

**CROSS RELEASE PXUPA  
ASX RELEASE**

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**BOARDROOM MEDIA INTERVIEW – MR ROBERT KAYE**

Spicers Chairman Mr Robert Kaye SC has completed an interview with Boardroom Media.

This interview, and the accompanying slides attached to this announcement, discusses various aspects of the Proposed Transaction to simplify the Company's capital structure, as covered in the ASX announcement lodged on the same day "Spicers enters into Implementation Agreement to simplify capital structure".

The interview can be accessed at the following web address:

<http://webcasting.boardroom.media/broadcast/5834f803c9551ae0562603ec>

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**About Spicers Limited (SRS)**

*Spicers (formerly PaperlinX Limited) is a merchant group with market leading positions in Australia, New Zealand and Asia. Spicers offers a full suite of products and services to the printing, signage, visual display and graphics industries – incorporating commercial print, digital media, sign & display, hardware, labels and industrial packaging offerings.*

# Spicers Limited

## Simplifying Spicers' Capital Structure

Spicers Limited has announced a proposed transaction to simplify its capital structure

## Background

- The current capital structure of the Company has two components:
  - Spicers ordinary shares (ASX: SRS); and
  - PaperlinX Step-Up Preference Units (ASX: PXUPA) – Perpetual, preferred units in the PaperlinX SPS Trust, these units are not a direct investment in Spicers Limited
- Legacy issues between these sets of security holders has restricted Spicers' ability to raise capital, pay dividends, and for the equity market to determine the true value of the Company
- The Spicers Board believes simplifying the Capital structure would:
  - Benefit security holders by moving to a unified equity instrument with a more transparent value proposition and improved market liquidity
  - Open up more commercial and financial options and place the Company on a more sound and sustainable footing for future growth

## Summary of the Proposed Transaction

- Spicers has entered into an Implementation Agreement (“Agreement”) with the Responsible Entity (the “RE”) of the PaperlinX SPS Trust (“SPS Trust”)
- Under the Agreement Spicers would acquire SPS Trust units by issuing 545 Spicers ordinary shares in exchange for each SPS Trust unit
  - If the proposed transaction were to be successful it would result in eligible SPS Trust unitholders (excluding Company held units) owning 68.3 percent of the unified equity of Spicers
  - The Spicers Board believes this ratio represents an optimal outcome for both sets of security holders
- This would be implemented via inter-conditional Spicers ordinary shareholder resolutions (“Shareholder Resolutions”) and SPS Trust unitholder scheme of arrangement (“Trust Scheme”)
- As part of the Proposed Transaction the Board of Spicers will undertake a comprehensive Board renewal process

# Rationale for the Proposed Transaction



Simplifying the capital structure would be an important step in transforming Spicers into a more diversified and sustainable business.

The Spicers Board believes that the proposed transaction would be in the best interests of the Company and both sets of security holders

Specifically it would:

- Create a simplified and transparent capital structure
- Assist in Spicers' operational turnaround by resolving legacy issues
  - Costs attributable to the SPS Trust structure would be removed
  - Stakeholder confidence would be improved
- Enable the Company to undertake a full range of commercial and financial activities beyond its current capabilities
  - Including capital raisings and consideration of larger-scale M&A activity
- Deliver a range of benefits for both sets of security holders
  - Unified equity a more transparent value proposition with improved market liquidity

## Implications should the proposed transaction not be successful

Should the Proposal not be successful, the Company and both sets of security holders may experience substantial adverse outcomes:

- Market valuations of both SRS and PXUPA securities may continue to be adversely impacted
  - Market trading liquidity in both securities is likely to remain constrained
- Highly unlikely that distributions or dividends would recommence in the foreseeable future
- Spicers' commercial and financial options would continue to be significantly restricted
- Continued burden of excessive administration costs and complexity in activities associated with maintaining the SPS Trust