



Pro-Pac Packaging Limited ABN: 36112971874

ASX ANNOUNCEMENT (ASX Code: PPG)

10 October 2017

Cleansing Notice

This notice is given by Pro-Pac Packaging Limited (**PPG**) under section 708AA(2)(f) of the Corporations Act 2001 (**Act**).

On 11 September 2017 and 10 October 2017, PPG announced a non-renounceable, pro-rata entitlement offer to eligible shareholders to subscribe for 2 new PPG ordinary shares (**New Shares**) for every 3 existing PPG ordinary shares held at 7.00pm (Sydney time) on 13 October 2017 (**Record Date**) at the offer price of \$0.34 per New Share (**Entitlement Offer**). PPG shareholders registered at the Record Date with a registered address in Australia or New Zealand will be entitled to participate in the Entitlement Offer (**Eligible Shareholders**).

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited (**Bell Potter**).

The Entitlement Offer will raise approximately \$54.8 million before costs, which will be used to partly fund the acquisition by PPG of Integrated Packaging Group Pty Limited ACN 132 697 664 and its subsidiaries (**IPG**). Further information on the Entitlement Offer and IPG are detailed in an ASX announcement and investor presentation dated 11 September 2017 and an entitlement offer booklet, which will be dispatched to shareholders on or about 18 October 2017 and be available on the ASX's company announcement platform at www.asx.com.au and at www.ppgaust.com.au.

Information required under section 708AA(7) of the Act

As required under section 708AA(2)(f) of the Act, PPG gives notice that:

- 1 PPG will offer the New Shares for issue without disclosure under Part 6D.2 of the Act;
- 2 this notice is being given under section 708AA(2)(f) of the Act;
- 3 as at the date of this notice, PPG has complied with:
 - a the provisions of Chapter 2M of the Act as they apply to PPG; and
 - b section 674 of the Act;
- 4 as at the date of this notice, 'there is no excluded information' as defined in section 708AA(8) or 708AA(9) of the Act; and
- 5 the potential effects the Entitlement Offer will have on the control of PPG, and the consequences of that effect, is set out below.

Effect of the Entitlement Offer on control

The issue of New Shares under the Entitlement Offer is not expected to have any material effect or consequence on the control of PPG, but is dependent on a number of factors including investor demand. Therefore, it is not possible to predict the effect of the Entitlement Offer on the control of PPG. There are a number of possible outcomes that may arise which will largely depend on the extent to which Eligible Shareholders take up their entitlements under the Entitlement Offer, as discussed below.



Pro-Pac Packaging Limited ABN: 36112971874

If all Eligible Shareholders take up their entitlements under the Entitlement Offer, each Eligible Shareholder's ownership interest (and voting power) in PPG will remain largely unchanged and there will be no significant change to the control of PPG.

If Eligible Shareholders do not take up their full entitlements under the Entitlement Offer, those Eligible Shareholders that do not take up their full entitlement under the Entitlement Offer will have their shareholding in PPG diluted. Bell Potter will also be required to subscribe, or procure subscription from others, for the shortfall shares and its shareholding in PPG will increase by the acquisition of those remaining entitlements not taken up by the Eligible Shareholders.

If no Eligible Shareholders take up their entitlement under the Entitlement Offer, Bell Potter will be required to subscribe, or procure subscription from others, for the shortfall shares. Bell Potter has fully underwritten the Entitlement Offer and has received signed firm commitments from existing shareholders and/or institutional investors to either take up their rights or sub-underwrite the Entitlement Offer. Accordingly, the Entitlement Offer is fully sub-underwritten in the event of any shortfall. Further, PPG's major shareholder, Bennamon Pty Ltd has committed to taking up its pro rata entitlement of \$28.1 million under the Entitlement Offer. Accordingly, the Board of PPG considers that the Entitlement Offer will not affect the control of PPG.

For all shareholders who are not Eligible Shareholders (**Ineligible Shareholders**), the shareholding of the Ineligible Shareholders will be diluted because those Shareholders are not entitled to participate in the Entitlement Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Saus'.

Mark Saus
PPG Secretary