employees to sell the shares issued upon the exercise of stock options, to sell the bonus shares after their minimum holding period, or to sell the shares subscribed in the Reserved Employee Offer once they are available.*

*Lastly, because Axel Springer has not presented any industrial nor social plan for SeLoger.com to the Board, the Board cannot exclude the risk that if Axel Springer obtains a controlling interest in SeLoger.com, it will abandon SeLoger.com's employee share ownership policy aimed at associating employees to the development of the Company. Any threat to this incentivisation policy could potentially lead to the resignation of part of the management team and of some employees.*

*3.3 The Offer does not correctly value the Company and is therefore not attractive for its shareholders*

*The Board has reviewed the valuation analysis prepared by Nomura, the Company's financial advisor, and the independent expert's report prepared by Finexsi. On the basis of the valuation criteria usually retained for this kind of transaction (multi-criteria valuation analysis), it appears that the terms of the Offer significantly undervalue the Company.*

*In fact, the Offer share price is insufficient with regards to the following criteria:*

- *Share price of SeLoger.com, historically and more importantly since the announcement of the Offer;*
- *Premia usually offered in the context of public tender offers in France (all the more so when unsolicited);*
- *Trading multiples of comparable companies;*
- *Multiples of comparable precedent transactions;*
- *Discounted cash-flow analysis; and*
- *Target prices of research analysts who cover the SeLoger.com stock.*

*The Board stresses that, by announcing its Offer on the day when SeLoger.com's interim results were released post-market closing, Axel Springer intentionally deprived the market from any possibility of reacting to the announcement of the Company's good results, and therefore artificially increased the level of premium offered to shareholders in the context of the Offer.*

*Lastly, the Board would like to point out that the valuation elements in the Offer presented by Axel Springer are biased and give a misleading and negative image of the Company's value. The Board draws shareholders' attention to the differences in the multi-criteria approach between the Bidder's draft offer document and the valuation elements drawn upon in the [...] draft reply document issued by the Company [...].*

*The Offer therefore does not appear to be financially attractive for the Company's shareholders.*

*3.4 Recommendation of the Supervisory Board and opinion of the Supervisory Board with respect to the attractiveness of the Offer for the Company, its shareholders and its employees*

*The report on the financial terms and conditions of the Offer, prepared by Finexsi, appointed on 4 October 2010 as independent expert under Articles 261-1 I 2° and 261-1 II of the AMF General Regulation, draws the following conclusions:*

*"The application of both intrinsic and comparable valuation approaches point to a price range for the Company of €37.1 (trading multiples of comparable companies) to €40.0 (DCF central scenario).*

*These analyses are based, in particular, upon SeLoger.com's management business plan, which reflects their view of the growth prospects of the media (online classified ads) activity (increase in penetration rate, ability to grow ARPU), of growth catalysts identified by the Company (new homes developers, commercial real estate, web agency) and ultimately of SeLoger.com's current and indisputable leading position on its market.*

*In respect to the fairness of the Offer price of €34, the above considerations lead us to draw the attention of the shareholders on the following points:*

- *The Offer price is in line with the price paid by AS Online, on 9 September 2010, in the off-market acquisition of a minority interest of 12.36% in the Company from some managers. The Offer hence provides liquidity to other shareholders and the ability to exit under the same terms and conditions, i.e. at a 13.3% to 16.2% premium compared to historical trading levels pre-Offer, depending on reference points used. It is worth mentioning that these reference share prices factor in the announcement of the 2010 Q2 revenues back in July 2010 but do not reflect the impact of the 2010 H1 results released simultaneously to the Offer.*

- *In addition, we remind shareholders that the Offer aims at taking the control of SeLoger.com. Yet, we notice that the Offer price represents a 8.3% discount based on the trading comparables approach (appropriate methodology to assess a minority transaction) and a 14.9% discount based on the DCF approach (which is the preferred methodology in the context of a change of control transaction)."*

*In light of the conclusions of this report and all above-mentioned elements, the Company's Supervisory Board unanimously considers that the Offer is not in the best interests of the Company, its employees and its shareholders.*

*The Board maintains its opinion according to which the Offer price of €34 per share proposed by Axel Springer does not reflect the intrinsic value of the Company nor its growth potential.*

*The Supervisory Board decides that the Offer as it stands, which has not been presented to it before its filing, must be deemed unfriendly, in particular given its price and the absence of a minimum acceptance threshold.*

*In consequence, the Board, through a unanimous vote of the members present at the meeting, including its independent members, recommends that SeLoger.com's shareholders not tender their shares to the Offer.*

*With the exception of Messrs. Amal Amar and Fabrice Robert, all the members of the Supervisory Board stated they did not intend to tender their shares to the Offer.*

*Furthermore, the Board decided not to tender to the Offer the Company's treasury shares, which are held in the form of a liquidity contract with Exane BNP Paribas.*

*The Board decides to pursue the review of all alternatives to the Offer, notably in order to take all the measures necessary to defend the interests of the Company, as well as of its shareholders and its employees.*

*Lastly, the Supervisory Board authorises Mr. Roland Tripard, Chairman of the Management Board of SeLoger.com, to file, finalise and sign the draft response document on behalf of the Company, including this reasoned opinion."*

## 4. Report from the independent expert

On 4 October 2010, the Board decided to appoint Finexsi as an independent expert, in compliance with Articles 261-1 I 2° and 261-1 II of the AMF General Regulation. As part of its assignment, Finexsi, represented by M. Olivier Peronnet and M. Eric Le Fichoux, delivered on 25 October 2010 a report regarding the financial terms and conditions of the Offer, which conclusions are the following:

*"The application of both intrinsic and comparable valuation approaches point to a price range for the Company of €37.1 (trading multiples of comparable companies) to €40.0 (DCF central scenario).*

*These analyses are based, in particular, upon SeLoger.com's management business plan, which reflects their view of the growth prospects of the media (online classified ads) activity (increase in penetration rate, ability to grow ARPU), of growth catalysts identified by the Company (new homes developers, commercial real estate, web agency) and ultimately of SeLoger.com's current and indisputable leading position on its market.*

*In respect to the fairness of the Offer price of €34, the above considerations lead us to draw the attention of the shareholders on the following points:*

- *The Offer price is in line with the price paid by AS Online, on 9 September 2010, in the off-market acquisition of a minority interest of 12.36% in the Company from some managers. The Offer hence provides liquidity to other shareholders and the ability to exit under the same terms and conditions, i.e. at a 13.3% to 16.2% premium compared to historical trading levels pre-Offer, depending on reference points used. It is worth mentioning that these reference share prices factor in the announcement of the 2010 Q2 revenues back in July 2010 but do not reflect the impact of the 2010 H1 results released simultaneously to the Offer.*

- *In addition, we remind shareholders that the Offer aims at taking the control of SeLoger.com. Yet, we notice that the Offer price represents a 8.3% discount based on the trading comparables approach (appropriate methodology to assess a minority transaction) and a 14.9% discount based on the DCF approach (which is the preferred methodology in the context of a change of control transaction)."*

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